

1 RISKS AND GOVERNANCE COMMITTEE CHARTER

Validated by the Board of Directors on March 28, 2017

PURPOSE OF THE RISKS AND GOVERNANCE COMMITTEE

The Risk and Governance Committee (RGC) assists the Board of Directors of Total Kenya Limited in fulfilling its oversight of management's responsibility for the Company's risk structure and governance in the following areas:

- Overseeing that the executive team has identified and assessed all the inherent risks in the Company's business, strategy, capital structure and operating plans and has established a risk management infrastructure capable of addressing those risks
- Overseeing, in conjunction with other board-level committees or the full board, if applicable, risks, such as strategic, financial, credit, market, liquidity, security, property, IT, legal, regulatory, reputational, and other risks
- Overseeing the division of risk-related responsibilities to each board committee as clearly as possible and performing a gap analysis to determine that the oversight of any risks is not missed
- In conjunction with the full board, approving the company's risk management framework
- Assist the Board of Directors by reviewing and making recommendations on the effectiveness of the organization governance structure and General By-Laws, by identifying and nominating persons to serve the organization within its governance structure and ensuring appropriate succession planning

The RGC may have the authority to conduct investigations into any matters within its scope of responsibility and obtain advice and assistance from outside legal, accounting, or other advisors, as necessary, to perform its duties and responsibilities.

In carrying out its duties and responsibilities, the risk committee shall also have the authority to meet with and seek any information it requires from employees, officers, directors, or external parties.

COMPOSITION, MEETINGS AND PROCEDURES

The RGC will comprise two or more directors as determined by the board. The membership will include a combination of executive, independent and non-executive directors. The committee may include non-directors as members. Each member will have an understanding of risk management expertise commensurate with the company's size, complexity and capital structure. Committee members will be appointed by the board and will be effective for 3 years

The RGC will provide its members with continuing education opportunities and customised training focusing on topics such as leading practices with regard to risk management and governance.

Unless a chairperson is elected by the full board, the members of the committee may designate a chairperson by majority vote. The RGC will report to the full board. The committee will meet at least half-yearly, or more frequently as circumstances dictate at the convocation of its Chairman [or the Chairman of the Board of Directors], upon reasonable previous notice or without delay in case of urgency. Convening of the RGC may be done by any means, including verbally.

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The committee chairperson will approve the agenda for the committee's meetings, and any member may suggest items for consideration. Briefing materials will be provided to the committee in advance of meetings as practicable.

A quorum of at least three members present is required for a Committee Meeting to take place. Meetings of the Committee may be held in person or through any other means (telephone or videoconference; exchange of documents by mail, telecopy or by electronic transfer) which permit the agenda and preliminary documents to be transmitted to members and which permit members to exchange opinions and to establish the RGC's recommendations, conclusions and comments.

The RGC shall appoint the Company's Corporate Secretary as a permanent Secretary of the Committee.

The minutes of Meetings shall be prepared by the Secretary of the RGC for approval by the Chairman of the RGC and the other members of the Committee. Once approved, the Secretary shall keep the minutes of the Committee Meetings which are at the disposal of the members of the Boards of Directors.

As part of its responsibility to foster open communication, the committee will meet periodically with management, Heads of Departments, the Operational Risk Committee, the Chief Internal Auditor and the independent auditor in separate executive sessions as required.

RESPONSIBILITIES AND DUTIES

To fulfil its responsibilities and duties, the RGC will in respect of Risks:

- Help to set the tone and develop a culture of the company vis-à-vis risk, promote open discussion regarding risk, integrate risk management into the company's goals and compensation structure, and create a corporate culture such that people at all levels manage risks
- Monitor the company's risk profile-its on-going and potential exposure to risks of various types
- Approve the risk management policy and plan. Management should develop both the risk management policy and the plan for approval by the committee. The risk management plan should consider the maturity of the risk management of the company and should be tailored to the specific circumstances of the company. The risk management plan should include:
 - ✓ the company's risk management structure
 - ✓ the risk management framework i.e. the approach followed, for instance, COSO, ISO, QMS, ISSRS, IMS...
 - ✓ risk management company policies, rules and guidelines
 - ✓ training and awareness programs and
 - ✓ details of the assurance and review of the risk management process.

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The risk management policy should include the company's definitions of risk and risk management, the risk management objectives, the risk approach and philosophy, as well as the various responsibilities and ownership for risk management within the company.

- The RGC should review the risk management plan at least once a year
- Define risk review activities regarding the decisions (e.g. acquisitions), initiatives (e.g. new products), and transactions and exposures (e.g. by amount) and prioritise them prior to being sent to the board's attention
- Review and confirm that all responsibilities outlined in the charter have been carried out
- Monitor all enterprise risks; in doing so, the committee recognises the responsibilities delegated to other committees by the board and understands that the other committees may emphasise specific risk monitoring through their respective activities
- Conduct an annual performance assessment relative to the risk committee's purpose, duties, and responsibilities
- Oversee the risk program/interactions with management
- Review and approve the risk management infrastructure and the critical risk management policies adopted by the Company
- Periodically review and evaluate the company's policies and practices with respect to risk assessment and risk management and annually present to the full board a report summarising the committee's review of the company's methods for identifying, managing, and reporting risks and risk management deficiencies
- Continually, as well as at specific intervals, monitor risks and risk management capabilities within the Company, including communication about escalating risk and crisis preparedness and recovery plans
- Continually obtain reasonable assurance from management that all known and emerging risks have been identified and mitigated or managed
- Discuss with the CEO and management the company's major risk exposures and review the steps management has taken to monitor and control such exposures, including the company's risk assessment and risk management policies
- Review and assess the effectiveness of the company's risk assessment processes and recommend improvements, where appropriate; review and address, as appropriate, management's corrective actions for deficiencies that arise with respect to the effectiveness of such programs
- In coordination with the audit committee, understand how the company's internal audit work plan is aligned with the risks that have been identified and with risk governance (and risk management) information needs

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Regarding Governance, the RGC will fulfil its responsibilities and duties by:

- Reviewing from time to time and making recommendations in regard to the governance structure and by-laws of the organization including the size and composition of the Board of Directors, committee mandates and conflict of interest policy
- Reviewing and recommending an effective orientation program and continuing education of members of the Board of Directors
- Conducting on an annual basis an evaluation of the Board of Directors and reviewing the evaluation format from time to time
- Conducting from time to time an evaluation of the effectiveness of committees and making recommendations in regard thereto
- Discuss and examine ethics questions and situations of interest that have come to its attention or that the Board or Board Chairman refers for its review
- Examine the conformity of the Company's governance practices with the recommendations of the Code of Corporate Governance adopted by the Company
- Monitor implementation of the Company's approach to ethics and compliance
- Review on an annual basis the Company's Compliance Report
- Discuss any questions related to ethics or situation of conflicts of interest
- Review and discuss the Company's staff annual salary review
- Review any changes to the Board of Directors' responsibilities
- Review the required skills mix and expertise that the independent and non executive directors bring to the Board and make disclosure of the same in its annual report
- Review and recommend to the board of directors any modifications to the charters of the board or any of its committees

REPORTING

- Respond to reports from management so that management understands the importance placed on such reports by the RGC and how the committee views their content
- Read and provide input to the board and audit committee regarding risk disclosures in financial statements and other public statements regarding risk
- Keep risk on both the full board's and management's agenda on a regular basis
- Coordinate (via meetings or overlap of membership), along with the full board, relations and communications with regard to risk among the various committees, particularly between the Audit and the Risks and Governance Committees

CHARTER REVIEW

- Review the charter at least annually and update it as needed to respond to new risk-oversight needs and any changes in regulatory or other requirements
- Submit the charter to the full board for approval

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COMPOSITION

The Composition of the Risks and Governance Committee as validated by the Board of Directors is as follows:

1. Ms Margaret Shava - Chairperson
2. Mr. Joseph Karago – Independent Director
3. Ms. Anne-Solange Renouard – Managing Director
4. Premanand Dhoomon – Finance Director

Secretary

- Mr. John Maonga