

**STATUTORY INSTRUMENTS SUPPLEMENT**

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**S T A T U T O R Y I N S T R U M E N T S**

**2025 No. 15**

**THE CAPITAL MARKETS AUTHORITY (CORPORATE  
GOVERNANCE) REGULATIONS, 2025**

**ARRANGEMENT OF REGULATIONS**

*Regulation*

**PART I—PRELIMINARY**

1. Title
2. Application
3. Interpretation
4. Statement of compliance and the annual report

**PART II—REGULATORY REQUIREMENTS**

5. Composition of board
6. Appointment of board members
7. Remuneration of board members and senior executives
8. Accountability by board
9. Board charter
10. Board chairperson
11. Functions of board chairperson
12. Chief executive officer

13. Separation of role of chief executive officer and board chairperson
14. Succession plan for chairperson and chief executive officer
15. Cross directorships in public listed companies
16. Company secretary
17. Board committees
18. Nomination and remuneration committee
19. Audit and risk committee
20. Internal audit function
21. Board meeting
22. Rights and treatment of shareholders
23. Conduct of general meetings
24. Electronic or virtual meetings

PART III—REMEDIAL MEASURES AND ADMINISTRATIVE  
SANCTIONS

25. Enforcement of Regulations
26. Remedial measures
27. Transition

**SCHEDULES**

SCHEDULE 1—Statement of Principles of Corporate Governance

SCHEDULE 2—Annual Report Disclosures

# STATUTORY INSTRUMENTS

2025 No. 15

## **The Capital Markets Authority (Corporate Governance) Regulations, 2025**

*(Under section 149 (2)(w) of the Capital Markets Authority  
Act, Cap. 64)*

**IN EXERCISE** of the powers conferred on the Capital Markets Authority by section 149 (2)(w) of the Capital Markets Authority Act, these Regulations are made this 2nd day of December, 2024.

### PART I—PRELIMINARY

#### **1. Title**

These Regulations may be cited as the Capital Markets Authority (Corporate Governance) Regulations, 2025.

#### **2. Application**

Subject to section 14 and Table F of the Companies Act, Cap. 106 these Regulations shall apply to a public listed company and market intermediaries.

#### **3. Interpretation**

In these Regulations, unless the context otherwise requires—

“Act” means the Capital Markets Authority Act, Cap. 64;

“Authority” means the Capital Markets Authority as established under section 4 of the Act;

“independent director” means a director who has no relationship or interest in the company or any of its subsidiaries or affiliates or their related interests;

“market intermediary” means an entity licensed or approved by the Authority to deal in securities or any other transactions incidental to dealing in securities;

“non-executive director” means a director who is not involved in the administrative or managerial operations of the company;

“substantial shareholder” means a person who holds not less than fifteen percent of the voting rights of a public listed company and has the ability to exercise a majority voting.

#### **4. Statement of compliance and annual report**

(1) A public listed company shall in addition to the requirement to file a statement of compliance with the Registrar of Companies and the Capital Markets Authority under section 14 (4) of the Companies Act, Cap. 106 include in the company’s corporate annual report a statement of compliance with these Regulations.

(2) A market intermediary may file a statement of compliance with these Regulations with the Authority and the principles prescribed in the statement of principles of corporate governance in the annual report.

(3) The statement of compliance required under subregulation (1) and (2), shall include a detailed explanation on how a public listed company or market intermediary has applied the principles prescribed in the statement of principles of corporate governance specified in Schedule 1 to these Regulations.

(4) A public listed company shall file with the Authority an annual report that discloses the information specified in Schedule II to these Regulations.

(5) Where a public listed company has not applied a principle stipulated under these Regulations, the Directors shall disclose in their annual report the reasons for departure.

(6) Where the Authority is not satisfied with the reasons for departure under subregulation (5), shall require the public listed company to comply with the principles provided for under these Regulations.

**5. Composition of board**

(1) A board of—

(a) a public listed company shall be composed of at least five directors who are fit and proper persons consisting of executive and non-executive directors; and

(b) a market intermediary shall be composed of a minimum number of directors prescribed by the authority and shall consist of executive and non-executive directors.

(2) A person shall not be appointed to the board of a public listed company or market intermediary unless the person is qualified to be appointed a director under the Companies Act, Cap. 106.

(3) A public listed company or market intermediary shall ensure that the independent non-executive directors form at least one-third of the membership of the board.

(4) The composition of the board shall fairly reflect the company's shareholding structure and shall not be biased towards representation by a substantial shareholder.

(5) Where there is no majority shareholder but there is a single substantive shareholder, the board shall exercise judgment in determining the board representation of such shareholder and those of the other shareholders, which reflects the shareholding structure of the company.

(6) The board, shall on an annual basis, review its required mix, skills and expertise which the executive directors and independent or non-executive directors, bring to the board and disclose the same in the annual report.

## **6. Appointment of board members**

(1) The board members of a public listed company or market intermediary shall be appointed by the shareholders in accordance with the Companies Act, Cap. 106.

(2) The shareholders shall while appointing the board members ensure that there is a formal and transparent procedure that is complied with.

(3) A person offering him or herself for appointment as a board member shall disclose any potential area of conflict of interests that may undermine his or her position as a board member.

(4) A person appointed as an executive director shall have a fixed service contract not exceeding five years and may be reappointed subject a to satisfactory performance appraisal.

(5) A public listed company or market intermediary shall disclose all appointments and resignation of any serving board member in—

- (a) a newspaper of wide circulation;
- (b) the company's website immediately upon appointment or resignation; and
- (c) the annual report at the end of the financial year.

## **7. Remuneration of board members and senior executives**

(1) A public listed company or market intermediary shall establish formal and transparent procedures for determining director's and senior executive's remuneration.

(2) The board shall not establish a long-term incentive scheme for senior executives and directors unless the incentive scheme is approved by shareholders of a public listed company or market intermediary.

(3) A public listed company shall disclose in the annual report, policies for remuneration including incentives for the board and senior executive.

(4) The annual report referred to in sub regulation (3) shall include the remuneration for Directors in the following categories—

- (a) executive director’s fees;
- (b) executive director’s emoluments;
- (c) non-executive directors’ fees;
- (d) non-executive directors’ emoluments;
- (e) share options;
- (f) loans or any other credit facility; and
- (g) any other form of compensation.

## **8. Accountability by board**

The board of a public listed company or market intermediary shall be accountable for the performance and long-term success of the company and, in the performance of its duties, the board is expected to act in good faith, with due diligence, reasonable care and in the best interests of the company.

## **9. Board charter**

(1) A public listed company or market intermediary shall develop a board charter.

(2) The board charter referred to in sub-regulation (1) shall include—

- (a) general duties and responsibilities of the board and its committees;
- (b) board composition including minimum number of independent non-executive directors;

- (c) the role of the board chairperson and the role of the managing director and other executive directors;
- (d) directors' nomination process;
- (e) the tenure and retirement age of directors;
- (f) remuneration of non-executive directors;
- (g) succession planning for board members;
- (h) areas that may constitute conflict of interest in relation to board operation and its activities;
- (i) matters reserved for the board and those delegated to its committees or to the management;
- (j) terms of reference of board committees;
- (k) composition of the board committees, quorum, purpose and any other matter related to board committees;
- (l) the role of the company secretary;
- (m) internal controls, risk management framework and monitoring mechanisms; and
- (n) general operations of the board including, board evaluations, and remuneration.

(3) The board evaluation referred to in subregulation (2) (n), shall be carried out at least once in every two years.

## **10. Board chairperson**

(1) A person shall not be appointed a chairperson of the board of directors of a public listed company unless, the person is qualified to be appointed as an independent non-executive Director and is not a board member of a securities exchange on which the company's securities are listed.

(2) A person shall not be appointed as a board chairperson to serve for more than two public listed companies or a subsidiary of a public listed company simultaneously.

(3) The board chairperson shall possess experience and competence to perform the functions of a chairperson of a public listed company or market intermediary.

(4) In exercise of the functions of the chairperson, the chairperson shall—

- (a) promote high standards of integrity and governance across the public listed company or market intermediary; and
- (b) promote effective communication between the board, management, shareholders and other stakeholders.

(5) The chairperson of the board shall not serve as a chairperson or member of a sub-committee of the board.

(6) A public listed company or market intermediary that wishes to appoint or designate a vice chairperson of the board shall follow the same procedure and requirements for the appointment of the chairperson of the board and define the functions of the deputy chairperson in the board charter.

## **11. Functions of board chairperson**

The board chairperson shall exercise the following functions—

- (a) provide overall leadership and direction to the board and the public listed company or market intermediary;
- (b) convene and chair meetings of the board of directors;
- (c) ensure that board meetings are properly conducted;
- (d) ensure that the board functions in a cohesive manner;

- (e) take lead role in the assessment, improvement and development of the board;
- (f) facilitate effective communication between the board, management shareholders and other stakeholders; and
- (g) represent the public listed company or market intermediary, together with the managing director to customers, the public, the media and staff.

## **12. Chief executive officer**

(1) A public listed company or market intermediary shall appoint a chief executive officer and he or she shall be responsible for the overall day-to-day management of a public listed company or market intermediary as may be assigned to him or her by the board.

(2) The managing director shall report to the board of directors.

## **13. Separation of role of chief executive officer and board chairperson**

(1) A public listed company or market intermediary shall separate the role and responsibility of the chairperson of the board and chief executive officer.

(2) Where it is impracticable to separate the role of a chief executive officer and board chairperson, a public listed company or market intermediary may, with the approval of the shareholders combine the roles of the chairperson and chief executive officer subject to the following conditions—

- (a) that the combination of the roles is for a specified period of time not exceeding two years;
- (b) that a public listed company or market intermediary shall appoint a deputy chairperson who is an independent director; and
- (c) that a public listed company or market intermediary shall disclose the rationale for combining the roles of the chief

executive officer and chairperson in the annual report of the company.

#### **14. Succession plan for chairperson and chief executive officer**

(1) A public listed company or market intermediary shall have a succession policy to prepare for vacancies of chairperson of the board and chief executive officer.

(2) The board charter shall include a policy statement outlining the process the board shall follow to plan for the replacement of chairperson and chief executive officer.

(3) The board shall develop a staggered retirement plan to facilitate orderly succession of chairperson of the board and chief executive officer.

#### **15. Cross directorships in public listed companies**

A person shall not be appointed to be a board member in more than three public listed companies simultaneously.

#### **16. Company secretary**

(1) A public listed company or market intermediary shall appoint a company secretary who shall be responsible for facilitating effective management of board affairs.

(2) The company secretary shall report to the board, through the chief executive officer.

(3) The duties of the company secretary shall be defined in the board charter and shall include—

- (a) drawing up the annual calendar for board meetings;
- (b) circulating to the board members the meeting agenda and board packs at least seven days before the scheduled meeting;
- (c) organising and sending out notifications of board meetings and meetings of shareholders;

- (d) recording and producing minutes of the board, board committees, annual general meeting and extraordinary meetings;
- (e) advising directors and shareholders on the legal and governance implications of proposed resolutions;
- (f) extracting and filing resolutions for registration with the relevant registries;
- (g) communicating board resolutions to the relevant persons;
- (h) coordinating the review of the board charter and committee terms of reference periodically for alignment with changes in the operating environment; and
- (i) monitoring changes in the shareholding of the financial institution and maintaining a shareholders' register.

## **17. Board committees**

(1) The board shall establish board committees for better utilisation of its resources and attaining more in-depth review of issues or areas relating to the operations of a public listed company or market intermediary.

(2) The board committees shall include the—

- (a) audit and risk management committee;
- (b) nominations and remunerations Committee; and
- (c) any other committee as the board may determine.

(3) A board committee shall have approved terms of reference that outline the committee's functions, mandates and working procedures, including its membership, tenure for its members and a viable rotation schedule.

(4) The chairperson of the board committee shall maintain appropriate records, minutes and supporting documentation evidencing

reviews and resolutions passed during the execution of functions specified in the terms of reference.

**18. Nomination and remuneration committee**

(1) A public listed company or market intermediary shall establish a nomination and remuneration committee responsible for overseeing the nomination and remuneration system’s design and operation and in ensuring that remuneration is appropriate and consistent with the public listed company or market intermediary’s culture, long-term business strategy and risk appetite.

(2) The functions of the nomination and remuneration committee of the board shall include—

- (a) recommending to the board the remuneration of the executive directors and the structure of their compensation package;
- (b) responsible for leading the process for appointment of directors;
- (c) ensuring plans are in place for orderly succession to both the board and senior management roles;
- (d) overseeing the succession planning for directors and senior positions;
- (e) overseeing the board performance evaluation process;
- (f) have delegated responsibility for setting remuneration for all executive directors and the chairman, including pension rights and any compensation payments, and
- (g) recommending and monitoring the level and structure of remuneration for senior management.

## **19. Audit and risk committee**

(1) The board of directors shall constitute from among its members a committee on audit and risk with the majority directors being independent non-executive directors.

(2) The board should satisfy itself that at least one member of the audit and risk committee has recent and relevant experience in finance, accounting or auditing.

(3) The chairperson of the committee shall be an independent non-executive director and neither the chairperson of the board or the chief executive officer shall be members of the audit and risk committee.

(4) A public listed company or market intermediary shall disclose the composition of the audit and risk committee in the annual report.

(5) The functions of the audit and risk committee of the board shall include—

- (a) overseeing the financial reporting process and the internal controls of the company;
- (b) reviewing and making recommendations on management programs established to monitor compliance with the code of conduct;
- (c) overseeing the process of selection of the external auditor, determination of the audit fees and any questions of resignation or dismissal of the external auditor;
- (d) providing oversight of the internal and external auditors;
- (e) reviewing and approving the audit scope and frequency;
- (f) ensuring that management is taking appropriate corrective actions in a timely manner to address control weaknesses, non-compliance with policies, laws and regulations and other problems identified by internal and external auditors;

- (g) reviewing the independence of the company's external auditor on a regular basis; and
- (h) reviewing and monitoring the integrity of the quarterly, half-yearly and year-end financial statements of the company, and ensuring their compliance with International Financial Reporting Standards and other legal and regulatory requirements.

## **20. Internal audit function**

(1) The internal audit function shall have a direct reporting line to the board through the audit and risk committee of the board.

(2) The audit function shall be independent of the operational aspects of the public listed company or market intermediary.

(3) A public listed company or market intermediary shall appoint an internal auditor.

(4) An internal auditor appointed under subregulation (3), shall have adequate seniority to be able to carry out the internal audit mandate with sufficient standing and skills.

(5) The head of internal audit shall have the following powers—

- (a) have full and unfettered access to any records of a public listed company or market intermediary;
- (b) conduct his or her functions in line with the national and international audit standards;
- (c) follow up on internal audit issues identified in a timely manner; and
- (d) perform an audit of the public listed company or market intermediary's risk management framework commensurate with the level and depth of operations conducted by the public listed company or market intermediary at least annually.

(6) A public listed company or market intermediary shall provide resources and adequate staff with adequate skills and knowledge to effectively audit the business lines and functions of the company.

(7) The head internal audit shall while exercising the audit function report to the audit and risk committee of the board.

(8) The performance of the head of internal audit shall be evaluated at least annually by the audit and risk committee of the board.

(9) The audit and risk committee of the board may use its discretion to seek the views of the chief executive officer with regard to the performance of the administrative tasks assigned to the internal auditor.

## **21. Board meeting**

(1) A board meeting shall not be convened without at least seven days' notice to the board members.

(2) The board and board committee meetings shall be held at least once every three months.

(3) The company secretary shall ensure that minutes of board meetings are clearly recorded, complete and signed.

## **22. Rights and treatment of shareholders**

(1) A public listed company or market intermediary shall ensure equitable treatment of its shareholders including the minority and foreign shareholders.

(2) A shareholder of a public listed company or market intermediary shall receive relevant information on the company's performance through the distribution of regular annual reports and accounts, half-yearly results and quarterly results.

(3) The board of a public listed company shall ensure that every shareholder participates in making decisions including—

- (a) changes to articles of incorporation or similar governing documents of the company; and
- (b) authorisation of additional shares, rights issues, share splits, bonus issues, major disposal of company assets, restructuring, takeovers, mergers, acquisitions or reorganisations.

(4) The board of the public listed company shall ensure that every shareholder receives proof of ownership of his or her shares in the company which may include a certificate of shares or certified statement evidencing such ownership where such shares are held in an immobilised format in an approved Securities Central Depository.

(5) Every shareholder shall have the right to participate and vote at the general shareholders' meeting including the election of directors.

(6) Every shareholder shall be entitled to ask questions or seek clarification on the company's performance as reflected in the annual reports and accounts or in any matter that may be relevant to the company's performance or promotion of shareholder's interest and to receive explanation from the directors and management.

(7) Every shareholder shall be entitled to distributed profit in form of dividends and other rights for bonus shares, scrip dividends or rights issues as applicable and in the proportion of its shareholding in the company's share capital.

(8) The annual report and accounts to shareholders shall disclose a list of major shareholders of the company and their shareholding.

### **23. Conduct of general meetings**

(1) The board of a public listed company or market intermediary shall provide every shareholder with sufficient and timely information concerning the date, location and agenda of the general meeting as well as full and timely information regarding issues to be decided during the general meetings.

(2) A public listed company shall protect the shareholders right to participate at a general meeting.

(3) For purposes of subregulation (2), the public listed company shall—

- (a) provide shareholders with information in a simplified, accessible and understandable manner;
- (b) provide shareholders sufficient information on voting rules and procedures;
- (c) allow sufficient time for shareholders' questions on matters pertaining to the company's performance;
- (d) provide an opportunity for shareholders to amend or adopt an agenda; and
- (e) allow shareholders to vote in person or by proxy.

#### **24. Electronic or virtual meetings**

(1) Where a public listed company or market intermediary convenes and or holds a general meeting by electronic means the board of a public listed company or market intermediary shall ensure that the selected mode—

- (a) does not restrict shareholder participation and facilitates participation in the meeting to the same degree as a person in physical attendance; and
- (b) takes into account its historic practices with respect to shareholder meetings, its shareholder base, shareholders' previous level of attendance and engagement.

(2) In addition to all mandated meeting notices, make public and widely circulate the procedures for shareholder access to and participation in virtual meetings just as they would for in person meetings and adhere to those procedures to ensure that all shareholders receive a meaningful opportunity to participate in the meeting.

(3) The board of a public listed company or market intermediary shall communicate to the shareholders within a reasonable time before the meeting, any changes to the procedures for accessing the meeting or related to the mode of the meeting

(4) The board of a public listed company or market intermediary shall use its best endeavors to ensure that the online platform on which the meeting is to be conducted is easily accessible to all shareholders, to the best practicable extent.

(5) The board of a public listed company or market intermediary shall establish procedures to validate online meetings' participants as shareholders, shareholder's proxy or invited attendees and take reasonable measures to verify that each person deemed present and permitted to vote at the meeting is a shareholder or the holder of a valid proxy from a shareholder.

(6) The board of a public listed company or market intermediary shall establish processes that guarantee accurate and proper recording of attendance and shareholder's views.

(7) The board of a public listed company or market intermediary shall ensure that the selected electronic platform provides shareholders and proxy holders a reasonable opportunity to participate in the meeting by viewing and hearing meeting proceedings as they happen through utilising a platform and participating by commenting and asking questions.

(8) The board of a public listed company or market intermediary shall establish clear procedures on how shareholders can present shareholder proposals during the meeting.

(9) The board of a public listed company or market intermediary shall establish procedures for shareholders to vote electronically on matters submitted to shareholders and have in place measures to ensure that such votes are properly recorded in a transparent manner.

(10) The board of a public listed company or market intermediary shall ensure that there is a process in place to facilitate independent confirmation of proper opening and closing of the polls; and poll results.

(11) The board of a public listed company or market intermediary shall establish clear, reasonable and transparent guidelines for receiving and responding to questions from shareholders participating in the meetings and that the question and answer sessions give most shareholders an opportunity to engage directly with a company's directors and officers that would otherwise be available in person.

(12) The board of a public listed company or market intermediary shall put in place a robust contingency plan to minimise risk of disruption of the meeting due to technological failure from power outage or network interruption and cyber security breaches which may interfere with the integrity of the meeting log-in credentials, voting or poll results.

(13) The board of a public listed company or market intermediary shall provide prompt support for shareholders who experience challenges accessing the selected electronic platform.

### PART III—REMEDIAL MEASURES AND ADMINISTRATIVE SANCTIONS

#### **25. Enforcement of Regulations**

(1) The Authority shall have power to enforce compliance with these Regulations by the public listed company or market intermediary through investigation or inspection of the affairs of a public listed company or market intermediary.

(2) Where the Authority determines, through an inspection or investigation, that a public listed company or market intermediary is not in compliance with these Regulations, the Authority may impose any or all of the corrective actions provided for under sections 19, 56 or 145 of the Act.

(3) Notwithstanding subregulation (2), the Authority may where it considers it to be in the interest of the public or the public listed company or market intermediary, direct for the removal from office a chairperson, director or the chief executive officer for failure to comply with these Regulations and order that another person be appointed in that office.

## **26. Remedial measures**

(1) In addition to the remedial measures under regulation 25 of these Regulations, the Authority may impose any or all of the following administrative sanctions with regard to a public listed company or market intermediary that is not in compliance with these Regulations—

- (a) in the case of market intermediaries—
  - (i) suspension from on-boarding new clients;
  - (ii) suspension from disposal of fixed assets; or
  - (iii) prohibition from declaring or paying dividends.
- (b) in the case of public listed company—
  - (i) prohibition on declaring or payment of dividends
  - (ii) suspension of the company's counter from trading on an exchange on which it is listed

## **27. Transition**

A public listed company or market intermediary shall be required to comply with the requirements of these Regulations within twelve months from the date of commencement of these Regulations.

## **SCHEDULES**

*Regulation 4(3)*

### **SCHEDULE 1**

#### **STATEMENT OF PRINCIPLES OF CORPORATE GOVERNANCE**

##### **PART I—PRINCIPLES RELATED TO BOARD COMPOSITION**

1. Every public listed company and market intermediary should be headed by an effective and innovative board whose role is to offer strategic guidance, lead and control the company, and be accountable to its shareholders and responsible to its stakeholders while generating value for all.
2. The size of the board should not be too large to undermine an interactive discussion during board meetings or too small such that the inclusion of a wider expertise and skills to improve the effectiveness of the Board is compromised.
3. The board of directors should reflect a balance between independent, non-executive directors and executive directors of diverse skills or expertise, in order to ensure that no individual or group of individuals dominates the board decision-making processes.
4. Appointments to the board should be subject to a formal, rigorous and transparent procedure, and an effective succession plan should be maintained for board and senior management.
5. Any re-appointment that results in a term beyond six years (i.e. two consecutive three-year terms) for a non-executive director should be subject to review, and should take into account the need for progressive refreshing of the board.
6. The board and its committees should have a combination of skills, experience and knowledge.
7. Consideration should be given to the length of service of the board as a whole and membership regularly refreshed.
8. Annual evaluation of the board should consider its composition, diversity and how effectively members work together to achieve

objectives. Individual evaluation should demonstrate whether each director continues to contribute effectively.

9. The board, through the nominations committee, should on an annual basis, review its required mix, skills and expertise of which the executive directors, as well as independent or non-executive directors, should bring to the board and disclose the same in the annual report.
10. All directors should receive induction on joining the board and should regularly update and refresh their skills and knowledge.
11. Composition of the board should reflect diversity in terms of skills, gender, background and other relevant characteristics that enhance the Board's capacity and overall leadership quality.

#### PART II—PRINCIPLES RELATED TO THE BOARD'S PERFORMANCE OF ITS ROLES AND RESPONSIBILITIES

1. The board of directors should assume the primary responsibility of fostering the long-term sustainable success of the company consistent with their fiduciary responsibility to the shareholders, generating value for shareholders and contributing to the wider society and in so doing have regard (amongst other matters) to the—
  - (a) likely consequences of any decision in the long term,
  - (b) interests of the company's employees,
  - (c) need to foster the company's business relationships with suppliers, customers and others;
  - (d) impact of the company's operations on the community and the environment
  - (e) desirability of the company maintaining a reputation for high standards of business conduct; and
  - (f) need to act fairly as between members of the company.
2. Board members should accord sufficient time for their functions and act on a fully-informed basis while treating all shareholders fairly in the discharge of the following functions (among others) and responsibilities.

3. There should be a clear division of responsibilities between the leadership of the board and the executive leadership of the company's business.
4. Non-executive directors must ensure they appropriate sufficient time to meet their board responsibilities.
5. The board, supported by the company secretary, should ensure that it has the policies, processes, information, time and resources it needs in order to function effectively and efficiently.
6. Under the direction of the chairperson, the company secretary's responsibilities shall in addition to the responsibilities in Table F of the Companies Act include; ensuring good information flows within the board and its committees and between senior management and non-executive directors, as well as facilitating induction and assisting with professional development as required.
7. The company secretary shall be responsible for advising the board through the chairman on all governance matters.
8. All directors should have access to the advice and services of the company secretary, who is responsible to the board for ensuring that board procedures are complied with.
9. The board should satisfy itself on the integrity of financial information and that financial controls and systems of risk management are robust and defensible.
10. The board, should assume responsibility for the evaluation of its performance, that of its committees, its chairperson and its individual members at least two years by determining how it should be approached and conducted.
11. Individual evaluation should aim to show whether each director continues to contribute effectively and to demonstrate commitment to the role (including commitment of time for board and committee meetings and any other duties).
12. The chairperson should act on the results of the performance evaluation by recognizing the strengths and addressing the weaknesses of the board and, where appropriate, proposing new

members be appointed to the board or seeking the resignation of directors.

13. The board should disclose how performance evaluation of the board, its committees and its individual directors have been conducted. The non-executive directors should be responsible for the performance evaluation of the chairman, taking into account the views of executive directors.
14. The following should be disclosed about the evaluation of the Board.
  - (a) a description of the performance evaluations undertaken during the reporting period, including their scope, whether they were formal or informal and whether they were externally facilitated or not;
  - (b) an overview of the evaluation results and remedial actions taken; and
  - (c) whether the governing body is satisfied that the evaluation process is improving its performance and effectiveness.
15. The chairman should ensure that the directors continually update their skills and the knowledge and familiarity with the company required to fulfill their role both on the board and on board committees. The company should provide the necessary resources for developing and updating its directors' knowledge and capabilities.

### PART III—DIRECTORS REMUNERATION

1. The remuneration of non-executive directors should be determined in accordance with the articles of association or, alternatively, by the board.
2. Levels of remuneration for the chair and all non-executive directors should reflect the time commitment and responsibilities of the role. Remuneration for all non-executive directors should not include share options or other performance-related elements

3. The remuneration committee should carefully consider what compensation commitments (including pension contributions and all other elements) their directors' terms of appointment would entail in the event of early termination.
4. Remuneration policies and practices should be designed to support strategy and promote long-term sustainable success.
5. Executive remuneration should be aligned to company purpose and values, and be clearly linked to the successful delivery of the company's long-term strategy.
6. A formal and transparent procedure for developing policy on executive remuneration and determining director and senior management remuneration should be established.
7. No director should be involved in deciding their own remuneration outcome.
8. Directors should exercise independent judgement and discretion when authorising remuneration outcomes, taking account of company and individual performance, and wider circumstances.
9. Where a remuneration consultant is appointed, this should be the responsibility of the remuneration committee. The consultant should be identified in the annual report alongside a statement about any other connection it has with the company or individual directors.
10. Non-executive directors should not draw salaries or similar compensation.

#### PART IV—PRINCIPLES RELATED TO RISK MANAGEMENT

1. The board of directors shall effectively utilize the work conducted by internal and external auditors in recognition of the important control function they provide.
2. The board should establish formal and transparent policies and procedures to ensure the independence and effectiveness of internal and external audit functions and satisfy itself on the integrity of financial and narrative statements.

3. The board should present a fair, balanced and understandable assessment of the company's position and prospects.
4. The board should establish procedures to manage risk, oversee the internal control framework, and determine the nature and extent of the principal risks the company is willing to take in order to achieve its long-term strategic objectives.

PART V—PRINCIPLES RELATED TO SHAREHOLDER RIGHTS, TREATMENT  
AND GENERAL MEETINGS

1. In order for the company to meet its responsibilities to shareholders and stakeholders, the board should ensure effective engagement with, and encourage participation from, these parties.
2. In addition to formal general meetings, the board should seek regular engagement with major shareholders in order to understand their views on governance and performance against the strategy and on significant matters related to Public listed company.
3. When twenty per cent or more of votes have been cast against the board recommendation for a resolution, the company should explain, when announcing voting results, what actions it intends to take to consult shareholders in order to understand the reasons behind the result and an update on the views received from shareholders and actions taken should be published within six months after the shareholder meeting.
4. Public listed companies should organize regular investor meetings when the half-yearly and annual results are declared or as may be necessary to explain their performance.
5. Public listed companies should clearly establish and communicate channels to ease communication and interaction between shareholders and the company.
6. A public listed company should encourage and facilitate the establishment of a Shareholder's Association to promote dialogue between the company and the shareholders. The Association should play an important role in promoting good governance and actively encourage all shareholders to participate in the annual general meeting of the company or assign necessary voting proxy.

7. A public listed company should work with or cooperate with shareholders to promote dialogue and should put in place internal mechanisms to ensure proper cooperation between the shareholders, the board and management and this shall include effective complaints management and dispute resolution frameworks.
8. The board of a listed company should provide to all its shareholders sufficient and timely information concerning the date, location and agenda of the general meeting as well as full and timely information regarding issues to be decided during the general meetings.
9. Shareholder's expenses and convenience in attending a general meeting shall be primary criteria when selecting venue or location and in the case of electronically held meetings platform of annual general meetings.
10. Public listed company should ensure that the shareholder's rights of full participation at general meetings are protected by—
  - (a) giving shareholders information in a simplified and generally understandable manner;
  - (b) giving shareholders sufficient information on voting rules and procedures;
  - (c) giving shareholders the opportunity to quiz management, for this purpose, the directors should provide sufficient time for shareholders questions on matters pertaining to the company's performance and seek to explain to their shareholders their concerns; and
  - (d) giving shareholders the opportunity to place items on the agenda at general meetings.

## SCHEDULE II

*Regulation 4(4)*

### ANNUAL REPORT DISCLOSURES

The annual report shall include information relating to compliance with these Regulations. Without limitation to the disclosure requirements in these Regulations, the specific requirements for disclosure are as follows—

1. An explanation of how the governance of the company contributes to its long-term sustainable success and achieves wider objectives and how it has set the company's purpose and strategy to meet the objectives and achieved outcomes through the decisions it has taken.
2. A statement of how the board operates, including a statement of which types of decisions are to be taken by the board and which are to be delegated to management.
3. The names of the chairman, the chief executive, the chairpersons and members of the nomination, audit and remuneration committees.
4. The number of meetings of the board and those committees and individual attendance by directors.
5. The names of the non-executive directors whom the board determines to be independent, with reasons where necessary.
6. How performance evaluation of the board, its committees and its directors have been conducted. And if an external evaluator was engaged, they should be identified and a statement made about any connection it has with the company and/or individual directors.
7. A separate section describing the work of the nomination committee, including—
  - (a) the process it has used in relation to board appointments;

- (b) an explanation if neither external search consultancy nor open advertising has been used in the appointment of a chairman or a non-executive director;
  - (c) appointment of a chairperson of the board or a non-executive director.
  - (d) the approach of the nomination committee to succession planning and how both support developing a diverse pipeline;
  - (e) how the board evaluation has been conducted, the nature and extent of an external evaluator's contact with the board and individual directors, the outcomes and actions are taken, and how it has or will influence board composition;
  - (f) the policy on diversity and inclusion, its objectives and linkage to company strategy, how it has been implemented and progress on achieving the objectives; and
  - (g) the gender balance of those in the senior management and their direct report.
8. Where the remuneration committee is separate from the nominations committee a description of the work of the remuneration committee including—
- (a) an explanation of the strategic rationale for executive directors' remuneration policies, structures and any performance metrics; and reasons why the remuneration is appropriate using internal and external measures;
  - (b) whether the remuneration policy operated as intended in terms of company performance and quantum, and, if not, what changes are necessary; and
  - (c) what engagement has taken place with shareholders and the impact this has had on remuneration policy and outcomes;

9. A statement from the directors that the business is a going concern including a description of how the board has assessed the business as a going concern, with supporting assumptions or qualifications as necessary and a statement on whether it has a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, drawing attention to any qualifications or assumptions as necessary.
10. A separate section describing the work of the audit committee in discharging its responsibilities.
11. A statement on how opportunities and risks to the future success of the business have been considered and addressed, the sustainability of the company's business model and how its governance contributes to the delivery of its strategy.
12. The board should set out to shareholders in the papers accompanying a resolution to elect or re-elect: sufficient biographical details to enable shareholders to make an informed decision on their election or re-election why they believe an individual should be elected to a non-executive role.
13. On re-election of a non-executive director, confirmation from the chairman that, following formal performance evaluation, the individual's performance continues to be effective and to demonstrate commitment to the role, including commitment of time for board and committee meetings and any other duties.
14. An explanation of the board's activities and all action is taken to assess and monitor culture.
15. A statement of the board on how it has handled conflicts of interest and related party transactions.
16. A report on the company's Internal control and Risk Management systems including a description of its principal risks, what

procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated.

17. A statement on the shareholder and stakeholder engagement policies and approaches and the various engagement that have taken place during the year under report.
18. The Statement of Compliance with the Capital Markets (Corporate Governance) Regulations including the statement of application of these principles.
19. The list of the ten major shareholders of the company and their shareholding.

**SAUL SSEREMBA,**  
*Chairperson, Capital Markets Authority.*