



## **BOARD REMUNERATION POLICY**

**DOCUMENT HISTORY**

Document Name	FBL Board Remuneration Policy
Version	

**Reviewed and Recommended By:**

Company Secretary & Chief Legal Officer	
Board Nomination and Governance Committee	
Board of Directors	

**Approved By:**

Shareholders	
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## 1. INTRODUCTION

- 1.1. This document illustrates the Board Remuneration Policy of Family Bank Limited (the “Bank”) and its subsidiaries (“Group”) with regards to the Non-Executive Directors.

## 2. DEFINITIONS

Terms used in this Board Remuneration Policy (“Policy”) shall be taken to have the meaning assigned to them hereunder:

- 2.1. “**Bank**” means Family Bank Limited.
- 2.2. “**Board**” or “**Board of Directors**” means the board of directors of the Bank.
- 2.3. “**Compensation Committee**” means a board committee responsible for overseeing the compensation system’s design and operation on behalf of the Board of Directors. The committee shall be constituted in a way that enables it to exercise competent and independent judgment on compensation policies and practices. Majority of the compensation committee members shall be independent non-executive directors with substantial knowledge about compensation arrangements.
- 2.4. “**Non-Executive Director**” means an individual not involved in the day-to-day management and not a full-time salaried employee of the Bank or its associates or of its subsidiaries.
- 2.5. “**Shareholder(s)**” means a shareholder(s) of the Bank.
- 2.6. In the event of any dispute between the terms of this Policy and any legislation and or regulations governing the affairs of the Bank then the provisions of such legislation and or regulations shall prevail.

## 3. PURPOSE AND OBJECTIVES

- 3.1. This Policy establishes the principles adopted by the Bank for the remuneration of Non-Executive Directors aimed at attracting and retaining suitably qualified persons to serve on the Board of Directors.

## 4. POLICY STATEMENT

- 4.1. The Non-Executive Directors (NEDs) of the Board shall receive a fixed quarterly director’s fee.
- 4.2. NEDs shall receive a sitting allowance for each board and board committee meeting attended, payable monthly. Sitting allowance may be paid for official Bank engagements at the same rate as the sitting allowance for a Board meeting.
- 4.3. Directors may receive an annual honorarium; such honorarium may only be paid if a performance bonus is paid to staff with regard to the prior year’s performance of the Bank.
- 4.4. The Bank shall provide a medical cover for each director similar to that offered to members of the Executive Committee. The cover includes one spouse and four children under the age of 21 years.
- 4.5. The Bank shall pay the joining fees for one social/sports club and annual subscriptions for one club.

- 4.6. The Bank will reimburse all reasonable and properly documented expenses the NEDs incur in performing their duties.
- 4.7. The fees and sitting allowances are determined by the Board and approved by the Shareholders at the annual general meeting of the Bank.
- 4.8. The fees and sitting allowances shall be set at a level that is market aligned and reflects the qualifications and competencies required in view of the Bank's size and complexity, the responsibilities and the time the Non-Executive Directors are expected to allocate to discharge their obligations as Non- Executive Directors.
- 4.9. The fees and allowances shall be reviewed at least once every three years to ensure that the objectives of Clause 4.8 are met.
- 4.10. The level of remuneration and compensation for NEDs must be set to attract persons who, together with the Board as a whole, encompass a varied range of relevant skills and experience to determine the Company's strategy and oversee implementation.
- 4.11. No pension contributions are payable on the Non- Executive Directors fees.
- 4.12. The Bank's annual report and accounts shall disclose the remuneration and benefits of the Non- Executive Directors.
- 4.13. Alternate Directors shall not be paid directors fees but shall receive sitting allowances for each meeting attended, being the amount that would have been paid to the substantive director.
- 4.14. The Bank will pay a cash gift for retiring directors being 1.25X Quarterly Retainer for each year served.

## **5. CORPORATE GOVERNANCE**

- 5.1. The Board of Directors has established a Board Nomination and Governance Committee which shall advise the Board with respect to the remuneration of the Non-Executive Directors and monitor compliance with this Policy.

## **6. POLICY REVIEW**

- 6.1. This Policy shall be reviewed at least once every two (2) years or earlier as may be required to ensure it remains consistent with the Board's objectives and relevant in case of changes in the operating environment.
- 6.2. Any changes to this policy shall be considered by the Board of Directors prior to tabling the same at a General meeting for consideration by the Shareholders.

## **7. RELATED LEGISLATION AND DOCUMENTS**

- 7.1 The Capital Markets Authority's Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015.
- 7.2 The Capital Markets (Public Offers, Listings, and Disclosures) Regulations, 2023.
- 7.3 Central Bank of Kenya Prudential Guideline on Corporate Governance.
- 7.4 Any other relevant laws and regulations.