



**HOME AFRIKA**

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# ***DIRECTORS' REMUNERATION POLICY AUGUST 2024***



## **1. INTRODUCTION**

### **1.1 Background Information**

The Board of Directors of HAL has adopted this Directors' Remuneration Policy ("the Policy") to assist the Board and Management to ascertain the compensation payable to directors. The Board may modify or make exceptions to the Policy from time to time at its discretion in line with the duties and responsibilities owed to HAL and its shareholders and in line with the regulatory framework.

### **1.2 Policy Statement**

The Company's Directors' Remuneration Policy is designed to create value for shareholders, clients, employees, and communities while retaining and motivating an effective Board of Directors. HAL commits that the determination of the remuneration of each director shall consider the financial (liquidity) status of the company, number of meetings attended by each director and their respective terms of reference and service contracts. The remuneration of the Board shall be overseen by the Remuneration and Nomination Committee as constituted by the Company's Constitution.

The disclosure of the Directors' remuneration is made in the annual integrated financial report of HAL in the Board Remuneration Report as guided by law.

### **1.3 Purpose of the Policy**

The Policy aims to formalize guidelines that shall be relied upon when making remuneration remittance to the Directors

### **1.4 Principles Governing the Remuneration of HAL Directors**

The Directors' Remuneration Policy follows international best standards and the law of Kenya. In particular, the main principles governing the remuneration of HAL directors are:

- i. ensure that the remuneration, in terms of structure and total amount, is in line with best practices, as well as competitive vis-a-vis that of comparable entities, taking into account the contemporary business environment in which the company operates and the existing market trends;
- ii. establish the remuneration amounts by following objective standards based on profitability and the achievement of the business objectives of the Company;
- iii. foster and encourage the attainment of the strategic goals of the Company through the inclusion of long-term incentives, strengthening continuity in the competitive development of HAL directors and generating a motivating effect that acts as a driving force to ensure the loyalty and retention of the best professionals; and



- iv. set appropriate maximum limits to any variable remuneration as well as suitable mechanisms for the Company to be able to obtain reimbursement of the variable components of the remuneration if the payment has not conformed to the terms of performance or if such variable components have been paid based on information later shown to be inaccurate.

### **1.5 Principles of full transparency**

The Board of Directors of the Company assumes the commitment to enforce the principle of transparency of all the items of remuneration received by all directors, providing clear and adequate information as required and in line with the good governance recommendations generally recognized under the law as pertains remuneration of directors of listed companies. For such purpose, HAL's Board of Directors establishes this Directors' Remuneration Policy and ensures the transparency of director remuneration by including in the Company's annual report a detailed breakdown, of all remuneration received by the directors, whether as such, in their capacity as executives, if applicable, or in any other capacity, and whether such remuneration has been paid by the Company.

## **DIRECTOR'S COMPENSATION**

### **2.1 Directors Allowances**

In setting the fees payable to the Directors, the Board should consider the following:

- i A flat fee that is determined by the company's profitability and the number of meetings attended in the course of a year by each director;
- ii Any determinations by the law or regulations that stipulate fair and comparable Compensation rates for directors of companies; and
- iii Directors' allowances shall be compensated in cash and any other arrangements. There shall, therefore, be no share-options availed to Directors or any other form of non-cash remuneration.

### **2.2 Multi-Directorships**

Expenses applicable to multi-directorships should be proportioned in a fair and reasonable basis, having regard for time spent traveling for each directorship.

### **2.3 Amount of Compensation**

- i. Directors shall be compensated competitively according to comparable companies. HAL's management will annually present a report to the Nominations and Remunerations Committee; comparing HAL's director compensation with that of comparable companies.
- ii. Non-executive Directors and Independent Directors will be entitled to competitively determined compensation which may not be respectively higher than that of executive directors.





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- iii. Alternate directors are entitled to the same level of compensation as the director they are alternating for.
- iii. Co-opted members of Board committees will also be entitled to competitively determined compensation for meeting attendance.
- iv. The director's remuneration shall be retroactively be approved by shareholders in annual general meetings.

### **2.4 Compensation for Director Service to Company Employees Serving on Other Company Boards.**

When an employee of HAL serves as a Director of another company at the request of HAL, that employee may not accept compensation from that other company for such service. If any such compensation is nonetheless received, it shall be received and paid on behalf of and paid over to HAL.

### **2.5 Prohibition of Tax-free Payments to Directors**

The Companies Act prohibits the remuneration of directors free of income tax or surtax or otherwise calculated by reference to or varying with the amount of his or her income tax or surtax; or to or with the rate of income tax, except under a contract which is in force two years before the appointed day and provides expressly, and not by reference to the articles for payment of remuneration as aforesaid.

### **2.6 Prohibition of Loans to Directors**

The Companies Act prohibits directors of HAL or any holding company of HAL's from obtaining loans from HAL or any of its holding companies security shall be discharged, as the case may be, within six months from the conclusion of that meeting.

### **2.7 Director Share Ownership**

There is no requirement for directors to hold shares. HAL shall keep a register showing each director of the company the number, description and amount of any shares in or debentures of the company or any other body corporate, being the company's subsidiary or holding company, or a subsidiary of the company's holding company, which are held by or in trust for him/her or of which he has any right to become the holder (whether on payment or not).

### **2.8 Share Trading**

Before purchasing or selling shares in the company, directors must advise the MD, CFO, or HAL's legal counsel to avoid trading at a time when there may be undisclosed material information and so that the designated Company Spokesperson (such as the MD or the Chairman) will be aware of such transactions and be able to respond to questions regarding changes in share ownership from shareholders and others. In any case, all share trading activities by the Directors must be guided by the Insider Trading Policy.



## 2.9 Payment on Termination

There is no entitlement to payment of retirement or terminal benefits or compensation for loss of office except for the Managing Director under the applicable terms of employment.

## 3. COMPLIANCE WITH THE COMPANIES ACT, 2015

### 3.1 Director's Remuneration Report

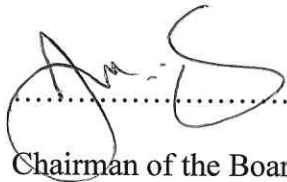
The Management of the company shall prepare audited records of annual Directors' remuneration, comprised in the Remuneration Report section of the Integrated Annual Report.

The Director's Remuneration Report shall comprise of each director's total amount of annual allowances; the total amount of bonuses; total amount of expense allowances; total amount that would be payable for loss of office or termination of services; total estimated value of any benefits other than in cash; details of any share option scheme including details of the number of the shares that have been awarded, exercised or have expired or if there has been any amendment to any rights.

## 4. REVIEW OF PROCEDURE

4.1 The board will review this policy annually to ensure it remains consistent with the relevant laws.

Approved by the Board of Directors on the .....<sup>30<sup>TH</sup></sup> Day of .....<sup>AUGUST</sup> 2024



Chairman of the Board

.....<sup>30/8/24</sup>.....

Date

Seconded by;



Director

.....<sup>30/8/24</sup>.....

Date

