

**CENTUM INVESTMENT COMPANY PLC**

**INVESTMENT COMMITTEE (THE “COMMITTEE”)**

**COMMITTEE CHARTER**

**1 Constitution**

The Investment Committee shall be a Committee of the Board established by the Board.

**2 Composition and Membership**

2.1 The Committee shall be made up of at least four non-executive directors with financial expertise, with the Chief Executive Officer, the Managing Director, Centum Capital, the Risk Manager and the Company Secretary in attendance.

2.2 The Chairperson of the Committee shall be a non-executive director with financial expertise.

2.3 The company secretary shall be the secretary of the Committee.

**3 General Scope and Authority**

3.1 To provide leadership in the achievement of attractive returns on the Company’s investments by developing investment grade opportunities.

The Company’s investments under the strategy period 2014-2019 include investments in real estate, power, financial services, healthcare, agribusiness, FMCG, ICT, Education and other sectors that the Company focuses on.

3.3 To develop and recommend to the Board for approval plans for raising capital for investment purposes

3.4 To provide clear guidelines on investment policies, procedures and objectives for enabling a consistent and structured, research-based and risk sensitive approach to value investing.

3.5 To review the Company’s risk management approach for appropriateness on an on-going basis in the light of developments in the markets for the sectors that the Company invests in and the general business and economic environment and to bring to the attention of the Board any matters deemed necessary.

3.6 To review the Company’s detailed strategic investment plans, including short-term priorities and recommend these to the Board for approval. The review should include:

3.6.1 Ensuring that there is total buy-in from the management team and Board of Directors, and that there is total commitment to the agreed strategy and that this is reflected in any sectional plans

- 3.6.2 Continuously reviewing the validity and appropriateness of the chosen strategy in the event of any internal or external changes in the financial markets and the business environment in general
- 3.7 To monitor and critically review the operational and financial performance of the Company against key performance indicators, identifying shortcomings and ensuring corrective measures/actions are taken.
- 3.8 To ensure that policy guidelines on investment and financial and balance sheet structure are understood and enforced.
- 3.9 To continuously monitor the Company's relationships with all major stakeholders ensuring prompt resolution of any outstanding issues and the maintenance of the Company's reputation.
- 3.10 Provide advice to Board on proposals for the investment of the Company's financial resources in new or privatizing enterprises, which are of strategic interest to the Company's development.
- 3.11 Approve deviations between budget heads and other major commitments/variations in expenditure.
- 3.12 The Committee may invite any executive management team members or other individuals to attend meetings of the Committee, as they consider appropriate.
- 3.13 To monitor and evaluate the performance of recent investments against budget.

#### **4 Meetings**

- 4.1 The Committee shall meet as frequently as required but not less than four times a year.
- 4.2 Any Committee member, through the Secretary, may call a meeting of the Committee, in consultation with the Managing Director (for purposes of management input and preparation if required).
- 4.3 A notice of each meeting confirming the date, time, venue and agenda shall be forwarded to each member of the Committee in the week prior to the date of the meeting. The notice for members will include relevant supporting papers for the agenda items to be discussed.
- 4.4 The Committee shall have access to professional advice from employees within the Company and from appropriate external advisors.
- 4.5 Minutes of proceedings and resolutions of Committee meetings shall be kept by the Secretary. Minutes, agenda and supporting papers, will be made available to any director upon request to the Secretary, provided no conflict of interest exists.

#### **5 Delegations**

- 5.1 The Investment Committee holds delegated authority to:

- 5.1.1 Approve an investment in quoted equity of any amount above Kshs 50 million but of a value not exceeding Kshs2 Billion;
  - 5.1.2 Approve all investments in property of a value not exceeding KShs2 Billion in respect of any one item of expenditure or project;
  - 5.1.3 Approve all investments in unquoted equity of a value not exceeding KShs2 Billion in respect of any one item of expenditure or project;
  - 5.1.4 Approve an investment in fixed income securities of any amount above Kshs 20 million but of a value not exceeding Kshs2 Billion;
  - 5.1.5 Approve all investments in start-up businesses with less than two years of operating history of a value not exceeding KShs2 Billion in respect of any one item of expenditure or project;
  - 5.1.6 Approve all partial and/or full divestment from all the above investment types that meet requirements similar to the approval levels for the respective investments;
  - 5.1.7 Refer with positive recommendation to the Board, any transaction of a type listed above, involving an amount in excess of the Investment Committee's approval limit;
  - 5.1.8 Establish such sub-committees and working groups as it finds necessary to carry out its functions. The membership and terms of reference of any standing sub-committees established must be forwarded to the Board for its endorsement.
- 5.2 Members of the Committee and officers hold the following delegations:
- 5.2.1 Between meetings of the Investment Committee, the Executive Committee of the Investment Committee , consisting of the Chairperson of the Board, the Chairperson of the Investment Committee, the Managing Director and the Director Centum Capital may act to give effect to urgent matters and must report each such action to the next meeting of the Investment Committee.

## **6 Accountability**

- 6.1 Voting shall be restricted to Committee members who are also Company Directors. A quorum shall be three members, two of whom must be Board members. The Chair shall hold the casting vote. A simple majority will be necessary to carry any vote. At the discretion of the Chair, the Director Centum Capital , Risk Manager and other employees of the Company may be excluded from voting or attending portions of meetings.
- 6.2 Each member of the Investment Committee will have to declare any financial interest in any agenda item before the commencement of discussions on agenda items. At the Chairperson's discretion, members of the Committee may be excluded from voting in the event that a conflict of interest is perceived.
- 6.3 The Committee shall report its discussions to the Board by maintaining minutes of its meetings and providing a summarized report at the next Board meeting. The summarized

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report shall include the resolutions and recommendations of the Committee for ratification and approval respectively by the Board. The report to the Board shall also include a summary of the most significant matters referred to it by other committees. The report shall be presented to the Board by the Committee Chairperson for adoption.

**7 Revision of Terms of Reference**

These terms of reference shall be subject to review by the Board at any time.

**Approved by the Board**

Date: \_\_\_\_\_

Chairman:  \_\_\_\_\_