

Cytonn Corporate Governance Report - 2018

“Improved Corporate Governance Key to Investor Protection”



15th October, 2018

Table of Contents



1

Overview of the Firm

2

Overview of Corporate Governance in Kenya

3

Cytonn Corporate Governance Report - 2018

4

Appendix

A

Ranking

B

Metrics Used

C

Metrics Used- Company Specific Scores

D

Response List

I. Overview of the Firm

About Us

Cytonn Investments is an alternative investment manager with a primary focus on real estate investments in the high growth East African Region. In addition to real estate, Cytonn invests in educational facilities and hospitality, which are complimentary to its real estate developments. We have a unique strategy of coupling two compelling demand areas - the lack of high yielding investment products due to the large banking spread, and the lack of institutional grade real estate; by manufacturing high yielding instruments to attract funding from investors, and we deploy that funding to investment grade, well planned and comprehensive real estate developments that are largely pre-sold.

82

Over Kshs. 82 billion worth of projects under mandate

7

Seven offices across 2 continents

500

Over 500 staff members, including Cytonn Distribution

10

10 investment ready projects in real estate

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 Cytonn Real Estate, our 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 THREE MAIN CLIENT SEGMENTS:

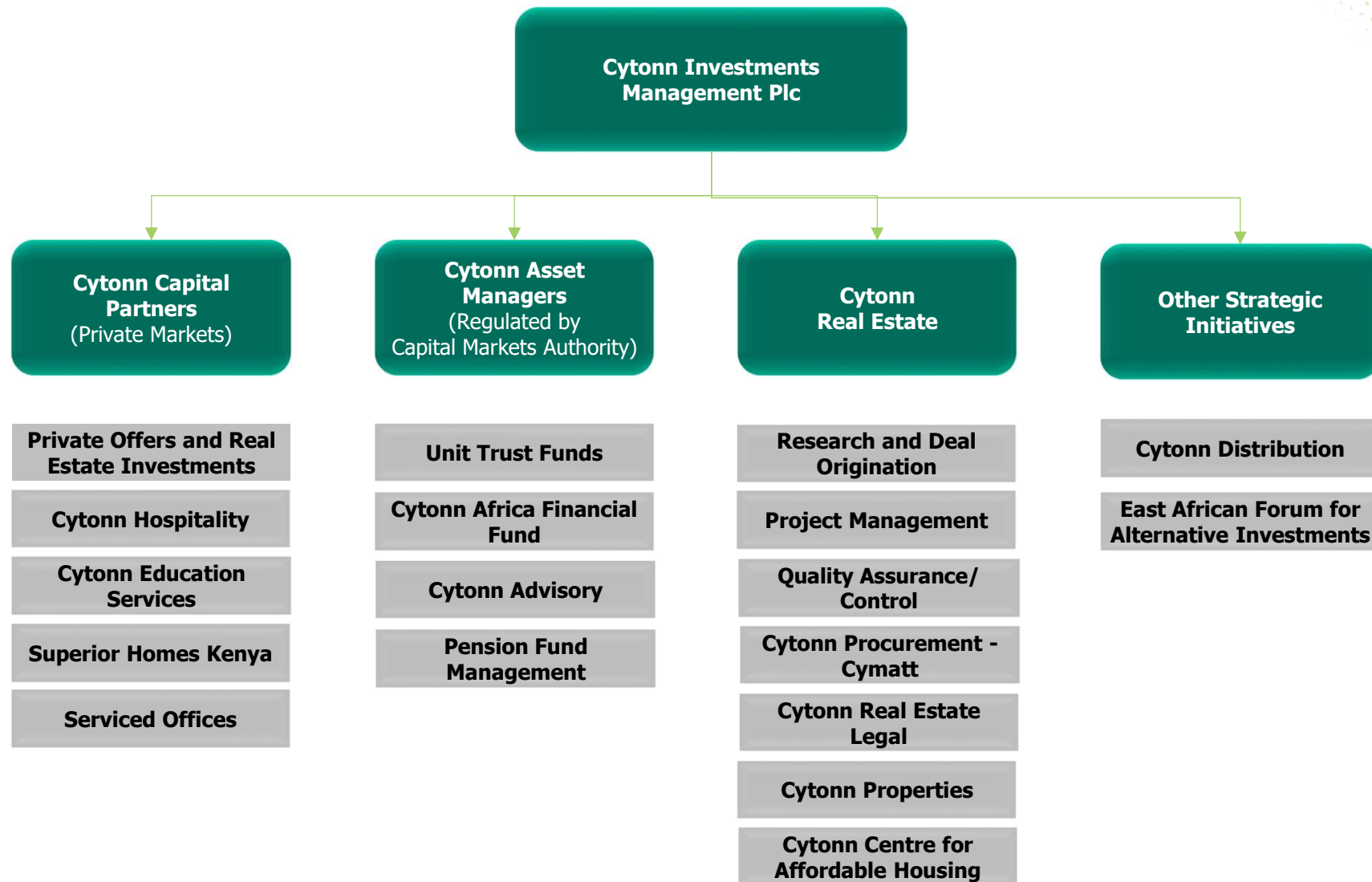
- High Net-worth Individuals through Cytonn Private Wealth. This is done through our captive Distribution Network
- East Africans in the Diaspora through Cytonn Diaspora
- Global and Local Institutional Clients. These clients are served from our Investment & Fundraising Team

WE INVEST OUR CLIENT FUNDS IN:

- Real Estate, and Real Estate Related Businesses
- Private Equity
- Fixed Income Structured Solutions
- Equities Structured Solutions

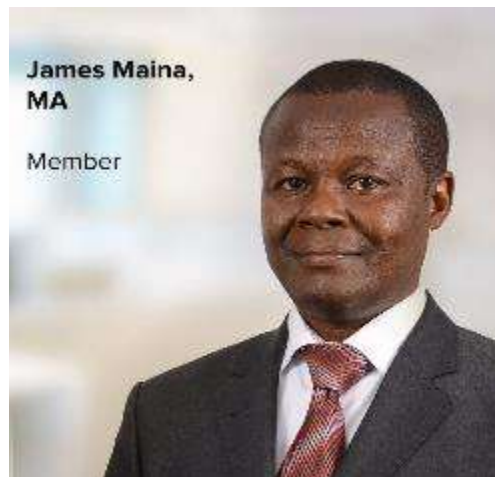


Our Business Structure



Board of Directors

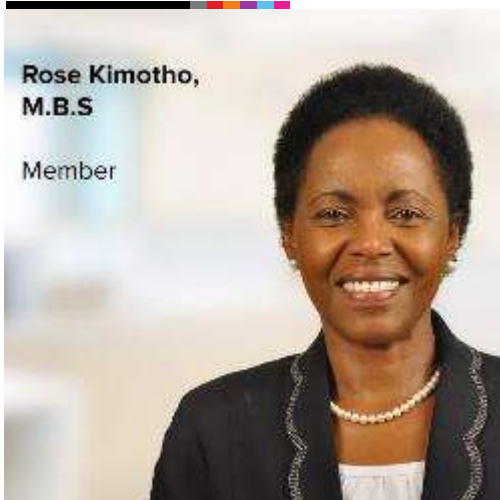
To ensure that we remain focused on the clients' interests, we have put in place proper governance structures. We have a board of directors consisting of 12 members from diverse backgrounds, each bringing in unique skill-sets to the firm.



Board of Directors

**Rose Kimotho,
M.B.S**

Member



**Madhav Bhandari,
MBA**

Board Committee
Member



**Edwin H. Dande,
MBA**

Executive Director



**Dr Monica Kerretts
PHD**

Member



**Elizabeth N. Nkukuu,
CFA**

Executive
Director



**Patricia N. Wanjama,
CPS**

Executive
Director



Governance: Board Committees

Investments and Strategy Committee

The committee oversees and provides strategic investment direction, including the implementation and monitoring for Cytonn. The members are:

- James Maina (Chair)
- Antti-Jussi Ahveninen, MSc
- Madhav Bhalla, LLB
- Edwin H. Dande, MBA
- Elizabeth N. Nkukuu, CFA

Audit, Risk and Compliance Committee

The committee establishes and oversees finance, audit, risk and compliance, including the implementation and monitoring process. The members are:-

- Madhav Bhalla, LLB (Chair)
- Nasser Olwero, Mphil
- Madhav Bhandari, MBA
- Patricia N. Wanjama, CPS

Human Resources, Governance & Compensation Committee

The committee establishes, oversees and implements governance structure, human resource policies and firm wide compensations. The members are:-

- Rose Kimotho M.B.S (Chair)
- Antti-Jussi Ahveninen, MSc
- Prof. Daniel Mugendi Njiru, PhD
- Michael Bristow, MSc
- Edwin H. Dande, MBA

Technology and Innovation Committee

The committee establishes, oversees and implements technical expertise and innovative processes as a driver towards competitiveness. The members are:-

- Nasser Olwero, Mphil (Chair)
- Michael Bristow, MSc
- Rose Kimotho M.B.S
- Patricia N. Wanjama, CPS

Management Team



Edwin H. Dande, MBA
Managing Partner & CEO



Elizabeth N. Nkukuu, CFA
Chief Investments Officer



Patricia N. Wanjama, CPS
Head of Legal & Company Secretary



Shiv A. Arora, BSc.
Head - Private Equity Real Estate



Maurice Oduor, BBA
Investment Manager



Johnson Denge, MISK
Senior Manager, Regional Markets



Pankaj Tyagi
Senior Development Manager



Martin Gitonga, BA
Senior Project Manager

Management Team



Alex Magu, MBA, AMP
Acting Financial Controller



Benjamin N. Ikenye, MA, AMP
Business Manager, Education Services



Kimathi K. Muchiri, MSc, CPA (K)
Internal Audit Manager



Daniel N. Mainye, MBA
Business Manager, Technologies



Gitonga M. Muriithi, MBA, FCIM
Senior Marketing & Brand Manager



Anne Joseph, BA, CHRM
Assistant HR Manager

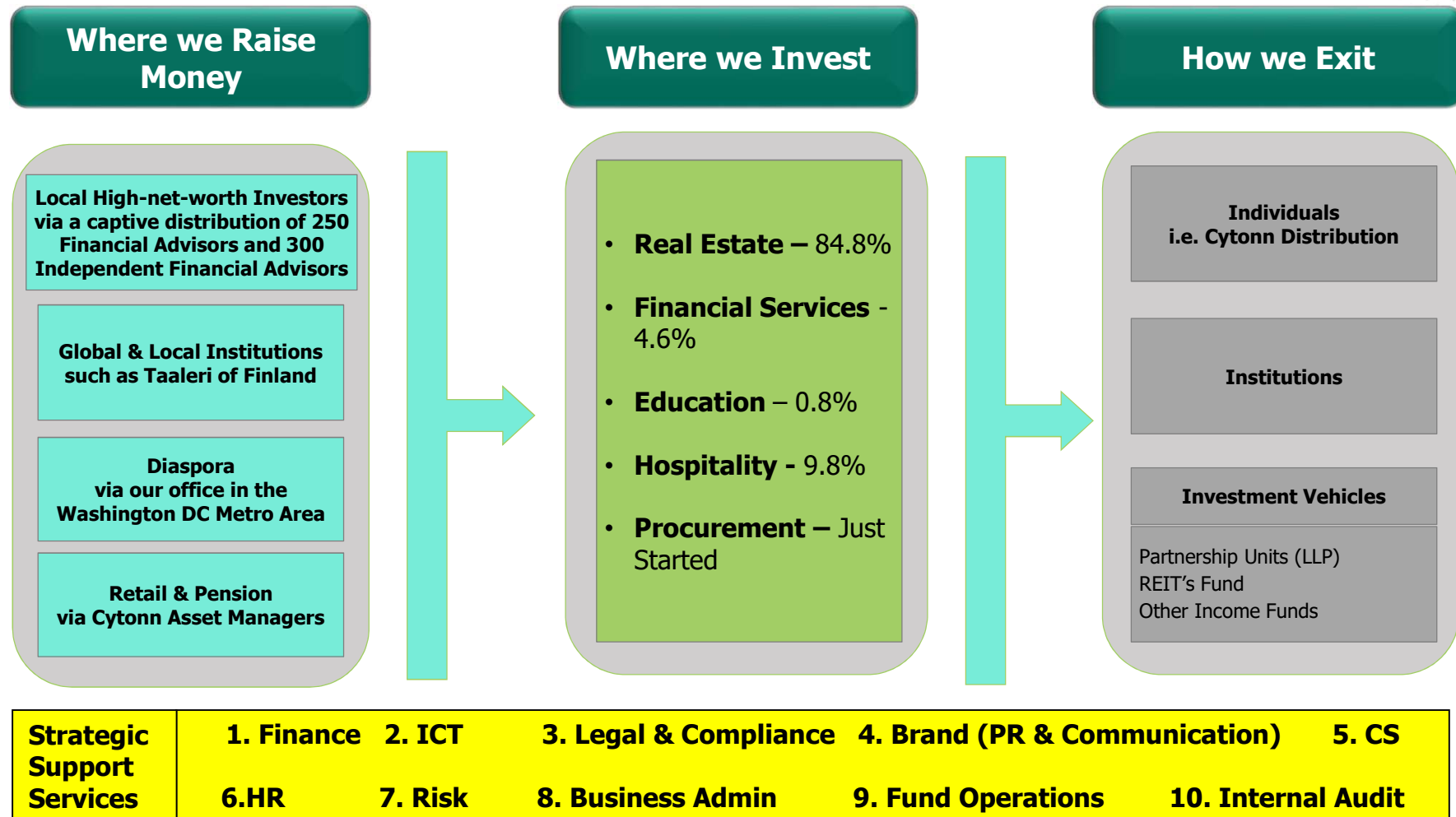


Grace W. Weru, BA, CPA (K)
Finance & Administration Manager



David K. Ndava, BA
General Manager, Hospitality

Cytonn's Business Overview



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 the regulators |
| 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 investing public |
| 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 new approach is principle-based rather than rule-based, and recognizes that a satisfactory explanation for any non-compliance will be acceptable in certain circumstances. This however requires boards to fully disclose any non-compliance with the Code to relevant stakeholders including the Capital Markets Authority with a firm commitment to move towards full compliance. |
| Professional Organisations | <ul style="list-style-type: none"> The Institute of Certified Public Accountants (ICPAK) continues 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 have contributed to promote corporate disclosures 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>Corporate Governance Codes</p> | <ul style="list-style-type: none">• In an effort to protect shareholders' interest, regulatory authorities around the world continue to push for more transparency in corporate governance reporting by further revising their corporate governance codes:<ul style="list-style-type: none"><u>1. The United Kingdom</u>• In The UK, the Financial Reporting Council's UK Corporate Governance Code was published in July 2018. As opposed to simple revision of the existing code (as has been the case in previous years). The 2018 Code has been designed to set higher standards of corporate governance in the UK so as to promote transparency and integrity in business and, at the same time, attract investment in the UK in the long-term, benefitting the economy and wider society. As a result, the definition of governance has been broadened in the 2018 Code. It emphasises the importance of positive relationships between companies, shareholders and stakeholders, a clear purpose and strategy aligned with healthy corporate culture, high quality board composition and a focus on diversity, and remuneration which is proportionate and supports long-term success• Along with the Code, a revised Guidance on Board Effectiveness was also issued to supplement the 2018 Code by suggesting good practice to assist companies in applying the 2018 Code's Principles and reporting on that application. |


Recent Global Trends in Corporate Governance Cont'd..

| Trend | Summary |
|--|---|
|  <p>Corporate Governance Codes</p> | <p>Different sections of the Code and key highlights are summarised as follows:</p> <p>Section 1 – Leadership and purpose: this section comprises five Principles and eight Provisions and it emphasises the need for boards to determine and promote the culture of their company and to engage with shareholders and their wider stakeholders.</p> <p>A new provision in this section requires a company to explain when 20% or more votes are cast against a resolution recommended by the board, as well as provide an update on shareholders’ views and actions taken no more than six months after the shareholder meeting.</p> <p>Section 2 – Division of responsibilities: comprises four Principles and eight Provisions. It considers the separation of duties within the board and the role of the non-executive directors, and it provides guidance on determining the independence of directors.</p> <p>Section 3 – Composition, succession and evaluation: comprises three Principles and seven Provisions, with new emphasis on diversity in the 2018 Code. The FRC encourages companies to think about providing more information about different aspects of diversity in their workforce, other than gender.</p> <p>The Code introduces a provision on tenure. The FRC had stated in its consultation that it would not expect a chair to be on a board for more than nine years, and this is now an express provision of the new Code. The new Code also removes the exemption in relation to annual re-election of directors. Therefore, all directors will be subject to annual re-election.</p> |

Recent Global Trends in Corporate Governance Cont'd..

| Trend | Summary |
|--|--|
|  <p>Corporate Governance Codes</p> | <p>Section 4 – Audit, Risk and Internal control: this section comprises three Principles and eight Provisions and largely replicates the requirements of the 2016 Code. The section duplicates requirements in the Listing Rules, the Disclosure and Transparency rules(DTRs) for financial statements and other reports of listed companies, and the Companies Act of 2006</p> <p>Section 5 – Remuneration: comprises three Principles and ten Provisions. These cover both the remit of the remuneration committee and the structure of remuneration schemes.</p> <p>In a change from the proposals, the board (rather than the remuneration committee) will now have the responsibility of overseeing workforce policies and practices. The remuneration committee will have responsibility only for remuneration-related matters and will be responsible for reviewing workforce remuneration and related policies</p> <p>Before appointment, remuneration committee chairs should have served on a remuneration committee for at least 12 months. The chair of the board cannot chair the remuneration committee.</p> |

Recent Global Trends in Corporate Governance

| Trend | Summary |
|--|--|
|  Corporate Governance Codes | <u>2. Nigeria</u> |
| | <p>In Nigeria, The Financial Reporting Council of Nigeria (FRCN) released the exposure draft of National Code of Corporate Governance in July 2018. In August it was announced that its proposed National Corporate Governance Code will serve as the regulatory code in the country from January 1, 2020, when its full implementation commences. Key highlights of the code include:</p> <ul style="list-style-type: none">a) A wider scope of application. The code covers; (i) all public companies (whether listed or not); (ii) all private companies that are holding companies or subsidiaries of public companies; and (iii) regulated private companies as defined under the Private Sector Codeb) Board of Directors: The Code gives recommendation on ; The role of the board, The structure and composition, and Practices regarding executive and non-executive Directorsc) Committees: The Code also gives direction on board committees which include; Nomination and Governance committee, Remuneration committee, Audit committee, and Risk Management committeed) External Auditors: The code defines the tenure and rotation policy of external auditing firms as well as the engaging partnere) Stakeholder Engagement: The Code calls for constant engagement with shareholder and other stake holders through meetings and dialogue |

Recent Global Trends in Corporate Governance, Cont'd..

| Trend | Summary |
|------------------------------------|---|
| Focus on Board Remuneration | <ul style="list-style-type: none">• Among the key areas of focus for change in the UK, other countries are considering a range of proposed policies, including CEO pay ratio disclosures, binding shareholder votes on executive remuneration and allowing employees a seat at the table when executive pay decisions are being discussed. Other proposals include, performance-related pay to ensure CEO salaries are linked to the value they create within the business in comparison to the rest of the workforce• In Kenya, The Capital Markets Authority (CMA) had in 2014 proposed regulations compelling listed firms to publish details of executive pay but later discarded the proposals after intense lobbying by CEOs. The code was however enforced in 2017 and companies listed in the NSE were given up to April 2018 as the deadline for full disclosure. Compliance was evident as listed companies published remuneration details of their executive board members in the annual reports. However, no company has so far disclosed the pay criteria, an evaluation of the previous year's performance and the chosen benchmarks, as required by the law. In this regard, we still fall short compared to developed markets such as the US, which, have more rigorous pay disclosure and accountability rules that require companies to specify what will entitle executives to larger salaries or more shares besides mechanisms for clawing back pay from employees who expose their company to unacceptable losses. |

Corporate Governance Developments in Kenya

- **Legislation:** The Capital Markets Authority (CMA) continues to enforce the corporate governance code of conduct by taking action on breach and non-compliance;
 - a) **National Bank of Kenya (NBK)** : In April 2018, the CMA issued a press release stating that it had taken administrative action against the NBK Board members and former Senior Managers who served at the Bank as at December 31, 2015 for the alleged misrepresentation of financial statements and embezzlement of funds at NBK. The Authority has also recommended to the Office of the Director of Public Prosecutions, the prosecution of some of the senior managers and further criminal investigations of additional individuals. Based on whistle-blower information, CMA conducted an inquiry into the affairs of the Bank leading to the commencement of enforcement proceedings against the then NBK Board members and its senior managers

Corporate Governance Developments in Kenya, Cont'd..

b) Central Bank of Kenya in September 2018, The Central Bank of Kenya fined five commercial banks that were used to handle funds from the National Youth Service (NYS). This followed months of investigations into the conduct of the banks that enabled movement of funds which lead to loss of billions at NYS. The investigations prioritised banks that handled the largest flows, namely; Standard Chartered Bank Kenya Ltd, Equity Bank Kenya Ltd, KCB Bank Kenya Ltd, Co-operative Bank of Kenya Ltd, and Diamond Trust Bank Kenya Ltd. The five banks, according to CBK, were found to be in violation of the law for failing to report large cash transactions and failing to undertake adequate customer due diligence. The banks also lacked supporting documentation for large transactions.

| Bank | Amount received from NYS (KSh mn) | Assessed monetary penalty (KSh mn) | Penalty as a % of Sum handled |
|------------------------------------|--------------------------------------|---------------------------------------|-------------------------------|
| Standard Chartered Bank Kenya Ltd. | 1628.0 | 77.5 | 4.8% |
| Equity Bank Kenya Ltd. | 886.0 | 89.5 | 10.1% |
| KCB Bank Kenya Ltd. | 639.0 | 149.5 | 23.4% |
| Co-operative Bank Kenya Ltd. | 263.0 | 20.0 | 7.6% |
| Diamond Trust Bank Kenya Ltd. | 162.0 | 56.0 | 34.6% |

CBK said the second phase of the investigation will involve determining the criminal culpability of the institutions and people involved

Recent Corporate Developments

- **Nakumatt Supermarket placed under Administration:**

- Nakumatt Supermarkets, once regarded as Kenya's largest retailer, with 62 branches across the region, (45 in Kenya, 9 in Uganda, 5 in Tanzania and 3 in Rwanda) and a gross turnover of Kshs 52.2 bn. However, what was fueling Nakumatt's rapid expansion was funding through debt. This included short-term borrowings, bank loans and letters of credit to its numerous suppliers. However, due to a number of reasons, Nakumatt started experiencing serious cash-flow difficulties in 2016. The retailer was therefore unable to meet its financial obligations to landlords, its suppliers and employees. It was for these reasons that the administrator was appointed by an order of the court pursuant to an application filed by unsecured creditors, and Nakumatt Holdings was placed under administration in January 2018. Much of this has been attributed to ill-advised strategies as a result of poor governance. Audit reports reveal that management failed to account for Kshs. 18.0 billion worth of stock

- **ARM Cement placed under Administration:**

- **ARM Cement PLC**, after a three year run of incurring losses announced a change in governance structure in August 2018. The shakeup, led by major shareholder CDC group brought about the following changes ;
 - a) Retirement of Mr. Wilfred Murungi as Chairman and Director, who was replaced by Mr. Linus Gitahi, former CEO of Nation Media Group, as Chairman,
 - b) The retirement of Mr. Surendra Bhatia as Deputy Managing Director and from the Board with Mr. Thierry Metro, former Board Director at Lafarge Africa Plc, being appointed as his replacement
 - c) Mr. Pradeep Paunrana was ousted as CEO to become a Non-Executive Director with the appointment of the new CEO.

It proved too little too late however, as the company was placed under administration and its shares were suspended from trading at the Nairobi Securities Exchange

Recent Corporate Developments Continued. ..

- **Chase Bank Acquisition by SBM Bank :**

- **Chase Bank** was placed under receivership following cases of unsound banking practices such as large unsecured loans to directors. In 2018 SBM Kenya, a subsidiary of SBM Mauritius completed the acquisition of Chase bank which was rebranded and reopened.
- The former Chase Bank chairman was charged with stealing Ksh 1.0 billion from the bank. Prosecution said he faces additional charges and could be prosecuted for stealing more than Ksh 4.0 billion at the end of investigations. He was accused of stealing the money between January 2015 and March 2016. He was also charged with money laundering

- **CBK extends Imperial Bank's receivership:**

- **Imperial Bank** was placed under receivership on October 13, 2015, after the CBK learnt of fraud, led to loss of approximately Kshs 34.0 billion. In October 2018, The Central Bank of Kenya (CBK) released a statement that the receivership period was increased by consent between CBK, Kenya Deposit Insurance Corporation (KDIC) and the KTDA and adopted by the court.

III. Cytonn Corporate Governance Report - 2018

Improved Corporate Governance Key to Investor Protection

| Focus Area | Summary of Issue | Effect on Investors |
|-------------|--|--|
| Regulation | <ul style="list-style-type: none">In December 2015, Capital Markets Authority issued the 'Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015'. It was meant to come into effect in March 2017, however since most listed companies were in the middle of their financial years, the deadline for compliance was pushed to April 2018. | <ul style="list-style-type: none">Investors witnessed improved corporate governance reporting and more disclosures in the annual report for FY '17/'18. This goes a long way in enhancing investor confidence |
| Improvement | <ul style="list-style-type: none">Companies ranked this year showed continued improvement in overall performance, with an average increase in score of 2.0% from 2017 and 6.2% from 2016. There was also improvement on disclosures and more detailed corporate governance reporting in annual reports as companies comply with CMA's code of Corporate Governance Practices | <ul style="list-style-type: none">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 CGR ranked the 47 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 (as at July 31st 2018), which equates to 47 companies on the Nairobi Securities Exchange, 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 Report (CGR) 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:

Formula = (A*1) + (B*0.5) + (C*0)

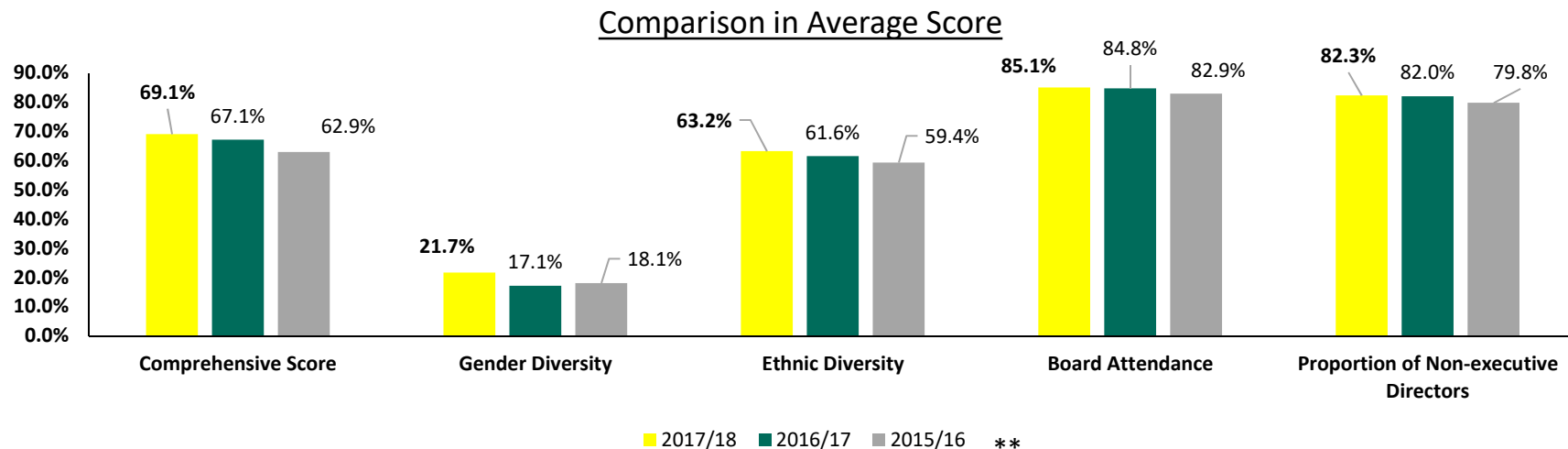
- **A** - % of compliant metrics; **B** - % of partial compliant metrics; **C** - % of non compliant metrics

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 gender diversity



- This year recorded improvement in the comprehensive score with an average of 69.1% compared to 67.1% in 2017 and 62.9% in 2016.
- Gender diversity also improved this year, recording an average of 21.7% compared to 17.1% in 2017 and 18.1% in 2016.
- Ethnic diversity improved to an average of 63.2% from 61.6% in 2017 and 59.4% in 2016
- Board attendance improved to 85.1% from an average of 84.0% in 2017 and 82.9% in 2016
- Proportion of non-executive directors improved to 82.3% from 82.0% in 2017 and 79.8% in 2016

*** unlike previous years, 2017/2018 average figures excludes Car& General, Uchumi, FTG and EA Cables which failed to meet the Mkt Cap threshold*

Ethnic Diversity Ranking

Sanlam maintained it's position as the company with most ethnically diverse board composition with a score of 87.5%, a similar score to that of 2017

| Top 10 Ethnic Diversity Rank | | | | |
|------------------------------|---------------|----------------|------------------|-------------------|
| Company | Current Score | Previous Score | Current Position | Previous Position |
| Sanlam Kenya | 87.5% | 87.5% | 1 | 1 |
| ARM** | 87.5% | 77.8% | 1 | 7 |
| East Africa Breweries | 81.8% | 81.8% | 3 | 3 |
| Kenya Re | 81.8% | 72.7% | 3 | 15 |
| Kenol/Kobil | 80.0% | 75.0% | 5 | 9 |
| National Bank | 80.0% | 75.0% | 5 | 10 |
| Nation Media Group | 80.0% | 71.4% | 5 | 17 |
| KCB Group | 77.8% | 81.8% | 8 | 2 |
| BAT Kenya | 77.8% | 77.8% | 8 | 6 |
| Standard Group | 77.8% | 75.0% | 8 | 14 |

| Top 5 most improved | | | | Top 5 decliners | | | |
|---------------------|------------------|-------------------|-------------------|----------------------|------------------|-------------------|-------------------|
| Company | Current position | Previous position | Variance in score | Company | Current position | Previous position | Variance in score |
| Stanbic Holdings | 20 | 46 | 28.3% | Carbacid Investments | 32 | 11 | (15.0%) |
| Umeme Ltd | 19 | 40 | 24.5% | Mumias Sugar | 36 | 20 | (14.4%) |
| DTB Bank | 15 | 36 | 18.2% | B.O.C Kenya | 45 | 39 | (12.5%) |
| Britam | 27 | 38 | 16.7% | Trans-Century Ltd | 46 | 47 | (8.9%) |
| Limuru Tea | 44 | 49 | 15.0% | Safaricom | 12 | 5 | (7.3%) |

*** ARM Significantly improved it's score after the recent board reshuffle in an effort to remedy the current ongoing crisis*

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 | 44.4% | 40.0% | 2 | 2 |
| Kenol/Kobil | 40.0% | 0.0% | 3 | 41 |
| Stanbic Holdings | 40.0% | 18.2% | 3 | 24 |
| Centum | 40.0% | 27.3% | 3 | 12 |
| B.O.C Kenya | 37.5% | 37.5% | 6 | 3 |
| Safaricom | 36.4% | 30.0% | 7 | 7 |
| Housing Finance | 33.3% | 33.3% | 8 | 4 |
| Kengen | 33.3% | 27.3% | 8 | 15 |
| BAT Kenya | 33.3% | 22.2% | 8 | 17 |

| Top 5 most improved | | | | Top 5 decliners | | | |
|----------------------|------------------|-------------------|-------------------|--------------------|------------------|-------------------|-------------------|
| Company | Current Position | Previous Position | Variance in score | Company | Current Position | Previous Position | Variance in score |
| Kenol/Kobil | 4 | 41 | 40.0% | CIC | 20 | 5 | (8.3%) |
| Stanbic Holdings | 3 | 24 | 21.8% | NIC | 36 | 22 | (7.1%) |
| Carbacid Investments | 27 | 46 | 20.0% | KCB Group | 25 | 13 | (5.1%) |
| Limuru Tea | 28 | 45 | 20.0% | National Bank | 39 | 34 | (2.5%) |
| Sasini | 12 | 28 | 19.0% | Nation Media Group | 34 | 27 | (1.0%) |

Board Meetings Attendance Ranking

Safaricom and Sanlam emerged top with a board attendance to meetings' score of 100.0%, which Safaricom has maintained from the previous year's score

| Top 10 Board attendance to meetings rank | | | | |
|--|---------------|----------------|------------------|-------------------|
| Company | Current Score | Previous Score | Current Position | Previous Position |
| Safaricom | 100.0% | 100.0% | 1 | 1 |
| Sanlam | 100.0% | 92.9% | 1 | 11 |
| Kenya Power & Lighting Co Ltd | 98.8% | 50.4% | 3 | 36 |
| CIC | 96.4% | 77.0% | 4 | 28 |
| Kenya Airways | 95.7% | N/A | 5 | 49 |
| Carbacid Investments | 95.0% | 100.0% | 6 | 1 |
| Barclays | 95.0% | 85.5% | 6 | 22 |
| NIC | 94.5% | 92.4% | 8 | 12 |
| DTB Bank | 94.5% | 100.0% | 8 | 1 |
| Housing Finance | 94.4% | 93.8% | 10 | 9 |

| Top 5 most improved | | | | Top 5 decliners | | | |
|-------------------------------|------------------|-------------------|-------------------|-------------------|------------------|-------------------|-------------------|
| Company | Current position | Previous position | Variance in score | Company | Current position | Previous position | Variance in score |
| Kenya Power & Lighting Co Ltd | 2 | 36 | 48.4% | Kengen | 35 | 6 | (33.7%) |
| CIC | 4 | 28 | 19.4% | Trans-Century Ltd | 31 | 7 | (18.9%) |
| Centum | 23 | 34 | 19.2% | Equity | 36 | 30 | (13.1%) |
| East Africa Breweries | 27 | 33 | 14.3% | Coop | 25 | 5 | (12.6%) |
| National Bank | 21 | 29 | 13.1% | Britam | 33 | 18 | (10.7%) |

Proportion of Non-Executive Directors Ranking

Carbacid Investments, I&M and Mumias retained the top joint position with 100% non-executive directors in the board

| Top 10 proportion of non-executive directors rank | | | | |
|---|---------------|----------------|------------------|-------------------|
| Company | Current Score | Previous Score | Current Position | Previous Position |
| Carbacid Investments | 100.0% | 100.0% | 1 | 1 |
| I&M Bank | 100.0% | 100.0% | 1 | 1 |
| Mumias Sugar | 100.0% | 100.0% | 1 | 1 |
| Coop | 91.7% | 91.7% | 4 | 4 |
| Kengen | 91.7% | 90.9% | 4 | 5 |
| CIC | 91.7% | 75.0% | 4 | 35 |
| Jubilee Holdings | 90.9% | 90.9% | 7 | 5 |
| Kenya Re | 90.9% | 90.9% | 7 | 5 |
| Kenya Power & Lighting Co Ltd | 90.9% | 90.9% | 7 | 5 |
| DTB Bank | 90.9% | 90.9% | 7 | 5 |

| Top 5 most improved | | | | Top 5 decliners | | | |
|-----------------------------|------------------|-------------------|-------------------|--------------------|------------------|-------------------|-------------------|
| Company | Current position | Previous position | Variance in score | Company | Current position | Previous position | Variance in score |
| East Africa Portland Cement | 25 | 46 | 28.6% | Bamburi | 46 | 44 | (50.0%) |
| Standard Group | 24 | 45 | 23.2% | Standard Chartered | 43 | 7 | (36.4%) |
| Stanbic Holdings | 14 | 39 | 17.0% | Williamson Tea | 35 | 43 | (14.3%) |
| ARM** | 12 | 38 | 16.8% | Equity | 28 | 14 | (8.9%) |
| CIC | 6 | 35 | 16.7% | National Bank | 29 | 19 | (7.5%) |

** ARM Significantly improved it's score after the recent board reshuffle in an effort to remedy the current ongoing crisis

Comprehensive Score Ranking

KCB group remained the best with a CGI score of 85.4%, a drop from a previous score of 91.7%

| Company | Current Score | 2017 Score | 2016 Score | Current Position | 2017 Position | 2016 Position |
|-------------------------------|---------------|------------|------------|------------------|---------------|---------------|
| KCB | 85.4% | 91.7% | 95.8% | 1 | 1 | 1 |
| NSE | 85.4% | 81.3% | 68.8% | 1 | 5 | 15 |
| Safaricom | 85.4% | 81.3% | 83.3% | 1 | 5 | 2 |
| DTB Bank | 83.3% | 85.4% | 75.0% | 4 | 2 | 9 |
| CIC | 81.3% | 79.2% | 64.6% | 5 | 8 | 25 |
| Standard Chartered | 79.2% | 83.3% | 83.3% | 6 | 3 | 2 |
| NIC | 79.2% | 68.8% | 66.7% | 6 | 21 | 18 |
| Kenya Power & Lighting Co Ltd | 79.2% | 79.2% | 68.8% | 6 | 8 | 15 |
| BAT Kenya | 77.1% | 79.2% | 77.1% | 9 | 8 | 5 |
| East Africa Breweries | 77.1% | 79.2% | 77.1% | 9 | 8 | 5 |
| Liberty | 77.1% | 81.3% | 66.7% | 9 | 5 | 18 |
| Jubilee Holdings | 77.1% | 83.3% | 77.1% | 9 | 3 | 5 |
| Kenya Re | 75.0% | 60.4% | 58.3% | 13 | 33 | 32 |
| Carbacid Investments | 75.0% | 60.4% | 45.8% | 13 | 33 | 44 |
| Standard Group | 75.0% | 70.8% | 60.4% | 13 | 20 | 28 |
| Kengen | 75.0% | 75.0% | 79.2% | 13 | 16 | 4 |
| Equity | 75.0% | 75.0% | 72.9% | 13 | 16 | 10 |
| National Bank | 75.0% | 77.1% | 68.8% | 13 | 14 | 15 |
| Umeme Ltd Ord 0.50 | 75.0% | 77.1% | 72.9% | 13 | 14 | 10 |
| Coop | 75.0% | 79.2% | 70.8% | 13 | 8 | 13 |
| Britam | 72.9% | 60.4% | 54.2% | 21 | 33 | 38 |
| Sasini | 72.9% | 64.6% | 60.4% | 21 | 27 | 28 |
| WPP Scan Group | 72.9% | 66.7% | 45.8% | 21 | 27 | 44 |
| Barclays | 72.9% | 79.2% | 77.1% | 21 | 8 | 5 |

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

Comprehensive Score Ranking, Continued. ..

The number of companies ranked this year reduced from 50 to 47 as a result of the 1 Billion Kshs Market cap threshold

| Company | Current Score | 2017 Score | 2016 Score | Current Position | 2017 Position | 2016 Position |
|-----------------------------|---------------|------------|------------|------------------|---------------|---------------|
| Kenya Airways | 70.8% | 60.4% | 66.7% | 25 | 33 | 18 |
| Nation Media Group | 70.8% | 64.6% | 58.3% | 25 | 27 | 32 |
| Sanlam Kenya | 68.8% | 72.9% | 70.8% | 27 | 19 | 13 |
| Centum | 68.8% | 64.6% | 64.6% | 27 | 27 | 18 |
| Kenol/Kobil | 66.7% | 54.2% | 52.1% | 28 | 42 | 40 |
| Longhorn Publishers | 66.7% | 72.9% | 67.0% | 28 | - | - |
| I&M Holdings | 66.7% | 75.0% | 72.9% | 28 | 16 | 10 |
| Stanbic Holdings | 64.6% | 58.3% | 56.3% | 32 | 40 | 35 |
| TPS East Africa | 64.6% | 64.6% | 58.3% | 32 | 27 | 32 |
| Unga | 64.6% | 64.6% | 66.7% | 32 | 27 | 18 |
| Total Kenya Ltd | 64.6% | 65.2% | 65.2% | 32 | 26 | 24 |
| Housing Finance | 64.6% | 66.7% | 60.4% | 32 | 22 | 28 |
| East Africa Portland Cement | 62.5% | 60.4% | 50.0% | 37 | 33 | 42 |
| B.O.C Kenya | 62.5% | 60.4% | 56.3% | 37 | 33 | 35 |
| Trans-Century Ltd | 62.5% | 62.5% | 56.3% | 37 | 32 | 35 |
| Bamburi | 62.5% | 66.7% | 66.7% | 37 | 22 | 18 |
| Mumias Sugar | 60.4% | 52.1% | 52.1% | 41 | 45 | 40 |
| ARM | 58.3% | 66.7% | 64.6% | 42 | 22 | 25 |
| Crown Paints | 56.3% | 50.0% | 43.8% | 43 | 47 | 46 |
| Williamson Tea | 54.2% | 52.1% | 47.9% | 44 | 45 | 43 |
| Kakuzi | 54.2% | 54.2% | 60.4% | 44 | 42 | 28 |
| Limuru Tea | 41.7% | 16.7% | 18.8% | 46 | 49 | 49 |
| Kenya orchards | 10.4% | 10.4% | 10.4% | 47 | 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 & Decliners by Comprehensive Score

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

Top Gainers

1. Limuru Tea

It was the most improved company with a score of 41.7% from a score of 16.7% in our last report. This was due to (i) increase of board members to an even number (ii) Introduction of a female board member (iii) and better disclosure on ; Board member details, Work experience, and Remuneration

2. Kenya Re

Kenya Re's score improved to 75.0% from a score of 60.4% last year. This was due to better disclosures and positive correlation between remuneration and earnings

3. Carbacid

The company's score improved to 75.0% from 60.4% also due to better disclosure on board composition, correlation between remuneration and earnings and an odd number of board members

Top Gainers and Decliners, continued ...

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

Top Decliners

1. ARM Cement

ARM Cement recorded a decline to a comprehensive score of 58.3% from a score of 66.7% in our last report. This was due to lack correlation between remuneration and earnings, shareholding of the board, and evenness of the board

2. I&M Holdings

The company's score declined to 66.7% from a score of 75.0% last year attributed to increase in tangible common ratio, change of audit committee composition and increased directors shareholding

3. Barclays

Barclays saw its score drop to 72.9% from a previous score of 79.2%. This is due to change in composition of the audit committee and increased loans to directors

Entries and Exits

Four companies from last years ranking failed to meet the minimum criteria of Kshs. 1.0 bn market capitalization.

| Company | Market Cap as at 31-Jul-2018 (Kshs bns) |
|---------------------|---|
| | Exits |
| Car & General | 0.7 |
| Uchumi | 0.6 |
| Flame Tree Group | 0.6 |
| East African Cables | 0.9 |
| | Entry |
| Longhorn Kenya | 1.0 |

Exits

1. Car & General

As at July 31st 2018, our cut off date, Car & General had a total market capitalization of Kshs. 0.7 bn

2. Uchumi

Uchumi had a total market capitalization of Kshs. 0.6 bn

3. Flame Tree Group

Flame Tree Group Holdings had a total market capitalization of Kshs. 0.6 bn

4. East African Cables

East African Cables LTD had a total market capitalization of Kshs. 0.9 bn

Entry

1. Longhorn Publishers

Longhorn successfully made it into the ranking with a total market capitalization of Kshs 1.0 bn as at July 31st 2018

Cytonn's Ranking

We try to lead by example by evaluating ourselves against our own metrics

| Criteria | Score |
|-----------------------------|-------|
| Comprehensive Score | 81.3% |
| Gender Diversity | 36.4% |
| Ethnic Diversity | 72.7% |
| Board Attendance | 97.5% |
| Proportion of Non-Executive | 72.7% |
| Comprehensive Rank | #5 |

Our Strengths

- **Board Size:** Our board comprises of 11 members.
- **Gender Diversity:** Our board consists of 4 (36.4%) female members out of the total 11
- **Ethnic Diversity** : Only 3 Board members (27.3%) are of the same ethnic group

Areas we need to improve

- **Debt to Equity Ratio:** Cytonn has a debt to equity ratio of 43.3% against the industry average of 65.7%

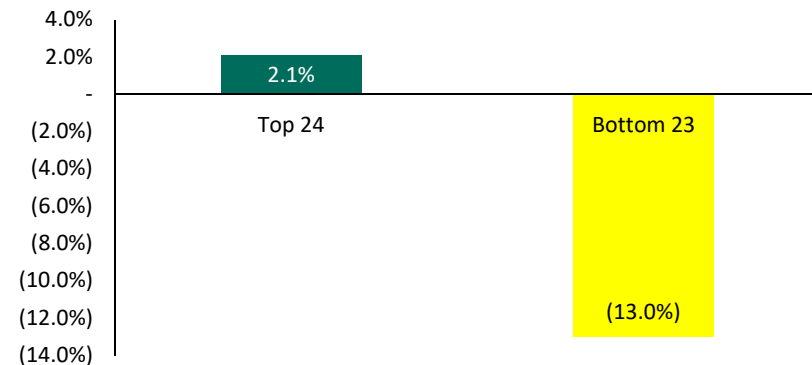
Conclusion

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

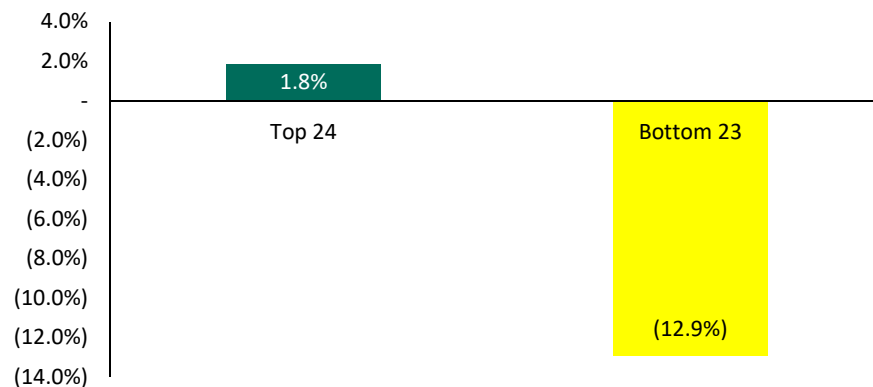
Key Take-outs

- Good corporate governance is directly correlated to stock price performance as shown by the graphs.
- 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

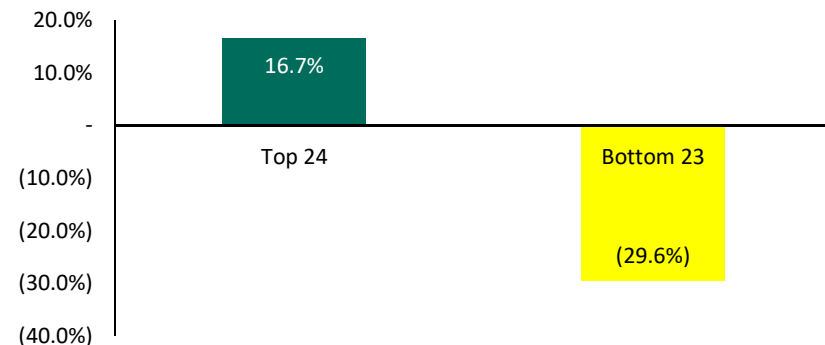
Comprehensive Ranking 5 Yr. Absolute Return*



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

Gender Diversity Ranking

Barclays ranks first on gender diversity with an even gender distribution

| # | Company | Current Score | Score 2017 | Score 2016 | # | Company | Current Score | Score 2017 | Score 2016 |
|-----|----------------------------|---------------|------------|------------|-----|-----------------------|---------------|------------|------------|
| 1. | Barclays | 50.0% | 50.0% | 50.0% | 25. | KCB | 20.0% | 27.3% | 27.3% |
| 2. | Mumias Sugar | 44.4% | 40.0% | 36.3% | 26. | Umeme | 20.0% | 18.2% | 10.0% |
| 3. | Stanbic Holdings | 40.0% | 18.2% | 18.0% | 27. | Carbacid Investments | 20.0% | 0.0% | 0.0% |
| 4. | Kenol/Kobil | 40.0% | 0.0% | 17.0% | 28. | Limuru Tea | 20.0% | 0.0% | 0.0% |
| 5. | Centum | 40.0% | 27.3% | 30.8% | 29. | East Africa Breweries | 18.2% | 18.2% | 20.0% |
| 6. | B.O.C Kenya | 37.5% | 37.5% | 22.0% | 30. | DTB Bank | 18.2% | 18.2% | 18.0% |
| 7. | Safaricom | 36.4% | 30.0% | 44.0% | 31. | Liberty | 16.7% | 16.7% | 29.0% |
| 8. | Housing Finance | 33.3% | 33.3% | 14.3% | 32. | I&M Holdings | 14.3% | 14.3% | 12.5% |
| 9. | Kengen | 33.3% | 27.3% | 27.3% | 33. | Trans-Century Ltd | 14.3% | 0.0% | 12.5% |
| 10. | BAT Kenya | 33.3% | 22.2% | 22.2% | 34. | Nation Media Group | 13.3% | 14.3% | 26.7% |
| 11. | Sasini | 33.3% | 14.3% | 12.5% | 35. | Sanlam Kenya | 12.5% | 12.5% | 25.0% |
| 12. | Bamburi | 30.0% | 30.0% | 20.0% | 36. | NIC | 11.1% | 18.2% | 18.2% |
| 13. | Equity Group | 30.0% | 22.2% | 22.0% | 37. | TPS East Africa | 11.1% | 10.0% | 10.0% |
| 14. | Kenya Power & Lighting Co. | 30.0% | 11.1% | 22.2% | 38. | Jubilee Holdings | 11.1% | 9.1% | 9.0% |
| 15. | Total Kenya | 28.6% | 28.6% | 33.3% | 39. | National Bank | 10.0% | 12.5% | 22.0% |
| 16. | NSE | 27.3% | 27.3% | 25.0% | 40. | WPP Scan Group | 10.0% | 0.0% | 0.0% |
| 17. | Kenya Re | 27.3% | 27.3% | 27.0% | 41. | Co-operative Bank | 8.3% | 8.3% | 8.3% |
| 18. | Standard Chartered | 27.3% | 27.3% | 25.0% | 42. | Crown Paints | 0.0% | 0.0% | 0.0% |
| 19. | Kenya Airways | 27.3% | 22.2% | 16.7% | 43. | East Africa Portland | 0.0% | 0.0% | 0.0% |
| 20. | CIC | 25.0% | 33.3% | 33.0% | 44. | Williamson Tea | 0.0% | 0.0% | 14.3% |
| 21. | Unga | 25.0% | 25.0% | 25.0% | 45. | Kakuzi | 0.0% | 0.0% | 0.0% |
| 22. | ARM | 25.0% | 11.1% | 0.0% | 46. | Kenya Orchards | 0.0% | 0.0% | 0.0% |
| 23. | Britam | 22.2% | 12.5% | 12.5% | 47. | Longhorn | 0.0% | N/A | N/A |
| 24. | Standard Group | 22.2% | 12.5% | 12.5% | | | | | |

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

Ethnic Diversity Ranking

Sanlam Kenya retained top position, with an 87.5% score in board ethnic diversity

| # | Company | Current score | 2017 | 2016 | # | Company | Current score | 2017 | 2016 |
|----|----------------------------|---------------|-------|-------|----|----------------------|---------------|-------|-------|
| 1 | Sanlam Kenya | 87.5% | 87.5% | 75.0% | 25 | Liberty | 66.7% | 66.7% | 71.0% |
| 2 | ARM | 87.5% | 77.8% | 66.7% | 26 | CIC | 66.7% | 66.7% | 66.7% |
| 3 | East Africa Breweries | 81.8% | 81.8% | 80.0% | 27 | Britam | 66.7% | 50.0% | 50.0% |
| 4 | Kenya Re | 81.8% | 72.7% | 63.7% | 28 | Barclays | 62.5% | 62.5% | 62.5% |
| 5 | Kenol/Kobil | 80.0% | 75.0% | 83.0% | 29 | Unga | 62.5% | 62.5% | 62.5% |
| 6 | National Bank | 80.0% | 75.0% | 78.0% | 30 | Kakuzi | 62.5% | 62.5% | 57.2% |
| 7 | Nation Media Group | 80.0% | 71.4% | 67.0% | 31 | Centum | 60.0% | 72.7% | 69.2% |
| 8 | KCB Group | 77.8% | 81.8% | 73.0% | 32 | Carbacid Investments | 60.0% | 75.0% | 60.0% |
| 9 | Standard Group | 77.8% | 75.0% | 75.0% | 33 | Kengen | 58.3% | 63.6% | 64.0% |
| 10 | NSE* | 77.8% | 63.6% | 50.0% | 34 | I&M Holdings | 57.1% | 57.1% | 50.0% |
| 11 | BAT Kenya | 75.0% | 77.8% | 77.8% | 35 | Williamson Tea | 57.1% | 42.9% | 57.0% |
| 12 | Standard Chartered | 75.0% | 72.7% | 75.0% | 36 | Mumias Sugar | 55.6% | 70.0% | 80.0% |
| 13 | Safaricom | 72.7% | 80.0% | 66.7% | 37 | Longhorn | 55.6% | N/A | N/A |
| 14 | Kenya Airways | 72.7% | 66.7% | 58.3% | 38 | Equity Group | 50.0% | 55.6% | 67.0% |
| 15 | DTB Bank | 72.7% | 54.5% | 27.3% | 39 | Crown Paints | 50.0% | 50.0% | 71.4% |
| 16 | East Africa Portland | 71.4% | 71.4% | 16.7% | 40 | Housing Finance | 44.4% | 44.4% | 58.0% |
| 17 | Bamburi | 70.0% | 75.0% | 50.0% | 41 | WPP Scan Group | 44.4% | 44.4% | 50.0% |
| 18 | Kenya Power & Lighting Co. | 70.0% | 66.7% | 66.7% | 42 | NIC | 44.4% | 36.4% | 36.4% |
| 19 | Umeme Ltd | 70.0% | 45.5% | 60.0% | 43 | Total Kenya | 42.9% | 42.9% | 78.0% |
| 20 | Stanbic Holdings | 70.0% | 41.7% | 43.8% | 44 | Limuru Tea | 40.0% | 25.0% | 34.0% |
| 21 | Jubilee Holdings | 66.7% | 72.7% | 36.4% | 45 | B.O.C Kenya | 37.5% | 50.0% | 56.0% |
| 22 | Sasini | 66.7% | 71.4% | 50.0% | 46 | Trans-Century Ltd | 28.6% | 37.5% | 12.5% |
| 23 | TPS East Africa | 66.7% | 70.0% | 60.0% | 47 | Kenya orchards | 0.0% | 0.0% | N/A |
| 24 | Co-operative Bank | 66.7% | 66.7% | 58.3% | | | | | |

The percentage composition of the majority ethnic group. The higher the score indicates lower ethnic diversity

Board Meetings Attendance Ranking

Safaricom, and Sanlam tie in the first position with 100.0% attendance

| # | Company | Current Score | 2017 | 2016 | # | Company | Current Score | 2017 | 2016 |
|----|---------------------------|---------------|--------|-------|----|-----------------------------|---------------|-------|-------|
| 1 | Safaricom | 100.0% | 100.0% | 95.0% | 24 | Jubilee Holdings | 86.1% | 86.1% | 79.5% |
| 2 | Sanlam | 100.0% | 92.9% | 89.0% | 25 | Co-operative Bank | 85.7% | 98.3% | 86.0% |
| 3 | Kenya Power & Lighting Co | 98.8% | 50.4% | 98.5% | 26 | NSE | 85.7% | 83.3% | 95.0% |
| 4 | CIC | 96.4% | 77.0% | N/A | 27 | East Africa Breweries | 85.7% | 71.4% | 67.1% |
| 5 | Kenya Airways | 95.7% | N/A | N/A | 28 | Longhorn | 85.7% | N/A | N/A |
| 6 | Carbacid Investments | 95.0% | 100.0% | N/A | 29 | Standard Group | 85.4% | 80.4% | 89.1% |
| 7 | Barclays | 95.0% | 85.5% | 96.7% | 30 | KCB | 84.0% | 91.8% | 92.0% |
| 8 | NIC | 94.5% | 92.4% | N/A | 31 | Trans-Century Ltd | 78.0% | 96.9% | 84.0% |
| 9 | DTB Bank | 94.5% | 100.0% | 87.5% | 32 | Liberty | 76.4% | 83.3% | 94.0% |
| 10 | Housing Finance | 94.4% | 93.8% | 88.0% | 33 | Britam | 76.3% | 87.0% | 80.0% |
| 11 | B.O.C Kenya | 93.8% | 100.0% | N/A | 34 | East Africa Portland Cement | 65.2% | 71.9% | 71.4% |
| 12 | Stanbic | 93.8% | 95.0% | N/A | 35 | Kengen | 63.9% | 97.6% | 85.0% |
| 13 | Standard Chartered | 93.3% | 93.3% | 93.0% | 36 | Equity Group | 62.5% | 75.6% | 88.6% |
| 14 | Sasini | 92.9% | 91.7% | 85.0% | 37 | Mumias Sugar | 57.3% | N/A | N/A |
| 15 | Umeme Ltd | 92.1% | 86.7% | 89.0% | 38 | Nation Media Group | N/A | N/A | N/A |
| 16 | TPS East Africa | 90.6% | 91.1% | 71.0% | 39 | Kenya Re | N/A | N/A | N/A |
| 17 | ARM | 90.6% | 22.2% | 33.3% | 40 | Kenya orchards | N/A | N/A | N/A |
| 18 | Bamburi | 89.3% | 87.2% | 86.0% | 41 | Limuru Tea | N/A | N/A | N/A |
| 19 | Total Kenya Ltd | 89.3% | 86.9% | N/A | 42 | Kenol/Kobil | N/A | N/A | N/A |
| 20 | I&M Bank | 89.3% | 82.9% | 87.5% | 43 | Williamson Tea | N/A | N/A | N/A |
| 21 | National Bank | 89.3% | 76.2% | 89.0% | 44 | Kakuzi | N/A | N/A | N/A |
| 22 | BAT Kenya | 88.9% | 80.4% | 85.7% | 45 | Unga | N/A | N/A | N/A |
| 23 | Centum | 88.6% | 69.4% | 69.4% | 46 | WPP Scan Group | N/A | N/A | N/A |
| | | | | | 47 | Crown Paints | N/A | 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 | 2017 | 2016 | # | Company | Current Score | 2017 | 2016 |
|----|-----------------------------|---------------|--------|--------|----|-----------------------|---------------|-------|-------|
| 1 | Carbacid Investments | 100.0% | 100.0% | 100.0% | 26 | Liberty | 83.3% | 83.3% | 71.4% |
| 2 | I&M Bank | 100.0% | 100.0% | 50.0% | 27 | Safaricom | 81.8% | 80.0% | 88.9% |
| 3 | Mumias Sugar | 100.0% | 100.0% | 90.9% | 28 | Equity Group | 80.0% | 88.9% | 66.7% |
| 4 | Co-operative Bank | 91.7% | 91.7% | 91.7% | 29 | National Bank | 80.0% | 87.5% | 77.8% |
| 5 | Kengen | 91.7% | 90.9% | 90.9% | 30 | Kenol/Kobil | 80.0% | 75.0% | 67.0% |
| 6 | CIC | 91.7% | 75.0% | 75.0% | 31 | Umeme Ltd | 80.0% | 72.7% | 70.0% |
| 7 | Jubilee Holdings | 90.9% | 90.9% | 72.7% | 32 | KCB | 80.0% | 81.8% | 81.8% |
| 8 | Kenya Re | 90.9% | 90.9% | 81.8% | 33 | NIC | 77.8% | 81.8% | 81.8% |
| 9 | Kenya Power & Lighting Co. | 90.9% | 90.9% | 88.9% | 34 | TPS East Africa | 77.8% | 80.0% | 80.0% |
| 10 | DTB Bank | 90.9% | 90.9% | 90.9% | 35 | BAT Kenya | 77.8% | 77.8% | 77.8% |
| 11 | Kenya Airways | 90.9% | 88.9% | 83.3% | 36 | WPP Scan Group | 77.8% | 77.8% | 83.3% |
| 12 | NSE | 90.9% | 90.9% | 87.5% | 37 | Britam | 77.8% | 75.0% | 87.5% |
| 13 | ARM | 90.6% | 73.8% | 89.0% | 38 | Barclays | 75.0% | 75.0% | 75.0% |
| 14 | Centum | 90.0% | 90.9% | 92.3% | 39 | B.O.C Kenya | 75.0% | 75.0% | 77.8% |
| 15 | Stanbic Holdings | 90.0% | 73.0% | 64.0% | 40 | Kakuzi | 75.0% | 75.0% | 86.0% |
| 16 | Longhorn | 88.9% | 89.0% | 90.0% | 41 | East Africa Breweries | 72.7% | 72.7% | 70.0% |
| 17 | Housing Finance | 88.9% | 88.9% | 85.7% | 42 | Bamburi | 70.0% | 70.0% | 70.0% |
| 18 | Trans-Century Ltd | 88.9% | 87.5% | 87.5% | 43 | Williamson Tea | 57.1% | 71.4% | 71.4% |
| 19 | Sasini | 88.9% | 85.7% | 87.5% | 44 | Standard Chartered | 54.5% | 90.9% | 87.5% |
| 20 | Unga | 87.5% | 88.0% | 88.0% | 45 | Crown Paints | 50.0% | 50.0% | 71.0% |
| 21 | Nation Media Group | 86.7% | 78.6% | 93.3% | 46 | Limuru Tea | 40.0% | N/A | N/A |
| 22 | Sanlam | 85.7% | 87.5% | 87.5% | 47 | Kenya orchards | N/A | N/A | N/A |
| 23 | Total Kenya Ltd | 85.7% | 85.7% | 50.0% | | | | | |
| 24 | Standard Group | 85.7% | 62.5% | 62.5% | | | | | |
| 25 | East Africa Portland Cement | 85.7% | 57.1% | 66.7% | | | | | |

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



B. Metrics Used

Cytonn Corporate Governance Report - 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 Report - Metrics

| No. | Metrics | 0 | 0.5 | 1 |
|-----|--|--|---|--|
| 9 | Dividend Policy | No known dividend policy/inconstency 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 | Free float** | 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 Report - 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) |
| 24 | Tenure of the CEO | No term limits and election | Defined tenure greater than 7 years | Defined tenure of about 3 to 7 years |



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 | 0.5 | 0.5 | 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 | 0.5 | 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 | 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 | 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 | 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 | 0.5 | 0 | 0 | 1 |
| 10 | Staggered Members for board | Non-existent | Staggered, period greater than 5yrs | Well staggered (between 1 - 5 yrs) | 1 | 1 | 1 | 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 | 1 | 1 | 0 | 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 | 1 | 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 | 0 | 0 | 0.5 | 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 | 1 | 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 | 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 | 0 | 0 |
| 20 | Release results on time | Beyond 120 days | 90 days $\leq x \leq$ 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 | 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 | 1 | 1 | 1 | 1 |
| 24 | Corporate Social Responsibility | Doesn't Participate | - | Actively participates | 0 | 1 | 0 | 1 | 1 |
| | Comprehensive Score | | | | 58.3% | 77.1% | 62.5% | 62.5% | 72.9% |

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 | 1 | 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 | 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 | 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 | 0.5 | 0.5 | 0.5 | 0.5 | 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 | 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 | 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 | 0.5 | 0 | 1 | 1 |
| 10 | Staggered Members for board | Non-existent | Staggered, period greater than 5yrs | Well staggered (between 1 - 5 yrs) | 0.5 | 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 | 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 | Carbacid | Centum | CIC | CO-OP |
|-----|--|--|---|--|--------|----------|--------|-----|-------|
| 13 | Free float** | Less than 35% | Between 35% and 50% | Greater than 50% | 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 | 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 | 1 | 0.5 | 0.5 | 1 | 0.5 |
| 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 | 0.5 |
| 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 | 1 | 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%) | 1 | 1 | 0 | 1 | 1 |
| 23 | Ease of access of Information | Opaque | Disclosures not comprehensive | Sufficient disclosure of information | 1 | 1 | 1 | 1 | 1 |
| 24 | Corporate Social Responsibility | Doesn't Participate | - | Actively participates | 1 | 1 | 1 | 1 | 1 |
| | Comprehensive Score | | | | 72.9% | 75.0% | 68.8% | 81% | 75.0% |

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 | 1 | 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 | 0.5 |
| 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 | 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 | 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 | 0.5 | 1 | 0.5 |
| 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 | 1 | 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 | 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, EABL and EAPC

| No. | Metrics | 0 | 0.5 | 1 | Crown Paints | DTB | EABL | EAPC |
|-----|--|--|---|--|--------------|-------|-------|------|
| 13 | Free float** | Less than 35% | Between 35% and 50% | Greater than 50% | 1 | 0.5 | 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 | 0.5 | 0 | 0 |
| 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 | 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 | 0.5 | 0.5 |
| 18 | Internal Audit Function | Lacks this function | Less than 75% independent members | 75% or greater independent members | 0.5 | 1 | 0.5 | 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 | 0 | 1 |
| 20 | Release results on time | Beyond 120 days | 90 days $\leq x \leq$ 120 days | Within 90 days | 1 | 1 | 1 | 1 |
| 21 | Dividend Policy | No known dividend policy/inconstancy with policy | consistent payment | Consistently followed plan | 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 | 0.5 | 0.5 | 0 |
| 23 | Ease of access of Information | Opaque | Disclosures not comprehensive | Sufficient disclosure of information | 0.5 | 1 | 1 | 0.5 |
| 24 | Corporate Social Responsibility | Doesn't Participate | - | Actively participates | 1 | 1 | 1 | 1 |
| | Comprehensive Score | | | | 56.3% | 83.3% | 77.1% | 63% |

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 | 0.5 | 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 |
| 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 | 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 | 0.5 | 1 | 1 | 1 |
| 7 | Attendance to Meetings | Less than 50% attendance | between 50% and 75% attendance | Greater than 75% attendance | 0.5 | 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 | 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 | 0 | 0.5 | 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 | HF Group | I&M | Jubilee |
|-----|--|--|---|--|--------|----------|--------|---------|
| 13 | Free float** | Less than 35% | Between 35% and 50% | Greater than 50% | 1 | 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 | 1 | 0 | 1 | 0.5 |
| 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 | 0.5 | 0 | 0 | 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 | 0 |
| 18 | Internal Audit Function | Lacks this function | Less than 75% independent members | 75% or greater independent members | 1 | 1 | 0.5 | 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 | 1 | 1 |
| 20 | Release results on time | Beyond 120 days | 90 days ≤ x ≤ 120 days | Within 90 days | 1 | 1 | 1 | 1 |
| 21 | Dividend Policy | No known dividend policy/inconstancy with policy | consistent payment | Consistently followed plan | 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%) | 0.5 | 1 | 0.5 | 1 |
| 23 | Ease of access of Information | Opaque | Disclosures not comprehensive | Sufficient disclosure of information | 1 | 0.5 | 1 | 1 |
| 24 | Corporate Social Responsibility | Doesn't Participate | - | Actively participates | 1 | 1 | 1 | 1 |
| | Comprehensive Score | | | | 75.0% | 64.6% | 66.67% | 77.1% |

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 | 0.5 | 1 | 1 |
| 2 | Gender Diversity | 0% Diversity | Greater than 0% but less than 33% | 33% or greater | 0 | 0.5 | 1 | 1 | 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 | 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 | 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 | 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 | 0.5 | 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 | 0.5 | 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 | 0.5 | 0 | 1 | 0.5 | 1 |
| 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 | 0.5 | 1 | 0 | 0.5 |
| 18 | Internal Audit Function | Lacks this function | Less than 75% independent members | 75% or greater independent members | 1 | 1 | 0.5 | 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 | 1 |
| 20 | Release results on time | Beyond 120 days | 90 days $\leq x \leq$ 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 | 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 | 0 | 1 |
| 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% | 87.5% | 75.0% | 66.7% | 70.8% |

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 | 0.5 | 1 | 0.5 | 1 |
| 2 | Gender Diversity | 0% Diversity | Greater than 0% but less than 33% | 33% or greater | 0 | 0.5 | 0.5 | 0.5 | 0.5 |
| 3 | Average Age of Directors | Greater than 60 yrs and less than 40 yrs | 50 - 60 yrs | 40 - 50 yrs | 0 | 1 | 0.5 | 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 | 0.5 | 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 | 0.5 |
| 6 | Proportion of Non-Executive | No member | Less than 50% | 50% and Greater | 0 | 1 | 1 | 1 | 0.5 |
| 7 | Attendance to Meetings | Less than 50% attendance | between 50% and 75% attendance | Greater than 75% attendance | 0 | 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 | 0.5 | 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 | 1 | 0 |
| 10 | Staggered Members for board | Non-existent | Staggered, period greater than 5yrs | Well staggered (between 1 - 5 yrs) | 0 | 1 | 1 | 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 | 0 | 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 | 1 | 1 | 1 |
| 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 | 0.5 |
| 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 | 0.5 |
| 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 $\leq x \leq$ 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 | 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 | 1 | 0 | 1 | 0 |
| 23 | Ease of access of Information | Opaque | Disclosures not comprehensive | Sufficient disclosure of information | 0 | 1 | 1 | 1 | 0.5 |
| 24 | Corporate Social Responsibility | Doesn't Participate | - | Actively participates | 0 | 1 | 1 | 1 | 0 |
| | Comprehensive Score | | | | 10.4% | 79.2% | 75.0% | 77.1% | 42% |

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 | 1 | 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 | 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 | 1 | 1 | 1 | 1 |
| 7 | Attendance to Meetings | Less than 50% attendance | between 50% and 75% attendance | Greater than 75% attendance | 0.5 | 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 | 1 | 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 | 1 | 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 | 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 | 0.5 | 1 | 0 | 1 |
| 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 | 0.5 | 0.5 | 1 | 0.5 |
| 18 | Internal Audit Function | Lacks this function | Less than 75% independent members | 75% or greater independent members | 1 | 1 | 0.5 | 0.5 | 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 | 0 | 1 | 1 |
| 20 | Release results on time | Beyond 120 days | 90 days $\leq x \leq$ 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 | 1 | 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%) | 0 | 0 | 0.5 | 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 | | | | 60.4% | 70.8% | 75.0% | 79.2% | 85.4% |

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 | 1 | 0.5 | 1 | 0.5 | 0.5 |
| 2 | Gender Diversity | 0% Diversity | Greater than 0% but less than 33% | 33% or greater | 1 | 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 | 0.5 | 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 | 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 | 1 | 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 | 1 | 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 | 0.5 | 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 | 0 | 0 | 0 | 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 | 0.5 | 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 | 0.5 | 1 | 0.5 |
| 18 | Internal Audit Function | Lacks this function | Less than 75% independent members | 75% or greater independent members | 1 | 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 | 1 |
| 20 | Release results on time | Beyond 120 days | 90 days $\leq x \leq$ 120 days | Within 90 days | 1 | 1 | 1 | 1 | 1 |
| 21 | Dividend Policy | No known dividend policy/inconstancy 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 | 1 | 0.5 |
| 23 | Ease of access of Information | Opaque | Disclosures not comprehensive | Sufficient disclosure of information | 1 | 1 | 1 | 1 | 1 |
| 24 | Corporate Social Responsibility | Doesn't Participate | - | Actively participates | 1 | 1 | 1 | 1 | 1 |
| Comprehensive Score | | | | | 85.4% | 68.8% | 72.9% | 79.2% | 64.6% |

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 | 1 | 1 | 1.0 | 1 | 0.5 |
| 2 | Gender Diversity | 0% Diversity | Greater than 0% but less than 33% | 33% or greater | 0.5 | 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 | 0.5 | 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 | 1 | 0 | 0.0 | 0 | 0 |
| 10 | Staggered Members for board | Non-existent | Staggered, period greater than 5yrs | Well staggered (between 1 - 5 yrs) | 1 | 0.5 | 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 | 1 | 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 | 0.5 | 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 $\leq x \leq$ 120 days | Within 90 days | 1 | 0.5 | 1.0 | 0.5 | 1 |
| 21 | Dividend Policy | No known dividend policy/inconstancy with policy | consistent payment | Consistently followed plan | 0 | 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 | 0 | 0.0 | 0 | 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 | | | | | 75.0% | 64.6% | 64.6% | 62.50% | 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 | 0.5 | 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 | 0.5 | 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 | 0.5 | 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 | 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 |
| 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 | 1 | 0.5 |

Metrics for Uchumi, Umeme, Williamson and WPP Scangroup

| No. | Metrics | 0 | 0.5 | 1 | Umeme | Williamson | WPP Scangroup |
|-----|--|--|---|--|--------------|--------------|---------------|
| 13 | Free float** | Less than 35% | Between 35% and 50% | Greater than 50% | 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 | 0 | 0.5 |
| 15 | Choice of Auditors | No proof of Audits | Non-recognized auditor | Recognized auditors | 1 | 1 | 1 |
| 16 | Rotation of Auditors | No Rotation | Greater than 5 yrs | Less than 5 yrs | 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 | 0.5 |
| 18 | Internal Audit Function | Lacks this function | Less than 75% independent members | 75% or greater independent members | 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 |
| 20 | Release results on time | Beyond 120 days | 90 days $\leq x \leq$ 120 days | Within 90 days | 1 | 1 | 1 |
| 21 | Dividend Policy | No known dividend policy/inconstency with policy | consistent payment | Consistently followed plan | 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%) | 0.5 | 0 | 1 |
| 23 | Ease of access of Information | Opaque | Disclosures not comprehensive | Sufficient disclosure of information | 1 | 0.5 | 1 |
| 24 | Corporate Social Responsibility | Doesn't Participate | - | Actively participates | 1 | 1 | 1 |
| | Comprehensive Score | | | | 75.0% | 54.2% | 72.9% |



D. Response List

Response List

We received feedback from 18 companies, compared to the 24 companies last year

| No | Company Name | Status |
|----|----------------------------|-----------|
| 1 | Cooperative Bank of Kenya | Responded |
| 2 | Diamond Trust Bank | Responded |
| 3 | Barclays Bank of Kenya | Responded |
| 4 | NIC Bank | Responded |
| 5 | I&M Holdings Limited | Responded |
| 6 | Stanbic Holdings | Responded |
| 7 | Centum Investment Co | Responded |
| 8 | TransCentury Limited | Responded |
| 9 | Kenya Power & Lighting Co. | Responded |
| 10 | Umeme Limited | Responded |
| 11 | Bamburi Cement | Responded |
| 12 | Nation Media Group | Responded |
| 13 | Standard Group | Responded |
| 14 | WPP Scangroup Limited | Responded |
| 15 | NSE | Responded |
| 16 | BAT Kenya | Responded |
| 17 | Carbacid Investments Plc | Responded |
| 18 | Safaricom Limited | Responded |

| No | Company Name | Status |
|----|-------------------------------|-------------|
| 19 | CIC Insurance Group | No Response |
| 20 | Sanlam Kenya | No Response |
| 21 | Kenya Reinsurance Corporation | No Response |
| 22 | Jubilee Holdings | No Response |
| 23 | Liberty Kenya Holdings | No Response |
| 24 | Britam Holdings | No Response |
| 25 | KCB Group | No Response |
| 26 | Housing Finance Group | No Response |
| 27 | Equity Group | No Response |
| 28 | Standard Chartered Bank | No Response |
| 29 | National Bank of Kenya | No Response |
| 30 | Kenya Orchards | No Response |
| 31 | KenolKobil Limited | No Response |
| 32 | Total Kenya | No Response |
| 33 | KenGen Company Limited | No Response |
| 34 | ARM Cement | No Response |
| 35 | Crown Paints Kenya | No Response |
| 36 | E.A Portland Cement | No Response |
| 37 | Kenya Airways Limited | No Response |
| 38 | TPS Eastern Africa | No Response |

| No | Company Name | Status |
|----|--------------------------------|-------------|
| 39 | Longhorn Publishers | No Response |
| 40 | Kakuzi Limited | No Response |
| 41 | Sasini Limited | No Response |
| 42 | B.O.C Kenya Limited | No Response |
| 43 | East African Breweries Limited | No Response |
| 44 | Mumia Sugar Company | No Response |
| 45 | Unga Group Limited | No Response |
| 46 | Williamson Tea Kenya | No Response |
| 47 | Limuru Tea | No Response |

Q&A / AOB

Thank You!

For More Information

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For more information or any further clarification required, kindly contact the research team at
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