

CORPORATE GOVERNANCE REPORTING TEMPLATE FOR ISSUES OF SECURITIES TO THE PUBLIC

TO BE FILLED IN LINE WITH THE REQUIREMENTS OF THE CODE OF CORPORATE GOVERNANCE PRACTICES FOR ISSUERS OF SECURITIES TO THE PUBLIC, 2015

Company Name (in full) **KAKUZI PLC**

Reviewer's Name

Stock Code **KUKZ**
Sector: **AGRICULTURAL**
Year - **2017**
Date of Financial Year End: **31 DECEMBER**

Chairman Signature **G H Mclean**

CEO Signature **C J Flowers**

Company Secretary Signature **John L G Maonga**
27th April 2018

Company Details to be Provided:

Company market to book ratio at end of financial year	1.49776928
No of outstanding shares at end of financial year	19,600,000
Closing price of stock at end of financial year	329
Net sales as per Income Statement at end of financial year	2,823,926,000
Net profit as per Income Statement at end of financial year	591,643,000
Total debt (short and long term) as per Balance Sheet at end of financial year	Nil
Total equity as per Balance Sheet at end of financial year	4,322,036,000
Total no. of Board members at end of financial year	8
No. of independent directors at end of financial year	3
No. of non-executive directors at end of financial year	6

Mandatory or 'apply or explain'	Part No.	Question	Kenya Code Reference	Application - FA, PA or NA - See Notes 1, 2, 3&4		Source of Information
				Application or Explanation - Note 3 & 4		
	A	INTRODUCTION				
M	A.1	Has the company developed and published a Board Charter which is periodically reviewed and which sets out the Board responsibility for internal control?	1.1.2, 2.6.2, 6.3.2	Partial Application	Board Approved Charter in place and shall be published in the Company's Website	Board Minutes and Board Charter
M	A.2	Do the Board Charter or company documents distinguish the responsibilities of the board from management in line with Code requirements?	1.1.2, 2.3.1, 2.3.2, 2.6.2	Full Application	Board Approved Charter in place	Board Charter
A or E	A.3	Is there a statement indicating the responsibility of Board members for the application of corporate governance policies and procedures of the company?	1.1.6	Full Application	Board Approved Charter in place	Board Charter
M	A.4	How has the Board ensured all directors, CEOs and management are fully aware of the requirements of this Code?	1.1.6	Full Application	Training Workshop	Board Charter
M	A.5	Do company documents indicate the role of the Board in developing and monitoring the company strategy?	Part II - Overview, 2.3	Full Application	Board Approved Charter in place	Board Charter
A or E	A.6	Does the company strategy promote sustainability of the company?	2.3.6	Full Application	Board Approved Charter in place	Board Charter
M	A.7	Are all board committees governed by a written charter/terms of reference, disclosing its mandate, authority, duties, composition, leadership and working processes?	2.2.2	Full Application	The Nomination & Remuneration and Audit & Risk Committees each have terms of Reference approved by the Board	Board Charter, Terms of References of the two Committees, Board Minutes
	B	BOARD OPERATIONS and CONTROL				
M	B.1	Has the Board established a Nomination Committee comprised mainly of independent and non-executive Board members?	2.1.2, 2.2.2	Full Application	The Board has established a Nomination and remuneration committee as required	Board Minutes, Board Charter
M	B.2	Is the chairperson of the Nomination Committee an independent director?	2.2.3	Partial Application	The current Chairman was an independent Director but shall be considered non-independent for he has served on the Board for more than nine years. The Board shall consider appointing an independent chairperson in the year 2018	Board Minutes, Nomination and Remuneration Committee, Annual Reports

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A		INTRODUCTION				
M	B.3	Has the board adopted and published procedures for nomination and appointment of new Board members?	2.1.1, 2.1.7	Partial Application	There are formal procedures but not published for nomination and appointment of new Board Members. The Board shall consider publishing the procedures in the year 2018	Board Minutes
M	B.4	Is the Board size adequate for the exercise of the company business?	2.1.4	Full Application	The Company has eight Directors which is the maximum number allowed by the Articles and it is considered adequate to meet the requirements of the Company's Business	Articles of Association
A or E	B.5	Has the board adopted a policy to ensure the achievement of diversity (including age, race and gender) in its composition?	2.1.2, 2.1.3, 2.1.5, 2.5.1	Partial Application	The requirement of the Gender balance is yet to be met and shall be considered when and if a board position falls vacant.	
M	B.6	Do the Board members represent a mix of skills, experience, business knowledge and independence to enable the discharge of their duties?	2.2.1	Full Application	This requirement has been met as per the directors' profile found in the Company's website.	Company's Website
M	B.7	Has the board adopted and applied a policy limiting the number of board positions each Board member may hold at any one time?	2.1.6	Full Application	This requirement has been considered while appointing Directors in the Company.	List of other Directors in the Annual Return
M	B.8	Have any Alternate Board members been appointed? If so, have the Alternate Director/s been appointed according to regulation and Code requirements?	2.1.6, 2.1.7	Not Applicable	There are no Alternate Directors Appointed	Annual Return
M	B.9	Are independent directors at least one-third of the total number of Board members?	1.1.2, 2.1.3, 2.4.1	Full Application	3 of the 8 directors are Independent Non-Executive Directors	Annual Report
A or E	B.10	Does the Board have policies and procedures to annually assess the independence of independent Board members?	2.4.1	Full Application	Only 2 of the 8 Directors are executive	
M	B.11	Do all independent Board members have a tenure of less than 9 years?	2.4.2	Full Application	All the 3 independent Directors have served for a tenure less than 9 years	Board Minutes
M	B.12	Is the Board comprised of a majority of non-executive board members?	2.1.3	Full Application	6 of the current 8 directors are Non-Executive Directors	Annual Report
M	B.13	How does the Board ensure a smooth transition of Board members?	2.1.8	Full Application	By proper induction	
M	B.14	Has the Board established an effective Audit Committee according to Code requirements?	2.2.4, 6.5.1, 2.1.7	Full Application	The Board has established Audit & Risk Committee	Board minutes, Annual Report
M	B.15	Are the functions of the Chairperson and the Chief Executive Officer exercised by different individuals?	2.3.3	Full Application	The Chairperson and Chief Executive officer are held by two different individuals	Board Minutes, Annual Report
M	B.16	Is the Chairman of the Board a non-executive board member?	2.3.4	Full Application	The Chairman of the Board is a non-executive director	Company's Website, Board Minutes
A or E	B.17	Has the Board established procedures to allow its members access to relevant, accurate and complete information and professional advice?	2.3.5	Full Application	This is allowed	

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	A	INTRODUCTION				
M	B.18	Has the Board adopted a policy on managing conflict of interest?	2.3.8	Full Application	Any conflict of interest situation declared by directors in the Board Meetings	Board Minutes
M	B.19	Has the Board adopted a policy on related party transactions to protect the interests of the company and all its shareholders and which meets the requirements of the Code?	2.3.7	Full Application	Disclosed in the Annual report	
M	B.20	Has the company appointed a qualified and competent company secretary who is a member in good standing of ICPSK?	2.3.9	Full Application	The current Company Secretary is a member of ICPSK in good standing	Board Minutes , ICPSK Records
A or E	B.21	Has the Board adopted policies and processes to ensure oversight of sustainability, environmental and social risks and issues?	2.3.2, 2.3.6	Full Application	The Company maintains sustainability policies	company's website
A or E	B.22	Has the Board developed an annual work-plan to guide its activities?	2.6.3	Full Application	There exists a Board work plan	Board Work plan
M	B.23	Has the Board determined, agreed on its annual evaluation process and undertaken the evaluation or the performance of the Board, the Board Committees, the CEO and the company secretary?	2.6.4, 2.8	Partial Application	The Board has an informal process of evaluating the members. The CEO, CFO and Company Secretary are evaluated continuously	
A or E	B.24	Has the Board established and applied a formal induction program for in-coming members?	2.7.1	Full Application	There is an induction program which is carried out through executive training.	Induction Program Plans
A or E	B.25	Do Board members participate in on-going corporate governance training to the extent of 12 hours per year?	2.7.3	Partial Application	A workshop was carried out in 2016. A training shall be organized in 2018	Board Training Plan
A or E	B.26	Has the Board set up an independent Remuneration Committee or assigned to another Board committee the responsibility for determination of remuneration of directors?	2.9.2	Full Application	Nomination and remuneration committee in place	Annual Report, Terms of reference of Nominating and Remuneration Committee
M	B.27	Has the Board established and approved formal and transparent remuneration policies and procedures that attract and retain Board members?	2.9.1	Full Application	There is a remuneration policy	Remuneration & Nomination Meetings
M	B.28	How does the Board ensure compliance with all applicable laws, regulations and standards, including the Constitution and internal policies?	2.10, 2.10.1, 2.10.2	Full Application	The Company has in place a Legal Officer, Company Secretary and External Auditor who ensures that the Company is Compliant	Board Minutes
M	B.29	In the past year, has the Board organized a legal and compliance audit to be carried out on a periodic basis?	2.10.3	Partial Application	The Company is in the process of determining the Auditor to carry out legal and compliance Audit	
A or E	B.30	Has the Board subjected the company to an annual governance audit?	2.11.1	Partial Application	Self Audit. The Company is yet to carry out an annual governance audit and shall consider the same in 2018	
	C	RIGHTS of SHAREHOLDERS				

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	A	INTRODUCTION				
M	C.1	Does the governance framework recognize the need to equitably treat all shareholders, including the minority and foreign shareholders?	3.0 Overview, 3.2.1	Full Application	All shareholder are treated equitably and exercise their rights during AGMs	AGM Minutes
M	C.2	Other than at the AGM, how does the Board facilitate the effective exercise of shareholders' rights?	3.1.1	Full Application	The shareholders receive relevant information through distribution of Annual Reports, Interim Reports, they are sent directly to the shareholders and published in the Company's Website. The shareholders also can assess information from the Company Secretary/ Registrars	Company's Website, Annual Reports
M	C.3	How does the Board facilitate shareholders participation at the AGM?	3.1.1	Full Application	Notices sent to all Shareholders and the AGM is kept in an easily accessible place in Nairobi. Notices also done in two National papers as well as website and also sent to both the Exchanges	AGM Notice & Agenda, AGM Minutes, Annual Reports
A or E	C.4	Are minority and foreign shareholders holding the same class of shares treated equitably?	3.2.1	Full Application	All shareholder are treated equitably	Annual reports, AGM Minutes
A or E	C.5	Is there evidence that the Board proactively provides information to shareholders and the media, (and in a timely basis) on corporate affairs and corporate governance?	3.1.1, 3.4.1	Full Application	The Company provides information to shareholders and the media on the corporate affairs and governance	Annual reports, Press Statements, Company's Website, Stock Exchange press releases, social media
	D	STAKEHOLDER RELATIONS				
A or E	D.1	Does the Board have a stakeholder-inclusive approach in its practice of corporate governance and which identifies its various stakeholders?	4.1.1	Full Application	The Board adopts inclusive approach in stakeholders engagement	Annual Report, Press Statements, Company's Website, Stock Exchange press releases, social media
A or E	D.2	Has the Board developed policies, procedures and strategies to manage relations with different/key stakeholder groups?	4.1.2, 4.1.3, 4.1.5, 4.2.1	Full Application	There are procedures abd strategies dealing with stakeholders	Annual Report, Board minutes
A or E	D.3	How does the Board take into account the interests of key stakeholder groups prior to making decisions?	4.1.4	Full Application	The Board considers the interest of statkeholders prior to making decisions.	Annual Report, Board minutes
M	D.4	How does the Board ensure effective communications with stakeholders?	4.2, 4.2.1	Full Application	The Company has a Whistle blowing policy in place	Company's Website
M	D.5	Has the Board established a formal dispute resolution process to address internal and external disputes?	4.3.1	Full Application	There is a dispute resolution policy in place	
	E	ETHICS AND SOCIAL RESPONSIBILITY				

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	A	INTRODUCTION				
A or E	E.1	Does the Board ensure that all deliberations, decisions and actions are founded on the core values (responsibility, accountability, fairness and transparency) underpinning good governance and sustainability?	5.1.1	Full Application	The Board is mandated to review corporate governance activities	Board Charter
M	E.2	Has the Board developed a Code of Ethics and Conduct (which includes sustainability) and has it worked to ensure its application by all directors, management and employees?	2.6.1, 5.2.2, 5.2.3, 5.2.4	Full Application	Code of Ethics that is executed by relevant parties is in place	Code of Ethics
A or E	E.3	How does the Board ensure that compliance with the Ethics Code and Conduct is integrated into company operations?	5.2.3	Full Application	All employees sign a code of ethics	Code of Ethics
A or E	E.4	Does the Board incorporate ethical and sustainability risks and opportunities in the risk management process?	5.2.1	Full Application	Ethical and sustainability risks are considered under our Risk Map	
A or E	E.5	How is the company performance on ethics assessed, monitored and disclosed to internal and external stakeholders?	5.2.4, 5.2.5	Full Application	Have a specific Anti-bribery officer in place who does a half yearly report to the Board on these issues	
A or E	E.6	Has the company established and implemented a whistle blowing policy?	5.2.5	Full Application	There is a whistle blowing Policy in place	Company's Website
A or E	E.7	Has the Board/or management developed policies on corporate citizenship and sustainability and strategies for company use?	5.3.1, 5.4	Full Application	There are corporate citizenship and sustainability policies in place	
M	E.8	Does the Board consider not only the financial performance but also the impact of the company's operations on society and the environment?	5.3.2, 5.3.3	Full Application	There are active CSR projects as well as specific employees in charge and the Board ensures sustainability	CSR Projects, Company's Website
A or E	E.9	Does the Board monitor and report activities leading to good corporate citizenship and sustainability to demonstrate they are well coordinated?	5.4.1	Full Application	The Board put in place all the CSR activities in the Company's Register	Internal Policies Manual, Company's Website
	F	ACCOUNTABILITY, RISK MANAGEMENT AND INTERNAL CONTROL				
M	F.1	Does the Audit Committee and the Board consider and review the financial statements for integrity of the process and for truthful and factual presentation?	6.1, 6.1.1a	Full Application	The Audit & Risks review the Financial Statements and recommends the same to the Board for approval	Board and Audit and Risk Committee Minutes, Terms of Reference of the Audit and Risk Committee
M	F.2	Does the Annual Report contain a statement from the Board explaining its responsibility for preparing the accounts and is there a statement by the external auditor about his/her reporting responsibilities?	6.1.2	Full Application	The responsibility of the Board and External auditor reporting responsibility is incorporated in the Annual report	Annual report
A or E	F.3	Does the board or audit committee have a process in place to ensure the independence and competence of the Company's external auditors?	6.1.1b	Full Application	The external auditor's reports are considered by the Audit and Risk Committee yearly	Audit & Risk Committee Minutes
M	F.4	Do the shareholders formally appoint the external auditor at the AGM through a formal and transparent process?	6.1.3	Full Application	The External Auditors are appointed or reappointed at every AGM	AGM Minutes

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	A	INTRODUCTION				
A or E	F.5	Is the Company working towards the introduction of integrated reporting (incorporating financial and non-financial information) or is the company's Annual Report prepared on an integrated basis using a framework available from the Integrated Reporting Council, The Global Reporting Initiative, G4 Sustainability Guidelines and/or Sustainability Accounting Standards Board standards?	6.1.5	Partial Application	The Company is considering to adopt the intergrated reporting	
A or E	F.6	Has the Board established an effective risk management framework which is inclusive of key risks as well as foreseeable risks, environmental and social risks and issues ?	6.2.1	Partial Application	There exist a draft Risk Map which is meant to be completed in the year 2018	Audit & Risk Committee Minutes
M	F.7	Has the Board established and reviewed on a regular basis the adequacy, integrity and management of internal control systems and information systems (including for compliance with all applicable laws, regulations, rules and guidelines)?	6.3.1, 6.3.2, 6.3.3	Full Application	The Audit & Risk Committee is tasked with this requirement	Audit & Risk Committee Minutes, Internal Manuals
M	F.8	Does the Board annually conduct a review on the effectiveness of the company's risk management practices and internal control systems and report this to shareholders?	6.4.1	Full Application	Risk Management Objectives and polices are incorporated in the Annual Report	Annual Report
M	F.9	Has the Board established an effective internal audit function according to Code requirements and which reports directly to the Audit Committee?	6.5.2	Full Application	Internal Audit function charter approved and in place	Internal Audit Charter
A or E	F.10	Does the Board disclose details of Audit Committee activities ?	6.5.2	Full Application	The annual activities of the Audit & Risk Committee are incorporated in the Annual report	Annual Report
	G	TRANSPARENCY and DISCLOSURE				
M	G.1	Does the company have policies and processes to ensure timely and balanced disclosure of all material information as required by all laws, regulations and standards and this Code.	7.0 Overview, 7.1.1	Full Application	Policies and personnel in place to ensure this happens and is reported in the Annual report or where necessary by press releases	Annual Reports
A or E	G.2	Does the Annual Report cover, as a minimum, disclosures as prescribed in 7.1.1 relating to the company's governance, the Board and the Audit Committee?	7.1.1	Full Application	This requirement is incorporated in the Annual report	Annual Reports
A or E	G.3	Does the Annual Report cover, as a minimum, disclosures as prescribed in 7.1.1 relating to the company's mission, vision and strategic objectives?	7.1.1	Full Application	The Strategic golas are incorporated in the Annual Report. The Company 's mission and Vision shall be incorporated in the Annual Reports henceforth	Annual Report
A or E	G.4	Does the Annual Report cover, as a minimum, disclosures as prescribed in 7.1.1 relating to remuneration and whistleblowing?	7.1.1	Full Application	Not included in the Annual Report but on the Website	
A or E	G.5	As a minimum, does the company website disclose current information on all areas prescribed in 7.1.1 (Board Charter, Whistleblowing Policy, Code of Ethics and information on resignation of directors)?	7.1.1	Partial Application	The disclosures of current information as required shall be published in the Company's Website by the end of year 2018.	
A or E	G.6	Does the Board disclose the management discussion and analysis as required in 7.1.1?	7.1.1	Full Application		
A or E	G.7	Has the Board provided disclosures as required in 7.1.1 on compliance with laws, regulations and standards; ethical leadership, conflict of interest, corporate social responsibility and citizenship?	7.1.1	Full Application		Annual Report

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	A	INTRODUCTION				
A or E	G.8	Has the Board made all required disclosures, including confirming requirements of 7.1.1 which include that a governance audit was carried out and that there are no known insider dealings?	7.1.1	Full Application	The Company is planning Governance Audit in the year 2018	
A or E	G.9	Has the Board disclosed the company's risk management policy, company procurement policy, policy on information technology as per 7.1.1?	7.1.1	Partial Application	Some currently in the Annual Report - will consider rest in 2018	Annual report
M	G.10	Has the Board disclosed information on shareholders, including the key shareholders, including shareholding by directors and senior management and the extent of their shareholdings as required in 7.1.1 and on stakeholder who influence company performance and sustainability?	7.1.1	Full Application	This requirement is incorporated in the Annual Report	Annual Report
M	G.11	Has the Board disclosed all related-party transactions?	7.1.1t	Full Application	Included in the Annual Report	Annual Report
M	G.12	Does the Board include in its Annual Report a statement of policy on good governance and the status of the application of this Code?	1.1.3, 7.1.1r	Full Application	The statement of the policy on good governance is incorporated in the Annual Report	Annual Report

Note 1 The Reporting Template shall be used by companies to report on their application of the provisions of the Code of Corporate Governance Practices for Issuers of Securities to the Public 2015 (the Code). The completion of the Reporting Template and its filing with the Capital Markets Authority (CMA) will fulfill the reporting requirements of the Code at 1.1.3 paragraph 2. All elements marked in green are mandatory and MUST be complied with. Failure to fully apply will result in regulatory sanctions. When completing column 'F' for MANDATORY ITEMS, 'FA' will mean 'Fully Complied With', 'PA' will mean 'Partially Complied With' and 'NA' will mean 'Not Complied With'.

Note 2 Column 'F' should be marked as follows: 'FA' - Full Application, PA - Partially Applied or 'NA' - Not Applied. Full application of this Code is required by the Code. Therefore anything less than 'full application' is considered 'non compliance or non-application' of the Code. A response of PA or NA is non-compliance and requires an explanation to be provided with a firm commitment to moving towards full compliance. See also Note 4.

Note 3 An explanation of how the Code provision is applied is required in column 'G' and shall be supported by evidence of how application has been achieved. If the provision is NOT applied, an explanation for why it is not applied or only partially applied is required in column 'G'. For each question, column 'G' must be completed.

Note 4 If an explanation is required because of non-application of any element of the Code, the explanation must be satisfactory, must be provided to relevant stakeholders including the Capital Markets Authority and shall include:

a: reasons for non-application

b: time frame required to meet each application requirement

c: the strategies to be put in place to progress to full application.