



Cytonn Corporate Governance Index Report - 2017

“Corporate governance key to regaining confidence and protecting shareholder value in Kenyan listed companies”

June 25th, 2017



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I. Overview of the Firm

What We Stand For



Our Mission

We deliver innovative & differentiated financial solutions that speak to our clients' needs



Our Vision

To be Africa's leading investment manager by consistently exceeding clients' expectations



Our Values

People

Passionate and self-driven people who thrive in a team context

Excellence

Delivering the best at all times

Client Focus

Putting clients' interest first at all times

Entrepreneurship

Using innovation and creativity to deliver differentiated financial solutions

Accountability

We take both corporate and personal responsibility for our actions

Integrity

Doing the right things

**Strategy is
straightforward –
just pick a general
direction and
implement like hell**

— Jack Welch

About Us

Cytonn Investments is an alternative investment manager with presence in East Africa, Finland and the US. We provide investors with exposure to the high growth East Africa region. Our investors include global and local institutional investors, individual high net-worth investors and the diaspora. We also service retail investors through our Cytonn Co-operative

FACT FILE

Over Kshs. 82
billion worth of
projects under
mandate

Five offices across
2 continents

250

Over 250
staff members

11 investment
ready projects

A unique franchise differentiated by:

Independence & Investor Focus

Focused on serving the interest of clients, which is best done on an independent platform to minimize conflicts of interest

Alternative Investments

Specialized focus on alternative assets - Real Estate, Private Equity, and Structured Solutions

Strong Alignment

Every staff member is an owner in the firm. When clients do well, the firm does well; and when the firm does well, staff do well

Committed Partners

Strong global and local partnerships in financing, land and development affiliate

Why We Exist

Africa presents an attractive investment opportunity for investors seeking attractive and long-term returns. Despite the alternative markets in Africa having high and stable returns, only a few institutional players serve the market. Cytonn is focused on delivering higher returns in the alternative markets, while providing the best client service and always protecting our clients' interests.

WE SERVE FOUR MAIN CLIENTS SEGMENTS:

- Retail segment through Cytonn Co-operative membership
- High Net-worth Individuals through Cytonn Private Wealth
- East Africans in the Diaspora through Cytonn Diaspora
- Global and Local Institutional clients

WE INVEST OUR CLIENT FUNDS IN:

- Real Estate
- Private Equity
- Fixed Income Structured Solutions
- Equities Structured Solutions



Our Business

Where We Operate



Our Business Lines

Investments Alternative investment manager focused on private equity and real estate	RealEstate We develop institutional grade real estate projects for investors	Diaspora We connect East Africans in the diaspora to attractive investment opportunities in the region	Technology We deliver world-class financial technology solutions	Co-operative Provides access to attractive alternative investment opportunities for members
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Our Solutions

To unearth the attractive opportunity that exists in alternative markets in Africa, we offer differentiated investment solutions in four main areas:

HIGH YIELD SOLUTIONS

Our expertise in the alternative markets enables us to offer investors high yielding investments. Our robust credit analysis coupled with our quick dealing capabilities, our extensive research coverage and our innovative structuring helps to ensure consistent and above market returns to investors.

REAL ESTATE INVESTMENT SOLUTIONS

Our comprehensive real estate capabilities enable us to find, evaluate, structure and deliver world-class real estate investment products to our investors in the East African region. Our capabilities include fundraising, market research and acquisition, concept design, project management and agency and facility management.

PRIVATE REGULAR INVESTMENT SOLUTIONS








Attractive returns in the alternative segments have typically been accessible to institutional and high net-worth investors. Our regular investment solutions provide access to the alternative investments to members of the Cytonn Co-operative.

PRIVATE EQUITY

We seek to unearth value by identifying potential companies and growing them through capital provision, partnering with management to drive strategy and institutionalizing their processes. Our areas of focus are Financial Services, Education, Renewable Energy and Technology Sectors.

Our Products

We serve three main types of clients namely, high net-worth individuals, institutions and retail, each with diverse needs. Below are the suitability criteria for the various products.

	INSTITUTIONAL CLIENTS	HIGH NETWORTH INDIVIDUALS (HNWI)	RETAIL CLIENTS
Cash Management Solutions			
Regular Investment Plan			
<ul style="list-style-type: none"> • Education Investment Plan • Regular Investment Solution • Co-op Premier Investment Plan • Land Investment Plan 			
Real Estate Development			
<ul style="list-style-type: none"> • Real Estate Developments • Sharpland 			

Our People



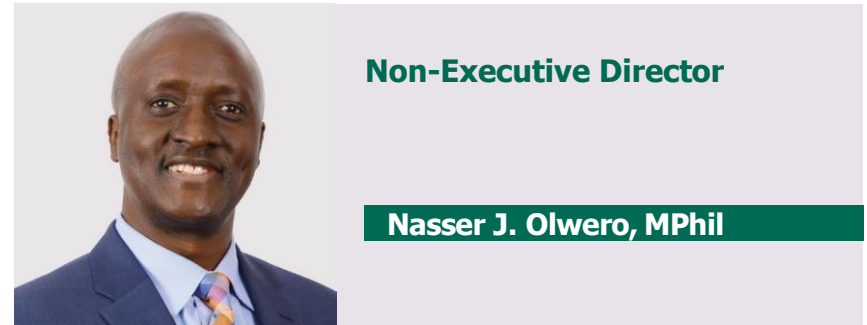
If you could get all the people in an organization rowing the same direction, you could dominate any industry, in any market, against any competition, at any time.

— Patrick Lencioni



Board of Directors

To ensure that we remain focused on the clients' interests, we have put in place proper governance structures. We have a board of directors consisting of 10 members from diverse backgrounds, each bringing in unique skill-sets to the firm.



For bios, visit www.cytonn.com

Board of Directors, continued...



Non-Executive Director

James M. Maina, MA



Non-Executive Director

Michael Bristow, MSc



Non-Executive Director

Rose Kimotho, M.B.S.



Executive Director

Managing Partner

Edwin H. Dande, CPA, MBA



Executive Director

Senior Partner

Elizabeth N. Nkukuu, CFA, MBA



Executive Director

Partner

Patricia N. Wanjama, CPS (K), MBA

For bios, visit www.cytonn.com

II. Overview of Corporate Governance in Kenya

Introduction to Corporate Governance

The four pillars of corporate governance create the principle structure which centres on company leadership, corporate actions and stakeholder protection



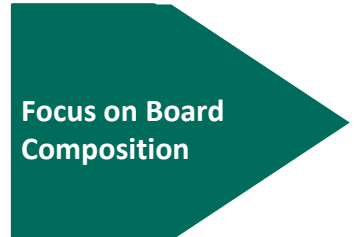
- **“Corporate governance is the application of best management practices, compliance with laws and regulations and adherence to ethical standards for effective management and distribution of wealth and discharge of social responsibility for sustainable development of stakeholders” – Prof. R Ramakrishnan**
- A good corporate governance structure must encompass the following pillars

Pillar	Role in Corporate Governance
Integrity and Ethics	<ul style="list-style-type: none">• Integrity should be a fundamental requirement in choosing corporate officers and board members• Organizations should develop a code of conduct for their directors and executives that promotes ethical and responsible decision making
Regulatory Independence	<ul style="list-style-type: none">• A good corporate governance structure should encompass independence of the directors to the regulators• This will reduce instances of collusion and non-compliance due to connections with theregulators
Disclosure and Transparency	<ul style="list-style-type: none">• All financial and corporate actions should be disclosed to the public and made available for all• Proper disclosure stipulates ease of access to this information to the public, and increases transparency, especially in public companies for the investingpublic
Responsibility and Accountability	<ul style="list-style-type: none">• A good corporate structure should encompass responsibility and accountability for every action undertaken by the directors in relation to the company• This will ensure that all decisions are made knowing that the firms resources and reputation are being committed, which will assist in prudent decision making

Corporate Governance – Oversight in Kenya

Organization	Role
Regulatory Bodies	<ul style="list-style-type: none">• Regulators, including but not limited to, CBK, CMA, IRA, NSE, RBA and SASRA are all involved in setting out corporate governance guidelines for companies to adhere to but most recently the Cabinet approved the merging of these bodies• The Capital Markets Authority published the “Code of Corporate Governance Practices” which is based on a ‘apply or explain’ approach an improvement from the ‘comply or explain’ approach• The “comply or explain” approach lets individual companies to decide whether to follow set codes or not but the “apply or explain” approach requires companies to actually follow the set out corporate governance codes
Professional Organisations	<ul style="list-style-type: none">• The Institute of Certified Public Accountants (ICPAK) continue to play a critical role in enhancing corporate governance disclosure in Kenya. ICPAK is credited for spearheading the adoption of international Accounting and Audit Standards in Kenya in 1999• Other professional associations that has contributed to promote corporate disclosure include The Institute of Certified Public Secretaries of Kenya, Law Society of Kenya, Institute of Directors of Kenya and The Association of Practitioners in Advertising
NGOs	<ul style="list-style-type: none">• Non governmental organisations such as Centre for Corporate Governance (COG) have also in their course of executing their mandate agitated for improved disclosure. COG drafted the first sample codes of corporate governance best practices that were adopted in 1999

Recent Global Trends in Corporate Governance

Trend	Summary
 <p data-bbox="79 391 359 496">Surging Expectations on Board Oversight Levels</p>	<ul style="list-style-type: none"><li data-bbox="469 287 1866 611">• In the recent past, there has been increased expectations from stakeholders of corporates to have the board assume a more involving oversight role, not only on the management but also the strategic planning and executive succession planning of companies. A common trend globally is where some boards are conducting crisis management exercises with an aim to identify most suited candidates and ability of management to handle such issues
 <p data-bbox="79 711 320 889">Focus on Environmental, Social and Governance (ESG) issues</p>	<ul style="list-style-type: none"><li data-bbox="469 676 1866 939">• There is continued shift from companies reporting on the short-term gains from their operations to more on the sustainability, a trend which tasks the board with ensuring a business model is sustainable and is beneficial to the community. Companies in the extractive industry are especially under more pressure to align their operations with a view on long-term sustainability and effects of their activities on the environment
 <p data-bbox="79 1096 291 1160">Focus on Board Composition</p>	<ul style="list-style-type: none"><li data-bbox="469 1019 1866 1239">• Other than the number of members constituting a board, there has been increased focus on the diversity of the board by background and gender, skills possessed by members in relation to the company's strategy, age and tenure limits for members and emphasis on board evaluations

Corporate Governance Developments in Kenya

The government of Kenya formed *Mwongozo*, an independent body tasked with management, governance and oversight of State Corporations

- ***Mwongozo***: The government of Kenya formed *Mwongozo*, which is an independent body tasked with **management, governance and oversight** of State Corporations with an aim to safeguard parastatals from political interference, lead to more efficient operations through well-defined strategy ultimately creating value for shareholders, the public. *Mwongozo* addresses matters of effectiveness of the Boards, transparency and disclosure, accountability, risk management, internal controls, ethical leadership and good corporate citizenship
- **Emphasis on Corporate Governance in Government owned Institutions**: Poor corporate governance has led to the poor performance of companies such as Mumias, Uchumi and Kenya Airways. Some of this has led to capital levels in these entities shrinking by more than 90.0%. In light of this, there has been rising pressure on the respective boards to act, to ensure continuity of the companies. Below are some of the changes undertaken:
 - Mumias**: The board hired 8 new managers as part of conditions given by the government and shareholders before bailing out the miller
 - Uchumi**: The retailer hired a new CEO and senior managers to drive its turn around strategy following the sacking of the former CEO for gross misconduct and negligence
 - National Bank**: The bank's board appointed a new CEO following the sacking of the previous head and 5 other senior managers due to mismanagement and a loose credit policy
 - Kenya Airways**: The airline's board hired a new chair to the board to oversee implementation of its turn-around strategy after an audit report revealed massive corruption in the firm

Corporate Governance Developments in Kenya, continued ...

The corporate space has witnessed heightened oversight through regulations and judicial rulings seeking better governance of both public and private institutions

- **Regulation:** The corporate space has witnessed heightened oversight through regulations seeking better governance of both public and private institutions
 - a) The CMA Code of Corporate Governance Practices, which came into effect in March 2017 makes provisions for level of **directors' remuneration, age limit** and **term of board members, board diversity** in terms of ethnicity and qualifications. This Code is likely to lead to increased accountability by the Board of Directors even as it guides in identifying potential gaps in the boardroom
 - b) The Financial Services Authority Bill (2017) seeks to create a body, the Financial Services Authority (FSA) that will merge the roles of CMA, RBA, IRA, and SASRA, and we expect this to lead to increased transparency in the financial services industry by eliminating regulatory gaps as well as provide standard approach to governance
- **Case Laws:** There has been a number of rulings in courts that touches on corporate governance :
 - a) **Ajay Shah vs. Deposit Protection Fund Board as Liquidator of Trust Bank Limited (In liquidation) [2016] eKLR:** The Court of Appeal held that the directors of a company have a fiduciary duty of loyalty and good faith and duty of care and skill.
 - b) **Alnashir Popat & 8 others vs. Capital Markets Authority [2016] eKLR :**The Petitioners filed the Petition challenging the administrative proceedings being undertaken by the CMA in respect to Imperial Bank's receivership following a Kshs 2.0 mn bond issue to the public which was approved by CMA. The Court found that the CMA cannot undertake impartial proceedings in regard to the bond issue as it was involved in the process of issuing and approving the bond

CMA provisions on governance

CMA code of corporate governance provides that the appointment of board members shall not be Perceived to represent a narrow constituency interest

The CMA Code of Corporate Governance Practices stipulates the following;

- **Directors' remuneration** – the Code provides that the Board shall determine the remuneration of the directors. The Board of directors shall set up an independent remuneration committee or assign a mandate to a nomination committee consisting mainly of independent and non-executive directors, to recommend to the Board the remuneration of the executive and non-executive directors and the structure of their compensation package
- **Age limit for board members** – the Code recommends an age limit of 70 years. The Code states, *'it is desirable for board members to retire at the age of seventy years. However, members at an AGM may vote to retain a Board member who is over seventy years'*
- **Board members term** – the Code states, *'the tenure of an independent board member shall not exceed a cumulative term of nine years, an independent board member may continue to serve on the board subject to re-designation as a non-independent board member'*
- **Board Diversity** – the Code states, *'the board shall have a policy to ensure the achievement of diversity in its composition. Diversity applies to academic qualifications, technical expertise, relevant industry knowledge, experience, nationality, age, race and gender. The appointment of members shall be gender sensitive and shall not be perceived to represent a single or narrow constituency interest'*

CMA provisions on governance, continued ...

CMA code of corporate governance also provides that the board shall put in place a policy to manage conflict of interest

- **Conflict of Interest*** – the Code stipulates that the board shall put in place a policy to manage conflict of interest under the following guidelines:
 - a) Upon appointment to the Board and thereafter, where circumstances so demand, directors shall declare any real or perceived conflict of interest with the company,*
 - b) Directors shall not take part in any discussions or decision-making regarding any subject or transactions in which they have a conflict of interest,*
 - c) The company shall maintain a register of declared conflict of interest.*

** We would be remiss if we failed to note that CMA Itself has a significant conflict of interest given presence of market participants on the board, yet CMA is supposed to regulate market participants and be seen to be impartial. It would be enormously helpful to the advancement of corporate governance in Kenya if CMA led the way in demonstrating world class corporate governance.*

Recent Company Restructuring to enhance Corporate Governance

Chase Bank is set to come back to full operations after being under receivership, with key emphasis being around corporate governance, while Trancentury made changes to its board

- **Restructuring of Chase Bank and Imperial Bank:**

- a) Chase Bank is set to come back to full operations after being under receivership following cases unsound banking practices, such as, large unsecured loans to directors. The CBK is in the process of shortlisting potential investors to take an equity stake in the lender
- b) The CBK and KDIC have also issued tentative timelines for the resolution of Imperial Bank Limited's receivership which will see investors and shareholder express their interest in the ownership of the bank, which has been in receivership since October 2015

The move by the CBK to invite investors to bid for ownership into the banks indicates its commitment in restoring investor confidence in the sector that has in the recent past been flawed by cases of poor governance. This is also evidenced by the regulator's keen interest on the governance structure of prospective investors for both bank

- **Change of Management and Board Composition in TransCentury:**

The company made changes to its board following acquisition of 25.0% stake by Kuramo Capital that saw entry of 3 new non-executive directors representing Kuramo, and exit of 4 former members. This change in management has resulted in heightened oversight by the board due to the powers given to Kuramo directors such as hiring and firing of TransCentury's CEO and CFO, approval of sale of assets and issuance of shares, loans to directors etc.

III. Cytonn Corporate Governance Index Report - 2017

Corporate governance key to regaining confidence and protecting shareholder value in Kenyan listed companies

Focus Area	Summary of Issue	Effect on Investors
<p>Regulation</p>	<ul style="list-style-type: none"> The Finance Bill (2017) seeks to create a body, the Financial Services Authority (FSA) that will merge and take over the roles of CMA, RBA, IRA, and SASRA The CBK constituted a board tasked with ensuring the regulator performs its oversight role on the banking sector, given it's the sector that has witnessed many cases of poor governance resulting in massive investor losses 	<ul style="list-style-type: none"> The FSA is likely to lead to increased transparency in the non-bank financial services industry by eliminating regulatory gaps and providing standard approach to governance This heightened regulation over the CBK as one of the regulators in the market is a step towards the right direction to ensure better oversight on the banking sector
<p>Changes towards stability</p>	<ul style="list-style-type: none"> Restructuring of Chase Bank and Imperial Bank: Chase Bank is the first bank in receivership that has been reopened and CBK is in the process of resolving the Imperial Bank issue Companies recorded an improved overall performance this year compared to last year, with an average increase in score of 4.1%. There was also improvement on disclosures around corporate governance as companies comply with CMA's code 	<ul style="list-style-type: none"> This is a clear indication of the CBK's commitment to ensure governance order in the banking sector, which will help in restoring investor confidence The improved performance is a result of increased focus on corporate governance as well as heightened regulation from oversight bodies. This is a positive move towards stabilizing the sector

Executive Summary

The CGI ranked the 50 listed companies on the Nairobi Securities Exchange, all of which have a market capitalization of over Kshs. 1 bn, on 24 corporate governance metrics

- All companies with a market capitalization of over Kshs 1 bn, which equates to 50 companies on the Nairobi Securities Exchange and account for 99.8% of the market cap , were ranked on each of the 24 metrics to arrive at a composite score to provide a deeper understanding of the level of corporate governance in each firm
- The main areas of analysis are in the (i) board composition, (ii) audit functions, (iii) CEO tenure and evaluation, (iv) remuneration, and (v) transparency
- The Kenyan system of corporate governance follows the “Anglo-American Model” of the United States and the United Kingdom which relies on a single tiered Board of Directors. This board is dominated by independent directors appointed by shareholders
- The Cytonn Corporate Governance Index (CGI) is a diffusion index consisting of 24 metrics used to rank listed companies on their corporate governance structure
- The score is calculated as per the formula below:

$$\text{Formula} = (\mathbf{A} * \mathbf{1}) + (\mathbf{B} * \mathbf{0.5}) + (\mathbf{C} * \mathbf{0})$$

- **A** - % of compliant metrics; **B** - % of partial compliant metrics; **C** - % of non compliant metrics

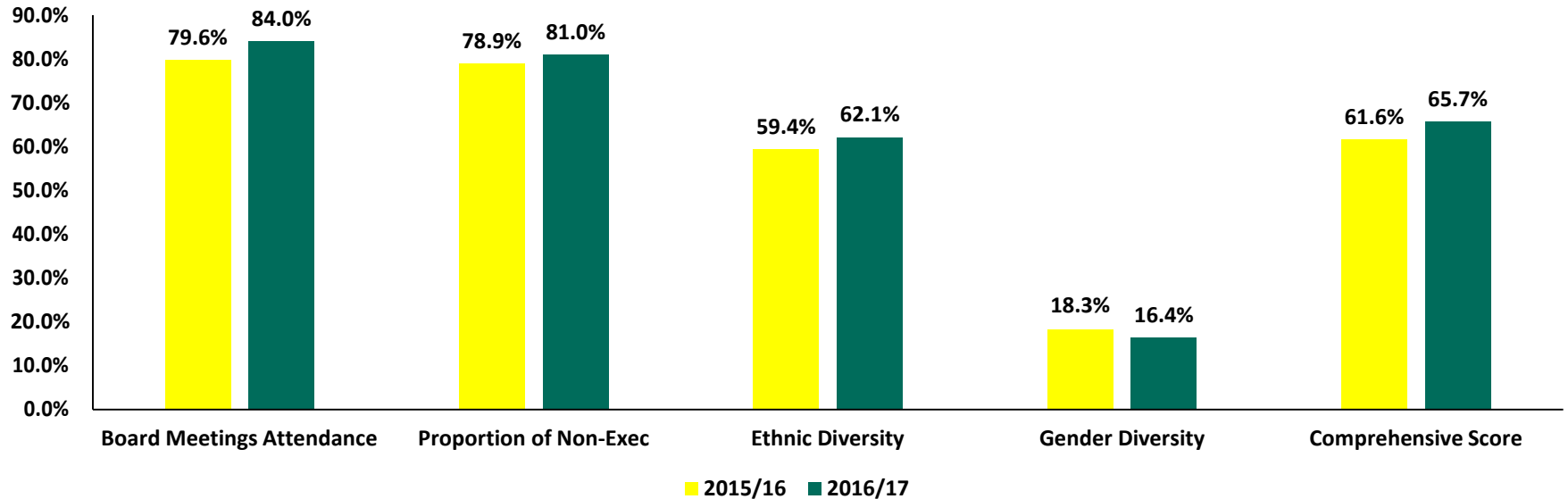
The score assumes a diffusion index with 50% as the base. Anything below 50% should be flagged as having serious corporate governance issues while anything above is skewed towards proper governance.

However, the variance from 100% gives the risk associated with corporate governance

Comparison in Average Score

Companies recorded improved performance in comprehensive score and ethnic diversity, however deteriorated on gender diversity compared to last year's performance

Comparison in Average Score



- Compared to last year's ranking, there was improvement in the comprehensive score, board attendance, proportion of non-executive directors as well as ethnic diversity. However, companies performed poorly on gender diversity at an average 16.4% female representation in the board compared to a score of 18.3% last year
- We expect the continued focus on corporate governance from the oversight bodies and the general public to cause more corporates to improve their level of governance

Ethnic Diversity Ranking

Sanlam emerged the best with an ethnic diversity score of 12.5%, an improvement from a previous score of 25.0%

Top 10 Ethnic Diversity Rank				
Company	Current Score	Previous Score	Current Position	Previous Position
Sanlam Kenya	87.5%	75.0%	1	8
KCB Group	81.8%	73.0%	2	11
East Africa Breweries	81.8%	80.0%	2	3
Flame Tree Group	80.0%	80.0%	4	2
Safaricom	80.0%	66.7%	4	19
BAT Kenya	77.8%	77.8%	6	7
ARM	77.8%	66.7%	6	17
Standard Group	75.0%	75.0%	8	10
KenolKobil	75.0%	83.0%	8	1
National Bank	75.0%	78.0%	8	6

Top 5 most improved			
Company	Current position	Previous position	Variance in score
East Africa Portland	18	48	54.7%
Jubilee Holdings	13	43	36.3%
DTB Bank	36	47	27.2%
Bamburi	12	36	25.0%
Trans-Century Ltd	47	49	25.0%

Top 5 decliners			
Company	Current position	Previous position	Variance in score
Total Kenya	43	6	(35.1%)
Crown Paints	37	12	(21.4%)
Umeme Ltd	40	29	(14.5%)
Williamson Tea	45	34	(14.1%)
HF Group	41	32	(13.6%)

Gender Diversity Ranking

Barclays Bank of Kenya retained top position with a gender diversity score of 50.0%, same as the previous score of 50.0%

Top 10 Gender Diversity Rank				
Company	Current Score	Previous Score	Current Position	Previous Position
Barclays	50.0%	50.0%	1	1
Mumias Sugar	40.0%	36.3%	2	3
B.O.C Kenya	37.5%	22.0%	3	20
HF Group	33.3%	14.3%	4	31
CIC	33.3%	33.0%	4	5
Uchumi	33.3%	30.0%	4	6
Safaricom	30.0%	44.0%	7	2
Bamburi	30.0%	20.0%	7	24
Total Kenya	28.6%	33.3%	9	4
Kenya Re	27.3%	27.0%	10	10

Top 5 most improved			
Company	Current Position	Previous Position	Variance in score
HF Group	4	30	19.0%
B.O.C Kenya	3	19	15.5%
ARM	35	42	11.1%
Bamburi	7	22	10.0%
Umeme	23	38	8.2%

Top 5 decliners			
Company	Current Position	Previous Position	Variance in score
KenolKobil	41	28	(17.0%)
Williamson Tea	42	30	(14.3%)
EA Cables	43	32	(14.2%)
Safaricom	7	2	(14.0%)
Trans-Century Ltd	44	33	(12.5%)

Board Meetings Attendance Ranking

Safaricom emerged top with a board attendance to meetings' score of 100.0%, same to the previous year's score

Company	Current Score	Previous Score	Current Position	Previous Position
Safaricom	100.0%	95.0%	1	3
DTB Bank	100.0%	87.5%	1	14
Carbacid Investments	100.0%	N/A	1	41
B.O.C Kenya	100.0%	N/A	1	42
COOP	98.3%	86.0%	5	16
Kengen	97.6%	85.0%	6	19
Trans-Century Ltd	96.9%	84.0%	7	21
Stanbic	95.5%	N/A	8	43
HF Group	93.8%	88.0%	9	13
Standard Chartered	93.3%	93.0%	10	6

Top 5 most improved			
Company	Current position	Previous position	Variance in score
B.O.C Kenya	1	42	100.0%
Carbacid	1	41	100.0%
Stanbic	8	32	95.5%
NIC	12	33	92.4%
Car & General	15	34	91.7%

Top 5 decliners			
Company	Current position	Previous position	Variance in score
KPLC	36	1	(48.1%)
EA Cables	35	22	(22.9%)
Equity Group	30	12	(13.0%)
National Bank	29	11	(12.8%)
NSE	23	4	(11.7%)

Proportion of Non-Executive Directors Ranking

Carbacid Investments retained the top position with 100% non-executive directors in the board

Company	Current Score	Previous Score	Current Position	Previous Position
Carbacid Investments	100.0%	100.0%	1	1
I&M Bank	100.0%	50.0%	1	46
Mumias Sugar	100.0%	90.9%	1	5
COOP	91.7%	91.7%	4	4
DTB Bank	90.9%	90.9%	5	6
Kengen	90.9%	90.9%	5	7
Standard Chartered	90.9%	87.5%	5	12
Jubilee Holdings	90.9%	72.7%	5	33
NSE	90.9%	87.5%	5	13
Centum	90.9%	92.3%	5	3

Top 5 most improved			
Company	Current position	Previous position	Variance in score
I&M Bank	1	46	50.0%
Total Kenya Ltd	21	47	35.7%
Equity Group	13	41	22.2%
Jubilee Holdings	5	33	18.2%
Liberty	24	34	11.9%

Top 5 decliners			
Company	Current position	Previous position	Variance in score
Crown Paints	47	37	(10.7%)
ARM	38	9	(15.2%)
NMG	29	2	(14.8%)
Britam	37	18	(12.5%)
Kakuzi	36	21	(10.7%)

ComprehensiveScore Ranking

KCB group remained the best with a CGI score of 91.7%, a drop from a previous score of 95.8%

Company	Current Score	Previous Score	Current Position	Previous Position	Company	Current Score	Previous Score	Current Position	Previous Position
KCB Group	91.7%	95.8%	1	1	Total Kenya	65.2%	65.2%	26	24
DTB Bank	85.4%	75.0%	2	9	TPS East Africa	64.6%	58.3%	27	32
Jubilee Holdings	83.3%	77.1%	3	5	Sasini	64.6%	60.4%	27	28
Standard Chartered	83.3%	83.3%	3	2	Centum	64.6%	64.6%	27	18
NSE	81.3%	68.8%	5	15	Unga	64.6%	66.7%	27	18
Liberty	81.3%	66.7%	5	18	Nation Media Group	64.6%	58.3%	27	32
Safaricom	81.3%	83.3%	5	2	Trans-Century Ltd	62.5%	56.3%	32	35
BAT Kenya	79.2%	77.1%	8	5	Uchumi	60.4%	37.5%	33	47
East Africa Breweries	79.2%	77.1%	8	5	EAPC	60.4%	50.0%	33	42
COOP	79.2%	70.8%	8	13	B.O.C Kenya	60.4%	56.3%	33	35
CIC	79.2%	64.6%	8	25	Kenya Airways	60.4%	66.7%	33	18
Barclays	79.2%	77.1%	8	5	Britam	60.4%	54.2%	33	38
KPLC	79.2%	68.8%	8	15	Carbacid Investments	60.4%	45.8%	33	44
Umeme Ltd	77.1%	72.9%	14	10	Kenya Re	60.4%	58.3%	33	32
National Bank	77.1%	68.8%	14	15	Car and General	58.3%	54.2%	40	38
Equity Group	75.0%	72.9%	16	10	Stanbic Holdings	58.3%	56.3%	40	35
I&M Holdings	75.0%	72.9%	16	10	Kenol/Kobil	54.2%	52.1%	42	40
Kengen	75.0%	79.2%	16	4	Kakuzi	54.2%	60.4%	42	28
Sanlam Kenya	72.9%	70.8%	19	13	EA Cables	54.2%	62.5%	42	27
Standard Group	70.8%	60.4%	20	28	Williamson Tea	52.1%	47.9%	45	43
NIC	68.8%	66.7%	21	18	Mumias Sugar	52.1%	52.1%	45	40
Bamburi	66.7%	66.7%	22	18	Crown Paints	50.0%	43.8%	47	46
HF Group	66.7%	60.4%	22	28	Flame Tree	33.3%	33.3%	48	48
ARM	66.7%	64.6%	22	25	Limuru Tea	16.7%	18.8%	49	49
WPP Scangroup	66.7%	45.8%	27	44	Kenya orchards	10.4%	10.4%	50	50

**The comprehensive score is based on the average weighting between the 24 corporate governance metrics.
The higher the score indicated better corporate governance**

Top Gainers and Decliners by Comprehensive Score

Improvement in performance by companies is mainly due to better disclosures on governance

Top Gainers

1. Uchumi

It was the most improved company with a score of 60.4% from a score of 37.5% in our last report. This was due to (i) better disclosures on board composition and activities such as meetings and evaluation of the board, and shareholding of directors, (ii) rotation of auditor to KPMG from EY

2. WPP Scangroup

Scangroup's score improved to 66.7% from a score of 45.8% last year. This was due to changes in the board increasing the board size to 9 members from 6 members, and improving female representation. There was also disclosure on rotation of auditors and evaluation of the CEO

3. Liberty Holdings

The company's score improved to 81.3% from 66.7% also due to better disclosure on board composition, tenure and evaluation of the CEO and shareholding by directors

Key to note from all these companies is the common improvement in disclosures, which forms an integral part in corporate governance. Transparency aids in protecting stakeholders interest

Top Gainers and Decliners by Comprehensive Score, continued ...

Contrary to gainers, insufficient disclosures on governance resulted in losses by select companies

Top Decliners

1. EA Cables

EA Cables recorded a decline in comprehensive score of 8.3% to a score of 54.2% from 62.5% in our last report. This was due to decline in female representation in the board, decline in attendance to meetings by board members and increase in the average age of board members

2. Kakuzi Limited

The company's score declined to 54.2% from a score of 60.4% last year mainly due to non-disclosures relating to board members and the increase in board size to an even number from a previous odd number

3. Kenya Airways

Despite the boardroom changes by the airline, its score dropped to 60.4% from a previous score of 66.7%. This is due to reduced shareholding by directors to zero as well as non-disclosures on board members attendance to meetings

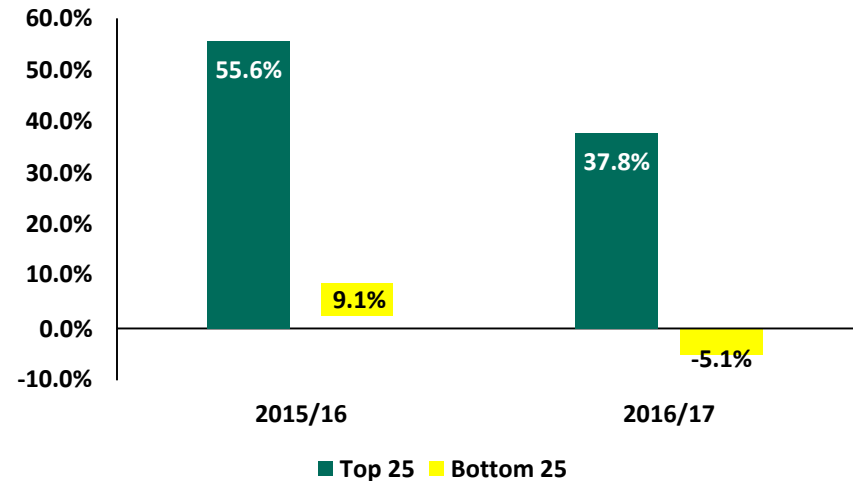
Conclusion

Corporate governance is directly correlated to stock price performance of listed firms

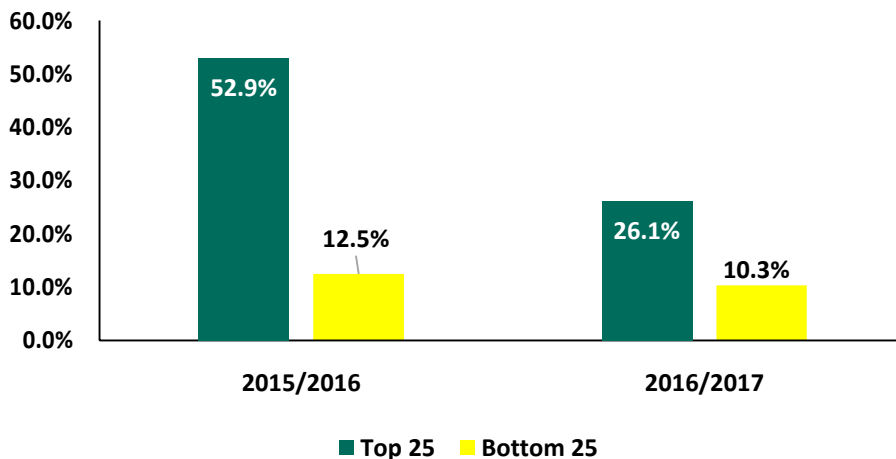
Key Take-outs

- Good corporate governance is directly correlated to stock price performance as shown by the graphs for the two consecutive periods
- Additionally, companies with a well diversified board in terms of gender and ethnicity outperformed those with an undiversified board composition highlighting the importance of gender diversity as a corporate governance ranking metric

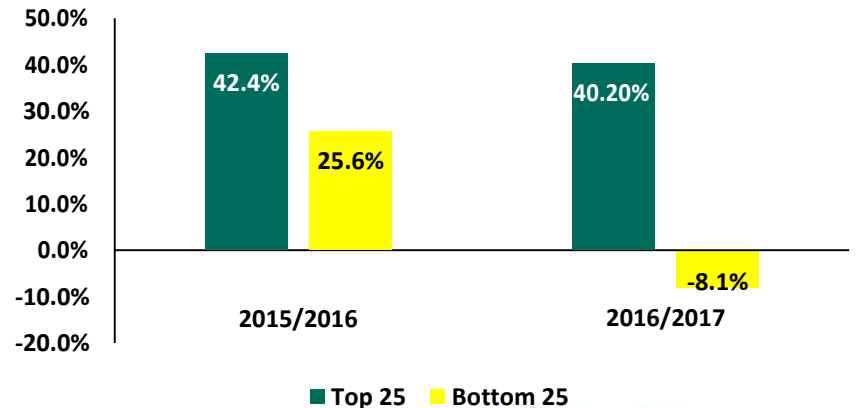
Comprehensive Ranking 5 Yr. Absolute Return*



Ethnic Diversity Ranking 5 Yr. Absolute Return*



Gender Diversity Ranking 5 Yr. Absolute Return*



* - We exclude agricultural stocks due to their repricing as real estate firms

IV. Appendix

A. Ranking

Gender Diversity Ranking

Barclays ranks first on gender diversity with an even gender distribution

#	Company	Current Score	Previous Score	#	Company	Current Score	Previous Score
1.	Barclays	50.0%	50.0%	26.	Liberty	16.7%	29.0%
2.	Mumias Sugar	40.0%	36.3%	27.	Nation Media Group	14.3%	26.7%
3.	B.O.C Kenya	37.5%	22.0%	28.	Sasini	14.3%	12.5%
4.	HF Group	33.3%	14.3%	29.	I&M Holdings	14.3%	12.5%
5.	CIC	33.3%	33.0%	30.	Sanlam Kenya	12.5%	25.0%
6.	Uchumi	33.3%	30.0%	31.	Standard Group	12.5%	12.5%
7.	Safaricom	30.0%	44.0%	32.	Britam	12.5%	12.5%
8.	Bamburi	30.0%	20.0%	33.	KPLC	11.1%	22.2%
9.	Total Kenya	28.6%	33.3%	34.	National Bank	12.5%	22.0%
10.	Kenya Re	27.3%	27.0%	35.	ARM	11.1%	0.0%
11.	Standard Chartered	27.3%	25.0%	36.	TPS East Africa	10.0%	10.0%
12.	Centum	27.3%	30.8%	37.	Jubilee Holdings	9.1%	9.0%
13.	KCB Group	27.3%	27.3%	38.	Co-operative Bank	8.3%	8.3%
14.	NSE	27.3%	25.0%	39.	Crown Paints	0.0%	0.0%
15.	Kengen	27.3%	27.3%	40.	EAPC	0.0%	0.0%
16.	Unga	25.0%	25.0%	41.	Kenol/Kobil	0.0%	17.0%
17.	BAT Kenya	22.2%	22.2%	42.	Williamson Tea	0.0%	14.3%
18.	Kenya Airways	22.2%	16.7%	43.	EA Cables	0.0%	14.2%
19.	Equity Group	22.2%	22.0%	44.	Trans-Century Ltd	0.0%	12.5%
20.	Flame Tree	20.0%	20.0%	45.	Limuru Tea	0.0%	0.0%
21.	East Africa Breweries	18.2%	20.0%	46.	Carbacid Investments	0.0%	0.0%
22.	NIC	18.2%	18.2%	47.	Kakuzi	0.0%	0.0%
23.	Umeme Ltd	18.2%	10.0%	48.	WPP Scan Group	0.0%	0.0%
24.	Stanbic Holdings	18.2%	18.0%	49.	Car and General	0.0%	0.0%
25.	DTB Bank	18.2%	18.0%	50.	Kenya Orchards	0.0%	0.0%

The percentage composition of women on the board. The higher the score indicates better gender diversity

Ethnic Diversity Ranking

Sanlam Kenya emerged top in terms of ethnic diversity, with 87.5% of board from diverse ethnicity

#	Company	Current Score	Previous Score	#	Company	Current Score	Previous Score
1	Sanlam Kenya	87.5%	75.0%	26	Liberty	66.7%	71.0%
2	KCB Group	81.8%	73.0%	27	CIC	66.7%	66.7%
3	East Africa Breweries	81.8%	80.0%	28	Car and General	66.7%	71.0%
4	Flame Tree Group	80.0%	80.0%	29	NSE	63.6%	50.0%
5	Safaricom	80.0%	66.7%	30	Kengen	63.6%	64.0%
6	BAT Kenya	77.8%	77.8%	31	Barclays	62.5%	62.5%
7	ARM	77.8%	66.7%	32	Unga	62.5%	62.5%
8	Standard Group	75.0%	75.0%	33	Kakuzi	62.5%	57.2%
9	Kenol/Kobil	75.0%	83.0%	34	I&M Holdings	57.1%	50.0%
10	National Bank	75.0%	78.0%	35	Equity Group	55.6%	67.0%
11	Carbacid Investments	75.0%	60.0%	36	DTB Bank	54.5%	27.3%
12	Bamburi	75.0%	50.0%	37	Crown Paints	50.0%	71.4%
13	Jubilee Holdings	72.7%	36.4%	38	Britam	50.0%	50.0%
14	Standard Chartered	72.7%	75.0%	39	B.O.C Kenya	50.0%	56.0%
15	Kenya Re	72.7%	63.7%	40	Umeme Ltd	45.5%	60.0%
16	Centum	72.7%	69.2%	41	HF Group	44.4%	58.0%
17	Nation Media Group	71.4%	67.0%	42	WPP Scan Group	44.4%	50.0%
18	East Africa Portland	71.4%	16.7%	43	Total Kenya	42.9%	78.0%
19	Sasini	71.4%	50.0%	44	EA Cables	42.9%	28.6%
20	Mumias Sugar	70.0%	80.0%	45	Williamson Tea	42.9%	57.0%
21	TPS East Africa	70.0%	60.0%	46	Stanbic Holdings	41.7%	43.8%
22	Kenya Power & Lighting	66.7%	66.7%	47	Trans-Century Ltd	37.5%	12.5%
23	Co-operative Bank	66.7%	58.3%	48	NIC	36.4%	36.4%
24	Uchumi	66.7%	60.0%	49	Limuru Tea	25.0%	34.0%
25	Kenya Airways	66.7%	58.3%	50	Kenya orchards	0.0%	N/A

The percentage composition of the board from diverse ethnic groups. The higher the score the higher ethnic diversity

Board Meetings Attendance Ranking

Safaricom, DTB, Carbacid, and B.O.C Kenya tie in the first position with 100.0% attendance

#	Company	Current Score	Previous Score	#	Company	Current Score	Previous Score
1	Safaricom	100.00%	95.00%	26	BAT Kenya	80.40%	85.70%
2	DTB Bank	100.00%	87.50%	27	Standard Group	80.40%	89.10%
3	Carbacid Investments	100.00%	N/A	28	CIC	77%	N/A
4	B.O.C Kenya	100.00%	N/A	29	National Bank	76.20%	89.00%
5	COOP	98.30%	86.00%	30	EQUITY	75.60%	88.60%
6	Kengen	97.60%	85.00%	31	Uchumi	73%	N/A
7	Trans-Century Ltd	96.90%	84.00%	32	EAPC	71.90%	71.40%
8	Stanbic	95%	N/A	33	East Africa Breweries	71.40%	67.10%
9	HF Group	93.80%	88.00%	34	Centum	69.40%	69.40%
10	Standard Chartered	93.30%	93.00%	35	EA Cables	59.20%	82.10%
11	Sanlam	92.90%	89.00%	36	KPLC	50.40%	98.50%
12	NIC	92.42%	N/A	37	ARM	22.20%	33.30%
13	KCB	91.80%	92.00%	38	Nation Media Group	N/A	N/A
14	Sasini	91.70%	85.00%	39	Kenya Re	N/A	N/A
15	Car and General	91.67%	N/A	40	Kenya orchards	N/A	N/A
16	TPS East Africa	91.10%	71.00%	41	Limuru Tea	N/A	N/A
17	Bamburi	87.20%	86.00%	42	Kenol/Kobil	N/A	N/A
18	Britam	87.00%	80.00%	43	Mumias Sugar	N/A	N/A
19	Total Kenya Ltd	86.90%	N/A	44	Williamson Tea	N/A	N/A
20	Umeme Ltd	86.70%	89.00%	45	Flame Tree	N/A	N/A
21	Jubilee Holdings	86.10%	79.50%	46	Kakuzi	N/A	N/A
22	Barclays	85.50%	96.70%	47	Unga	N/A	N/A
23	NSE	83.30%	95.00%	48	WPP Scan Group	N/A	N/A
24	Liberty	83.30%	94.00%	49	Kenya Airways	N/A	N/A
25	I&M Bank	82.90%	87.50%	50	Crown Paints	N/A	N/A

The percentage of board meeting attendance. The higher the score indicates higher meeting attendance

Proportion of Non-Executive Directors

Carbacid, I&M Bank and Mumias Sugar tie in the first position with 100% non-executive directors

#	Company	Current Score	Previous Score	#	Company	Current Score	Previous Score
1	Carbacid Investments	100.00%	100%	26	KCB	81.80%	81.80%
2	I&M Bank	100.00%	50.00%	27	Safaricom	80.00%	88.90%
3	Mumias Sugar	100.00%	90.91%	28	TPS East Africa	80.00%	80.00%
4	COOP	91.70%	91.70%	29	Nation Media Group	78.57%	93.33%
5	DTB Bank	90.90%	90.90%	30	BAT Kenya	77.80%	77.80%
6	Kengen	90.90%	90.90%	31	WPP Scan Group	77.80%	83.30%
7	Standard Chartered	90.90%	87.50%	32	B.O.C Kenya	75.00%	77.80%
8	Jubilee Holdings	90.90%	72.70%	33	Britam	75.00%	87.50%
9	NSE	90.90%	87.50%	34	Barclays	75.00%	75.00%
10	Centum	90.90%	92.30%	35	CIC	75.00%	75.00%
11	KPLC	90.90%	88.90%	36	Kenol/Kobil	75.00%	67.00%
12	Kenya Re	90.90%	81.80%	37	Kakuzi	75.00%	86.00%
13	HF Group	88.90%	85.70%	38	ARM	73.80%	89.00%
14	EQUITY	88.90%	66.70%	39	Stanbic Holdings	73.00%	64.00%
15	Uchumi	89.00%	90.00%	40	Umeme Ltd	72.70%	70.00%
16	Kenya Airways	88.90%	83.30%	41	East Africa Breweries	72.70%	70.00%
17	Trans-Century Ltd	87.50%	87.50%	42	Car and General	71.43%	71.43%
18	Sanlam	87.50%	87.50%	43	Williamson Tea	71.43%	71.43%
19	National Bank	87.50%	77.80%	44	Bamburi	70.00%	70.00%
20	Unga	88.00%	88.00%	45	Standard Group	62.50%	62.50%
21	Sasini	85.70%	87.50%	46	EAPC	57.10%	66.70%
22	Total Kenya Ltd	85.70%	50.00%	47	Crown Paints	50.00%	71.00%
23	EA Cables	85.70%	85.70%	48	Flame Tree Group	40.00%	40.00%
24	Liberty	83.30%	71.40%	49	Kenya orchards	N/A	N/A
25	NIC	81.82%	81.82%	50	Limuru Tea	N/A	N/A

The percentage of non-executive directors. The higher the score indicates higher proportion of non-exec directors

B. Metrics Used

Cytonn Corporate Governance Index - Metrics

No.	Metrics	0	0.5	1
1	Attendance to Meetings	Less than 50% attendance	Between 50% and 75% attendance	Greater than 75% attendance
2	Average Age of Directors	Greater than 60 yrs and less than 40 yrs	50 - 60 yrs	40 - 50 yrs
3	Board Remuneration vs EPS	Negative correlation (Remuneration increase while EPS decline)/Zero correlation	Weak positive correlation	Strong positive correlation/Remuneration decline while EPS increase
4	Board Size & Evenness	Less than 4 members	12 or more / Even Number	Between 5 -11 members
5	CEO and Directors Shares (directly and indirectly)	0% or greater than 20% shareholding	Between 11% and 20% shareholding	Between 0% and 10% shareholding
6	Choice of Auditors	No proof of Audits	Non-recognized auditor	Recognized auditors
7	Corporate Social Responsibility	Doesn't Participate	N/A	Actively participates
8	Debt to Capital/Tangible Equity for Banks and Insurance Companies^(a)	Beyond 20% optimal above or below/No debt; >5% deviation from median (14.3%) for banks; >10% deviation from median for insurance companies (21.8%)	10% - 20% above or below optimal; 1% - 5% deviation from median (14.3%) for banks; 5% - 10% deviation from median for insurance companies (21.8%)	10% above or below optimal; 0%-1% deviation from median (14.3%) for banks; 0% - 5% deviation from median for insurance companies (21.8%)

Cytonn Corporate Governance Index - Metrics

No.	Metrics	0	0.5	1
9	Dividend Policy	No known dividend policy/inconstancy with policy	consistent payment	Consistently followed plan
10	Ease of access of Information	Opaque	Disclosures not comprehensive	Sufficient disclosure of information
11	Ethnic Diversity	Greater than 50% from 1 ethnicity	Between 30% and 50% from 1 ethnicity	Less than 30% from 1 ethnicity
12	Evaluation of CEO	Not Conducted	Conducted with negative results/ Conducted with no results disclosure	Conducted with positive results disclosure
13	Freefloat**	Less than 35%	Between 35% and 50%	Greater than 50%
14	Gender Diversity	0% Diversity	Greater than 0% but less than 33%	33% or greater
15	Global Markets Exposure (studies and work experience) Exclude Africa (include S.A and Egypt)	None	One or Two members	More than Two members
16	Independence of Chair to CEO	Same Individual	Different but related (Either family or have worked together for a significant number of years)	Different & Independent

Cytonn Corporate Governance Index - Metrics

No.	Metrics	0	0.5	1
17	Internal Audit Function	Lacks this function	Less than 75% independent members	75% or greater independent members
18	Loans to directors vs shareholding	Loans greater than Shareholding	Loans greater than 50% of the Shareholding	Loans less than 50% of shareholding
19	Proportion of Non-Executive	No member	Less than 50%	50% and Greater
20	Release results on time	Beyond 120 days	90 days \leq x \leq 120 days	Within 90 days
21	Rotation of Auditors	No Rotation	Greater than 5 yrs	Less than 5 yrs
22	Shareholder Composition	Shareholding with controlling government stake of over 20%	Diverse Shareholding	Sophisticated Institutional Investors / Renown parent company holding
23	Staggered Members for board	Non-existent	Staggered, period greater than 5 yrs	Well staggered (between 1 - 5 yrs)

Cytonn Corporate Governance Index - Metrics

24	Tenure of the CEO	No term limits and election	Defined tenure greater than 7 years	Defined tenure of about 3 to 7 years
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C. Metrics Used – Company Specific Scores

Metrics for ARM, BAT, B.O.C, Bamburi and Barclays

No.	Metrics	0	0.5	1	ARM	BAT	BOC	BAMBURI	BARCLAYS
1	Board Size & Evenness	Less than 4 members	12 or more / Even Number	Between 5 - 11 members	1	1	0.5	0.5	0.5
2	Gender Diversity	0% Diversity	Greater than 0% but less than 33%	33% or greater	0.5	0.5	1	0.5	1
3	Average Age of Directors	Greater than 60 yrs and less than 40 yrs	50 - 60 yrs	40 - 50 yrs	0	0.5	0.5	0.5	0.5
4	Ethnic Diversity	Greater than 50% from 1 ethnicity	Between 30% and 50% from 1 ethnicity	Less than 30% from 1 ethnicity	1	1	0.5	1	0.5
5	Global Markets Exposure (studies and work experience) Exclude Africa (include S.A and Egypt)	None	One or Two members	More than Two members	1	1	1	1	1
6	Proportion of Non-Executive	No member	Less than 50%	50% and Greater	1	1	1	1	1
7	Attendance to Meetings	Less than 50% attendance	between 50% and 75% attendance	Greater than 75% attendance	0.5	1	1	1	1
8	Independence of Chair to CEO	Same Individual	Different but related (Either family or have worked together for a significant number of years)	Different & Independent	1	1	1	1	1
9	Tenure of the CEO	No term limits and election	Defined tenure greater than 7 years	Defined tenure of about 3 to 7 years	1	0	0	0	1
10	Staggered Members for board	Non-existent	Staggered, period greater than 5yrs	Well staggered (between 1 - 5 yrs)	1	1	0.5	0	1
11	CEO and Directors Shares (directly and indirectly)	0% or greater than 20% shareholding	Between 11% and 20% shareholding	Between 0% and 10% shareholding	0.5	1	1	1	1
12	Shareholder Composition	Shareholding with controlling government stake of over 20%	Diverse Shareholding	Sophisticated Institutional Investors / Renown parent company holding	0.5	1	1	0.5	1

Metrics for ARM, BAT, B.O.C, Bamburi and Barclays

No.	Metrics	0	0.5	1	ARM	BAT	BOC	BAMBURI	BARCLAYS
13	Free float**	Less than 35%	Between 35% and 50%	Greater than 50%	0	0	0	0	0
14	Board Remuneration vs EPS	Negative correlation (Remuneration increase while EPS decline)/Zero correlation	Weak positive correlation	Strong positive correlation/ Remuneration decline while EPS increase	0.5	1	0	0	0
15	Choice of Auditors	No proof of Audits	Non-recognized auditor	Recognized auditors	1	1	1	1	1
16	Rotation of Auditors	No Rotation	Greater than 5 yrs	Less than 5 yrs	0	1	0	1	1
17	Evaluation of CEO	Not Conducted	Conducted with negative results/ Conducted with no results disclosure	Conducted with positive results disclosure	0	0.5	0.5	1	0.5
18	Internal Audit Function	Lacks this function	Less than 75% independent members	75% or greater independent members	1	0.5	0.5	1	1
19	Loans to directors vs shareholding	Loans greater than Shareholding	Loans greater than 50% of the Shareholding	Loans less than 50% of shareholding	1	1	1	1	1
20	Release results on time	Beyond 120 days	90 days ≤ x ≤ 120 days	Within 90 days	1	1	1	1	1
21	Dividend Policy	No known dividend policy/inconsistency with policy	consistent payment	Consistently followed plan	0.5	0.5	0.5	0.5	0.5
22	Debt to Capital/Tangible Equity for Banks and Insurance Companies(a)	Beyond 20% optimal above or below/No debt; >5% deviation from median (14.3%) for banks; >10% deviation from median for insurance companies (21.8%)	10% - 20% above or below optimal; 1% - 5% deviation from median (14.3%) for banks; 5% - 10% deviation from median for insurance companies (21.8%)	10% above or below optimal; 0%-1% deviation from median (14.3%) for banks; 0% - 5% deviation from median for insurance companies (21.8%)	0	1	0	0	0.5
23	Ease of access of Information	Opaque	Disclosures not comprehensive	Sufficient disclosure of information	1	0.5	1	1	1
24	Corporate Social Responsibility	Doesn't Participate	-	Actively participates	1	1	0	1	1
Comprehensive Score					66.7%	79.2%	60.4%	70.8%	79.2%

Metrics for Britam, Car & General, Carbacid, Centum, CIC and Coop

No.	Metrics	0	0.5	1	BRITAM	Car and General	Carbacid	Centum	CIC	CO-OP
1	Board Size & Evenness	Less than 4 members	12 or more / Even Number	Between 5 - 11 members	0.5	1	1	1	0.5	0.5
2	Gender Diversity	0% Diversity	Greater than 0% but less than 33%	33% or greater	0.5	0	0	0.5	0.5	0.5
3	Average Age of Directors	Greater than 60 yrs and less than 40 yrs	50 - 60 yrs	40 - 50 yrs	0	0	0	0.5	0.5	0.5
4	Ethnic Diversity	Greater than 50% from 1 ethnicity	Between 30% and 50% from 1 ethnicity	Less than 30% from 1 ethnicity	0	0.5	1	0	0.5	0.5
5	Global Markets Exposure (studies and work experience) Exclude Africa (include S.A and Egypt)	None	One or Two members	More than Two members	1	0	1	1	1	1
6	Proportion of Non-Executive	No member	Less than 50%	50% and Greater	1	1	1	1	1	1
7	Attendance to Meetings	Less than 50% attendance	between 50% and 75% attendance	Greater than 75% attendance	0.5	1	1	0.5	1	1
8	Independence of Chair to CEO	Same Individual	Different but related (Either family or have worked together for a significant number of years)	Different & Independent	1	1	0	1	1	1
9	Tenure of the CEO	No term limits and election	Defined tenure greater than 7 years	Defined tenure of about 3 to 7 years	0	0	0.5	0	1	1
10	Staggered Members for board	Non-existent	Staggered, period greater than 5yrs	Well staggered (between 1 - 5 yrs)	0	1	1	1	0.5	1
11	CEO and Directors Shares (directly and indirectly)	0% or greater than 20% shareholding	Between 11% and 20% shareholding	Between 0% and 10% shareholding	0	1	0	0	1	1
12	Shareholder Composition	Shareholding with controlling government stake of over 20%	Diverse Shareholding	Sophisticated Institutional Investors / Renown parent company holding	1	0.5	0.5	0.5	0.5	0.5

Metrics for Britam, Car & General, Carbacid, Centum, CIC and Coop

No.	Metrics	0	0.5	1	BRITAM	Car and General	Carbacid	Centum	CIC	CO-OP
13	Free float**	Less than 35%	Between 35% and 50%	Greater than 50%	0	0	0.5	0.5	0	0
14	Board Remuneration vs EPS	Negative correlation (Remuneration increase while EPS decline)/Zero correlation	Weak positive correlation	Strong positive correlation/ Remuneration decline while EPS increase	0.5	1	0	0.5	1	1
15	Choice of Auditors	No proof of Audits	Non-recognized auditor	Recognized auditors	1	1	1	1	1	1
16	Rotation of Auditors	No Rotation	Greater than 5 yrs	Less than 5 yrs	1	0	0	0	1	0.5
17	Evaluation of CEO	Not Conducted	Conducted with negative results/ Conducted with no results disclosure	Conducted with positive results disclosure	0	0	0.5	0.5	0.5	0.5
18	Internal Audit Function	Lacks this function	Less than 75% independent members	75% or greater independent members	1	1	1	1	1	1
19	Loans to directors vs shareholding	Loans greater than Shareholding	Loans greater than 50% of the Shareholding	Loans less than 50% of shareholding	1	1	1	1	1	1
20	Release results on time	Beyond 120 days	90 days ≤ x ≤ 120 days	Within 90 days	0.5	1	1	1	1	1
21	Dividend Policy	No known dividend policy/inconstancy with policy	consistent payment	Consistently followed plan	1	0.5	0.5	1	1	0.5
22	Debt to Capital/Tangible Equity for Banks and Insurance Companies(a)	Beyond 20% optimal above or below/No debt; >5% deviation from median (14.3%) for banks; >10% deviation from median for insurance companies (21.8%)	10% - 20% above or below optimal; 1% - 5% deviation from median (14.3%) for banks; 5% - 10% deviation from median for insurance companies (21.8%)	10% above or below optimal; 0%-1% deviation from median (14.3%) for banks; 0% - 5% deviation from median for insurance companies (21.8%)	1	0	0	0	0.5	1
23	Ease of access of Information	Opaque	Disclosures not comprehensive	Sufficient disclosure of information	1	0.5	1	1	1	1
24	Corporate Social Responsibility	Doesn't Participate	-	Actively participates	1	1	1	1	1	1
	Comprehensive Score				60.4%	58.3%	60.4%	64.6%	79.2%	79.2%

Metrics for Crown Paints, DTB, EA Cables, EABL and EAPC

No.	Metrics	0	0.5	1	Crown Paints	DTB	EA Cables	EABL	EAPC
1	Board Size & Evenness	Less than 4 members	12 or more / Even Number	Between 5 - 11 members	0.5	1	1	1	1
2	Gender Diversity	0% Diversity	Greater than 0% but less than 33%	33% or greater	0	0.5	0	0.5	0
3	Average Age of Directors	Greater than 60 yrs and less than 40 yrs	50 - 60 yrs	40 - 50 yrs	0	0.5	0	0.5	0
4	Ethnic Diversity	Greater than 50% from 1 ethnicity	Between 30% and 50% from 1 ethnicity	Less than 30% from 1 ethnicity	0.5	0.5	0	1	1
5	Global Markets Exposure (studies and work experience) Exclude Africa (include S.A and Egypt)	None	One or Two members	More than Two members	0	1	0.5	1	0
6	Proportion of Non-Executive	No member	Less than 50%	50% and Greater	1	1	1	1	1
7	Attendance to Meetings	Less than 50% attendance	between 50% and 75% attendance	Greater than 75% attendance	0	1	0.5	0.5	1
8	Independence of Chair to CEO	Same Individual	Different but related (Either family or have worked together for a significant number of years)	Different & Independent	1	1	1	1	1
9	Tenure of the CEO	No term limits and election	Defined tenure greater than 7 years	Defined tenure of about 3 to 7 years	0	0	0	0	0
10	Staggered Members for board	Non-existent	Staggered, period greater than 5yrs	Well staggered (between 1 - 5 yrs)	1	1	1	1	1
11	CEO and Directors Shares (directly and indirectly)	0% or greater than 20% shareholding	Between 11% and 20% shareholding	Between 0% and 10% shareholding	0	1	1	1	0
12	Shareholder Composition	Shareholding with controlling government stake of over 20%	Diverse Shareholding	Sophisticated Institutional Investors / Renown parent company holding	1	1	0.5	1	0

Metrics for Crown Paints, DTB, EA Cables, EABL and EAPC

No.	Metrics	0	0.5	1	Crown Paints	DTB	EA Cables	EABL	EAPC
13	Free float**	Less than 35%	Between 35% and 50%	Greater than 50%	0	0.5	0	0.5	0
14	Board Remuneration vs EPS	Negative correlation (Remuneration increase while EPS decline)/Zero correlation	Weak positive correlation	Strong positive correlation/ Remuneration decline while EPS increase	1	1	0	1	0.5
15	Choice of Auditors	No proof of Audits	Non-recognized auditor	Recognized auditors	1	1	1	1	1
16	Rotation of Auditors	No Rotation	Greater than 5 yrs	Less than 5 yrs	0.5	1	0	0.5	1
17	Evaluation of CEO	Not Conducted	Conducted with negative results/ Conducted with no results disclosure	Conducted with positive results disclosure	0	1	0	1	0.5
18	Internal Audit Function	Lacks this function	Less than 75% independent members	75% or greater independent members	0.5	1	1	1	1
19	Loans to directors vs shareholding	Loans greater than Shareholding	Loans greater than 50% of the Shareholding	Loans less than 50% of shareholding	1	1	1	1	1
20	Release results on time	Beyond 120 days	90 days ≤ x ≤ 120 days	Within 90 days	1	1	1	1	1
21	Dividend Policy	No known dividend policy/inconsistency with policy	consistent payment	Consistently followed plan	0.5	0.5	0.5	0.5	0
22	Debt to Capital/Tangible Equity for Banks and Insurance Companies(a)	Beyond 20% optimal above or below/No debt; >5% deviation from median (14.3%) for banks; >10% deviation from median for insurance companies (21.8%)	10% - 20% above or below optimal; 1% - 5% deviation from median (14.3%) for banks; 5% - 10% deviation from median for insurance companies (21.8%)	10% above or below optimal; 0%-1% deviation from median (14.3%) for banks; 0% - 5% deviation from median for insurance companies (21.8%)	0	1	0	0	1
23	Ease of access of Information	Opaque	Disclosures not comprehensive	Sufficient disclosure of information	0.5	1	1	1	0.5
24	Corporate Social Responsibility	Doesn't Participate	-	Actively participates	1	1	1	1	1
Comprehensive Score					50.0%	85.4%	54.2%	79.2%	60.4%

Metrics for Equity, Flame Tree, HF, I&M and Jubilee

No.	Metrics	0	0.5	1	Equity	Flame Tree	HF Group	I&M	Jubilee
1	Board Size & Evenness	Less than 4 members	12 or more / Even Number	Between 5 - 11 members	1	1	1	1	1
2	Gender Diversity	0% Diversity	Greater than 0% but less than 33%	33% or greater	0.5	0.5	1	0.5	0.5
3	Average Age of Directors	Greater than 60 yrs and less than 40 yrs	50 - 60 yrs	40 - 50 yrs	0	0	0.5	0	0.5
4	Ethnic Diversity	Greater than 50% from 1 ethnicity	Between 30% and 50% from 1 ethnicity	Less than 30% from 1 ethnicity	0.5	1	0	0.5	1
5	Global Markets Exposure (studies and work experience) Exclude Africa (include S.A and Egypt)	None	One or Two members	More than Two members	1	1	1	1	1
6	Proportion of Non-Executive	No member	Less than 50%	50% and Greater	1	0.5	1	1	1
7	Attendance to Meetings	Less than 50% attendance	between 50% and 75% attendance	Greater than 75% attendance	1	0	1	1	1
8	Independence of Chair to CEO	Same Individual	Different but related (Either family or have worked together for a significant number of years)	Different & Independent	1	1	1	1	1
9	Tenure of the CEO	No term limits and election	Defined tenure greater than 7 years	Defined tenure of about 3 to 7 years	0	0	0	0	0
10	Staggered Members for board	Non-existent	Staggered, period greater than 5yrs	Well staggered (between 1 - 5 yrs)	1	0	1	0.5	1
11	CEO and Directors Shares (directly and indirectly)	0% or greater than 20% shareholding	Between 11% and 20% shareholding	Between 0% and 10% shareholding	1	0	0	1	1
12	Shareholder Composition	Shareholding with controlling government stake of over 20%	Diverse Shareholding	Sophisticated Institutional Investors / Renown parent company holding	1	0	1	1	1

Metrics for Equity, Flame Tree, HF, I&M and Jubilee

No.	Metrics	0	0.5	1	Equity	Flame Tree	HF Group	I&M	Jubilee
13	Free float**	Less than 35%	Between 35% and 50%	Greater than 50%	1	0	0.5	0	0.5
14	Board Remuneration vs EPS	Negative correlation (Remuneration increase while EPS decline)/Zero correlation	Weak positive correlation	Strong positive correlation/ Remuneration decline while EPS increase	0	0	0.5	0.5	1
15	Choice of Auditors	No proof of Audits	Non-recognized auditor	Recognized auditors	1	0.5	1	1	1
16	Rotation of Auditors	No Rotation	Greater than 5 yrs	Less than 5 yrs	0.5	0	0	1	1
17	Evaluation of CEO	Not Conducted	Conducted with negative results/ Conducted with no results disclosure	Conducted with positive results disclosure	0.5	0.5	0.5	0.5	0
18	Internal Audit Function	Lacks this function	Less than 75% independent members	75% or greater independent members	1	0.5	1	1	1
19	Loans to directors vs shareholding	Loans greater than Shareholding	Loans greater than 50% of the Shareholding	Loans less than 50% of shareholding	1	0	0	1	1
20	Release results on time	Beyond 120 days	90 days ≤ x ≤ 120 days	Within 90 days	1	1	1	1	1
21	Dividend Policy	No known dividend policy/inconsistency with policy	consistent payment	Consistently followed plan	0.5	0	0.5	0.5	0.5
22	Debt to Capital/Tangible Equity for Banks and Insurance Companies(a)	Beyond 20% optimal above or below/No debt; >5% deviation from median (14.3%) for banks; >10% deviation from median for insurance companies (21.8%)	10% - 20% above or below optimal; 1% - 5% deviation from median (14.3%) for banks; 5% - 10% deviation from median for insurance companies (21.8%)	10% above or below optimal; 0%-1% deviation from median (14.3%) for banks; 0% - 5% deviation from median for insurance companies (21.8%)	0.5	0	1	1	1
23	Ease of access of Information	Opaque	Disclosures not comprehensive	Sufficient disclosure of information	1	0.5	0.5	1	1
24	Corporate Social Responsibility	Doesn't Participate	-	Actively participates	1	0	1	1	1
Comprehensive Score					75.0%	33.3%	66.7%	75.0%	83.3%

Metrics for Kakuzi, KCB, KenGen, KenolKobil and KQ

No.	Metrics	0	0.5	1	Kakuzi	KCB	KenGen	KenolKobil	KQ
1	Board Size & Evenness	Less than 4 members	12 or more / Even Number	Between 5 - 11 members	0.5	1	1	0.5	1
2	Gender Diversity	0% Diversity	Greater than 0% but less than 33%	33% or greater	0	0.5	0.5	0	0.5
3	Average Age of Directors	Greater than 60 yrs and less than 40 yrs	50 - 60 yrs	40 - 50 yrs	0	0.5	0.5	0	0.5
4	Ethnic Diversity	Greater than 50% from 1 ethnicity	Between 30% and 50% from 1 ethnicity	Less than 30% from 1 ethnicity	0.5	1	0.5	1	0.5
5	Global Markets Exposure (studies and work experience) Exclude Africa (include S.A and Egypt)	None	One or Two members	More than Two members	0	1	1	1	1
6	Proportion of Non-Executive	No member	Less than 50%	50% and Greater	1	1	1	1	1
7	Attendance to Meetings	Less than 50% attendance	between 50% and 75% attendance	Greater than 75% attendance	0	1	1	0	0
8	Independence of Chair to CEO	Same Individual	Different but related (Either family or have worked together for a significant number of years)	Different & Independent	1	1	1	1	1
9	Tenure of the CEO	No term limits and election	Defined tenure greater than 7 years	Defined tenure of about 3 to 7 years	0	1	1	0	0
10	Staggered Members for board	Non-existent	Staggered, period greater than 5yrs	Well staggered (between 1 - 5 yrs)	1	1	1	0.5	1
11	CEO and Directors Shares (directly and indirectly)	0% or greater than 20% shareholding	Between 11% and 20% shareholding	Between 0% and 10% shareholding	1	1	1	0	0
12	Shareholder Composition	Shareholding with controlling government stake of over 20%	Diverse Shareholding	Sophisticated Institutional Investors / Renown parent company holding	0.5	1	0	1	0

Metrics for Kakuzi, KCB, KenGen, KenolKobil and KQ

No.	Metrics	0	0.5	1	Kakuzi	KCB	KenGen	KenolKobil	KQ
13	Free float**	Less than 35%	Between 35% and 50%	Greater than 50%	0	1	0	0	0
14	Board Remuneration vs EPS	Negative correlation (Remuneration increase while EPS decline)/Zero correlation	Weak positive correlation	Strong positive correlation/ Remuneration decline while EPS increase	1	1	0	0.5	0.5
15	Choice of Auditors	No proof of Audits	Non-recognized auditor	Recognized auditors	1	1	1	1	1
16	Rotation of Auditors	No Rotation	Greater than 5 yrs	Less than 5 yrs	0.5	0.5	1	1	1
17	Evaluation of CEO	Not Conducted	Conducted with negative results/ Conducted with no results disclosure	Conducted with positive results disclosure	0	1	1	0	0.5
18	Internal Audit Function	Lacks this function	Less than 75% independent members	75% or greater independent members	1	1	1	1	1
19	Loans to directors vs shareholding	Loans greater than Shareholding	Loans greater than 50% of the Shareholding	Loans less than 50% of shareholding	1	1	1	1	1
20	Release results on time	Beyond 120 days	90 days ≤ x ≤ 120 days	Within 90 days	1	1	1	1	1
21	Dividend Policy	No known dividend policy/inconsistency with policy	consistent payment	Consistently followed plan	0.5	1	0.5	0	0
22	Debt to Capital/Tangible Equity for Banks and Insurance Companies(a)	Beyond 20% optimal above or below/No debt; >5% deviation from median (14.3%) for banks; >10% deviation from median for insurance companies (21.8%)	10% - 20% above or below optimal; 1% - 5% deviation from median (14.3%) for banks; 5% - 10% deviation from median for insurance companies (21.8%)	10% above or below optimal; 0%-1% deviation from median (14.3%) for banks; 0% - 5% deviation from median for insurance companies (21.8%)	0	0.5	0	0	0
23	Ease of access of Information	Opaque	Disclosures not comprehensive	Sufficient disclosure of information	0.5	1	1	0.5	1
24	Corporate Social Responsibility	Doesn't Participate	-	Actively participates	1	1	1	1	1
Comprehensive Score					54.2%	91.7%	75.0%	54.2%	60.4%

Metrics for Kenya Orchards, KPLC, Kenya Re, Liberty and Limuru Tea

No.	Metrics	0	0.5	1	Kenya Orchards	KPLC	Kenya-RE	Liberty	Limuru Tea
1	Board Size & Evenness	Less than 4 members	12 or more / Even Number	Between 5 - 11 members	0	1	1	0.5	0
2	Gender Diversity	0% Diversity	Greater than 0% but less than 33%	33% or greater	0	0.5	0.5	0.5	0
3	Average Age of Directors	Greater than 60 yrs and less than 40 yrs	50 - 60 yrs	40 - 50 yrs	0	0.5	0	0.5	0
4	Ethnic Diversity	Greater than 50% from 1 ethnicity	Between 30% and 50% from 1 ethnicity	Less than 30% from 1 ethnicity	0	1	1	0.5	0
5	Global Markets Exposure (studies and work experience) Exclude Africa (include S.A and Egypt)	None	One or Two members	More than Two members	0	0.5	1	1	0
6	Proportion of Non-Executive	No member	Less than 50%	50% and Greater	0	1	1	1	0
7	Attendance to Meetings	Less than 50% attendance	between 50% and 75% attendance	Greater than 75% attendance	0	0.5	0	1	0
8	Independence of Chair to CEO	Same Individual	Different but related (Either family or have worked together for a significant number of years)	Different & Independent	0.5	1	1	1	0
9	Tenure of the CEO	No term limits and election	Defined tenure greater than 7 years	Defined tenure of about 3 to 7 years	0	1	0.5	1	0
10	Staggered Members for board	Non-existent	Staggered, period greater than 5yrs	Well staggered (between 1 - 5 yrs)	0	1	0	1	0
11	CEO and Directors Shares (directly and indirectly)	0% or greater than 20% shareholding	Between 11% and 20% shareholding	Between 0% and 10% shareholding	0	1	1	1	0
12	Shareholder Composition	Shareholding with controlling government stake of over 20%	Diverse Shareholding	Sophisticated Institutional Investors / Renown parent company holding	0.5	0	0	1	1

Metrics for Kenya Orchards, KPLC, Kenya Re, Liberty and Limuru Tea

No.	Metrics	0	0.5	1	Kenya Orchards	KPLC	Kenya-RE	Liberty	Limuru Tea
13	Free float**	Less than 35%	Between 35% and 50%	Greater than 50%	0	0	0	0	0
14	Board Remuneration vs EPS	Negative correlation (Remuneration increase while EPS decline)/Zero correlation	Weak positive correlation	Strong positive correlation/ Remuneration decline while EPS increase	0	1	0	0	0
15	Choice of Auditors	No proof of Audits	Non-recognized auditor	Recognized auditors	0.5	1	1	1	1
16	Rotation of Auditors	No Rotation	Greater than 5 yrs	Less than 5 yrs	0	1	1	1	0
17	Evaluation of CEO	Not Conducted	Conducted with negative results/ Conducted with no results disclosure	Conducted with positive results disclosure	0	0.5	0.5	0.5	0
18	Internal Audit Function	Lacks this function	Less than 75% independent members	75% or greater independent members	0	1	1	1	0
19	Loans to directors vs shareholding	Loans greater than Shareholding	Loans greater than 50% of the Shareholding	Loans less than 50% of shareholding	0	1	1	1	1
20	Release results on time	Beyond 120 days	90 days ≤ x ≤ 120 days	Within 90 days	1	1	1	1	1
21	Dividend Policy	No known dividend policy/inconsistency with policy	consistent payment	Consistently followed plan	0	0	0.5	1	0
22	Debt to Capital/Tangible Equity for Banks and Insurance Companies(a)	Beyond 20% optimal above or below/No debt; >5% deviation from median (14.3%) for banks; >10% deviation from median for insurance companies (21.8%)	10% - 20% above or below optimal; 1% - 5% deviation from median (14.3%) for banks; 5% - 10% deviation from median for insurance companies (21.8%)	10% above or below optimal; 0%-1% deviation from median (14.3%) for banks; 0% - 5% deviation from median for insurance companies (21.8%)	0	1	0	1	0
23	Ease of access of Information	Opaque	Disclosures not comprehensive	Sufficient disclosure of information	0	1	0.5	1	0
24	Corporate Social Responsibility	Doesn't Participate	-	Actively participates	0	1	1	1	0
Comprehensive Score					10.4%	79.2%	60.4%	81.3%	16.7%

Metrics for Mumias, NMG, NBK, NIC and NSE

No.	Metrics	0	0.5	1	Mumias	NMG	NBK	NIC	NSE
1	Board Size & Evenness	Less than 4 members	12 or more / Even Number	Between 5 - 11 members	0.5	0.5	0.5	1	1
2	Gender Diversity	0% Diversity	Greater than 0% but less than 33%	33% or greater	1	0.5	0.5	0.5	0.5
3	Average Age of Directors	Greater than 60 yrs and less than 40 yrs	50 - 60 yrs	40 - 50 yrs	0	0	0.5	0	0.5
4	Ethnic Diversity	Greater than 50% from 1 ethnicity	Between 30% and 50% from 1 ethnicity	Less than 30% from 1 ethnicity	0.5	1	1	0	0.5
5	Global Markets Exposure (studies and work experience) Exclude Africa (include S.A and Egypt)	None	One or Two members	More than Two members	1	1	1	1	1
6	Proportion of Non-Executive	No member	Less than 50%	50% and Greater	1	1	1	1	1
7	Attendance to Meetings	Less than 50% attendance	between 50% and 75% attendance	Greater than 75% attendance	0	0	1	1	1
8	Independence of Chair to CEO	Same Individual	Different but related (Either family or have worked together for a significant number of years)	Different & Independent	1	1	1	1	1
9	Tenure of the CEO	No term limits and election	Defined tenure greater than 7 years	Defined tenure of about 3 to 7 years	0	0	1	0	1
10	Staggered Members for board	Non-existent	Staggered, period greater than 5yrs	Well staggered (between 1 - 5 yrs)	1	1	1	1	1
11	CEO and Directors Shares (directly and indirectly)	0% or greater than 20% shareholding	Between 11% and 20% shareholding	Between 0% and 10% shareholding	1	1	1	1	1
12	Shareholder Composition	Shareholding with controlling government stake of over 20%	Diverse Shareholding	Sophisticated Institutional Investors / Renown parent company holding	0	1	0	0.5	1

Metrics for Mumias, NMG, NBK, NIC and NSE

No.	Metrics	0	0.5	1	Mumias	NMG	NBK	NIC	NSE
13	Free float**	Less than 35%	Between 35% and 50%	Greater than 50%	1	0.5	0	0.5	1
14	Board Remuneration vs EPS	Negative correlation (Remuneration increase while EPS decline)/Zero correlation	Weak positive correlation	Strong positive correlation/ Remuneration decline while EPS increase	0	0	1	0	0
15	Choice of Auditors	No proof of Audits	Non-recognized auditor	Recognized auditors	0.5	1	1	1	1
16	Rotation of Auditors	No Rotation	Greater than 5 yrs	Less than 5 yrs	0.5	0.5	1	1	1
17	Evaluation of CEO	Not Conducted	Conducted with negative results/ Conducted with no results disclosure	Conducted with positive results disclosure	0	0	1	1	0.5
18	Internal Audit Function	Lacks this function	Less than 75% independent members	75% or greater independent members	1	1	1	1	1
19	Loans to directors vs shareholding	Loans greater than Shareholding	Loans greater than 50% of the Shareholding	Loans less than 50% of shareholding	0	1	0	0	1
20	Release results on time	Beyond 120 days	90 days ≤ x ≤ 120 days	Within 90 days	1	1	1	1	1
21	Dividend Policy	No known dividend policy/inconsistency with policy	consistent payment	Consistently followed plan	0	0.5	1	0.5	0.5
22	Debt to Capital/Tangible Equity for Banks and Insurance Companies(a)	Beyond 20% optimal above or below/No debt; >5% deviation from median (14.3%) for banks; >10% deviation from median for insurance companies (21.8%)	10% - 20% above or below optimal; 1% - 5% deviation from median (14.3%) for banks; 5% - 10% deviation from median for insurance companies (21.8%)	10% above or below optimal; 0%-1% deviation from median (14.3%) for banks; 0% - 5% deviation from median for insurance companies (21.8%)	0	0	0	0.5	0
23	Ease of access of Information	Opaque	Disclosures not comprehensive	Sufficient disclosure of information	0.5	1	1	1	1
24	Corporate Social Responsibility	Doesn't Participate	-	Actively participates	1	1	1	1	1
Comprehensive Score					52.1%	64.6%	77.1%	68.8%	81.3%

Metrics for Safaricom, Sanlam, Sasini, Stanchart and Stanbic

No.	Metrics	0	0.5	1	Safaricom	Sanlam	Sasini	SCBK	Stanbic
1	Board Size & Evenness	Less than 4 members	12 or more / Even Number	Between 5 - 11 members	0.5	0.5	1	1	1
2	Gender Diversity	0% Diversity	Greater than 0% but less than 33%	33% or greater	1	0.5	0.5	0.5	0.5
3	Average Age of Directors	Greater than 60 yrs and less than 40 yrs	50 - 60 yrs	40 - 50 yrs	0.5	0.5	0	0.5	0.5
4	Ethnic Diversity	Greater than 50% from 1 ethnicity	Between 30% and 50% from 1 ethnicity	Less than 30% from 1 ethnicity	1	1	1	1	0.5
5	Global Markets Exposure (studies and work experience) Exclude Africa (include S.A and Egypt)	None	One or Two members	More than Two members	1	1	1	1	1
6	Proportion of Non-Executive	No member	Less than 50%	50% and Greater	1	1	1	1	1
7	Attendance to Meetings	Less than 50% attendance	between 50% and 75% attendance	Greater than 75% attendance	1	1	1	1	0
8	Independence of Chair to CEO	Same Individual	Different but related (Either family or have worked together for a significant number of years)	Different & Independent	1	1	1	1	1
9	Tenure of the CEO	No term limits and election	Defined tenure greater than 7 years	Defined tenure of about 3 to 7 years	1	0	0	1	0
10	Staggered Members for board	Non-existent	Staggered, period greater than 5yrs	Well staggered (between 1 - 5 yrs)	1	1	1	1	1
11	CEO and Directors Shares (directly and indirectly)	0% or greater than 20% shareholding	Between 11% and 20% shareholding	Between 0% and 10% shareholding	1	0	1	1	0
12	Shareholder Composition	Shareholding with controlling government stake of over 20%	Diverse Shareholding	Sophisticated Institutional Investors / Renown parent company holding	1	1	0.5	1	1

Metrics for Safaricom, Sanlam, Sasini, Stanchart and Stanbic

No.	Metrics	0	0.5	1	Safaricom	Sanlam	Sasini	SCBK	Stanbic
13	Free float**	Less than 35%	Between 35% and 50%	Greater than 50%	0	0	0	0	0
14	Board Remuneration vs EPS	Negative correlation (Remuneration increase while EPS decline)/Zero correlation	Weak positive correlation	Strong positive correlation/ Remuneration decline while EPS increase	1	1	0	1	0
15	Choice of Auditors	No proof of Audits	Non-recognized auditor	Recognized auditors	1	1	1	1	1
16	Rotation of Auditors	No Rotation	Greater than 5 yrs	Less than 5 yrs	0	1	1	0	0
17	Evaluation of CEO	Not Conducted	Conducted with negative results/ Conducted with no results disclosure	Conducted with positive results disclosure	1	0.5	0	1	1
18	Internal Audit Function	Lacks this function	Less than 75% independent members	75% or greater independent members	0.5	1	1	1	0.5
19	Loans to directors vs shareholding	Loans greater than Shareholding	Loans greater than 50% of the Shareholding	Loans less than 50% of shareholding	1	1	1	1	0
20	Release results on time	Beyond 120 days	90 days ≤ x ≤ 120 days	Within 90 days	1	1	1	1	1
21	Dividend Policy	No known dividend policy/inconsistency with policy	consistent payment	Consistently followed plan	1	0	0.5	0.5	0
22	Debt to Capital/Tangible Equity for Banks and Insurance Companies(a)	Beyond 20% optimal above or below/No debt; >5% deviation from median (14.3%) for banks; >10% deviation from median for insurance companies (21.8%)	10% - 20% above or below optimal; 1% - 5% deviation from median (14.3%) for banks; 5% - 10% deviation from median for insurance companies (21.8%)	10% above or below optimal; 0%-1% deviation from median (14.3%) for banks; 0% - 5% deviation from median for insurance companies (21.8%)	0	0.5	0	0.5	1
23	Ease of access of Information	Opaque	Disclosures not comprehensive	Sufficient disclosure of information	1	1	0	1	1
24	Corporate Social Responsibility	Doesn't Participate	-	Actively participates	1	1	1	1	1
Comprehensive Score					81.3%	72.9%	64.6%	83.3%	58.3%

Metrics for Standard, TPS EA, Total, TransCentury and Unga

No.	Metrics	0	0.5	1	Standard	TPS EA	Total Kenya	TransCentury	Unga
1	Board Size & Evenness	Less than 4 members	12 or more / Even Number	Between 5 - 11 members	0.5	0.5	1.0	0.5	0.5
2	Gender Diversity	0% Diversity	Greater than 0% but less than 33%	33% or greater	0.5	0.5	0.5	0	0.5
3	Average Age of Directors	Greater than 60 yrs and less than 40 yrs	50 - 60 yrs	40 - 50 yrs	0.5	0	0.5	0.5	0.5
4	Ethnic Diversity	Greater than 50% from 1 ethnicity	Between 30% and 50% from 1 ethnicity	Less than 30% from 1 ethnicity	1	0.5	0.0	0	0.5
5	Global Markets Exposure (studies and work experience) Exclude Africa (include S.A and Egypt)	None	One or Two members	More than Two members	1	1	1.0	1	1
6	Proportion of Non-Executive	No member	Less than 50%	50% and Greater	1	1	1.0	1	1
7	Attendance to Meetings	Less than 50% attendance	between 50% and 75% attendance	Greater than 75% attendance	1	1	1.0	1	0
8	Independence of Chair to CEO	Same Individual	Different but related (Either family or have worked together for a significant number of years)	Different & Independent	1	1	1.0	1	1
9	Tenure of the CEO	No term limits and election	Defined tenure greater than 7 years	Defined tenure of about 3 to 7 years	0	0	0.0	0	0
10	Staggered Members for board	Non-existent	Staggered, period greater than 5yrs	Well staggered (between 1 - 5 yrs)	0.5	0	1.0	1	1
11	CEO and Directors Shares (directly and indirectly)	0% or greater than 20% shareholding	Between 11% and 20% shareholding	Between 0% and 10% shareholding	0	1	0.0	1	1
12	Shareholder Composition	Shareholding with controlling government stake of over 20%	Diverse Shareholding	Sophisticated Institutional Investors / Renown parent company holding	1	1	1.0	0.5	0.5

Metrics for Standard, TPS EA, Total, TransCentury and Unga

No.	Metrics	0	0.5	1	Standard	TPS EA	Total Kenya	TransCentury	Unga
13	Free float**	Less than 35%	Between 35% and 50%	Greater than 50%	0	0	0.0	0.5	0
14	Board Remuneration vs EPS	Negative correlation (Remuneration increase while EPS decline)/Zero correlation	Weak positive correlation	Strong positive correlation/ Remuneration decline while EPS increase	1	0	1.0	0	0
15	Choice of Auditors	No proof of Audits	Non-recognized auditor	Recognized auditors	1	1	1.0	1	1
16	Rotation of Auditors	No Rotation	Greater than 5 yrs	Less than 5 yrs	0.5	0	0.0	0	1
17	Evaluation of CEO	Not Conducted	Conducted with negative results/ Conducted with no results disclosure	Conducted with positive results disclosure	0	0.5	0.0	0	0.5
18	Internal Audit Function	Lacks this function	Less than 75% independent members	75% or greater independent members	1	1	1.0	1	1
19	Loans to directors vs shareholding	Loans greater than Shareholding	Loans greater than 50% of the Shareholding	Loans less than 50% of shareholding	1	1	1.0	1	1
20	Release results on time	Beyond 120 days	90 days ≤ x ≤ 120 days	Within 90 days	1	1	1.0	1	1
21	Dividend Policy	No known dividend policy/inconsistency with policy	consistent payment	Consistently followed plan	0.5	0.5	0.5	0	0.5
22	Debt to Capital/Tangible Equity for Banks and Insurance Companies(a)	Beyond 20% optimal above or below/No debt; >5% deviation from median (14.3%) for banks; >10% deviation from median for insurance companies (21.8%)	10% - 20% above or below optimal; 1% - 5% deviation from median (14.3%) for banks; 5% - 10% deviation from median for insurance companies (21.8%)	10% above or below optimal; 0%-1% deviation from median (14.3%) for banks; 0% - 5% deviation from median for insurance companies (21.8%)	1	1	0.0	1	0
23	Ease of access of Information	Opaque	Disclosures not comprehensive	Sufficient disclosure of information	1	1	1.0	1	1
24	Corporate Social Responsibility	Doesn't Participate	-	Actively participates	1	1	1.0	1	1
Comprehensive Score					70.8%	64.6%	65.2%	62.5%	64.6%

Metrics for Uchumi, Umeme, Williamson and WPP Scangroup

No.	Metrics	0	0.5	1	Uchumi	Umeme	Williamson	WPP Scangroup
1	Board Size & Evenness	Less than 4 members	12 or more / Even Number	Between 5 - 11 members	1	1	1	1
2	Gender Diversity	0% Diversity	Greater than 0% but less than 33%	33% or greater	1	0.5	0	0.5
3	Average Age of Directors	Greater than 60 yrs and less than 40 yrs	50 - 60 yrs	40 - 50 yrs	0	0	0	0.5
4	Ethnic Diversity	Greater than 50% from 1 ethnicity	Between 30% and 50% from 1 ethnicity	Less than 30% from 1 ethnicity	0.5	0	0.5	0
5	Global Markets Exposure (studies and work experience) Exclude Africa (include S.A and Egypt)	None	One or Two members	More than Two members	1	1	0	1
6	Proportion of Non-Executive	No member	Less than 50%	50% and Greater	1	1	1	1
7	Attendance to Meetings	Less than 50% attendance	between 50% and 75% attendance	Greater than 75% attendance	0.5	1	0	0
8	Independence of Chair to CEO	Same Individual	Different but related (Either family or have worked together for a significant number of years)	Different & Independent	1	1	1	1
9	Tenure of the CEO	No term limits and election	Defined tenure greater than 7 years	Defined tenure of about 3 to 7 years	0	0	0	0
10	Staggered Members for board	Non-existent	Staggered, period greater than 5yrs	Well staggered (between 1 - 5 yrs)	0	1	1	1
11	CEO and Directors Shares (directly and indirectly)	0% or greater than 20% shareholding	Between 11% and 20% shareholding	Between 0% and 10% shareholding	1	1	1	0.5
12	Shareholder Composition	Shareholding with controlling government stake of over 20%	Diverse Shareholding	Sophisticated Institutional Investors / Renown parent company holding	0.5	1	0.5	0.5

Metrics for Uchumi, Umeme, Williamson and WPP Scangroup

No.	Metrics	0	0.5	1	Uchumi	Umeme	Williamson	WPP Scangroup
13	Free float**	Less than 35%	Between 35% and 50%	Greater than 50%	0.5	0.5	0	0.5
14	Board Remuneration vs EPS	Negative correlation (Remuneration increase while EPS decline)/Zero correlation	Weak positive correlation	Strong positive correlation/Remuneration decline while EPS increase	0.5	1	0.5	1
15	Choice of Auditors	No proof of Audits	Non-recognized auditor	Recognized auditors	1	1	1	1
16	Rotation of Auditors	No Rotation	Greater than 5 yrs	Less than 5 yrs	1	1	0	0
17	Evaluation of CEO	Not Conducted	Conducted with negative results/ Conducted with no results disclosure	Conducted with positive results disclosure	0.5	0.5	0	0.5
18	Internal Audit Function	Lacks this function	Less than 75% independent members	75% or greater independent members	1	1	1	1
19	Loans to directors vs shareholding	Loans greater than Shareholding	Loans greater than 50% of the Shareholding	Loans less than 50% of shareholding	0	1	1	1
20	Release results on time	Beyond 120 days	90 days $\leq x \leq$ 120 days	Within 90 days	0.5	1	1	1
21	Dividend Policy	No known dividend policy/inconsistency with policy	consistent payment	Consistently followed plan	0	0.5	0.5	1
22	Debt to Capital/Tangible Equity for Banks and Insurance Companies(a)	Beyond 20% optimal above or below/No debt; >5% deviation from median (14.3%) for banks; >10% deviation from median for insurance companies (21.8%)	10% - 20% above or below optimal; 1% - 5% deviation from median (14.3%) for banks; 5% - 10% deviation from median for insurance companies (21.8%)	10% above or below optimal; 0%-1% deviation from median (14.3%) for banks; 0% - 5% deviation from median for insurance companies (21.8%)	0	0.5	0	0
23	Ease of access of Information	Opaque	Disclosures not comprehensive	Sufficient disclosure of information	1	1	0.5	1
24	Corporate Social Responsibility	Doesn't Participate	-	Actively participates	1	1	1	1
	Comprehensive Score				60.4%	77.1%	52.1%	66.7%

D. Response List

Response List

A total of 24 companies responded out of a total of 50 listed Kenyan companies

#	Company	Status	#	Company	Status
1	CIC Insurance Group	Responded	26	Sanlam Kenya	Not respond
2	Jubilee Holdings	Responded	27	Kenya Reinsurance Corp.	Not respond
3	Liberty Kenya Holdings	Responded	28	Britam Holdings	Not respond
4	KCB Group	Responded	29	Equity Group	Not respond
5	Cooperative Bank of Kenya	Responded	30	Stanbic Holdings	Not respond
6	HF Group Group	Responded	31	Total Kenya	Not respond
7	Diamond Trust Bank	Responded	32	KenGen Company Limited	Not respond
8	NIC Bank	Responded	33	E.A. Cables Limited	Not respond
9	Standard Chartered Bank	Responded	34	Nation Media Group	Not respond
10	National Bank of Kenya	Responded	35	Standard Group	Not respond
11	Centum Investment Company	Responded	36	TPS Eastern Africa	Not respond
12	TransCentury Limited	Responded	37	BAT Kenya Limited	Not respond
13	Kenya Power & Lighting Company	Responded	38	East African Breweries	Not respond
14	ARM Cement	Responded	39	Mumia Sugar Company	Not respond
15	Kenya Airways Limited	Responded	40	Flame Tree Group Holdings	Not respond
16	WPP Scangroup Limited	Responded	41	Williamson Tea Kenya	Not respond
17	Nairobi Securities Exchange Limited	Responded	42	Limuru Tea	Not respond
18	Carbacid Investments Plc	Responded	43	Kenya Orchards	Not respond
19	Unga Group Limited	Responded	44	KenolKobil Limited	Not respond
20	Uchumi Supermarket Limited	Responded	45	Umeme Limited	Not respond
21	Barclays Bank of Kenya	Responded	46	Crown Paints Kenya	Not respond
22	Bamburi Cement	Responded	47	E.A Portland Cement	Not respond
23	Safaricom Limited	Responded	48	Kakuzi Limited	Not respond
24	Car & General (K) Limited	Responded	49	Sasini Limited	Not respond
25	I&M Holdings Limited	Not respond	50	B.O.C Kenya Limited	Not respond

Key to note is that companies that rank high on the CGI responded to our request to confirm their data and scoring

Thank You!

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For more information or any further clarification required, kindly contact the research team at investment@cytonn.com