

13<sup>TH</sup> ANNUAL GENERAL MEETING OF SAFARICOM INVESTMENT CO-OPERATIVE LIMITED HELD FROM 9.15 AM TO 3.00 PM ON 5<sup>TH</sup> FEBRUARY 2022 VIRTUALLY AND PHYSICALLY AT PRIDE INN HOTELS, AZURE RHAPTA ROAD, NAIROBI

CENTRAL MANAGEMENT COMMITTEE, SUPERVISORY COMMITTEE AND MANAGEMENT MEMBERS PRESENT

Central Management Committee

1. Peter Gichangi- Chairman
2. Tom Macakiage- Vice Chairman
3. Vincent Opiyo- Treasurer
4. Judy Runo-Hon. Secretary
5. Jackson Mulwa- Member
6. Eng. Emily Kilongi- Member
7. Edward Njoroge- Member
8. Mike Akal – Member
9. Agnes Marete- Member

Supervisory Committee & Management

1. Peter Mukera- Chairman
2. CPA Beth Henry – Secretary
3. Rabecca Bisanju- Member
- 4.

SIC Management representatives

- 1.Sarah Wahogo – Ag. C.E.O
2. All direct reports to Ag. CEO present

SIC External Auditors

Ronalds LLP

## Guests in Attendance

1. Madam Dolphine Aremo- County Director of Cooperatives.
2. Lucy Kimani – Dagoretti County Officer
3. George Mwangi Njoroge- Co-operative Officer

The meeting being quorate, (882 members virtually) the Board Chair welcomed the members to the 13<sup>th</sup> AGM. He recognized the attendance of the sitting board members present, staff members, service providers, partners, Ministry of cooperatives representatives and the expected guests. The opening prayer was said by Meshack Odongo.

The Chair laid down the ground rules for the virtual AGM. He noted there would be a sign interpreter called Fiona Mwenesi for purposes of inclusivity. He confirmed that the links had been sent out to enable member participation and he encouraged them to use the chat function to ask questions or to vote.

He noted that about 1,500 hundred members were streaming and the site had 882 unique visitors. He reminded the members of the uniqueness of the link shared and it being tied to voting. The link was to be used to vote and it could only be used once and thus he cautioned them on sharing the same with non-members.

He clarified on the challenge of access of the links and provided a contact number and a USSD to be used for quick response on the same. He informed the members that the event was live on all of SIC's social media channels and any questions arising would also be responded to on those portals and that the same was being live streamed on Facebook.

The Board Chair handed over the program to the vice chairman who was the master of ceremonies for the event. He welcomed all the investors and confirmed receipt of the program and stated that timelines are to be adhered to during the discussions at time was of essence. He introduced the board members and supervisory committee members present to the investors and soon after, took the members through the proposed agenda for the day and sought for its adoption.

The agenda was as outlined below:

1. Member’s registration
2. Confirmation of the 2020 Annual General Meeting Minutes – Hon Secretary Judy Runo
3. Report from the Board Chairman– Peter Gichangi
4. Report from the Supervisory Committee –Supervisory chairman, Peter Mukera
5. Presentation of the 2021 Audited accounts by the Auditors - Ronald LLP.
6. Report from the Treasurer – Vincent Opiyo
7. Presentation of the year 2021 & 2022 budget – Vincent Opiyo
8. Resolution and Appointment of Auditors –Board Member, Edward Njoroge
9. Remarks by the chief guest - Madam Dolphine Aremo
10. Elections – Lucy Kimani DCO
11. Any other Business by notice (A.O.B.)

#### [Minute 1: Confirmation of the 2021 Annual General Meeting Minutes](#)

Hon Secretary Judy Runo led this portion of the agenda. She hoped the members had had an opportunity to go through the minutes of the 2021 Annual General Meeting shared to investors prior to the Annual General Meeting. In compliance with the Cooperative Society Requirements, she asked the members for a proposer and a seconder of the minutes for a go ahead on discussions.

***PROPOSED BY: SHADRACK KATUU AYUB MMBR01655***

***SECONDED BY: CHRISTINE OSORE MMBR00388***

#### **Matters arising:**

She asked the members whether there were any matters arising from the 2021 AGM minutes as they had been afforded the opportunity to read and review the minutes earlier. There being no matters arising the minutes were adopted.

***PROPOSED BY: SHADRACK KATUU AYUB MMBR01655***

***SECONDED BY: CHRISTINE OSORE MMBR00388***

#### [Minute 2: Report from the Chairman of the Board](#)

The Chairman of the Board, Mr Peter Gichangi, presented his report that had been shared with investors prior to the AGM. (Page 9 to 12 of the annual reports)

He started by reflecting on a year that was a mixed year for both the society and the cooperative industry. He stated that the year 2021 started with a lot of uncertainty especially due to the Covid -19 Pandemic. There were phenomenal efforts across the world and in Kenya to contain it. Good progress had been made by the board and the staff to circumvent the challenges brought about by the pandemic and produce results. He noted the drive by various sections of the economy to position themselves profitably even with the existing uncertainties and manage performance.

Additionally, there was continuous efforts made to engage the members regularly in the year 2021, through quarterly investor forums. He encouraged the members to join the future investor forums which will be organised to keep them informed of the progress of the organisation.

He reported that the central management committee and the supervisory committee continued to work together effectively for future sustainability of the society. He stated that the outcomes of this have gone into strengthening the organisation governance and risk management.

He reported that a lot of time had been spent cleaning up and migrating financial and other information into the new ERP system. The new ERP has enhanced efficiency of service delivery which the organisation expects to capitalise on in 2022. He stated that modules of the year had been in operation since towards the end of 2021 and the organisation was just beginning to see the fruits of the new ERP.

He noted that the society's revenue is still heavily reliant on real-estate and land transactions and this was anticipated to be the case for the next few years. However, the growth and improvement in the business development line and the same would be accelerated in the year with the aim of diversifying the products offered resulting to better sustainability.

The highlights of the Board Chairs presentation were as follows:

#### **Key Macro-Economic Developments and Outlook**

Notwithstanding the weight of the pandemic in 2021, various key developments were registered in the Kenyan real estate sector, most of which were driven by government activities including:

- The launch of Ardhi sasa digital land registration platform by the Ministry of Lands.

- Implementation of the Sectional Properties Act affecting apartments and registered gated communities.
- Unveiling of the Lamu Port (which will be the largest deep-water port in Sub-Saharan Africa upon its completion).
- Rehabilitation of Mamboleo-Miwani-Muhoroni road in Kisumu.
- Granting of City Status to Nakuru town
- Commencement of Nakuru International Airport construction.
- Progression of the Western bypass dual carriage way going through Ruaka.
- Gazetting of the Nairobi Express Way Launch of the first ever.
- D-Reit at the Nairobi Securities Exchange by Acorn Holdings Limited.

### 2021 was a year of many 1sts

- SIC recorded an excellent recovery financial performance in the year 2021 with over 800% growth in net profit.
- Organisational growth was sustained over the year including restructuring of the organisation to strengthen the leadership bench.

### Headwinds that may impact the growth of the organisation in 2022

- **Global economic developments**-The global dynamics on various aspects are likely to impact the Kenyan economy especially COVID-19, the exchange rates, crude oil prices, price of steel, increasing trade and geo-political tensions among various G20 countries such as China and Russia.
- **National Elections**-National elections to be held in August 2022 are likely to cause anxiety among investors thus affecting sales and collections.  
This is also likely to affect operations in national and county governments slowing down fulfilment of our obligations (title issuance).
- **Historical projects**-19 projects remain in our list of historical projects being resolved. Special focus will be put into ensuring that these are finalized. These projects also pose a reputational risk to the cooperative.
- **Ongoing litigations**-11 ongoing court cases and 1 ongoing arbitration will require management and board attention as well as additional cash flow. While many outcomes are expected to be positive however, it cannot be guaranteed that they will be in our four. This does not deter the board from taking this direction.

### Tail winds that may accelerate performance in 2022

- **Increasing urbanisation**-Higher than global average urbanization of 4% in Kenya driving demand for land in Nairobi, its environs as well as urban centers across the country

- **Customer behaviour**- Huge growth of interest in home ownership across the income spectrum and a shift to Airbnb from hotels is driving real estate investment in serviced apartments in high interest areas
- **Insights led project development**- Our targeted project delivery based on customer insights and market needs will continue to fuel our activities as evidenced by successes in January 2022
- **Availability of financing**- higher availability of financing through KMRC and its affiliated financial institutions driving update and growth in loans and mortgages
- **Continued government investment**- finalization of ongoing government infrastructure projects across the country as well as initiation of new projects will spur growth

## 2022 Key Board Focus

### *Brand positioning*

- SIC intends to embark on brand positioning to prepare for the eventual public trading of the shares either through USP or other models agreed on with the ministry. The brand to be one that encourages investment.
- SIC intends to seek approval to determine how the public trading will work and forging a direction with the guidelines from the ministry of cooperatives.
- SIC plans to break ground, start construction within the first half of 2021, and target selling houses during the year. There has been significant progress made in on our affordable housing project in Ruaka.

### *Aggressive members drive*

- Increase our member recruitment activities to onboard 2,000 members in the year 2022. The target being 2,000 new members and the sentiment that is there in the market is an indication of the achievability of this target.

### *USP Listing Readiness*

- Progress to the next steps of SIC's preparations to eventually float shares on the Unquoted Securities Platform (USP).

### *Historical and Problematic Lands*

- Accelerate resolution of the 19 pending historical projects to ensure customer satisfaction and mitigate financial as well as reputational risks to the organisation.

### *Affordable housing project*

- Confirm demand and commence development of our housing project in Ruaka (Miran residence).

### ***Cost optimisation***

- SIC aims to drive up profitability and is committed to managing costs through aggressive negotiation and streamlining operational expenses. The budget proposed is ambitious and the board is confident that the team will be able to deliver the budget to ensure a good return to the members.

### ***Re-organisation, strategic plan and business model review***

- A lot of review on organisational structure, business models and revenue mix and modelling the organisation along those lines.

In summary, the real estate sector was on a recovery path in 2021. This is a trend SIC expects to continue in 2022 driven heavily by new realities as a consequence of the COVID-19 pandemic as well as continued government investments in infrastructure and the board is committed to sustaining the growth performance reported in 2021.

***PROPOSED BY: DR KATUU MMBRO1655***

***SECONDED BY: VERONICA OKELLO ACHENG MMBR00070***

### **[Minute 3: Report from the Supervisory Committee](#)**

Peter Mukera, Supervisory Committee chair presented the report. He stated that the committee is tasked with counterchecking internal controls on management of the society and so far, the board had made good progress in many fronts. He read the Supervisory Committee Report as it was on page 25 to 27 of the Annual Report & Financial Statement of 2021.

The highlights of the report were;

#### **Mandate of the committee**

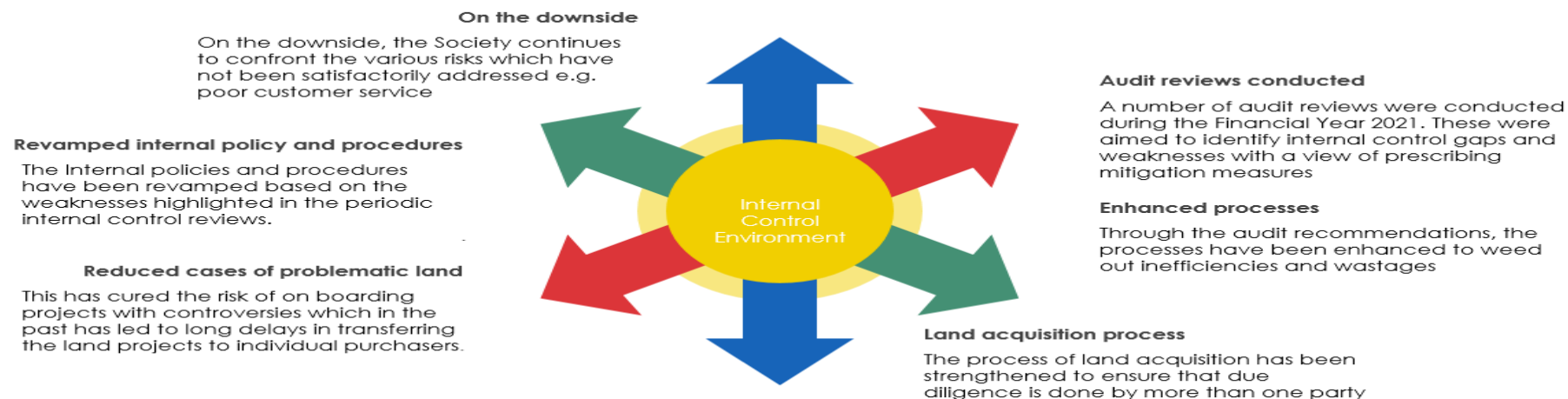
- Counterchecking the societies internal controls.
- Preparation of periodic reports and presenting them to the board
- Submitting annual reports to the General Meeting and to the Commissioner
- Verification of transactions of the society.

#### **Championing of good governance and ethical practices through;**

- Having in place a whistle blowing policy leading to increased Staff awareness.

- Staff sensitisation on ethical practices making them easier to identify.
- Collaboration with the board on effective management thus improvement on internal controls.

### Internal policy review



He thanked the Board and the SIC staff, the ministry and Cooperative Department Officials for their support. He also thanked the SIC investors for giving the supervisory committee an opportunity to serve them.

### Fraud investigation

- Total cases investigated-3. Subject matters under investigation were around ethical business practices and conflict of interest.
- Investigations resulted in separation with responsible staff.
- There will be continuous staff sensitisation to improve on such practices

### Due Diligence

- The process of land acquisition in the country continues to face a number of risks including transacting with persons with no capacity to sell such properties.
- The Cooperative in the past has dealt with dishonest persons in the land acquisition process leading to prolonged duration in getting land title which in turn has had an impact on project handover to clients.
- Currently we have ensured that we conduct independent due diligence on prospective land parcels prior to on-boarding to identify any red flags. This has ensured that inherent risks around project acquisition are addressed.



### **Monitoring and resolution of audit issues:**

SIC has in place a framework that periodically tracks the implementation of audit recommendations. Issues that remain open past the post implementation timelines are escalated to the board for further action.

### **Risk Management**

In the year 2022, the risk management trainings will be done with all system and process owners for formal risk identification and documentation through risk registers.

### ***FY 2022 Performance***

FY 2021 profitability was 73 million against 5.5 million in 2020. Recommendation for 2022;

- Diversification of the business
- Planning ahead of time.
- Leverage on technology to increase efficiency.
- Double efforts in debt collection.

***PROPOSED BY: THOMAS OMONDI MMBR05400***

***SECONDED BY: JULLIET WANYAMA PATIENEC MMBR03107***

### **[Minute 4: Remarks from the County department of cooperatives](#) [MS. DOLPHINE AREMO-County Director of cooperatives](#)**

Ms. Aremo expressed her appreciation for the hybrid kind of meeting and stated that she expected the issue of hybrid meetings to be incorporated and addressed in the society bylaws. She mentioned that she had attended 3 hybrid meetings with the SIC 2022 AGM being one of them and appreciated the growth and adaptability in the society even through the pandemic.

She informed the members of the structure of cooperatives and stated it was important to be aware of the leadership that had such influence on the running of the Cooperative.

She stated that for investment cooperative, of which SIC is one, the projects taken up have to be handled with integrity and with regard to the members interests. She noted that from her observation, the members are getting value for the money invested and she commended the board and the staff on all the efforts put in ensuring good performance.

She informed general meeting that in 2021, a review of the Cooperative society act had begun and the bill was currently in parliament pending approval. Her highlights of the areas that would be changing that would eventually affect the bylaws of the society, requiring a restructure of the same were on;

1. Role of the county government in the management of cooperative societies being clarified.
2. Registration of members- minimum number moved 25.
3. Supervisory committee being referred to the board.
4. Mandatory to have a nomination committee.
5. Virtual meeting recognised in the law.

She noted that discussions were ongoing with Capital Markets Authority and the ministry on the issue of public trading of cooperative shares and she had an appointment with the board to have discussions on the public trading agenda which SIC is very interested in.

She thanked the members for joining in and the board, management and the rest of staff for the good work done.

#### [Min 4: Report from the Treasurer, Presentation of the 2020 Audited Financial Statements & Independent Auditors Report](#)

##### **A. Independent Auditors Report**

CPA Paul Kipchirchir represented Ronalds LLP the external auditors.

He confirmed that the audit conducted was done as per the requirements of the international standards of auditing and an interim audit was done as part of the statutory reporting to ensure compliance to regulations. He noted that Ronalds LLP audited the SIC financial statements as at 31<sup>st</sup> December 2021n including the statement of profit and loss, balance sheet, statement of changes in equity and statement of cash flows for the period of financial year ended 31 December 2022.

He noted that it was the opinion of the auditors that the financial statements gave a fair view of the society's financial affairs.

He read pages 37 – 41 of the Annual Report & Financial Statement, confirmed the Financial Statements of 2021 verbatim and reported the financial statements to be true and transparent.

- He confirmed that the report was independent and based their opinion on the internal standard of auditing. CPA. Ronald Bwosi, the engagement partner, signed off accounts on **28<sup>th</sup> January 2022**.

**PROPOSED BY UFA INVESTMENT LIMITED MMBR01011**

**SECONDED BY: JOHN OCHIENG MMBR01841**

**B. Report from the Treasurer and presentation of the financial statements.**

Vincent Opiyo, the Board Treasurer, presented the treasurer’s report shared to the investors prior to the AGM. He stated that the year started with the rolling out of Covid relief measures and reduction of Corporate tax and PAYE tax rates. The economy shrank at 0.3 % and although the cooperative went through storm, land continues to be the key revenue source. He confirmed that the land dealt in 2021 were driven by market demand and titles delivery to the customers. The target for title delivery was 60 days after completion of payment and the team was being held accountable to ensure efficient and timely delivery (except for historical problematic lands that were still in various stages of resolution)

The treasurer then presented the annual financial accounts for the year ended 31st December 2021 as they had been presented on page 47-51 of the booklet presented to members.

Below are highlights from the treasurer’s report:

**a. Financial performance highlight**

- Sale of land remains SICs main source of revenue accounting for close to 90% of overall revenues. Land revenues grew by 173% to Kshs 868.5m compared to Kshs 317.8m reported last year largely driven by efficiency created in the land sourcing process that ensured timely issuance of title deeds to our members.
- Housing revenues declined by **38%** to close the year at Kshs **75.3m** compared to Kshs **122.1m** in the previous year. The decline is attributed to the fact that we didn’t have any new housing inventory and focused on clearing outstanding stock in Bluebells, Ruaka and Kantafu. The unsold housing units now stands at 20.
- In the year, SIC reported **80%** growth in revenues from Zaria partnership of Kshs **23.4m** from **12.9m** in 2020. Only 76 units have so far met revenue recognition criteria (fully paid up and control handed over to buyers).
- To finance the growth in the year, the total expenses for the year rose to **Kshs 200m** from Kshs **169.8m** representing **18%** year on year growth.
- The growth was mainly driven by accrued interest on member’s interest earning deposits (IED) of **Kshs 28.9m** and bank loan interest of Kshs **14.8m** both of which were not in the previous year financial statements. Professional and legal fees

also grew from **Kshs 9.1m to Kshs 20.7m** due to engagement of a consultant to refresh our strategy as well as legal cases SIC had to defend.

**b. Operating Profits**

In the just ended financial year, operating profits registered impressive growth from Kshs 17.6M in 2020 to Kshs 195.7M in the current period. The growth in profits was driven by a combination of healthy top line growth and focus on cost efficiencies.

**c. Members rebates**

Our strong financial performance in the year has enabled us to propose rebates of Kshs 117.4M to SIC members for the period ended 31st December 2021 which represents significant improvement from Kshs 12.1M declared in the previous year (870% increase) . Once approved at the AGM, the rebates will be distributed to members within the month of February 2022.

**d. Balance Sheet and Cash flows**

In order to position our Co-operative for future opportunities, we have continued to focus on activities that strengthen our balance sheet and during the year, total assets grew to Kshs 5.2 Billion representing 7% growth over the previous year. Our cash flows also improved in the year as evidenced by growth in cash and cash equivalents to Kshs 172.5m compared to Kshs 151.8m last year.

**e. Debt recovery**

Trade receivables reduced by **22%** from Kshs **1.2b** in the previous year to close at **Kshs 961m** as the recovery efforts bore fruit.

**f. Budget-**

This budget takes into account the aggressive growth assumptions as contained in our 3-year strategic plan.

**g. Reserves**

SIC reserves improved by **47%** from negative **Kshs 101.4m** in 2020 to close at **Kshs 53.8m**. This being in a negative position, we will continue to utilize our net earnings to clear off the negative balance and build it to have a healthy state of general reserves.

*PROPOSED BY: VERONICA OKELLO ACHIENG MMBR00070*

*SECONDED BY: CONNIE MUTAMBI MMBR01369*

[Minute 5: Presentation of the year 2021 and 2022 Budget](#)

Vincent Opiyo, the Board Treasurer, presented on the Financial years 2022 and 2023 budget for member's approval. It is aligned to the three-year strategic plan aimed at ensuring growth of the organisation and getting back to the double-digit rebates given to the investors. Expected to see sales coming from affordable housing.

The budget was based on the following assumptions:

<i>Item</i>	<i>Detail</i>	<i>Assumptions</i>
<i>REVENUES</i>	<i>Housing</i>	Focus on clearing existing stock
		Focus on affordable housing even though we do not project to recognize any revenue from this year.
	<i>Land</i>	•Existing stock to support revenue generation.
		•Acquire new stock worth 2.15B at 50% recognition rate.
	<i>New Business</i>	72 million of Zaria income to be delivered To recognize revenue from distressed properties after 50% discounting
		•70% of other revenue stream including property management to be delivered.
	<i>Other Income</i>	•Invest more in FRD accounts to grow interest income
		•Rental income, membership & share trading.
<i>COSTS</i>	<i>Admin</i>	•Increased software maintenance and cyber security monthly costs for CRM and ERP.
	<i>Personnel</i>	•Additional sales staff and heads of business to assist and achieve the numbers.
	<i>Financial</i>	Pepea and IED interest with anticipated fund growth.
	<i>Governance</i>	AGM EXPENSES committee travelling expenses and education and supervisory audit.
	<i>Depreciation</i>	•Assets increase – New ERP system.
	<i>One off</i>	•Kes 21M provision for long outstanding land issues.
	<i>Business Development</i>	• Aggressive marketing and publicity campaigns in both local and diaspora markets.
<i>2022/23 Budget</i>		•155% revenue growth (2021) NP actual vs 2022 Budgeted NP)
		• 44.6% cost growth, (2021 Actual expenditure vs 2022 budgeted expenditure)

The treasurer noted that the enablers for the target achievement would be;

- a) Debt collection
- b) New projects
- c) Customer experience
- d) Aggressive marketing
- e) Seamless internal processes

He expressed his gratitude to the shareholders, the Management Committee, staff members and all stakeholders who have worked tirelessly to see the growth of Safaricom Investment Co-operative

**PROPOSED BY: ERASTUS CHETI OMAMO MMBR02498**

**SECONDED BY: GEORGE MAINA HINGA MMBR01524**

**Minute 6: Resolutions**

Edward Njoroge from CMC presented the resolution items. He presented the resolutions beginning with the proposed amendments to the by-laws and then the general resolutions.

<b>PROPOSED AMENDMENTS TO THE BY-LAWS</b>			
	<b>PROVISIONS OF THE BY LAWS</b>	<b>PROPOSALS TO BE CONSIDERED</b>	<b>RATIFICATION</b>
	Section 54(a) of the By-laws provides that for efficient functioning the Board may appoint from among themselves Sub-Committees such as Real Estate Sub Committee and Business Development Sub - Committee;	<p><i>Introduce an overall provision for the formation of different committees and minimum number of Board Members in a Sub-Committee.</i></p> <p>For efficient functioning the Board may appoint from among themselves Sub-Committees according to the Society’s needs to fit the purpose.</p> <p>Sub-Committees of the Board shall have a minimum membership of 4 Board members.</p>	<p><b>PROPOSED BY: CHRISTINE OSORE MMBR0388</b></p> <p><b>SECONDED BY: PHILEMON KIPROP GOIN MMBR00271</b></p>

	<p>Section 57 (a) provides that the Real Estate Sub Committee shall consist of Four (4) members</p> <p>Section 58 (a) provides that the Business Development Sub Committee shall consist of Four (4) members</p>	<p>Sub-Committee meetings shall have a minimum quorum of two-thirds of the members of the subcommittee</p> <p>Section 57 (a) is amended by deleting the clause.</p> <p>Section 58 (a) is amended by deleting the clause.</p>	
	<p>Section 44. (ii) The Chairperson shall be a Safaricom PLC employee whilst the Vice Chairperson shall be a non-Safaricom PLC employee</p>	<p>The Chairperson shall at the point of election and during their term be a Safaricom PLC employee.</p> <p>whilst the Vice Chairperson shall at the point of election and during their term be a non-Safaricom PLC employee</p>	<p><b>PROPOSED BY: PENINAH WANJIKU MMBR02021</b></p> <p><b>SECONDED BY: KASEKO HOLDINGS LIMITED MMBR01760</b></p>
	<p>Co-option only allowed when number of board members falls below 5.</p> <p>44 (viii) Where membership of the Board is reduced <b>below five (5)</b>, the Board shall co-opt a member by simple majority to fill such vacancy. Such member shall serve on the Board until the next General Meeting of the Society at which the decision shall be ratified. The said Board member shall be eligible for re-election.</p> <p><b>81.6 Absence of a Board Member</b></p>	<p><i>To align the bylaws and electoral policy provisions on cooption where a vacancy on the Board arises.</i></p> <p>Where the composition of the Board falls below 9 members and the Board by a vote determines that its composition lacks specific competencies and skills, the board may co-opt a member to serve in the Board until the next General Meeting whence the position shall be filled upon the nomination process having been undertaken in accordance with the electoral policy. Where a co-option has been undertaken, the Board shall communicate the co-option to the members within two weeks of such co-option.</p> <p>The Board shall not be allowed to co-opt new Board members to fill vacancies within the 3 months period</p>	<p><b>PROPOSED BY: JULIET MWIKALI MMBR04665</b></p> <p><b>SECONDED BY: GEOFFREY KABUGU MMBR04984</b></p>

	<p>When any Board member is disqualified or otherwise unable to perform his duties, the Board may subject to the Act and Rules co-opt a member or members of the Society to serve on the Committee until the next General Meeting</p>	<p>before the next AGM or once the nomination process has kicked-off ahead of the next AGM, whichever is earlier.</p>	
	<p>Section 44 (vii) Six members (6) of the Board shall be elected from serving employees of Safaricom Limited while Three members (3) shall be elected from non-serving employees of Safaricom Limited.</p>	<p><b>Six members (6)</b> of the Board shall, at the point of election and during their term, be employees of Safaricom PLC.</p> <p>Where a Board member who at the point of election was a Safaricom PLC employee and he or she ceases to be a Safaricom PLC employee before expiry of their term, the board member shall continue serving as a Board member until the next AGM.</p> <p>The position shall be declared vacant for nomination of candidates from Safaricom PLC employees who shall be eligible for election to fill the vacancy during the AGM. This process shall be subject to the electoral policy.</p> <p>Three members (3) of the Board shall, at the point of election and during their term, not be employees of Safaricom PLC.</p> <p>Where such a Board member who at the point of election was a non-Safaricom PLC employee subsequently becomes a Safaricom PLC employee before expiry of their term, they shall continue serving as a Board member until the next AGM.</p>	<p><b>PROPOSED BY: PENINAH WANJIKU MMBR01654</b></p> <p><b>SECONDED BY: KASEKO HOLDINGS LIMITED MMBR01760</b></p>



		<p>The position shall be declared vacant for nomination of candidates who are not Safaricom PLC employees who shall be eligible for election to fill the vacancy during the AGM. This process shall be subject to the electoral policy</p>	
	<p>Section 62 (c) provides that Two members (2) of the Supervisory Committee shall be elected from serving employees of Safaricom Limited while One member (1) shall be elected from non-serving employees of Safaricom Limited</p>	<p>Two members (2) of the Supervisory Committee shall at the point of election and during their term elected from serving employees of Safaricom Limited while One member (1) shall be elected and during their term be non-employees of Safaricom Limited.</p> <p>Where a member of Supervisory Committee who at the point of election was a Safaricom PLC employee and he or she ceases to be a Safaricom PLC employee before C2 - Safaricom Internal expiry of their term, the board member shall continue serving as a Board member until the next AGM.</p> <p>The position shall be declared vacant for nomination of candidates from Safaricom PLC employees who shall be eligible for election to fill the vacancy during the AGM. This process shall be subject to the electoral policy.</p> <p>Where a member of Supervisory Committee who at the point of election was not an employee of Safaricom PLC employee subsequently becomes a Safaricom PLC employee before expiry of their term, they shall continue serving as a Board member until the next AGM.</p>	<p><b>PROPOSED BY: DOMINICA NKONGE MMBR02582</b></p> <p><b>SECONDED BY: GEORGE OWINO MMBR00972</b></p>

		<p>The position shall be declared vacant for nomination of candidates who are not Safaricom PLC employees who shall be eligible for election to fill the vacancy during the AGM. This process shall be subject to the electoral policy.</p>	
	<p>Section 3.1 (b) Annual General Meeting” means an annual general meeting of members of the Society held every year either physically or virtually where necessary within four months after the end of each financial year in accordance with the Applicable Law;</p> <p>Section (o) “General Meeting” means a meeting (either “annual” or “special”) for members of the Society duly convened either physically or virtually where necessary to conduct its business;</p> <p>Section 32(1) The Annual General Meeting shall be held either physically or virtually where necessary every year within four months of the close of the financial year to determine the maximum borrowing powers, appoint bankers and auditors, estimates of income and expenditure, receive reports from the Committees and hold</p>	<p>To be amended to read Annual General Meeting” means an annual general meeting of members of the Society held every year either physically or a hybrid of both where necessary within four months after the end of each financial year in accordance with the Applicable Law;</p> <p>To be amended to read “General Meeting” means a meeting (either “annual” or “special”) for members of the Society duly convened either physically or virtually a hybrid of both where necessary to conduct its business;</p> <p>To be amended to read The Annual General Meeting shall be held either physically or virtually or a hybrid of both where necessary every year within four months of the close of the financial year to determine the maximum borrowing powers, appoint bankers and auditors, estimates of income and expenditure, receive reports from the Committees and hold elections and to undertake such other business as is laid down in these By-laws.</p>	<p><b>PROPOSED BY: GEORGE OWINO MMBR00972</b></p> <p><b>SECONDED BY: PETER NJAGI MMBR01689</b></p>

	elections and to undertake such other business as is laid down in these by-laws.		
<b>CORRECTION OF CLERICAL ERRORS</b>			
	Section 78 (a) The Board may make such Policies and formulate such Regulations inconsistent with these By-laws, the Act and the Rules as they deem necessary for the proper conduct of members and the Society's business. The regulations and policies shall be recorded in the minute book and posted on the Society's website and shall come into force as determined by the Board, approved and adopted by the General Meeting	The Board may make such Policies and formulate such Regulations not inconsistent with these Bylaws, the Act and the Rules as they deem necessary for the proper conduct of members and the Society's business. The regulations and policies shall be recorded in the minute book and posted on the Society's website and shall come into force as determined by the Board, approved and adopted by the General Meeting	<b><i>PROPOSED BY: CHRISTINE OSORE MMBR00388</i></b>
	No definition of committee	"Committee" means the governing body of a Cooperative society to whom the management of its affairs is entrusted, and includes a board of directors;	<b><i>SECONDED BY: PHILEMON KIPROP MMBR00271</i></b>
	Section 57 (b) provides that the Chairperson to the Board shall at his/her discretion sit in the Real	Delete this clause	

	Estate Sub Committee and be eligible to vote on any issue.  Section 58 (b) provides that the Chairperson to the Board shall at his/her discretion sit in the Business Development Sub Committee and be eligible to vote on any issue.	Delete this clause	
<b>GENERAL RESOLUTIONS</b>			
	<b>APPOINTMENT OF EXTERNAL AUDITOR</b>	<b>Appointment and Remuneration of Auditors</b>  Ronalds LLP was appointed as the independent auditor in the year 2021. The Board proposes that Ronalds LLP continue to serve as the independent auditor in the year 2022.  <b>The General meeting resolves:</b> <ul style="list-style-type: none"> <li>• <i>to reappoint Ronalds LLP as the Independent Auditor for the year 2022.</i></li> </ul>	<b>PROPOSED BY: BETHEL GROUP LIMITED MMBR02743</b>  <b>SECONDED BY: ANTHONY MUCHIRI MMBR3753</b>
	<b>BOARD MEMBERS INDEMNITY</b>	The Board proposes the following resolution pertaining to Board member's indemnity: <b>The General Meeting resolves that:</b> <ul style="list-style-type: none"> <li>• <i>the Board member's indemnity be and is hereby retained at Kshs. 3 million per person.</i></li> </ul>	<b>PROPOSED BY: AKADEMIA NANJALA MMBR003753</b>  <b>SECONDED BY: TITUS MUALA MMBR03391</b>
	<b>BORROWING POWER PART 1</b>	<b>Borrowing ceiling</b> The Board proposes that the General Meeting makes the following resolution pertaining to borrowing:	<b>PROPOSED BY: MARY BUNDI MMBR04441</b>

		<p><i>The General Meeting resolves:</i></p> <ul style="list-style-type: none"> <li>• <i>that the borrowing ceiling for the Society be <u>retained</u> at a limit of Kshs. 3 billion.</i></li> </ul>	<p><i>SECONDED BY: DAVID KABAGE MMBR00356</i></p>
	BORROWING POWER PART 2	<p>Approval to <u>retain</u> charge limit on property</p> <p><i>The General Meeting resolved that:</i></p> <ul style="list-style-type: none"> <li>• <i>SIC Board be and is hereby authorized to borrow against properties, currently owned by SIC or those to be acquired for subsequent development and/or disposal provided that the total indebtedness of SIC will be equivalent to the borrowing limit of the sum of Kshs. 3 Billion.</i></li> </ul>	<p><i>PROPOSED BY: NAFTALI MWAJUA MSAFIRI MMBR02059.</i></p> <p><i>SECONDED BY: THOMAS OMONDI MMBR05400.</i></p>
	PREPARATIONS FOR THE UNQUOTED SECURITIES PLATFORM (USP)	<p>Commencement of initial preparations towards the USP;</p> <p>That the Shareholders grant the Central Management Committee approval to execute all requirements towards aligning with the Unquoted Securities Platform (USP) Processes.</p> <p>The preparation processes include;</p> <ul style="list-style-type: none"> <li>• USP registration process</li> <li>• Share transfer process</li> <li>• Custodial processes</li> <li>• Shareholder sensitization process</li> <li>• Trading process</li> <li>• Buyer and seller settlement process</li> </ul>	<p><i>PROPOSED BY: MAXWEL OTUMBA MMBR03568</i></p> <p><i>SECONDED BY: PETER GITONGA MMBR01689</i></p>

	REBATES PAYOUT	<p>Based on the financial performance of the organization, the Board proposes the following resolution pertaining to rebates pay for the financial year 2021;</p> <p><i>The General Meeting resolves:</i></p> <ul style="list-style-type: none"> <li><i>That the Society shall pay out rebates of 60% of net surplus (based on the society's dividend policy of paying 60% of surplus); this translating to Kshs. 1.45 divided per share and totaling to a gross sum of Kshs. 117,402,959</i></li> </ul>	<p><b>PROPOSED BY: OKINDA SIRO MMBR03389</b></p> <p><b>SECONDED BY: MAXWEL OTUMBA MMBR03568</b></p>
	TREATMENT OF MONTHLY CONTRBUTION	<p><b>Treatment of Monthly Contributions</b></p> <p>In recognition of the organization's improved financial position and in order to reinvigorate the shares market, the board proposes that members' monthly contributions shall be used to purchase shares in the secondary shares market.</p> <p><i>The General meeting resolves:</i></p> <ul style="list-style-type: none"> <li><i>That members' monthly contributions shall be used to purchase shares in SIC's secondary share market.</i></li> <li><i>Where a member provides explicit instructions that the monthly contributions should not be used to purchase shares, the amount shall be deposited in the Interest Earning Deposit (IED) Account:</i></li> </ul>	<p><b>PROPOSED BY: JOSHUA KIMANI MMBR001909</b></p> <p><b>SECONDED BY: JAMES LANGAT MMBR001480</b></p>

		<ul style="list-style-type: none"> <li>○ <i>The Interest Earning Deposit Account shall pay interest at the rate of <b>5% per annum</b>.</i></li> <li>○ <i>The term of the deposits in the Interest Earning Deposit Account shall be <b>2 years from 1 March 2022</b> after which the member shall choose to withdraw the funds OR retain the funds in the account under conditions agreed by the General Meeting held in that year (2024)</i></li> </ul>	
	<b>STAFF BONUS (2021)</b>	<p>Based on the organization performance of the financial year 2021, the Board proposes the following staff bonus payout;</p> <p><i>The General Meeting resolves;</i></p> <ul style="list-style-type: none"> <li>• <i>To award a performance-based staff bonus payout of Kshs. 7.9 million for the year 2021.</i></li> </ul>	<p><b>PROPOSED BY: THOMAS OMONDI MMBR05500</b></p> <p><b>SECONDED BY: SALLY MWENESI MMBR00253</b></p>
	<b>HONORARIA (FOR 2021)</b> (Presented by a representative from the Ministry of cooperatives)	<p>Based on the organization performance of the financial year 2021, the Board proposes the following honoraria;</p> <p><i>The General Meeting resolves;</i></p> <ul style="list-style-type: none"> <li>• <i>To award a honoraria payout totaling Kshs. 5 million to the Board members for the year 2021.</i></li> </ul>	<p><b>PROPOSED BY: SALLY MWENESI MMBR00253</b></p> <p><b>SECONDED BY: VERONICA OKELLO ACHIENG MMBR00070</b></p>

	<b>AUTHORITY TO MAKE CHANGES TO THE BY-LAWS</b>	The General meeting resolves; <ul style="list-style-type: none"> <li><i>To allow the board to make the approved amendments to the by-laws.</i></li> </ul>	<b>PROPOSED BY: CHRISTINE OSORE MMBR00388</b>  <b>SECONDED BY: PHILEMON KIPROP MMBR000271</b>
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**Minute 7: Elections**

Lucy Kimani, the DCO from Cooperatives Ministry led the elections segment. She updated the members on the constitution of the vetting committee and confirmed that the nomination and vetting process had been conducted and presented and only 4 candidates were successful. Most of the unsuccessful applicants were due to the fail at minimum shares required for applicants per the by-laws. The 4 successful candidates were presented to the members for ratification as they were unopposed.

The successful for the Central Management Committee

- i. CS. Judy Warui
- ii. ENG. Emily Kilongi
- iii. Tom Macakiage

There nominees for the Supervisory Committee.

- 1. CPA Beth Mwangi

She confirmed that the candidates were unopposed and the ratification of the members was as follows;

CENTRAL MANAGEMENT COMMITTEE				
CANDIDATE	PROPOSER		SECONDER	
	MEMBER NAME –	MEMBER NO.	MEMBER NAME	MEMBER NO.
JUDY WARUI	DICKSON ANGIRA	MMBR00883	JENNIFER NDETU	MMBRO3692
EMILY KILONGI	EDWIN OPANGA	MMBR05382	RHODA MARIMBI	MMBR01431



TOM MACAKIAGE	VERONICA OKELLO ACHIENG	MMBR00070	DAN KODAWA	MMBR00497
SUPERVISORY COMMITTEE				
	PROPOSER		SECONDER	
BETH MWANGI	NAPHTALI MWAJUA MSAFIRI	MMBR02059	ISAAC GICHUKI	MMBR01965



The members were confirmed to be the board members and supervisory committee member. The members were informed that the board would meet to constitute within 7 days.

The board and supervisory members newly elected were given an opportunity to address the members upon confirmation to the board

**Minute 8: Any other Business (A.O.B.)**

Hon. Sec Judy Runo, presented the AOB's which she explained would be discussed in the next AGM.

- a. A restructure of the board constitution and constituency representation from a ratio of 6:3 Safaricom: Non Safaricom to 5:4 respectively.
- b. A restructure and re-evaluation of the requirement for the Board chair to be a Safaricom employee and the vice-chair to be a non-Safaricom employee to be open to allow for representation from either constituency.
- c.

	Name	Designation	Signature	Date
Prepared by:	Judy Runo	Hon. Secretary		5 <sup>th</sup> February 2022
Approved by:	Peter Gichangi	Board Chairman		5 <sup>th</sup> February 2022