



CIRCULAR NO.CMA/MRT/004/2017

TO: BOARD MEMBERS, CEOs & MANAGEMENT OF ISSUERS OF SECURITIES TO THE PUBLIC

DATE: JUNE 13, 2017

RE: FORMAT FOR REPORTING THE APPLICATION OF THE CODE OF CORPORATE GOVERNANCE PRACTICES FOR ISSUERS OF SECURITIES TO THE PUBLIC

The Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015 (the Code) sets out the principles and specific recommendations on the structures and processes which companies should adopt in making good corporate governance an integral part of their business dealings and culture. It advocates for the application of standards on corporate governance that go beyond the minimum prescribed by legislation.

The Code was gazetted into law on March 4, 2016 and became fully applicable with effect from March 4, 2017. Issuers are therefore obligated to align their governance structures and reporting arrangements to the standards set in the Code.

Clause 1.1.3 of the Code requires issuers to disclose to the Capital Markets Authority, investors and the public the status of application of the Code within four months after the end of every financial year. In order to guide issuers on the appropriate format of reporting, the Authority, in consultation with the issuers, has developed the attached reporting template. The Authority has also issued instructions to the issuers on how to fill the template.

While filling the reporting template, issuers must ensure that they provide detailed explanations and relevant sources of information for every response. This will facilitate verification and promote transparency.

The Authority has also developed a Corporate Governance Scorecard to be used internally to assess the level of implementation of the Code. The Scorecard will also be a useful tool to promote engagement between the issuer and the Authority in strengthening governance.

The Authority therefore directs issuers to use the attached template in their annual reporting on the application of the Code. As required by clause 1.1.3 of the Code, the template once duly filled and signed should be submitted to the Authority and uploaded on the issuer's website within four months after the end of the issuer's financial year.



Paul M. Muthaura
CHIEF EXECUTIVE