CORPORATE GOVERNANCE REPORTING TEMPLATE FOR ISSUES OF SECURITIES TO THE PUBLIC

TO BE FILLED IN LINE WITH THE REQUIREMENTS OFTHE CODE OF CORPORATE GOVERNANCE PRACTICES FOR ISSUERS OF SECURITIES TO THE PUBLIC, 2015

Company Name (in full)

	Company Details to be Provided:	
KCB GROUP PLC	Company market to book ratio at end of financial year	**1.01**
Reviewer's Name	No of outstanding shares at end of financial year	**3.066 Billion**
	Closing price of stock at end of financial year	**Kes. 37.45**
Stock Code - **KE0000000315**	Net sales as per Income Statement at end of financial year	**Kes. 68.860 Billion**
Sector - **Banking & Financial Services**	Net profit as per Income Statement at end of financial year	**Kes. 23.995 Billion**
Year - **2018**	Total debt (short and long term) as per Balance Sheet at end of financial year	**Kes. 22.447 Billion**
Date of Financial Year End - **31 December, 2018**	Total equity as per Balance Sheet at end of financial year	**Kes. 113.661 Billion**
Chairman Signature	Total no. of Board members at end of financial year	**10**
CEO Signature	No. of independent directors at end of financial year	**7**
Company Secretary Signature	No. of non-executive directors at end of financial year	**8**

Consecutive No.	Mandatory or 'apply or explain'	Part No.	Question	Kenya Code Reference	Application - FA, PA or NA - See Notes 1, 2, 3&4	Application or Explanation - Note 3 & 4	Source of Information
		A	**INTRODUCTION**				
1	M	A.1	Has the company developed and published a Board Charter which is periodically reviewed and which sets out the Board responsibility for internal control?	1.1.2, 2.6.2, 6.3.2	**FA**		Board Charter has been in existence. It has been reviewed in March 2019 and work is underway to make this available on the website as per CMA recommendation
2	M	A.2	Do the Board Charter or company documents distinguish the responsibilities of the board from management in line with Code requirements?	1.1.2, 2.3.1, 2.3.2, 2.6.2	**FA**		This is done and clear. See also Corporate Governance statement in the Integrated Report
3	A or E	A.3	Is there a statement indicating the responsibility of Board members for the application of corporate governance policies and procedures of the company?	1.1.6	**FA**		Done in the Board Charter. See also Corproate Governance Statement in the Integrated Report
4	M	A.4	How has the Board ensured all directors, CEOs and management are fully aware of the requirements of this Code?	1.1.6	**FA**		dissemination to the Directors through the Company Secretary. The directors have been trained on the requirements of the Kenyan CG Code.
5	M	A.5	Do company documents indicate the role of the Board in developing and monitoring the company strategy?	Part II - Overview, 2.3	**FA**		Done in the Board Charter. See also Corproate Governance Statement in the Integrated Report

6	A or E	A.6	Does the company strategy promote sustainability of the company?	2.3.6	FA		This is also set out in the Sustainability report prepared by the Company. See the Integrated Report.
7	M	A.7	Are all board committees governed by a written charter/terms of reference, disclosing its mandate, authority, duties, composition, leadership and working processes?	2.2.2	FA		Terms of Reference done and approved by the Committees as delegated by the Board. Work underway to make these available on the website as recommended by CMA.
		B	**BOARD OPERATIONS and CONTROL**				
8	M	B.1	Has the Board established a Nomination Committee comprised mainly of independent and non-executive Board members?	2.1.2, 2.2.2	FA		Yes - see details in the Corporate Governance Statement in the Integrated Report
9	M	B.2	Is the chairperson of the Nomination Committee an independent director?	2.2.3	FA		Yes - see details in the Corporate Governance Statement in the Integrated Report
10	M	B.3	Has the board adopted and published procedures for nomination and appointment of new Board members?	2.1.1, 2.1.7	FA	The process has been done in accordance with the Articles of Association. The Board Charter has been reviewied in March 2019 and all related policies are currently being worked on.	The process has been done in accordance with the Articles of Association.
11	M	B.4	Is the Board size adequate for the exercise of the company business?	2.1.4	FA		Yes - see details in the Corporate Governance Statement in the Integrated Report
12	A or E	B.5	Has the board adopted a policy to ensure the achievement of diversity including age, race and gender) in its composition?	2.1.2, 2.1.3, 2.1.5, 2.5.1	FA		As disclosed in the Integrated Report
13	M	B.6	Do the Board members represent a mix of skills, experience, business knowledge and independence to enable the discharge of their duties?	2.2.1	FA		Yes - see details in the Corporate Governance Statement in the Integrated Report. Details of the age of the individual directors included in the new Integrated Report as recommended by CMA.
14	M	B.7	Has the board adopted and applied a policy limiting the number of board positions each Board member may hold at any one time?	2.1.6	FA		Board Charter reviewed in March 2019 providing for this in line with the Kenya CG Code.
15	M	B.8	Have any Alternate Board members been appointed? If so, have the Alternate Director/s been appointed according to regulation and Code requirements?	2.1.6, 2.1.7	FA		Alternate appointed by the Cabinet Secretary in accordance with the provisions of the Articles of Association
16	M	B.9	Are independent directors at least one-third of the total number of Board members?	1.1.2, 2.1.3, 2.4.1	FA		Yes - see details in the Corporate Governance Statement in the Integrated Report
17	A or E	B.10	Does the Board have policies and procedures to annually assess the independence of independent Board members?	2.4.1	FA		Board Charter provides for this and this is evaluated also during the annual board evaluation process.
18	M	B.11	Do all independent Board members have a tenure of less than 9 years?	2.4.2	FA		Yes - see details in the Corporate Governance Statement in the Integrated Report

19	M	B.12	Is the Board comprised of a majority of non-executive board members?	2.1.3	FA		Yes - see details in the Corporate Governance Statement in the Integrated Report
20	M	B.13	How does the Board ensure a smooth transition of Board members?	2.1.8	FA		There is succession planning undertaken by the Board managed by the HR & Nominations Committee of the Board
21	M	B.14	Has the Board established an effective Audit Committee according to Code requirements?	2.2.4, 6.5.1, 2.1.7	FA		Yes - see details in the Corporate Governance Statement in the Integrated Report
22	M	B.15	Are the functions of the Chairperson and the Chief Executive Officer exercised by different individuals?	2.3.3	FA		Yes - see details in the Corporate Governance Statement in the Integrated Report
23	M	B.16	Is the Chairman of the Board a non-executive board member?	2.3.4	FA		Yes - see details in the Corporate Governance Statement in the Integrated Report
24	A or E	B.17	Has the Board established procedures to allow its members access to relevant, accurate and complete information and professional advice?	2.3.5	FA		Yes - see details in the Corporate Governance Statement in the Integrated Report
25	M	B.18	Has the Board adopted a policy on managing conflict of interest?	2.3.8	FA		Yes - see details in the Corporate Governance Statement in the Integrated Report
26	M	B.19	Has the Board adopted a policy on related party transactions to protect the interests of the company and all its shareholders and which meets the requirements of the Code?	2.3.7	FA		In line with the Financial Accounting standard of dealing with related party transactions.
27	M	B.20	Has the company appointed a qualified and competent company secretary who is a member in good standing of ICPSK?	2.3.9	FA		Yes - Joseph Kania (ICPSK Member Number 733)
28	A or E	B.21	Has the Board adopted policies and processes to ensure oversight of sustainability, environmental and social risks and issues?	2.3.2, 2.3.6	FA		Yes - As set out in the Sustainability report in the Integrated Report
29	A or E	B.22	Has the Board developed an annual work-plan to guide its activities?	2.6.3	FA		Yes - presented and approved at the beginning of each year.
30	M	B.23	Has the Board determined, agreed on its annual evaluation process and undertaken the evaluation or the performance of the Board, the Board Committees, the CEO and the company secretary?	2.6.4, 2.8	FA		Yes - In line with the requirements by the Central Bank of Kenya Prudential Guidelines. The results of the evaluation are presented to CBK by 31 March each year.
31	A or E	B.24	Has the Board established and applied a formal induction program for in-coming members?	2.7.1	FA		Undertaken through the Office of the Company Secretary in collaboration with the Board Chairman.
32	A or E	B.25	Do Board members participate in on-going corporate governance training to the extent of 12 hours per year?	2.7.3	FA		Yes - annual training plan for directors is scheduled.
33	A or E	B.26	Has the Board set up an independent Remuneration Committee or assigned to another Board committee the responsibility for determination of remuneration of directors?	2.9.2	FA		Undertaken by the HR & Nominations Committee

34	M	B.27	Has the Board established and approved formal and transparent remuneration policies and procedures that attract and retain Board members?	2.9.1	FA		Remuneration policy in place. Details as per the remuneration report in the Integrated Report.
35	M	B.28	How does the Board ensure compliance with all applicable laws, regulations and standards, including the Constitution and internal policies?	2.10, 2.10.1, 2.10.2	FA		Through constant reports to the various board committees by management. The Board Risk Management Committee and the Audit Committee undertake risk reviews and ensure compliance with legislation.
36	M	B.29	In the past year, has the Board organized a legal and compliance audit to be carried out on a periodic basis?	2.10.3	FA		The legal and compliance audit undertaken as at the end of the year 2018.
37	A or E	B.30	Has the Board subjected the company to an annual governance audit?	2.11.1	FA		The governance audit undertaken as at end of 2018.
		C	**RIGHTS of SHAREHOLDERS**				
38	M	C.1	Does the governance framework recognize the need to equitably treat all shareholders, including the minority and foreign shareholders?	3.0 Overview, 3.2.1	FA		Yes - provided for Articles of Association.
39	M	C.2	Other than at the AGM, how does the Board facilitate the effective exercise of shareholders' rights?	3.1.1	FA		There is communication and periodic continuous disclosure. The investor relations team also provides continuous information to the investor community through road shows and investor briefings with information also provided on the Company website.
40	M	C.3	How does the Board facilitate shareholders participation at the AGM?	3.1.1	FA		Notice of the AGM is published in the local and regional papers at least 21 days before the AGM. Shareholders receive SMS notification of the AGM date. Shareholders are given an opportunity to ask questions during the AGM and are also allowed to vote on the matters presented to them.
41	A or E	C.4	Are minority and foreign shareholders holding the same class of shares treated equitably?	3.2.1	FA		Yes, there is no differentiation. See the Corporate Governance Statement in the Integrated Report.
42	A or E	C.5	Is there evidence that the Board proactively provides information to shareholders and the media, (and in a timely basis) on corporate affairs and corporate governance?	3.1.1, 3.4.1	FA		All notices are published as per the CMA regulations. There is communication and periodic continuous disclosure. The investor relations team also provides continuous information to the investor community through road shows and investor briefings with information also provided on the Company website.
		D	**STAKEHOLDER RELATIONS**				

43	A or E	D.1	Does the Board have a stakeholder-inclusive approach in its practice of corporate governance and which identifies its various stakeholders?	4.1.1	FA		See the Corporate Governance Statement in the Integrated Report. This is provided for in the Communications Policy.
44	A or E	D.2	Has the Board developed policies, procedures and strategies to manage relations with different/key stakeholder groups?	4.1.2, 4.1.3, 4.1.5, 4.2.1	FA		Statement in the Integrated Report. This is provided for in the Communications Policy
45	A or E	D.3	How does the Board take into account the interests of key stakeholder groups prior to making decisions?	4.1.4	FA		See the Corporate Governance Statement in the Integrated Report. In making its decisions, the Board is guided by the ultimate need to advance the best interest of the Company.
46	M	D.4	How does the Board ensure effective communications with stakeholders?	4.2, 4.2.1	FA		There is communication and periodic continuous disclosure. The investor relations team also provides continuous information to the investor community through road shows and investor briefings with information also provided on the Company website.
47	M	D.5	Has the Board established a formal dispute resolution process to address internal and external disputes?	4.3.1	FA		Internal disputes are managed through existing HR policies with external disputes managed through the legal department. Work being done to establish a formal dispute resolution process as recommended by CMA.
		E	**ETHICS AND SOCIAL RESPONSIBILITY**				
48	A or E	E.1	Does the Board ensure that all deliberations, decisions and actions are founded on the core values (responsibility, accountability, fairness and transparency) underpinning good governance and sustainability?	5.1.1	FA		See the Corporate Governance Statement in the Integrated Report. Yes, in line with existing corporate governance policy.
49	M	E.2	Has the Board developed a Code of Ethics and Conduct (which includes sustainability) and has it worked to ensure its application by all directors, management and employees?	2.6.1, 5.2.2, 5.2.3, 5.2.4	FA		See the Corporate Governance Statement in the Integrated Report. Code of conduct discussed in the website.
50	A or E	E.3	How does the Board ensure that compliance with the Ethics Code and Conduct is integrated into company operations?	5.2.3	FA		There is a Code of Ethics in place that is disseminated to all employees and integrated into the company's
51	A or E	E.4	Does the Board incorporate ethical and sustainability risks and opportunities in the risk management process?	5.2.1	FA		Yes - see the risk management report in the Integrated Report.
52	A or E	E.5	How is the company performance on ethics assessed, monitored and disclosed to internal and external stakeholders?	5.2.4, 5.2.5	FA		See the Integrated Report on sustainability
53	A or E	E.6	Has the company established and implemented a whistle blowing policy?	5.2.5	FA		Yes - see the risk management report in the Integrated Report.

54	A or E	E.7	Has the Board/or management developed policies on corporate citizenship and sustainability and strategies for company use?	5.3.1, 5.4	FA		See the Integrated Report on sustainability
55	M	E.8	Does the Board consider not only the financial performance but also the impact of the company's operations on society and the environment?	5.3.2, 5.3.3	FA		Yes - This is undertaken through the KCB Foundation. See the Integrated Report.
56	A or E	E.9	Does the Board monitor and report activities leading to good corporate citizenship and sustainability to demonstrate they are well coordinated?	5.4.1	FA		Yes - This is undertaken through the KCB Foundation. See the Integrated Report on sustainability
		F	**ACCOUNTABILITY, RISK MANAGEMENT AND INTERNAL CONTROL**				
57	M	F.1	Does the Audit Committee and the Board consider and review the financial statements for integrity of the process and for truthful and factual presentation?	6.1, 6.1.1a	FA		Yes - done at the quarterly meetings by the Committee. The Committee receives independent reporting from the external auditor.
58	M	F.2	Does the Annual Report contain a statement from the Board explaining its responsibility for preparing the accounts and is there a statement by the external auditor about his/her reporting responsibilities?	6.1.2	FA		Yes - see Integrated Report
59	A or E	F.3	Does the board or audit committee have a process in place to ensure the independence and competence of the Company's external auditors?	6.1.1b	FA		Yes - see Integrated Report
60	M	F.4	Do the shareholders formally appoint the external auditor at the AGM through a formal and transparent process?	6.1.3	FA		Yes - see AGM notice in the Integrated Report
61	A or E	F.5	Is the Company working towards the introduction of integrated reporting (incorporating financial and non-financial information) or is the company's Annual Report prepared on an integrated basis using a framework available from the Integrated Reporting Council, The Global Reporting Initiative, G4 Sustainability Guidelines and/or Sustainability Accounting Standards Board standards?	6.1.5	FA		Started in 2015
62	A or E	F.6	Has the Board established an effective risk management framework which is inclusive of key risks as well as foreseeable risks, environmental and social risks and issues ?	6.2.1	FA		See Risk Management Report in the Integrated Report
63	M	F.7	Has the Board established and reviewed on a regular basis the adequacy, integrity and management of internal control systems and information systems (including for compliance with all applicable laws, regulations, rules and guidelines)?	6.3.1, 6.3.2, 6.3.3	FA		Yes - done through the Risk Management Committee of the Board.
64	M	F.8	Does the Board annually conduct a review on the effectiveness of the company's risk management practices and internal control systems and report this to shareholders?	6.4.1	FA		Yes - done through the Risk Management Committee of the Board.
65	M	F.9	Has the Board established an effective internal audit function according to Code requirements and which reports directly to the Audit Committee?	6.5.2	FA		Established and reports to the Board Audit Committee
66	A or E	F.10	Does the Board disclose details of Audit Committee activities ?	6.5.2	FA		Yes - as set out in the terms of reference of the Committee. See the Integrated Report
		G	**TRANSPARENCY and DISCLOSURE**				

67	M	G.1	Does the company have policies and processes to ensure timely and balanced disclosure of all material information as required by all laws, regulations and standards and this Code.	7.0 Overview, 7.1.1	FA		Yes, processes managed through the Risk Division and Legal Services Divison .
68	A or E	G.2	Does the Annual Report cover, as a minimum, disclosures as prescribed in 7.1.1 relating to the company's governance, the Board and the Audit Committee?	7.1.1	FA		As per the Intergrated Report and additionally on the Company website
69	A or E	G.3	Does the Annual Report cover, as a minimum, disclosures as prescribed in 7.1.1 relating to the company's mission, vision and strategic objectives?	7.1.1	FA		See Integrated Report
70	A or E	G.4	Does the Annual Report cover, as a minimum, disclosures as prescribed in 7.1.1 relating to remuneration and whistleblowing?	7.1.1	FA		See Integrated Report
71	A or E	G.5	As a minimum, does the company website disclose current information on all areas prescribed in 7.1.1 (Board Charter, Whistleblowing Policy, Code of Ethics and information on resignation of directors)?	7.1.1	PA	The Board Charter was reviewed in March 2019. All related policies and documents being reviewed to align with the updated charter. Work being undertaken to ensure adequate details of all items under 7.1.1 are available.	
72	A or E	G.6	Does the Board disclose the management discussion and analysis as required in 7.1.1?	7.1.1	FA		See Integrated Report - CEO & CFO statements
73	A or E	G.7	Has the Board provided disclosures as required in 7.1.1 on compliance with laws, regulations and standards; ethical leadership, conflict of interest, corporate social responsibility and citizenship?	7.1.1	FA		See Integrated Report
74	A or E	G.8	Has the Board made all required disclosures, including confirming requirements of 7.1.1 which include that a governance audit was carried out and that there are no known insider dealings?	7.1.1	FA		Governance Audit undertaken as at end of 2018. There were no insider dealing incidents in the year.
75	A or E	G.9	Has the Board disclosed the company's risk management policy, company procurement policy, policy on information technology as per 7.1.1?	7.1.1	FA		The risk management framwork, procurment policy and IT policy are available.
76	M	G.10	Has the Board disclosed information on shareholders, including the key shareholders, including shareholding by directors and senior management and the extent of their shareholdings as required in 7.1.1 and on stakeholder who influence company performance and sustainability?	7.1.1	FA		See Integrated Report and website
77	M	G.11	Has the Board disclosed all related-party transactions?	7.1.1t	FA		See Integrated Report
78	M	G.12	Does the Board include in its Annual Report a statement of policy on good governance and the status of the application of this Code?	1.1.3, 7.1.1r	FA		See Corporate Governance Statement in Integrated Report

Note 1 The Reporting Template shall be used by companies to report on their application of the provisions of the Code of Corporate Governance Practices for Issuers of Securities to the Public 2015 (the Code). The completion of the Reporting Template and its filing with the Capital Markets Authority (CMA) will fulfill the reporting requirements of the Code at 1.1.3 paragraph 2. All elements marked in green are mandatory and MUST be complied with. Failure to fully apply will result in regulatory sanctions. When completing column 'F' for MANDATORY ITEMS, 'FA' will mean 'Fully Complied With', 'PA' will mean 'Partially Complied With' and 'NA' will mean 'Not Complied With'.

Note 2 Column 'F' should be marked as follows: 'FA' - Full Application, PA - Partially Applied or 'NA' - Not Applied. Full application of this Code is required by the Code. Therefore anything less than 'full application' is considered 'non compliance or non-application' of the Code. A response of PA or NA is non-compliance and requires an explanation to be provided with a firm commitment to moving towards full compliance. See also Note 4.

Note 3 An explanation of how the Code provision is applied is required in column 'G' and shall be supported by evidence of how application has been achieved. If the provision is NOT applied, an explanation for why it is not applied or only partially applied is required in column 'G'. For each question, column 'G ' must be completed.

Note 4 If an explanation is required because of non-application of any element of the Code, the explanation must be satisfactory, must be provided to relevant stakeholders including the Capital Markets Authority and shall include:
a: reasons for non-application
b: time frame required to meet each application requirement
c: the strategies to be put in place to progress to full application.