



Document Summary

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Mission

To enable people, achieve financial security.

Vision

To be a world-class provider of insurance and other financial services.

Our Core Values

- Integrity - Be fair and transparent
- Dynamism - Be passionate and innovative
- Performance - Be efficient and results driven
- Cooperation - Live the cooperative spirit

Purpose

The Terms of Reference of the Group Finance and Investment Committee as set out are modelled on the Code of Corporate Governance Practices for Issuers of Securities to the Public 2015, Insurance Regulatory Authority (IRA) Corporate Governance Guidelines for Insurance and Reinsurance Companies June 2011, Insurance Act Chapter 487; which recognizes the importance and role of the Committee and comply with all the relevant Kenyan Legislation and best practice.

1.0 Constitution and Purpose

As part of CIC Insurance Group Limited (CIC Group) governance structure, the Board of Directors has established a Committee of the Board to be known as the Finance and Investment Committee. The Purpose of the Committee is to assist the board in fulfilling its overall oversight responsibilities with respect to the financial planning, financial reporting, investment and strategic affairs of the company. The Committee provides the Board with an objective review of the company's financial position and oversees delivery of financial performance and achievement of business and operational objectives, including taking any decisions delegated to it by the Board. The Committee further provides assurance and makes appropriate reports of recommendations to the Board.

However, the Board remains accountable and shall retain the responsibility of monitoring and oversight of the committee, management and external service providers.

2.0 Reporting

The Committee is accountable to the Board of Directors and the Committee Chair reports regularly on the Committee's proceedings. The Chair of the Committee shall make a report to the next meeting of the Board of Directors and draw to its attention any issues that require action through recommendations or that require attention and noting. The minutes of the Committee meetings shall be formally recorded and made available to the Board of Directors.

3.0 Authority

The role of the Finance and Investment Committee is primarily to provide financial oversight for the organization.

- 3.1.1 The Committee is authorized by the Board to investigate any activity within its terms of reference and to demand the resources to do so.
- 3.1.2 It is authorized to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.
- 3.1.3 The Committee is authorized by the Board to obtain external independent professional advice and to secure the attendance of external consultants with relevant experience and expertise if it considers necessary to fulfill its responsibilities.
- 3.1.4 It also has the right of access to all information that it deems relevant to fulfill its duties.
- 3.1.5 Where the Committee has evidence of ultra vires transactions or evidence of improper acts, the Committee Chair must raise this at a full meeting of the Board.

4.0 Status

The Committee is distinct and separate from the Audit and Risk Committee or any other Committee that the Board may incorporate and as such, will strive to avoid areas of possible overlap of roles with other Committees.

5.0 Appointment and Membership

Finance and Investment Committee shall include members with sufficient expertise in financial management, investment, compliance, risk management among other relevant skills. At least one Member to have expertise in financial matters. The Committee will comprise of members with a diversity of skills. It is desirable that members be conversant with requirements on investments as provided by the Capital Markets Act and all relevant regulations including general financial investment matters.

- 5.1 The Committee shall be appointed by the Board from amongst the directors of the Company comprising both independent and non-executive directors.
- 5.2 The Chairman of the Committee, who shall be Non-executive, shall be appointed by the Board (but shall not be the Chair of the Audit and Risk Committee) and shall possess strong financial analytical background.
- 5.3 The Board shall ensure that the members appointed act critically and independently of one another.
- 5.4 The Committee shall consist of not less than three members.
- 5.5 Members will be expected to attend at least 50% of meetings per annum.

6.0 Meetings and Quorum

A quorum shall be three members with at least two Non-Executive Directors. No business should be conducted unless a quorum is present. Meetings attended by non-members of the Committee will be classed as 'in attendance' and are not included within the quorum figures.

7.0 Attendance of non-members at meetings:

The Committee may in the course of its duties, invite senior managers and or such other persons it may deem necessary to attend Committee meetings for all or part of the meeting.

Senior Managers are; Chief Executive Officer, Chief Finance Officer, Fund Manager, Finance Manager, Company Secretary, and any other persons invited at the discretion of the Committee Chair.

8.0 Declaration of interest

All members are obligated to declare any actual or potential conflicts relevant to the work of the Committee, which shall be recorded in the conflict of interest register and in the Minutes accordingly. Members should exclude themselves from any part of a meeting in which they have a material conflict of interest. The Committee will decide whether a declared interest represents a material conflict.

9.0 Support Arrangements

- 9.1 The Board Secretary will attend all meetings and will be responsible for providing secretarial support and ensure proper coordination of the Committee.
- 9.2 Notice of meetings will be given at least seven working days in advance unless members agree otherwise.
- 9.3 Agendas for forthcoming meetings will be agreed with the Committee Chair at least 7 working days prior to the meeting.
- 9.4 The agenda and papers will be circulated 7 days in advance of the meeting.
- 9.5 The Committee will establish an Annual Work Plan, summarizing those items that it expects to consider at forthcoming meetings.

10.0 Frequency of meetings

Meetings shall be held at least four times (quarterly meetings) in each financial year. The responsibility for calling meetings of the Committee shall rest with the Company Secretary in consultation with the Committee Chairperson.

11.0 Duties/Responsibilities

The duties of the Finance and Investment Committee shall include the following and such other duties as may be assigned thereto by the Board from time to time.

11.1 Financial Strategy and Policy

- 11.1.1 To recommend to the Board a financial strategy (strategic plan) including appropriate Management KPIs in order to meet the objectives of CIC Group Strategy.
- 11.1.2 To approve policies on investments in respect of general and specific funds, and other funds of which the Committee acts within such powers as are granted by the Board.
- 11.1.3 To review, recommend, do or cause to be done in consultation where necessary with other relevant Board Committees all measures considered necessary to contain the company's expenditure (austerity measures).
- 11.1.4 To consider and review options presented by management for raising capital and in addition, monitor debt and debt payback.

11.2 Dividend

- 11.2.1 To review and make recommendations to the board regarding the company's dividend policy.
- 11.2.2 Review and recommend to the Board, management's dividend payouts proposal.

11.3 Budget-setting and financial forecasting

- 11.3.1 To receive, consider, and recommend to the Board the annual budgets and the financial forecasts and where necessary cost revision of the same.
- 11.3.2 To approve accounting policy and recommend to the Board the Financial Regulations and Scheme of Delegation of Financial Authority.

11.4 Procurement and Disposal

- 11.4.1 To review from time to time and propose amendments if deemed appropriate, the Company's Procurement Manual and disposal policies and procedures.
- 11.4.2 To receive and consider the financial analysis of all proposed major capital developments.
- 11.4.3 To receive, review and recommend procurement reports for large items.
- 11.4.4 To receive and consider the financial implications of any course of action proposed by the company which involves a capital expenditure not budgeted for or a write off of revenue or assets to the value of Kshs.5M (Five Million Kenya Shillings) or more in anyone year (In accordance with Company's policy).

11.5 Financial Performance

- 11.5.1 Through an agreed reporting process from the Board, to monitor the financial situation, both capital and revenue, and to ensure that appropriate actions are taken by management to safeguard the financial viability of the Company in the short and long term.
- 11.5.2 To review on an annual basis, the Financial Statements of the Company, which have been subjected to external audit.
- 11.5.3 To review and recommend to the Board, the quarterly financial reports and accounts of the Company.
- 11.5.4 To review, as appropriate, an assessment of the impact of the Company contingent liabilities and their potential financial impact as presented by management.
- 11.5.5 To receive and review quarterly taxation reports.
- 11.5.6 To monitor the business growth and business sustainability.
- 11.5.7 To report to the Board, its findings and recommendations in all matters listed above, and to undertake any other functions and projects as requested by the Board.
- 11.5.8 To approve opening of branches and other service outlets in order to align emerging opportunities.
- 11.5.9 Review and recommend any other changes to emerging trends.
- 11.5.10 Oversee and monitor growth of investment income as per the strategic plan.

11.6 Investment Functions

- 11.6.1 To oversee compliance with the investment policy and operational framework for the investment operations of the company.
- 11.6.2 To consider proposed revisions to the Investment Policy as presented by management and make recommendations to the Board.
- 11.6.3 To review periodically the performance of investments and the evaluation of dynamic market conditions on quarterly basis.
- 11.6.4 Grant approvals and in some cases recommend to the Board Investments by the company not covered by investment policy.
- 11.6.5 Review and report quarterly to the Board on investment performance as presented by management.
- 11.6.6 Assess performance of the Investment Manager/Advisor against agreed targets and benchmarks.
- 11.6.7 Recommend selection of the Investment Manager/Advisor.
- 11.6.8 Set Credit Limits on recommendation of the Manager.

11.7 Capital Projects

- 11.7.1 To approve or recommend the annual capital prioritization plan.
- 11.7.2 To approve or recommend to the Board business cases for capital projects in line with the Scheme of Delegation of Financial Authority (DFA).
- 11.7.3 To monitor the financial performance of the capital programme.
- 11.7.4 Advising the Board on specific matters relating to financial exigencies and capitalization of the business.

- 11.7.5 To review and approve various market segments and channels of distributions including diaspora markets.
- 11.7.6 Review and recommend to the Board any capitalization, mergers and acquisitions proposals by management.
- 11.7.7 Review and approve product innovation, development of new products and the strategy to market them as presented by management.
- 11.7.8 To receive and consider the financial analysis of all proposed major capital developments of Kshs Five Million and above (Kshs 5M).

11.8 Assets

- 11.8.1 To consider proposals affecting major assets and recommend to the Board as appropriate.
- 11.8.2 To recommend and approve the disposal of assets as per DFA.

11.9 Treasury Management

- 11.9.1 To recommend the appointment of bankers and the provisions of the bank mandate.
- 11.9.2 To approve a strategy for borrowing, investment of funds and raising of monies, in line with any provisions of the Company's Memorandum and Articles of Association, policies and financial regulations.
- 11.9.3 To review and give guidelines to management on the investment of company funds.

11.10 Strategic Planning Tasks:

- 11.10.1 Ensure the Board of Directors is regularly informed about the Company's key strategic plans and that the Board of Directors provides feedback and guidance to executive management.
- 11.10.2 Review the resources available to management including business plans and financials, operational and human resources required to implement the agreed upon strategy.
- 11.10.3 Ensure regular reviews of the status of execution against strategic objectives through reviews at Board meetings of product plans, development, execution and customer progress.
- 11.10.4 Review and recommend to the Board, company strategic plans, projections and assumptions.

11.11 Contract Management

- 11.11.1 To periodically review and assess the effectiveness of financial contracts management system.
- 11.11.2 To recommend financial and activity performance against contracts and ensure any corrective action is taken.

11.12 Financial Acumen

To promote a culture in which financial awareness is valued and encouraged amongst all stakeholders, skills are developed to ensure regular and wide consideration of financial issues and financial information is shared openly and honestly.

11.13 Covenant Compliance

Oversee effective compliance in place of any loans covenants or other requirements relating to borrowed funds.

12.0 Actions that may be taken by the Committee.

The Finance Committee May:

- Note
- Receive
- Consider
- Approve
- Recommend
- Reject
- Ratify

13.0 Confidentiality

There may be occasions when the Committee's business is confidential. On such occasions the Committee with the arrangement of the Chair, may ask all other members (Staff) to withdraw from the meeting.

14.0 Annual Committee Evaluation

The Committee will undertake an annual evaluation review of its performance and function in satisfaction of these Terms of Reference, via self-assessment by its members and report, together with any agreed actions and or recommendations, to the Board of Directors.

15.0 Conclusion

Essentially, the Finance Committee should advise and assist the Board of Directors with respect to the financial and capital investment policies and objectives of the Group including specific actions required to be taken by management to achieve those objectives.

Signed By:

COMMITTEE CHAIRMAN

Witnessed By

GROUP COMPANY SECRETARY
