



2024 THE NSE AUDIT REPORT



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1.0 Background



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), APRIL, 2024

The National Gender and Equality Commission (NGEC) is a Constitutional Commission established by the National Gender and Equality Commission Act. CAP7K pursuant to Article 59 (4) & (5) of the constitution of Kenya, 2010. The Commission's mandate is to promote gender equality and freedom from discrimination for all people in Kenya with a focus on Special Interest Groups (SIGs), which include: Women, Children, Youth, Persons with Disabilities (PWDs), Older Members of Society, Minorities, and Marginalized Groups.

Section 8 (b) of the National Gender and Equality Commission Act 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; It is in line with this function that the commission has conducted this desktop study on compliance with the not more than 2/3rd gender principle in the leadership and decision making positions of companies listed in the Nairobi Securities Exchange.

1.1 Rationale for Assessing Public Listed Companies on Compliance with the not more than 2/3rd Gender Rule

In pursuit of advancing gender equality, the not more than two-thirds gender rule encourages contributions and perspectives that are diverse. The genesis and reasoning behind the particular two-thirds numerical criterion is to prevent one gender from dominating decision-making bodies, therefore ensuring a considerable degree of gender balance. It makes it possible to meaningfully represent both men and women which keeps one sex from exerting undue influence or control over the decision-making process. Research has demonstrated that the presence of women on corporate boards significantly enhances financial performance, fosters gender equality in management, and motivates the implementation of corporate social responsibilities that support gender equality.

A study by Mckinsey found that companies with more than 30 percent women on their executive teams are significantly more likely to outperform those with between 10 and 30 percent women, and these companies in turn are more likely to outperform those with fewer or no women executives.¹ The presence of women on the Board has a positive influence on Corporate Social Responsibility, meaning that the higher the percentage of female

members on the Board, the more socially responsible companies are.² Gender equality in publicly listed companies accrues benefits to women across all strata which include; breaking corporate ascension barriers for women, increased representation in terms of advocacy for policies and practices that benefit women at all levels of the organization, and the opportunity to seek counsel, support, and guidance from mentors and role models. This is particularly beneficial for women occupying lower-level positions within and outside the organization, as they might be deprived of visibility or mentorship opportunities.

1.3 Gender Equality at the Nairobi Securities Exchange

The Nairobi Securities Exchange (NSE) is a leading African Exchange in Kenya. It was founded in 1954 and thus has been listing equity and debt securities for six decades. NSE offers a world-class trading facility for local and international investors looking to gain exposure to Kenya and Africa's economic growth. NSE plays a vital role in the growth of Kenya's economy by encouraging savings and investment, as well as helping local and international companies access cost-effective capital. NSE operates under the jurisdiction of the Capital Markets Authority of Kenya. It is a full member of the World Federation of Exchange, a founder member of the African Securities Exchanges Association (ASEA), the East African Securities Exchanges Association (EASEA), a member of the Association of Futures Market and is a partner exchange in the United Nations-led SSE (Sustainable Stock Exchange) initiative.³ The NSE is governed by a 10-member board of directors.

In 2010, the UN Global Compact, in partnership with UN Women, launched the Women's Empowerment Principles (WEPs) – seven principles for business on how to empower women in the workplace, marketplace, and community. The WEPs are endorsed by over 1140 companies from over 50 countries globally, with 11 companies from Kenya. In March 2016, NSE signed the Women Empowerment Principles, Committing itself to taking action in establishing high-level corporate leadership for gender equality among other principles. Further, as a member of the United Nations Sustainable Stock Exchanges (SSE), the NSE is expected to champion Gender Equality.

The NSE reaffirmed its dedication to promoting gender equality in corporate leadership in Kenya by becoming a member of the 30% club, an international initiative that urges organizations to increase the representation of women on corporate boards and in senior management positions. By joining this campaign, the NSE is expected to advocate for a minimum of 30% female representation on the boards and senior management of companies listed on the NSE and in the broader capital markets⁴.

¹McKinsey & Company 2020, Diversity wins: How inclusion matters

² Gaio C, Gonçalves TC. Gender Diversity on the Board and Firms' Corporate Social Responsibility. *International Journal of Financial Studies*. 2022; 10(1):15. <https://doi.org/10.3390/ijfs10010015>

³ [Nairobi Securities Exchange PLC \(nse.co.ke\)](https://www.nse.co.ke)

⁴ [Exchange in Focus: NSE joins the 30% club to promote gender equality within the Capital Markets | Sustainable Stock Exchanges \(sseinitiative.org\)](https://www.sseinitiative.org/)

1.4 Gender Equality and the law in relation to Public-Listed Companies in Kenya

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 are of the same gender.*

The Capital Markets Act of 2010 (rev 2012) is largely silent on the representation of Special Interest Groups in the Listed Companies. Under the 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).* The Companies Act no 17 of 2015 is also silent on matters of gender and representation of Special Interest Groups in different forms of companies.



2.0 THE STUDY DESIGN

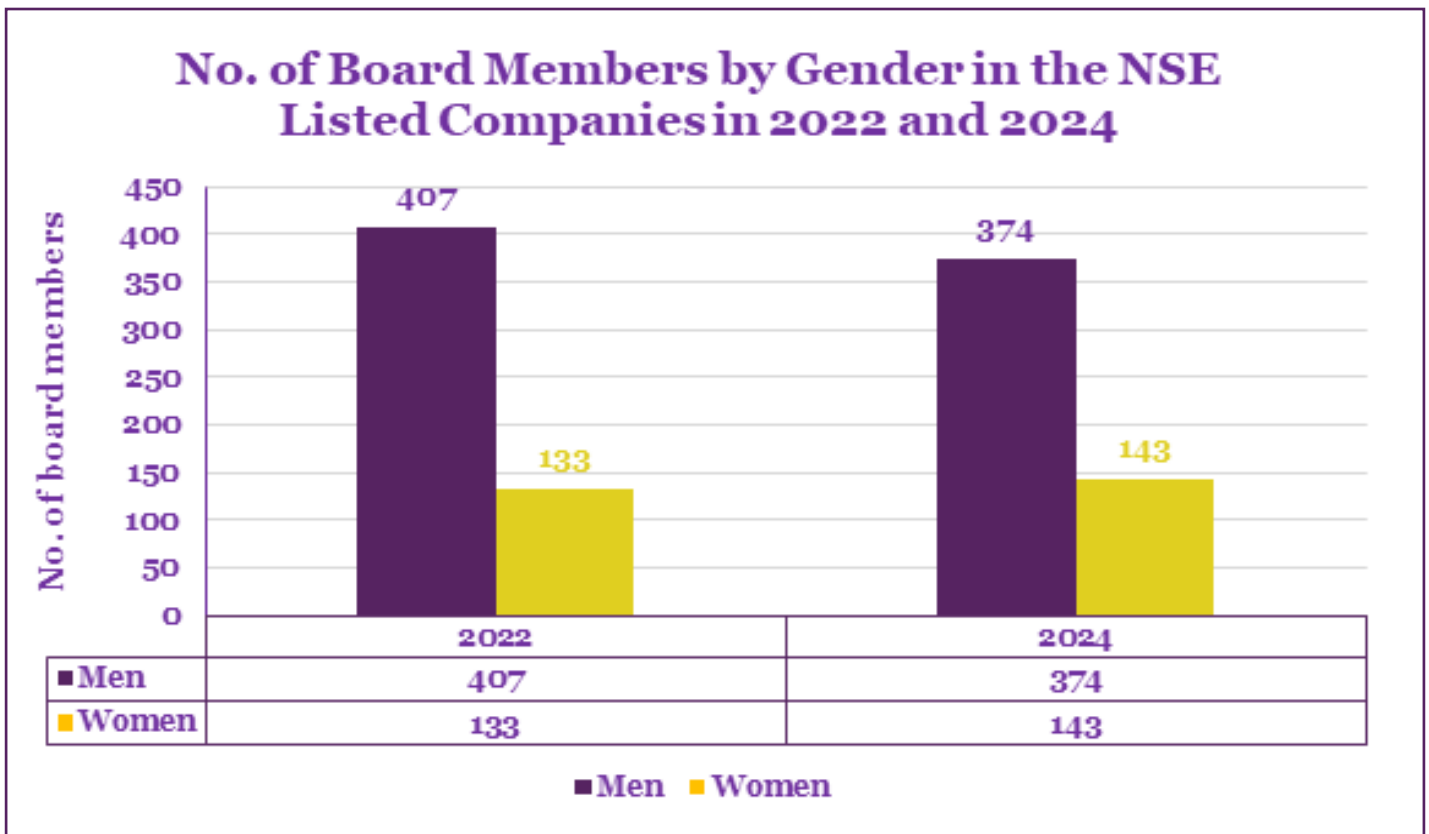
The Department of Research, Monitoring, Evaluation, and Documentation concluded a desk assessment of the gender diversity of NSE-listed companies in 2024. The primary focus of the assessment is compliance with the not more than two-thirds gender principle in leadership and decision-making in publicly quoted companies. Board composition is a critical factor in corporate governance and performance. The study was undertaken between 2nd -16th April 2024. The analysis involved the review of the NSE websites and published documents, a study of the legal and policy frameworks guiding the operations of companies in Kenya, and a review of the websites of each of the publicly quoted companies. The data gathered is presented in the form of tables, charts, and a narrative report describing the status of women's 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, 65 companies listed at the NSE in 2024 were assessed and analysis was limited to the sex of the board members. Information on ten (10) listed companies had no data disaggregated by sex for its board members. They included Deacons (EA), Kenya Orchard, Kapchorua Tea Co., Williamson Tea, Express Kenya Ltd, East Africa Portland Cement, Centum Investment Co., Mumias Sugar Co., Everready East Africa Ltd, and Kurwitu Venture. A total of 55 companies were analyzed which constitute 84.7% of the publicly listed compared to 93.5% that were assessed and analyzed in 2022.

The assessment shows that in 2024, there are 517 board members, out of which 143 (27.6%) are female and 374 are male. In 2022, there existed 540 board members, out of which 133 (25%) were female while 407 were male. This represents a significant increase in female representation by 3 percentage points.



Out of the 55 Companies audited, 22 Companies (40%) had attained the board composition threshold of not more than two-thirds gender as compared to 23 Companies (40%) in 2022. Five companies (9%) did not have women serving on the boards in comparison to nine companies (15.5%) in 2022 meaning more companies are complying with the gender requirement.

Five companies (9%) did not have women serving on the boards in comparison to Nine companies (15.5%) in 2022.

At the time of assessment, the Bank of Kigali, Athi River Mining, and BOC Gases had attained gender parity in their boards while in 2022, Standard Chartered Bank, Kenya Commercial Bank, and Home Africa had attained gender parity.

This means there is a possibility of lack of the public companies to sustain the thresholds over time, which is a matter of great concern to the NGECC.

Out of the 55 companies assessed 7 companies had female Chief Executive Officers (12.7%) while in 2022, 8 companies had female Chief Executive Officers (14%). All companies (100%) listed under the exchange trade, and telecommunications sectors were compliant with the 2/3rd gender rule while all the companies (100%) listed under the automobile sector were non-compliant, which indicates some level of stagnation over time and is a concern for NGECC.



Table 1: Board composition of the 55 listed companies disaggregated by sex, 2024

No	Name of the company	Sector	Male Board of Directors	Female Board of Directors	Total Board of Directors	CEO	% of males Board of Directors	% of females Board of Directors	Compliance status C- Compliant NC- Non Compliant
1	Eagads LTD	Agricultural	4	1	5	M	80%	20%	NC
2	Kakuzi PLC	Agricultural	8	1	9	M	89%	11%	NC
3	Limuru Tea Co. LTD	Agricultural	1	4	5	F	20%	80%	NC
4	REA Vipingo	Agricultural	5	0	5	M	100%	0%	NC
5	Sasini	Agricultural	5	3	8	M	63%	38%	C
6	Car & General (K) Ltd	Automobiles & accessories	7	1	8	M	88%	13%	NC
7	Absa Bank Kenya PLC	Banking	7	3	10	M	70%	30%	NC
8	Stanbic holdings PLC	Banking	5	4	9	M	56%	44%	C
9	I&M Holdings Ltd	Banking	6	3	9	M	67%	33%	C
10	Diamond Trust Bank Kenya	Banking	9	2	11	F	82%	18%	NC
11	HF Group Ltd	Banking	5	3	8	M	63%	38%	C
12	KCB Group Ltd	Banking	6	2	8	M	75%	25%	NC
13	National Bank of Kenya Ltd	Banking	5	1	6	M	83%	17%	NC
14	NCBA Group PLC	Banking	9	1	10	M	90%	10%	NC
15	Standard Chartered Bank ltd	Banking	5	6	11	M	45%	55%	C
16	Equity Group Holdings	Banking	6	3	9	M	67%	33%	C
17	Cooperative Bank of Kenya Ltd	Banking	22	3	25	M	88%	12%	NC
18	Bank of Kigali Group PLC	Banking	2	2	4	F	50%	50%	C
19	Sameer Africa Plc	Commercial & services	4	2	6	F	67%	33%	C
20	Kenya Airways ltd	Commercial & services	11	0	11	M	100%	0%	NC

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21	Nation Media Group	Commercial & services	11	3	14	M	79%	21%	NC
22	Standard Group Ltd	Commercial & services	8	3	11	M	73%	27%	NC
23	TPS Eastern Africa(Serena) Ltd	Commercial & services	8	2	10	M	80%	20%	NC
24	WPP Scan Group	Commercial & services	6	7	13	F	46%	54%	C
25	Uchumi Supermarket	Commercial & services	7	0	7	M	100%	0%	NC
26	Longhorn Publishers	Commercial & services	7	3	10	F	70%	30%	NC
27	Nairobi Business Ventures	Commercial & services	9	1	10	M	90%	10%	NC
28	Athi River Mining Cement Ltd	Construction and allied	5	5	10	M	50%	50%	C
29	Bamburi Cement plc	Construction and allied	6	5	11	M	55%	45%	C
30	Crown Paints Kenya	Construction and allied	6	1	7	M	86%	14%	NC
31	E.A cables Plc	Construction and allied	7	2	9	F	78%	22%	NC
32	Total Kenya Ltd	Energy & Petroleum	8	2	10	M	80%	20%	NC
33	Kengen	Energy & Petroleum	12	2	14	F	86%	14%	NC
34	Kenya Power	Energy & Petroleum	9	4	13	M	69%	31%	NC
35	Umeme Ltd	Energy & Petroleum	8	2	10	M	80%	20%	NC
36	Jubilee Holdings	Insurance	8	1	9	M	89%	11%	NC
37	Sanlam Kenya Plc	Insurance	6	3	9	M	67%	33%	C
38	Kenya Re-insurance Corporation	Insurance	10	3	13	F	77%	23%	NC
39	Liberty Kenya Holdings	Insurance	6	3	9	M	67%	33%	C
40	Britam Holdings Ltd	Insurance	8	4	12	F	67%	33%	C
41	CIC Insurance Group Ltd	Insurance	8	2	10	M	80%	20%	NC
42	Olympia Capital Holdings	Investment	5	0	5	M	100%	0%	NC
43	Trans-century ltd	Investment	5	1	6	M	83%	17%	NC

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No	Name of the company	Sector	Male Board of Directors	Female Board of Directors	Total Board of Directors	CEO	% of males Board of Directors	% of females Board of Directors	Compliance status C- Compliant NC-Non Compliant
44	Home Africa Ltd	Investment	5	3	8	F	63%	38%	C
45	Nairobi Securities Exchange Ltd	Investment services	7	3	10	M	70%	30	NC
46	B.O.C Kenya ltd	Manufacturing and allied	4	4	8	**	50%	50%	C
47	British American Tobacco Kenya	Manufacturing and allied	8	4	12	M	67%	33%	C
48	Carbacid Investment ltd	Manufacturing and allied	6	1	7	**	86%	14%	NC
49	East African Breweries Ltd	Manufacturing and allied	6	5	11	F	55%	45%	C
50	Unga Group ltd	Manufacturing and allied	6	5	11	M	55%	45%	C
51	Flame Tree Group Holdings	Manufacturing and allied	4	1	5	M	80%	20%	NC
52	Safaricom PLC	Telecommunication & Technology	6	7	13	M	46%	54%	C
53	ILAM Fahari I-REIT	Real Estate Investment & Technology	7	0	7	M	100%	0%	NC
54	Lap Trust Imara I-REIT	Real Estate Investment & Technology	4	3	7	M	57%	43%	C
55	New Gold Issuer(RP)ltd	Exchange Traded Fund	6	3	9	M	67%	33%	C
		TOTAL	374	143	517				
		Percent	72	28					

** No CEO at the moment

In the last two waves of assessment, the following companies have consistently not met the not more than two-thirds gender principle: ABSA, Car & General, CIC Insurance, East Africa Cables, Kenya Power, Kenya Airways, Kenya Reinsurance, Cooperative Bank of Kenya, Umeme ltd, NCBA, Nation Media Group and NSE.

4.0 Recommendations

1. NGEC 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 the representation of other SIGs in their board of directors and senior management levels. The focus should be on companies that have consistently over time failed to comply with the principle while rewarding those that have performed well. Further the NSE must put in measures to support companies to sustain positive representation over time (reduce or eliminate reversals), in terms of gender and other indicators of inclusion
- b. Listed companies provide sex, age, disability, and marginalized vs majority disaggregated data on their websites and to the NSE or any other information hubs NSE and individual companies may find appropriate.
- c. Collaborate with actors such as Kenya Institute of Management to award companies that have performed well in the representation of women and other SIGs in leadership, governance, and decision-making.

2. In the future NGEC seeks to:

- a. Widen the scope of future assessments to include interrogation on the status of gender equality in the policies, administrative procedures, and practices of the public listed companies.
- b. Design studies to assess gender equality and non-discrimination in private companies with a focus on medium-level companies that are not necessarily listed at the NSE (unlisted medium-level companies).



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