



# **Sanlam Kenya Plc Shareholders Framework**



<b>Governance Area Addressed:</b>	Corporate Governance
<b>Approving Authorities:</b>	Sanlam Kenya Plc Board of Directors
<b>Responsible Functionary:</b>	Group Chief Executive Officer Group Company Secretary
<b>Date of First Approval:</b>	5 <sup>th</sup> May 2021
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<b>Related Charters &amp; Policies</b>	<ul style="list-style-type: none"><li>• Sanlam Kenya Plc Memorandum and Articles of Association</li></ul>

## Table of Contents

Clause	Page
1. Introduction: .....	4
2. Definitions, and Interpretation .....	4
3. Purpose and Objective.....	5
4. Rights and Obligations of a Shareholder.....	5
5. Obligation of the Boarda and Company to the Shareholders.....	6
6. Entry into Force and Review.....	7
7. Dispute Resolution .....	7
8. Notice .....	8
9. Applicable Laws.....	8

## **1. Introduction:**

Shareholders are and integral part of any Company. Shareholders are the core reason why the Company exist. It is thus pivotal for Company to formulate a framework on how to engage with shareholders in a manner that shall enhance equitability and upholds good corporate governance principles.

This document provides guidance on the obligations of the Company towards upholding the shareholders rights against the backdrop of sound Corporate Governance principles that enhance accountability and equitability.

## **2. Definitions, and Interpretation**

### **2.1 Definitions**

**2.1.1** *'Board'* means the Board of Directors either jointly or severally.

**2.1.2** *'Business Days'* means all the days of the week excluding Saturday and Sunday.

**2.1.3** *'Company'* means Sanlam Kenya PLC.

**2.1.4** *'Framework'* means this Shareholders Framework.

**2.1.5** *'Parties'* means the Shareholder and the Company/the Board.

### **2.2 Interpretation**

**2.2.1** Words importing the singular number only shall include the plural number also and vice versa. Words importing the masculine gender include the feminine gender and neuter and vice versa.

**2.2.2** The headings in this framework are included for convenience and should not be used for purposes of interpretation.

**2.2.3** Reference to any clause is to a clause in this framework.

**2.2.4** References to any Statute or Statutory Provision shall be deemed to include references to any Statute or Statutory provision which amends, extends, consolidates, or replaces the same.

**2.2.5** References to persons or undertakings shall include individuals, bodies corporate (wherever incorporated), unincorporated associations, partnerships, and any other business entity(ies) and/or association(s).

**2.2.6** Where any number of days is prescribed, or must be calculated, from a particular day in terms of this framework, the same shall be calculated by excluding such day but including the last day, unless the last day falls on a day which is not a business day, in which case the last day shall be the next business day.

**2.2.7** Where the day upon or by which any act is required to be performed is not a business day, it shall be deemed to have been intended such act to be performed upon or by the immediately succeeding business day.

**2.2.8** References to days (other than references to business days), months and/or years shall be construed as references to calendar days, months and/or years.

### **3. Purpose and Objective**

#### **3.1 Purpose**

The purpose of this framework is to offer a structure on how the Company and its Shareholders shall engage and treat each other in a responsible, legal, and equitable manner while fostering good corporate governance.

#### **3.2 Objective**

The objective of this framework is to ensure that:

- 3.2.1** It defines the rights of shareholders, both minority and majority shareholders and explains their obligations to the Company.
- 3.2.2** It lists and explains the obligations of the company to the shareholders and remedies available to shareholders for infractions.
- 3.2.3** It provides a mechanism for dispute resolution amongst the company's stakeholders.

Against the backdrop of sound corporate governance principles and the relevant prescriptive Laws.

### **4. Rights and obligations of a Shareholder**

The company shall recognize, respect, and protect the rights of shareholders. It shall facilitate the effective exercise of those rights. Note the rights listed below are not exhaustive and that they are complementary and/or supplementary to the rights of Shareholders as provided for under the Company's Articles of Association and the *Companies Act, 2015*.

- 4.1** All shareholders shall receive relevant information on the company's performance through the distribution of annual reports and accounts, and half-yearly results. Such reports shall be availed across multiple communication channels suitable to shareholders' different media consumption habits. These channels shall include but not limited to websites, postal mail and newspapers.
- 4.2** All shareholders have a right to receive relevant, sufficient and timely information concerning the date, location and agenda of the Annual General Meeting as well as full and timely information regarding issues to be decided during the Annual General Meeting. Such information shall be received at least 21 calendar days before the Annual General Meeting.
- 4.3** The shareholders have a right to a secure method of transfer and registration of ownership of their shares.
- 4.4** Every shareholder has the right to participate and vote at the general shareholders meeting including the election of directors. The shareholders are encouraged to participate in the Annual General Meetings and to exercise their votes. The vote shall be based on the provisions of the Article of Association, one share – one vote, however all shareholders have unalienable right to put forth a case for or against any item subjected to a vote.
- 4.5** Every shareholder shall be entitled to ask questions, seek clarification on the company's performance as reflected in the annual reports and accounts or on any

matter that may be relevant to the company's performance or promotion of shareholders' interests and to receive explanation from the directors and/or management. This right shall be exercised in such a way as not to disrupt the business of an Annual General Meeting.

- 4.6 Every shareholder is entitled to distributed profit, in form of dividends, and other rights for bonus shares, script dividend or rights issue, as applicable and in the proportion of its shareholding in the company; subject to the Board's recommendation based on the Company's performance and the Company's Dividend Policy.
- 4.7 Shareholders shall elect Directors at a general meeting and approve the directors' remuneration.
- 4.8 Shareholders shall elect the Directors who will constitute the membership of the Audit, Actuarial, Risk and Compliance Committee.
- 4.9 Shareholders shall appoint the Company's external auditors and authorize the Directors to fix their remuneration.

## **5. Obligation of the Board/Company to the Shareholders**

The obligations listed below are complementary and/or supplementary to the obligations of the Board/Company towards the Shareholders as provided for under the Company's Articles of Association, the *Companies Act, 2015* and all other relevant legislations.

- 5.1 The Board shall make shareholders expenses and convenience a primary criterion when selecting the venue and location of Annual General Meeting; or when selecting the mode to be used for a virtual Annual General Meeting
- 5.2 The Board shall ensure that shareholders' right to full participation at Annual General Meetings are protected by giving shareholders:
  - 5.2.1 Sufficient information on each subject to be discussed at the Annual General Meeting.
  - 5.2.2 Sufficient information on voting rules or procedures.
  - 5.2.3 Proxy models with different voting options.
  - 5.2.4 The opportunity to question the management.
  - 5.2.5 The opportunity to place items on the agenda at Annual General Meetings.
  - 5.2.6 The opportunity to vote in absentia.
  - 5.2.7 Sufficient information to enable them to consider the costs and benefits of their votes.
- 5.3 The Board shall maintain an effective communication policy that enables both management and the Board to communicate effectively with its shareholders, stakeholders, and the public in general.
- 5.4 The company shall employ modern communication techniques including the use of teleconferencing, videoconferencing, websites, and emails to communicate with shareholders.
- 5.5 The company, as a matter of best practice and when practical, shall organize regular shareholders/investors briefings and in particular when the half-yearly and annual results are declared or as may be necessary to explain their performance and promote interaction with shareholders/investors.
- 5.6 The Board shall encourage the establishment and use of the company's website by shareholders to speed up communication and interaction among shareholders and the company.

- 5.7 The Board should ensure that all shareholders, including minority and foreign shareholders are treated in an equitable manner.
- 5.8 Minority shareholders shall be protected from any adverse actions by the controlling shareholders, acting either directly or indirectly, and shall have effective means of redress as provided for under the *Companies Act, 2015* and/or any other enabling statute.
- 5.9 The Board shall only act within the powers given to them by virtue of the Article of Association and any relevant Law.
- 5.10 The Board shall in good faith act in a manner that shall look out for the best interest of the shareholder.
- 5.11 The Board shall exercise reasonable care, skill, and diligence in performance of their functions to the benefit of the shareholder.
- 5.12 The Board has a duty to avoid conflict of interest between itself, jointly or severally, and that of the Company.

## 6. Entry into Force and Review

### 6.1 Entry into Force

This Framework shall come into force upon adoption by the Board. It shall have effect thereafter from the date aforementioned herein and termed as the commencement date.

### 6.2 Review

This Framework shall ordinarily be reviewed on an annual basis and recommendations made on amendments. However, based on a need basis a review/reviews can happen as many times as possible based on changes in applicable Legislation. Any amendment to this Framework must be presented to the Board for ratification and adoption.

## 7. Dispute Resolution

- 7.1 All questions in dispute arising between the shareholders and the Board, either jointly or severally, and all claims or matters in such dispute not otherwise mutually settled shall be referred to mediation. The mediator shall be appointed from a list provide by the Strathmore Dispute Resolution Centre through the parties' consensus or in the event consensus is not achieved within 7 days, the parties shall request the Manager, Strathmore Dispute Resolution Centre to appoint one on their behalf.
- 7.2 The mediation process shall conform within the precincts of **the Mediation (Pilot Project) Rules, 2015** where practical.
- 7.3 To the extent permissible by law the settlement agreement pursuant to the mediation shall be final and binding upon the parties.
- 7.4 If Parties fail to reach an agreement under mediation within ten (10) days, the dispute shall be referred to Arbitration.
- 7.5 The seat of Arbitration shall be Nairobi.
- 7.6 Determination of the dispute shall be by a single Arbitrator appointed mutually by the parties, or in failure to agree on a mutual Arbitrator within 4 days of referring the dispute to Arbitration, by the Chair of the Chartered Institute of Arbitrators (Kenyan Chapter).
- 7.7 Every award made under this Clause shall be subject to and in accordance with the provisions of the *Arbitration Act, 1995 (Act No. 4 of 1995)*, any statutory



modification thereto, re-enactment thereof or such other Act or Acts for the time being in force in Kenya in relation to arbitration and the Rules of Arbitration of the Institute.

- 7.8 The dispute shall be determined within 45 days of the preliminary meeting.
- 7.9 To the extent permissible by law the determination of the Arbitrator shall be final and binding upon the parties.

## 8. Notice

All request and/or complaints by shareholders to the Company shall be addressed/communicated through the Company Secretary to the following address/channels:

**Company Secretary**

**Sanlam Kenya PLC,**

**Physical Address:** *Sanlam Tower, 15<sup>th</sup> Floor, off Waiyaki Way, Nairobi*

**Postal Address:** *10493 - 00100, Nairobi*

## 9. Applicable Laws

This Framework is subject to the company's Article of Association and all applicable Laws in Kenya.