

**THE CODE OF ENVIRONMENTAL,
SOCIAL AND CORPORATE
GOVERNANCE PRACTICES FOR
ISSUERS OF SECURITIES TO THE
PUBLIC 2025**

Draft November 18, 2025

TABLE OF CONTENTS

INTRODUCTION.....	4
I. CITATION	4
II. INTERPRETATION	4
III. IMPLEMENTATION AND OVERSIGHT	7
IV. STRUCTURE OF THE CODE.....	8
V. PURPOSE	8
VI. SCOPE	9
VII. RESPONSIBILITY	9
VIII. UPDATE OF THE 2015 CODE	9
CHAPTER ONE: COMMITMENT TO CORPORATE GOVERNANCE AND SUSTAINABILITY.....	10
I. COMMITMENT	10
A. <i>Sustainability Commitments and ESG Framework</i>	10
B. <i>Purpose, Values and Strategic Direction</i>	11
II. ETHICS	11
A. <i>Ethical Leadership and Code of Ethics</i>	11
B. <i>Oversight and Monitoring of Ethics</i>	12
C. <i>Whistleblowing</i>	12
III. CONFLICTS OF INTEREST AND RELATED POLICIES	13
A. <i>Conflict of Interest</i>	13
B. <i>Related Ethical Policies</i>	13
IV. SUSTAINABILITY	14
A. <i>Integration of sustainability into Strategy and Operations</i>	14
CHAPTER TWO: COMPOSITION, STRUCTURE AND FUNCTIONING OF THE BOARD.	15
I. SIZE, COMPOSITION, APPOINTMENT AND QUALIFICATIONS OF BOARD MEMBERS	15
A. <i>Board size</i>	15
B. <i>Board composition</i>	15
C. <i>Diversity, skills and experience</i>	16
D. <i>Age limit for Board members</i>	17
E. <i>Board appointments and Elections</i>	17
F. <i>Role of the Nomination Committee in Board appointments</i>	18
G. <i>Multiple directorships</i>	18
H. <i>Alternate Board members</i>	19
I. <i>Board Rotation and Succession planning</i>	19
II. STRUCTURE OF THE BOARD.....	20
A. <i>Committees</i>	20
B. <i>Nomination Committee</i>	21
C. <i>Audit Committee</i>	21
III. THE FUNCTIONS AND OPERATIONS OF THE BOARD AND MANAGEMENT.....	22
A. <i>Fiduciary duties</i>	22
B. <i>Functions of the Board and Management</i>	23
C. <i>Roles of Chairperson and Chief Executive Officer (CEO)</i>	24
D. <i>Company Secretary</i>	25
E. <i>Access to Information</i>	25
F. <i>Related Party Transactions</i>	25
IV. BOARD INDEPENDENCE	26
A. <i>Independent Non-Executive Board members</i>	26
B. <i>Independence of Thought</i>	27
V. REMUNERATION OF THE BOARD, EXECUTIVE MANAGEMENT, AND SENIOR OFFICERS	27
A. <i>Remuneration policy</i>	27
B. <i>remuneration Structure and Governance</i>	28
VI. BOARD MEETINGS AND TOOLS	28
A. <i>Board Meetings</i>	29
B. <i>Board Charter</i>	29

C.	<i>Annual Board Work-plan</i>	30
D.	<i>Board evaluation</i>	30
E.	<i>Board induction</i>	31
F.	<i>Board members development</i>	31
CHAPTER THREE: ACCOUNTABILITY, RISK MANAGEMENT AND INTERNAL CONTROL		32
I.	COMPLIANCE WITH LAWS, REGULATIONS AND STANDARDS	32
A.	<i>Legal and regulatory compliance</i>	32
B.	<i>Legal and Compliance Audit</i>	33
C.	<i>Governance Audit</i>	33
II.	FINANCIAL AND BUSINESS REPORTING	34
A.	<i>Financial Management Policies and Processes</i>	34
B.	<i>financial statements</i>	35
C.	<i>Auditor Appointment, Rotation and Shareholder Involvement</i>	35
D.	<i>Integrated Reporting and Stakeholder Information</i>	35
III.	RISK MANAGEMENT	36
A.	<i>Risk Governance Framework</i>	36
B.	<i>Management of sustainability, Ethical, and Technology-Related Risks</i>	37
IV.	INTERNAL CONTROLS AND COMPLIANCE FRAMEWORK	37
A.	<i>Internal Control Systems</i>	38
B.	<i>Chief Financial Officer</i>	38
C.	<i>Group and Subsidiary Governance</i>	38
V.	AUDIT COMMITTEE AND INTERNAL AUDIT FUNCTION	39
A.	<i>Establishment and Composition of the Audit Committee</i>	39
B.	<i>Mandate, Roles and Authority of the Audit Committee</i>	39
C.	<i>Internal Audit Function</i>	41
D.	<i>Meetings and Reporting of the Audit Committee</i>	42
CHAPTER FOUR: RIGHTS OF SHAREHOLDERS		43
I.	GENERAL SHAREHOLDER RIGHTS	43
II.	ACCESS TO TIMELY AND RELEVANT INFORMATION	43
A.	<i>Performance and Financial Disclosure</i>	43
B.	<i>Communication Channels and Technology</i>	44
III.	PARTICIPATION IN GENERAL MEETINGS	44
IV.	ECONOMIC AND VOTING RIGHTS	45
A.	<i>Voting Rights or Shareholder Oversight</i>	45
B.	<i>Economic Rights</i>	46
C.	<i>Oversight of Controlling Shareholders and Related Party Transactions</i>	46
D.	<i>Protection of Minority Shareholders</i>	47
CHAPTER FIVE: GOVERNANCE OF STAKEHOLDER RELATIONS		48
I.	MANAGING STAKEHOLDER RELATIONS	48
A.	<i>Stakeholder-Inclusive Governance</i>	48
B.	<i>Stakeholder Identification, ENGAGEMENT and oversight</i>	48
II.	COMMUNICATION WITH STAKEHOLDERS	49
III.	RESOLVING INTERNAL AND EXTERNAL DISPUTES	50
A.	<i>Dispute Resolution</i>	50
CHAPTER SIX: TRANSPARENCY AND DISCLOSURE		51
I.	TIMELY AND BALANCED DISCLOSURE	51
A.	<i>Policies</i>	51
B.	<i>Content of the Annual Report</i>	51
C.	<i>Disclosure on the company's website</i>	55
D.	<i>Event based Disclosures</i>	56
ANNEXES		57
I.	ROADMAP FOR INTEGRATING ESG ACROSS BOARD AND MANAGEMENT FUNCTIONS	57
II.	BEST PRACTICES FOR INTEGRATING ETHICAL RISKS INTO THE RISK MANAGEMENT FRAMEWORK	59

INTRODUCTION

I. CITATION

This Code may be cited as the *Code of Corporate Governance Practices for Issuers of Securities to the Public, 2025* (the “Code of Corporate Governance 2025” or simply “the Code”).

The Code represents an update of the *Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015*. It sets out the principles, mandatory standards, and recommended practices that companies should adopt to embed good corporate governance within their structures, strategies, and culture.

The *Code of Corporate Governance 2025* reflects developments in the governance landscape since 2015, including the increasing relevance of environmental, social, and governance (ESG) factors. It also responds to evolving stakeholder expectations, international frameworks, and regulatory developments.

The Code advocates for governance standards that go beyond the legal minimums. It follows an “**Apply and Explain**” approach, requiring issuers to disclose how they apply the Code’s principles and to explain any non-compliance. However, certain provisions of the Code are **mandatory**, as they reflect minimum legal or regulatory requirements under Kenyan law. In such cases, the Code clearly states that companies **shall comply**.

II. INTERPRETATION

In this Code, unless the context otherwise requires—

“**Alternate Director**” means a person appointed by a substantive Director to act in their place. An Alternate Director carries the same responsibilities and obligations as the substantive Director but may be excluded from serving on certain committees, such as the Audit Committee.

“**Apply and Explain**” means a compliance approach requiring companies to apply the principles and mandatory provisions of the Code and explain how they have done so in practice, including any deviations, justifications and steps being taken to achieve compliance and the indicative timelines for doing so.

“**Assurance Provider**” means an independent third party responsible for verifying the quality and accuracy of non-financial information, particularly sustainability or ESG disclosures, using internationally accepted assurance standards.

“**Audit Committee**” means a Board committee tasked with overseeing financial reporting, internal control systems, the internal and external audit process, and risk management, including ESG-related risks.

“**Board Charter**” means a formal document outlining the role, responsibilities, and powers of the Board, including committee mandates, the clear separation of powers between the Board and Management, and governance principles guiding the Board’s operation.

“**Board Member**” means a person appointed or elected to serve on the Board of Directors of a company.

“Board of Directors” means the governance organ that has primary accountability for the governance and performance of a company.

“Board Work Plan” means a planning document outlining scheduled Board activities and governance milestones over a specific period, typically aligned with the financial year.

“Capital Markets” means financial markets where long-term debt and equity securities are issued and traded, facilitating the allocation of capital to productive investments.

“Chief Executive Officer (CEO)” means the highest-ranking executive responsible for managing the company’s operations and implementing strategies approved by the Board.

“Company Secretary” means a governance professional who supports the Board by ensuring compliance with governance policies, preparing meeting documentation, and maintaining statutory records.

“Compliance Officer” means an individual appointed to ensure that the company adheres to applicable laws, regulations, and internal policies, and who reports compliance issues to the Board.

“Conflict of Interest” means a situation in which a person’s personal interests could improperly influence their decisions or actions in their professional role within the company.

“Corporate Governance” means the structures, systems, and processes by which a company is directed and controlled to ensure accountability, fairness, and transparency in its relationship with stakeholders.

“Cross-Directorship (or Interlocking Directorship)” means the situation in which a director or executive officer of one entity simultaneously serves as a director or executive officer of another entity, including any parent, subsidiary, affiliate, or other related company, thereby creating a direct or indirect governance linkage between the boards of such entities. Such cross-directorships are deemed to give rise to potential conflicts of interest and may impair the independence or objectivity of judgment of the persons concerned.

“Director” means Board member as defined above.

“Directors’ Remuneration” means compensation paid to Board members for their service on the Board, including fees, allowances, bonuses, benefits, and pension contributions.

“Effective Control” means the ability of a person or group, acting alone or with related parties, to direct or materially influence the management or policies of a company, whether through ownership of a majority of voting rights, the ability to control decisions requiring special resolutions, the right to appoint or remove a majority of the Board, or contractual or other arrangements that confer equivalent power.

“ESG (Environmental, Social, and Governance)” means a set of criteria used to assess a company’s performance and risk profile in three key areas: environmental stewardship, social responsibility, and corporate governance. These indicators are used by investors, regulators, and other stakeholders to evaluate how well a company manages non-financial risks and its broader impact on society and the environment.

“Executive Director” means a Board member who is involved in the day-to-day management of the company and is a full-time salaried employee of the company or any of its subsidiaries or related entities, including persons seconded from such entities to serve on the Board.

“Fiduciary” means a person who holds a legal or ethical relationship of trust with one or more parties, particularly the company and its stakeholders.

“Fiduciary Duties” means the duties of care, loyalty, diligence, and good faith that Board members owe to the company and its stakeholders.

“Governance Audit” means a formal evaluation of a company’s governance structures and practices to determine compliance with applicable codes and identify areas for improvement.

“Independent Non-Executive Director” means a Non-Executive Director who– (a) is not an Executive Director; (b) does not have a Material or Pecuniary Relationship with the company or related persons; (c) is compensated only through sitting fees or allowances; and (d) does not hold more than five percent of the shares in the company: Provided that after six years of continuous service as such director, such person shall no longer be considered independent.

“Integrated Reporting” means a comprehensive reporting framework that combines financial and non-financial disclosures—including ESG information—to demonstrate how an organization creates value over time.

“Internal Control” means processes implemented by the Board and Management to ensure operational effectiveness, reliability of reporting, and compliance with applicable laws and policies.

“Majority Shareholder” means a person or group controlling more than 50% of a company’s voting rights or otherwise exercising dominant influence, whether through the ability to control key decisions of the company (including those requiring special resolutions), the right to appoint or remove a majority of the Board, or ownership and voting arrangements that confer equivalent control.

“Material Information” means any information relating to the company that, if disclosed, would be likely to affect the market price of its securities or influence an investor’s decision, including but not limited to financial performance, significant strategic or operational developments, corporate actions, or sustainability-related impacts and risks.

“Material or Pecuniary Relationship” means any relationship, transaction, or arrangement with the company, its subsidiaries, or related parties that could reasonably be expected to interfere with the exercise of independent judgment, including significant employment, advisory, business, family, financial, or tenure-related interests.

“Minority Shareholder” means a shareholder who holds a non-controlling interest in the company and is not able to influence major decisions independently.

“Nomination Committee” means a Board committee responsible for recommending appointments to the Board and senior Management, overseeing succession planning and skills matrix alignment.

“Non-Executive Director” means a Board member who is not an Executive Director and is not an employee of a related entity..

“Regulator” means a government authority or agency mandated to supervise and enforce legal and regulatory compliance in financial markets or corporate behaviour.

“Related Party Transaction” means any transaction involving the company and a related party, including but not limited to major shareholder, director, affiliate, subsidiaries, or entities in which the issuer holds a significant shareholding, where such transaction could give rise to a conflict of interest or the perception of undue influence.

“Risk” means the possibility of an event occurring that could affect the achievement of company objectives either positively or negatively.

“Risk Management” means a structured process of identifying, assessing, mitigating, and monitoring risks to support sustainable performance and long-term resilience.

“Shareholder Rights” means the entitlements of shareholders including voting, information, financial participation, and redress mechanisms.

“Stakeholder” means any party that affects or is affected by a company’s operations, including shareholders, employees, regulators, suppliers, customers, and communities.

“Substantial Shareholder” means a person or institution that owns or controls 15% or more of a company’s shares or voting rights.

“Sustainability” means conducting business in a way that meets present needs without compromising the ability of future generations to meet their own needs. It encompasses long-term environmental integrity, social equity, and economic viability, and is the overarching goal towards which ESG practices are directed.

“Sustainability Report” means a public report disclosing a company’s performance on ESG issues, based on recognized standards such as GRI, ISSB, or ESRS.

III. IMPLEMENTATION AND OVERSIGHT

Issuers are required to continue implementing the Code of Corporate Governance for Issuers of Securities to the Public, 2015 and will be expected to fully implement the mandatory provisions of this Code within one year from the date of its publication by the Capital Markets Authority.

If an issuer does not implement the Code within this timeframe, it shall disclose to the Authority the reasons for non-application, along with a clear timeframe and strategies to achieve full compliance.

Boards must disclose in their annual reports a statement on the status of governance and the implementation of this Code. To promote effective oversight and enforcement, the Authority will work with complementary institutions, including:

- Licensed Securities Exchanges,
- The Registrar of Companies, and
- The Courts.

IV. STRUCTURE OF THE CODE

The Code is organized into **six chapters**, each addressing a core component of effective corporate governance:

- **Chapter One: Commitment to Corporate Governance and Sustainability** – Defines the Board’s commitment to fostering ethical leadership and embedding ESG considerations into strategy and operations.
- **Chapter Two: Composition, Structure and Functioning of the Board** – Outlines the structure, diversity, independence, duties and functioning of the Board, including key committees.
- **Chapter Three: Accountability, Risk Management and Internal Control** – Addresses financial integrity, sustainability, technology, risk oversight, internal control and internal audit functions.
- **Chapter Four: Rights of Shareholders** – Outlines access to information, equitable treatment, and shareholder participation in key decisions.
- **Chapter Five: Governance of Stakeholder Relations** – Emphasizes inclusive stakeholder engagement and structured dialogue with stakeholders to support long-term performance.
- **Chapter Six: Transparency and Disclosure** – Sets expectations for timely and balanced disclosure of financial, sustainability and governance information.

The Code adopts a three-tier structure:

- **Principles:** High-level statements of governance objectives.
- **Mandatory Practices:** Minimum standards that companies are required to adopt, with disclosure under “Apply and Explain.”
- **Best Practices:** More advanced practices aligned with international benchmarks, recommended for companies that desire to adopt higher standards.

This structure ensures both flexibility and comparability while aligning with global governance norms.

Issuers are encouraged to progressively move beyond the minimum requirements and adopt best practices to strengthen governance maturity, thereby building long-term stakeholder confidence.

V. PURPOSE

This Code aims to set minimum standards of conduct and oversight expected of shareholders, Directors, CEOs, and senior management of issuers of securities to the public. It is intended to ensure that these actors discharge their duties with integrity, competence, and effectiveness.

It is not meant to restrict the proper exercise of judgment by company officers or to replace management discretion, but to enhance accountability and trust.

VI. SCOPE

The Code sets out governance principles and recommended structures and processes that companies shall adopt to make the governance of sustainability a core part of their organizational strategy and culture.

VII. RESPONSIBILITY

The **Board of Directors** is responsible for ensuring that:

- All Directors, CEOs, and senior management are made fully aware of this Code;
- All major decisions are taken in accordance with prudent environmental, social and governance practices; and
- Shareholders exercise their role by appointing a competent and dedicated Board.

VIII. UPDATE OF THE 2015 CODE

This 2025 revision modernizes the 2015 Code by incorporating current best practices and aligning more closely with international governance standards.

Notably:

- The standalone chapter on Ethics and Social Responsibility has been eliminated. Its core principles and sustainability -related best practices have been integrated throughout the Code—particularly within Board responsibilities, internal controls, and disclosure obligations.
- In addition to the corporate governance focus adopted in 2015, a dedicated focus on the Social and Environmental pillars of the ESG framework have been introduced in order to fully embed sustainability.
- The structure has been reorganized to reflect globally recognized frameworks, such as the **IFC Corporate Governance Framework**, **G20/OECD Principles of Corporate Governance**.

CHAPTER ONE: COMMITMENT TO CORPORATE GOVERNANCE AND SUSTAINABILITY

The successful implementation of good environmental, social and corporate governance practices in any company, largely depends on the commitment at the top (at the level of the shareholders, Directors and Executives). These individuals set the company's attitude towards corporate governance and sustainability introducing, implementing, refining and enforcing required policies and practices throughout the company, which in turn influences the company's corporate culture as the practices filter down throughout all levels of the organization. The Board should promote the integration of ESG (Environmental, Social, and Governance) considerations into the company's objectives, mission, strategy, risk management reporting and financial decision-making, underpinned by the values and behaviours that shape its culture and the way it conducts its business.

I. COMMITMENT

Principles

The Board shall set the tone at the top by defining the company's purpose, values, and long-term strategy in a way that promotes sustainable success.

The company's sustainability objectives, supported by ESG commitments, shall be embedded into the company's culture, policies, and business operations.

The Board shall foster a culture of ethical leadership, ensure that governance and sustainability frameworks comply with legal requirements, and reflect evolving stakeholder expectations.

A. SUSTAINABILITY COMMITMENTS AND ESG FRAMEWORK

Mandatory Practices

1. The Board shall oversee the effective implementation of this Code, adopting written policies that promoting compliance.
2. The Board shall ensure that the principles and practices in this Code are embedded across all functions and integrated into the company's internal governance framework.
3. The Board shall ensure that the company adopts a documented ESG framework that integrates environmental, social, and governance considerations into the company's strategy, risk management, and operations. The framework should be aligned with applicable laws, regulations, and relevant national or international standards and commitments.
4. The company's policies should explicitly reference ESG responsibilities and sustainability commitments.
5. The Board and Management shall regularly review and update governance and sustainability policies in response to stakeholder feedback, regulatory developments, and evolving global standards.

Best Practices

6. The company's sustainability objectives should be explicitly linked to any capital-raising efforts (e.g., issuance of green bonds or sustainability-linked loans).
7. The Board should oversee the development and implementation of a sustainability strategy with clear goals, targets, and performance metrics to track progress over time.

B. PURPOSE, VALUES AND STRATEGIC DIRECTION

Mandatory Practices

1. The Board shall define the company's purpose, core values, and long-term strategic objectives.
2. The Board shall ensure that the company's strategy reflects its commitment to sustainability, stakeholder value, and ethical conduct.

Best Practices

3. The Board shall oversee the development and implementation of a sustainability strategy with clear goals, targets, and performance metrics to track progress over time.

II. ETHICS

Principle

The Board shall foster a culture of integrity, accountability, and transparency.

A. ETHICAL LEADERSHIP AND CODE OF ETHICS

Mandatory Practices

1. The Board shall lead ethically and establish a framework within which an ethical culture can thrive.
2. Board members shall act in good faith, avoid conflicts of interest, and uphold high ethical standards.
3. The Board shall adopt and oversee a Code of conduct and ethics and ensure that ethical risks and standards are embedded in governance, operations, and decision-making.
4. The Code of conduct and ethics shall include explicit commitments to ethical business conduct and governance integrity and shall:
 - guide behaviour across the company for Directors, senior executives, and employees;
 - be communicated to staff, integrated into employee contracts, training programmes and onboarding;
 - require annual attestation by Board members and employees;
 - be published on the company's website;

- be reviewed regularly to reflect evolving risks and expectations.
5. The Code of conduct and ethics shall include a gifts policy for Board Members and employees of the company, to ensure that the acceptance or giving of gifts does not impair—or appear to impair—their objective judgment.

Best Practice

6. The Code of conduct and ethics shall include explicit commitments to environmental stewardship and social responsibility.

B. OVERSIGHT AND MONITORING OF ETHICS

Mandatory Practices

1. The Board shall oversee the embedding of ethics in the company's culture and establish mechanisms to monitor compliance and investigate breaches.
2. The Board shall ensure that:
 - a committee of the Board such as the Audit Committee monitors ethical performance;
 - key ethics-related policies and the company's performance are disclosed to stakeholders;
 - ethical risks are integrated into the risk management framework.
3. Management shall report regularly to the Board on emerging ethical and sustainability risks.

C. WHISTLEBLOWING

Mandatory Practices

1. The Board shall adopt and implement a whistleblowing policy allowing confidential and anonymous reporting of improper, unethical or inappropriate conduct.
2. The aim of the policy shall be—
 - (a) to ensure all employees and other stakeholders feel supported in speaking up in confidence and reporting matters they suspect may involve anything improper, unethical or inappropriate;
 - (b) to encourage all improper, unethical or inappropriate behaviour to be identified and challenged at all levels in the company;
 - (c) to provide clear procedures for reporting of such matters;
 - (d) to manage all disclosures in a timely, consistent and professional manner; and
 - (e) to provide assurance that all disclosures shall be taken seriously, treated as confidential and managed without fear of retaliation.

3. The Board shall ensure that all whistleblowing reports and disclosures are treated seriously, confidentially, and without retaliation.

Best Practices

4. Directors should document unresolved ethical concerns in Board minutes.

III. CONFLICTS OF INTEREST AND RELATED POLICIES

Principle

The Board shall establish clear rules and procedures to identify, manage, and disclose actual or perceived conflicts of interest. It shall ensure policies are implemented consistently and transparently across the organization.

A. CONFLICT OF INTEREST

Mandatory Practices

1. The Board shall adopt a Conflict-of-Interest Policy applicable to Board members, staff, and relevant external stakeholders (e.g., major shareholders, auditors, consultants, suppliers).
2. The policy shall require the:
 - declaration of any actual or perceived conflict at appointment and annually;
 - prompt disclosure of new conflicts as they arise; and
 - exclusion from discussions or decisions where a conflict exists.
3. A conflict-of-interest register shall be maintained at both Board and employee levels.
4. The Board shall ensure that clear procedures are in place to manage conflicts for Executive Directors balancing Board and management responsibilities.
5. Board members and senior management shall annually reaffirm compliance with key ethical policies, including conflict of interest, insider trading, and gifts.

B. RELATED ETHICAL POLICIES

Mandatory Practices

1. The Board shall adopt and maintain an Insider Trading Policy, with annual Director confirmations.
2. All Directors shall provide annual written confirmations of their compliance with the Policy, including disclosures of any personal securities trading activities and attestations that no transactions were conducted in violation of applicable laws, regulations, or company rules

IV. SUSTAINABILITY

Principle

The Board shall lead the company's sustainability agenda by aligning its strategy and operations with sustainability principles, managing material sustainability risks, and disclosing performance transparently.

A. INTEGRATION OF SUSTAINABILITY INTO STRATEGY AND OPERATIONS

Mandatory Practices

1. The Board shall integrate sustainability and stakeholder interests into core strategy, risk, and operations.
2. The Board shall promote environmental responsibility, including carbon reduction, waste, and resource efficiency.
3. The Board shall oversee identification and management of material sustainability-related risks and opportunities.
4. Management shall embed sustainability principles in employee training and onboarding.
5. The Board shall ensure long-term talent development.
6. The Board shall promote diversity, equity, inclusion and fair labour practices.
7. The Board shall ensure systems are in place to monitor sustainability compliance.
8. The Board shall oversee preparation and publication of an annual sustainability report.

Best Practices

6. The Board should ensure that any corporate activities align with the company's sustainability commitments.
7. The company should embed supply chain ethics and sustainability accountability in its procurement and operations.

CHAPTER TWO: COMPOSITION, STRUCTURE AND FUNCTIONING OF THE BOARD.

The single most important institution in corporate governance is the Board of Directors. Effective corporate governance requires a Board that is of the right size and structure and that is composed of qualified and competent members capable of exercising objective and independent judgment. There must be a shared understanding of the role and responsibilities of the Board by members of the Board itself and by all key stakeholders. The Board must ensure that it has appropriate autonomy, authority, and accountability in exercising its functions.

I. SIZE, COMPOSITION, APPOINTMENT AND QUALIFICATIONS OF BOARD MEMBERS

Principle

The Board shall be appropriate in size and diverse in composition and there shall be a formal, transparent and documented procedure for the appointment of Board members.

A. BOARD SIZE

Mandatory Practices

1. The Board shall be of such appropriate number that enables the requirements of the company's business to be met.
2. In determining the size of the Board, due consideration shall be given to the following matters;
 - the size and complexity of the company.
 - the size of the Board shall not be too large to undermine an interactive discussion during Board meetings or too small such that the inclusion of wider expertise and skills to improve the effectiveness of the Board and the formation of its committees is compromised.

B. BOARD COMPOSITION

Mandatory Practices

1. The Board shall comprise a balance of Executive and Non-Executive Directors, with a majority of the Board being Non-Executive Directors. Independent Non-Executive Directors shall, in addition, constitute at least one-third of the Board.
2. Independent Non-Executive Directors shall be at least one third of the total number of Board members.
3. Without undermining the collective responsibility of the Directors, the composition of the Board shall fairly reflect the company's shareholding structure. In this regard;
 - the composition of the Board shall not be biased towards representation by a substantial shareholder but shall reflect the company's broad shareholding structure, providing a mechanism for the representation of minority shareholders.

- in instances where there is no majority shareholder but there is a substantial shareholder, the Board shall exercise judgment in determining the representation on the Board of such shareholder and of the other shareholders that effectively reflects the shareholding structure of the Company.

4. Each Board shall consider whether its size, diversity and demographics make it effective.

Best Practices

5. Independent Non-Executive Directors shall be at least one half of the total number of Board members.

C. DIVERSITY, SKILLS AND EXPERIENCE

Mandatory Practices

1. The Board and its committees shall have the appropriate balance of skills, expertise, experience, independence and knowledge of the company and its business, to enable them to discharge their respective duties and responsibilities effectively.
2. The Board shall be structured in such a way that —
 - it has a proper understanding of, and competence to deal with, the current and emerging issues of the business, including Environmental, Social and Governance (ESG) matters that affect—or are affected by—the company’s strategy, operations, and long-term sustainability;
 - it exercises independent judgement;
 - it encourages enhanced performance of the Company; and
 - it can effectively review and challenge the performance of Management.
3. The Board shall have a policy to ensure the achievement of diversity in its composition and shall introduce appropriate measures to ensure that the policy is implemented. Diversity applies, among others to academic qualifications, technical expertise, relevant industry knowledge, experience, nationality, age, race and gender. The policy shall include clear, measurable objectives for gender and racial/ethnic representation, with the Board required to set annual minimum targets and disclose progress against them.
4. Board nominations and appointments shall be guided by identified gaps in required diversity elements.
5. The appointment of Board members shall be gender sensitive and shall not be perceived to represent a single or narrow constituency interest.
6. The Company should prepare, as part of its annual governance disclosures, a Diversity and Inclusion Report outlining (i) the Board's composition compared with stated targets, (ii) actions taken to promote inclusion, and (iii) progress made against global governance benchmarks.
7. At least one Non-Executive Board member shall hold a professional qualification in audit or accounting and be in good standing with their respective professional body.

Best Practices

8. No more than two thirds of the total number of Board members shall be of one gender.
9. At least one director should have experience in assessing and mitigating ESG risk.

D. AGE LIMIT FOR BOARD MEMBERS

Mandatory Practices

1. An age limit of seventy years is recommended.
2. However, at an Annual General Meeting and, subject to receipt of a special notice, shareholders may vote to retain a Board member who has attained the age of seventy. Thereafter, the Director may retire at subsequent AGMs by regular rotation without being subjected to annual re-election.

E. BOARD APPOINTMENTS AND ELECTIONS

Mandatory Practices

1. The Board shall have formal, transparent and documented procedures for appointment, election, and re-election of Board members.
2. Appointments shall be based on objective criteria, including professional competence, integrity, diversity (including gender, background, and experience), availability, and commitment.
3. Shareholders are ultimately responsible for appointments to the Board, and it is in their best interest to ensure that the Board is properly constituted. Save as provided in the company's constitutive documents, appointments and reappointments shall be subject to shareholder approval in general meetings, in accordance with applicable law.
4. Board appointments shall be a matter for the Board as a whole, assisted by the Nomination committee. In this regard;
 - Information relating to those nominated for Board positions shall be availed to shareholders in advance of any decision making. As the information is disseminated, the company shall ensure the use of a wide variety of communication channels to cater to shareholders' diverse media consumption habits.
 - To the extent that the duty is vested in general meetings, the shareholders shall ensure that only credible persons who can add value to the company's business are elected to the Board of Directors.
5. The appointment and election process shall be well managed to ensure that a balanced mix of proficient individuals is attained and that each of those appointed is able to add value and bring independent judgment to bear in the decision-making process.
6. All persons offering themselves for appointment or reappointment as Board members shall disclose any potential areas of conflict that may undermine their position or service as Director.

7. Board members shall receive formal letters of appointment setting out the main terms and conditions related to their appointment.
8. Non-Executive and Independent Non-Executive Directors shall submit themselves for re-election at intervals not exceeding three years or as set out in the company's constitutive documents.
9. The Board shall ensure that all directors participate in a structured programme of professional development and regular briefings on legal, regulatory, corporate governance, and risk matters.

Best Practices

10. Board professional development program shall include ongoing training on emerging risks and opportunities, such as ESG oversight, climate change, cyber-security, artificial intelligence and machine learning, sustainable finance, and other developments in the external environment that may materially affect the company.

F. ROLE OF THE NOMINATION COMMITTEE IN BOARD APPOINTMENTS

Mandatory Practices

1. The Nomination committee shall be responsible for identifying and recommending to the Board candidates to be considered for appointment by the shareholders.
2. The Nomination committee shall consider only persons of calibre, credibility and who have the necessary skills and expertise to exercise independent judgement on issues that are necessary to promote the company's objectives and performance in its area of business.
3. The Nomination committee shall consider candidates proposed by all the shareholders including the majority shareholders.
4. The Board through the Nomination committee shall on an annual basis review the required diversity, skills mix and expertise in order to guide the next appointments and elections to the Board. The committee shall give particular consideration to ESG-related skills and knowledge necessary for the effective oversight of ESG matters within the Company.

G. MULTIPLE DIRECTORSHIPS

Mandatory Practices

1. There shall be a limit to the number of directorships a member of the Board holds at any given time.
2. A Director of a listed company except a corporate Director shall not hold such position in more than three public listed companies at any one time.
3. In a case where a corporate Director has appointed an Alternate Director, the appointment of such Alternate Director shall be restricted to two public listed companies at any one time.

4. An Executive Director of a listed company shall be restricted to one other directorship of another listed company.
5. A Chairperson of a public listed company shall not hold such position in more than two public listed companies at any one time, to allow the chairperson to devote sufficient time to steering the Board.

Best Practices

6. A Director of a listed company except a corporate Director shall not hold such position in more than one public listed company at any one time

H. ALTERNATE BOARD MEMBERS

Mandatory Practices

1. A person may act as an Alternate Director to a Director of a company.
2. An Alternate Director shall be nominated by the substantive Director and the qualification and procedure for the appointment of Alternate Director shall be the same as that required in the appointment of a substantive Director, save that there shall be no requirement for shareholder approval.
3. An Alternate Director has all the obligations imposed on the substantive Director.
4. Each substantive Director, whether body corporate or natural person shall be entitled to one Alternate Director.
5. A body corporate shall not be nominated as an Alternate Director.
6. Alternate Directors shall not be appointed as members of the Audit committee.
7. An Alternate Director shall be eligible to serve as a member of the Audit Committee, provided the nominee consistently attends Board meetings.
8. Non-Executive Board members and Independent Non-Executive Directors shall not appoint members of Management or Executive Directors of the company as Alternate Board members.

I. BOARD ROTATION AND SUCCESSION PLANNING

Mandatory Practices

1. The tenure of Board members shall be structured to conclude at staggered intervals, to ensure a seamless transition and the preservation of institutional knowledge. Where possible, no more than one third of the Board members shall retire at the same time.
2. The Board shall ensure that a succession plan for the Chairperson of the Board and other critical roles within the Board including committee chairpersons and the Chief Executive Officer is documented, maintained and reviewed periodically by the Nomination Committee and approved by the full Board to support leadership continuity, diversity and renewal of Board competencies.

3. The Board shall ensure that there is in place a succession plan for the senior Management, subject to annual review and reporting to the Board.

Best Practices

4. The company may adopt term limits or age caps for Board members, subject to shareholder approval, to support Board renewal and fresh perspectives.

II. STRUCTURE OF THE BOARD

Principle

The Board shall establish a Board Structure that enables it to be effective in the delivery of its mandate.

A. COMMITTEES

Mandatory Practices

1. The Board shall establish committees to cover broad functions of the company such as audit, Board nominations, governance, risk management, remuneration, finance, investment and sustainability.
2. The committees shall be appropriately constituted with members who have the necessary skills and expertise to handle the responsibilities allocated to them.
3. Where some skills are not available, the Board may co-opt independent and external professionals to that committee; however, such co-opted professional shall not be considered directors for purposes of meeting requirements of this Code and other regulation, and their inclusion does not absolve the Board of its oversight responsibilities or transfer the liability of directors.
4. Each committee shall have terms of reference which outlines the committee's authority, duties, responsibilities, procedures and reporting requirements.
5. The Terms of Reference of all Board Committees shall be approved by the Board, signed by the Chairperson, and published on the company's website within thirty days of approval. They shall be updated promptly to reflect any amendments.
6. The Board shall review the mandate of the committees periodically to ensure that they remain relevant.
7. The Board shall regularly review the structure and composition of its committees, and whenever considered appropriate, rotate members within those committees.
8. The Board shall specifically—
 - establish Audit and Nomination committees;
 - appoint chairpersons of committees;
 - determine the procedure and process within which the committee may be allowed to engage independent professional advice at the company's expense;

- establish terms of reference for each committee;
 - appoint committee members; and
 - review the effectiveness and performance of committees annually.
9. The Chairperson of the Board shall not be appointed as the chairperson of any of the committees of the Board.

Best Practices

10. Board committees should be composed of a majority of Independent Non-Executive Directors, including the committee chairperson.
11. A risk committee should be established with a majority Independent Non-Executive Directors. Where a risk committee exists, it should assume responsibility for oversight of internal control and internal audit in relation to risk management, thereby relieving the audit committee from this function.
12. Dedicated committees should be established to help the Board oversight of Executive compensation and sustainability.

B. NOMINATION COMMITTEE

Mandatory Practices

1. The Board shall establish a Nomination committee consisting of at least one third Independent Non-Executive Directors.
2. The Chairperson of the Nomination committee shall be an Independent Non-Executive Director.
3. In the absence of a Nomination committee, all the duties that would have been performed by this committee must be performed by another designated committee of the Board.

C. AUDIT COMMITTEE

Mandatory Practices

1. The Board shall establish an Audit Committee as a standing committee.
2. The Audit Committee shall comprise at least one third Independent Non-Executive Directors, and its Chairperson shall be an Independent Non-Executive Director.
3. At least one of the committee members shall hold a professional qualification in audit or accounting and be in good standing with his or her respective professional body.
4. The important attributes of committee members shall include—
 - broad business knowledge relevant to the company's business;
 - keen awareness of the interests of the investing public and familiarity with basic accounting principles; and

- objectivity in carrying out their mandate without any conflict of interest.
5. The designated Compliance Officer shall attend the meetings of the Audit Committee in advisory capacity.

Best Practices

6. The Audit committee shall be composed entirely of Independent Non-Executive Directors.

III. THE FUNCTIONS AND OPERATIONS OF THE BOARD AND MANAGEMENT

Principle

The Board shall fully embrace its fiduciary duties, offering strategic guidance, effectively leading and controlling the company, and while delegating the day-to-day management of the company to Management, shall remain accountable to its stakeholders.

A. FIDUCIARY DUTIES

Mandatory Practices

1. The Board shall establish clear roles and responsibilities in discharging its fiduciary and leadership functions.
2. In exercising fiduciary duties, each Board member—
 - must exercise reasonable degree of care, skill and diligence;
 - must act in the best interests of the company and not for any other purpose;
 - must always act honestly and must not place themselves in a situation where personal interests conflict with those of the company;
 - must always exercise independent judgement;
 - must devote sufficient time to carry out their responsibilities and enhance their skills;
 - shall promote and protect the image of the company;
 - must owe their duty to the company and not to the nominating authority;
 - must owe the company a duty to hold in confidence all information available to them by virtue of their position as a Board member;
 - must act within powers and in accordance with the company's constitutive documents;
 - must promote the success of the company for all shareholders, while considering the long-term consequences of the company's decisions, its impacts on the community and the environment, and the importance of conducting business with integrity and responsibility; and

- must declare interest in any proposed or existing transaction or arrangement.

B. FUNCTIONS OF THE BOARD AND MANAGEMENT

Mandatory Practices

1. The Board shall establish clear functions reserved for the Board and those to be delegated to the Management.
2. The Board shall—
 - define the company's mission, vision, its strategy, goals, risk policy, plans and objectives, including approval of its annual budgets;
 - oversee the corporate management and operations, management accounts, major capital expenditures and review corporate performance and strategies at least on a quarterly basis;
 - identify the corporate business opportunities as well as principal risks in its operating environment, including the implementation of appropriate measures to manage such risks or anticipated changes impacting on the corporate business;
 - develop appropriate staffing and remuneration policy including the appointment of the Chief Executive Officer and the senior staff, particularly those responsible for the Finance function and the company secretary;
 - review on a regular basis the adequacy and integrity of the company's internal control, acquisition and divestitures and management information systems, including compliance with applicable laws, regulations, rules and guidelines;
 - establish and implement a system that provides necessary information to the shareholders, including a shareholder communication policy;
 - monitor the effectiveness of the corporate governance practices under which the company operates and propose revisions as may be required from time to time; and
 - take into consideration the interests of the company's key stakeholders in its decision- making process.
3. Board members shall clearly understand the company's expectations of them in terms of allocation of individual responsibilities.
4. The functions of Management, which are mainly in the area of execution include:
 - day to day operations;
 - preparation of annual budgets;
 - establishing internal controls;
 - risk management;
 - implementation of the Board's decisions and strategies; and

- development and recommendation to the Board of business plans, staffing, reporting and budgeting.
5. There shall be a clear flow of information between the Management and the Board to facilitate teamwork and both quantitative and qualitative evaluation and appraisal of the company's performance. In particular, the Chief Executive Officer is obliged to provide the necessary information to the Board in the discharge of the Board's business.

C. ROLES OF CHAIRPERSON AND CHIEF EXECUTIVE OFFICER (CEO)

Mandatory Practices

1. The Chairperson of an issuer shall be a Non-Executive Board member.
2. To promote accountability, ensure balance of power and authority, and provide for checks and balances, the functions of the Chairperson and the those of the Chief Executive Officer shall not be exercised by the same individual.
3. The division of responsibilities between the Chairperson and the Chief Executive Officer shall be clearly established, agreed by the Board and defined in the Board Charter.
4. The Chairperson shall not be involved in the day-to-day running of the business to provide effective oversight to the company. He or she shall demonstrate objective judgement throughout their tenure and promote a culture of openness and debate. Specifically, the Chairperson shall;
 - Promote ESG and ensure the implementation of the ESG policies and strategies;
 - lead the Board and be responsible for its overall effectiveness in directing the company;
 - facilitate constructive Board relations and the effective contribution of all Non-Executive Directors; and
 - ensure that Directors receive accurate, timely and clear information.
5. The Chief Executive Officer shall focus on the day-to-day management of the company;
 - Be responsible for the implementation of the ESG policies and strategies;
 - being responsible for implementing the Board's decisions;
 - recommending strategies and policies to the Board;
 - effectively managing the resources of the company;
 - ensuring adequate controls and risk management; and
 - ensuring operational effectiveness and efficiency.

Best Practices

6. The Chairperson of the Board shall be an Independent Non-Executive Board member.

D. COMPANY SECRETARY

Mandatory Practices

1. The Board shall be assisted by a suitably qualified and competent Company Secretary who is a member of the Institute of Certified Public Secretaries of Kenya (ICPSK) in good standing.
2. The Board shall have power to appoint or remove the Company Secretary.
3. The Company Secretary shall provide guidance to the Board on its duties and responsibilities, on other matters of governance and on procedural and regulatory matters.
4. The Company Secretary shall play an important role in supporting the Board by ensuring adherence to Board policies and procedures.
5. The Board shall empower the Company Secretary to enable him or her effectively carry out his or her role.
6. The Company Secretary shall not be a member of the Board.
7. The Company Secretary shall;
 - ensure the timely preparation and circulation of the Board and Committee minutes and other relevant papers;
 - assist the Board with the Board evaluation exercise;
 - coordinate the Governance Audit process;
 - where applicable, have custody of the organization's seal, maintain a record and account to the Board for its use;
 - maintain and update the register of conflict of interest; and
 - facilitate effective communication between the organization and the shareholders.

E. ACCESS TO INFORMATION

Mandatory Practices

1. The Board shall establish procedures to allow its members access to relevant, accurate and complete information to discharge their duties effectively.
2. The Board shall be entitled to seek external advice at the company's expense through an agreed procedure.

F. RELATED PARTY TRANSACTIONS

Mandatory Practices

1. The Board shall put in place a policy on related party transactions.
2. All related party transactions shall meet the requirements of the law and be approved by the Board before being executed.

Best Practice

3. A committee composed solely of Independent Non-Executive Directors shall review and approve all material related-party transactions to ensure alignment with the interests of all shareholders.

IV. BOARD INDEPENDENCE

Principles

The Board shall have policies and procedures in place to ensure the independence of its members.

Independent Board members bring independent and objective judgement to the Board, and this mitigates risks arising from conflict of interest or undue influence from interested parties.

A. INDEPENDENT NON-EXECUTIVE BOARD MEMBERS

Mandatory Practices

1. An Independent Non-Executive Board member is one who:
 - has not been employed by the company in an executive capacity within the last three years;
 - is not associated with an adviser or consultant to the company or a member of the company's senior Management or a significant customer or supplier of the company or with a not-for-profit entity that receives significant contributions from the company; or within the last three years, has not had any business relationship with the company (other than service as a Director) for which the company has been required to make disclosure;
 - has no personal service contract with the company, or a member of the company's senior Management;
 - is not employed by a public listed company at which an executive officer of the company serves as a director;
 - is not a member of the immediate family of any person described above, or has not had any of the relationships described above with any affiliate of the company;
 - is not a representative of a shareholder who can control or significantly influence Management;
 - is free from any business or other relationship which could be seen to interfere materially with the individual's capacity to act in an independent manner;
 - does not have a direct or indirect interest in the company (including any parent or subsidiary in a consolidated group with the company) which is either material to the Director or to the company. A holding of five percent or more is considered material;
 - does not hold cross-directorships or significant links with other Directors through involvement in other related or unrelated companies or bodies; and

- has not served for more than six years since they were first elected either consecutively or cumulatively.
2. The status of Independent Non-Executive Board members shall be assessed annually by the entire Board.
 3. Independent Non-Executive Directors shall not serve on the Boards of any related entities, including subsidiaries, sister companies, or holding companies of the issuer. Non-Executive Directors may serve on the Boards of such related entities only in a non-executive capacity.
 4. The tenure of an Independent Non-Executive Board member shall be set out under applicable regulations. The requisite period can either be a consecutive service or a cumulative term with intervals not exceeding the stated period.
 5. Upon completion of their term, an Independent Non-Executive Board member may continue to serve on the Board subject to re-designation as a Non-Executive Board member.

B. INDEPENDENCE OF THOUGHT

Mandatory Practices

1. Each Board member is expected to exercise independence of thought ensuring that there is no undue influence from any stakeholders.
2. Each Board member is expected to engage in decision making without any conflict of interest.

V. REMUNERATION OF THE BOARD, EXECUTIVE MANAGEMENT, AND SENIOR OFFICERS

Principle

The Board shall ensure that the company remunerates Board members, Executive Management, and Senior Officers fairly, responsibly, and transparently.

A. REMUNERATION POLICY

Mandatory Practices

1. The Board shall establish and approve formal and transparent remuneration policy to attract and retain Board members, Executive Management and key personnel.
2. The policy shall:
3. Align remuneration with the company's strategy, risk appetite, and sustainability objectives;
4. Set out fixed and variable components, with the latter linked to both financial and non-financial performance, including ESG metrics where relevant;
5. Incorporate safeguards such as clawback or malus provisions to prevent rewards for misconduct or failure.

6. The policy shall be reviewed periodically to ensure continued alignment with the company's strategy, stakeholder expectations, and regulatory developments.
7. The remuneration policy for Board members shall clearly stipulate the structure and elements of remuneration, including directors' fees, attendance allowances, bonuses, benefits, pension contributions and any other benefits, to ensure transparency, consistency, and accountability.

Best Practices

8. The remuneration policy should link both fixed and variable pay structures to long-term value creation, sustainable performance, and alignment with shareholder interests.
9. For Executive Directors and Senior Management, variable remuneration shall be determined through a balanced scorecard of financial and sustainability targets, supported by transparent baselines, time-bound objectives, and post-hoc disclosure of outcomes.

B. REMUNERATION STRUCTURE AND GOVERNANCE

Mandatory Practices

1. The Board shall establish a remuneration policy and exercise oversight over remuneration decisions.
2. The Remuneration Committee (or designated committee) shall be responsible for recommending:

Remuneration of Executive and Non-Executive Directors and Senior Officers;

Appropriate balance between fixed and variable components;

Performance-based pay structures aligned with corporate and sustainability outcomes.

3. Remuneration packages shall be structured to attract, motivate, and retain qualified individuals, without creating excessive risk or undermining independence.
4. Remunerations policies and the actual remuneration of Directors shall be subject to shareholder approval at the Annual General Meeting, in accordance with applicable laws.
5. Remuneration of Executive Directors and Senior Management shall be aligned with industry benchmarks, company values, and long-term performance, including sustainability goals.
6. Non-Executive Directors shall receive competitive remuneration that reflects time commitment and preserves independence.

VI. BOARD MEETINGS AND TOOLS

Principle

The Board shall put in place the necessary tools, structures and meeting practices to enable it to be effective in discharging its roles and responsibilities.

A. BOARD MEETINGS

Mandatory Practices

1. The Board shall meet at least once every quarter.
2. The Board shall adopt effective ways of making its meetings and those of its committees effective, efficient and outcome based.
3. Board members shall receive timely access to all relevant information and sufficient time to prepare for deliberations and decision-making.

Best Practices

4. The Independent Non-Executive Directors shall convene separately, at least once annually, without the presence of Executive Directors or Management, to review Board dynamics, governance matters, and the performance of the Chair and management in relation to their responsibilities.

B. BOARD CHARTER

Mandatory Practices

1. The Board shall develop, periodically review and publish its Board Charter on the Company's website.
2. In establishing a Charter, it is important for the Board to set out the key values, principles and mode of operation, as policies and strategy development are based on these considerations.
3. The Charter shall set out the strategic intent and outline the Board's roles and responsibilities.
4. The Charter shall be a source reference and primary induction literature for incoming Board members and, provide insights to prospective Board members and senior Management. It shall also assist the Board in the assessment of its own performance and that of its individual Directors.
5. Although created in the primary Charter, Board committees shall have their own Charters.
6. The Board Charter and the Code of Ethics and Conduct shall be established as two separate documents.

Best Practices

7. The Board shall assign explicit responsibility for oversight of sustainability-related risks and opportunities (including climate), specifying the roles of the Board, its committees (Audit and, where established, Sustainability/ESG), and executive management.
8. At a minimum, the Board Charter should be reviewed every two years.

C. ANNUAL BOARD WORK-PLAN

Mandatory Practices

1. The Board shall develop an annual work-plan to guide its activities.
2. The Board work-plan shall as a minimum, focus on—
 - strategic plan development and review;
 - assessment of Management’s implementation of strategies, policies and plans;
 - risk assessment and management;
 - budgeting and financial management;
 - quality assurance processes;
 - a review of ESG and sustainability matters; and
 - Board evaluation.

Best Practices

3. The annual Board work-plan shall include review of the company’s sustainability-related strategy, time horizons (short/medium/long), and—where applicable—climate transition plan and capital-allocation implications.

D. BOARD EVALUATION

Mandatory Practices

1. The Board shall determine and agree on an annual evaluation toolkit to evaluate its own performance, including its approach to sustainability and stakeholder oversight.
2. Board members shall agree on the parameters to be used in the annual evaluation process, based on the board’s main responsibilities, including defining strategy and risk policy, overseeing management and performance, appointing and supervising key executives, ensuring effective controls and compliance, safeguarding stakeholder and shareholder interests, and maintaining sound environmental, social and communication practices.
3. The parameters, to be contained in an evaluation tool shall be reviewed when necessary to keep up with new developments in corporate governance.
4. The Board shall work with independent governance specialists to develop the parameters to be included in the evaluation toolkit.
5. The Board shall undertake an annual evaluation of its own performance, the performance of the Chairperson, that of its committees, individual members, the Chief Executive Officer and company secretary.
6. The Nomination Committee shall have the responsibility of leading the assessment of the performance and effectiveness of the Directors of the Company.

7. Following an evaluation exercise, the Board shall discuss the evaluation results and implement any recommendations.
8. Development needs of the Board members may be determined from the results of the evaluation exercise.

E. BOARD INDUCTION

Mandatory Practices

1. The Board shall establish a formal induction program for new Board members.
2. The Chairperson shall ensure that new Board members receive a full, formal and tailored induction aimed at;
 - familiarizing the newly appointed Board members with the company's operations, senior Management and the business environment;
 - enhancing their effectiveness in the Board; and
 - introducing them to their fiduciary duties and responsibilities.
3. The induction program for new Board members shall include sustainability matters, covering the company's ESG strategy, material ESG risks and opportunities, and the Board's role in embedding sustainability in corporate strategy and oversight.

F. BOARD MEMBERS DEVELOPMENT

Mandatory Practices

1. Continuous Board members' development shall be undertaken to enhance governance practices within the Board itself and in the interest of the company.
2. The Board shall therefore ensure competence up-skilling programs are organised for its members.
3. The Chairperson shall regularly review and agree with each Board member on his or her development needs. Thereafter arrangements shall be made to ensure Board members go through the necessary training.
4. Board members shall be required to secure from credible sources, at least twelve hours of Board development per year on areas of governance, general environmental and social risks affecting the company.

Best Practices

5. Board members should receive on-going training on ESG, including evolving standards and regulations, sector- and company-specific risks, and opportunities such as sustainable finance, innovation, and long-term value creation, to strengthen their ability to integrate ESG into strategy and governance.
6. The Board shall maintain collective competence on sustainability (ESG/IFRS S1/S2), with annual training on evolving standards, sector-specific risks, and oversight of transition plans.

CHAPTER THREE: ACCOUNTABILITY, RISK MANAGEMENT AND INTERNAL CONTROL

The Board shall ensure the company has in place adequate and effective systems of accountability, risk management, and internal control to support the achievement of its strategic objectives. These systems shall be regularly reviewed to ensure their integrity, effectiveness, and alignment with emerging risks.

The Board shall further ensure that risk management is embedded in the company's culture and governance, recognizing that taking informed risks is integral to value creation. A systematic and proactive approach to risk management shall be adopted to identify, assess, and mitigate both traditional and emerging risks—striking an optimal balance between risk and reward.

The Board shall ensure that its responsibility for internal control is clearly defined in the Board Charter. The Board shall also establish structures that enable the generation of true and fair financial statements, supported by adequate oversight mechanisms.

I. COMPLIANCE WITH LAWS, REGULATIONS AND STANDARDS

Principle

The Board shall ensure the company complies with the Constitution, all applicable laws and regulations, national and international standards, as well as its internal policies.

A. LEGAL AND REGULATORY COMPLIANCE

Mandatory Practices

1. The Board shall ensure that the company complies with all applicable laws which include but are not limited to National and County Legislation, supporting rules and regulations, this Code, relevant circulars and guidelines issued by the Capital Markets Authority and other government entities, applicable regional regulations and international treaties and standards.
2. The Board shall ensure the identification of all applicable laws, regulations and standards that the company is required to comply with.
3. The Board shall ensure the development and implementation of a strategy on compliance with all applicable laws, regulations and standards.
4. The Board shall ensure that the compliance strategy is aligned to the operations of the company.
5. The Board shall establish internal procedures and monitoring systems to promote compliance with applicable laws, regulations and standards.
6. The Board shall appoint a suitable person as a Compliance Officer and whose role shall be to ensure compliance by the company with all applicable laws and regulations.
7. The Board shall ensure that the company designates a Compliance Officer, whether through appointment, engagement, or assignment of the role to an existing employee, provided that the individual has the requisite qualifications and independence to discharge

the responsibilities. The Compliance Officer's role shall be to ensure compliance by the company with all applicable laws and regulations.

Best Practices

8. The company should periodically conduct independent audits on ESG performance, IT systems, and information security.
9. The Board should ensure timely corrective actions on material environmental and social issues identified through audits or stakeholder feedback.
10. The Compliance Officer shall report directly to the Board and administratively to the Chief Executive Officer to ensure independence and effectiveness.
11. The Compliance Officer should possess relevant skills, knowledge, expertise or certification in ESG and sustainability matters.

B. LEGAL AND COMPLIANCE AUDIT

Mandatory Practices

1. The Board shall ensure a Legal and Compliance Audit is carried out on a periodic basis.
2. A comprehensive independent Legal and Compliance Audit shall be carried out at least once every two years by a legal professional accredited by, and in good standing with the Law Society of Kenya.
3. Save for when the independent Legal and Compliance Audit is carried out, an internal Legal and Compliance Audit shall be carried out on an annual basis, with the objective of establishing the level of adherence to applicable laws, regulations and standards
4. The Board shall ensure that the findings from the Audits are acted upon and any non-compliance issues arising corrected as necessary.
5. After undergoing the Legal and Compliance Audit;
 - the Legal and Compliance Auditor shall issue an independent opinion which shall be published in the annual report; and
 - the Board shall provide an explicit statement on the level of compliance.
6. An issuer shall disclose in its annual report the progress made in implementing prior audit recommendations.

C. GOVERNANCE AUDIT

Mandatory Practices

1. The Board shall subject the company to a Governance Audit every two years by a competent and recognized professional accredited for that purpose by the Institute of Certified Public Secretaries of Kenya (ICPSK), to check on the level of compliance with sound governance practices. The Capital Markets Authority may adjust the frequency of the Governance Audit, increasing or decreasing the cycle as appropriate, based on a risk-based approach.

2. The Governance Audit shall among other areas cover the company's governance practices in the following parameters—
 - leadership and strategic management;
 - transparency and disclosure;
 - compliance with laws and regulations;
 - communication with stakeholders;
 - Board independence and governance;
 - Board systems and procedures;
 - consistent shareholder and stakeholders' value enhancement; and
 - corporate social responsibility and investment.
3. After undergoing the Governance Audit;
 - the Governance Auditor shall issue an independent governance opinion which shall be published in the annual report; and
 - the Board shall provide an explicit statement on the level of compliance.
4. In any period in which a governance audit has not been undertaken, an issuer shall disclose in its annual report the progress made in implementing prior audit recommendations.

Best Practices

5. The Board shall subject the company to a Governance Audit annually.

II. FINANCIAL AND BUSINESS REPORTING

Principle

The Board shall ensure the integrity, transparency, and effectiveness of financial and business reporting by establishing robust policies, oversight structures, and disclosure practices that promote accountability, informed decision-making, and long-term value creation for all stakeholders.

A. FINANCIAL MANAGEMENT POLICIES AND PROCESSES

Mandatory Practices

1. The Board shall put in place appropriate financial policies, processes and procedures for the effective management of the company's resources.
2. The Board shall put in place a structure of review and authorisation designed to ensure the truthful and factual presentation of the company's financial position. This structure shall include review and consideration of the financial statements by the Audit Committee and whether they comply with applicable financial reporting standards; and a process to ensure the independence and competence of the Company's external auditors.

3. The Board shall have processes in place to ensure the books of account are prepared on a timely basis. In addition, the Board shall recognise the value of an effective Audit Committee in ensuring the financial statements of the Company are a reliable source of financial information.

B. FINANCIAL STATEMENTS

Mandatory Practices

1. The Board shall take full responsibility for the accuracy of the financial statements.
2. The Board shall explain in its annual report its responsibility for preparing the annual report and accounts, and there shall be a statement by the external auditor about their reporting responsibilities.

C. AUDITOR APPOINTMENT, ROTATION AND SHAREHOLDER INVOLVEMENT

Mandatory Practices

1. The auditor of a public listed company shall be a member of the Institute of Certified Public Accountants of Kenya (ICPAK) in good standing and shall comply with the International Auditing Standards.
2. The Board shall establish a formal and transparent arrangement for shareholders to affect the appointment of independent auditors at each Annual General Meeting in line with the Companies Act.
3. The Board shall rotate independent auditors every six to nine years to improve their independence, objectivity and professional critique.

Best Practices

4. The Board shall rotate independent auditors every six years.

D. INTEGRATED REPORTING AND STAKEHOLDER INFORMATION

Mandatory Practices

1. The Board shall continually work towards the introduction of integrated reporting, as a process that brings together the material information about the company's strategy, governance, performance and prospects in a manner that reflects its commercial, social, and environmental context.
2. Integrated reporting shall provide a clear and concise representation of how the company demonstrates stewardship and creates value, now and in the future. It shall combine the most material elements of information currently reported in separate strands—financial, management guidelines, governance and remuneration, and sustainability—into a coherent whole.
3. The Board shall ensure that the adoption of integrated reporting leads to more effective disclosure, by taking into account a broader range of issues and stakeholders in business operations, including suppliers, customers, regulators, government, creditors, debtors, investors, and the communities in which the company operates.

Best Practices

4. The Sustainability or ESG Committee, where established, should review and approve ESG disclosures prior to publication.
5. ESG data should be subject to independent review to ensure accuracy, reliability, and integrity.
6. ESG information should be disclosed to Affected Communities in accessible formats, with annual updates on progress and impacts.

III. RISK MANAGEMENT

Principle

The Board shall ensure that the company adopts a comprehensive and dynamic risk management framework that safeguards its assets, supports long-term value creation, and responds effectively to both traditional and emerging risks—including sustainability-related risks, ethical risks, insider trading, and risks associated with digital technologies such as artificial intelligence (AI) and machine learning (ML). The framework shall be underpinned by formal ESG risk management systems and AI/ML governance policies consistent with international standards.

A. RISK GOVERNANCE FRAMEWORK

Mandatory Practices

1. The Board shall determine the company's risk appetite and level of risk tolerance and actively identify, assess and monitor key business risks to safeguard shareholders' investments and the company's assets.
2. The Board shall regularly review the risk management framework to ensure that the same is up to date and takes in to account emerging risks.
3. The Board shall ensure that the annual report includes a report on risk management.
4. The Board shall set out its responsibility for risk management in the Board charter.
5. The Board shall delegate to Management the responsibility for risk management with regular reporting through the Committee responsible for risk management, while allowing the issuer discretion to determine the mechanisms through which such delegation is implemented.
6. The Board shall regularly monitor the effectiveness of the company's risk management and compliance systems and ensure that material risks are identified, assessed, and mitigated.

Best Practices

7. The Board shall establish and maintain an effective enterprise-level risk management framework and designate a Chief Risk Officer (CRO) responsible for its implementation.
8. The CRO should report functionally to the Risk Committee, where such a committee exists, to preserve independence and ensure effective oversight of the company's risk management framework.

9. At least biennially, the Board shall consider management's climate-related scenario analysis and the resilience of the business model under different climate pathways, and direct updates to strategy where warranted.

B. MANAGEMENT OF SUSTAINABILITY, ETHICAL, AND TECHNOLOGY-RELATED RISKS

Mandatory Practices

1. The Board shall ensure that the risk management framework include integrates sustainability-related risks (including climate transition and physical risks) into the company's overall risk taxonomy, registers, controls, and reporting to the Board.
2. The Board shall ensure the adoption of a formal ESG risk management framework, integrating environmental, social, governance, and climate-related risks into the enterprise risk management system and disclosed through the company's annual ERM cycle and Annual Report.
3. The Board shall ensure that the risk management framework also incorporates governance policies for artificial intelligence and machine learning (AI/ML), addressing risks associated with algorithm development, data use, bias, accountability, and outsourced services, and shall extend to data governance, privacy, model risk, and third-party/outsourcing controls.
4. The Board shall ensure that the risk management framework also takes into account ethical risks as well as ICT risks.
5. The Board shall establish and update a policy on dealings by insiders.
6. Management shall maintain processes to identify, assess, manage, and monitor sustainability-related risks across the value chain and report to the Board and relevant committee(s) each quarter.

Best Practices

7. The Board should ensure that ESG risk reporting is integrated into the company's enterprise risk management processes and disclosed in the annual report.
8. The Board should ensure that the company possesses internal skills and expertise to manage ESG and AI/ML related risks, including the appointment of qualified specialists where necessary.

IV. INTERNAL CONTROLS AND COMPLIANCE FRAMEWORK

Principle

The Board shall uphold the integrity, accountability, and sustainability of the company by establishing effective internal control systems, ensuring compliance with all applicable laws and standards, conducting regular legal and compliance audits, and appointing qualified and independent financial and compliance officers to oversee these functions and support sound corporate governance.

A. INTERNAL CONTROL SYSTEMS

Mandatory Practices

1. The Board shall establish and review on a regular basis the adequacy and integrity of the company's internal control systems and the management of information systems, including compliance with applicable laws, regulations, rules and guidelines.
2. Internal controls are important for risk management, and the Board shall be committed to articulating, implementing and reviewing the company's internal control systems. Periodic testing of the effectiveness and efficiency of the internal control procedures and processes must be conducted to ensure that the systems are viable and robust.
3. The Board shall clearly delineate its responsibility for internal control in the Board Charter, indicating the steps that need to be taken to achieve a good internal control position for the company.
4. The Board shall delegate to the Management the responsibility of designing, implementing and monitoring effectiveness of internal control systems.
5. The Board shall set out in the Board Charter the role to be played by Management in enhancing a good system on internal controls.
6. The Audit Committee shall oversee the timely implementation of corrective actions in response to identified internal control deficiencies.

Best Practices

7. Internal control systems shall cover sustainability information with procedures to ensure completeness, accuracy, consistency and verifiability across reporting periods.

B. CHIEF FINANCIAL OFFICER

Mandatory Practice

1. The Board shall ensure that the chief financial officer and person heading the accounting department are members of the Institute of Certified Public Accountants of Kenya (ICPAK) and that they remain in good standing during their tenure.

C. GROUP AND SUBSIDIARY GOVERNANCE

Mandatory Practices

1. The company shall maintain an up-to-date register of its subsidiaries, including their legal form, jurisdiction, and ownership structure.
2. Policies shall be adopted to govern the creation, operation, and dissolution of subsidiaries, ensuring alignment with group strategy and governance standards.

Best Practice

3. The Board shall put in place a governance framework for the effective governance of subsidiaries so as to effectively manage any related governance risks.

V. AUDIT COMMITTEE AND INTERNAL AUDIT FUNCTION

Principle

The Board shall ensure effective oversight of financial and non-financial reporting, risk management, and internal controls by establishing a competent, independent Audit Committee and a robust Internal Audit function. These structures shall operate with clear mandates, sufficient authority, and professional integrity to promote transparency, accountability, and sound corporate governance.

A. ESTABLISHMENT AND COMPOSITION OF THE AUDIT COMMITTEE

Mandatory Practice

1. The Board shall establish an Audit Committee with written terms of reference.
2. The composition of the Audit Committee shall comply with the requirements set out in Section II.C of this Code, including independence, professional qualifications, and chairpersonship.
3. Where specific skills are not available within the committee, the Board may hire a consultant to provide the required expertise. The Board should establish clear criteria for selecting qualified consultants to prevent conflicts of interest.

B. MANDATE, ROLES AND AUTHORITY OF THE AUDIT COMMITTEE

Mandatory Practices

1. The Audit committee shall oversee the integrity of the company's financial and non-financial reporting, the appointment and activities of the external auditor, and the performance and effectiveness of the internal audit function.
2. The Audit committee shall review the adequacy of the company's internal control systems, monitor compliance with legal and regulatory requirements, and review and approve related party transactions.
3. The Audit Committee shall review and approve audit fees and reviewing audit fees and ensuring that the quality of the audit engagement is periodically assessed.
4. The Audit Committee shall oversee the timely implementation of corrective actions in response to identified internal control deficiencies.
5. The members of the Audit Committee shall—
 - be informed, vigilant and effective overseers of the financial reporting process and the company's internal controls;
 - review and make recommendations on management programmes established to monitor compliance with the Code of Ethics and Conduct;
 - consider the appointment of the external auditor, the audit fee and the questions of resignation or dismissal of the external auditor;
 - discuss with the external auditor before the audit commences the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;

- review management's evaluation of factors related to the independence of the company's external auditor.;
 - review the quarterly, half-yearly and year-end financial statements of the company, focusing particularly on—
 - any changes in accounting policies and practices;
 - significant adjustments arising from the audit;
 - the going concern assumption; and
 - compliance with International Accounting Standards and other legal requirements.
 - discuss problems and reservations arising from the interim and final audits and any other matter the external auditor may wish to discuss, in the absence of management where necessary;
 - review any communication between external auditor(s) and Management;
 - consider any related party transactions that may arise within the company or group;
 - consider the major findings of internal investigations and Management responses;
 - have explicit authority to investigate any matter within its terms of reference, and be accorded full access to information;
 - obtain external professional advice and to invite outsiders with relevant experience to attend its meetings if necessary; and
 - consider other issues as defined by the Board including regular review of the capacity of the internal audit function.
6. The Board, through the Audit committee, should develop and implement appropriate mechanisms or criteria for assessing the independence and competence of external auditors on an annual basis.
 7. The Audit Committee shall have adequate resources and authority to discharge its responsibilities.

Best Practices

8. The Audit Committee shall oversee the integrity of sustainability-related financial information and the system of internal control over sustainability reporting, including the company's plan for independent assurance of key sustainability metrics.
9. The Audit Committee should oversee the assurance of non-financial information, including the nomination of a qualified and independent assurance provider.
10. The assurance provider should comply with relevant ethical requirements, including independence from the subject matter
11. The assurance provider must confirm that the sustainability information is prepared using suitable criteria (e.g., IFRS S1 and S2, GRI, ESRS) and that the reporting boundaries and scope are appropriate for assurance.

12. The provider must assess materiality in the sustainability context, understand the entity's governance, strategy, and risk management, and apply tailored procedures (e.g., data tracing, interviews, site visits) to gather sufficient evidence.
13. Based on the evidence obtained, the assurance provider issues a report stating whether the sustainability information is free from material misstatement, clearly indicating the level of assurance (limited or reasonable) and the criteria used.

C. INTERNAL AUDIT FUNCTION

Mandatory Practices

1. The Board shall establish an Internal Audit function which reports directly to the Audit Committee.
2. The Internal Audit function shall either be internally based or externally sourced.
3. The Internal Audit function shall coordinate with external auditors and regularly report key findings to the Board of Directors.
4. The Head of Internal Audit shall have relevant accounting or auditing qualifications and be responsible for providing assurance to the Board that internal controls are operating effectively.
5. The Head of Internal Audit shall report functionally to the Audit Committee and administratively to the Chief Executive Officer
6. Internal auditors shall carry out their functions in accordance with the International Standards in Auditing (ISA), any standards promulgated by the Institute of Internal Auditors (IIA) and the Code of Ethics and Conduct.
7. The Audit Committee shall determine the responsibilities of the Internal Audit function and in particular—
 - review of the adequacy, scope, functions and resources of the internal audit function, and ensure that it has the necessary authority to carry out its work;
 - review the internal audit program and results of the internal audit process and where necessary ensure that appropriate action is taken on the recommendations of the internal audit function;
 - review any appraisal or assessment of the performance of members of the Internal Audit function;
 - approve any appointment or termination of senior staff members of the Internal Audit function;
 - ensure that the Internal Audit function is independent of the activities of the company and is performed with impartiality, proficiency and due professional care;
 - determine the effectiveness of the Internal Audit function; and

- be informed of resignations of Internal Audit staff and provide the resigning staff members an opportunity to submit reasons for resigning.

Best practices

8. Companies should follow international standards for assurance of non-financial and sustainability information, including those established by the International Auditing and Assurance Standards Board (IAASB).¹
9. The internal audit function should monitor the implementation of sustainability-related policies.
10. Assurance of non-financial information should be done initially on a limited basis and over time should evolve to a reasonable assurance basis, based on the maturity of the sustainability reporting system, the quality and availability of underlying data, and the needs of users of the information
11. The internal audit function should be subject to periodic independent external quality assessments to ensure that it meets professional standards and delivers value-added assurance services.

D. MEETINGS AND REPORTING OF THE AUDIT COMMITTEE

Mandatory Practices

1. The Chairperson of the Board, Chief Executive Officer and the Finance Director may attend meetings of the Audit Committee upon invitation by the Audit Committee.
2. At least once a year, the Committee shall meet with the external auditors without members of Management being present.
3. The Audit Committee shall meet regularly, with adequate notice of the issues to be discussed and shall record its conclusions.

Best practices

4. The Board should ensure that non-financial information, including ESG information is verified following best practice standards on the assurance of non-financial information.

¹ See ISAE 3000 (revised) International Standard on Assurance Engagements and ISSA 5000 General Requirements for Sustainability Assurance Requirements.

CHAPTER FOUR: RIGHTS OF SHAREHOLDERS

Shareholder rights and investor protection are foundational to effective corporate governance. The Board shall uphold these rights by ensuring the equitable treatment of all shareholders—including minorities—through timely access to relevant information, meaningful participation in general meetings, protection of economic and ownership rights, and effective oversight mechanisms. Upholding these rights promotes trust, market integrity, and long-term investment.

I. GENERAL SHAREHOLDER RIGHTS

Principle

The Board shall uphold the rights of all shareholders.

Mandatory practices

1. The Board shall protect and facilitate the effective exercise of the rights of shareholders.
2. The Board shall ensure that all shareholders holding the same class of shares are treated equally in matters relating to voting, access to information, dividend rights, and other corporate entitlements.
3. The Board shall ensure that minority and foreign shareholders are not discriminated against and that all shareholders are provided with equal access to relevant corporate information and governance processes.
4. The company shall adopt transparent policies to prevent preferential treatment of certain shareholders, including in the distribution of confidential or price-sensitive information.
5. The Board shall establish clear procedures for handling shareholder complaints or grievances and shall provide equitable redress mechanisms for all shareholders.

II. ACCESS TO TIMELY AND RELEVANT INFORMATION

Principle

The Board shall ensure that all shareholders receive timely, accurate, and accessible information through diverse and transparent communication channels to support informed decision-making and active engagement.

A. PERFORMANCE AND FINANCIAL DISCLOSURE

Mandatory Practices

1. All shareholders shall receive relevant information on the company's performance through the distribution of annual reports and accounts, and half-yearly results as a matter of best practice.
2. Financial reports, policies and procedures shall be published on the company's website.
3. The annual report and accounts to the shareholders must include highlights of the operations of the company, financial performance and status of application of this Code.

4. Best Practice

5. Companies are encouraged to organize regular investor briefings and in particular when the half-yearly and annual results are declared or as may be necessary to explain their performance and promote interaction with investors.

B. COMMUNICATION CHANNELS AND TECHNOLOGY

Mandatory Practices

1. The Board shall maintain an effective communication policy that enables both management and the Board to communicate effectively with its shareholders, stakeholders and the public in general.
2. The Board shall proactively engage the media on dissemination of important company information and issues relating to good corporate governance and sustainability in order to inform and protect investors and other stakeholders.
3. Companies shall employ a variety of communication techniques including the use of teleconferencing, postal mail, newspapers, videoconferencing, websites, and emails to communicate with shareholders.
4. The Board shall encourage the use of the company's website by shareholders to speed up communication and interaction among shareholders and the company.

Best practices

5. The company shall establish an investor relations function for effective communication and engagement with shareholders

III. PARTICIPATION IN GENERAL MEETINGS

Principle

The Board shall enable and protect shareholders' right to actively participate in general meetings, vote on key matters, and engage with the company in a fair and inclusive manner.

Mandatory Practices

1. The Board shall ensure that all shareholders have the right to participate and vote at general meetings, including on matters such as the election or removal of directors and approval of major corporate actions.
2. The Board shall ensure shareholders' right to full participation at Annual General Meetings by giving shareholders—
 - sufficient information on each subject to be discussed at the Annual General Meeting.
 - sufficient information on voting rules or procedures;
 - proxy models with different voting options;
 - the opportunity to question the Board and Management;

- the opportunity to place items on the agenda at Annual General Meetings;
 - the opportunity to participate virtually in the Annual General Meetings, ensuring that, to the extent possible, the virtual meetings mirror as much as possible physical meetings;
 - the opportunity to vote in absentia; and
3. The Board shall make shareholders expenses and convenience a primary criterion when selecting the venue and location of Annual General Meeting.
 4. All shareholders shall receive clear and timely information on the date, location, agenda, and resolutions of the Annual General Meeting at least 21 calendar days in advance.
 5. Every shareholder has the right to ask questions and seek clarification on the company's performance or any matter relevant to shareholder interests, and to receive a response from the Board or Management—provided this does not disrupt the conduct of the meeting.

IV. ECONOMIC AND VOTING RIGHTS

Principle

The Board shall protect shareholders' economic rights and ensure equal treatment of all shareholders, including minority and foreign shareholders, particularly in matters of ownership, dividends, and conflict-of-interest transactions. All shareholders within the same class shall have equal rights in terms of voting, subscription to new shares, and transferability.

A. VOTING RIGHTS OR SHAREHOLDER OVERSIGHT

Mandatory Practices

1. All shareholders within the same class shall have equal rights in terms of voting.
2. Shareholders shall have the right to vote on the appointment and removal of directors, including filling vacancies and confirming interim appointments.
3. Shareholders shall approve major corporate actions such as mergers, acquisitions, disposals, winding up, and significant changes to the capital structure, by ordinary or special resolution as required.
4. Shareholders shall vote on any amendments to the company's memorandum, articles, or other governing documents, particularly those affecting shareholder rights. Special resolutions shall apply where required.
5. Shareholders shall approve or ratify the appointment or reappointment of external auditors at the Annual General Meeting, based on applicable law and audit committee recommendations.
6. Shareholders shall approve policies for the remuneration of Board members and Executives, for the attraction and retention of Board members, for effective communication with shareholders and for corporate disclosure.

Best practices

7. Each share should carry one vote at the Annual General Meeting, with no deviation from the one-share, one-vote principle.
8. Effective voting mechanisms—such as supermajority or majority-of-minority approval—should be used to protect minority shareholders in key decisions.

B. ECONOMIC RIGHTS

Mandatory Practices

1. All shareholders within the same class shall have equal rights in terms of subscription to new shares and transferability.
2. Shareholders shall have the right to receive declared dividends and other distributions—such as bonus shares and rights issues—in proportion to their shareholding and in accordance with the company’s articles.
3. Shareholders shall be entitled to a pro rata share of the company’s remaining assets upon liquidation, after settlement of all liabilities.
4. The Board shall ensure shareholders have access to a secure and reliable process for the transfer, registration, and verification of share ownership.
5. Where applicable, shareholders shall be offered pre-emptive rights to participate in new share issuances to prevent dilution, in line with the company’s governing documents and applicable law.
6. Shareholders shall be informed clearly and in a timely manner of their rights relating to dividends, distributions, and share entitlements.
7. The Board shall provide shareholders with access to key company documents, including audited financial statements, shareholder registers, and relevant board resolutions, in accordance with applicable law.
8. The company shall respect and uphold class-specific rights as set out in the articles of association or incorporation documents, including any rights held by preference shareholders or other share classes.
9. The company shall maintain a clear and publicly available dividend policy that ensures fair treatment of all shareholders.

C. OVERSIGHT OF CONTROLLING SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

Mandatory Practices

1. The Board shall ensure that controlling shareholders do not abuse their position to obtain disproportionate benefits at the expense of minority shareholders.
2. The Board shall disclose all material related party transactions in a timely and transparent manner, particularly those involving controlling shareholders.

3. Material related party transactions shall be reviewed and approved by a Board committee, and when appropriate, referred for approval by disinterested shareholders, especially where the transaction:
 - Represents 5% or more of total assets;
 - Is recurring in nature; or
 - Involves a major conflict of interest.

Best Practice

4. The Board shall commission an independent valuation or fairness opinion for related party transactions where appropriate.

D. PROTECTION OF MINORITY SHAREHOLDERS

Mandatory Practices

1. The Board shall ensure that minority shareholders have access to effective redress mechanisms and legal remedies in cases of abusive conduct or material harm.
2. Minority shareholders shall receive timely notice of shareholder meetings and retain the right to participate and vote.
3. The company shall establish policies to safeguard minority shareholder rights in the event of mergers, acquisitions, or changes in control.
4. The company shall adopt a policy on material transactions that may affect minority shareholders, with appropriate safeguards and disclosures.

Best Practice

5. The company shall disclose any material risks to minority shareholders arising from the actions or influence of controlling shareholders.
6. The Company shall provide in its Articles of Association that minority shareholders holding voting shares that represent 15% or more of the voting capital are entitled to elect at least one member for the Board.

CHAPTER FIVE: GOVERNANCE OF STAKEHOLDER RELATIONS

The effective management of stakeholders supports a company's strategy and long-term growth. Stakeholders include any group who can affect, or be affected by the company— such as shareholders, employees, customers, suppliers, regulators and investors. The company's corporate governance framework shall recognise the legitimate interests of stakeholders and promote cooperation that contributes to value creation and business sustainability. Companies should establish interactive processes that enable stakeholders to contribute to decision-making and ensure their views are considered.

I. MANAGING STAKEHOLDER RELATIONS

Principle

The Board shall adopt a stakeholder-inclusive approach, identify key stakeholders, and develop structured engagement strategies. They should balance stakeholder interests with company objectives and ensure that Management regularly report on engagement outcomes.

A. STAKEHOLDER-INCLUSIVE GOVERNANCE

Mandatory Practices

1. The Board shall adopt a stakeholder-inclusive approach to corporate governance that --
 - recognises the interdependence between the company and its stakeholders in achieving long-term sustained growth; and
 - promotes reciprocal trust and respect with stakeholder groups.
2. The Board, while accountable to the company, shall take into account the legitimate interests and expectations of its stakeholders in decision-making.
3. In balancing the interests of stakeholders, the Board shall be guided by the aim of ultimately advancing the best interest of the Company.

B. STAKEHOLDER IDENTIFICATION, ENGAGEMENT AND OVERSIGHT

Mandatory Practices

1. The Board shall identify all its stakeholders and map out areas of interaction with such stakeholders.
2. Stakeholder engagement shall be deliberate, planned and aligned with the company strategy.
3. The Board shall identify mechanisms and processes that can support constructive engagement with key stakeholders -- including regulators, communities, employees, and customers -- to promote enhanced levels of corporate governance.
4. The Board shall delegate to Management the responsibility for managing relationships with stakeholders while remaining accountable, receiving regular reports on stakeholder engagement plans, key outcomes, challenges encountered and successes.

5. The Board shall ensure that the company has in place stakeholder engagement strategies and suitable policies on how it shall manage its relations with each of its stakeholder groups.

Best Practices

6. The stakeholder engagement policy should be applied to contractors and embedded in contractual and oversight mechanisms.
7. The stakeholder engagement policy should also apply to primary suppliers, including through procurement procedures and supplier codes of conduct.
8. The Board shall provide in the annual report evidence of engagement with mapped stakeholders and how the company achieved a stakeholder inclusive approach in decision making.
9. A designated senior executive should be responsible for overseeing stakeholder engagement and ensuring alignment with corporate strategy, sustainability goals, and performance targets.
10. The stakeholder engagement strategy should include stakeholder analysis, tailored engagement approaches, and mechanisms for iterative consultation throughout project or business cycle.
11. Stakeholder engagement outcomes should inform Board decision-making and be reflected in external reporting.
12. The company should align its stakeholder engagement and reporting practices with recognized international standards such as AA1000 or ISO 26000.

II. COMMUNICATION WITH STAKEHOLDERS

Principle

The Board shall ensure effective communication with stakeholders maintaining open, timely, and transparent channels of dialogue. Communication should support trust, informed engagement, and mutual understanding.

Mandatory Practices

1. The Board shall maintain an effective communication policy that enables both Management and the Board to communicate effectively with its stakeholders and the public in general, employing modern communication techniques such as teleconferencing, videoconferencing, websites, newspapers, postal mail, and emails to communicate with stakeholders.
2. The Board shall maintain transparent and effective communication, supplying relevant and timely information in order to build and maintain trust with stakeholders.
3. In determining what information to share with stakeholders, the Board shall have regard for the best interests of the company.
4. The Board shall establish whistle-blowing mechanisms that encourage stakeholders to bring out information helpful in enforcing good corporate governance practices.

5. The company shall maintain an external communications mechanism accessible to stakeholders and affected communities.

III. RESOLVING INTERNAL AND EXTERNAL DISPUTES

Principle

The Board shall ensure that the company establishes clear, fair, and efficient mechanisms to resolve both internal and external stakeholder disputes. These mechanisms should be accessible, cost-effective, and designed to promote early resolution. The company shall also implement preventive measures to minimize the recurrence of disputes and strengthen stakeholder trust.

A. DISPUTE RESOLUTION

Mandatory Practices

1. The Board shall establish mechanisms for resolving any disputes with stakeholders in a timely, cost-effective manner.
2. The Board shall ensure the established channels of dispute resolution channels shall be used in the first instance for addressing issues and include preventive mechanisms to minimize recurrence.
3. A grievance mechanism shall be in place to allow staff to raise concerns and report misconduct.
4. Staff grievance processes shall include:
 - Participation of employee representatives in grievance resolution;
 - Regular management response to complaints, ensuring timeliness and effectiveness.
 - Periodic Board-level reporting on trends, root causes, and outcomes.

Best Practices

5. The company should assign trained community engagement staff with clearly defined roles, responsibilities, and reporting lines.
6. Where stakeholder issues remain unresolved, Management should initiate a corrective action plan or escalation process.

CHAPTER SIX: TRANSPARENCY AND DISCLOSURE

Transparency and disclosure are fundamental to enabling shareholders to exercise their rights, facilitating informed decision-making by investors and stakeholders, and strengthening accountability of the Board and Management. Transparent disclosure practices attract capital, sustain confidence in the market, and differentiate companies with robust governance and sustainability practices.

Weak disclosure undermines market integrity and investor trust. Disclosures should therefore provide a fair, balanced, and understandable account of the company's financial and non-financial performance, risks, and prospects, including sustainability-related matters material to enterprise value.

I. TIMELY AND BALANCED DISCLOSURE

Principle

The Board shall ensure transparent, timely, and balanced disclosure of all material financial and non-financial to shareholders and stakeholders, enabling informed decision-making, effective monitoring of the company, and sustainable long-term value creation.

A. POLICIES

Mandatory Practices

1. The company shall establish and implement disclosure policies and procedures covering both financial and non-financial (including sustainability-related) disclosures.
2. Disclosure shall be fair, accurate, timely, and accessible to all investors, avoiding selective disclosure.
3. The company shall publicly disclose the extent to which its governance and ESG practices align with national and international best practices.

B. CONTENT OF THE ANNUAL REPORT

The company shall disclose in its annual report:

1. Financial position and performance
 - the financial statements of the company including the Auditor's and Directors' reports;
 - the Management Discussion and Analysis (MD&A) setting out Management's assessment of the factors that affected the company's financial position and results of operation over the period covered by the financial statements and known trends that are reasonably likely to have a material effect on the company's financial position as well as results of operations in the future;
 - whether it complies with the International Financial Reporting Standards (IFRS) in preparing financial statements. Any deviation shall be disclosed;

- whether it has an Audit Committee. The members, their qualifications, independence and the mandate of such committee shall be disclosed; and
- Whether the financial statements were audited by a recognized, independent external auditor.

2. Financial Reporting Oversight

- a statement from the Audit Committee confirming its oversight of both financial and non-financial reporting processes and outcomes.

Best Practices

- a written Management Letter from the external auditor, reviewed by the Audit Committee.

3. Capital structure and ownership

- the key shareholders and the extent of their shareholding. In this regard, the Board shall disclose the top ten direct shareholders;
- in the case of a subsidiary, the name of the parent company and ultimate group holding company;
- as per IFRS requirements, consolidation and a discussion of the basis for consolidation that would include mention of relevant subsidiaries;
- the ultimate beneficial ownership, including controlling persons or entities with indirect or hidden influence over the company's operations. (Level 3); and
- A summary of the company's dividend policy, and where applicable, an explanation of how dividend decisions are aligned with long term shareholder value creation.

4. Remuneration

- the Board's policies for remuneration including incentives for the Board and senior Management, including fees, attendance allowances, bonuses, benefits, pension contributions and any other benefit;
- the quantum and component of remuneration for (a) the CEO and senior management, and (b) each Non-Executive Directors, including any share options and other forms of executive compensation that have to be made or have been made during the course of the financial year; and
- aggregate Directors' loans.

Best Practices

- How remuneration structures are linked to long-term value creation, sustainable performance, and alignment with shareholder interests.

5. Compliance and Risk

- The company's compliance with this Code, setting out any non-compliance with a firm and time bound commitment to full compliance;
- whether a Legal and Compliance Audit was carried out as required and the progress made in implementing the recommendations of the previous Legal and Compliance Audit;
- the level of compliance with laws, regulations and standards;
- any material departures from required compliance, the causes of non-compliance and the measures to address the non-compliance; and
- the company's risk management policy and risk management processes.

Best Practices

- The company's risk appetite and key risk indicators to help investors and stakeholders understand its approach to risk management; and
- Risk appetite disclosure includes qualitative and quantitative data.

6. ESG and sustainability

- The company's sustainability-related governance, strategy, risk management, and metrics/targets, consistent with IFRS S1 and IFRS S2:
 - **Governance:** the company's ESG governance structures, including Board and management oversight, committee mandates, and accountability for ESG matters;
 - **Strategy:** the company's ESG strategy, policies, and how material sustainability-related risks and opportunities (including climate transition plans) affect its business model, strategy, and financial planning;
 - **Risk Management:** the company's processes for identifying, assessing, and managing ESG-related risks (including ethics, business conduct, human rights, and labour practices), and integration into enterprise risk management;
 - **Metrics and Targets:** performance against sustainability-related objectives, key performance indicators, and targets, including climate-related metrics and progress against other material sustainability goals;

Best practices

- ESG disclosures explicitly structured in line with IFRS Sustainability Disclosure Standards (IFRS S1 and IFRS S2), and where relevant, other frameworks such as GRI, SASB or ESRS to provide additional sector-specific or jurisdictional detail;
- the extent to which its governance and ESG practices align with national and international best practices; and
- the adequacy of sustainability-related policies and procedures.
- Sustainability information shall use the same reporting entity boundary as the financial statements and be reported at the same time and, where feasible, in the same reporting package.

7. Related-party transactions

- recognition that insider dealings are illegal, and confirmation that there were no known insider dealings; and
- all related party transactions;

8. Corporate governance

- a statement on the company's vision, mission, values and strategic objectives;
- the names of current Board members including qualifications and tenure of Directors, indicating which Directors are due for rotation at the next annual general meeting, other Board memberships, the selection process, the designation or re-designation of Board members as Independent and if so, the criteria used to support their independence; and any other material information;
- confirmation that the Board is composed of a balance of Executive and Non-Executive Directors, with at least one-third being Independent Non-Executive Directors;
- whether evaluation of the Board, the Chairperson, the Chief Executive Officer and Company Secretary has been undertaken;
- the company's policy on conflict of interest;
- the company's policy on gifts;
- the company's Whistle Blowing Policy;
- whether a Governance Audit was carried out and, if not, the progress made in implementing the recommendations of the previous Governance Audit;
- the governance structure including the composition and size of the Board, the committees of the Board, Management and their mandate;
- a diversity and inclusion report including: (a) the policy objectives and measurable targets adopted by the Board; (b) the actual composition of the Board compared against these targets; (c) an explanation of progress made during the reporting period; and (d) where targets have not been met, a clear explanation of the reasons and the actions planned to address the gap;
- the company's policy on information technology;
- a statement on compliance with corporate governance principles, indicating aspects of this Code which have not been applied, the reasons thereof, indicative timelines and proposed strategies towards application;
- the company's policy on procurement;
- the company's policy on stakeholder engagements and key stakeholders;
- the resignation of a serving Board member during the financial year;

- a confirmation of the company's compliance with disclosure and listing requirements as set by the Capital Markets Authority or relevant regulatory body;
- a statement confirming that shareholders received timely information on ownership concentration and changes to shareholding structures;
- a clear summary of any material risks posed to minority shareholders by controlling shareholders, with mitigation measures or governance mechanisms; and
- details of the activities of the Committee, the number of Committee meetings held in a year and details of attendance of each Audit Committee member at such meetings.

C. DISCLOSURE ON THE COMPANY'S WEBSITE

The company shall disclose on its website, in a dedicated and regularly updated investor relations and governance section:

1. Financial position and performance

- the financial statements of the company, including the Auditor's and Directors' reports.

2. Capital structure and ownership

- the key shareholders; and
- in the case of a subsidiary, the name of the parent company and ultimate group holding company.

3. ESG and sustainability

- the company's environmental, social, and governance (ESG) policies, strategies, and governance structures;
- ESG performance in line with internationally recognized standards, including IFRS S1 and IFRS S2; and
- the company's approach to material ESG issues, community engagement, and sustainability impacts.

Best Practice

- The company's integrated report and/or sustainability report, subject to independent assurance of key ESG metrics .

4. Corporate governance

- a statement on the company's vision, mission, values, and strategic objectives;

- the names of current Board members including qualifications and tenure of Directors, indicating which Directors are due for rotation at the next annual general meeting, and any other material information;
- prompt disclosure of Board appointments and resignations;
- the company's Board Charter;
- the company's policies on conflict of interest, gifts, whistleblowing, ethics and conduct, and stakeholder engagement; and
- any other policy the company adopts in application the provisions of this Code.

Best Practice

- Terms of Reference of all Board Committees, promptly after approval; and
- AGM notices, investor presentations, and an investor relations calendar.

D. EVENT BASED DISCLOSURES

1. The Capital Markets Authority shall be notified immediately when a serving Board member resigns, including the detailed circumstances necessitating the resignation.
2. The resignation of a serving Board member shall be disclosed promptly, at a minimum on the company's website.
3. The company shall disclose, without delay, all material developments that could reasonably affect the value of its securities or influence investor decisions. Such disclosures shall be made through appropriate public channels determined by the issuer, provided that material information is also published in at least two newspapers of national circulation and posted on the company's website.

Best Practice

4. The company should also use digital channels (e.g., stock exchange platforms, press releases, and official social media) to ensure timely, broad, and non-selective access to information.

ANNEXES

I. ROADMAP FOR INTEGRATING ESG ACROSS BOARD AND MANAGEMENT FUNCTIONS

BOARD-LEVEL INTEGRATION

a. Define ESG Commitments and Strategy	• Approve a documented ESG framework aligned with national and international standards. • Embed ESG into the company's purpose, long-term strategy, and Board Charter. • Explicitly link ESG objectives to capital-raising (e.g., sustainable bonds, loans).
b. Structure for ESG Oversight	• Establish a dedicated Sustainability/ESG Committee or embed ESG oversight into the Risk or Audit Committee. • Ensure Board composition includes directors with ESG expertise and experience in sustainability risk management. • Assign the Chairperson responsibility for championing ESG policies and culture at Board level.
c. Policies and Governance Tools	• Approve key ESG-related policies: Code of Ethics, Conflict of Interest, Whistleblowing, Sustainability/Climate Policy. • Require annual attestation by directors and staff to compliance with these policies. • Integrate ESG criteria into remuneration policies (linking variable pay to ESG targets).
d. Capacity Building	• Implement continuous Board training (at least 12 hours annually) on ESG and sector-specific sustainability risks. • Induction of new directors must cover ESG commitments and fiduciary duties.

MANAGEMENT-LEVEL INTEGRATION

Operational Embedding	• Assign the CEO responsibility for implementing ESG strategies, with direct accountability to the Board. • Designate a senior executive (e.g., Chief Sustainability Officer or Head of ESG) to coordinate ESG initiatives across departments. • Integrate ESG into annual budgets, business plans, procurement, and supply-chain policies.
Risk and Controls	• Ensure ESG and sustainability risks are explicitly covered in the enterprise risk management framework. • Mandate reporting of ESG risks (climate, ethical, technology) to the Board Risk or Audit Committee.

	• Strengthen internal audit to monitor ESG-related policies and data integrity.
Reporting and Disclosure	• Prepare annual sustainability reports aligned with ISSB, GRI, or ESRS standards. • Adopt integrated reporting, combining financial and ESG performance. • Subject ESG disclosures to independent assurance to enhance credibility. •
Culture and Human Capital	• Embed ESG in employee contracts, onboarding, and training. • Ensure DEI (diversity, equity, inclusion) and fair labour practices are integrated into HR policies. • Develop talent pipelines and succession planning that prioritize sustainability competencies. •

BOARD–MANAGEMENT INTERACTION ON ESG

Annual Workplan & Evaluation	• Include ESG strategy review, risk assessment, and stakeholder engagement as standing items in the annual Board workplan. • Ensure Board evaluations cover ESG oversight effectiveness.
Reporting Mechanisms	• Management provides quarterly updates to the Board on ESG progress, risks, and stakeholder engagement outcomes. • Stakeholder engagement results should be escalated to the Board for strategic alignment.
Stakeholder Engagement	• Adopt a structured stakeholder engagement strategy (aligned with AA1000/ISO 26000). • Ensure management reports to the Board on outcomes of engagement with regulators, communities, and investors.

II. BEST PRACTICES FOR INTEGRATING ETHICAL RISKS INTO THE RISK MANAGEMENT FRAMEWORK

Best Practice Area	Examples of Implementation
1. Identification and Categorization	• Include ethical risks (fraud, corruption, harassment, human rights, data privacy) in the risk register. • Classify ethical risks alongside financial, operational, and strategic risks.
2. Risk Appetite and Tolerance	• Define a clear ethics risk appetite statement (e.g., zero tolerance for corruption or discrimination). • Reference ethics risk appetite in the enterprise risk management (ERM) framework.
3. ERM Integration	• Evaluate ethical risks in every risk assessment cycle across business units and projects. • Link ethical risks to Key Risk Indicators (KRIs) reported to the Board.
4. Policies as Risk Controls	• Use Code of Ethics, Conflict of Interest, Anti-Bribery, and Whistleblowing policies as formal mitigation controls. • Map policies to specific ethical risks in the framework.
5. Board and Committee Oversight	• Assign oversight to the Audit & Risk Committee or Sustainability & Ethics Committee. • Require Board reporting with a dedicated section on ethical risks.
6. Monitoring, Indicators, and Assurance	• Develop KPIs (ethics hotline cases, resolution time, disciplinary actions, supplier breaches, training rates). • Commission periodic independent audits of ethical risk management.
7. Stakeholder Transparency	• Disclose ethical risks and mitigation strategies in annual or integrated reports. • Communicate key ethics performance data to stakeholders (cases reported, actions taken).
8. Culture and Training	• Embed ethics awareness in onboarding, training, and leadership development. • Link employee performance and leadership remuneration partly to ethical behaviour.
9. Whistleblowing and Grievance Mechanisms	• Provide confidential, independent, anonymous reporting channels. Track and report trends in whistleblowing cases and corrective actions.
10. Continuous Improvement	• Update ethical risk registers regularly to capture emerging risks (e.g., AI ethics, cybersecurity, supply chain labour issues). • Benchmark against international standards (e.g., ISO 37001, OECD Guidelines).