



NATIONAL OIL CORPORATION OF KENYA

STRATEGY & BUSINESS BOARD COMMITTEE CHARTER

TERMS OF REFERENCE



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1. Mandate of the Strategy & Business Board Committee

Background:

The Strategy & Business Board Committee shall be made up of a minimum of a third (1/3rd) Directors from the entire Board of Directors of National Oil Corporation ("the Corporation"). The functions of the Committee shall cover the departments indicated under section 4 and 5.

2. Committee Membership

- 2.1. The Committee will be comprised of a Minimum of a third (1/3rd) Directors of the Board. The members of the Committee will be appointed by the Board of Directors.
- 2.2. When making the appointment, the Board will ensure that every member appointed is, independent of the current management or has not been involved in the management of the institution in the last two years preceding his /her appointment, and is free from any relationship that in the opinion of the Board, would interfere with his/her exercise of independent judgment.
- 2.3. In appointing Committee members, the Board will consider persons with:
 - Background in Strategy.
 - Background in Business.
 - Background in the Oil Industry.
 - Every member appointed is aware of the interests of all stakeholders.
- 2.4. The Secretary to the Committee and the Chief Executive Officer shall have no voting rights.
- 2.5. The Board will on an annual basis review the composition of the Strategy & Business Board Committee and make any changes it deems appropriate.
- 2.6. The Board Committee shall be chaired by one of the Directors who shall be appointed by the Board from amongst the Board Committee members.
- 2.7. The Board will have the absolute power to appoint and remove any member of Strategy & Business Board Committee, and to fill all vacancies that may arise.



3. Committee Structure and Operations

- 3.1. The Committee shall fix its own rules of procedure and shall meet where and when as provided by such rules or by a resolution of the Committee. In addition to the regular meeting schedule established by the Committee, the Chair of the Committee may call a special meeting at any time.
- 3.2. The Company Secretary of the Corporation shall be the Secretary of the Strategy & Business Board Committee unless the Committee designates otherwise. In the absence of the Chair during any Committee meeting, the Committee may designate an Interim Chair.
- 3.3. The Committee shall act only on the affirmative vote of a majority of the members at a meeting or by unanimous written consent. The Committee may establish sub-committees / ad-hoc Committees consisting of one or more members to carry out such duties as the Committee may delegate.

- 3.4. The Committee shall fulfill its responsibilities within the context of the following overriding principles:

3.4.1. Communication

The Chair and other committee members shall, to the extent appropriate, maintain an open avenue of contact with Senior Management, other Committee Chairs and other key Committee advisors, to strengthen the Committee's knowledge of relevant, current and prospective business issues.

3.4.2. Education/ Orientation

Individual Committee Members shall be encouraged to participate in relevant and appropriate self-study education to ensure understanding of the business and environment in which the Corporation operates.

The Corporation shall also train and offer capacity building opportunities to the Committee Members, as and when the need arises.

3.4.3. Quorum

The quorum at all meetings will not be less than two thirds (2/3) of the Committee members. No member is permitted to appoint a proxy.



3.4.4. Meeting Agenda

Committee meeting agendas shall be the responsibility of the Committee Chair, with input from the Management and other Committee Members.

3.4.5. Expectations and information needs

The Committee shall communicate Committee expectations and the nature, timing and the extent of Committee information needs to Management.

3.4.6. Meeting Attendees

The Committee shall request members of the Management, external experts and external Auditors, as applicable to participate in Committee Meetings, as and of when necessary.

3.4.7. Meeting Frequency

The Committee shall meet quarterly. Additional meetings shall be scheduled as considered necessary by the Committee.

4. Downstream Operations

(i). Retail, Commercial and LPG Departments:

The Strategic Plan goal in relation to the above Departments is to grow the Corporation's market share in each market segment.

(ii). Engineering Department

The Engineering Department provides efficient logistics and engineering support in line with the corporate targets and medium/long-term strategy. The Department is divided into units as indicated below:

a) Maintenance

The role of the Maintenance Unit is to ensure optimal availability and reliability of equipment at the Nairobi National Terminal (NNT), service stations and customer locations (as applicable) in order to deliver efficient customer service.



b) Engineering Projects

The Engineering Projects Unit shoulders the responsibility of timely execution of new development projects and major renovations and improvements as spelt out in the company's and department business plans.

(iii). Supply Planning Department

The Unit is charged with securing and ensuring product supply through:

- Implementation of the 30% quota allocation.
- Establishing Long term supply contracts with established Traders.
- Implementation and Operationalization of the Strategic Petroleum Reserve.
- Participation in the Open Tender system for product purchases and supply.
- Monitoring / analyzing petroleum supply and price trends.
- Operations of the Nairobi National Terminal (NNT).

(iv). Planning, Corporate & Strategy Department

The focus of the department is:-

- Advising the Board, CEO and Management on various issues of business and policy
- Corporate Planning and coordination of organizational strategies
- Corporate performance management
- Corporate Projects Coordination
- Stakeholder engagement
- New business development
- Coordinating Research and Innovation
- Policy advisory
- Corporate knowledge management
- Custodian of Corporate Data
- Coordinating Business Continuity
- Coordinating Business Process Review and Improvement
- Press releases / Media Advisories
- Stakeholders enquiries on CSR and Sponsorship
- Enquiries on brand direction
- Brand inspections
- Internal media monitoring reports
- Corporate events



(v). **Safety, Security, Health, Environment & Quality (SSHEQ) Department:**
The focus of the department is:

- Accidents/incidents Reporting and Investigations
- Training of staff
- Due diligence
- Internal quality auditing
- Inspecting
- Document control
- Quality visits
- Provision of security services
- Responding to general qualities

The Responsibilities of the Committee with regard to the above Departments shall include but not be limited to:

- a. Evaluate the Corporation's fulfillment of its strategic goals;
- b. Provide oversight on the development and implementation of the sales and marketing strategy agreed upon between the Board and Management;
- c. Provide insights on the best practices for new marketing strategies;
- d. Ensure development and implementation of a sales and marketing programme;
- e. Ensure the conduct of periodic surveys to identify sales and marketing needs, satisfaction levels, environmental factors and competitive elements.
- f. Review and provide strategic advice on operational issues;
- g. Present to the Board of Directors (BOD) an assessment of the Corporations operational initiatives as they relate to strategic objectives;
- h. Ensure that the activities undertaken by the Directorate and the Departments are related to, adhere and are aligned to the Mission and Vision of the Corporation and identify if there is need to realign its activities to the set goals.
- i. Ensure compliance with all the developed ERM tools, practices, and policies.
- j. Ensure closure of any gaps as identified by the ERM Audit.

5. Upstream Operations:

The Upstream Operations are charged with ensuring and securing the Corporation's participation in all aspects of exploration development and production of Oil as well as related services.



The Responsibilities of the Committee with regard to the above Department shall include but not be limited to:

- a. Provide oversight to the exploration activities and community engagement by the Corporation in Block 14T and any other blocks that might be allocated to the Corporation
- b. Keeping abreast with exploration global trends and activities in the region.
- c. Lobbying the Government on policy issues to ensure enactment of legislation that takes care of exploration activities and community interests during all phases of the exploration cycle.
- d. Increasing the stakeholders' confidence in the credibility and stability of the Corporation,
- e. Providing advice on possible corporate restructuring that may become necessary to accommodate any oil or gas discovery.
- f. Review the Corporation's policies that are related to exploration for full board approval.
- g. Lobbying and advising the Cabinet Secretary for Petroleum on any relevant issues relating to exploration.
- h. Plan and implement community sensitization programmes for each of the Blocks as their contracts mature into active exploration phases.
- i. Identify hierarchies of community sensitization audiences for each sensitization campaign.
- j. Monitor and provide direction on the review and development of the Corporation's policies and procedures in accordance with the Corporate Strategic Plan to include the Corporation's community sensitization policy ensuring prudent use of resources and maximum benefit for the Corporation.

6. Operating Procedures

6.1. Reporting

The Committee will regularly report to the Board on all significant matters it has addressed and with respect to such other matters as are within its responsibilities and seek the Board's approval, where necessary. The Committee will only perform the tasks delegated to it by the Board and may not exceed the authority or powers of the Board.

6.2. Review

The Committee will review this Charter at least annually and submit it together with any proposed amendments to the Full Board for approval with such further amendments, as it deems necessary and appropriate.



The Board will review the effectiveness of the Committee in fulfilling its responsibilities and duties as set out in this Charter and in a manner consistent with the Corporate Governance guidelines adopted by the Board.

6.3. Secretary

Unless the Committee specifies otherwise, the Company Secretary will act as Secretary for all meetings of the Committee.

6.4. Minutes

Minutes of each meeting of the Committee will be prepared by the Secretary and provided to members for review and confirmation at the next meeting of the Committee.

6.5. Board Committee papers


The Agenda and the Board Committee papers for each Committee meeting will be available and provided to Committee members by the Secretary within ten (10) days but not less than four (4) days in advance of the scheduled Committee meeting to allow members sufficient time to review them. Committee members will be expected to have read the papers prior to the meeting and thus will be expected to participate fully in Committee discussions on the agenda contained in the notice and the Board Committee papers.

Charter Approval

APPROVED by Board of Directors

This.....day of2022

SIGNED


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Board Chairman

Date.....14/01/2022.....