



PRESS RELEASE

CMA Releases the Third Edition of State of Corporate Governance Report

Nairobi, 28 December 2020...The Capital Markets Authority (CMA) has today published the third edition of the Report on the State of Corporate Governance for Issuers of Securities to the Public in Kenya for the financial year 1 July 2019 to 30 June 2020. The annual publication outlines the Authority's independent assessment of how companies listed on the Nairobi Securities Exchange and the issuers of corporate bonds are applying the principles and recommendations contained in the Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015 (CG Code).

The Report shows that that the weighted overall score for issuers in the application of the CG Code has improved year-on-year with 2019/2020 recording a score of 72 percent up from 61 percent in 2018/2019 and 55 percent in 2017/2018. 'The purpose of the Report is to raise visibility on the state of good corporate governance among issuers while tracking performance so as to empower investors and respective boards to encourage continuous improvement in practices', CMA Chief Executive Wyckliffe Shamiah noted.

Of the seven principles set out in the CG Code, Commitment to Good Governance was ranked the highest while all the other principles recorded improvements. 'With the improved performance, the Authority calls on issuers to focus on building trust and a culture of good governance while emphasizing the importance of sustainability in all its business decisions and practices, noting the effects of Covid-19 on business operations', Mr Shamiah added.

The Authority will continue engaging issuers, stakeholders and partners to build on the progress made while ensuring that the governance requirements are facilitative, value-adding and progressive.

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BACKGROUND INFORMATION ON THE CAPITAL MARKETS AUTHORITY

The Capital Markets Authority (CMA) was set up in 1989 as a statutory agency under the Capital Markets Act Cap 485A. It is charged with the prime responsibility of both regulating and developing an orderly, fair and efficient capital markets in Kenya with the view to promoting market integrity and investor confidence. The regulatory functions of the Authority as provided by the Act and the regulations include; Licensing and supervising all the capital market intermediaries; Ensuring compliance with the legal and regulatory framework by all



market participants; Regulating public offers of securities, such as equities and bonds & the issuance of other capital market products such as collective investment schemes; Promoting market development through research on new products and services; Reviewing the legal framework to respond to market dynamics; Promoting investor education and public awareness; and Protecting investors' interest. For more information, please contact Antony Mwangi, Head of Corporate Communications on amwangi@cma.or.ke