

Committed to the highest standard of corporate governance, Unga Group complies fully with all requirements of a publicly listed company, including clarity of financial reporting and shareholder accountability. Our policy is to set best practice standards in product and service quality, combined with fair conduct towards our employees, suppliers and customers.

Recognising its responsibilities of good citizenship in national and international communities, Unga Group concentrates particularly on issues of social welfare, environmental care and principles of integrity.

Composition of the Board

The Board consists of the Chairman, who is independent and has no executive responsibilities, one executive and four non-executive directors. More than one third of the directors are both independent and non-executive; one third retires by rotation each year but is eligible for re-election.

Mr R. Kemoli (former Chairman) resigned on 3rd August 2012. Following a directive from the Capital Markets Authority Mr J. Kiereini ceased being a director on the same date.

Mrs Isabella Ochola-Wilson was elected Chairman on 27th September 2012.

Collectively, the directors possess a broad range of leading edge skills and competencies, covering the areas of legal, finance, banking, operations and management. The directors' profiles appear on pages 6 and 7 of this Annual Report.

Role of the Board

The responsibility of the Board is to hold the Group's long-term vision, set broad goals, plans and organisational policies to uphold it, and offer guidance on strategic decisions and actions of management. It ensures compliance with auditing and accounting standards, and is also tasked with the management of risk, through overseeing the implementation of adequate control systems.

Other Board Information

The roles of the Chairman and Chief Executive are clearly separated, to ensure true accountability of management to shareholders through the Board, in parallel with equally clearly defined autonomy and authority of management in the day-to-day operation of the Group. Directors are kept fully informed of all company activities through both regular and special event reports.

Board Meetings

The Unga Group Board has four scheduled meetings per year and stands ready for additional meetings on any specific or urgent matters. In the period under review, it met four times.

Board Committees

Under its mandate to establish appropriate committees for technical or other specialised issues, the Board currently operates an Audit and Risk Committee and a Nominating and Remuneration Committee.

Audit and Risk Committee

The Audit and Risk Committee has the primary function to assist the Board in fulfilling its oversight responsibilities for the integrity of the Group's financial statements, compliance with legal and regulatory requirements, corporate governance, risk management and performance of the internal audit function and that of the independent auditors.

Up to 3rd August 2012, the committee consisted of three members, all of whom were independent non-executive directors. It was chaired by Mr J. Kiereini and the other members were Mr J. Kibet and Mr A. Ndegwa. The membership is in the process of being reconstituted following the departure of Mr J. Kiereini.

It met four times during the year to review internal risk assessments and statutory compliance requirements. In this period it gave management approval to put in place a Group-wide process to be used in identifying, evaluating and managing risks.

Nominating and Remuneration Committee

The Nominating and Remuneration Committee has the mandates to review succession planning within the Board, identify and nominate for the approval of the Board, suitable candidates to fill Board vacancies as and when they arise. In addition, it reviews and approves the remuneration for the non-executive directors.

It is currently composed of Mr J. Kibet (Chairman) and Mr A. Ndegwa, who are independent non-executive directors. It is in the process of being reconstituted to fill the vacancies created by the departure of Messrs R. Kemoli and J. Kiereini who were its members up to 3rd August 2012.

While the committee did not meet during the year, the Board met and approved new policies for remuneration of non-executive directors to ensure that, in order to attract and retain directors with the right competencies and commitment, the directors' remuneration is in line with those for directors in competing sectors.

The quantum for the financial year ended 30th June 2012 is disclosed in Note 5 of the Financial Statements.

Communication

The Board receives management reports in advance of all scheduled meetings and as necessary at other times. It issues an Annual Report and Financial Statements to all shareholders and other interested parties, and keeps the public advised through half-yearly and annual press notices of results and any significant developments. Shareholders have direct access to the company in line with conventional business practices.

Directors' Benefits and Loans

In the year under review, Directors have received no benefits other than fees and no loans to directors have been advanced.

Corporate Governance (continued)



Directors' Interest

The interest of the Directors in the shares of the Company as at 30th June 2012 were as follows:

Name	No. of shares
Alan McKittrick	13,472

There were no material contracts involving directors' interests during the year.

The ten largest shareholdings in the company and the respective number of shares at 30th June 2012 are as follows:

Name	No. of shares	% shareholding
1. Victus Limited	38,557,190	50.93
2. Moses Thara	3,808,117	5.03
3. Standard Chartered Nominees Ltd- non Res A/c 9924	1,451,200	1.92
4. Alimohamed Adam	1,047,342	1.38
5. Kingsway Nominees Limited	1,043,254	1.38
6. Savitaben Velji Raichand Shah	745,677	0.98
7. Lawrence Gatitu Mbugua	623,775	0.82
8. Shah D Premchand & Premchand D F Shah	497,356	0.66
9. Paul Wanderi Ndungu	341,280	0.45
10. Stanbic Nominees Kenya Ltd. A/c R 48701	325,704	0.43
Total number of shares	48,440,895	63.98

Distribution of shareholders

(a) By number of shares range

Range	No of Shareholders	No of Shares	% of shareholding
1-500 shares	3,924	713,809	0.94
501-5,000	3,269	5,814,533	7.68
5,001-10,000	562	3,913,859	5.17
10,001-100,000	477	11,559,500	15.27
100,001-1,000,000	44	7,798,182	10.30
1,000,001 and above	5	45,907,103	60.64
Total	8,281	75,706,986	100.00

Corporate Governance (continued)



Distribution of shareholders (continued)

(b) By category of shareholders

Category	No. of shareholders	No. of shares	% shareholding
Individual local investors	7,743	29,823,921	39.39
Institutional local investors	286	42,818,053	56.56
Foreign investors	252	3,065,012	4.05
Total	8,281	75,706,986	100.00

I Ochola-Wilson (Mrs)
Director

27 September 2012

N Hutchinson
Director

27 September 2012