ANNEX 5

# BOARD DIVERSITY POLICY

March 03, 2022

**Document Summary**

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| Policy Ref | Board | |
| Policy Summary | This policy applies to Nairobi Securities Exchange Plc | |
| Scope | NSE PLC Board | |
| Document Status | Draft | |
| Version | 2.0 | Effective Date |
| Executive Responsible | | Policy Owner |
| Approval(S) | Board | Approval date(s) |

**BOARD DIVERSITY POLICY**

Contents

## 1. PURPOSE

The NSE Board acknowledges that its Board of Directors should embrace Board Diversity (defined below) to effectively undertake its mandate.

Section 2.1.5 of the Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015 further requires the Board to develop a Board Diversity Policy to ensure Board Diversity in its composition and introduce appropriate measures to ensure that the Policy is implemented.

## 2. DEFINITIONS

**Board Diversity** means a balance of academic qualifications, technical expertise, relevant industry knowledge, experience, nationality, age, race and gender that make it effective in undertaking of its business.

**Remuneration Nominating and Human Capital Committee** means a committee of the Board tasked with the responsibility of proposing new nominees for appointment to the Board and for assessing the performance and effectiveness of the directors of the Company.

## 3. SCOPE

This policy applies to the Board (including the Chief Executive).

## 4. POLICY

4.1. The NSE recognizes the benefits of Board Diversity in its Board's decision making. This Policy is meant to ensure that Board Diversity is considered in determining the optimum composition of the Board.

4.2. The Remuneration Nominating and Human Capital Committee is tasked with the responsibility of reviewing the composition of the Board, proposing new nominees for appointment to the Board and assessing the performance and effectiveness of the directors of the Company.

## 5. PROCEDURE

In reviewing the Board in relation to Board Diversity, the Remuneration, Nominating and Human Capital Committee shall:

5.1. Review the required skills mix and expertise that the executive directors as well as independent and nonexecutive directors bring to the Board and make disclosure of the same in its Annual Report.

5.2. Consider the benefits of all aspects of Board Diversity in recommending to the Board candidates for directorships, to be considered for appointment by the shareholders.

5.3. Consider only persons of calibre, credibility and who have the necessary skills and expertise to exercise independent judgement on issues that are necessary to promote the company's objectives and performance in its area of business.

5.4. Consider candidates for directorships proposed by all the shareholders including the majority shareholders.

5.5. Ensure at least thirty percent (30%) of the independent members of the Board shall comprise of women.

## 6. RESPONSIBILITIES

The Remuneration, Nominating and Human Capital Committee will on an annual basis:

6.1. Come up with measurable objectives for achieving Board Diversity and recommend them to the Board for adoption.

6.2. Report annually in the Annual Report on how the Board has achieved Board Diversity in its appointments.

## 7. RELATED LEGISLATION AND DOCUMENTS

7.1. The Board Charter.

7.2. Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015.

7.3. Succession Plan Policy.

7.4. The Remuneration, Nominating and Human Capital Committee Terms of Reference (TORs).

## 8. FEEDBACK

Stakeholders may provide feedback about this Policy by contacting the NSE Company Secretary.

## 9. APPROVAL AND REVIEW DETAILS

9.1. The Remuneration, Nominating and Human Capital Committee will review the Policy annually, which will include an assessment of the effectiveness of the Policy.

9.2. The Remuneration and Nominations Committee will discuss any revisions that may be required and recommend any such revisions to the Board for approval.