



GOVERNANCE OF  
LIMURU TEA PLC

**DECEMBER 2017**

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## GOVERNANCE OF LIMURU TEA PLC

Limuru Tea Plc (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“Company”) is a public limited company incorporated in the Republic of Kenya under the Companies Act (Chapter 486 now repealed and replaced by the Companies Act 2015) and is listed with its shares publicly traded on the Nairobi Securities Exchange.

This document describes the Corporate Governance of Limuru Tea Plc. This document also contains certain sections which set out the terms of delegations which have been made by the Board of Limuru Tea Plc (“the Board”) to the Chief Executive Officer, the Finance Manager, the Nominations Committee and the Audit Committee, Without prejudice to these delegations and without limiting the authority conferred by these delegations, this document has been adopted by the Board as a statement of practices and procedures to be followed by the Company, its officers and employees. The form of resolution passed by the Board to effect these delegations and the adoption of these practices and procedures is set out in Appendix 6.

The Board is committed to comply with the provisions of 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. FUNDAMENTALS

#### 1.1. THE FOUNDATION DOCUMENTS

The Foundation document of the Company is the Articles of Association which is made available to shareholders and other stakeholders on the Company’s website: <https://www.unilever-ewa.com/investor-relations/limuru-tea-financial-reports-and-accounts/>

#### 1.2. MANAGEMENT

The rules for the appointment of Directors are set out in the Articles of Association the Company.

#### 1.3. CODE OF BUSINESS PRINCIPLES AND CODE POLICIES

The Code of Business Principles (“Code”) and any amendment thereto, represents the standard of conduct which all employees are expected to meet in their business endeavours. It forms the benchmark against which the outside world is invited to assess the Company’s activities. The Code must be adhered to strictly. A copy of the Code is set out in Appendix 3.

The Code Policies have been developed to provide a set of mandatory rules designed to ensure consistency in key areas within our operations.

Unilever Code Policies govern the principles and practices of how the Company run’s its business. Compliance with the Code and Code Policies is an essential element in our business success. The Board is responsible for ensuring these standards of conduct are applied throughout Unilever.

The Chief Executive Officer is responsible for implementing these standards of conduct and is supported in this by the Legal Director.

Day-to-day responsibility is delegated to senior management of the company. They are responsible for implementing these standards of conduct. Assurance of compliance will be given and monitored each year.

#### **1.4. CORPORATE PURPOSE**

The Company has a simple but clear purpose – to make sustainable living commonplace. We believe this is the best long-term way for our business to grow.

Our distinct Purpose and our operational expertise across our business model will help realise our vision of accelerating growth in the business, while reducing our environmental footprint and increasing our positive social impact.

Our Purpose and vision are ambitious but are consistent with the changing attitudes and expectations of consumers.

Our unswerving commitment to sustainable living is increasingly delivering both more trust from consumers and a strong business for shareholders with lower risks and consistent, competitive and profitable long-term growth.

To succeed also requires, we believe, the highest standards of corporate behaviour towards everyone we work with, the communities we touch, and the environment on which we have an impact.

## **2. THE BOARD**

The Board has the ultimate responsibility for the management, general affairs, direction, performance and long-term success of the Company.

The Executive Directors have additional responsibilities for the operation of the Company's business as determined by the Chief Executive Officer.

Every Director may request that any matter should be discussed by the Board.

### **2.1. COMPOSITION**

The Board determines the numbers of Executive and Non-Executive Directors.

The composition of the Board must be such to enable them to discharge their responsibilities and provide effective leadership to the Company.

The Board will comprise a balance of executive and non-executive directors. Non-Executive Directors shall be at least one third of the total number of Board members.

Non-Executive Directors are chosen for their ability to make a contribution to the governance and strategic development of the Company.

### **2.2. DIRECTORS' INTERESTS**

Any conflict of interest or apparent conflict of interest between Unilever and its Directors is to be avoided. The Board is responsible for ensuring that there are rules to avoid conflicts of interest by Board members. Where conflicts arise, the Board is also responsible for ensuring that in dealing with them all applicable laws, regulations and Corporate Governance Codes are complied with.

### **2.3. MEETINGS AND LOCATION**

The Board meet on such dates each year as it determines and also at such other times upon the requisition of a Director, as provided in the Articles of Association of Limuru Tea Plc.

There should be a minimum of four meetings throughout the calendar year. These include meetings to consider the half-year and full year results statements of the Company.

There are ad hoc Board meetings to discuss matters that arise.

Meetings of the Board may be held either in Nairobi, Kericho, Limuru or such other locations as the Board thinks fit.

Attendance by means of video and telephone link is permitted.

The Board may adopt written resolutions to approve matters at other times.

## **2.4. AGENDAS**

The agenda for Board meetings is set by the Chairman in consultation with the Chief Executive Officer and the Company Secretary. It must enable the Board to discharge its responsibility for the strategy, management, direction and performance of the Company.

The Board develops an annual Board Work-Plan to guide its activities. The agenda of each of the meetings of the Board includes:

- (a) regular items, such as reports by the Chief Executive Officer, or such other member of the Leadership Team as he may nominate on the exercise of the Delegated Powers, on the financial affairs of the Company and reports from Board Committees;
- (b) special items, such as Business Reviews;
- (c) items for approval and noting and papers for information.

## **2.5. SUPPORT**

The Company Secretary is responsible for collating and distributing all papers submitted to the Board for consideration and for organisation of the Board meetings. The Company Secretary procures the taking and circulation of the minutes of all meetings of the Board.

# **3. THE ROLE OF THE BOARD**

## **3.1. RESPONSIBILITY**

The Board is responsible for the overall conduct of the Company and has the powers, authorities and duties vested in it pursuant to the relevant laws of the Republic of Kenya and the Articles of Association of Limuru Tea Plc.

In all their dealings, the Board has regard to the interests of the Company as a whole, including its shareholders, employees, customers and suppliers, together with its social and legal responsibilities in the communities in which it operates and to the environment.

The Board has the final responsibility for the management, direction and performance of the Company and its business. The identification and management of risk is fundamental to carrying through the Company's strategy and to achieving its long-term goals. The Board has overall responsibility for the management of risk and for reviewing the effectiveness of the system of internal control and risk management approach.

## **3.2. BOARD POWERS**

The Board exercises all the powers, authorities and discretions in relation to the Company. The Board has delegated (but not to the exclusion of its powers, authorities and discretions) to the Chief Executive Officer all its powers, authorities and discretions which relate to the operational running of the Company and the matters set out in paragraphs 7.2 to 7.13 (with the financial matters in paragraphs 7.8 and 7.9 delegated to the Chief Executive Officer and the Financial Officer acting individually or jointly).

In addition, certain matters have been delegated to Committees of the Board all pursuant to the resolutions set out in Appendix 6. The powers, authorities and discretions exclusively within the remit of the Board, and which have not currently been delegated, include making or approving the following:

### **3.2.1. STRUCTURAL AND CONSTITUTIONAL MATTERS**

- (a) any proposal to the general meeting of shareholders to amend its Articles of Association;
- (b) any alteration in the capital including without limitation the purchase, disposal, allotment, re-issue, share split or cancellation of share capital whether issued or not and in any event subject to the authorities of the general meetings of shareholders;

### **3.2.2. GOVERNANCE**

- (a) the convening of meetings of the shareholders and the setting of the agenda thereof and generally ensuring that a satisfactory dialogue with shareholders takes place;
- (b) the Annual Report and Accounts for adoption by the shareholders;
- (c) nominations for Board appointments, including Board succession planning;
- (d) the appointment or removal of the Company Secretary;
- (e) the review of the functioning of the Board and their Committees;
- (f) the remits and membership of Committees of the Board and deciding upon any issues rising from its receipt and review of reports from the same;
- (g) conflicts of interest involving Directors or significant (holders of 10% or more) shareholders;
- (h) overall responsibility for compliance with all relevant legislation and regulations;

### **3.2.3. DIVIDENDS**

The determination of retained profit reserves and declaration or recommendation of a dividend of the Company;

### **3.3. DECISION MAKING BY THE BOARD**

Resolutions by the Board are passed by a majority of votes. Each member of the Board shall have one vote.

### **3.4. DELEGATION**

The Board has delegated certain powers, authorities and discretions (including the power to sub-delegate) to the Chief Executive Officer, to the Finance Manager and to the Board' Committees as set out in Appendix 6.

The Board supervises the execution of its responsibilities by the Chief Executive Officer, the Finance Manager and the Board' Committees and is ultimately responsible for the fulfilment of its duties by them.

## **4. COMMITTEES**

### **4.1. BOARD COMMITTEES**

The following are Committees of the Board and have the membership and terms of reference laid down by the Board pursuant to the resolution set out in Appendix 6.

Further Committees of the Board may be established by the Board from time to time and the membership and terms of reference of the Committees can be modified by the Board.

Each Committee of the Board meets as a single Committee of the Board and minutes shall be prepared as a record of the business of such Committees.

#### **4.1.1. AUDIT COMMITTEE**

The Audit Committee concerns itself with:

- (a) setting out the corporate governance principles that are appropriate for the nature and scope of the Company's business;
- (b) the oversight of matters relating to corporate governance bringing any issues to the attention of the Board.
- (c) the oversight of the integrity of the Company's financial statements;
- (d) the review of the Company's half year and end of financial statements;
- (e) the oversight of the Company's risk management and internal control arrangements;

- (f) the oversight of the Company's compliance with legal and regulatory requirements;
- (g) making recommendations to the Board on the nomination of and compensation payable to the External Auditors;
- (h) the oversight of performance, qualifications and independence of the External Auditors;
- (i) the oversight of the work that can and cannot be performed by the External Auditors and the compliance thereof;
- (j) the performance of the internal audit function;
- (k) the oversight of the Company's investments; and
- (l) establishing standards of business conduct and ethical behaviour for directors, managers and other personnel.

The Audit Committee comprises a minimum of two Directors.

Appendix 2 sets out the Terms of Reference of the Audit Committee.

#### **4.1.2. NOMINATIONS COMMITTEE**

The Nominations Committee concerns itself with:

- (a) candidates for nomination as Executive Directors, Non-Executive Directors and Chairman;
- (b) succession planning within and to the Board;
- (c) ensuring that the Board and its Committees consist of Directors with the appropriate balance of skills, experience, independence and knowledge of the Company to enable it to discharge its duties and responsibilities effectively;
- (d) reporting on the Board' policy, and any measurable objective, on diversity, including gender;
- (e) leadership training and development;
- (f) remuneration and benefits of the Directors;
- (g) evaluation of the Directors; and
- (h) Induction on new Directors.

The Nominations Committee comprises a minimum of two Directors.

The Nominations Committee is entitled to use the services of recruitment consultants and other external experts at the expense of the Company.

Appendix 1 sets out the Terms of Reference of the Nominations Committee.

## **5. DIRECTORS**

### **5.1. DUTIES AND RESPONSIBILITIES**

As members of the Board, all Directors are required to:

- 5.1.1.** provide leadership of the Company within a framework of prudent and effective controls which enable risk to be assessed and managed;
- 5.1.2.** maintain the Company's values and standards as outlined in the Code of Business Principles and ensure that its obligations to its shareholders and others are understood and met;
- 5.1.3.** act within powers granted to them by the constitutive documents. Any acts outside are ultra vires and Directors may become personally liable for them;
- 5.1.4.** act in such a way as to promote the success of the company for the benefits of its members. When exercising this duty Directors need to consider:
  - (a) the long-term consequences of their decisions;
  - (b) the interests of their employees;

- (c) the need to develop good relationships with customers and suppliers;
  - (d) the impact of the Company on the local community and environment;
  - (e) the desirability of maintaining high standards of business conduct and a good reputation; and
  - (f) the need to act fairly as between all members of the Company;
- 5.1.5.** exercise independent judgment in the execution of their duties;
- 5.1.6.** apply reasonable care, skill and diligence to their tasks;
- 5.1.7.** avoid conflicts of interest. As agents Directors:
- (a) are therefore enjoined to retain their freedom of action and not fetter their discretion;
  - (b) owe a fiduciary duty to avoid conflict of interest and personal interest; and
  - (c) must not obtain any personal advantage from their position;
- 5.1.8.** not to accept benefits from third parties;
- 5.1.9.** declare interests in a proposed transaction or arrangement in writing to the other Directors and since the Company is a public company, to the members of the Company.

All Directors must be able to allocate sufficient time to be able to perform their responsibilities effectively.

All Directors should see to it that they are informed on a timely basis and in sufficient detail about all important matters relating to the Company and the functioning of the Board. The Chief Executive Officer has a particular responsibility to ensure that the Chairman promptly receives timely and clear information (in particular about the Company's performance). The Chairman is required to ensure that all members of the Board have the information they need to take sound decisions, monitor effectively and provide advice to promote the success of the Company.

The responsibility for the operational management the Company lies with the Chief Executive Officer under the final and ultimate responsibility of the Board as a whole.

In their capacities as members of the Board the Non-Executive Directors supervise the functioning of the Chief Executive Officer.

## **5.2. ANNUAL RE-ELECTION**

Directors, shall retire at the Annual General Meeting each year and offer themselves for re-election, in accordance with the Articles of the Company.

## **5.3. TENURE**

Executive and Non-Executive Directors hold office as long as they are appointed as such by the shareholders of the Company, unless they resign or are dismissed by the shareholders.

## **5.4. LIMITATIONS**

Executive Directors retire from the Board in accordance with their service contracts or as otherwise negotiated.

## **5.5. INDEPENDENCE**

All Non-Executive Directors are expected to provide the Company with independent character and judgement.

The criteria chosen by the Board for judging the independence of Non-Executive Directors:

- 5.5.1.** has not been employed by the company in an executive capacity within the last three years;
- 5.5.2.** is not associated with an adviser or consultant to the company or a member of the company's senior management or a significant customer or supplier of the company or



- with a not-for-profit entity that receives significant contributions from the company; or within the last three years, has not had any business relationship with the company (other than service as a director) for which the company has been required to make disclosure;
- 5.5.3.** has no personal service contract with the company, or a member of the company's senior management;
  - 5.5.4.** is not employed by a public listed company at which an executive officer of the company serves as a director;
  - 5.5.5.** is not a member of the immediate family of any person described above, or has not had any of the relationships described above with any affiliate of the company;
  - 5.5.6.** is not a representative of a shareholder who has the ability to control or significantly influence management;
  - 5.5.7.** is free from any business or other relationship which could be seen to interfere materially with the individual's capacity to act in an independent manner;
  - 5.5.8.** does not have a direct or indirect interest in the company (including any parent or subsidiary in a consolidated group with the company) which is either material to the director or to the company. A holding of five percent or more is considered material;
  - 5.5.9.** does not hold cross-directorships or significant links with other directors through involvement in other companies or bodies; and
  - 5.5.10.** has not served for more than nine years since they were first appointed.

The Board will decide on the independence of a Non-Executive Director by applying these criteria to the particular circumstances of the individual concerned and will also consider, where relevant, circumstances of immediate family members.

Where there are additional criteria for a member of the Audit Committee or the Nominations Committee to be considered "independent" imposed by applicable laws and regulations, the Board will apply these criteria.

#### **5.6. ACCESS TO INDEPENDENT PROFESSIONAL ADVICE**

Access to Independent Professional Advice Directors, both as a group and individually, are entitled to take independent professional advice, at the expense of Unilever, on matters relating to the proper discharge of their office. This does not extend to issues regarding their personal interests. The Company Secretary will arrange for advice to be obtained.

#### **5.7. POLICY LIMITING MULTIPLE DIRECTORSHIPS**

The Chairperson shall not hold such position in more than two public listed companies at any one time.

A Non-Executive Director shall not hold such position in more than three public listed companies at any one time.

An Executive Director of a public listed company shall not hold such position in more than two public listed companies at any one time.

### **6. THE CHAIRMAN**

#### **6.1. THE CHAIRMAN**

The Board appoints from its members, on a recommendation from the Nominations Committee, a Non-Executive Director to be Chairman of the Company.

#### **6.2. RESPONSIBILITIES**

The Chairman's general and specific responsibilities cover:

- 6.2.1.** conducting shareholders meetings of the Company including AGMs;

- 6.2.2. leading the Board and ensuring that they operate effectively in relation to all aspects of their role;
- 6.2.3. ensuring that the members of the Board receive accurate, timely and clear information, in particular about the Company's performance, to enable the Board to take sound decisions, monitor effectively and provide advice to promote the success of the Company;
- 6.2.4. encouraging active engagement by all the members of the Board;
- 6.2.5. in consultation with the Chief Executive Officer, setting and approving the Board agenda to take full account of the issues and the concerns of all Directors and ensuring that adequate time is available for discussion on strategic issues;
- 6.2.6. promoting effective relationships and open communication, both inside and outside the boardroom, between Non-Executive Directors and the Executive Directors;
- 6.2.7. building an effective and complementary Board, initiating change and planning succession in Board appointments, subject to Board and shareholders' approval;
- 6.2.8. monitoring effective implementation of Board decisions;
- 6.2.9. ensuring a clear structure for and the effective running of Board Committees;
- 6.2.10. together with the Chief Executive Officer and facilitated by the Company Secretary, maintaining effective communication with major shareholders so as to ensure the Board develop an understanding of their views;
- 6.2.11. in conjunction with the Company Secretary, taking the lead in providing a properly constructed induction programme for new Directors that is comprehensive, formal and tailored;
- 6.2.12. taking the lead in identifying and meeting the development needs of individual Directors and agreeing and regularly reviewing a personalised approach to training and development with each Director;
- 6.2.13. addressing the development needs of the Board as a whole with a view to enhancing their overall effectiveness as a team;
- 6.2.14. in conjunction with the Company Secretary, ensuring that the performance of individuals and of the Board as a whole and their Committees is evaluated at least once a year;
- 6.2.15. establishing a close relationship of trust with the Chief Executive Officer, by providing support and advice while respecting executive responsibility;
- 6.2.16. acting where appropriate as the Company's representative on corporate aims and policies including environmental and corporate social responsibility matters;
- 6.2.17. guarding the corporate reputation including, in conjunction with the Chief Executive Officer, relations with major shareholders, government, academia and other relevant stakeholders and commentators;
- 6.2.18. receiving direct reports from the Company Secretary.

## **7. CHIEF EXECUTIVE OFFICER**

### **7.1. DELEGATION OF BOARD POWERS**

The resolution pursuant to which certain of the Board's powers, authorities and discretions are delegated to the Chief Executive Officer is set out in Appendix 6. Pursuant to that resolution the Chief Executive Officer is entrusted with all the Board's powers, authorities and discretions (including the power to sub-delegate any of those powers, authorities, decision-making powers and discretions) in relation to the operational running of the Company and specifically all the Board's powers, authorities and discretions in relation to the following matters (subject to the matters reserved to the Board set out in paragraph 3.2 and with financial matters in paragraphs 7.8 and 7.9 delegated to the Chief Executive Officer and the Financial Officer acting individually or jointly) with power to sub-delegate.

## **7.2. MANAGEMENT**

Ensuring delivery of the Company's agreed strategy, business plans and financial performance including:

- 7.2.1.** profit responsibility of the Company; and
- 7.2.2.** managing business performance.

## **7.3. STRATEGY AND MANAGING THE CORPORATE PORTFOLIO**

- 7.3.1.** proposing for approval by the Board, the strategies for the direction of the Company and priorities in corporate resource allocation;
- 7.3.2.** implementing and monitoring strategies and annual plans and ensuring that business plans and strategies are aligned with corporate objectives and priorities agreed with the Board;
- 7.3.3.** monitoring the development and trends in global and regional markets which may affect the Company, testing future economic scenarios against growth objectives and making proposals to the Board for the corporate strategic priorities in the light of these;
- 7.3.4.** preparing for approval by the Board periodic business performance reports including quarterly and annual results announcements.

## **7.4. MERGERS, ACQUISITIONS, JOINT VENTURES AND DISPOSALS**

Proposing for approval by the Board any merger, acquisition, joint venture or disposal.

## **7.5. CAPITAL EXPENDITURE**

Any capital expenditure project approved by the Board including land and property agreements.

## **7.6. CONTRACTS**

On behalf of the Company entering into any agreement or contract for goods or services [other than land and property agreements].

## **7.7. LITIGATION**

Initiation or settlement of any litigation or claim.

## **7.8. FINANCIAL**

- 7.8.1.** setting financial and treasury strategies for the Company and implementing them, including approving borrowings of any amount;
- 7.8.2.** setting financial and treasury strategies for the Company and implementing them, including (a) approving short term borrowings (i.e. with a maturity of up to one year) of any amount (b) approving long-term borrowings (and for this purpose any issues of debt instruments) and (c), approving the entering into by the Company as borrower or guarantor or both and approval of the terms of any standby loan facilities as may be approved by the Board from time to time;
- 7.8.3.** the establishment or update of (and approval of the amount (including any increase) and other terms of) any debt issuance programme of any kind;
- 7.8.4.** in respect of any borrowings approved in accordance with or relating to the previous two paragraphs, the issue or guarantee by the Company of any debt instruments (including the signing of any agreements or other documents necessary or conducive thereto, e.g. final terms, subscription agreements, underwriting agreements), and the listing of any debt instruments on any securities market, and the entering into by the Company whether as borrower or guarantor of any other form of financing agreement or

arrangement and any amendment or supplement thereto in connection with such debt instruments;

- 7.8.5.** the giving by the Company of any other guarantees of the Company's obligations in respect of any borrowings;
- 7.8.6.** the granting of security (not being a guarantee) of any nature over the assets of the Company;
- 7.8.7.** cross currency funding and deposits of any amount;
- 7.8.8.** investor relations guidelines;
- 7.8.9.** capital injections into the Company, capital reductions of the Company;
- 7.8.10.** entering in to contracts with brokers and other intermediaries for the purpose of exchange swaps and derivatives transactions;
- 7.8.11.** entering into by the Company of any swaps or derivatives transactions.

## **7.9. GUARANTEES**

The giving by the Company (and the approval of the terms of) any guarantee of the activities of the Company.

## **7.10. HUMAN RESOURCES**

- 7.10.1.** appointing and removing all managers including the Company's Leadership Team who report directly or indirectly to the Chief Executive Officer, with the exception of the appointment and removal of the Executive Directors which requires shareholder approval and the Company Secretary which requires the approval of the Board and the Chief Auditor which requires the approval of the Audit Committee;
- 7.10.2.** proposing to the Nominations Committee the remuneration policy
- 7.10.3.** supervising and determining the roles, activities and responsibilities of the Leadership Team;
- 7.10.4.** approving the appointment, removal, remuneration, bonuses and other terms of employment of senior managers not dealt with by the Nominations;
- 7.10.5.** ensuring that the performance of members of the Leadership Team is systematically assessed and adequately rewarded;
- 7.10.6.** ensuring a continual supply of leadership of the quality necessary to meet the strategic needs of the Company;
- 7.10.7.** monitoring staff development and recruitment and dealing with deviations from planned performance. Establishing value leadership and expected norms of conduct, including implementation of and compliance with the Code of Business Principles and Code Policies; and
- 7.10.8.** subject to the powers of the Nominations Committee in, exercising powers (with the power to sub-delegate) granted by the Board under any existing or future executive or all employee share-based incentive plan, including powers to determine: (i) the treatment of leavers (except members of the Leadership Team) within the discretion of the Board or the Nominations Committee under any such executive or all employee share-based incentive plan (ii) to purchase shares to meet obligations under any executive or all employee share-based incentive plan, (iii) to operate any executive or all employee share-based incentive plan and (iv) to establish and operate (share based) incentive sub-plans, to set and agree performance targets and to determine the actual performance against these targets upon vesting, including any particular vesting condition, claw back (consistent with standard policy) or other discretionary element; (v) to make arrangements for the administration of any executive or all employee share-based incentive plan, including powers to set-up, register, operate and approve the

design and actual terms of any sub-plan under, or deviations from, any executive or all employee share-based incentive plan, to allow the Company and/or employees to benefit from favourable tax and/or social security regimes.

#### **7.11. PENSIONS**

The following matters with respect to pensions:

**7.11.1.** the establishment and maintenance of appropriate policies covering:

- (a) the design of benefit arrangements, including specific provision for the treatment of employees on the acquisition or disposal of businesses;
- (b) selection of financing mechanisms, funding methods and accounting procedures;
- (c) pension fund investment practices, including:
  - investment objectives, strategy and allocation
  - limits on the Company's related investment of pension fund assets
  - investment management and custody services
  - internal investment management
  - controls on the use of derivatives and other investments;

**7.11.2.** all necessary governance and approval procedures relating to the above;

**7.11.3.** any agreements with pension funds on contributions which are:

- (a) changes in the level of normal contributions following an actuarial valuation;
- (b) contributions to correct deficits (as measured under IFRS or local funding as applicable) which have an aggregate value, over the period of the agreement;
- (c) changes to benefits provided under the Company's pension (and similar) arrangements which increase the value of the liabilities (as measured under IFRS).

#### **7.12. MANAGING RISK AND CORPORATE REPUTATION**

**7.12.1.** preparing for approval by the Board, and implementing and managing, the Company's risk management approach;

**7.12.2.** interacting with the media and approving any press release in relation to any matter within the ambit of the Chief Executive Officer;

**7.12.3.** implementing and managing compliance with the Code of Business Principles and Code Policies and standards;

**7.12.4.** preparing all public filings, reports and statements relating to the Company; and

**7.12.5.** representing the Company with major customers, suppliers, trade and professional bodies.

#### **7.13. ENTERING INTO DOCUMENTS**

The powers of the Chief Executive Officer (and for paragraphs 7.8 and 7.9, the Chief Financial Officer) include the authority to enter into commitments, agreements, contracts, instruments or other documents on behalf of the Company in relation to the matters described above.

#### **7.14. BOARD NOTIFICATION**

Notwithstanding the authorities outlined in paragraph 7, the Chief Executive Officer will notify the Board of any issues, projects or transactions that in his judgement have the capacity to impact the reputation of the Company.

#### **7.15. OTHER**

The Chief Executive Officer in discharging his duties is responsible to the Board as a whole. However, in articulating their view of the Chief Executive Officer's performance the Board

will operate through the Chairman.

The Chief Executive Officer's direct reports will comprise all members of the Leadership Team and such other functional heads as the Chief Executive Officer elects.

All internal business-related communications are the responsibility of the Chief Executive Officer.

## **8. NON-EXECUTIVE DIRECTORS**

### **8.1. PRIMARY RESPONSIBILITIES**

As Directors, the Non-Executive Directors share full responsibility for the execution of the Board's duties. Within this broad responsibility the role of the Non- Executive Director is, essentially, a supervisory one, having the following key elements:

- 8.1.1.** Strategy: they constructively challenge and help develop proposals on strategy;
- 8.1.2.** Performance: they scrutinise the performance of management in meeting agreed goals and objectives;
- 8.1.3.** Risk: they satisfy themselves on the integrity of financial information and that financial controls and systems of risk management are robust and defensible;
- 8.1.4.** People: they take responsibility for determining appropriate levels of remuneration of Non-Executive Directors, and have a prime role the in-succession planning of the Board;
- 8.1.5.** Reporting: they take responsibility for the processes for accurately reporting on performance and the financial position of the Company;
- 8.1.6.** Compliance: they should keep governance and compliance with the legislation and regulations under review and the conformity of the Company practices to accepted norms; and
- 8.1.7.** The Board will adopt criteria for candidates for Non- Executive Directors responding to such issues as relevant experience on financial, social, economic and business-related matters, diversity, and geographical expertise.

## **9. COMPANY SECRETARY**

### **9.1. FORMAL STATUS**

The appointment or removal of the Company Secretary is a matter for the Board as a whole. The Company Secretary is appointed by the Board as the Company Secretary. The Company is allowed by its Articles of Association to appoint one Secretary. The Company is also required by law to appoint an appropriately qualified person to the office of Company Secretary. All Directors have open access to the Company Secretary at any time and on any matter relating to the Company. The Company Secretary reports to the Chairman and administratively to the VP Legal, General Counsel, Africa.

### **9.2. RESPONSIBILITIES**

The Company Secretary is responsible for:

- 9.2.1.** providing administrative and general support to Directors;
- 9.2.2.** preparation of the Annual Report and Accounts;
- 9.2.3.** corporate legal and regulatory compliance;
- 9.2.4.** formal relations with shareholders including maintenance of the share registers and convening of shareholder meetings;
- 9.2.5.** matters relating to share capital and shareholding structure;
- 9.2.6.** arrangement of induction, training/development and performance evaluations for the Board and Board Committees;
- 9.2.7.** drafting and publishing standard regulatory announcements (such as those related to

Director share dealing transactions) that do not normally require consideration by the Board; and  
The Company Secretary is the Secretary to the Nominations Committee and the Audit Committee.

## **10. DIRECTORS' INDUCTION AND TRAINING**

### **10.1. BACKGROUND**

The provision of an appropriate induction programme for new Directors and ongoing training for existing Directors is a major contributor to the maintenance of high corporate governance standards in the Company.

The Chairman is responsible for ensuring that such induction programmes and training are provided, and the Company Secretary actually provides them.

Ultimately, however, it is the individual Director's responsibility to identify his/her needs and take steps to ensure that he/she is adequately informed about the Company and his/her responsibilities as a Director.

### **10.2. INDUCTION PROGRAMME**

The Company Secretary provides new Directors, both Executive and Non-Executive, with a briefing on their legal and regulatory responsibilities as Directors. This includes provision of a Director's Information Pack containing all key Company documents relevant to their roles and responsibilities. The Company Secretary also provides documents setting out the current structure and performance of Company's business.

The induction briefing may include briefings from internal and outside legal counsel, the External Auditors, Senior Corporate Executives and others as the Company Secretary judges appropriate. This is weighted to cover any particular areas of responsibility that the Director is taking on. As part of the induction, Directors may meet major shareholders.

The Company Secretary procures that new Non-Executive Directors are briefed on the business of Unilever. This programme comprises initial documentation, presentations from members of the Leadership Team and other Senior Corporate Executives and opportunities to visit business operations.

The induction process is designed to:

- (a) build an understanding of the nature of Unilever, its businesses and the markets and regulatory environments in which it operates;
- (b) provide an appreciation of the responsibilities of a Non-Executive Director of Unilever;
- (c) build links to Unilever's people; and
- (d) build an understanding of Unilever's main relationships.

### **10.3. ONGOING EDUCATION**

The Company Secretary keeps the Board briefed on legal and regulatory developments relevant to the responsibilities of the Directors.

The Chairman agrees and regularly reviews a personalised approach to training and development with each Director. The Company Secretary ensures that the programme to familiarise the Non-Executive Directors with the business is maintained over time and kept relevant to the needs of the individuals involved.

The Company Secretary confers with the Chairman and Chief Executive Officer to ensure that this is the case.

## **11. BOARD' EVALUATION**

### **11.1. BACKGROUND**

It is important that the Board and Board Committees evaluate the effectiveness of their performance in a rigorous and structured way so that Unilever may confirm to its shareholders that it has high corporate governance standards.

The Chairman is responsible for ensuring that such evaluation exercises take place and the Company Secretary is responsible for their organisation.

### **11.2. THE BOARD**

The evaluation process of the Board is undertaken internally by the Company Secretary. Following each evaluation, a report will be prepared based on appropriate interviews and responses to questionnaires. The report shall be reviewed and discussed by the Board following its submission to the Board by the Chairman. Thereafter the Chairman implements the actions that the Board decide are appropriate.

### **11.3. BOARD COMMITTEES**

Each Chairman of a Board Committee leads the process of evaluating the performance of that Committee. This includes taking the views of the Board on the performance of that Committee. The Chairman of the Committee reports on the results of the process to the Board.

### **11.4. TIMING**

The evaluation is carried out on an annual basis.

### **11.5. PROCESSES**

The Company Secretary provides guidance on how to carry out the evaluation processes and the criteria to be used. The Company Secretary updates this guidance each year in the light of internal experience and external best practice.



## APPENDIX 1 – TERMS OF REFERENCE OF THE NOMINATIONS COMMITTEE

### 1. CONSTITUTION

The Nominations Committee (“the Committee”) was formally constituted by the Board of Directors of Limuru Tea PLC (the “Board”). The Committee is concerned with:

- 1.1. candidates for nomination as Non-Executive Directors (including the Chairman);
- 1.2. succession planning within and to the Board;
- 1.3. ensuring that the Board and its Committees consist of Directors with the appropriate balance of skills, experience, independence and knowledge of the Company to enable it to discharge its duties and responsibilities effectively;
- 1.4. reporting on the Board’ policy, and any measurable objective, on diversity, including gender;
- 1.5. leadership development, especially of the Leadership Team; and
- 1.6. remuneration and benefits of the Non-Executive Directors;

### 2. MEMBERSHIP

- 2.1 Members of the Committee are appointed by the Board. The Committee comprises a majority of Non- Executive Directors.
- 2.2. The Chairman of the Committee is appointed by the Board.
- 2.3. The Company Secretary is the Secretary of the Committee.

### 3. REMIT

The Committee’s specific responsibilities are:

- 3.2. periodically assessing the structure, size and composition of the Board, making a proposal for a composition profile of the Board, including keeping under review the Board’s policy on diversity;
- 3.3. evaluating the balance of skills, experience, independence and knowledge on the Board, its diversity (including as to gender), how the Board work together as a unit and other factors which may be relevant to its effectiveness;
- 3.4. succession planning within and to the Board including evaluating and recommending termination of service of individual members of the Board as appropriate for the cause or for other proper reasons;
- 3.5. drawing up selection criteria and appointment procedures for Directors as set out in Annexure 5;
- 3.6. approving, on behalf of the Board, the contractual terms for Non-Executive Directors;
- 3.7. recommending to the Board’s candidates for nomination as Non-Executive Directors each year having due regard to their performance and ability to contribute to the Board in light of knowledge, skills and experience required;
- 3.8. recommending to the Board candidates for election as Chairman of the Board;
- 3.9. periodically reviewing and recommending to the Board for approval the appointment of Directors to Board Committees and the selection of a chairperson for each Board Committee. In addition, the Committee shall recommend to the Board candidates to fill vacancies or new positions on the Board Committees as necessary or desirable and review and make recommendations to the Board concerning any removal of Committee members;
- 3.10. reviewing the feedback in respect of the role and functioning of the Board Committees arising from the Board and Board Committee evaluations and making any recommendations as appropriate in respect of the Board Committees to the Chairman;
- 3.11. establish and approve a formal and transparent remuneration policy and procedures that attract and retain Board members;

3.12. the remuneration of Non-Executive Directors, if and insofar as not determined by the general meetings of shareholders of the Company.

4. AUTHORITY

4.2. The Committee may form and delegate authority to sub-committees comprising one or more members of the Committee if the Committee feels appropriate. The Committee may also form and delegate authority to sub-committees comprising one or more members of the Leadership Team to conclude the final details of, and implement decisions taken by, the Committee. Any such sub-delegation shall be duly noted in the minutes of the Committee.

4.3. The Committee is authorised by the Board to investigate any matter within its terms of reference, using, at the Company's expense, resources from within the Company or from external legal, accounting or other advisers as the Committee considers necessary.

4.4. The Committee shall give due consideration to all laws, regulations, governance codes, listing and other applicable rules as appropriate.

5. MEETINGS

5.2. Meetings are held at least once a year, and on such other occasions as the Chairman of the Committee considers appropriate.

5.3. Meetings are convened by written notice served on each of the members by the Company Secretary.

5.4. All members of the Committee are expected to attend each meeting. The Chief Executive Officer and the Human Resources Officer and external advisers may be invited to attend as and when appropriate.

5.5. The quorum for meetings is a minimum of one Non-Executive Directors and one Executive Director.

5.6. A member shall leave the meeting when his/her own position is discussed but the quorum is not affected thereby.

5.7. All or any members of the Committee may participate in a meeting by teleconference or videoconference. A person so participating is deemed to be present in person at the meeting and shall be counted in a quorum accordingly.

5.8. Formal decisions are made by a simple majority vote, with the Chairman of the meeting holding a casting vote.

5.9. The Secretary of the Committee shall be responsible, in conjunction with the Chairman of the Committee, for compiling and circulating the agenda and papers for the meeting. The Secretary of the Committee will also be responsible for liaising with the Leadership Team to ensure that all papers, reports etc. required by the Committee are forwarded to the Committee in a timely manner.

6. CONSULTATION

Prior to meetings of the Committee, the Chairman of the Committee may consult among the Executive Directors and the Non-Executive Directors who are not members of the Committee in order to assist in framing the Committee's recommendations.

7. REPORTING, SELF-ASSESSMENT AND PERFORMANCE EVALUATION

7.2. The Committee reports to the Board after each meeting and shall make whatever recommendation to the Board it deems appropriate where action or improvement is needed.

7.3. The Secretary prepares minutes of all meetings of the Committee and these are circulated to the members of the Committee before the next Committee meeting.

- 7.4. The Committee reviews and assesses annually the adequacy of these Terms of Reference to ensure it is operating efficiently.
- 7.5. The Committee ensures that its current Terms of Reference are made available at Company's website.
- 7.6. The Committee will keep the profiles of the Non-Executive Directors under review and propose improvements for approval by the Board.

8. ANNUAL GENERAL MEETING

The Chairman of the Committee or another member of the Committee attends the Annual General Meetings of the Company and is available to answer any questions referred to him/her by the Chairman of the Meeting.

## APPENDIX 2 – TERMS OF REFERENCE OF THE AUDIT COMMITTEE

### 1. CONSTITUTION

The Audit Committee (“the Committee”) was formally constituted by the Board of Directors of Limuru Tea PLC (the “Board”). The Committee concerns itself with:

- 1.1. the oversight of the integrity of the Company’s financial statements;
- 1.2. the oversight of the Company’s risk management and internal control arrangements;
- 1.3. the oversight of the Company’s compliance with legal and regulatory requirements;
- 1.4. making recommendations to the Board on the nomination of and compensation payable to the External Auditors;
- 1.5. the oversight of performance, qualifications and independence of the External Auditors;
- 1.6. the policy on work that can and cannot be performed by the External Auditors and the compliance thereof;
- 1.7. the performance of the internal audit function;
- 1.8. the approval of the Company trading statements; and
- 1.9. the oversight of matters relating to corporate governance bringing any issues to the attention of the Board.

### 2. MEMBERSHIP

- 2.1. The Nominations Committee recommends membership of the Committee and the members are appointed by the Board.
- 2.2. The Committee comprises a majority of Non-Executive Directors. The Committee as a whole shall have competence relevant to the sector in which the Company operates.
- 2.3. A majority of members of the Committee should be ‘independent’. The ‘independence’ of the members is adjudged by the Board in accordance with the requirements of applicable legislation and regulation, and in the light of relevant codes of practice.
- 2.4. A majority of members of the Committee should be ‘financially literate’. The ‘financial literacy’ of the members is adjudged by the Board in accordance with the requirements of current legislation and regulation, and in the light of relevant codes of practice.
- 2.5. One member of the Committee should be a ‘financial expert’. The ‘financial expertise’ of this member is adjudged by the Board in accordance with the requirements of current legislation and regulation, and in the light of relevant codes of practice.
- 2.6. Upon appointment, each member of the Committee will participate in an induction programme relating to the role and function of the Committee.
- 2.7. The Committee has a Chairman appointed by the Board.
- 2.8. The Company Secretary is the Secretary of the Committee.

### 3. MEETINGS

- 3.1. The Committee meets at least two times a year, with authority to convene additional meetings as circumstances require.
- 3.2. Meetings are convened by written notice served on each of the members by the Secretary of the Committee.
- 3.3. All members of the Committee are expected to attend each meeting.
- 3.4. The quorum for meetings is a minimum of one Non-Executive Directors and one Executive Director.
- 3.5. Meetings of the Committee may be attended by the Chief Executive Officer, Financial Officer, Internal Auditor, Legal Officer, Company Secretary, the External Auditors and other Directors, employees and third parties and executives at the invitation of the Committee.
- 3.6. The Committee may meet the External Auditors in private session (without management) and

may also meet routinely in private sessions with any of the Internal Auditor, the External Auditors and management, or any combination of these.

- 3.7. All or any members of the Committee may participate in a meeting by teleconference or videoconference. A person so participating is deemed to be present in person at the meeting and shall be counted in a quorum accordingly.
- 3.8. Formal decisions are made by a simple majority vote, with the Chairman of the meeting holding a casting vote.
- 3.9. The Secretary shall be responsible, in conjunction with the Chairman of the Committee, for compiling and circulating the agenda and papers for the meeting. The Secretary will also be responsible for liaising with the Company Leadership Team to ensure that all papers, reports etc. required by the Committee are forwarded to the Committee in a timely manner.
- 3.10. Outside the formal meetings, the Chairman of the Committee shall maintain a dialogue with key individuals involved in the Company's governance (including the Chairman, the Chief Executive Officer, the Financial Officer, the Internal Auditor and the lead partner of the External Auditors).

#### 4. REMIT

The Committee's responsibilities include:

##### OVERSIGHT OF THE INTEGRITY OF UNILEVER'S FINANCIAL STATEMENTS

- 4.1. Regular review of the Company's internal and external financial reporting systems.
- 4.2. Review of significant accounting and reporting issues and how these issues were addressed, including:
  - 4.2.1. any significant changes in accounting principles;
  - 4.2.2. the methods used to account for significant or unusual transactions where different approaches are possible; and
  - 4.2.3. whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements (taking into account the views of the External Auditors). Where the Committee is not satisfied with any aspect of the proposed financial reporting of the Company, it shall report its views to the Board.
- 4.3. Review of any material off-balance sheet transactions, arrangements, obligations and other relationships with unconsolidated entities or other persons that may have a material effect on the Company, its subsidiary companies and related entities.
- 4.4. Review of the Company's quarterly and annual financial statements (including clarity and completeness of disclosure), approval and publishing of the quarterly trading statements so that taken as a whole, they are fair, balanced and understandable.
- 4.5. Review of the Company's practices with regard to the release and publication of financial information to the markets.
- 4.6. Review of the Company's dividend proposals including any annual or other proposal in relation to the amount of the periodic or annual dividend.
- 4.7. Review of the Annual Report and Accounts and whether, taken as a whole, it is fair balanced and understandable.
- 4.8. Review of the going concern assumption.
- 4.9. Review of the viability statement.
- 4.10. Oversight of the assurance of the financial and non-financial key performance indicators (KPIs) in the Annual Report and Accounts.

##### OVERSIGHT OF RISK MANAGEMENT AND INTERNAL CONTROL ARRANGEMENTS

- 4.11. Approval of any proposals relating to employee indemnities.

- 4.12. Risk management approach including the identification of Corporate Risks and related mitigation/response plans.
- 4.13. Review of the recommendation of the Company Leadership Team for the Board statements on internal control to be included in the Annual Report and Accounts.
- 4.14. Review of the Controller's quarterly Risk and Control Report (including reference to any frauds involving persons with significant roles in internal control and any significant breaches of the Code of Business Principles or the Company Code Policies).
- 4.15. Establishment of procedures for:
  - 4.15.1. the receipt, retention and treatment of complaints received by the Company regarding accounting, internal control and auditing matters; and
  - 4.15.2. the confidential, anonymous submission of concerns from employees of the Company regarding accounting or auditing matters.
- 4.16. Oversight of the activities of the management with respect to:
  - 4.16.1. the policy of the Company on tax planning;
  - 4.16.2. the financing of the Company; and
  - 4.16.3. the application of Information Technology and Information Management.

#### OVERSIGHT OF COMPLIANCE WITH THE CODE OF BUSINESS PRINCIPLES AND LEGAL AND REGULATORY REQUIREMENTS

- 4.17. Review of any instances of financial or accounting non-compliance with the Code of Business Principles.
- 4.18. Review of any instances of non-compliance with legal and regulatory requirements that may be brought to its attention by any Senior Corporate Executive or Committee.

#### EXTERNAL AUDITORS' NOMINATION, PERFORMANCE, QUALIFICATIONS AND INDEPENDENCE

- 4.19. Tendering the audit services' contract in accordance with any relevant ethical guidance, rules, regulations or best practice guidelines.
- 4.20. Ensuring rotation of the lead and any concurring partners at the External Auditors, as well as any other partners at the External Auditors as necessary, in compliance with any applicable rules or requirements.
- 4.21. The Committee shall consider and make recommendations to the Board on
  - 4.21.1. the nomination of the External Auditors for shareholder approval in accordance with any applicable rules, regulations and best practice guidelines, and
  - 4.21.2. the approval of the External Auditors' remuneration and letters of engagement, representation and management (or their equivalent).
- 4.22. Overseeing relations with activities of and performance by the External Auditors, including:
  - 4.22.1. pre-approval of all audit services;
  - 4.22.2. pre-approval of non-audit services and approval of related disclosure to shareholders;
  - 4.22.3. review of the External Auditors' Report to the Board and management's response;
  - 4.22.4. review of the External Auditors' annual audit plan and associated timetable;
  - 4.22.5. review of any matters required to be reported to the Committee by the External Auditors pursuant to any applicable rules, regulations and best practice guidelines;
  - 4.22.6. resolution of disagreements between the External Auditors and management regarding financial reporting;
  - 4.22.7. review with the External Auditors of any audit problems or difficulties, and management's response;
  - 4.22.8. annual review and evaluation of the External Auditors' qualifications, performance, effectiveness, objectivity and independence, including a review and evaluation of the

lead partner and of relationships (such as family, employment, investment, financial or business) between the External Auditors and the Company (other than in the ordinary course of business) which could adversely affect the External Auditors' independence and objectivity;

- 4.22.9. Review at least annually (a) the report that the External Auditors must provide to the Committee about the External Auditors' independence; and (b) a report of the External Auditors' internal quality control procedures; and
- 4.22.10. Review of all relationships between the External Auditors and the Company, including any reports on such relationships submitted by the External Auditors.

#### PERFORMANCE OF THE INTERNAL AUDIT FUNCTION

- 4.23. Review of the Internal Auditor's Status Reports on Risk Management & Control and actions taken to resolve the issues raised.
- 4.24. Review of internal audit's function:
  - 4.24.1. annual plan and associated timetable;
  - 4.24.2. budget and resource requirements; and
  - 4.24.3. Review of effectiveness (including management's responsiveness to internal audit's findings and recommendations).
- 4.25. Meeting the Chief Auditor without management.

#### CORPORATE GOVERNANCE

The Committee has responsibility for the oversight of the Company's conduct with regard to its corporate and societal obligations and its reputation as a responsible corporate citizen. This shall include, but is not limited to the following matters, with a view to bringing any relevant issues to the attention of the Board or Senior Corporate Executives, and making recommendations relating to any of the following issues:

- 4.26. Identifying and reviewing those external developments which are likely to have significant influence upon the Company's reputation and/or its ability to conduct its business appropriately as a good corporate citizen. Such developments will include those in the fields of government relations, best corporate practice, the views and programmes of particular interest groups, academia and other opinion formers and issues of growing importance to the general public;
- 4.27. Acting as a sounding board and providing guidance and recommendations to the business on how best to handle both internal issues raised by the Company Leadership Team and those external developments identified above;
- 4.28. Reviewing and recommending changes as appropriate to the Company's Code of Business Principles to ensure that the Company's standards of business behaviour are up to date and reflect the best practices of business in this area. The Committee reviews and provides input to the Company on the management of the Code including reviewing a quarterly report on current issues and trends on Code matters;
- 4.29. Review of any instances of non-compliance with the Code of Business Principles and management's monitoring of compliance with the Code;
- 4.30. Reviewing and providing input to the Company on the management of current and emerging sustainability matters affecting the Company and providing external and independent oversight and guidance on the environmental and social impact of how the Company conducts its business;
- 4.31. Reviewing periodically matters of health and safety in relation to the Company's activities and reporting back to the Board;
- 4.32. Ensuring that the appropriate communications policies are in place and working effectively

- to build and protect the Company's reputation internally and externally;
- 4.33. Reviewing reports, minutes and recommendations within the Committee's areas of responsibility from the Company's senior management teams and relevant external parties.
- 4.34. Reporting to the Board on the Company's standing in the external world, particularly among target audiences;
- 4.35. Advising the Board as it may require in relation to any related party transactions or conflicts of interest involving the Company and the Directors; and
- 4.36. Oversight of all matters relating to corporate governance.

#### FINANCE AND INVESTMENT

The Committee shall carry out the duties below for the Company:

- 4.37. Review and interrogate any investments or divestments that would have an impact on the Company's balance sheet;
- 4.38. Ensure the necessary due diligence is conducted before any investments are made by the Company;
- 4.39. Ensure investments made by the Company comply with all applicable laws and regulations;
- 4.40. Ensure investments made by the Company take into consideration all the stakeholders of the Company.

#### 5. AUTHORITY

- 5.1. The Committee is authorised by the Board to investigate any matter within its terms of reference, using, at the Company's expense, resources from within the Company or from external legal, accounting or other advisers as the Committee considers necessary. The Committee is authorised to seek information from any Director, Senior Corporate Executive or employee, and from any adviser, agent or representative of the Company, for the purpose of fulfilling its duties and the Board shall, if so requested, direct such persons to co-operate with the Committee.
- 5.2. The Committee may form and delegate authority to sub-committees comprising one or more members of the Committee if the Committee feels appropriate. The Committee may also form and delegate authority to sub-committees comprising one or more members of the Company Leadership Team to conclude the final details of, and implement decisions taken by, the Committee. Any such sub-delegation shall be duly noted in the minutes of the Committee.
- 5.3. Following review of the financial statements, the Committee may if the Committee feels appropriate delegate authority for the final approval of any such financial statement and its publication to the Chief Executive Officer with the authority to make such non-material changes as the Chief Executive Officer may consider appropriate.
- 5.4. The Committee shall give due consideration to all laws, regulations, governance codes, listing and other applicable rules as appropriate.

#### 6. REPORTING, SELF-ASSESSMENT AND PERFORMANCE EVALUATION

- 6.1. The Committee reports to the Board after each meeting by means of an oral presentation by the Committee Chairman the outcome of all its meetings and on how it has discharged its responsibilities and shall make whatever recommendation to the Board it deems appropriate where action or improvement is needed.
- 6.2. The Secretary prepares minutes of all meetings of the Committee and these are circulated to the Committee before the next meeting of the Committee.
- 6.3. The Committee reviews and assesses annually the adequacy of these Terms of Reference to ensure it is operating efficiently.



6.4. The Committee ensures that its current Terms of Reference are made available at Company's website.

7. ANNUAL GENERAL MEETING

The Chairman of the Committee or another member of the Committee attends the Annual General Meetings of the Company and is available to answer any questions referred to him/her by the Chairman of the Meeting.

## **APPENDIX 3 – CODE OF BUSINESS PRINCIPLES**

### **STANDARD OF CONDUCT**

We conduct our operations with honesty, integrity and openness, and with respect for the human rights and interests of our employees.

We shall similarly respect the legitimate interests of those with whom we have relationships.

### **OBEYING THE LAW**

The Company and our employees are required to comply with the laws and regulations of the Republic of Kenya.

### **EMPLOYEES**

The Company is committed to a working environment that promotes diversity and equal opportunity and where there is mutual trust, respect for human rights and no discrimination.

We will recruit, employ and promote employees on the sole basis of the qualifications and abilities needed for the work to be performed.

We are committed to safe and healthy working conditions for all employees.

We will provide employees with a total remuneration package that meets or exceeds the legal minimum standards or appropriate prevailing industry standards.

We will not use any form of forced, compulsory, trafficked or child labour.

We are committed to working with employees to develop and enhance each individual's skills and capabilities.

We respect the dignity of the individual and support the right of employees to freedom of association and collective bargaining.

We will maintain good communications with employees through company based information and consultation procedures.

We will ensure transparent, fair and confidential procedures for employees to raise concerns.

### **CONSUMERS**

The Company is committed to providing branded products and services which consistently offer value in terms of price and quality, and which are safe for their intended use. Products and services will be accurately and properly labelled, advertised and communicated.

### **SHAREHOLDERS**

The Company will conduct its operations in accordance with internationally accepted principles of good corporate governance.

We will provide timely, regular and reliable information on our activities, structure, financial situation and performance to all shareholders.

### **BUSINESS PARTNERS**

The Company is committed to establishing mutually beneficial relations with our suppliers, customers and business partners. In our business dealings we expect our business partners to adhere to business principles consistent with our own.

### **COMMUNITY INVOLVEMENT**

The Company strives to be a trusted corporate citizen and, as an integral part of society, to fulfil our responsibilities to the societies and communities in which we operate.

## PUBLIC ACTIVITIES

The Company is encouraged to promote and defend its legitimate business interests. The Company will co-operate with the government and other organisations, both directly and through bodies such as trade associations, in the development of proposed legislation and other regulations which may affect legitimate business interests.

The Company neither supports political parties nor contributes to the funds of groups whose activities are calculated to promote party interests.

## THE ENVIRONMENT

The Company is committed to making continuous improvements in the management of our environmental impact and to the longer-term goal of developing a sustainable business.

The Company will work in partnership with others to promote environmental care, increase understanding of environmental issues and disseminate good practice.

## INNOVATION

In our scientific innovation to meet consumer needs we will respect the concerns of our consumers and of society. We will work on the basis of sound science applying rigorous standards of product safety.

## COMPETITION

The Company believes in vigorous yet fair competition and supports the development of appropriate competition laws. The Company and employees will conduct their operations in accordance with the principles of fair competition and all applicable regulations.

## BRIBERY & CORRUPTION

The Company does not give or receive whether directly or indirectly bribes or other improper advantages for business or financial gain. No employee may offer give or receive any gift or payment which is, or may be construed as being, a bribe. Any demand for, or offer of, a bribe must be rejected immediately and reported to management.

The Company accounting records and supporting documents must accurately describe and reflect the nature of the underlying transactions. No undisclosed or unrecorded account, fund or asset will be established or maintained.

## CONFLICTS OF INTERESTS

All Company employees are expected to avoid personal activities and financial interests which could conflict with their responsibilities to the Company.

The Company employees must not seek gain for themselves or others through misuse of their positions.

## COMPLIANCE – MONITORING – REPORTING

Compliance with these principles is an essential element in our business success. The Board is responsible for ensuring these principles are applied throughout the Company.

The Chief Executive Officer is responsible for implementing these principles and is supported in this by the Code and Policy Committee, which is chaired by the Business Integrity Officer.

Day to day responsibility is delegated to all senior management. They are responsible for implementing these principles, supported by the Business Integrity Committee.

Assurance of compliance is given and monitored each year.

Compliance is subject to review by the Board supported by the Audit Committee.

Any breaches of the Code must be reported. The Board of the Company will not criticise

management for any loss of business resulting from adherence to these principles and other mandatory policies. Provision has been made for employees to be able to report in confidence and no employee will suffer as a consequence of doing so.

## APPENDIX 4 – PROFILE OF THE BOARD OF DIRECTORS

### 1. GENERAL

The purpose of this profile is to provide guiding principles for the composition of the Board in line with the Companies Act, 2015, the Capital Markets (Securities) (Public Offers, Listing and Disclosures) (Amendment) Regulations, 2016 and the Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015 of the Laws of Kenya.

### 2. COMPOSITION

- 2.1 The composition and qualities of the Board as a whole should be in keeping with the size of the Company, its portfolio, culture and geographical spread and its status as a listed company.
- 2.2 The Board should be of sufficient size that the balance of skills and experience is appropriate for the requirements of the business and should furthermore include a balance of Executive and Non-Executive Directors, with one third being Non-Executive Directors. The composition of the Board shall be such that the members are able to act critically and independently of one another and any particular interest.
- 2.3 With respect to diversity in the composition of the Board the objective pursued by the Board is to have a variation of age, gender, expertise, social background and nationality.

### 3. DESIRED EXPERTISE AND EXPERIENCE

In view of the Company's objectives and activities, it is important that the Board have sufficient financial literacy, have at least one financial expert and is composed in such a way that the following expertise and experience is present in one or more of its members:

- 3.1 Executive management experience and knowledge of corporate governance issues at main board level with a company comparable in size and spread of activities and stock exchange listing;
- 3.2 Understanding of human resources and remuneration;
- 3.3 Experience with financial administration, accounting policies and internal control;
- 3.4 Risk management of a company with listing of shares;
- 3.5 Understanding of the markets where the Company is active;
- 3.6 Experience in and understanding of the tea farming and manufacturing industry;
- 3.7 Commercial expertise;
- 3.8 Awareness of corporate social responsibility issues; and
- 3.9 Experience with research and development in those fields where the Company is active.

### 4. DESIRED PERSONAL QUALIFICATIONS

- 4.1 Besides expertise, experience, contacts, vision and adequate availability, personal qualities such as impartiality, integrity, tolerance of other points of view, balance and ability to act critically and independently are equally important.
- 4.2 Directors should be capable of assessing the broad outline of the overall policy and shall have the specific expertise required for the fulfilment of the duties assigned to the role designated to them within the framework of the Board profile.
- 4.3 Directors should observe the principles underlying the corporate governance codes of Kenya.
- 4.4 Non-Executive Directors should be independent of the Company and should avoid material conflicts of interest.
- 4.5 Business in the Board and their Committees will be conducted in the English language

and Directors therefore should be fluent in English.

5. AVAILABILITY

Each Board member shall have sufficient time available for the proper performance of his or her duties. Directors should be sufficiently free of other commitments to be able to devote the time needed to prepare for meetings and participate in induction, training, appraisal and other Board associated activities.

6. PROFILE

This profile will guide the Nominations Committee and the Board on the occasion of the nomination of Directors.

It will be reviewed and updated by the Board periodically.

## APPENDIX 5 – SELECTION CRITERIA AND APPOINTMENT PROCEDURES FOR DIRECTORS

In identifying and nominating candidates for the approval of the Board, to fill Board vacancies as and when they arise. The Nominations Committee will:

- i. give full consideration to succession planning of Directors taking into account the challenges and opportunities facing the Company, and the skills and expertise needed on the Board in the future;
- ii. keep under review the structure, size and composition (including the skills, knowledge, experience, diversity and independence) of the Board and make recommendations to the Board with regard to any changes in line with the profile set out in Appendix 4;
- iii. keep under review the leadership needs of the organization, both executive and non-executive, with a view to ensuring the continued ability of the organization to compete effectively in the marketplace;
- iv. before appointment is made by the Board, evaluate the balance of skills, knowledge, experience and independence of the Directors, and, in light of this evaluation prepare a description of the role and capabilities required for a particular appointment. In identifying suitable candidates, the Committee shall:
  - a) determine and follow the optimal means of identifying suitable candidates, whether through open advertising or the services of external advisers to facilitate the search;
  - b) consider candidates from a wide range of backgrounds;
  - c) consider candidates on merit and against objective criteria and with due regard for the benefits of diversity on the Board (including gender);
- v. review annually the time required from non-executive directors and the performance of the non-executive directors to assess whether they are spending enough time to fulfill their duties;
- vi. review the membership of the Audit Committee and the Nominations Committee;
- vii. determine the re-appointment of any non-executive director at the conclusion of their specified term of office having given due regard to their performance and ability to continue to contribute to the Board in light of the knowledge, skills, experience and independence required;
- viii. oversee the re-election by shareholders of any director retiring by rotation as envisaged by the the Company's Articles of Association having due regard to their performance and ability to continue to contribute to the Board in light of the knowledge, skills, experience and independence required and the need for progressive refreshing of the Board;
- ix. evaluate any matters relating to the continuation in office of any Director at any time; and the appointment of any Director to executive or other office.

**APPENDIX 6 – FORM OF DELEGATION RESOLUTION**

The following is a resolution passed by the Board of Limuru Tea PLC on 1 January 2018. THAT with effect from 1 January 2018:

- 1.1. the Board hereby entrust to and confer upon
  - 1.1.1. the Chief Executive Officer all of its powers, authorities and discretions in relation to the operational running of the Company (with power to sub-delegate any such powers, authorities and discretions) and specifically all of its powers, authorities and discretions in relation to those matters set out in paragraphs 7.2 to 7.7 and 7.10 to 7.13 of The Governance of Limuru Tea Plc (whether or not those matters relate to the operational running of the Company) and
  - 1.1.2. the Chief Executive Officer and the Financial Officer (acting individually or jointly) all its powers, authorities and discretions with power to sub-delegate (acting individually or jointly) any such powers, authorities and discretions in relation to those matters set out in paragraphs 7.8 to 7.9 of The Governance of Limuru Tea Plc, in each case provided that all those matters set out in paragraphs 3.2 of The Governance of Limuru Tea Plc (whether or not those matters relate to the operational running of the Company) shall be reserved to the Board and the Board’s powers, authorities and discretions in relation to those matters are not hereby delegated. This delegation of powers, authorities and discretions by the Board is made collaterally with (and not to the exclusion of) its own powers, authorities and discretions;
2. the Board hereby approves and adopt the terms of reference of each of the following Committees as set out in the relevant appendix to The Governance of Limuru Tea Plc as specified in the following table and delegates to each Committee the authorities and/or powers set out in the specified paragraph of the relevant appendix as set out in the following table:

Name of Committee	Terms of Reference	Authorities
Nominations Committee	Appendix 1	Paragraph 4
Audit Committee	Appendix 2	Paragraph 4

3. Without prejudice to the delegations set out in paragraph (1) and (2) of this resolution and without limiting the authority conferred by such delegations the document entitled “The Governance of Limuru Tea Plc” is approved and adopted by the Board as internal practices and procedures to be followed by members of the Company and its officers and employees, and shall not need to be taken into account by any third party dealing with any member of the Company in relation to, the question of whether any such dealing has been properly authorised and further provided that it is hereby confirmed that any failure to comply with any of the provisions of “The Governance of Limuru Tea Plc” shall have no effect in relation to the question of whether a dealing or transaction entered into by any member of the Company has been properly authorised; PROVIDED that this resolution and any changes it makes to the powers, authorities and discretions delegated to any person or Committee shall not affect the validity of, and shall be without prejudice to, any exercise of such powers, authorities or discretions prior to the date on which this resolution becomes effective including, without limitation, any exercise of the power to sub-delegate prior to that date.