

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)

The Co-operative Bank of Kenya Limited

Reviewer's Name

Stock Code

Sector - Financial Services Centre

Year - 2017

Date of Financial Year End

31st December, 2017

Chairman 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

	1.21
	5,867,180,103.00
	14.20
	43,678,250,176.16
	12,732,486,593.27
	23,949,610,740.22
	69,864,007,539.84
	12

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CEO Signature

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Company Secretary Signature

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	F. A.	The Board Charter is in place	Board Charter
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	F. A.	There is a clear distinction on the responsibilities of the board from management in line with Code requirements	Board Charter
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	F. A.	There is a statement indicating the responsibility of Board members for the application of corporate governance policies and procedures of the Bank.	Board Charter

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	F. A.	The Board approves all changes to the Board Charter and any changes affecting staff are communicated to them through circulars and communication through their Divisional Heads.	Board Charter
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	F. A.	The Board approves the Strategic Plan for the Group. Currently there is a 2015 - 2019 Strategic Plan.	Board Charter
6	A or E	A.6	Does the company strategy promote sustainability of the company?	2.3.6	F. A.	The Board has formal strategies to promote sustainability. The Bank has been awarded sustainable finance awards over the years.	Board Charter and Credit Policy
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	F. A.	All the Committee have specific terms of reference.	Board Charter and Committees Terms of Reference
		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	P. A.	The Bank has the Staff & Nomination Committee with a mix of both Independent and Non Executive Directors and chaired by an independent non executive director.	Board Charter and Terms of Reference of the Committee.
9	M	B.2	Is the chairperson of the Nomination Committee an independent director?	2.2.3	F. A.	The Chair of the Staff and Nomination Committee is an independent and Non Executive Director	Board Charter
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	F. A.	Yes. These are the Board Charter and in the Terms of Reference.	Board Charter and Terms of Reference of the Committee.
11	M	B.4	Is the Board size adequate for the exercise of the company business?	2.1.4	F. A.	The Board size is adequate for the exercise of the company business.	Memorandum and Articles of Association and Board Charter.
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	F. A.	The Board has a mix of diversity including age, race and gender in its composition with a majority non executive directors and one third independent non executive directors.	Board Charter and Annual Returns
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	F. A.	All Board members have an appropriate balance of skills, experience, independence and knowledge of the Bank and its business.	Directors CVs.

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	F. A.	No director of the bank/subsidiaries shall hold such position in more than three public listed companies at any one time to ensure effective participation in the board	Board Charter
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	N. A.	Not Applicable	Not Applicable
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	F. A.	4 out of 12 directors are independent non executive directors	Annual Returns
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	F. A.	Assesed as required by CBK Prudential Guidelines	CBK Prudential Guidelines, 2013
18	M	B.11	Do all independent Board members have a tenure of less than 9 years?	2.4.2	F. A.	Fully Compliant	Board Charter
19	M	B.12	Is the Board comprised of a majority of non-executive board members?	2.1.3	F. A.	7 out of 12 directors are non executive directors.	Annual Returns.
20	M	B.13	How does the Board ensure a smooth transition of Board members?	2.1.8	F. A.	No more than one third of the board members retire at the same time.	Memorandum and Articles of Association .
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	F. A.	The Board has an effective Audit Committee according to Code requirements and chaired by an independent non executive director.	Board Charter and Terms of Reference of the Committee.
22	M	B.15	Are the functions of the Chairperson and the Chief Executive Officer exercised by different individuals?	2.3.3	F. A.	The roles of the Chairman and the CEO are exercised by different individuals.	Board Charter
23	M	B.16	Is the Chairman of the Board a non-executive board member?	2.3.4	F. A.	The Chairman of the Board is an independent non-executive board member	Board Charter and as per the Bank's Board Sucession Policy
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	F. A.	The Board has established procedures to allow its members access to relevant, accurate and complete information and professional advice	Board Charter
25	M	B.18	Has the Board adopted a policy on managing conflict of interest?	2.3.8	F. A.	The Board has put in place a Declaration of Interest Policy .	Declaration of Interest Policy
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	F. A.	The Board has a declaration of interest register and all transactions with related parties are disclosed and recorded on the register.	Declaration on Interest Register
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	F. A.	The Bank has appointed a qualified and competent company secretary who is a member in good standing of ICPSK	Letter of No Objection from Central Bank.

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	F. A.	The Board has policies and processes to ensure oversight of sustainability, environmental and social risks and issues	Environmental and Social Policy
29	A or E	B.22	Has the Board developed an annual work-plan to guide its activities?	2.6.3	F. A.	There is a comprehensive Board work plan.	2018 Group Calendar of Board Meetings.
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	F. A.	This is undertaken as per the CBK Prudential Guidelines. The evaluation of the CEO is undertaken by the Staff and Nomination Committee and that of the CS by the CEO/Staff Nomination Committee.	CBK Prudential Guidelines, 2013, Board Charter, Staff & Nomination Committee Terms of Reference and Staff Manual.
31	A or E	B.24	Has the Board established and applied a formal induction program for in-coming members?	2.7.1	F. A.	Induction Programme has been undertaken for the 2 new directors.	Letters of Invitation to the incoming directors and the Induction programme.
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	F. A.	Board members are undertaken through directors training during the Board Retreat for 2 days by Certified Institutes. The Bank also facilitates individual directors to participate in relevant select trainings by accredited institutions.	Board Retreat Programme and invitation letters to respective directors.
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	F. A.	The Bank has in place the Staff & Nominations Committee chaired by an independent non executive director.	Board Charter and Staff and Nominations Committee Terms of Reference.
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	F. A.	The Bank has established formal and transparent remuneration policies and procedures that attract and retain Board members	Board Charter
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	F. A.	The Bank has put in place independent and fully fledged departments reporting directly to the respective committees of the Board including Compliance Department, Internal Audit and Risk Management.	Board Charter and Operating Manuals
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	F. A.	To be undertaken in the course of the year.	Not Applicable
37	A or E	B.30	Has the Board subjected the company to an annual governance audit?	2.11.1	F. A.	To be undertaken in the course of the year.	Not Applicable
		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	F. A.	The governance framework recognizes the need to equitably treat all shareholders, including the minority and foreign shareholders.	Memorandum and Articles of Association and the Board Charter
39	M	C.2	Other than at the AGM, how does the Board facilitate the effective exercise of shareholders' rights?	3.1.1	F. A.	The Board facilitates the effective exercise of shareholders' rights by constant updates through the press and regular investor briefings.	Newspaper Updates and Investor briefing presentations.
40	M	C.3	How does the Board facilitate shareholders participation at the AGM?	3.1.1	F. A.	The Board facilitates shareholders participation at the AGM by encouraging shareholders to ask questions on the company performance and allowing them to vote on all matters that are on the Agenda presented before the meeting.	Minutes of the AGM
41	A or E	C.4	Are minority and foreign shareholders holding the same class of shares treated equitably?	3.2.1	F. A.	Minority and foreign shareholders hold the same class of shares.	Share Register of the Bank.
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	F. A.	There is evidence that the Board proactively provides information to shareholders and the media, (and in a timely basis) on corporate affairs and corporate governance.	Newspaper Updates and Investor briefing presentations.
		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	F. A.	The Board has a stakeholder-inclusive approach in its practice of corporate governance and which identifies its various stakeholders. The shareholders have been segregated into to namely majority shareholder and minority shareholders.	Regional Delegates Education forums and Minutes of the AGM.
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	F. A.	The Board has an effective organizational structure that manages relations with different/key stakeholder groups	Bank's Organizational Structure
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	F. A.	The Board takes into account the interests of key stakeholder groups prior to making decisions by ensuring that all matters are exhaustively discussed and approved unanimously by all the directors upon taking into consideration all pertinent concerns.	Minutes of the Board of Directors meetings.

46	M	D.4	How does the Board ensure effective communications with stakeholders?	4.2, 4.2.1	F. A.	The Board ensures effective communications with stakeholders by proactively supplying relevant information to stakeholders and all decisions are taken after having regard to the best interests of the Bank. The Bank has an effective whistle blowing mechanism.	Press Briefings and Bank Code of Conduct and Staff Manual.
47	M	D.5	Has the Board established a formal dispute resolution process to address internal and external disputes?	4.3.1	F. A.	The Board has established a formal dispute resolution process to address internal and external disputes.	Staff Disciplinary Committee and Bank's Organizational Structure
		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	F. A.	The Board ensures that all deliberations, decisions and actions are founded on the core values (responsibility, accountability, fairness and transparency) underpinning good governance and sustainability by putting the interests of the Bank first.	Board Charter and Board Minutes
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	F. A.	The Board has put in place a Code of Conduct Policy which applies to directors and all staff members.	Code of Conduct Policy
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	F. A.	The Board ensures that compliance with the Ethics Code and Conduct is integrated into company operations by ensuring ethical standards as per the code of conduct are inbuilt into the operating manuals.	Code of Conduct Policy
51	A or E	E.4	Does the Board incorporate ethical and sustainability risks and opportunities in the risk management process?	5.2.1	F. A.	The Board has incorporated ethical and sustainability risks and opportunities in the risk management process	Risk Management Manual
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	F. A.	The company performance on ethics is assessed, monitored and disclosed to internal and external stakeholders	Reports by Control Functions such as Internal audit, Compliance, Security Services and Risk Management.
53	A or E	E.6	Has the company established and implemented a whistle blowing policy?	5.2.5	F. A.	The Bank has a whistle blowing policy in place.	Code of Conduct Policy
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	F. A.	The Board/or management have developed policies on corporate citizenship and sustainability and strategies for company use.	Coop Consultancy & Insurance Agency memorandum and articles of association and Coop Foundation Trust Deed.

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	F. A.	The Board considers not only the financial performance but also the impact of the company's operations on society and the environment. The Bank has a broad CSR program that covers notably capacity building in the co-operative movement, school fees program for bright and needy students and other corporate partnership like Beyond Zero Campaign.	Board Minutes of the Foundation and Co-op Konsultancy & Insurance Agency Limited
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	F. A.	The Board monitors activities leading to good corporate citizenship and sustainability to demonstrate they are well coordinated	Board Minutes of the Foundation and Co-op Konsultancy & Insurance Agency Limited
		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	F. A.	The Audit Committee and the Board consider and review the financial statements for integrity of the process and for truthful and factual presentation.	Full Board and Audit Board minutes.
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	F. A.	The Annual Report contains a statement from the Board explaining its responsibility for preparing the accounts and there is a statement by the external auditor about his/her reporting responsibilities.	Annual 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	F. A.	The board has a process in place to ensure the independence and competence of the Company's external auditors by ensuring that they are subjected to election by the shareholders in every financial year.	The Bank's Annual General Meeting minutes.
60	M	F.4	Do the shareholders formally appoint the external auditor at the AGM through a formal and transparent process?	6.1.3	F. A.	The shareholders formally appoint the external auditor at the AGM through a formal and transparent process	The Bank's Annual General Meeting minutes.

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	F. A.	The Bank's Annual Report is 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	Bank's Financial Report
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	F. A.	The Board has established an effective risk management framework which is inclusive of key risks as well as foreseeable risks, environmental and social risks and issues	Bank Risk Management Framework
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	F. A.	The Board has 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)	Board Audit and Board Risk minutes.
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	F. A.	The Board annually conducts a review on the effectiveness of the company's risk management practices and internal control systems and reports this to shareholders	Board Audit, Board Risk minutes and the Financial Report.
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	F. A.	The Board has established an effective internal audit function according to Code requirements which reports directly to the Audit Committee	Board Charter and Audit Board Terms of Reference.
66	A or E	F.10	Does the Board disclose details of Audit Committee activities ?	6.5.2	F. A.	The Board discloses the details of Audit Committee activities in the Financial Report	Intergrated Financial 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	F. A.	The company has policies and processes to ensure timely and balanced disclosure of all material information as required by all laws, regulations and standards and the Code of Corporate Governance PRAC	Risk Management Guidelines

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	F. A.	The Annual Report covers as a minimum, disclosures relating to the company's governance, the Board and the Audit Committee	Intergrated Financial Report
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	F. A.	The Annual Report covers as a minimum, disclosures as prescribed in code relating to the company's mission, vision and strategic objectives	Intergrated Financial 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	F. A.	The Annual Report covers as a minimum, disclosures as prescribed in the Code relating to remuneration and whistleblowing	Intergrated Financial 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	F. A.	The Bank's website discloses current information on all areas prescribed in the Code (Board Charter, Whistleblowing Policy, Code of Ethics and information on resignation of directors)	Bank's Website
72	A or E	G.6	Does the Board disclose the management discussion and analysis as required in 7.1.1?	7.1.1	F. A.	The Board discloses the management discussion and analysis as required in the code	Intergrated Financial Report
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	F. A.	The Board provided disclosures as required in the Code on compliance with laws, regulations and standards; ethical leadership, conflict of interest, corporate social responsibility and citizenship.	Intergrated Financial 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	F. A.	The Board made all required disclosures, including confirming requirements of the Code which include that a governance audit was carried out and that there are no known insider dealings	Intergrated Financial Report
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	F. A.	The Board has disclosed the Bank's Risk management framework in the annual reports	Intergrated Financial Report

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	F. A.	The board has disclosed information on the shareholders and also the shareholding of Board of directors shareholding	Intergrated Financial Report
77	M	G.11	Has the Board disclosed all related-party transactions?	7.1.1t	F. A.	All the related party transactions have been disclosed in the annual reports.	Intergrated Financial 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	F. A.	The board has disclosed the Governance framework in Annual Report	Intergrated Financial 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

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.

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

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.