

TERMS OF REFERENCE OF THE STRATEGY, BUSINESS CONDUCT, AND ETHICS COMMITTEE OF THE BOARD OF DIRECTORS

NO.	BACKGROUND	CHANGE	DATE OF CHANGE
1.	Amended by the 126 th meeting of the Board of Directors held on 19 th September 2019.	<ul style="list-style-type: none"> Add the Vice Chairman as a Member of the Committee. Confirm that the Board Chairperson will be the Chair of the Committee. 	19 th September 2019
2.	Amended on 11 th September 2020.	<ul style="list-style-type: none"> Augment the role of the committee and to Provide for voting, conflicts of interest, and efficiency evaluation. 	11 th September 2020.
3.	Amended by the 133 rd Board meeting on 18 th June 2021.	Include oversight over CSR activities as per the CSR Plan 2021.	18 th June 2021
4.	Amended by the 136 th Board meeting held on 7 th April 2022 in Naivasha.	<ul style="list-style-type: none"> Extend the mandate of the Strategy Committee to include the handling of Ethics and Disciplinary matters. The Strategy Committee will deal with such matters on an ad hoc basis. 	7 th April 2022
5.	Amended by the special board meeting held on 26 th January 2023 at Windsor Golf and Country Club in Nairobi, Kenya.	<ul style="list-style-type: none"> To include substantive oversight over ethics and business conduct matters. 	26th January 2023

1.0 Purpose

The purpose of the Strategy, Business Conduct, and Ethics Committee shall be to assist the Board in fulfilling its oversight responsibilities relating to the mid to long-term strategy for the Company, risks and opportunities relating to such strategy, and strategic decisions regarding investments, expansion, acquisitions, and divestitures by the Company and matters relating to ethics and business conduct.

The Strategy, Business Conduct and Ethics Committee which emanates from the Board of Directors and acts under its authority has the mission to make recommendations to the Board of Directors concerning the implementation of the strategic orientations of Shelter Afrique.

2.0 Functions of the Committee

The Committee shall have the following functions: -

- 1) As a primary responsibility, work with the Managing Director and the Executive Committee (EXCO) to oversee the development of the Company's Strategy and ensure that Shelter Afrique has a current and relevant Strategy geared to the strategic positioning of Shelter Afrique, its sustainable development, as well as the establishment of processes for planning, implementing, assessing, and adjusting the business strategy.

- 2) Ensure that a strategy implementation plan is developed, adhered to, and embedded in the organization.
- 3) Guide Management on:
 - a) governance, optimum risk appetite, financial and capital planning, liquidity and funding management, control environment, and whether the available resources can support SHAF's strategic objectives.
 - b) divestitures and merger and acquisition strategy where applicable.
 - c) the strategic action to take concerning the impact of changes in the competitive environment.
- 4) On a quarterly or timely basis, receive a Strategy Implementation Monitoring and Evaluation report from the Managing Director or such other report as may be required from time to time along with recommendations to ensure that milestones and timelines are being met.
- 5) Consider and make recommendations to the Board concerning new strategic initiatives and alliances beneficial to the company's long-term strategy.
- 6) On an annual basis, assess the development impact of Shelter Afrique's projects and interventions across Africa and make recommendations on how the company can increase its development impact and relevance in Africa.
- 7) On an annual basis, review the Strategy assessment, prepared under the direction of the Managing Director, which includes the following:

a) Strategic Direction:

- i. Review significant changes and emerging trends in the company's operating environment, identify risks and opportunities, and evaluate suggested changes in strategic direction to ensure the delivery of Shelter Afrique's mandate.
- ii. Review the continuing relevance of Shelter Afrique's vision, mission, and values.
- iii. Recommend to the Board any needed changes.
- iv. Every two (2) years ensure the preparation of a more intense and thorough review of the Strategic Plan to ensure that the Plan does more than evolve with annual updates.

b) Implementation:

- i. Identify with the General Management the performance indicators to measure the progress of the implementation of the strategy.
- ii. Monitor annual progress against the Plan for implementation and report to the Board.
- iii. Monitor annual progress and report on the progress of the organization's turnaround programme.
- iv. Perform such other tasks as requested by the Board.

- 8) Oversight over Corporate Social Responsibility (CSR) activities to include:

- i. To formulate and recommend to the Board of Directors the CSR Policy, which shall indicate the activities to be undertaken by the company through the Foundation in line with the Board-approved focus areas.
 - ii. To recommend the annual CSR programme to the Board of Directors.
 - iii. To recommend the amount of expenditure to be incurred on the CSR activities.
 - iv. Formulate the CSR Budget based on the CSR activities planned for the year.
 - v. To create an effective due diligence and monitoring mechanism for the implementation of the approved CSR activities.
 - vi. To submit reports to the Board of Directors in respect of the CSR activities undertaken by the company; and
 - vii. To decide on the locations for CSR activities.
- 9) Oversight over Ethics, Code of Conduct, and disciplinary matters including but not limited to:
- a) Responsibility for the governance of ethics within the organization by setting the direction for how ethics should be approached and addressed by the organization.
 - b) Recommending codes of conduct and ethics policies that articulate and give effect to the Board's direction on organizational ethics and ensure their implementation and compliance.
 - c) Provide oversight of the culture of integrity and monitor the "tone at the top" set across the company.
 - d) Consider what the key metrics, including whistleblowing reports, disciplinary and grievances, member behavioral issues, employee feedback, and other relevant metrics so defined from time to time, indicate the company's overall ethical health and culture;
 - e) Ensuring that codes of conduct and ethics policies:
 - i. encompass the organization's interaction with shareholders, investors, and other external stakeholders and the broader society; and
 - ii. address the key ethical risks of the organization.
 - f) Ensuring that the codes of conduct and ethics policies provide for training and other sensitization measures for board members, management, and staff to ensure maximum familiarization of all with the organization's ethical standards. These arrangements should include:
 - (i) publishing the organization's codes of conduct and policies on the organization's website, on other platforms, or through other media as appropriate and ensuring their update.
 - (ii)
 - (iii) the incorporation by reference, or otherwise, of the relevant codes of conduct and policies in supplier and employee contracts; and
 - (iv) including the codes of conduct and ethics policies in employee induction and training programmes.
 - (v) Monitoring the adequacy of measures taken to ensure there is an effective and embedded 'Speak Up' culture that facilitates the reporting of any issues of concern.

- g) Exercising oversight of the management of ethics to ensure it results in the following:
 - i. Application of the organization's ethical standards to the processes for the recruitment, evaluation of performance, and reward of employees, as well as purchasing processes.
 - ii. Having sanctions and remedies in place for when the organization's ethical standards are breached.
 - iii. The use of protected disclosure or whistle-blowing mechanisms to detect breaches of ethical standards and deal with such disclosures appropriately.
 - iv. The monitoring of adherence to the organization's ethical standards by employees and other stakeholders through, among others, periodic independent assessments.
- h) Ensuring the following disclosures are made concerning organizational ethics:
 - i. An overview of the arrangements for governing and managing ethics.
 - ii. Key areas of focus during the reporting period.
 - iii. Measures taken to monitor organizational ethics and how the outcomes were addressed.
 - iv. Planned areas of future focus.

3.0 Membership

Members shall be appointed by the Board of Directors and will consist of: -

- a) The Chairperson of the Board of Directors.
- b) The Vice-Chairman of the Board of Directors.
- c) Chairpersons of all standing Board Committees.
- d) Other members, including non-board members, may be co-opted as deemed appropriate.

4.0 Chairperson of the Committee

The Board shall appoint the Chairperson of the Committee. In the absence of the Chairperson, the members present at a meeting will choose amongst themselves one of them to chair the meeting.

5.0 Secretary

The Company Secretary will be the Secretary to the Committee.

6.0 Frequency of Meetings

The Committee will meet bi-annually and if required at the call of the committee chair.

7.0 Reporting and Accountability

- (i) The Committee will develop a work plan on an annual basis and be accountable to the board for meeting the approved plan.
- (ii) The Committee Chairman shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- (iii) The Committee shall in addition make the following general disclosures in its reporting:

- a) Its overall role and associated responsibilities and functions.
- b) Its composition, including each member's qualifications and experience.
- c) Any external advisers or invitees who regularly attend committee meetings.
- d) Key areas of focus during the reporting period.
- e) The number of meetings held during the reporting period and attendance at those meetings.
- f) Whether the committee is satisfied that it has fulfilled its responsibilities per its terms of reference for the reporting period.

8.0 Quorum

A quorum shall consist of at least three (3) Board directors, one of whom shall be the Board Chairperson.

9.0 Voting

In all matters where there is a tie in votes, the Chairman shall have a casting vote.

10.0 Confidentiality

Members of the Committee and other persons who attend a meeting of the Committee must maintain confidentiality on reports and documents they have received and on the contents of discussions and deliberations, as well as on all confidential information and secrets of SHAF, for instance, confidential operating and business information, which came to their attention as a result of their activity on the Committee, even after the end of their activity and the term of office of this Committee.

11.0 Efficiency Evaluation

The Committee shall regularly evaluate the efficiency of its activities.

12.0 Conflicts Of Interest

In the event of conflicts of interest in connection with a committee member's work, the provisions on conflicts of interest in the Terms of Reference for the Board apply accordingly.

13.0 Term

The term of the Committee will be commensurate with the current term of the Board of Directors.

14.0 Other Matters

- i. The Committee shall have access to sufficient resources and training to carry out its duties.
- ii. The Committee shall develop its annual work plan and account for the achievement of milestones therein to the Board of Directors.
- iii. The Committee shall, once every year, review its performance and terms of reference to ensure that it is operating effectively and recommend any changes it considers necessary to the Board for approval.

15.0 Authority

- i. The Committee is authorized to seek information, through the Managing Director, from any member of staff.

- ii. To obtain at the company's cost any independent advice on matters within its terms of reference.

The Board of Directors has approved these Terms of Reference this 30th day of March 2023.



COMMITTEE CHAIRPERSON



COMPANY SECRETARY