

SAFARICOM PLC
BOARD NOMINATIONS AND REMUNERATION COMMITTEE
TERMS OF REFERENCE

1. Constitution

The Nominations and Remuneration Committee (the Committee) is formally constituted by the Board of Directors (the Board) of Safaricom PLC (the Company) and has delegated authority from the Board in respect of the functions and powers set out in these terms of reference.

2. Mandate

The role of the Committee is to assist the Board by:

- 2.1. Reviewing the structure, size and composition of the Board.
- 2.2. Recommending suitable individuals for nominations to fill vacancies on the Board and its committees.
- 2.3. Reviewing the required skills mix and expertise that the executive directors as well as independent and non-executive directors bring to the Board.
- 2.4. Reviewing the succession plans for members of the Board.
- 2.5. Evaluating the effectiveness of the Board and the effectiveness of the Directors in the discharge of their responsibilities.
- 2.6. Reviewing executive appointments, succession and development plans for the senior leadership team as required for the delivery of the long- term business strategy.
- 2.7. Reviewing and propose the remuneration structures of executive members of the Board.
- 2.8. Reviewing and recommending to the Board, the structure, components and delivery of elements of reward and remuneration offered to Non-Executive Directors.
- 2.9. Undertaking any other exercise referred to the Committee by the Board.

3. Chairman

- 3.1. The chairperson of the Committee shall be appointed by the Board and must be an independent non-executive director.
- 3.2. In the absence of the Committee Chairperson, the members present shall elect one of themselves, to be appointed to chair a meeting of the Committee.

4. Membership

- 4.1. The members of the Committee shall be appointed by the Board upon recommendation of the Committee for a period of up to three (3) years, which may be extended for a maximum of two (2) terms of three (3) year periods respectively, provided that the member continues to meet the criteria for membership of the Committee.
- 4.2. The Committee shall comprise of five (5) directors, comprising mainly non-executive directors.
- 4.3. The Chairperson of the Board may be a member of the Committee but will not chair the Committee.
- 4.4. A member of the Committee may relinquish their membership in the Committee by giving sixty (60) days prior notice to the Chairperson of the Board and the Company Secretary. The Committee shall review and recommend to the Board for approval, the appointment of a director to fill such vacancy.

4.5. The Board may revise the composition, structure and size of the Committee in its own discretion, but taking into account any recommendations of the Committee and the Capital Markets Authority's (CMA) guidelines on Corporate Governance.

5. Attendance at meetings

5.1. The Chief Executive Officer (CEO) of the Company shall be a permanent invitee to the meetings.

5.2. The Chief Human Resources Officer and other individuals (including representatives of external advisers) may be invited to attend all or any part of a meeting as and when appropriate in the opinion of the Committee Chair or the majority of its members.

5.3. The Company Secretary shall act as the secretary of the Committee and attend all Committee meetings in that capacity.

6. Quorum

The quorum necessary for a meeting of the Committee shall be a majority of members appointed. 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.

7. Meetings

7.1. Unless varied by these terms of reference, meetings and proceedings of the Committee shall be governed by the Company's Articles of Association. The Committee may establish additional procedures to govern its meetings.

7.2. The Committee will meet as often as necessary, but must meet at least once in every quarter of the calendar year.

7.3. The chairperson of the Committee must call a meeting of the Committee if so requested by any Committee member, the Chief Executive Officer or the Company Secretary of the Company.

7.4. The Committee may invite other Directors or other persons, such as internal specialist or external advisors, to attend if considered appropriate by the Chairperson of the Committee. However, no Director invited shall be entitled to vote at such meetings or form part of the quorum unless he or she is a member of the Committee.

7.5. Each member of the Committee shall have one (1) vote which may be cast on matters considered at the meeting.

7.6. A member of the Committee shall excuse himself/herself from a meeting in which he/she has a conflict of interest of any matter subject to the discussions and deliberations of the Committee.

7.7. The chairperson of the Committee may ask any attendees of a meeting of the Committee to leave the meeting to allow discussions of matters relating to them.

7.8. A member of the Committee may participate and attend a meeting of the Committee by electronic means and the member shall be deemed, for all intents and purposes of the meeting, to be present, entitled to vote and/or be counted for purposes of establishing a quorum.

7.9. Unless otherwise agreed, the notice, agenda and any supporting papers, shall be circulated to each member of the Committee and any invitee(s), no fewer than four (4) working days prior to the date of the meeting.

8. Authority

- 8.1. The Committee is authorised by the Board to seek any information it requires from and require the attendance at any of its meetings of, any Director or member of Management, and all employees are expected to cooperate with any request made by the Committee.
- 8.2. The Committee is authorised by the Board to obtain through the CEO, and at the Company's expense, outside legal or other independent professional advice and counsel including independent consultants and to secure the attendance of advisors with relevant experience and expertise if it considers this necessary.
- 8.3. To incur any expenditure it considers appropriate in connection with the above (the Company to make available the necessary funds).

9. Reporting

- 9.1. The chairperson of the Committee shall report the proceedings, findings and recommendations of the Committee to the next board meeting after each meeting of the Committee.
- 9.2. The Committee's activities shall be disclosed in the annual report, and the process used to make appointments shall be disclosed in the annual report, together with the Board's policy on diversity.
- 9.3. The chairperson of the Committee shall attend the Company's Annual General Meeting (AGM) prepared to respond to any questions, which may be raised by shareholders on matters within the Committee's area of responsibility.
- 9.4. The Committee shall ensure, through the Chairperson of the Board that the Company maintains contact and the chairperson of the Committee seeks engagement as required, with the Company's major shareholders on significant matters related to the Committee's area of responsibility.

10. Responsibilities

10.1 With regard to matters relating to Nominations the Committee shall be responsible for the following:

a) Structure, Size and Composition of the Board

- i) Regularly reviewing the structure, size and composition of the Board as per the Articles of Association and making recommendations to the Board with regard to any appropriate changes. The Committee shall take into account all factors it deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of the Capital Market Authority's (CMA) Code of Corporate Governance.
- ii) Review the functions and responsibilities of the Board and Committees to ensure appropriate composition of the Committees of the Company by taking into account the specific needs of the Company, the Board and Committees.
- iii) Providing advice to the Board with respect to the necessary and desirable competencies of the directors.
- iv) Making recommendations to the Board for the appointment and removal of Directors of both the Company and its subsidiaries.
- v) Vetting any appointed alternate directors.
- vi) In a timely manner, making recommendations to the Board whether or not Directors, whose term of office is expiring, should be proposed for re-election at the Company's next AGM.
- vii) Review and assess the independence of the independent directors and recommend to the Board for shareholder's approval on their re-election.

b) New Directors

- i) Developing the Board policy and procedure for the selection and appointment of directors, of the Company and its subsidiaries, and with due regard to the benefits of diversity, including gender diversity.
- ii) Identifying individuals who may be qualified to become directors, having regard to such factors as the Committee considers appropriate, including judgment, skill, diversity, experience with business and other organizations of comparable size, the interplay of the candidate's experience with the experience of other Board members, the extent to which the candidate would be a desirable addition to the Board and any Board committees, the CMA's Code on Corporate Governance and the Companies Act, 2015 (the Companies Act) requirements;
- iii) In the case of candidates for the position of Independent director, the Committee shall evaluate their ability to discharge their responsibilities and functions as would be expected from an Independent director.
- iv) In the case of candidates for the Chairperson of the Board, the Committee should prepare a job specification and the proposed Chairperson's other significant commitments should be appropriately disclosed to the Board and any changes to such commitments should be reported to the Board as they arise.
- v) Recommending to the Board, candidates for directorship or the Company's nominees in the Company's subsidiary companies and investments, subject to any existing legal requirements, terms of any Shareholders Agreement or any other agreement governing the Company's shareholding or membership in such subsidiaries and investments.
- vi) In identifying the most suitable candidates, the Committee shall use the most optimal means whether through open advertising or using the services of external professional advisers to facilitate the search.
- vii) Ensuring that an effective induction program for new Directors is in place, and regularly reviewing its effectiveness.
- viii) Ensuring that the Directors receive ongoing development (education) on their duties, responsibilities and understanding of the business and are provided with appropriate and timely training, on an ongoing basis.
- ix) Ensuring that each new Director receives a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside board meetings.

c) Board Committees

Identifying Directors qualified to fill vacancies on Board committees and making recommendations to the Board accordingly, having regard to such factors as the Committee considers appropriate including the Charter/Terms of Reference of the particular Board committee, the Director's experience, the interplay of the Director's experience with the experience of other Committee Members, and the CMA guidelines on Corporate Governance and the Companies Act requirements.

d) Senior Management

The Committee will review and, if considered appropriate, provide feedback to the Board in respect of proposed Senior Management appointments and in particular:-

- i) Recommending candidates to the Board for the position of CEO and Chief Financial Officer (CFO) in the Company.
- ii) Recommending candidates to the Board for the Senior Management positions in the Company.

e) **Succession Plans**

The Committee will:

- i) Satisfy itself that processes and plans are in place for orderly succession for appointments to the Board, Board Committees, the position of CEO and CFO, to maintain an appropriate balance of skills and experience and to ensure that this is reviewed periodically.
- ii) Endeavour to ensure that the term of office of members of the Board is structured in a manner that ensures the Company retains institutional memory and to aid the process of inducting new Board members.
- iii) Ensure that the CEO has put into place and is monitoring succession planning systems and policies for senior management, including processes to identify, develop and retain the talent of key senior managers while maintaining an appropriate balance of skills and experience and to ensure that this is reviewed periodically.

f) **Performance**

- i) Establishing procedures for the Committee to oversee the evaluation of the performance of the Board and each Director and the Company Secretary, including an assessment of whether each Director has devoted sufficient time to their duties.
- ii) Conduct a critical evaluation of the activities of the Board and Board Committees on an annual basis. Ensure that the results of the review of the Board and its Committees and recommendations thereof are presented to the Board and acted upon.
- iii) Ensure the results of the Chairman of the Board, the CEO and Company Secretary's performance are discussed by the Committee and feedback is given to them by the chairperson of the Committee.
- iv) Evaluating the performance of the CEO annually and make the necessary recommendations to the Board.
- v) To annually review the Committee's terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

10.2 **With regard to matters relating to Remuneration the Committee shall be responsible for the following:**

- i) Reviewing, advising and recommending for the approval of the Board, an executive remuneration policy and framework for the remuneration of the Directors and CEO of the Company and its subsidiaries. In the case of Executive Directors and the CEO, significant components of their remuneration should be linked to corporate and individual performance. In the case of Non-Executive Directors, the level of remuneration will be based on an established framework to include a panel of comparators and target positioning. Any changes to the policy should be documented and subject to the approval of the Board.
- ii) The Committee shall ensure that the executive remuneration policy is aligned to the Company's purpose, values and the delivery of the Company's long-term strategy.

- iii) Reviewing, advising and recommending for the approval of the Board, an overall remuneration policy, performance management policies and rewards structure for Senior Management in the Company and those of the Company's subsidiaries.
- iv) The Committee shall ensure that the level of remuneration is geared to attract, retain and motivate the Executive Directors, CEO and Senior Management of the caliber needed to run the Company successfully, having regard to views of shareholders and stakeholders.
- v) The remuneration policies should have regard to the risk appetite of the Company and its subsidiaries, and alignment of the long-term success of the Company and its subsidiaries.
- vi) Reviewing, advising and recommending to the Board for approval, the CEO's individual remuneration package and benefits including pension, performance/share based remuneration, service contracts and bonuses.
- vii) Obtaining reliable, up-to-date information on the remuneration policies in other companies that are of comparable scale and complexity.
- viii) Reviewing, designing and considering performance contracts, targets and the structure of the rewards for the CEO and Executive Directors, and assessing their performance against those targets.
- ix) Reviewing, advising and recommending the compensation packages and severance payments for the Executive Directors, CEO and Senior Management in the event of early termination of the employment/service contracts.
- x) Determining and recommending the level of non-executive directors' fees to the Board of Directors for approval.
- xi) Determining the policy for authorizing claims for expenses from the Directors.

11. **Secretary**

11.1. The Company Secretary shall act as the secretary of the Committee and attend all committee meetings in that capacity.

11.2. The Secretary shall:

- a) Ensure that the Committee receives information in a timely manner to enable full and proper consideration of the issues on the agenda.
- b) Ascertain at the beginning of each meeting, the existence of conflicts of interest and minute them accordingly.
- c) Prepare the minutes of the Committee meetings.
- d) Circulate the minutes and resolutions of the Committee meetings to all members of the Committee for approval.
- e) Ensure that the minutes of the Committee meetings are properly kept and can be produced for inspection if required.

11.3. Perform any other act as may be required under these Terms of Reference.

12. **Other**

12.1. The Committee shall have access to sufficient resources in order to carry out its duties.

12.2. The Committee shall work and liaise with all other Board Committees.

1.2. No member of the Committee may participate in any decision with respect to his or her position.

1.3. The Committee may, in its discretion, delegate all or some of its responsibilities to a sub-committee.

1.4. The Committee shall continuously seek out Best Practice in terms of the processes of a committee with similar responsibilities for possible adoption by the Committee and the Board.

Schedule of Committees Terms of Reference (TOR) reviews:

Date	Action Taken
6/03/2015	TOR approved by the Committee
09/02/2021	Revised TOR reviewed and approved by the Committee
10/02/2021	Revised TOR adopted by the Board