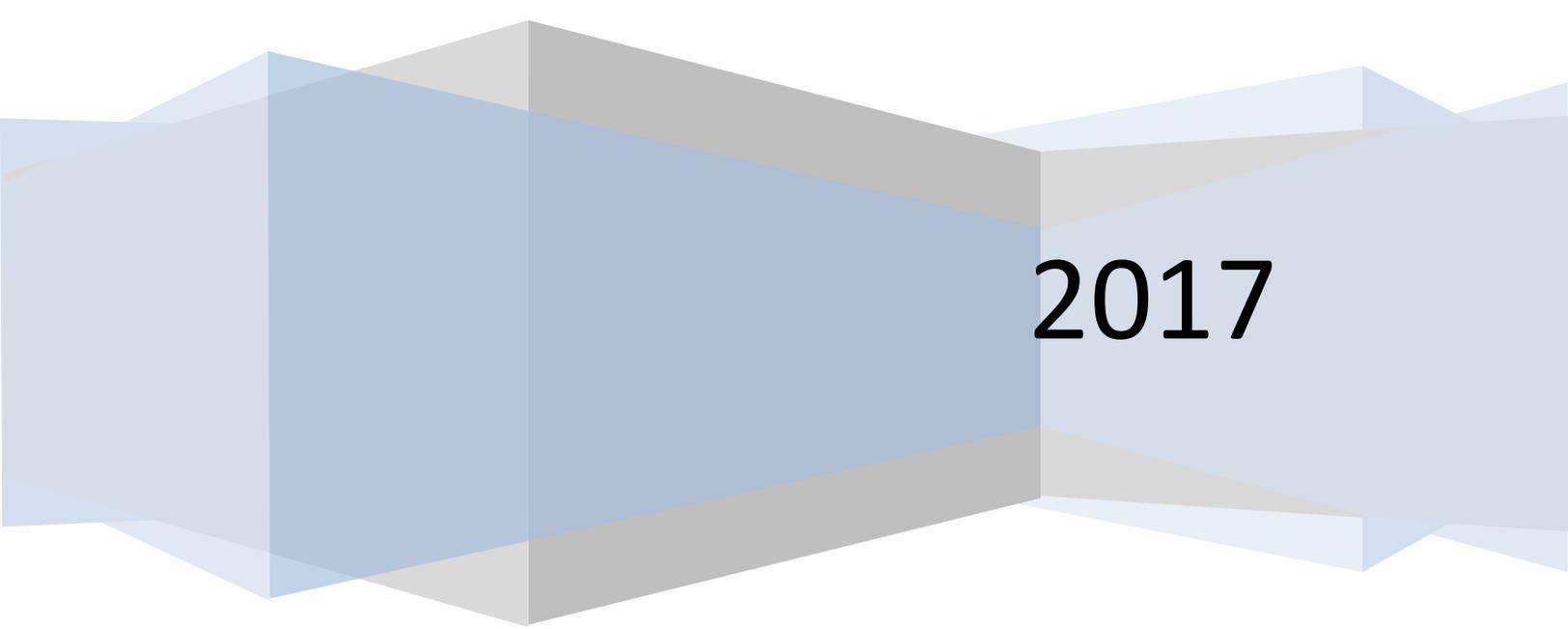


Safaricom investment Cooperative Society Limited

Honoraria Policy



2017

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1.0 Introduction

Honoraria is a payment in recognition of acts or professional services provided to an agency or agent for which fees are not payable. Over time Board compensation design has evolved to address the changing regulatory environment and the enhanced role of the Board which is mainly to drive organizational performance for continued growth and profitability.

The by-laws of the cooperative provides for fixation of honoraria for the Management committee.

1.1 Background Information

Safaricom Investment Cooperative (SIC) was set up in February 2009 with the aim of investing members' contributions in real estate development, buying and selling of land, value addition on land parcels, agribusiness and trading in equity and money markets.

The by laws of SIC establishes a Management Committee/Board that plays the oversight role of managing SIC for and on behalf of the members. The main functions that are conventionally attributed to the Board are in the agency/control. Members invest in the cooperative, the Board patronizes it and they exercise ultimate control of the cooperative. The Board represents cooperative member's needs.

1.2 Rationale for the Honoraria Policy

The Board endeavors to create value for shareholders and avail returns on investment. The Board monitors the behaviour of the management on behalf of the shareholders, plays a strategic decision and policy support role by offering input to decisions on strategic direction, through the expertise, wisdom, and information of its members. The Board, as the policy-making body and representative of the cooperative's members, is responsible for maintaining the special character of the cooperative and is responsible for acquisition and preservation of cooperative Assets as well assess the cooperative's performance on policy implementation and actions taken during the year and to plan effectively for the future for sustainable growth. The Board is always under increasing pressure to perform well and justify their decisions to members.

The honorarium payment therefore is in recognition of the contribution of time, knowledge, skills and lived experience that the Board provides to SIC to spur growth of share capital and deposits\savings for members. Board compensation is a value exchange.

2.0 Policy Statement

Safaricom Investment Cooperative shall apply principles of good governance to include transparency, accountability, risk management and control in its operations and pursue objectives that are in the interests of its members.

3.0 Authority

In its implementation by the Management Committee/Board, the policy shall be supported by By-laws. The Society By-laws shall have overriding powers over this policy.

4.0 Objective

The overall goal of the Honoraria Policy is to ensure a fair and consistent means of managing honoraria payments.

5.0 Scope

This policy applies to Management and Supervisory Committee members of the Society who served within that financial year.

6.0 Principles

The policy shall be based on but not limited to the following principles:

- Fairness and openness in distribution of the allocated funds for honoraria;
- The payment shall be equitably distributed taking into consideration the responsibilities of each office bearer;
- Where a member has left office midyear such a member shall be considered only for the period they served;
- This payment shall be made in recognition of distinguished service rendered to the Society by persons otherwise prohibited from drawing a salary or remuneration from the Society.
- Honoraria payments will be subject to the applicable income tax.

7.0 General Guidelines

- **Criteria**

This payment shall be made to the Management and Supervisory Committee members of the Society who served within that financial year and upon satisfactory performance. It shall only be considered after auditing and presentation of the financial statements to the members.

- **Honoraria Rate**

The payment shall be made at a rate of 2% of the Rebates being made in the financial year.

8.0 Approval

We the undersigned executive officers of **Safaricom Investment Cooperative Society Ltd** hereby adopt the Honoraria payment policy for and on behalf of the Society.

	NAME	ID NO.	SIGNATURE
Chairman	_____		
Vice Chairman	_____		
Hon Secretary	_____		
Treasurer	_____		