



**REMARKS OF THE CHAIRMAN OF NAIROBI SECURITIES EXCHANGE,
MR. EDDY NJOROGE,
DURING THE NSE LEADERSHIP AND DIVERSITY DIALOGUE BREAKFAST,
WEDNESDAY, MARCH 4, 2015**

Mrs. Graça Machel DBE, Former First Lady of the Republic of South Africa and Founder and Patron of New Faces New Voices;

Mr. Paul Ngugi, Ag. Chairman, Capital Markets Authority;

Mr. Paul Muthaura, Ag. Chief Executive Officer, Capital Markets Authority;

Ms. Andia Chakava, Director, New Faces New Voices Kenya Chapter;

Mr. Francis Okello, Chairman, Barclays Bank of Kenya;

The Members of the Board of Barclays Bank of Kenya present;

Mr. Jeremy Awori, Managing Director, Barclays Bank of Kenya;

The Members of the Board of the Nairobi Securities Exchange present;

Mr. Geoffrey Odundo, Chief Executive, Nairobi Securities Exchange;

Chairpersons of our listed companies;

Ladies and Gentlemen;

Good Morning.

On behalf of the Board of Directors and Management of the Nairobi Securities Exchange, we are honoured by your presence and wish to take this opportunity to especially thank Mme. Graça Machel, for gracing us with her presence this morning.

Ladies and Gentlemen;

The area of board composition, selection and succession planning is vital for the success of any company. Board diversity speaks to the experience, expertise, education, geography and age of the board of directors and also includes ethnicity, disability and gender.

In trying to raise awareness of board diversity, I am aided by the fact that capital markets players are well acquainted with the concept of diversity from their work. In finance, we know that diversity is fundamentally important in managing risk. History shows that economies develop and become more stable through diversification. The same applies in the boardroom. People from different backgrounds and with different life experiences are likely to approach similar problems in different ways, eliminating the danger of 'groupthink'. By selecting directors with different skills and characteristics, firms gain access to different resources and connections. A diverse board also improves a company's reputation and brand which improves shareholder value.

Last year in a similar forum, we received a report from Braintrust Strategies on the board composition of our listed firms. Allow me to point out four key highlights;

Out of 57 listed firms on the Exchange that were surveyed:

1. The average age of directors is 57 years (and 65 years for chairpersons);
2. Diversity in terms of profession was skewed in favour of lawyers, accountants or engineers;
3. 40 % of firms surveyed had no female director;
4. Out of 57 chairpersons, there were only 4 female chairs (7%).

Ladies and gentlemen you will agree with me that those numbers are disheartening. With the potential benefits of having a diverse board, we have to ask ourselves, what we as chairpersons are willing to do to promote diversity within our organizations. I do not recommend diversity solely for the sake of checking a box, but when diversity in the boardroom offers so many benefits to the entire organization, it is nothing short of heedless for chairpersons not to place their board composition under the microscope.

Ladies and Gentlemen;

The world around us is constantly changing, with technology transforming the way we do business today. Our consumer needs are continuously evolving and becoming increasingly dynamic, requiring the leaders of our organizations to be aware of changing trends in order

to anticipate and adequately respond to immediate, medium and long term business opportunities and threats. The diversity agenda is therefore critical for the long term sustainability of our institutions.

Ladies and Gentlemen;

In today's environment, diversity in the boardroom is a business necessity that companies need to take seriously. I would like to encourage our public, listed companies to prioritize and implement practices to increase board diversity. To do this, it is imperative to have processes in place to that identify diverse candidates. For example, in advance of a board opening becoming available, a nominating committee should implement policies and procedures that facilitate the proactive development of a diverse slate of candidates.

It is in this light that the Exchange partnered with New Faces New Voices, to convene Roundtable Forums, in November 2014, entitled *The NSE Leadership and Diversity Dialogue Series*. The Roundtable Forums were attended by chairpersons' and company secretaries, with the objective of starting a conversation around the importance of diversity in our businesses. Barclays Bank of Kenya sponsored the Roundtable Forums.

Following these extensive deliberations, a number of recommendations and commitments were tabled, which is what we are adopting today. The recommendations focus on key priority areas of board diversity and steps on how the board chairpersons can guide their firms to meet these commitments. I therefore urge our listed companies to adopt the report and continue to build consensus amongst stakeholders through various initiatives such as these dialogues. Today, we are also recognizing the best- performing listed companies in the area of board diversity.

Ladies and Gentlemen;

In conclusion, I would like to once again thank Mme. Graca Machel, for her continued passion and efforts geared towards board diversity and Barclays Bank of Kenya for sponsoring this dialogue series. We are also thankful to the Capital Markets Authority for their efforts to create a comprehensive Code of Corporate Governance which will continue to act as our guide throughout the leadership and diversity journey in Kenya. I leave you with a quote from Stephen Covey the author of the best-selling book, *The Seven Habits of Highly Effective People* stating, “Strength lies in differences, not in similarities.”

Thank you and God bless you all.

EDDY NJOROGE, C.B.S
CHAIRMAN