



PRESS RELEASE

CMA Issues the Fifth Edition of the State of Corporate Governance Report

Nairobi, 21 December 2022...The Capital Markets Authority (CMA) has issued the Fifth Edition of the Report on the State of Corporate Governance for Issuers of Securities to the Public in Kenya. The report is for the financial year 1 July 2021 to 30 June 2022.

The annual publication outlines CMA's independent assessment of how companies listed on the Nairobi Securities Exchange (NSE) and 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 exemplifies the progress made and the direction the capital market is taking especially noting that the weighted average score improved from the previous 70% to 72%", noted CMA Chief Executive Officer, Wyckliffe Shamiah. A total of 55 issuers were assessed during the period.

The annual report measures the extent to which issuers have adopted governance principles, in particular commitment to good governance, board operations and control, rights of shareholders, stakeholder relations, ethics and social responsibility, accountability, risk management and internal control as well as transparency and disclosure. According to the 2022 Report, there were commendable improvements by issuers on all the corporate governance principles set out in the CG Code.

The number of issuers in the leadership category (score of 75% and above) increased from 25 to 30, those in the good rating category (between 65% & 74%) increased from 8 to 12, those in fair rating (between 50% and 64%) decreased from 10 to 6 while those in the need's improvement rating (below 50%) increased from 5 to 6.

A sectoral analysis of performance revealed that the Banking Sector had the best weighted score with a leadership rating across all the principles of the Code while the Agricultural Sector had the least weighted score with a fair rating.

The improved performance is attributable to the partnership and collaboration between the Authority and capital markets stakeholders. The Authority is committed to providing an enabling environment for issuers to thrive while strengthening their governance and sustainability practices especially environmental and social.

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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, Manager Corporate Affairs & International Relations on amwangi@cma.or.ke