



**KenGen**

# BOARD CHARTER

*November 2014*

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**FOREWORD**

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Welcome to the Kenya Electricity Generating Company Limited (KenGen) Board Charter that sets out the modus operandi of the Board.

Faithful discharge of the mandates of KenGen requires persons of high integrity, commitment, dedication and foresight both at the Board and Management levels.

The members of the Board have pledged to dedicate themselves to the service of KenGen. In particular, they shall uphold the tenets of good corporate governance. They shall be accountable, efficient and effective, responsible and transparent, be persons of integrity and exercise fairness in all their dealings.

This Board Charter is a commitment by the members of the Board to discharge the mandates of KenGen. It outlines the rules that shall guide them and briefly gives their vision for KenGen.

I hope that this Charter shall be a useful tool in enabling and ensuring good governance in KenGen. This Charter however does not in any way purport to replace or supersede any laws and regulations that guide KenGen.

**Joshua Choge**  
**Chairman**

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## 1.0 THE BOARD

### 1. Composition, Mix and Size of the Board

The Board consists of eleven (11) Directors, namely:

- a) The Chairman;
- b) The Managing Director and Chief Executive Officer (CEO);
- c) The Cabinet Secretary in the Ministry of Energy and Petroleum or his/her designated alternate;
- d) The Permanent Secretary of the National Treasury or his/her designated alternate
- e) Seven Non-Executive Directors.

### 2. Appointment to the Board

Any shareholder may by notice duly signed by him/her and delivered to the Company Secretary not less than seven (7) days and not more than twenty-one (21) days before the date appointed for the Annual General Meeting (AGM), give notice of his/her intention to propose any other person for election to the Board; such notice to be accompanied by a notice signed by the person proposed of his/her willingness to be elected. The proposed person need not be a shareholder of the Company.

The KenGen Board appoints the Managing Director and CEO. The Board, in consultation with the Government will determine

the terms and conditions of service of the Managing Director and CEO.

### **3. Division of Duties within the Board**

The key task of the Board is the executive responsibility for the running of the Company's business, requiring a clear division of responsibilities to ensure an appropriate balance of power and authority.

The Directors provide leadership and vision of the Company to maximise shareholder value and ensure long-term sustainable development and growth of the Company.

#### **3.1 The Chairman**

The Chairman shall:

- (a) chair and conduct all meetings but in his absence, the Board shall elect one of their own to chair for the purposes of the meeting;
- (b) provide overall leadership in areas of policy development and direction;
- (c) maintain a harmonious working relationship with both the Managing Director and CEO and the Board;
- (d) provide a public relations role between the Company and its stakeholders of KenGen;
- (e) harness the collective skills of the Board and its Committees, and those of the Executive Team for

- attainment of the Company's corporate objectives and performance targets as agreed with the Government;
- (f) encourage Directors to participate fully in the deliberations of the Board and its Committees;
  - (g) ensure that strategies exist for constant monitoring and evaluation of the effectiveness of the Board, individual Directors, Executive Team and the entire Company;
  - (h) participate in setting of the agenda for Board meetings;
  - (i) sign the confirmed minutes of Board meetings;
  - (j) monitor the implementation of Board decisions;
  - (k) ensure that new members of the Board are properly inducted and adequate training programmes exist to keep them abreast of developments in corporate governance;
  - (l) ensure that the content and order of the agenda are appropriate and that, through the Company Secretary, members of the Board receive the relevant papers in good time;
  - (m) ensure that members of the Board are properly briefed on issues arising at Board meetings and that all available information on an issue is before the Board;

- (n) maintain dialogue with the Managing Director and CEO over all operational matters and consult promptly with the other members over any matter that gives him cause for major concern;
- (o) ensure that the Board receives and approves KenGen's strategic and business plans and annual operating budgets;
- (p) ensure that the Board approves organizational structures suitable for attainment of KenGen's objectives;
- (q) ensure that the Board monitors and evaluates corporate performance; and
- (r) ensure that KenGen observes the correct channels of communication between the Board, Government, management and stakeholders.

### **3.2 The Managing Director and Chief Executive Officer (CEO)**

In the execution of the duties of the Managing Director and CEO, he is expected to note that:

- (a) his task is to run the Company and implement the policies and strategies adopted by the Board;
- (b) KenGen authority conferred to Management is delegated through him;
- (c) only decisions of the full Board bind him. Therefore, decisions or instructions from individual members of the Board or Committees are not



binding except where specific authorization is given by the full Board;

- (d) in association with the Chairman, he is accountable to the Board for the achievement of the Company's goals and the observance of the management limitations set by the Board;
- (e) he is expected to act within all specific authorities delegated to him by the Board;
- (f) he is not expected to cause or permit any practice, activity or decision that is contrary to commonly accepted good corporate practice or professional ethics and any action that does not take into account the health, safety, environmental and political consequences and their effect on long-term shareholder value;
- (g) in conjunction with the management team, he is expected to ensure that the assets of the Company are adequately maintained, protected, and not placed at risk. The Company must be operated within a comprehensive system of internal controls and assets or funds must be received, processed or disbursed in line with the Company's risk management policies and processes. In managing the risks of the Company, he is expected not to cause or permit anyone to substitute their own risk preferences over those of shareholders;
- (h) he is expected not to permit employees and other parties working for the Company to be subjected to

conditions that are undignified, inequitable, unfair or unsafe; and

- (i) he is expected not to cause or permit payments to be made or rewards given unless they are in return for contributions towards the purposes of the Company and are justifiable.

### **3.3 The Company Secretary**

The Company's Memorandum and Articles of Association provide that the Company Secretary shall be the Secretary to the Board.

#### **Responsibilities of the Company Secretary**

- (a) He/she has the key role to ensure that Board procedures are both followed and reviewed regularly and has the responsibility by law to ensure that each member of the Board is made aware of and provided with guidance as to their duties, responsibilities and powers.
- (b) It is the responsibility of the Board, and in its own best interests, to ensure that the Company Secretary remains capable of fulfilling the function to which he/she has been appointed, and such appointment and removal shall be the decision of the Board.
- (c) He/she shall ensure compliance of the applicable rules and regulations for the conduct of the affairs of the Board and all matters associated with its efficient operation.

- (d) In addition to his/her statutory duties, he/she must provide the full Board as well as the individual members of the Board with detailed guidance on how to properly discharge their responsibilities in the best interests of the Company.
- (e) He/she shall act as a central source of guidance and advice to the Board.
- (f) He/she must keep abreast of, and inform the Board of current governance practices.

#### **4. Tenure of Office of Members of the Board**

The Chairman and members of the Board, other than the Managing Director and CEO, shall hold office for a period of three years from the date of appointment at the Annual General Meeting (AGM), but shall be eligible for re-election by rotation in accordance with Company's Articles of Association Article 104.

#### **5. Remuneration of Members of the Board**

- a) Following guidelines from the State Corporations Advisory Committee as provided under the State Corporation Act Cap 446, members of the Board shall receive such taxable sitting allowance as may be approved by the Minister for Energy and Petroleum.
- b) Sitting allowance shall be payable for attendance of meetings of the Board or Committees and for official duty in and outside the country.

- c) Sitting allowances shall not be paid for the travelling date except where such travelling is combined with or in itself is a Board activity.
- d) Sitting allowances shall not be paid for attendance of training which has been paid for by the Company except where such training is in the form of workshops in which they are expected to actively participate.
- e) The Board, in consultation with the Government shall determine the level of remuneration paid to the Managing Director and CEO.
- f) The level and form of remuneration should be prudent and sufficient to attract and retain the members of the Board needed to run the Company successfully.
- g) The Chairman of the Board shall be paid an honorarium as approved by the Government.
- h) No member of the Board shall be involved in determining his/her own remuneration.
- i) All members of the Board shall be reimbursed expenses in respect of travelling costs or actual mileage at prevailing rates whenever they use personal cars on Board business.
- j) Where a meeting of the Board proceeds or is held during the lunch hour and lunch is not provided, a lunch allowance as approved by the Government shall be paid to all members of the Board in attendance.
- k) When, due to the nature of business, members of the Board are required to spend a night outside their normal

place of abode, they may claim and be paid an accommodation allowance of an amount as may be approved by the Government.

- l) Members of the Board may seek reimbursement for medical expenses incurred while on official duty or trips as provided for in Government circulars.
- m) Members of the Board shall be entitled to a Personal Accident Cover while travelling on Board business. However, this shall not be a Life Cover.
- n) The Company shall not grant personal loans and/or guarantees to members of the Board.

## **6. Induction of New Directors**

Upon appointment, all new Directors shall undergo an induction programme aimed at deepening their understanding of the Company's business, operating environment and markets in which it operates, including corporate literature, meetings with the senior management team and visits to the power stations and related facilities.

## **7. Succession Planning**

The full Board shall select, monitor, evaluate and replace the Managing Director and CEO and members of the senior management team when deemed necessary.

The Managing Director and CEO shall report annually to the Board on the succession plan for the senior management team and provide details of the Company's management development

programme. He shall also continually avail recommendations on a successor should he be unexpectedly disabled.

The Company will put in place a programme for staggered rotation of members of the Board which will guarantee a continual fresh infusion of skills and experience. However, Board continuity, subject to performance and eligibility for re-appointment, is imperative.

## 2.0 ROLE OF THE BOARD

### 1. Functions

- a) The Board shall define the purpose of the Company, its strategic intent, objectives, and its values. Both the purpose and values should be clear, concise and achievable. It shall also ensure that policies, procedures and practices are in place, to protect the Company's assets and reputation.
- b) The Board shall be explicitly responsible for the stewardship of the Company and in discharge of its obligations, assume the following responsibilities:-
  - (i) retain full and effective control over the Company, and monitor Management's implementation of the plans and strategies of the Board;
  - (ii) ensure ethical behaviour and compliance with relevant laws and regulations, audit and accounting principles, corporate policies and procedures and the Code of Ethics;
  - (iii) strive to act above and beyond the minimum requirements and benchmark performance against best

international practices and not only in practice, but be seen to comply;

- (iv) define levels of materiality, reserve specific powers to the Board, delegate other matters through written authority and institute effective mechanisms that monitor the performance of the management team;
- (v) control, exercise oversight and administer the assets of KenGen in a manner that best promotes the purpose for which the Company was established;
- (vi) determine the provisions to be made for capital and recurrent expenditure and reserves;
- (vii) receive any grants, gifts, donations or endowments and make legitimate disbursements therefrom;
- (viii) in furtherance of the purpose for which the Company was established, enter into association with other bodies or organizations within or outside Kenya as it may deem appropriate;
- (ix) authorise the opening of bank accounts for the Company's funds;
- (x) act responsibly towards the Company's stakeholders; and
- (xi) be aware of, and committed to, the underlying principles of good governance as stipulated in the "Guidelines for Corporate Governance in State-Owned Corporations".

Meetings of the Board shall be managed as indicated in Appendix 1.

## **2. Undertaking of Directors**

The Directors undertake to do the following:

### **2.1 Primary Duty**

In accordance with the principles of good corporate governance, each Director undertakes to:

- (a) act first, foremost and always in the best interest of the Company;
- (b)
- (c) exercise his/her power in the execution of duties in good faith; and
- (d) act with care and prudence.

Each Director undertakes that, in arriving at a decision on any issue, he/she shall strive to ensure that the decision is in the best interest of the Company and is not driven by other interests.

### **2.2 Core Values**

Each Director subscribes to the Company's core values to always act in the interest of society, promote the effective and responsible use of resources, commits to upholding them and ensures their implementation.

Consequently, Directors undertake to take into account not only the possible financial impact of their decisions, but also their consequences for sustainable development,



effect on relations with stakeholders and the general interest of the communities in which the Company operates.

### **2.3 Scope of Responsibility**

Each Director is fully aware that the Board is responsible for determining the Company's vision, mission and values, deciding its strategic objectives, ensuring establishment of the organizational structure and procedures to achieve the objectives, ensuring effective control over the Company and accounting to its shareholders.

Each Director shall familiarize himself/herself with the relevant regulations and statutes, the Memorandum and Articles of Association, the Board's operating rules and procedures, and any other issues necessary for the discharge of his/her duties.

### **2.4 Commitment**

Each Director undertakes to dedicate the time and attention necessary to fulfil his/her duties. Should a Director intend to accept another directorship in addition to that (or those) held at the time of his/her appointment, this shall be brought to the attention of the Chairman with whom they should assess whether the new responsibilities would affect his/her devotion to the Company.

The Company's Annual Report & Accounts shall outline the mandates exercised, given up, or accepted by the Directors during the year and attendance of both Board

and respective Committee meetings. Each Director shall attend the Annual General Meeting (AGM).

## **2.5 Independence**

Each Director undertakes to preserve his/her independence of analysis, judgment, decision, action, and to resist any pressure, direct or indirect, whether by other Directors, pressure groups, creditors, suppliers or any other third party.

Each Director undertakes neither to seek, nor accept, from the Company or any other party, directly or indirectly, any advantage that might compromise or be perceived to compromise his/her independence.

## **2.6 Conflict of Interest**

Each Director undertakes to fully disclose to the Board any real or potential conflict of interest, which comes to his/her attention, whether direct or indirect.

A Director with such a conflict shall not participate in any discussion of any such topic or vote on it.

## **2.7 Confidentiality of Information**

Each Director shall ensure that he/she is provided with sufficient information on time to permit the Board to informatively deliberate on all issues. It is the duty of each Director to request the Chairman or the Managing Director and CEO, for information in time for decision making.

Information concerning the Company which is communicated to a Director in confidence in connection with his/her functions is provided *intuitu personae* (in consideration of the person).

Directors must personally take the necessary precautions to preserve the confidentiality of such information and not divulge it under any circumstance. This personal responsibility applies equally to representatives of legal entities who are Directors.

## **2.8 Duty to Communicate Dissent**

Each Director commits to express his/her views clearly and to use all means at his/her disposal to convince the members of the Board of the validity of his/her position, should he/she hold the view that a proposed decision of the Board is not in the best interest of the Company.

In such a scenario, each Director shall sequentially consider:

- (a) stating the reasons for the opposition and the negative consequences for the Company that would result from the proposed decision;
- (b) having the advice of internal or external experts sought on the issue;
- (c) requesting a postponement of the decision if the nature of the issue permits;

- (d) requesting that a written statement of his/her position be attached to the minutes of the meeting; and
- (e) requesting a special meeting of the Board to consider all solutions.

### 3.0 BOARD COMMITTEES

- (i) Board Committees will be formed to only facilitate decision-making to assist the Board in the execution of its duties, powers and authority. These Committees will be established with formal written terms of reference. However, delegation of authority to Board Committees does not in any way mitigate or dissipate the discharge by the Board of its duties and responsibilities.
- (ii) There shall be transparency and full disclosure from the Board Committees to the Board, except where the Committee has been mandated otherwise by the Board.
- (iii) Board Committees will observe the same rules of conduct and procedures as the Board.
- (iv) Board Committees will only represent the Board when so authorized. The authority conferred on a Board Committee will not derogate from the authority delegated to the Managing Director and CEO by the Board.
- (v) The purpose and membership of the Board Committees will be determined by the Board which sets the terms of reference thereof and amended with the approval of the Board.

- (vi) The Board may appoint *ad hoc* Committees to address specific issues.

## 1. Role of the Board with regard to the Committees

The Board at a minimum will:

- a) ensure that the composition of the Committee is appropriate for its purpose;
- b) Determine whether the Committees are adhering to appropriate meeting schedules and agenda;
- c) Ensure that the functions of each Committee are clearly defined; and
- d) Ensure that the Committees perform as required and report their deliberations/recommendations regularly to the Board for approval/guidance.

## 2. Board Committees

In accordance with the State Corporations Act Cap 446, the Board has established the following Committees whose functions are contained in Appendix 2:

- (i) Human Recourse Committee;
- (ii) Audit & Risk Management Committee;
- (iii) Strategy Committee;
- (iv) Procurement Oversight Committee; and
- (v) Financial Advisory Committee

#### 4.0 BOARD EVALUATION AND PERFORMANCE

- (i) The Board shall at regular intervals not exceeding twelve months undertake an evaluation of its performance as a collective agency and as individual Directors. Where necessary the Board may engage the services of an external facilitator to guide the evaluation.
- (ii) The evaluation shall take such form as the Chairman in consultation with the other members may determine. Evaluation shall cover, inter alia, the following:
- functions of the Board;
  - procedures and management of meetings of the Board;
  - appointment, selection, induction, training, development, succession and removal of Directors;
  - Board structure;
  - information and communication;
  - strategic thought;
  - corporate governance;
  - competence;
  - independence;
  - preparedness as a Director;
  - personal attributes; and
  - awareness of stakeholders.
- (iii) The Board shall appraise the performance of the Chairman on an annual or such other basis as the Board may determine.

- (iv) The Chairman, in consultation with all members of the Board, shall annually appraise the performance of the Managing Director and CEO. The results of such appraisal shall guide the Board in its evaluation of the performance and remuneration of the Managing Director and CEO. The evaluation of the Managing Director and CEO should be based on an objective criteria which includes performance of the Company, accomplishment of long-term strategic objectives and development of Management;
- (v) The Board Committees shall be evaluated regularly to ascertain their performance and effectiveness.
- (vi) The Board shall appraise the performance of the Company Secretary on an annual or such other basis as the Board may determine.

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DECLARATION

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BY VIRTUE OF ACCEPTING AN APPOINTMENT, EACH DIRECTOR, AS WELL AS ANY ALTERNATE REPRESENTATIVE OF THE POST OF DIRECTOR HELD BY A LEGAL ENTITY, SUBSCRIBES TO THIS CHARTER.

A DIRECTOR WHO NO LONGER SUBSCRIBES TO THIS CHARTER MUST DRAW THE APPROPRIATE CONCLUSION AND RESIGN HIS/HER POSITION AS REPRESENTATIVE OF THE POST OF DIRECTOR HELD BY A LEGAL ENTITY.

Directors Name: .....

Director's Signature: .....

Date: .....



## APPENDIX 1.0: MEETINGS OF THE BOARD

### 1. Frequency, Dates and Place of Meetings of the Board and Committees

- a) The meetings of the Board and the Committees shall be held in Nairobi at the registered offices of the Company except when prior approval to hold a meeting elsewhere has been obtained.
- b) Meetings of the Board will be held at least once in a quarter at a time and venue as the Chairman, in consultation with the Board, deems appropriate.

### 2. Non-Attendance

- a) All members of the Board shall attend meetings in person and not through proxies. Members of the Board shall attend in person or their appointed alternate. This Alternate Director shall not be deemed to be the agent of the Director. An Alternate director so appointed shall not be entitled to appoint an alternate to himself/herself.
- b) Members of the Board who are unable to attend a scheduled meeting shall inform the Company Secretary in advance and their apologies shall be reported and recorded.
- c) If a Director fails to attend three consecutive regular meetings of the Board, without reasonable cause and previous sanction of the Board, the Directors may resolve that his/her office be vacated accordingly.

### **3. Duties of Members of the Board during Meetings**

- a) All members of the Board have a right to speak during the deliberations of the business of the day. Members shall however address such meetings through the Chairman.
- b) Members of the Board will always ensure that they attend meetings of the Board and will have prepared themselves for such meetings.
- c) Members of the Board are expected to participate fully, frankly and constructively in discussions and other activities and to bring the benefit of their particular knowledge, skills and abilities to the Boardroom.
- d) Members of the Board will bring to the attention of the Chairman any matter that they feel contravenes any procedures that relate to the conduct of meetings.
- e) In deliberations of matters during meetings, members of the Board will be courteous and respectful to each other.

### **4. Quorum**

- a) The quorum may be fixed by the Members of the Board and unless so fixed shall consist of five members.
- b) In addition to the matters set out in this Board Charter, meetings and proceedings of the Board will be governed by the Company's Articles of Association and the State Corporations Act Cap 446.
- c) Where there is no quorum or for the continuation of a meeting by reason of the exclusion of a member of the

Board on account of the provisions governing disclosure of interest, the members of the Board who are present shall postpone consideration of the matter in question until there is a quorum.

## **5. Notices of Meetings, Agenda and Papers to the Board**

- a) An ordinary meeting of the Board shall be convened by at least twenty-one (21) days written notice to the members of the Board.
- b) The Chairman, in conjunction with the Managing Director and CEO must ensure that an agenda is prepared prior to the meeting. The Company Secretary must also work with the Chairman in preparing the agenda. Members of the Board are permitted to request the Chairman to include any item they feel is of importance in the agenda.
- c) All meetings of the Board and Committees shall be convened by the Chairman and communicated to all Members of the Board through a written notice.
- d) The Company Secretary must circulate the agenda and other papers to the members of the Board at least seven (7) working days before the date of the meeting.
- e) The members of the Board are expected to prepare adequately for the meetings.
- f) A record of submissions and papers to the Board shall be maintained and held by the Company Secretary together with the minutes and will be accessible to Directors.

- g) The Chairman shall ensure the establishment of standards for preparation of papers and reports to the Board.

## **6. Minutes of Meetings of the Board**

- a) The Company Secretary shall take minutes of meetings of the Board and circulate them to all members of the Board, once finalized with the Chairman, within two (2) weeks of the date of the meetings.
- b) The minutes of each meeting of the Board or a Board Committee shall be kept by the Company Secretary and confirmed by the Board or the Committee at the succeeding ordinary meeting and be duly signed by the Chairman or the member of the Board who is presiding.

## **7. Chairing of Meetings of the Board**

- a) The Chairman shall preside over all meetings of the Board and in his absence; the members of the Board who form the quorum shall appoint one amongst them to chair the meeting.
- b) A member of the Board so appointed to chair a meeting of the Board or a Committee in the absence of the Chairman, shall exercise all the powers of the Chairman at that meeting.

## **8. Taking of Decisions**

- a) The deliberations of the Board will be open and constructive. The Chairman will seek a consensus but, where unavoidable, he/she will call for a vote. Deliberations and records will remain confidential unless

there is a specific direction from the Board to the contrary. The Board has the sole authority over its agenda. However, any member of the Board may request an addition of an item to the agenda.

- b) The members of the Board are entitled to have access to all relevant Company information and to senior management, to assist them in the discharge of their duties and responsibilities.

## APPENDIX 2.0: BOARD COMMITTEES

### 1. Human Resource Committee

The Human Resource Committee comprises of six (6) members of the Board who advise Management on staff remuneration matters. In addition to salaries and allowances, Management is paid a bonus based on the Company's Performance Award and Bonus Scheme.

The Committee shall liaise with Management and consult with other relevant bodies and present to the Board proposals to improve the existing staff policy in order to promote efficiency through enhancement of working capacity, integrity and morale.

Its functions include but are not limited to:

- a) continually examine the Company's structure, core functions, staff establishment and if necessary make proposals for harmonization and rationalization in order to eliminate possible wastage arising from redundancy, overlaps and duplications;
- b) examine policy and procedures on employment and staff promotion;
- c) examine the procedures for assessment of needs for employment, staff development and procedures, staff training for operational efficiency and capacity enhancement for further development and consultancy services;

- d) examine and review the terms and conditions of service;
- e) examine the adequacy of the performance and reward system;
- f) examine and review the staff welfare policy and inter-station activities;
- g) review the Collective Bargaining Agreement proposals and make recommendations for broad guidelines; and
- h) propose innovative ideas for transformation of the Company into a world-class enterprise and employer.

## **2. Audit & Risk Management Committee**

This Committee shall consist of up to six non-executive Directors.

Its functions are to:

- a) monitor and review the integrity of the Company's financial statements, internal financial control system, risk management systems and make recommendations to the Board;
- b) monitor and review the effectiveness of the Company's internal audit function;
- c) assess the scope and effectiveness of the systems established by Management to identify, assess, manage and monitor financial and non-financial risks;

- d) ensure that arrangements are in place for the proportionate and independent investigation of any matter touching on improprieties;
- e) monitor and review the External Auditors' (appointed by the Controller and Auditor-General in accordance with Section 2 of the State Corporations Act-as amended by the miscellaneous Law Amendment Act 2002 and Sections 14 and 39 (i) of the Public Audit Act 2003) independence, objectivity and effectiveness;
- f) assist the Managing Director and CEO in enhancing internal controls to improve efficiency, transparency and accountability;
- g) review audit issues raised by both the Internal and External Auditors;
- h) resolve unsettled and unimplemented recommendations of the Public Investments Committee;
- i) receive, review and evaluate technical compliance, performance and financial audit reports, reports by the Controller and Auditor-General, internal audit reports and make recommendations;
- j) review and monitor the performance and technical compliance of the performance and financial audit consultants;



- k) review the terms of reference of the technical compliance for the performance and financial audit consultants; and
- l) review annually the Committee's terms of reference and its effectiveness and recommend any changes to the Board.

### **3. Strategy Committee**

#### **Objective**

The Strategy Committee is constituted by the Board with the objective of assisting the Board in discharging its oversight duties with respect to the overall strategic direction of the Company, operational performance and organizational health.

#### **Composition, Quorum & Annual Calendar**

- a) The Committee comprises of six (6) members of the Board (including the Managing Director and CEO) and four management representatives who are appointed by the Managing Director and CEO.
- b) One of the members of the Board shall be elected as the Chairman for a period of one (1) year.
- c) Any two (2) members of the Board and any two (2) management representatives shall form a quorum. In addition to members of the Committee, other persons including external guests may attend meetings at the invitation of the Chairman.

- d) The Committee shall meet every quarter and on any other dates that may be determined by the nature of the Company's operations.
- e) The Committee may constitute a sub-committee to handle specific issues.

### **Roles & Responsibilities**

- i. Develop and review the Board Charter and Scorecard, to enhance the corporate governance, ethics and ensure achievement of the corporate objectives.
- ii. Assist the Board in discharging its responsibilities in the form of recommendations and reports submitted to meetings of the Board, thus ensuring transparency and full disclosure of the Committee's activities.
- iii. Develop and review the Company's strategy and investment policies and make appropriate recommendations to the Board on issues of strategy adjustment.
- iv. Develop and review the progress of the Company's strategy execution plans through, among others, identification of priority areas.
- v. Evaluate and recommend for approval by the Board, business cases for all categories of investment projects and new ventures including strategic partnerships within its delegated authority.

- vi. Monitor, evaluate and oversee the Company's health including but not limited to the review of financial and business plans and the overall Company's performance management system.
- vii. Guide the Company's transformation in the post-IPO environment as well as other key strategic initiatives.
- viii. Hold *ad hoc* consultations with strategic stakeholders, customers, regulators, financiers, investors and other parties on matters within the Committee's jurisdiction.
- ix. Review bulk tariffs and Power Purchase Agreements (PPAs).
- x. Undertake any other strategic matters as may be directed by the Board.

#### **4. Procurement Oversight Committee**

The Procurement Oversight Committee shall comprise of four (4) members of the Board.

##### **Quorum and Frequency of Meetings**

- (a) Two (2) members for the Board and two (2) management representatives shall form a quorum.
- b) The Committee may request other members of the Board, management representatives and advisers to attend meetings either regularly or by invitation to advise on any matter.

- c) The Committee shall meet at least once in every quarter and at such other times as the business of the Committee shall require.

### **Duties and Responsibilities**

- i. To consider and approve all the annual procurement plans for submission to the Board.
- ii. To receive and discuss all the quarterly procurement reports before they are submitted to the Board.
- iii. To approve proposals of the Tender Committee for major procurement works which have a strategic impact on the Company.
- iv. To deal with any other procurement issues that may come from time to time.
- v. It shall at least annually, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

### **Reporting Responsibilities**

- a. The Chairman of the Committee shall report to the Board on its proceedings at the end of every quarter on all matters within its duties and responsibilities.
- b. The Committee shall make recommendations to the Board, as it deems appropriate on any area within its remit where action or improvement is needed.

## 5. Financial Advisory Committee

The Financial Advisory Committee shall comprise of five (5) members of the Board.

### Quorum and Frequency of Meetings

- (a) The quorum necessary for the transaction of business shall be three (3) members. In addition to members of the Committee, other members including external guests shall be invited to attend meetings at the invitation of the Chair.
- (b) The Committee is scheduled to meet every quarter and any other dates that may be determined by the nature of business operations.

### Duties and Responsibilities

- (a) Oversee the activities of the Financial Arranger and Advisor in particular, adherence to the terms of reference of the contract.
  - (i) Receive the Detailed Workplan of the Financial Arranger and Advisor.
  - (ii) Receive & review the Inception Report and subsequent progress reports of and the financing plan as recommended by the Financial Advisor & Arranger.
  - (iii) Receive the Financial Due Diligence Report.
  - (iv) Receive the Balance Sheet Restructuring and Debt Affordability & Sustainability Reports.
  - (v) Receive the Credit Rating Report.

- (vi) Receive the Funds Disbursement Plan.
  - (vii) Receive & review the relevant Information Memorandum for Board Approval.
  - (viii) Receive & review the Financial Projection Models and Assignment Completion Report.
- (b) Oversee the implementation of the overall investment plan for the PIBO funds, as per the Information Memorandum, Ministerial approvals and asset allocations for cash and cash equivalents with respect to fixed-income securities, and equities.
- (i) Review Management's short term investment recommendations, including permissible types of investments, with respect to uncommitted PIBO funds and advice as necessary.
  - (ii) Review quarterly or at such times as required by business volume, the investment performance of the PIBO funds to ensure adequate and competitive returns.
  - (iii) Review at least semi-annually the repayment of the PIBO funds to ensure fulfilment of repayment obligation, adequacy of cash flow and any other factor that may be necessary to monitor.
  - (iv) Monitor on a quarterly basis the Company's key financial ratios.

### **Reporting Responsibilities & Authority**

- (a) The Committee Chairman shall report formally to the Board on its proceedings at the end of every quarter on all matters within its duties and responsibilities.

- (b) The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its mandate where action or improvement is needed.
  
- (c) The Committee shall have authority of the Board to seek any information it requires from any employee of the Company in order to perform its duties. The Committee shall also secure the attendance of external advisers at its meetings if it considers this necessary and to obtain reliable, up to date information about any of its business.

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CONCLUSION

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