



PRESS RELEASE

CMA's Corporate Governance Report shows improvement for listed companies

Nairobi, 28 December 2023...The Capital Markets Authority (CMA) has released the 6th edition of its annual State of Corporate Governance Report. The Report highlights the performance of listed companies in adhering to corporate governance principles within the Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015.

The comprehensive assessment features governance self-assessments by listed companies who then report back, based on templates provided by CMA. The annual weighted overall score by all listed companies increased to 75.71 percent (leadership rating) in the financial year 2022/2023, up from 72.27 percent (Good rating) the previous year. 'The performance of listed companies on aspects of corporate governance serves as a vital guide for issuers, highlighting areas of excellence and pinpointing avenues for refinement, with an overarching aim to fortify corporate governance and sustainability practices, ensuring sustained growth, transparency and stakeholder confidence in the capital markets sector', said CMA Chief Executive Officer Wyckliffe Shamiah.

The analysis revealed that 31 issuers were rated in the leadership category on governance issues in 2022/2023 financial year, up from three companies in 2017/2018 when the Report was first published. To be rated in the leadership category, a listed entity must score 75 percent and above in the assessment. Eight companies attained a rating of 'good', having obtained between 65 and 74 percent. Six companies achieved a fair rating (between 50 and 64 percent), and four companies were categorized as needing improvement.

The Authority evaluated the listed companies based on the seven principles of the CG Code namely Introduction to the Code, Board Operations and Control, Rights of Shareholders, Stakeholder Relations, Ethical and Social Responsibility, Accountability, Risk Management, and Internal Control, and Transparency and Disclosure.

The principle on Accountability, Risk Management and Internal Control emerged as the highest-scoring principle achieving a remarkable score of 80.77% (Leadership rating). Sector-wise analysis revealed outstanding performance in the Banking, Manufacturing & Allied/Automobiles & Accessories, Insurance and Energy and Petroleum sectors, all achieving a leadership rating. Conversely, other sectors secured a good rating, except for the Agricultural



and construction and allied sectors, which recorded a fair rating. The most substantial advancement was observed in the Investment and Investment services sector, escalating from 64% to 78.74%, marking an impressive increase of 14.74%.

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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. CMA also regulates the commodity markets and online forex trading. 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