

## **APPENDIX 2**

### **EAST AFRICAN BREWERIES LIMITED**

**(the "Company")**

#### **CORPORATE GOVERNANCE COMMITTEE**

##### **TERMS OF REFERENCE**

###### **Membership**

1. Membership of the Corporate Governance Committee (the "Committee") shall be appointed by the Company's board of directors (the "Board"), on the recommendation of the Nominations and Remuneration Committee. The Committee shall consist of not less than three members. All of them shall be non-executive directors of the Company and a majority of them shall be independent non-executive directors.
2. Upon recommendation from the Nominations and Remuneration Committee, the Board shall appoint the Chairperson of the Committee who shall be a non-executive director but who shall not be Chairperson of the Board.
3. Appointments to the Committee shall be for a period of up to three years (subject to the election and re-election provisions in the company's constitution), which may be extended for further periods of up to three years each, provided the director concerned still satisfies the criteria (were he/she to be a new member) for appointment to the Committee.

###### **Quorum**

4. The quorum necessary for the transaction of business shall be two (2) members attending in person or via agreed alternatives. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

###### **Attendance at meetings**

5. The Group Managing Director and other individuals (including representatives of external advisers) may be invited to attend for all or any part of a meeting as and when appropriate in the opinion of the Committee Chairperson or a majority of its members.
6. The Company Secretary, or any other person selected for the task by the Committee, shall act as the Secretary of the Committee.

###### **Frequency of meetings**

7. The Committee shall meet at least three (3) times a year.

## **Notice of meetings**

8. Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Committee Chairperson.
9. Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed and copies of all committee papers shall be sent to all members of the Committee, and to all other non-executive directors and other attendees as appropriate, at least five working days before the meeting. The agenda and copies of all committee papers shall be copied to the Group Chairperson.

## **Authority**

10. The Committee is authorized by the Board to:
  - (a) seek any information it requires from any employee of the Company, through the Group Managing Director, in order to perform its duties; and
  - (b) obtain, through the Group Managing Director and at the Company's expense, outside legal or other professional advice in connection with its duties; and such advisors may attend meetings as necessary: and
  - (c) incur any expenditure it considers appropriate in connection therewith (the Company to make available the necessary funds).

## **Responsibilities**

11. The responsibilities of the Committee shall include but not be limited to:
  - (a) setting out the corporate governance principles that are appropriate for the company's business; establishing policies and strategies for achieving them; and annually assessing the extent to which the company has observed those policies and strategies; The corporate governance principles shall be presented annually to the Board Audit and Risk Committee for ratification.
  - (b) reviewing and assessing the Board and the Company's practices in light of applicable good corporate governance guidelines and codes applicable within the region and make recommendations to the Board with regard to any changes;
  - (c) approving on an annual basis the publication of a corporate governance statement to be included in the annual report and accounts;
  - (d) ensuring the implementation of the Code of Conduct on Securities Transactions by Directors and Senior Executives of East African Breweries Limited and its subsidiaries;
  - (e) reviewing the Code of Conduct on Securities Transactions by Directors and Senior Executives of East African Breweries Limited and its subsidiaries;

- (f) ensuring the effectiveness of the Board by initiating various activities including but not limited to:
  - i. creating awareness within the Board of current corporate governance issues taking into account the challenges and opportunities facing the Company;
  - ii. evaluating the balance of knowledge and experience on the Board with respect to corporate governance issues and encourage further discourse;
  - iii. ensuring management makes arrangements for all directors to have the opportunity to attend corporate governance training as required by CMA regulations and attain recognized certification;
  - iv. keeping abreast of developments in corporate governance and of new or revised codes/guidelines;
  
- (g) making recommendations to the Board concerning:
  - i. any possible conflict of interest situations between corporate governance principles and the Company's commercial interests;
  - ii. the board evaluation process as required under the CMA code of Corporate Governance;
  - iii. any matters relating to the continuation in office of any director at any time due to a conflict of interest with corporate governance principles; and
  
- (h) ensuring that a governance audit is carried out at least annually to confirm that the company is operating on sound governance practices.

### **Reporting Procedures**

12. The Committee Chairperson shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
  
13. The Secretary shall minute the proceedings and resolutions of the Committee meetings, including the names of those present and in attendance.
  
14. The Secretary shall circulate draft minutes of meetings of the Committee to all members of the Committee. Once approved, minutes should be circulated to all other members of the Board except where the Committee determines it to be inappropriate to do so for reasons of confidentiality.
  
15. The Committee's activities shall be disclosed in the annual report and accounts.

16. The Committee Chairperson shall attend the Company's AGM prepared to respond to any questions which may be raised by shareholders on matters within the Committee's area of responsibility.

#### **Other**

17. The Committee shall:

- a) be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;
- b) give due consideration to all applicable laws and regulations, as appropriate; and
- c) periodically review its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.
- d) ensure that management proactively engages the media in the dissemination of information on corporate governance on a timely basis with a view of protecting investors and shareholders.

#### **Schedule of Committees Terms of Reference (TOR) reviews:**

<b>Date</b>	<b>Action Taken</b>
<b>17/9/2013</b>	<b>TOR approved and adopted by the board</b>
<b>17/7/2015</b>	<b>Revised TOR recommended to the board for adoption</b>
<b>4/11/2015</b>	<b>Revised TOR adopted by the board</b>
<b>15/4/2016</b>	<b>Revised TOR recommended to the board for adoption</b>
<b>26/4/2016</b>	<b>Revised TOR adopted by the board</b>
<b>12/4/2017</b>	<b>Revised TOR recommended to the board for adoption</b>
<b>18/5/2017</b>	<b>Revised TOR adopted by the board</b>
<b>16/4/2018</b>	<b>TOR reviewed by the Committee</b>