



ASSESSMENT OF FIRMS LISTED IN THE NAIROBI SECURITIES EXCHANGE (NSE) ON COMPLIANCE WITH THE NOT MORE THAN TWO THIRDS GENDER PRINCIPLE IN LEADERSHIP AND DECISION MAKING (BOARD OF DIRECTORS), NOVEMBER 2022

1.0 Background

The Nairobi Securities Exchange (NSE), established in 1954 as Nairobi Stock Exchange, is the leading stock exchange in East Africa offering world class trading facilities for both its local and foreign investors looking to gain exposure to the country's rising economy. The bourse is based in Nairobi, the capital of Kenya - one of the fastest-growing economies in Sub-Saharan Africa. The NSE operates under the jurisdiction of the Capital Markets Authority of Kenya, and is governed by an 10-member board of directors¹.

In February 2021, the NSE board of directors joined a global campaign to increase gender diversity at board and senior management levels. The NSE also encouraged listed companies to embrace the two thirds gender principle for desirable results. The NSE posited that there is a close correlation between good performance of share price and performance of the company. The women leaders in business have taken on issues risks, controls and challenging responsibilities².

In 2021, the Board of Directors for the NSE committed to increasing the composition of women directors from three to five in the next one year (be end of 2022)³. This effort is commendable given that the primary law regulating listed companies, 'the Capital Markets Act of 2010 (rev 2012) is largely silent on representation of Special Interest Groups in the Listed Companies. Under schedule on *Guidelines on Corporate Governance Practices by Public Listed Companies in Kenya*, the act provides '*the process of the appointment of directors should be sensitive to gender representation, national outlook and should not be perceived to represent single or narrow community interest*' (Article 3.13 viii). Similarly, the Companies Act no 17 of 2015 is also silent on matters gender and representation of Special Interest Groups in different forms of companies.

Nonetheless, the supreme law-The Constitution of Kenya 2010- requires the State under Articles 27 (6 &8) *to take legislative and other measures, including affirmative action programs and policies designed to redress any disadvantage suffered by individuals or groups because of past discrimination, and to implement the principle that not more than two-thirds of the members of elective or appointive bodies shall be of the same*

¹ <https://afx.kwayisi.org/nse/>

² Business Daily, Feb 17th 2021: NSE pushes for more women executives in listed firms

gender. This provision has been affirmed by many international and regional treaties and conventions that Kenya is signatory to in respect to reducing gender inequalities, discrimination and exclusions. Further, the National Gender and Equality Commission (NGEC) Act of 2011, mandates the Commission to monitor, facilitate and advise on the integration of the principles of equality and freedom from discrimination in all national and county policies, laws, and administrative regulations in all public and private institutions (section, 8b).

At global level, a study titled 'Corporate India: Women on boards', completed in March 2022, found out that the gender diversity in boardrooms is picking up, though at a slower pace, with women accounting for nearly 18% of the directorships in the top 500 globally listed companies⁴. There is need to ascertain the status of women and other SIG representation in the Kenya NSE listed companies.

2.0 The Study Design

In 2022, the Research, Monitoring, Evaluation and Documentation department completed a desk top assessment on gender diversity of firms listed in the NSE. The main focus of the assessment is compliance with the not more than two thirds gender principle in leadership and decision making in publicly quoted companies. Board composition is a critical factor in corporate governance and performance. The desktop study was undertaken within the week of 3rd – 7th October, 2022. The analysis involved review of the NSE websites and published documents, study of the legal and policy frameworks guiding the operations of companies in Kenya, and review of the websites of each of the publicly quoted companies. The data gathered was presented in form of tables and a narrative report describing the status of women representation in boards prepared. The study analysis was limited to the data available. This means that the status of other SIGs in boards was not analyzed mainly because such data is not provided in the contacted information hubs.

3.0 Key Results

In total, 62 companies were assessed and analysis was limited to the sex of the board members. Information on four (4) listed companies had no data disaggregated by sex for its board members; Deacons (EA), Eaagad, Kenya Orchard and Kurwitu Venture. The assessment shows that there are 540 board members, out of which 133 (25%) are female while 407 are male.

Out of the 58 Companies audited, 23 Companies (40%) had attained the board composition threshold of not-more than two-thirds gender. Nine companies (15.5%) did not have women serving in the boards. At the time of assessment, Standard Chartered Bank of Kenya, Kenya Commercial Bank and Home Africa had the highest proportion (50%) of women serving in their board. Out of the 57 companies assessed 8 companies had female Chief Executive Officer (14%). The Carbacid Investments did not provide information on the sex of their Chief Executive Officer.

⁴ November 22, 2022 17:13 IST India Business Standard (An Indian English-language daily edition newspaper)

Table 1 presents the board composition of the 58 companies disaggregated by sex.

Table 1: Board composition of the 58 listed companies disaggregated by sex

	NAME OF COMPANY	BOARD OF DIRECTORS		CEO	% OF FEMALE IN THE BOARD	% OF MALE IN THE BOARD	PHONE NUMBER
		MALE	FEMALE				
1.	ABSA Bank Kenya	21	6	M	23%	77%	0732130120 0722130120
2.	ARM Cement	8	2	M	20%	80%	0733636456
3.	BOC Kenya	5	3	F	37.5%	62.5%	0719069000
4.	Bamburi Cement	7	4	M	36%	64%	0709724000 0206614358
5.	BK group	3	2	F	40%	60%	250788143000
6.	Britam Kenya	5	3	M	37.5%	62.5%	0705100100
7.	BAT Kenya	7	4	M	36%	64%	071106200
8.	Car and General (k)	7	1	M	12.5%	87.5%	0800724600
9.	Carbacid Investment	6	1	**	14%	86%	0704852487 0709676000
10.	Centum Investment	6	4	M	40%	60%	0202230518 0737095124
11.	CIC Insurance Group	7	1	M	12.5%	87.5%	0703099120
12.	Crown Paint Kenya	6	1	M	14%	86%	0709887000
13.	Diamond Trust Bank of Kenya	10	2	F	17%	83%	0719031888 0732121888
14.	East Africa Brewery	7	4	M	36.4%	63.6%	0208644000 0711018000
15.	East Africa Cables	7	2	M	22%	78%	0722202125 0721555544
16.	East Africa Portland Cement	7	0	M	0%	100%	0709855000
17.	Eveready East Africa	3	2	M	40%	60%	0722205468
18.	Express Kenya	3	1	M	25%	75%	0203002371
19.	Flame Tree Group Holdings	4	1	M	20%	80%	0202113315
20.	HF GROUP	5	4	M	44%	56%	0709438000 0709438888
21.	Home Africa	4	4	M	50%	50%	0716802070
22.	Homeboys Entertainment	2	1	M	33%	67%	0202692394
23.	I&M holdings	7	2	M	22%	78%	0203221000
24.	ILAM Fahari I-REIT	7	0	M	0%	100%	0719071000 0202750000
25.	Jubilee Holdings	7	1	M	12.5%	87.5%	0709949000

26.	Kakuzi	8	0	M	0%	100%	0722205342
27.	Kapchorua Tea Kenya	7	0	M	0%	100%	0203882522
28.	KenGen company	11	4	F	27%	73%	0711036000 0732116000
29.	Kenya Airways	8	2	M	20%	80%	0203274747
30.	Kenya Power and Lighting	9	3	F	25%	75%	0203201000
31.	Kenya Re-insurance Corporation	9	3	M	25%	75%	0703083000
32.	Liberty Kenya Holdings	5	3	M	37.5%	62.5%	0711076222 0711028000
33.	Limuru Tea	4	2	F	33.3%	66.7%	0729290894
34.	Longhorn Publishers	6	3	M	33%	67%	0722204608 0708282260
35.	Mumias Sugar Company	5	2	M	29%	71%	0202712316
36.	Nairobi Business Ventures	7	0	M	0%	100%	0721000921
37.	Nairobi Security Exchange	7	2	M	22%	78%	0202831000 0724253783
38.	Nation Media Group	13	2	M	13%	87%	0719038000 0732038000
39.	NCBA Group	9	1	F	10%	90%	0711056444 0732156444
40.	Olympia Capital Holdings	4	0	M	0%	100%	0203517137
41.	Safaricom	8	5	M	38%	62%	0722022100
42.	Sameer Africa	4	2	M	33%	67%	0730156222
43.	Sanlam Kenya	6	3	M	33%	66.6%	0205138200
44.	Sasini	6	2	M	25%	75%	0203342166
45.	Standard Chartered Bank Kenya	6	6	M	50%	50%	0703093900 0203293900
46.	Standard Group	7	2	M	22%	78%	0203222111 0719012111
47.	Total Energy Marketing Kenya	8	2	M	20%	80%	0719027333 0202897333
48.	TPS Eastern Africa	8	0	M	0%	100%	0202842000
49.	Transcentury	6	1	M	14%	86%	0202245232
50.	Uchumi Supermarket	10	0	M	0%	100%	0746622385
51.	Umeme	8	2	M	20%	80%	0800285285
52.	Unga Group	5	4	M	45%	55%	0207603062
53.	Williamson Tea Kenya	7	0	M	0%	100%	020388522
54.	WPP Scan Group	7	4	F	36%	64%	0202799000

55.	Cooperative Bank of Kenya	22	4	M	15%	85%	0203276000
56.	Equity Group Holdings	6	4	M	40%	60%	0763000000
57.	Kenya Commercial Bank	5	5	M	50%	50%	0711087000
58.	Stanbic Holdings	5	4	M	44%	46%	0203638000
	Total	407	133		25%	75%	

4.0 Recommendations

1. NGEK to hold consultations with the NSE to push for their compliance with the representation of women and other SIGs in the Board of Directors and by extension increase representation of SIGs in the senior management level. This shall be within their commitment set in 2021. The consultations may cover the need to review enabling regulatory frameworks on representation of SIGs in private sector.

2. NGEK to hold consultations with NSE to formulate measures for ensuring the following

a) Listed companies comply with the not more than two thirds gender principle and introduce minimal quotas on representation of other SIGs in their board of directors and senior management levels

b) Listed companies provide sex, age, disability, and marginalized vs majority disaggregated data in their websites and to the NSE or in other information hubs NSE and individual companies may find appropriate.