



## **PUBLIC NOTICE**

### **THE CAPITAL MARKETS ACT (CAP 485A)**

#### **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 issuers 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 obliged to align their governance structures and reporting arrangements to the standards set in the Code.

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 Corporate Governance Reporting 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 reporting template will be useful in enhancing the adherence to governance requirements as well as disclosing the status of application of each requirement thereby empowering stakeholders to hold issuers to account on their governance practices. Global trends have established that this contributes to the continuous improvement of governance standards.

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 finalization and impending gazette of the Stewardship Code for Institutional Investors will further strengthen accountability and investor engagement in strengthening governance. The Authority therefore notifies the public that issuers will, going forward, use the reporting template in their annual reporting on the application of the Code. The template and instruction sheet are available on the Authority's website ([www.cma.or.ke](http://www.cma.or.ke)).

As required by clause 1.1.3 of the Code, the template once duly filled and signed will be uploaded on the issuer's website within four months after the end of the issuer's financial year. Investors and the general public are encouraged to interrogate the reports to inform their engagement with the companies they invest in.

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