

CORPORATE GOVERNANCE REPORTING TEMPLATE FOR ISSUES OF SECURITIES TO THE PUBLIC

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

Company Name (in full)

CROWN PAINTS KENYA PLC

Reviewer's Name

Stock Code

Sector

Year - 2020

Date of Financial Year End - 31 December 2019

Chairman Signature

CEO Signature

Company Secretary Signature

Company Details to be Provided:

Company market to book ratio at end of financial year

No of outstanding shares at end of financial year

Closing price of stock at end of financial year

Net sales as per Income Statement at end of financial year

Net profit as per Income Statement at end of financial year

Total debt (short and long term) as per Balance Sheet at end of financial year

Total equity as per Balance Sheet at end of financial year

Total no. of Board members at end of financial year

No. of independent directors at end of financial year

No. of non-executive directors at end of financial year

3.4:1

71,181,000

62.50

8,603,652,000

527,974,000

4,214,231,000

1,307,310,000

6

3

3

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						
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 has a charter, which was approved by the Board and is reviewed periodically. The charter is published on the Company website.	Board Charter Website.		
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	Yes, covered in the schedule of matters reserved for the Board and the schedule of matters delegated by the Board.	Schedule of matters reserved for the Board, Schedule of matters delegated by the Board.		
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	Board responsibility covered in the Board Charter.	Board Charter		
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	The Code is part of all induction files for new Directors and Secretary conducted a session to the Board and Senior Management on contents of the Code.	Induction file.		
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	Board responsibility for strategy contained in the Board Charter.	Board Charter		
A or E	A.6	Does the company strategy promote sustainability of the company?	2.3.6	FA	Sustainability key strategy. Company applied the corporate strategy with particular focus on sustainable procurement, communities, stakeholders and environment.	Company Strategy		
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	Charters exist for Audit & Risk Committee (ARC) and Nomination, Remuneration Committee (NRC)	Committee Charters		

B							BOARD OPERATIONS and CONTROL					
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	The Company has established a Nomination, Remuneration Committee. At the end of the year, all two members were non-executive Directors.	Committee membership						
	B.2	Is the chairperson of the Nomination Committee an independent director?	2.2.3	FA	Chair is an independent Director.	Committee membership						
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	Procedures for nomination and appointment provided for in the Committee Charter.	Board Charter						
M	B.4	Is the Board size adequate for the exercise of the company business?	2.1.4	FA	Board size deemed sufficient, plans underway to engage an additional Board member to make it optimal.	Board membership						
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	Board diversity provided for in the Board and NRC charters. Plans underway to engage an additional Board member to make it optimal and address gender parity.	Board Charter						
		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	Part of the diversity is in respect of skills, experience, business knowledge etc which the NRC must look into as part of the appointment process vis a vis existing skills, experience and business knowledge. Out of the 6 Board members, 3 are independent.	Board membership						
M	B.6											
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	Provided for in the Board Charter and fully applied	Board Charter						
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	N/A	The alternate Director has been appointed.	N/A						
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	Currently, 1/2 are independent - 50%	Board membership						
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	Review of Independence is part of Board evaluation process.	Board evaluation.						
M	B.11	Do all independent Board members have a tenure of less than 9 years?	2.4.2	FA	Currently 2 of the independent Directors have served more than 9 years, this matter is being addressed to ensure compliance	Board membership						
M	B.12	Is the Board comprised of a majority of non-executive board members?	2.1.3	FA	Out of the 6 Board members, 3 are non-executive, appointed of a third non-executive Director is underway.	Board membership						
M	B.13	How does the Board ensure a smooth transition of Board members?	2.1.8	FA	The process for resignation and recruitment ensures proper handover.	Board Charter						
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	Audit & Risk Committee established, with membership according to Code and a charter to guide its operations.	ARC Terms of Reference						
M	B.15	Are the functions of the Chairperson and the Chief Executive Officer exercised by different individuals?	2.3.3	FA	Separation of the Charman and MD roles provided for in the Board Charter.	Board Charter						
M	B.16	Is the Chairman of the Board a non-executive board member?	2.3.4	FA	Chairman is a non-executive Director	Board membership						
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, provided for under the Board Charter.	Board Charter						

M	B.18	Has the Board adopted a policy on managing conflict of interest?	2.3.8		FA	Provided for in the Board Charter.	Board Charter.
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	The Company has a related party transaction policy reviewed and approved by the Board.	Policy.
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	The Company Secretary is a member in good standing with ICPSK.	ICPSK website.
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	Sustainability Policy in the process of being finalized and approved, to be completed before end of 2020.	Policy.
A or E	B.22	Has the Board developed an annual work-plan to guide its activities?	2.6.3		FA	Annual work plan exists.	Work plan.
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		PA	Evaluation toolkit agreed and evaluations for Board, Chairperson and individual Directors carried out. Full evaluations to be carried out in 2020.	Board evaluation system.
A or E	B.24	Has the Board established and applied a formal induction program for in-coming members?	2.7.1		FA	Formal induction carried out for the 3 non-executive Independent Directors when they joined the Board.	Induction program.
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	Board members attended continuous development programs during the year.	Internal.
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	Remuneration handled by the Nomination, Remuneration Committee.	NHC Charter.
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 exists under review. Board Remuneration is disclosed in the Remuneration Report contained in the annual report.	Policy.
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	Internal Audit Department tasked with ensuring adherence to the code of business conduct that covers compliance to laws, regulations and standard. ARC receives reports on any reported breaches.	Code of Business Conduct
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	Internal Audit carries out audit on licences and permits on an annual basis.	Reports.
A or E	B.30	Has the Board subjected the company to an annual governance audit?	2.11.1		N/A	E&Y engaged, to be undertaken in 2020, Covid 19 disrupted the plan to do it earlier in the year.	N/A
	C	RIGHTS OF SHAREHOLDERS					
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	All shareholders have the same rights except where rights are specifically based on shareholding. All shareholders receive all company reports and are entitled to attend general meetings.	Annual Reports. AGM minutes.
M	C.2	Other than at the AGM, how does the Board facilitate the effective exercise of shareholders' rights?	3.1.1		FA	The shareholder can communicate directly to PD and CS through published email addresses, communicate through the website, communicate directly to the Chairman in writing and during meetings with investor shareholders.	Website. Shareholder communication.

M	C.3	How does the Board facilitate shareholders participation at the AGM?	3.1.1	FA	Adequate advance notice is given, venues are chosen based on ease of access and, where a shareholder does not understand one language, the other national language may be used.	AGM notice.
A or E	C.4	Are minority and foreign shareholders holding the same class of shares treated equitably?	3.2.1	FA	Shareholder rights, as provided in the law or company documents, are available to all shareholders.	Articles of Association.
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	The corporate governance statement contained in the annual report, communication on changes via media plus publication on the website and press releases accompanying announcements.	Annual Reports. Website.
STAKEHOLDER RELATIONS						
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	Stakeholder engagement is one of the responsibilities of the Board Charter.	Board Charter.
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	To be covered under the Sustainability Policy under review, to be finalized and approved by the Board before year end.	Policy.
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	The process for decision making looks at all interests, including those of stakeholders.	Board Charter.
M	D.4	How does the Board ensure effective communications with stakeholders?	4.2, 4.2.1	FA	By using various mode of communication- website, newspapers, TV, face to face meetings.	Website.
M	D.5	Has the Board established a formal dispute resolution process to address internal and external disputes?	4.3.1	FA	Dispute resolution provided for in the Board Charter.	Board Charter.
ETHICS AND SOCIAL RESPONSIBILITY						
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	The Company values ownership, ambition and accountability from critical components of all actions of the Company.	Company values.
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	The Code of Conduct (CoC) adopted by the Board. It is published on the website and applies to the Board and all employees.	CoC. Website.
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	Compliance is mandatory for all employees, contractors and suppliers. The Company carries out training on the CoC each year. For suppliers, compliance to the CoC is part of all contracts.	Training program. Contract templates.
A or E	E.4	Does the Board incorporate ethical and sustainability risks and opportunities in the risk management process?	5.2.1	FA	Included in risk management profile.	Risk management profile.
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	PA	Assessed and monitored by the audit department then disclosed in Annual Report through Corporate Governance statement.	Annual Report.
A or E	E.6	Has the company established and implemented a whistle blowing policy?	5.2.5	FA	A whistle blower policy is in the process of being implemented and will be in place before year end.	Policy being implemented.
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	Provided for in the LH sustainability policy.	Policy.

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	Stakeholder (including the society and communities in which we operate) interests are part of decision making process. Crown pays specific attention to the environment.	Policy.
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, these are covered in each board paper.	Board paper.
	F	ACCOUNTABILITY, RISK MANAGEMENT AND INTERNAL CONTROL				
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	The ARC and the Board review the financial statements. The ARC also meets with the external auditors to ensure there are no outstanding issues.	Board & ARC Charters. Minutes.
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	Reports of the Board on its responsibilities and a statement from the external auditors on their responsibility contained in the annual report.	Annual Report.
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	ARC reviews the independence, qualifications, competence and work plan of the external auditors.	ARC report.
M	F.4	Do the shareholders formally appoint the external auditor at the AGM through a formal and transparent process?	6.1.3	FA	Current auditors appointed at the 2019 AGM in accordance with the law and company documents.	AGM notice and minutes.
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	PA	Yes, Board members attended training covering integrated reporting in preparation for full implementation.	WIP
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	There is a robust risk management framework supplemented by internal reviews to ensure effectiveness.	ARC.
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	Internal controls already in place and regularly reviewed by the ARC through the internal audit department and are a permanent agenda item for the ARC.	ARC report.
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, these are carried out regularly and report contained in the corporate governance statement in the annual report.	Annual report.
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	There is an effective and compliant internal audit function that reports to the ARC.	ARC.
A or E	F.10	Does the Board disclose details of Audit Committee activities?	6.5.2	FA	Details of ARC activities are disclosed in the corporate governance report of the annual report.	Annual report.
	G	TRANSPARENCY and DISCLOSURE				
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	Policies in place to ensure adequate disclosure as required.	Website. Newspapers.
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	The annual reports covers the required disclosures in respect of the Company.	Annual report.

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	The annual report covers the required disclosures in respect of the company.	Annual report.
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	The annual reports makes adequate disclosures in respect of remuneration.	Annual report.
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	CoC and information on resignations published in accordance with the requirements.	Website.
A or E	G.6	Does the Board disclose the management discussion and analysis as required in 7.1.1?	7.1.1	FA	Disclosures contained in the annual report.	Annual report.
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	Disclosures contained in the annual report.	Annual report.
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	PA	Disclosures in respect of insider dealings made, governance audit not yet carried out.	Annual report.
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	Disclosures made in annual report in respect of risk management policy. Procurement and IT policies published on website.	Annual report.
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	Disclosures contained in the annual report.	Annual report.
M	G.11	Has the Board disclosed all related-party transactions?	7.1.1	FA	All related party transactions disclosed in the annual report.	Annual report.
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, 7.1.1	FA	Corporate governance statement contained in annual report.	Annual 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.