

PRESS RELEASE

CMA Publishes Second State of Corporate Governance Report

Nairobi, 23 October, 2019... The Capital Markets Authority (CMA) has published the second State of Corporate Governance Report based on an assessment of 53 issuers of securities to the public in the 2018/19 financial year. The report is aimed at raising visibility of the state of corporate governance of issuers of securities to the public in Kenya in order to empower investors and respective boards to encourage continuous improvement in practices.

The report follows the evaluation of the second set of regulatory reports submitted in accordance with the Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015 (the Code), which became effective in March 2017. The Code sets out the principles and specific recommendations on the structures and processes which issuers should adopt in making good corporate governance an integral part of their business dealings and culture.

CMA Chief Executive, Mr. Paul Muthaura, noted, "the 61 % weighted overall scored in 2018/19 is a commendable improvement from the 55 % weighted overall score reported in 2017/18 when the first assessment was conducted. Out of the fifty-three (53) issuers who were assessed, seven (7) issuers demonstrated leadership practices, seventeen (17) demonstrated good practices, twenty-one (21) demonstrated fair practices and eight (8) demonstrated needing improvement practices. We now have more issuers moving from Need Improvement to Fair ranking, with the ultimate objective to have most of the issuers being on Good and Leadership rankings. We are confident that if this trend continues, good corporate governance will become an integral part of each issuer's business dealings, and our market will be more stable, competitive, resilient and attractive. This is a clear demonstration of the positive results of close collaboration with stakeholders to embed a culture of corporate governance among issuers of securities to the public in Kenya. The aim of the report is to encourage issuers of securities to consistently progress as model corporate citizens by adopting and fully implementing the Code and related corporate governance laws, standards and practices."

The Authority has been receiving feedback from stakeholders in regard to the implementation challenges as part of the efforts for strengthening corporate governance and sustainability of issuers. In this regard, the report has highlighted key feedback received and the proposed actions taken or to be taken aimed at enhancing the assessment process, inform policy and/or change of corporate governance requirements.

Mr. Muthaura said that each issuer has received its own tailored feedback detailing strengths and areas of improvement prior to the publication of the report.

The Authority seeks to continually enhance the effectiveness of the assessment process and improvement of corporate governance practices of individual issuers against the Code and other globally accepted corporate governance & sustainability standards such as G20 OECD, IOSCO Corporate Governance Principles, IGCN, King IV, IRC, GRI, SASB etc. The report is available on the CMA website, www.cma.or.ke

ENDS

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.