Board Effect and the Moderating Role of CEO/CFO on Corporate Governance Disclosure: Evidence from East Africa

Synopsis

The Research Problem

This study examines the effects of board size, board independence, and the interaction effect between board independence and CEO/CFO on corporate governance disclosure practices.

Motivation

Despite corporate governance (CG) reforms around the world, research evidence indicates that the levels of corporate governance disclosures (CGDs) in developing countries remain poor due to weak institutions and corporate governance systems. In particular, the corporate boards as a key mechanism of CG and the board nomination processes in East Africa remain largely opaque and dominated by majority shareholders, Chief Executive Officers and Chief Finance Officers (CEOs/CFOs), giving rise to opportunistic behaviours which may be detrimental to firm value. The distinctive feature of the board nomination process/CG system in East Africa has implications for monitoring and corporate governance disclosure practices and compliance and calls for systematic research in this under-explored subject.

Hypotheses

H1:   The association between board size and corporate governance disclosure will be positive.

H2:   The association between board independence and corporate governance disclosure will be positive.

H3a: The presence of the CEO on the nomination/remuneration committee will negatively moderate the relationship between board independence and corporate governance disclosure.

H3b: The presence of the CFO on the nomination/remuneration committee will negatively moderate the relationship between board independence and corporate governance disclosure.

H3c: The presence of the CEO and CFO on the nomination/remuneration committee will negatively moderate the relationship between board independence and corporate governance disclosure.

Target Population

Stakeholders including firm managers, practitioners, regulatory authorities, policymakers and investors.

Methodology

Ordinary least squares (OLS), fixed effect model and system GMM

Analyses

Using a large and hand-collected dataset comprising 1,000 firm-year observations from 2007 to 2017 in East Africa, this study develops a corporate governance disclosure index (CGDI) of East Africa consisting of 164 provisions. To test our hypotheses, this study adopts three analytical approaches, namely OLS and fixed effect (FE) regressions and the two-stage system GMM to address the endogeneity concerns.

Findings

We find that large boards and independent directors are associated with greater disclosure of CG information. Different from environments with stronger institutions and corporate governance systems, our analysis suggests that the CEO/CFO power negatively moderates the link between board independence and corporate governance disclosure. Thus, firms whose CEO and CFO are involved in remuneration or nomination committees disclose less CG information. The combined effect of CEO and CFO on selection and remuneration committees and independent board in reducing corporate disclosure appears more pronounced for the post-financial crisis period compared to the crisis period.

1. Introduction

The board of directors fulfils the role of providing advice and counsel, overseeing, and monitoring executive management behaviour to help achieve corporate outcomes on behalf of shareholders (Adams and Ferreira, 2007; Uhde et al., 2017). Although both agency and resource dependence theorists highlight the crucial role of corporate boards in insuring against managerial self-dealing through monitoring, prior studies have given relatively little attention to the moderating effect of a firm's senior executive officers (i.e., CEO and CFO) in corporate disclosure, transparency, and compliance (see, Haniffa and Cooke, 2002; Chau and Gray, 2010; Al-Bassam et al., 2018). Thus, prior studies have mainly focused on the relationship between board structure and corporate governance disclosure and reported mixed findings (Gubta and Fields, 2009; Elmagrhi et al., 2016; Al-Bassam et al., 2018). For example, Elmagrhi et al. (2016) and Al-Bassam et al. (2018) report a positive impact of outside directors and board size on corporate governance compliance and disclosure. In contrast, Ciampi (2015) found board independence and board size to exert negative and significant effects on corporate governance compliance and disclosure practices.

While the above studies, although relatively few, have added to our understanding of corporate governance disclosure, we argue that CEO/CFO power and position within a firm may increase or decrease information asymmetry, thereby affecting disclosure of information (see Pettigrew and McNulty, 1995; Westphal and Graebneur, 2010; Haynes and Hillman, 2010). As Chief Information Officers of a firm, the CEO and CFO are responsible for the allocation of resources and provision of information, and are key to the quality, quantity and extent of information disclosed by the firm (Hambrick and Fukutomi, 1991; Jackling and Johl, 2009; Minnick and Noga, 2010). Therefore, the involvement of the CEO/CFO in the selection and remuneration of board members can undermine the ability of independent directors to question or

disagree with the CEO/CFO on major decisions, including financial reporting and disclosures (Donnelly and Mulcahy, 2008; Chau and Gray, 2010; Krishnan et al., 2011).

Building on the prior studies, this paper examines the effects of selected board characteristics (i.e., board size and board independence) and further analyses how CEO/CFO may interact with board independence to influence CG disclosure practices and compliance within the East African context. We contend that large and independent boards may have the necessary skills and resources to monitor effectively and advise executive management on all aspects of corporate policies and enhance good corporate governance (CG) practices and compliance (KPMG International, 2004; 2005). We further argue that, while corporate boards may serve as essential mechanisms for disclosure practices and compliance, the moderating role of CEO/CFO may be necessary for corporate disclosure. We focus on the broader metrics of CEO/CFO and board interactions rather than only on CEO to facilitate broader generalisation of our findings regarding the importance of senior management in corporate disclosures.

The focus of East Africa is significant in that, despite the corporate governance (CG) reforms embarked upon by the East African Securities Regulatory Authorities (EASRA) to foster regional development and poverty reduction, the corporate governance system in East Africa differs from that in advanced countries such as the US and UK. For example, unlike the US and the UK, East African countries require the nomination committee to consider for directorship the candidates proposed by the CEO[1]. Thus, the CEO and CFO have significant influence in the selection of the members of the nomination committee and remuneration committee in East African countries. Bremer and Ellias (2007) further point out that board nomination processes appear opaque and are based on familial and social ties in these countries, thereby engendering

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[1] See CMSA (2002), section 4.1.3 (vii), p.14; CMAU (2003), section 27 (3), p.7; CMAK (2015), section 2.1.2 (d), p.7.

potential agency conflicts with the board of directors unable to perform effective oversight over CEOs. The distinctive feature of the CG system has implications for monitoring and corporate governance disclosure practices and compliance, and it is important we shed light on how the CEO/CFO's involvement in board members' selection and remuneration affects CGD practices and compliance.

Using a large hand-collected dataset comprising about 1,000 firm-year observations from 2007 to 2017, this study finds that firms with large boards and a high proportion of independent directors exert a positive and significant influence on CG disclosure. Further analysis suggests that the CEO/CFO negatively moderates the link between board independence and corporate governance disclosure. Thus, firms whose CEO and CFO are involved in remuneration and nomination committees disclose less CG information. The combined effect of both CEO and CFO and independent board in reducing corporate disclosure appears more pronounced for the post-financial crisis period compared to the pre-crisis period.

This study makes several contributions to the extant literature. First, this study contributes to the existing literature by developing a comprehensive CG index, which comprises 164 provisions extracted from the EAC CG codes. To the best of our knowledge, this is the first study that constructs a comprehensive CGD index in the East Africa context and may be useful for similar studies in the sub-Saharan African context. Second, this study shows that board size and board independence are positively and significantly associated with CGD, suggesting that these two board characteristics are essential for corporate disclosures in an environment where institutions and CG system appear weak. However, the extent to which board independence affects corporate disclosure is moderated by the CEO/CFO's presence on the nomination and remuneration committees. More specifically, our results suggest that the positive and significant

effect of CBI on CG disclosure is completely cancelled out by the interaction between CEO/CFO on selection and remuneration committees and CBI, suggesting that the effects of CEO power far outweigh the effects of board independence in East Africa. Thus, this study's results demonstrate that, in an environment where the CG system is weak, greater CEO/CFO power dampens CG disclosure, contrary to the findings of Li et al. (2018) which indicate that CEO power leads to greater commitment to environmental, social and governance disclosure. Overall, our study provides insights into how CEO/CFO moderates CGD by weakening the oversight role of the board of directors in an environment where institutions and CG system are weak, an aspect that has been ignored in the CG literature. Third, this study responds to the call for further research on CGD using a multi-theoretical perspective to explain this complex phenomenon. Thus, we provide an enhanced understanding of how board size, board independence, and the interaction between board independence and CEO/CFO influence corporate disclosure and compliance in the EAC, thereby contributing to both agency and resource dependence perspectives.

The remainder of this study is organised as follows. Section two provides the institutional background of East Africa. The third section reviews the theoretical literature and develops the hypotheses of the study. Section four outlines the research design, followed by the discussions of the findings and additional analysis in section five. The final section summarises the conclusion of the study.

2.   Institutional background of East Africa

A number of researchers such as Rahman and Ali (2006), Mangena and Chamisa (2008) and Mangena et al. (2012) have documented that, unlike developed countries, institutions and governance systems in African countries are weak. Mangena et al. (2012) point out that African countries have poor institutions, which leads to poor enforcement of CG regulations, rampant

corrupt practices, and political interference in corporate affairs by government officials. In the context of East Africa, Rahman and Ali (2006) and Mangena and Chamisa (2008) contend that East African countries are characterised by concentrated ownership, weak protection of minority shareholders' interests, poor institutions and corporate reporting practices, and lack of transparency. For example, Global Financial Integrity (2014) document that, because of weak institutions, the tax revenue lost through mis-invoicing only over the period of 2002-2011 by East African countries averaged: Uganda 12.7%, Kenya 8.3% and Tanzania 7.4% of the total tax revenues in each year. Thus, East African countries lack well-established codes of corporate governance and rely on outdated Company's Acts as corporate governance mechanisms (Katto et al., 2014; Fulgence, 2019), which are inadequate to deal with emerging corporate governance challenges of modern organisations. As a result, the past decade has seen a lot of scandals and corporate failures in East Africa. For example, scandals involving companies listed on the Nairobi Securities Exchange (NSE) and the Dar es Salaam Securities Exchanges (DSE) have not only affected investors' confidence but have also raised questions about the integrity of auditing, financial reporting standards and strength of investors' protection (The World Bank, 2005, 2010; The World Economic Forum, 2012). In a survey by Ernst and Young in 2013, over half of respondents indicated that their companies had overstated their financial performance due to poor financial reporting standards. Other authors such as Fawzy (2004) and Samaha et al. (2012) suggest that the dominance of state-owned enterprises and other firms closely held by families renders the implementation of a Western-style corporate governance system and the level of disclosure problematic.

In an attempt to improve the corporate governance system in the region in 2002, East African countries formed the East African Community Security Markets (EAC-SM) to regulate

CG and corporate activities within the region (Namanya, 2017). Under the EAC free trade zone conditions, a joint regulatory body known as the East African Securities Regulatory Authorities (EASRA) was charged with the responsibility of harmonising the legal and corporate governance framework (Katto et al., 2014) and providing the policy guidelines regarding the capital market growth within the EAC (Yabara, 2012). In 2010, further reforms led to the creation of the East African Common Market (EAC-Common Market) whose vision states, inter alia, that "*without good governance, there can be no development*" (EAC Vision 2050, 2016, p.93), highlighting the importance of CG. There is an increasing recognition that "*effective governance at the local, national, and regional levels is critical for advancing sustainable development*" (EAC Vision 2050, 2016, p. 87).

Despite reforms in CG practices, it is important to point out that, in the developing countries, particularly Africa, CGD practices remain poor and CG systems do not allow managers to be held accountable to a set of key performance indicators (Ahunwan, 2002). For example, the CG guidelines issued in Kenya and Tanzania in 2002 were based on the '*comply or explain'* principle, where listed companies were required to either comply with the CG guidelines or explain the reasons for non-compliance (CMSA, 2002). The above approach led to non-compliance with good governance practices among listed companies as many chose to explain why they did not comply. This led to the replacement of the *'comply or explain'* CG guidelines with the *'apply or explain'* approach in 2016, which requires listed companies to either abide by the CG guidelines or explain the reasons for not doing so (CMA, 2015). The inherent weakness of the CG approaches adopted in East Africa is that they are principle-based rather than rule-based and that explanations for non-compliance are acceptable to the regulatory authorities, creating room for an unlevel playing field and non-compliance. In addition, board nomination processes remain opaque and are

based on familial and social ties for most firms in these countries (Bremer and Ellias, 2007). For example, Kenya, which has arguably one of the most developed corporate governance systems in East Africa, only requires that all listed companies should establish an audit and nominating board committee, without giving details on how to deal with conflicts of interest associated with the nomination process. CG guidelines simply indicate that the board should be composed of a balance of executive directors and non-executive directors (Waweru and Prot, 2018). Moreover, the revised CG guidelines in 2015 require the board to issue an annual report on the remuneration breakdown of senior managers, board members and aggregate loans to shareholders, which may lead to potential conflicts of interest (Outa and Waweru, 2016). Despite the above, non-financial disclosure remains pervasive due to weak institutions and lack of enforcement and accountability (Bremer and Ellias, 2007; Tsamenyi et al., 2007; Kimani et al., 2021). Thus, executive managers decide on the quality and quantity of information to be disclosed, engendering agency problems. The weaknesses of institutions and the corporate governance system, particularly the board nomination processes and how they affect CGD, warrant analysis and this study attempts to fill this gap.

3. Theory and hypotheses development

3.1. Agency, resource dependency theories, and corporate governance

The theoretical arguments explaining the relationship between board characteristics and CG disclosure can be found in a number of theories, including agency and resource dependency theories (see Jensen and Meckling, 1976; Pfeffer and Salancik, 1978; Fama and Jensen, 1983; Pettigrew and McNulty, 1995; Chen and Roberts, 2010). From the standpoint of agency theory, the proportion of non-executive directors affects CG disclosure practices (Donnelly and Mulcahy, 2008; Linck et al., 2008; Chau and Gray, 2010). This is because agency theory contends that

executive managers who have the responsibility to disclose information and make decisions may engage in opportunistic behaviours, which may be detrimental to firm value unless they are monitored and controlled (Jensen and Meckling, 1976). Against this backdrop, it may be argued that boards with a high proportion of independent directors are more effective in monitoring and controlling management. Thus, independent boards are expected to be an essential internal corporate mechanism in directing management towards firm value-enhancing activities with a high degree of transparency by reducing information asymmetry between managers and firm stakeholders (Haniffa and Cooke, 2002; Jizi et al., 2014). On the other hand, resource dependence theory posits that a firm's economic outcomes depend on the amount of resources (e.g., human capital) available to it, and how the firm effectively utilises these resources to gain sustainable competitive advantage (Pfeffer and Salancik, 1978; Barney, 1991). From a resource dependence perspective, it is expected that large boards may facilitate access to a larger pool of human capital, which brings additional skills and attitudes to the board's monitoring role and decision-making, with positive implications for corporate policies, including disclosure practices.

While the above theoretical perspectives underscore the importance and role of corporate boards as critical resources in mitigating agency problems, enhancing the effective monitoring and firm performance, corporate governance systems in East Africa are weak (Mangena et al., 2012; Outa and Waweru, 2016; Waweru and Prot, 2018; Kimani et al, 2021). In particular, the nomination process and structure of corporate boards are weak, rendering the monitoring role of the board over executive management ineffective. For example, the requirement that independent directors should constitute about one-third of the total directors of the board weakens the monitoring effectiveness of the board. Importantly, the voluntary nature of the CG guidelines/codes in East Africa in respect to issues such as level of public disclosure requirements,

business agreements between companies, opaque nomination process, lack of accountability and enforcement and weak investor protection tend to engender conflicts of interest and negatively affect board effectiveness (Waweru and Prot, 2018; Kimani et al., 2021). The next section develops relevant hypotheses in respect of our primary variables, namely, board size, board independence, and interaction effect of CEO/CFO and board independence on disclosure.

3.2. *Hypotheses development*

3.2.1. *Board size and corporate governance disclosure*

Previous empirical studies document that board size may affect corporate governance practices and disclosure (Hidalgo et al., 2011; Reeb and Zhao, 2013; Ntim et al., 2017; Al-Bassam et al., 2018; Husted and De Sousa-Filho, 2019). However, the results have been mixed and inconclusive. On the one hand, it is argued that large boards may suffer from coordination, monitoring, and communication problems, and hence they are more likely to be ineffective in monitoring executive management (Jensen, 1993; Ntim et al., 2017). On the other hand, a number of studies have found a positive and significant relationship between large board size and corporate disclosure. Samaha et al. (2012), Elmagrhi et al. (2016) and Al-Bassam et al. (2018) reported that board size is positively associated with corporate governance voluntary disclosure in a sample of 100, 100 and 80 Egyptian, UK and Saudi Arabian limited companies, respectively. Al-Hadi et al. (2016) argue that the importance of large boards lies with the vast amount of expertise and experience board members bring to bear in analysing and identifying unscrupulous behaviours of executive directors (Zahra and Pearce, 1989). The above is consistent with the resource dependency theory, which suggests that large boards are more likely to enhance firm transparency as they bring more skills (Beasley and Salterio, 2001; Al-Hadi et al., 2016); experience and expertise (Reverte, 2009; Al-Bassam et al., 2018); broad business profile (Chizema et al., 2015); and greater connection with

the external environment (Volonté, 2015), compared to smaller boards (Reverte, 2009). In the context of East Africa, where CG systems appear weak, large boards may be significant in that they may serve as a substitute or compensate for the weaknesses in CG systems by providing good advice and ensuring effective monitoring of the executive management. In light of the above, we hypothesise that:

H₁: *The association between board size and corporate governance disclosure will be positive.*

3.2.2. *Board independence and corporate governance disclosure*

According to agency theory, independent directors provide necessary checks and balances required for board effectiveness (Jensen and Meckling, 1976; Franks et al., 2001). Thus, board independence is seen as a vehicle to reduce information asymmetry (Fama and Jensen, 1983) by forcing reticent managers to release and improve information quality (Krishnan et al., 2011; Samaha et al., 2015); and enhancing board monitoring and control over management (Ntim and Soobaroyen, 2013) based on knowledge, experience, and external network. Such board resources may lead to useful advice and counsel to management, thereby facilitating good governance and disclosure (Ntim et al., 2017). Reeb and Zhao (2013) found that board capital facilitates board oversight over executive management and improves CG disclosure. Thus, we hypothesise that:

H₂: The association between board independence and corporate governance disclosure will be positive.

3.2.3. *Interaction effects of CEO/CFO and board independence on disclosure*

The executive management involvement in the nomination and remuneration of board members has been documented as a factor that may affect the effectiveness of the board (Dunn, 2004; Jackling and Johl, 2009; Lewis et al., 2014; Muttakin et al., 2018; Li et al., 2018). Researchers

such as Hambrick and Fukutomi (1991) and Finkelstein and D'Aveni (1994) contend that informal CEO influence over boards increases through membership of board nomination and remuneration committees. According to Lewis et al. (2014), CEOs with greater power are better able to resist pressures or veto strategies and policies perceived not to be in their interests, in line with the prediction of agency theory. Similarly, Coles et al. (2014) suggest that the selection and remuneration of board members by the CEO/CFO may undermine the board's willingness and capacity to monitor senior managers' behaviours (Hwang and Kim, 2009; Nguyen, 2012). This is because the role of selecting and remunerating board members may lead to loyalty and familiarity bias, thereby undermining the effectiveness of board monitoring over corporate strategy and key business decisions (Westphal, 1999; Linck et al., 2008; Bruynseels and Cardinaels, 2014). In this study and consistent with agency theory, we expect that the CEO/CFO may try to window dress to impress external stakeholders such as financial analysts and investors by nominating directors who are formally independent, but who, in reality are closely aligned to top management, as pointed out by Westphal and Graebner (2010). Indeed, the studies by Pettigrew and McNulty (1995) and Dunn (2004) point out that powerful CEOs are more likely to drive the board in the direction of their interests, to the detriment of shareholders and stakeholders. More recently, Muttakin et al. (2018) found CEO power to be negatively associated with corporate social responsibility (CSR) disclosures and that it reduces the effects of board control over CSR disclosures. Similarly, Allegrini and Greco (2013) and Husted and De Sousa-Filho (2019) found a negative effect of CEO duality on governance disclosure. Others such as Li et al. (2018) found higher CEO power to enhance environmental, social and governance disclosure. In the context of East Africa, where institutions and corporate governance systems are weak, it may be argued that independent directors appointed by CEO/CFO are more likely to exacerbate agency problems,

with negative implications for effective monitoring of executive management policies. Thus, the interactions between CEO/CFO and independent directors may negatively influence corporate disclosure, particularly in East Africa, where CEOs/CFOs wield enormous power and CG appears underdeveloped. Thus, we hypothesise that:

H₃ₐ: *The presence of the CEO on the nomination/remuneration committee will negatively moderate the relationship between board independence and corporate governance disclosure.*

H₃ᵦ: *The presence of the CFO on the nomination/remuneration committee will negatively moderate the relationship between board independence and corporate governance disclosure.*

H₃c: *The presence of the CEO and CFO on the nomination/remuneration committee will negatively moderate the relationship between board independence and corporate governance disclosure.*

4. Data and methodology

4.1 Sample selection

Our initial sample, which consists of 120 listed companies in four East African countries (Nairobi Stock Exchange (NSE) in Kenya consists of 63 listed companies; Dar-es-Salaam Stock Exchange (DSE) in Tanzania comprises 26 listed companies; Uganda Stock Exchange (USE) comprises 21; and Rwanda Stock Exchange (RSE), comprises 10 listed companies), was obtained from the records of the African Stock Exchange. The following restrictions were imposed to arrive at the final sample of 92 listed companies: (i) the firm must be listed on one of the following East African stock markets (NSE, DSE, USE or RSE); and (ii) the audited annual reports of the listed companies

must be available for the sample period (2007 to 2017). The process through which the sample was selected, broad industry classifications, yearly distribution and the listed companies by each country are reported in Table I. As shown in the table, the majority of companies were from Kenya (65%). This is followed by Tanzania and Uganda with about 17% each, with the rest coming from Rwanda (6.5%). Companies in the non-financial sector constitute about 64%, with the rest of the companies (36%) coming from the utilities and financial sectors.

[Insert Table I here]

4.2. *Dependent variable (corporate governance disclosure (CGD))*

We hand-collected the *CGD* data from companies' annual reports focusing on corporate governance compliance and disclosure in the EAC from 2007 to 2017. *CGD* is the aggregate of 11 sub-indices[2] comprising 164 provisions measuring the level of *voluntary CG disclosure* within the East Africa contextual framework. We give each *CGD* a value of '1' if the disclosure is made in firms' annual reports and '0' otherwise. We subsequently scale to a value ranging from 0% to 100%. The *CGD* index captures qualitative dissimilarities in governance disclosures among firms.[3] Consistent with the CG code in the EAC and Company Acts and stock exchange market regulations, we modified the *CGD* used in the study of Elmagrhi et al. (2016, 2018). To have a good understanding of CG practices in the EAC, we included variables that have been omitted in

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[2] The 11 sub-indices comprise the following: (i) board of directors' general features (28); board sub-committee such as (ii) audit committee features (20); (iii) nomination committee features (10); (iv) remuneration committee features (18); (v) risk management committee features (11); (vi) the disclosure and transparency (28); (vii) the internal control and risk management (7); (viii) the rights of shareholders (10); (ix) directors' share ownership and board mechanisms (11); (x) progressive practice (9); and (xi) management mechanism and disclosure (12). In constructing this index, we considered the following requirements: (i) the corporate governance guidelines in EAC member countries, (ii) the Company Acts and (iii) the stock exchange market regulations. (iv) In addition, the corporate governance requirements from other regulatory authorities such as professional accounting and auditing boards were considered.
[3] Studies show that data that avoid box ticking enhance corporate governance measurement (see Elmagrhi et al., 2016, 2018).

existing corporate governance disclosure construction[4]. We also assess the internal consistency

and validity of the constructed CGD to ensure reliability before the analysis[5].

We construct the final *CGD* measure for each country by employing the un-weighted index

approach whereby all provisions included in *CGD* are equally weighted.[6] First, we employ an

unweighted coding system to address the concern that variables used in this study may be sensitive

to the different weights being assigned to these sub-indices. Second, such an approach facilitates

the generalisation of our findings and makes them comparable to existing studies (see Samaha et

al., 2012; Khan et al., 2013; Elmagrhi et al., 2018). Appendix 2 provides a full list of CG provisions

based on CG guidelines/codes in Kenya, Tanzania, Uganda and Rwanda.

4.3.   *Independent variables*

Our primary variables of interest are corporate board independence (*CBI*), board size (*BSZ*), and

the CEOs (*CEORN*) or CFOs (*CFORN*), and both CEO and CFO (*BCEOCFO*) are members of

either remuneration committee and/or nomination committee. We measure corporate board

independence (*CBI*) as the number of independent board members[7] scaled by the total number of

corporate board members[8]. We measure board size as the total number of inside and outside

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[4] The omitted variables are: board sub-committee provisions, disclosure and transparency provisions, and the rights of shareholders' provisions, as well as internal control and risk management provisions.

[5] The content analysis for this study was performed by a single coder. However, to ensure the reliability, validity, quality and consistency of coding, we followed a previous study (Elmagrhi et al., 2016) in the first round of coding, where a primary sample of eight firms (two from each of the four countries) over the period 2007-2017 was coded. Coding categories and coded materials were critically discussed with two experienced researchers and then, in the second round, any mistakes or inconsistencies identified independently by the two researchers in the first round, were discussed and corrected. A further eight firms were coded, but the two experienced researchers independently did not identify any mistakes or inconsistencies with the coding procedure. This ensured near perfect correlation between the first- and second-stage coding, and thus high levels of consistency, reliability and validity were achieved.

[6] An un-weighted coding system is rigorous and objective and provides no room for prejudice in assigning weight (see Elmagrhi et al., 2016; Owusu-Ansah, 1998).

[7] Following the studies of Chen and Jaggi (2000) and Ntim et al. (2017), and CG guidelines in the EAC and the UK combined code, we use the following criteria to consider whether a board member is an independent director. First, the director should not have served in the company as a CEO or on the board for more than nine years. Second, the director does not own shares in the company. Third, the director has no prior or current relationship with the company that would impair his/her independence (CMAK, 2002; CMAR, 2012; CMAU, 2003; CMSA, 2002). Fourth, board members are considered independent if classified as an outside director, non-executive director, or independent director. Lastly, we eliminate independent directors who do not work directly for the company or its subsidiaries but have affiliations with the company or management.

[8] To ensure that the independent variable is not coded on the same disclosure as the one used to code the dependent variables, the features mentioned above, used to code the independent variable (CBI), were then excluded in coding the dependent variable – the CGD index.

directors (Ntim et al., 2017). All our data are derived and manually collected from companies' annual reports.

In line with EAC CG guidelines, which require the nomination committee to consider for approval of the candidates recommended by *CEO* and with *CFO* having a say in selection and remuneration of outside directors, we measure the presence of the *CEO* or (and) *CFO* in the following ways. First, we use *CEORN* to measure the presence of *CEO* on the board committee; a value of '1' if the CEO is a member of either remuneration or nomination committee, and '0' otherwise. Second, we use *CFORN* to measure the presence of *CFO* on the board committee. A value of '1' is assigned if *CFO* is a member of either remuneration or nomination committee, and '0' otherwise. Lastly, *BCEOCFO* is used to measure the presence of both *CEO* and *CFO* on the board committee; a value of '1' is given when both *CEO* and *CFO* are members of the nomination or remuneration committee, and '0' otherwise.

4.4. Control variables

We control for the effects of firm size, firm age and board diversity (gender and ethnicity) on corporate governance disclosure (*CGD*) in line with prior studies (see Newton, 2015; Jung et al., 2018). It is argued that large and older firms are more likely to comply with CG practices and disclosures relative to smaller and younger firms. We measure the firm size (*FS*) as the natural log of the total assets. Firm age (*FA*) is the number of years in which a firm has been in operation. Upadhyay and Zeng (2014) contend that more diversified boards demonstrate better CG practices than undiversified boards. We measure gender diversity (*GD*) as the percentage of women on the board. At the same time, ethnic origin (*EOD*) is calculated as the proportion of non-Blacks to the total number of board members.

We also control the effects of ownership structure on corporate governance disclosure (*CGD*). Beuselinck et al. (2017) show that ownership structure such as state-owned, concentrated/blocked shareholders and institutional ownership may affect corporate disclosure practices. In this regard, the four categories of ownership, namely, state ownership (*SGO*), concentrated ownership (*CBO*), institutional ownership (*ISO*) and managerial ownership (*MGTO*), are also controlled (Beuselinck et al., 2017). State ownership is measured as a proportion of shares owned by the central government, local government, and government agencies (Chizema et al., 2015). The concentrated ownership is measured as a proportion of ownership with 25% or more of a company's shares owned by one investor or institution (Beuselinck et al., 2017). We measure institutional ownership (*ISO*) as the proportion of ownership in the company owned by a private institution (Beuselinck et al., 2017). As in Munisi et al. (2014), we measure managerial ownership (*MGTO*) as the percentage of shareholding owned by managers.

Evidence shows that CEO duality (*CDL*) impacts on corporate governance disclosure (*CGD*) (see Muttakin et al., 2018). We, therefore, use *CDL* to control for a situation where a single individual serves the positions of CEO and chair. Following Muttakin et al. (2018), we measure *CDL* as a dummy variable that takes a value of '1' if the firm's board chair position is not held by the CEO, and '0' if the same person holds both chair and CEO positions. It is argued that the firms with higher retained earnings negatively affect corporate governance; we, therefore, control for the effects of retained earnings (*RE*) on corporate governance disclosure.

Lastly, we control for the effects of audit firm size (*AFS*) on corporate governance disclosure. We argue that CG disclosure can be affected by the size of the auditing firm. Consistent with Barako et al. (2006), we measure *AFS* using a dummy variable that takes a value of '1' if a company is audited by the Big Four (namely, PricewaterhouseCoopers (PWC), Deloitte and

Touché, Ernst and Young (EY) and KPMG) audit firms and '0' otherwise. Lastly, industry,

dummies are used to control for industry effects, while year dummies are used to control for time-

varying effects. The definitions of the dependent, independent and control variables are provided

in Appendix 1.

4.5   *Model specifications*

Consistent with previous studies on corporate governance disclosure (Barako et al., 2006; Waweru,

2014, Elmagrhi et al., 2016), we adopted the panel regression estimation and conduct our multiple

regression using the ordinary least squares (OLS) regression technique to test our hypotheses. Our

basic regression model is specified as follows:

$$CGD_{it} = \alpha_0 + \beta_1 CBI_{it} + \beta_2 BSZ_{it} + \sum_{i=1}^{14} \beta_3 Ctls_{kit} + \gamma_{it} + \varepsilon_{it} - - - - - - - - - -(1)$$

Where the dependent variable CGD_{it} denotes the corporate governance disclosure, which is an

index measuring the level of compliance with and disclosure of CG in East African countries. *CBI*

and *BSZ* refer to board independence and board size. The $Ctls_{kit}$ refer to a vector of control

variables, namely, gender diversity (GD), ethnic origin diversity (EOD), CEO duality (CDL),

institutional ownership (ISO), concentrated ownership (CBO), government ownership (SGO), firm

size (FS), audit firm size (AFS), firm age (FA), retained earnings (RE), managerial ownership

(MGTO), return on sales (ROS), gross domestic product growth (GDPG), corruption perception

index (CPI);, k, for the firm 'i' in year 't,' where k = 1 to n, γ_{it} represents industry and year

dummies) and ε_{it} represents the unobserved error term clustered in sectors. To capture

unobservable firm-level differences (such as firm complexity, corporate culture, and managerial quality), we use fixed effect (FE) panel regressions.

To test the moderating role of CEO power, we use the following model:

$$CGD_{it} = \alpha_0 + \beta_1 BISC_{it} + \beta_2 INTER_{it} + \sum_{i=1}^{14} \beta_3 Ctls_{kit} + \gamma_{it} + \varepsilon_{it} - - - - - -(2)$$

Where $BISC_{it}$ refers to the independent variables, namely, *CBI, BSZ, CEORN, CFORN* and *BCEOCFO*. INTER refers to the interaction variables between CBI and the presence of *CEO, CFO and both CEO/CFO* on the nomination/remuneration committees (i.e., CBI*CEORN, CBI*CFORN and CBI*BCEOCFO). The definition for $Ctls_{kit}$, γ_{it}, and ε_{it} remain the same as in Equation 1.

5.   Univariate results and discussions

5.1.   Descriptive statistics

Table II presents the descriptive statistics for the full sample. The table shows that the CGD ranges between 14.1% and 85.7%, with average compliance of 57.4% of the 164 provisions investigated. Independent directors constitute about 46.2% of the boards of sampled firms and this is higher than the one-third recommended by the current CG guidelines. However, the average proportion of independent directors is well below the 79.5% reported by Waweru and Prot (2018) in the context of two East African countries – Kenya and Tanzania. The average board size is 9, which compares favourably with 7.6 reported by Waweru and Prot (2018) for the size of listed companies in East Africa. The results show that, on average, 22% of CEOs and 29.1% of CFOs are members of the remuneration and/or nomination committees. Comparing the period during the financial

crisis and after the financial crisis periods, we find that corporate governance disclosure, board independence and board size increase significantly over time. We further observe that companies in East African countries started to consider gender diversity and engage independent non-executive directors as board chair during the financial crisis (2007-2009) and after the launch of the EAC Common Market in 2010. Table II indicates that most of the variables show a significant variation between the period during the financial crisis and after the financial crisis (from 2010 to 2017), for both the entire sample and the country-level sample. The above suggests a significant improvement in CG disclosure, board independence and board size during the period. Despite the improvement, it is essential to point out that compliance with and voluntary disclosure of CG practices among the East African firms differ from each other.

[Insert Table II here]

5.2. *Correlation matrix*

In Table III, we present the correlation matrix for all the variables employed in this study. We observe that the correlation coefficients among the independent variables are fairly low. The results show that board independence and size is positively correlated to corporate governance disclosure. However, we find the presence of CEO/CFO in the remuneration/nomination committee to be negatively associated with corporate governance compliance and disclosure practices. The results suggest that the involvement of CEO/CFO in the selection and remuneration of board members has a negative effect on monitoring effectiveness of CEO/CFO and corporate governance disclosure.

[Insert Table III here]

5.3. Multivariate results and discussion

5.3.1. Board characteristics and corporate governance disclosure

To test Hypotheses 1 and 2, we employ equation (1) and report the results in Table IV. As shown in model 1 of Table IV, board size and board independence exert a positive and significant influence on CGD. The coefficient of *board size* is positive and statistically significant at the 10% level, thereby providing support for Hypothesis 1. This finding suggests that a board size of 9, which appears relatively large, improves CGD in the EAC. Economically, the finding suggests that a one standard deviation change (increase) in the level of board size leads to a 6.0% [100 (exp (0.021*2.754)-1)] increase in CGD practices. This finding is in line with prior studies (Samaha et al., 2012; Ntim et al., 2013; Al-Bassam et al., 2018) which found board size to be positively and statistically related to CGD. A plausible explanation for this finding may be that firms with large boards may serve as a substitute for poor CG systems in East Africa by bringing to the board skills, knowledge, and expertise to enhance monitoring and control with positive effects for corporate governance disclosure in East Africa. Thus, the finding renders some support for the resource dependency theory.

Regarding the effects of board independence on CGD, model 1 of Table IV shows that the coefficient of CBI is highly positive (β=*0.254; t-statistics=5.24; p<0.001*), suggesting that board independence increases CG disclosure. Economically, this finding suggests that a one standard deviation change (increase) in board independence is associated with a 3.4% [100 (exp (0.254*0.133)-1)] increase in CGD. Hypothesis 2 is therefore supported. The results appear interesting in that, the CEO/CFO in East Africa play dominant roles in the selection and remuneration of board members hence it is expected the oversight role of the board may be impaired, with deleterious effect on CGD; however, this appears not be the case. Perhaps this finding may be explained by the fact that independent directors appointed by CEO/CFO may focus

more on their advisory role rather than on stringent monitoring to enhance corporate disclosure. Overall, this finding appears consistent with the evidence provided by prior studies (e.g., Suchman, 1995; Samaha et al., 2012; Elmagrhi et al., 2016; Ntim et al., 2017), and the finding holds for firms operating in environments where CG systems appear weak.

[Insert Table IV here]

5.3.2. The moderating role of CEO and CFO on corporate governance disclosure

Before testing our hypotheses in respect of the interaction effects between CEORN/CFORN/BCEOCFO and CBI, we conduct baseline tests on the effects of CEO/CFO and BCEOCFO on CGD. The results reported in models 2, 3, and 4 of Table IV indicate that the coefficients of *CEORN*, *CFORN* and *BCEOCFO* are negative and statistically significant at 1% level. The results suggest that the CEO or/and CFO's involvement in the board members' selection and remuneration reduces the board monitoring role's effectiveness and impairs CG compliance and disclosure. The results lend support to the findings of prior studies (Song and Thakor, 2006; Hui and Matsunaga, 2015; Li et al., 2018) which found CEO power affects corporate disclosure. Extending this view, we show that both CEO and CFO have a significant influence on the control and disclosure of corporate information and that greater CEO/CFO power impairs effective monitoring and reduces CG disclosure in an environment where institutions are weak. The implication here is that, in an environment where corporate governance systems are weak, involving CEO/CFO in the selection and remuneration of directors reduces corporate disclosure and transparency.

Regarding the interactive effect of CEO and/or CFO's presence in either the remuneration or nomination committee and board independence on CGD, we estimate our results using equation

(2). We enter in interaction variables, namely, *CBI×CEORN, CBI×CFORN,* and *CBI×BCEOCFO* successively into our regressions in line with previous studies. Models 2, 3, and 4 of Table IV indicate that coefficients of *CBI×CEORN*, *CBI×CFORN* and *CBI×BCEOCFO* are negative and significant at 10% and 5% respectively. The results show that the combined effects of *CEORN* and *CBI* and *CFORN* and *CBI* and *BCEOCFO* and *CBI* reduce CGD. Economically, the findings indicate that a one standard deviation change (increase) in *CEORN, CFORN, and BCEOCFO* is associated with about a 19.63%, 22.22% and 21.64% *{EXP(((0.244+(-0.156))*0.415)-1)}; {EXP(((0.266+(-0.144))*0.454)-1)}; {EXP(((0.276+(-0.206))*0.389)-1)}* decrease in CGD. Thus, the results support Hypotheses 3. The results are in line with the findings of Pettigrew and McNulty (1995) and Dunn (2004), who point out that powerful CEOs are more likely to place their interests ahead of shareholders', thereby weakening the monitoring role of directors. This finding appears interesting in that it suggests that, in an environment where CG systems are weak, CEO and CFO involvement in the selection and remuneration of board members reduces effective monitoring and control over executive management with a negative effect on corporate reporting and disclosures. Taken together, the finding that the interaction between the CEO/CFO on selection and remuneration committees and board independence reverses the positive effect of CBI to a negative and significant effect appears interesting, indicating that the combined effect exacerbates the agency problem between executive management and independent directors. Thus, the positive and significant effect of CBI on CG disclosure is completely cancelled out by the interaction between CEO/CFO on selection and remuneration committees and CBI, suggesting that the effects of CEO power far outweigh the effects of board independence in East Africa.

Regarding the control variables, the results show that gender diversity, ethnic diversity, separation of CEO board chair role, firm size, firm performance, and managerial ownership

improve CGD. The coefficients on state shareholding, audit firm size and GDP growth rate are negatively associated with CGD, indicating that these factors reduce CGD.

5.4. Addressing endogeneity concerns and robustness checks

5.4.1 Addressing endogeneity – system GMM results

Prior studies suggest that the main concern in respect of any analysis on board effects is the endogeneity of board structure, a point made theoretically and empirically (see Hermalin and Weisbach, 1998; Abdallah et al., 2015; Singh et al., 2018). Thus, endogeneity in the form of simultaneity and reverse causality is a source of serious concern in studies relating to corporate governance and board effects, in particular (Wintoki et al., 2012). It is argued that using the OLS and fixed effects method would potentially control for the unobservable firm-specific factors, but they would not totally alleviate the endogeneity problem (Istaitieh and Rodriguez, 2006). To mitigate the distortions caused by the OLS and fixed effects approaches, we use two stage system GMM with the lagged dependent variable as an internally generated instrument to address potential endogeneity issues (see Arellano and Bond,1991; Arellano and Bover, 1995; Blundell and Bond, 1998; Baum et al., 2003; Abdallah et al., 2015; Singh et al., 2018).

The system GMM results reported in models 5 – 8 of Table IV, shows that in most cases, the F-statistics p-values are substantial at less than 0.1, indicating that the regressors are jointly significant in explaining the dependent variable (Sargan, 1958; Hansen, 1982; Arellano & Bover, 1995; Singh et al., 2018; Ullah et al., 2018). Our results continue to provide support for the hypotheses of the study.

5.4.2   Robustness tests

To check the robustness of our regression results, we employ several additional specifications to rule out alternative explanations. First, as explained earlier, all 164 CG provisions included in our

index are equally weighted. However, because the number of CG provisions included in each of the 11 sub-indices differs, we assign different weights to each sub-index. Therefore, to ensure that our findings are not sensitive to the weight being assigned to these sub-indices, we followed the previous studies (Barako et al., 2006; Elmagrhi et al., 2016) to construct an alternative index, named 'WCGDI', in which each of the 11 sub-indices is awarded equal weight, Therefore, we replaced the un-weighted CGDI with the weighted index (WCGDI) and re-ran our analysis. The results reported in models 1–4 of Table V show no significant difference compared to our unweighted results documented in Table IV. Consequently, these results support the previous findings (e.g., Barako et al., 2006; Elmagrhi et al., 2016), which found that both weighted and unweighted indices yield the same results.

Lastly, since the dichotomous variables used in our initial results give equal weight regardless of whether both *CEO* and *CFO* or either one of them sits on the remuneration or nomination committee, we, therefore, assign 1 if only one of either CEO or CFO is involved and 2 where both are involved. We then scale the variable (*ECEOCFO*) to range from 0% to 100%. We use mean-centred variables and re-ran our regressions using both *CGD* and *WCGD* as our dependent variables. The results shown in Table V are consistent with our findings in Table IV.

[Insert Table V here]

5.5. *Additional analysis*

5.5.1 *Impact of global financial crises*

We carried out further analysis to examine the impact of the 2007/2008 global financial crisis by dividing our sample into two periods – *during the financial crisis* (2007-2009) and *after the*

financial crisis (2010-2017). The results documented in models 1 – 4 of Table VI for *during the*

financial crisis show a negative and insignificant influence of CBI on CGD. However, under *after*

financial crisis, our results reported in models 5 – 8 of Table VI display no significant differences

in magnitude and direction compared to our main results documented in Table IV. We explain

these changes in two ways. First, before and during the financial crisis, a substantial number of

EAC corporate boards had the CEOs and the CFOs on the remuneration and nomination committee

(*see t-test in Table I*), which significantly impedes board independence and its efficiency. This is

in line with power theories, which indicate that CEO power impedes board independence

(Weisbach 1988; Raheja, 2005), and consequently increases agency cost and information

asymmetry (Boone et al., 2007; Adams et al., 2010). Second, another plausible explanation could

be CG reforms, which emphasised enhancing board independence and CGD practices. It also

suggests that the significant increase in board independence leads to improved CGD (*see t-test in*

Table I).

[Insert Tables VI here]

5.5.2   Principal Component Analysis

Prior studies (e.g., Cerf, 1961; Marston and Shrives, 1991; Wallace and Naser, 1995; Barako et

al., 2006; Lettau and Pelger, 2020) suggest that there is no general theory that provides a guide on

the selection of items to measure the extent of voluntary disclosure. Consequently, studies have

included a variety of items in the index that may be less relevant in measuring CGD (see Brown

and Caylor, 2006). To identify the most relevant CG provisions that may improve the validity and

reliability of our index, we also use principal component analysis (PCA) to derive an alternative

measure of CGD to increase the robustness of our results. PCA is a statistical technique often used to reduce a large number of overlapping variables to a much smaller set of underlying factors that succinctly represent different dimensions of a broader concept. To identify the underlying components of 164 corporate governance provisions associated with each component, we employ exploratory analysis using a varimax rotation procedure and retain components with eigenvalues greater than one. The analysis produced components that account for a total of 70 percent of the observed variance. Our regression results using PCA are not reported here to conserve space appear similar to the results documented in Table IV.

6. Conclusions

This study examines the effects of board size, board independence, and the combined impact of *CEO/CFO* and board independence on CGD in East African countries. We do so by employing a large hand-collected dataset from EAC member countries over a period of 2007 to 2017 to develop the CGDI consisting of 164 provisions. Drawing on the multi-theoretical lens, we find firms with a large board and a higher proportion of independent directors associated with greater CGD. Further analysis suggests that the combined effect of *CEO/CFO* on selection and remuneration committees and board independence negatively moderates CGD. However, the combined effect of *CEO/CFO* and independent board in reducing corporate disclosure appears more pronounced for the post-crisis period compared to the crisis period.

This study makes a number of new contributions to the extant literature. First, this study contributes to the existing literature by developing a comprehensive CG disclosure index, which comprises 164 provisions extracted from the EAC CG codes. To the best of our knowledge, this is the first study that constructs a comprehensive CGDI in the East Africa context and can be useful for similar studies in the sub-Saharan African context. Second, this study shows that board size

and board independence are positively and significantly associated with CGD, suggesting that these two board characteristics are essential for corporate disclosures in an environment where institutions and CG system appear weak. However, the extent to which board independence affects corporate disclosure is moderated by the CEO/CFO's presence on the nomination and remuneration committees. More specifically, our results suggest that the positive and significant effect of CBI on CG disclosure is completely cancelled out by the interaction between CEO/CFO on selection and remuneration committees and CBI, suggesting that the effects of CEO power far outweigh the effects of board independence in East Africa. Thus, this study's results demonstrate that, in an environment where the CG system is weak, greater CEO/CFO power dampens CG disclosure, contrary to the findings of Li et al. (2018), who found that CEO power leads to greater commitment to environmental, social and governance disclosure. Overall, our study provides new insights into how CEO/CFO moderates CGD by weakening the oversight role of the board of directors in an environment where institutions and CG system are weak, an aspect that has been ignored in the CG literature. Third, this study extends the existing literature, which has focused mainly on developed nations with well-established security markets, to developing countries with weak institutional environments and nascent security markets. Specifically, this study responds to the call for further research on CGD using a multi-theoretical perspective to explain this complex phenomenon. Thus, we provide an enhanced understanding of how board size, board independence and its interaction with executive management influence corporate disclosure and compliance in the EAC, thereby contributing to both agency and resource dependence perspectives.

The study has important implications for practitioners, regulatory authorities, and policymakers. First, the results that both large and independent boards exert a positive and significant influence on CG disclosure imply that, in a weak institutional setting, large and

independent boards may serve as a substitute for good CG mechanisms. Thus, large and independent boards may play an effective advisory role over executive management, leading to better CG disclosure. Another important implication of this study is that the CEO/CFO power weakens the monitoring role of corporate boards and the level of CGD. Practising managers should therefore be aware that, in an environment of poor legal institutions and weak CG system, greater CEO/CFO power tends to exacerbate agency conflict and negatively affect corporate disclosure. This finding also calls for strengthening the regulatory and CG institutions by policymakers to curb CEO/CFO power and enhance CG disclosure practices. More specifically, we suggest that policymakers should strengthen the CG system to enhance transparency in the appointment of independent directors to corporate boards in order to reduce agency problems between board of directors and executive management.

Notwithstanding the significant contribution of this study, its limitations should be explicitly acknowledged. First, the focus on East African countries to construct our CG index, which may not apply to other developing countries with different CG systems. Second, although we constructed our CG index following prior studies, it is important to point out that building an CGD index is controversial as there is no general theory to guide in the selection of items to be included and assigning weights to different CG provisions in the index (see Barako et al., 2006). As a result, readers should take into account these limitations associated with index construction and further research should focus on the best way to construct such an index. We also suggest that future research should focus on a cross-country study involving developing countries from Africa, Latin America and Asia to build a comprehensive CG index. In addition, along the lines of this study, we urge more studies in the context of sub-Saharan Africa, exploring the effects of gender diversity and firm ownership on CG disclosure.

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Table I: Sample Selection and Patterns of Distribution

Panel A: Sample Selection	Frequency	Percentage
Initial Sample	120	100.00
Less: firms without full data	24	20.00
Less: firms ceasing their listing status	4	3.33
Final sample	**92**	**76.67**
Panel B: Country Distribution	**Frequency**	**Percentage**
Kenya	54	58.70
Tanzania	16	17.39
Uganda	16	17.39
Rwanda	6	6.52
Total	**92**	**100.00**
	Frequency	**Percentage**
Panel C: Sector Classification		
Utilities & financial firms	33	35.87
Non-financial firms	59	64.13
Total	**92**	**100.00**
Note: Our data provides a number of firms listed by 2007 going back to the 1990s.		

Table II: Summary Statistics and Country-Wise Comparison of during & Post Financial Crisis

Variable	Mean	Std. Dev.	Min	Max	Difference in Mean of Variables During and After the Financial Crises				
					Entire Sample	Kenya	Tanzania	Uganda	Rwanda
CGD	0.574	0.164	0.141	0.857	0.121***	0.111***	0.119***	0.141***	0.165***
CBI	0.462	0.133	0.000	0.700	0.090***	0.069***	0.104***	0.132***	0.126***
BSZ	9.373	2.754	2.000	16.000	0.811***	0.439*	0.599	1.680***	2.410**
CEORN	0.220	0.415	0.000	1.000	-0.160***	-0.132***	-0.229***	-0.164**	-0.222*
CFORN	0.291	0.454	0.000	1.000	-0.039	-0.025	0.018	-0.073	-0.229*
BCEOCFO	0.186	0.389	0.000	1.000	-0.153***	-0.129***	-0.122*	-0.237***	-0.229**
GD	0.155	0.122	0.000	0.500	0.065***	0.068***	0.043**	0.067***	0.087**
EOD	0.301	0.223	0.000	0.820	0.011	0.018	-0.002	0.017	-0.038
CDL	0.763	0.426	0.000	1.000	0.142***	0.161***	0.073	0.161***	0.104
ISO	0.739	0.171	0.000	0.942	0.021*	0.007	0.01	0.067*	0.057
CBO	0.365	0.294	0.000	0.900	-0.004	-0.003	0.003	0.031	-0.126
SGO	0.083	0.200	0.000	0.843	-0.007	-0.001	-0.012	-0.012	-0.033
FS	16.697	2.007	10.788	23.696	0.732***	0.721***	0.698**	0.729**	0.926
AFS	0.937	0.244	0.000	1.000	0.018	-0.025	0.104**	0.063	0.056**
FA	3.877	0.675	0.000	4.997	0.168***	0.135**	0.271	0.204	0.099
RE	1.703	16.445	-5.187	512.595	1.337*	0.472***	0.909***	4.65	1.420***
MGTO	0.031	0.091	0.000	0.661	0.004	0.009	0.001	-0.004	-0.015
ROS	0.068	0.104	-0.306	0.457	0.022***	0.018**	0.019*	0.034**	0.030
GDPG	5.742	1.983	0.232	11.167	-0.895***	-2.384***	-0.362**	2.800***	1.233***
CPI	27.032	6.491	21.000	55.000	-3.919***	-3.846***	-2.355***	0.541***	-20.646***

Note: All variables are fully defined in Appendix 1. The statistical significance is reported against 10% (*), 5% (**), and 1% (***) significance levels, respectively. The numbers in the columns under the heading "Difference in Mean of Variables During and After the Financial Crises," are the variable mean for the years 2010-2017 minus the variable mean for the years 2007-2009.

Table III: Pearson's Correlation Matrix

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	VIF
CGD (1)	1																			
CBI (2)	**0.664**	1																		1.83
BSZ (3)	**0.520**	**0.325**	1																	1.81
CEORN (4)	**-0.771**	**-0.460**	**-0.457**	1																2.89
CFORN (5)	**-0.689**	**-0.372**	**-0.554**	**0.637**	1															2.95
GD (6)	**0.358**	**0.164**	**0.307**	**-0.208**	**-0.354**	1														1.54
EOD (7)	**0.095**	0.085	-0.006	-0.121	0.028	**-0.312**	1													1.44
CDL (8)	**0.725**	**0.424**	**0.504**	**-0.763**	**-0.723**	**0.255**	0.044	1												3.64
ISO (9)	0.042	0.069	0.050	0.016	0.006	-0.066	**0.243**	-0.025	1											1.58
CBO (10)	0.054	0.046	-0.053	-0.041	**-0.081**	0.048	0.033	0.051	-0.049	1										1.10
SGO (11)	-0.038	-0.009	0.007	0.058	0.047	0.057	**-0.218**	**0.091**	**0.197**	-0.039	1									1.51
FS (12)	**0.723**	**0.478**	**0.536**	**-0.534**	**-0.589**	**0.270**	**0.082**	**0.569**	**0.118**	0.051	**0.107**	1								2.76
AFS (13)	**0.199**	**0.179**	**0.261**	**-0.175**	**-0.272**	-0.018	**0.082**	**0.218**	**0.133**	-0.038	0.054	**0.390**	1							1.28
FA (14)	**0.122**	**0.175**	**0.107**	-0.094	-0.102	**0.203**	**-0.109**	0.03	-0.051	-0.004	**-0.273**	0.005	0.014	1						1.26
RE (15)	**0.125**	**0.109**	0.076	-0.052	-0.058	0.029	**0.094**	0.053	0.062	-0.017	-0.01	**0.210**	0.026	0.052	1					1.11
MGTO (16)	**0.197**	0.089	-0.012	**-0.088**	-0.078	**0.126**	**-0.209**	0.052	**-0.484**	0.065	-0.033	0.034	**-0.120**	0.042	-0.001	1				1.68
ROS (17)	**0.470**	**0.276**	**0.232**	**-0.313**	**-0.317**	**0.265**	-0.082	**0.31**	-0.080	-0.017	0.036	**0.45**	**0.163**	**0.155**	**0.127**	**0.371**	1			1.80
GDPG (18)	-0.068	**-0.112**	0.011	0.031	-0.004	0.052	0.031	-0.022	-0.043	-0.013	0.032	0.037	-0.006	-0.077	-0.023	0.015	0.025	1		2.11
CPI (19)	0.072	0.006	**0.132**	-0.025	-0.071	**0.191**	-0.017	0.064	-0.020	-0.065	0.043	**0.151**	0.068	-0.067	0.010	0.021	0.041	**0.268**	1	1.70

Note: The statistical significance of at least the 1% level is reported in bold. All variables are fully defined in Appendix 1

Table IV: The Impact of Board Characteristics on Corporate Governance Disclosure

Variables	OLS Results				System GMM Results			
	1	2	3	4	5	6	7	8
CBI	0.254***	0.244***	0.266***	0.276***	0.258***	0.393***	0.322***	0.353***
	(5.24)	(5.79)	(5.70)	(6.40)	(4.13)	(3.83)	(2.95)	(3.30)
BSZ	0.021*	0.017*	0.014	0.012	0.026**	0.035	0.035	0.032
	(1.98)	(1.72)	(1.36)	(1.12)	(2.03)	(0.96)	(1.41)	(1.18)
CEORN		-0.127***				-0.168		
		(-8.23)				(-1.19)		
CFORN			-0.074***				-0.129	
			(-3.51)				(-1.58)	
BCEOCFO				-0.110***				-0.144
				(-6.38)				(-1.58)
CBI×CEORN		-0.156*				-0.593*		
		(-1.85)				(-1.80)		
CBI×CFORN			-0.144*				-0.368**	
			(-1.97)				(-2.44)	
CBI×BCEOCFO				-0.206**				-0.531*
				(-2.38)				(-1.94)
GD	0.110**	0.111**	0.070	0.108**	0.127***	0.172*	0.186*	0.199*
	(2.24)	(2.54)	(1.65)	(2.38)	(3.04)	(1.67)	(1.94)	(1.89)
EOD	0.045*	0.038*	0.058**	0.050**	0.026	0.071	0.088*	0.045
	(1.86)	(1.71)	(2.42)	(2.21)	(0.90)	(1.33)	(1.84)	(0.95)
CDL	0.146***	0.071***	0.108***	0.088***	0.089***	0.038	0.034	0.060
	(8.48)	(4.96)	(5.50)	(5.16)	(3.17)	(0.84)	(0.74)	(1.65)
ISO	0.077**	0.081**	0.068*	0.086**	0.065	0.056	-0.044	0.106
	(2.22)	(2.63)	(1.75)	(2.56)	(1.46)	(0.91)	(-0.52)	(1.43)
CBO	-0.011	0.011	-0.014	0.010	0.006	0.076	0.030	0.051
	(-0.14)	(0.15)	(-0.21)	(0.14)	(0.10)	(0.56)	(0.25)	(0.44)
SGO	-0.076***	-0.058***	-0.055**	-0.071***	-0.024	0.009	0.089	-0.103
	(-3.50)	(-2.99)	(-2.41)	(-3.46)	(-0.94)	(0.20)	(0.88)	(-1.25)
FS	0.026***	0.022***	0.021***	0.023***	0.015***	0.008	0.003	0.013*
	(6.70)	(6.19)	(5.17)	(6.16)	(3.89)	(0.68)	(0.34)	(1.71)
AFS	-0.045*	-0.032*	-0.046**	-0.038*	-0.053**	-0.007	-0.020	-0.021
	(-1.97)	(-1.67)	(-2.23)	(-1.94)	(-2.45)	(-0.10)	(-0.35)	(-0.31)
FA	-0.003	-0.005	-0.004	-0.004	-0.005	0.003	-0.003	-0.007
	(-0.34)	(-0.74)	(-0.54)	(-0.61)	(-0.66)	(0.14)	(-0.23)	(-0.71)
RE	-0.000	-0.000	-0.000	-0.000	-0.000	-0.000	-0.000	-0.000
	(-1.39)	(-1.01)	(-1.41)	(-1.43)	(-1.36)	(-0.07)	(-0.56)	(-0.02)
MGTO	0.263***	0.242***	0.242***	0.254***	0.213**	0.204*	0.008	0.268**
	(5.15)	(5.67)	(4.23)	(5.69)	(2.31)	(1.67)	(0.03)	(2.08)
ROS	0.154***	0.146***	0.164***	0.157***	0.074	0.086	0.200	0.027
	(2.84)	(2.97)	(2.90)	(3.00)	(1.25)	(0.69)	(1.63)	(0.20)
GDPG	-0.002	-0.002	-0.002	-0.002	-0.003	-0.000	0.004	-0.000
	(-1.25)	(-1.47)	(-1.41)	(-1.32)	(-0.87)	(-0.03)	(0.51)	(-0.09)
CPI	0.001	0.001	0.001	0.001	-0.001	0.000	-0.001	-0.000
	(1.04)	(1.23)	(0.84)	(1.06)	(-1.13)	(0.16)	(-0.68)	(-0.24)
Constant	-0.121	0.015	0.016	-0.005	-0.000	-0.089	0.058	-0.052
	(-1.59)	(0.22)	(0.19)	(-0.07)	(-0.01)	(-0.44)	(0.31)	(-0.32)
Industry dummies	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*
Year dummies	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*
Adj. R-Square	0.837	0.868	0.852	0.858				
Observations	1012	1012	1012	1012	736	736	736	736
No. of instruments					43	44	44	44
AR1(p-value)					0.112	0.024	0.014	0.029
AR2(p-value)					0.055	0.828	0.668	0.846
Hansen J(p-value)					0.855	0.666	0.594	0.861
Hansen J Statistics					10.213	12.178	13.111	9.302
Sargan (p-value)					0.892	0.457	0.866	0.888
Sargan Statistics					9.497	14.922	9.210	8.798
No. of groups					92	92	92	92

Note: The dependent variable in all models is CGD. All variables are fully defined in Appendix 1. For tractable interpretation, all the coefficients are reported as elasticity, and the statistical significance is reported against 10% (*), 5% (**), and 1% (***) significance levels, respectively.

Table V: Robustness tests

Variables	Panel A: Dependent Variable =WCGD				Panel B: Alternative Measures of CEORN & CFORN			
	1	2	3	4	5	6	7	8
CBI	0.176***	0.170***	0.172***	0.176***	0.163***	0.163***	0.162***	0.162***
	(5.08)	(4.95)	(4.84)	(5.09)	(4.67)	(4.13)	(5.10)	(4.63)
BSZ	0.035***	0.039***	0.031***	0.033***	0.009	0.017	0.026***	0.031***
	(3.61)	(4.28)	(2.93)	(3.43)	(0.80)	(1.60)	(2.74)	(3.25)
CEORN		-0.054***						
		(-3.89)						
CFORN			-0.027*					
			(-1.74)					
BCEOCFO				-0.053***				
				(-3.71)				
CBI×CEORN		-0.160**						
		(-2.44)						
CBI×CFORN			-0.042					
			(-0.62)					
CBI×BCEOCFO				-0.174***				
				(-2.72)				
ECEOCFO					-0.001***	-0.001***	-0.001***	-0.001***
					(-3.89)	(-5.01)	(-4.43)	(-4.97)
CBI x ECEOCFO						-0.002***		-0.002**
						(-3.25)		(-2.46)
Controls included	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Constant	0.079	0.032	0.088	0.048	0.272***	0.223**	0.096	0.061
	(0.84)	(0.34)	(0.96)	(0.50)	(2.76)	(2.22)	(1.04)	(0.65)
Industry dummies	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*
Year dummies	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*
Adj. R-Square	0.812	0.827	0.814	0.825	0.809	0.817	0.824	0.828
Observations	1012	1012	1012	1012	1012	1012	1012	1012

Note: This table represents the fixed effect (FE) regressions using the alternative measures. Panel A reports the results using a weighted average corporate governance disclosure (WCGD). Panel B reports the results for ECEOCFO which is the alternative measure of CEORN and CFORN with CGD as dependent variable in models 5 – 6 and WCGD in models 7 – 8. All independent variables are mean centered before running the moderating effect regressions. All variables are fully defined in Appendix 1. For tractable interpretation, all the coefficients are reported as elasticity, and statistical significance at 10% (*), 5% (**), and 1% (***) levels, respectively.

Table VI: Sensitivity Analysis - During and After Financial Crises Period

Variables	During Financial Crises (2007 – 2009)				After Financial Crises (2010 – 2017)			
	1	2	3	4	5	6	7	8
CBI	-0.042	-0.046	-0.042	-0.011	0.220***	0.204***	0.222***	0.213***
	(-0.69)	(-0.73)	(-0.68)	(-0.17)	(4.37)	(4.57)	(4.44)	(4.67)
BSZ	0.023	0.024	0.020	0.021	0.014	0.018*	0.017	0.018
	(1.32)	(1.16)	(1.11)	(0.98)	(1.28)	(1.75)	(1.51)	(1.64)
CEORN		-0.097*				-0.045***		
		(-1.71)				(-4.12)		
CFORN			-0.027				-0.013	
			(-0.97)				(-0.46)	
BCEOCFO				-0.084*				-0.030**
				(-1.82)				(2.16)
CBI×CEORN		-0.264				-0.177***		
		(-1.33)				(-2.80)		
CBI×CFORN			-0.087				-0.004	
			(-0.75)				(-0.03)	
CBI×BCEOCFO				-0.326				-0.199***
				(-1.63)				(-3.27)
Controls Included	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Industry dummies	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year dummies	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Constant	0.305	0.339*	0.302*	0.309*	0.261	0.178	0.255	0.177
	(1.66)	(1.81)	(1.66)	(1.71)	(1.58)	(1.20)	(1.62)	(1.16)
Adj. R-Square	0.458	0.529	0.457	0.526	0.759	0.773	0.759	0.769
Observations	276	276	276	276	736	736	736	736

Note: This table represents the fixed effect (FE). All independent variables are mean centered before running the moderating effect regressions. All variables are fully defined in Appendix 1. For tractable interpretation, all the coefficients are reported as elasticity, and statistical significance at 10% (*), 5% (**), and 1% (***) levels, respectively.

Appendix 1: Description and Measurement of Variables

Abbreviation	Variable Name	Measurement
Dependent Variable		
CGD	Corporate governance disclosure	East Africa corporate governance disclosure (CGD) constituting 164 binary corporate governance provisions extracted from the corporate governance code. Each CG provision of the constructed index is awarded a value of '1' if the disclosure is made in firms' annual reports and '0' otherwise. This then is scaled to a value ranging from 0% to 100%.
Independent Variables		
CBI	Board Independence	The number of Independent Non-Executive Directors divided by the by the number of corporate board members served on the corporate board in that financial year.
BSZ	Board Size	The total number of directors on the board, including Executive, Non-Executive and Independent Non-Executive directors who serve on the board during that financial year.
CEORN	CEO presence on Remuneration Nomination or Committee	This is the incestuous relationship representing the presence of the CEO on either remuneration or nomination committee, measured by assigning a binary number '1' if CEO is involved in either of the nomination or remuneration committee and '0' otherwise.
CFORN	CFO presence on Remuneration Nomination or Committee	This is the incestuous relationship representing the presence of the Chief Finance Officer/Director of Finance and Administration on either remuneration or nomination committee, measured by assigning a binary number '1' if CFO is involved in either of the nomination or remuneration committee and '0' otherwise.
BCEOCFO/EC EOCFO	Presence of both CEO and CFO on Nomination or Remuneration Committee	This is the incestuous relationship representing the presence of both CEO and CFO in either remuneration or nomination committee, measured by assigning a binary number '1' if CEO and CFO are involved in either of the nomination or remuneration committee and '0' otherwise. Alternatively, we assigned 1 where either CEO or CFO serves in nomination or remuneration committee and 2 where both CEO and CFO serves in either remuneration or nomination committee. We scaled this variable between 0% to 100%. We term it as ECEOCFO and replace the BCEOCFO variable for robustness.
Control Variables		
GD	Gender Diversity	This is the total number of female directors measured as a percentage of the total number of directors on the board.
EOD	Ethnic Origin Diversity	This is the total number of non-Blacks/African directors measured as a percentage of the total number of directors on the board.
CDL	CEO Duality	The board practice where both CEO and board chair positions are served by a single individual. It is measured by assigning binary number '1' if the CEO is not the chair and '0' if the CEO is also the chair.
ISO	Institutional Ownership	The institutional shareholding measured as a proportion of ownership in a company that is owned by large financial firms, pensions or other institutions.
CBO	Concentrated or Blocked Ownership	The concentrated or blocked shareholding measured as a proportion of ownership of 25% or more in a company that is owned by one investor/institution.
SGO	State or Government Ownership	The government or state shareholding measured as a proportion of ownership in a company owned by the state/government or its ministry/agency.
FS	Firm Size	The firm size measured as a natural logarithm of total assets.
AFS	Audit Firm Size	The audit firm size a board practice where the Big 4 audit firms or other audit firms audit the financial statement. It is measured by assigning binary number '1' if a company is audited by any Big 4 (PricewaterhouseCoopers, Deloitte and Touche, Ernst and Young, and KPMG) audit firms and '0' if audited by other audit firms.
FA	Firm Age	The firm age measured by the natural logarithm of number of years since its establishment.
RE	Retained Earnings	This represents retained earnings measured as the value of the total retained earnings available at the end of the year.
MGTO	Managerial Ownership	This is the proportion of managerial shareholding in a company.
ROS	Return on Sales	This is the performance measured as a percentage of net operating profit over sales.
GDPG	Gross Domestic Product Growth	The GDP growth from the World Development Indicator (WDI).
CPI	Corruption Perception Index	The corruption perception index from Transparency International.

Appendix 2: Full List of East Africa Corporate Governance Compliance and Disclosure Index Provisions

	(i) Board of Directors General Features (BGF)	Source	Score	Total
1	The chairperson is an independent	TZ 4.2.3	0-1	
2	The Chairperson do not hold more than TWO other chairpersonships in PLC	KE 2.2.3	0-1	
3	Majority (at least 2/3 of the board of directors) are Non-Executive Directors (NEDs)	KE 3.2.1	0-1	
4	Directors are clearly classified into executive, NED and independent.	TZ 3.2.2	0-1	
5	Disclosure of directors' biography	UG 38	0-1	
6	Size of the board is at least six but not more than 15 members	KE 2.3	0-1	
7	No former CEO serves on the board	UG 48	0-1	
8	CEO is not listed as having a "related party transaction" on the proxy statement	KE 2.3.3	0-1	
9	Independent NEDs consist of at least 1/3 of the board members	KE 2.1.3	0-1	
10	CEO serves no more than ONE additional boards of other public companies	KE 2.3.3	0-1	
11	CEO does not hold chairmanship in any plc	RW CGC	0-1	
12	Executive director does not hold more than ONE other directorship of another plc	RW CGC	0-1	
13	Directors attend at least 75% of the board meetings or had valid reasons for nonattendance	RW CGC	0-1	
14	All directors, except CEO, are re-elected at regular intervals or at least after every three years	KE 2.1.7	0-1	
15	Executive directors have a fixed service contract not exceeding five years	TZ 3.1.7	0-1	
16	Shareholder approval is required to change the board size	RW CGC	0-1	32
17	Board guidelines are in each proxy statement	UG 25	0-1	
18	Director's age is disclosed in the annual report	KE 2.1.7	0-1	
19	Directors' membership on other firms' boards is disclosed	UG 37	0-1	
20	None of the directors holds more than three directorships in other listed companies	UG 31	0-1	
21	The board of directors' meetings are disclosed	TZ 4.1.3	0-1	
22	Performance of chairperson, CEO, Board Secretary is reviewed annually	KE 7.1.1	0-1	
23	Individual directors' meeting records are disclosed	KE 7.1.1	0-1	
24	The firm's code of ethics & conducts is disclosed on the company's website/annual report	UG 31	0-1	
25	Company's vision, mission & strategic objectives are disclosed in annual report	KE 7.1.1	0-1	
26	No more than 1/3 of the board members retires at the same time	KE 2.1.8	0-1	
27	Board gender diversity considered	TZ 4.1.3	0-1	
28	Board ethnic/race/nationality diversity considered	KE 2.1.5	0-1	
29	Board diversity based on both age and professional background	KE 2.1.5	0-1	
30	Independent Separate Corporate Governance Committee	UK CGC	0-1	
31	Senior independent director exists	UK CGC	0-1	
32	Board has outside advisers/Advocates - Access to free independent legal advice	UK CGC	0-1	
	(ii) Audit Committee Features (ACF)			
33	The committee has been established	KE 2.2.2	0-1	
34	Term of reference exists/disclosed	KE 6.5.1	0-1	
35	The committee is composed of at least three independent NEDs	KE 2.2.4	0-1	
36	The committee chairperson is disclosed	TZ 4.5.1	0-1	
37	The committee chairperson is an independent NED	TZ 4.5.1	0-1	
38	Committee meets external auditors in absence of Mgt members at least once a year.	UG 64	0-1	
39	The committee consists solely of independent NEDs	UK CGC	0-1	
40	The effectiveness and Performance of the committee is reviewed annually	KE 2.2.2	0-1	
41	At least 1 member has a relevant professional financial or audit background	UK CGC	0-1	
42	The committee members are disclosed	TZ 4.5.6	0-1	20
43	Audit committee meets at least four times per year	UG 69	0-1	
44	Auditors were ratified at the most recent annual meeting	RW CGC	0-1	
45	Company has a formal policy on auditor rotation	UK CGC	0-1	
46	Appointment of external auditor and audit fees reviewed	KE 6.5.1	0-1	
47	Conduct meeting with external auditors before commencement of audit	KE 6.5.1	0-1	
48	Consulting fees paid to auditors (if any) is less than audit fees	RW CGC	0-1	
49	Audited by the big 4 audit firm	RW CGC	0-1	
50	Competence and Independence of external auditors are reviewed	TZ 4.5.6	0-1	
51	Committee meetings are recorded	TZ 4.5.6	0-1	
52	The CFO, CEO or CIA attends one of the Audit Committee meeting during the year	KE 6.5.2	0-1	
	(iii) Nomination Committee Features (NCF)			
53	The committee has been established	KE 2.2.2	0-1	
54	The committee is composed of majority independent NEDs	TZ 4.1.4	0-1	
55	The committee chairperson is disclosed	TZ 4.1.4	0-1	
56	The committee chairperson is independent	KE 2.2.3	0-1	10
57	The committee comprises at least three members	KE 2.2.3	0-1	
58	The committee consists solely of independent NEDs	UK CGC	0-1	

59	The effectiveness and Performance of the committee is reviewed annually	RW CGC	0-1	
60	Frequency of committee meeting (at least twice a year)	KE 2.2.3	0-1	
61	Committee meetings are recorded	TZ 4.1.5	0-1	
62	The committee members are disclosed	TZ 4.1.5	0-1	
(iv) Remuneration/Compensation Committee Features (RCF)				
63	A separate committee has been established	KE 2.2.3	0-1	
64	Is the remuneration committee set up in nomination committee	KE 2.9.2	0-1	
65	The committee is composed of majority independent NEDs	TZ 4.1.4	0-1	
66	The committee chairperson is disclosed	UG 33	0-1	
67	The committee chairperson is independent	UG 33	0-1	
68	The committee comprises at least three members	TZ 4.1.4	0-1	
69	The committee consists solely of independent NEDs	TZ 4.1.4	0-1	
70	The effectiveness and Performance of the committee is reviewed annually	RW CGC	0-1	
71	The committee members are disclosed	RW CGC	0-1	
72	Committee meetings are recorded	KE 2.9.1	0-1	**18**
73	Board remuneration policies & procedures are disclosed in the annual report	KE 2.9.1	0-1	
74	Formal/transparent procedure for directors' remunerations approved by shareholders in AGM	UG 33	0-1	
75	The total director's remuneration is disclosed in the annual report	KE 2.9.2	0-1	
76	Composition of NEDs remuneration is disclosed in the annual report	TZ 2.1.2	0-1	
77	No interlocks exist among directors on the compensation committee	UK CGC	0-1	
78	Non-employees do not participate in the company's pension plan	TZ 4.1.4	0-1	
79	Directors receive a portion of their compensation in the form of stock	TZ 4.1.4	0-1	
80	Stock incentive plans were adopted with shareholder approval	KE 3.1.4	0-1	
(v) Risk Management Committee Features (RMCF)				
81	A separate committee has been established	KE 5.2.1	0-1	
82	Is the risk committee set up in audit committee or in any other committee	KE 5.2.1	0-1	
83	The committee is composed of majority independent NEDs	KE 6.3.1	0-1	
84	The committee chairperson is disclosed	TZ 4.2.3	0-1	
85	The committee chairperson is independent	TZ 4.2.3	0-1	
86	The committee comprises at least three members	TZ 4.2.3	0-1	**11**
87	The committee consists solely of independent NEDs	KE 6.3.2	0-1	
88	The effectiveness and Performance of the committee is reviewed annually	KE 6.3.2	0-1	
89	The committee members are disclosed	UG 36	0-1	
90	Committee meetings are recorded	UG 36	0-1	
91	Are key officers responsible in risk management involved in any of the meeting	RW CGC	0-1	
(vi) Disclosure & Transparency Features (DTF)				
92	The firm's ownership structure is disclosed	KE 2.1.3	0-1	
93	The board's detailed compensation is disclosed	KE 2.1.3	0-1	
94	The CEO's compensation is disclosed	KE 2.3.3	0-1	
95	The top management's compensation is disclosed	KE 2.3.3	0-1	
96	The firm's operation performance is disclosed	KE 2.3.4	0-1	
97	The firm's loans are disclosed	KE 2.3.4	0-1	
98	Statement of Directors Responsibility provided in annual report	KE 2.3.3	0-1	
99	The firm's strategies and objectives are disclosed	KE 2.3.3	0-1	
100	The principal activities of the firm are disclosed	KE 1.1.2	0-1	
101	The policy of dividends is disclosed	KE 1.1.2	0-1	
102	The related party transactions are disclosed	KE 2.3.7	0-1	
103	The firm is subjected to punishment by a supervisory body	KE 2.3.7	0-1	
104	A narrative as a going concern/outlook/solvency evaluation is provided	KE 6.5.1	0-1	
105	List of 10 major/(all in case less than 10) shareholders is provided in annual report (AR)	UG 47	0-1	**30**
106	Distribution of shareholders disclosed in the annual report	RW CGC	0-1	
107	Categories of shareholders disclosed in the annual report	RW CGC	0-1	
108	Share options/other forms of executive compensation & aggregate directors' loans is disclosed	KE 2.1.3	0-1	
109	Independent & NEDs skill mix narrative/expertise is provided by nominating Committee in AR	KE 3.1.3	0-1	
110	The company's Whistle Blowing Policy is disclosed on annual report and website.	KE 7.1.1	0-1	
111	Firm's ESG policies and implementation thereof is disclosed in annual report/website	KE 7.1.1	0-1	
112	Summary of financial performance for five years is provided	KE 7.1.1	0-1	
113	Key financial performance indicators are provided in annual report	KE 7.1.1	0-1	
114	Corporate governance report provided in annual report	KE 7.1.1	0-1	
115	Corporate social responsibility report is provided in annual report	UG 44	0-1	
116	More than 50% of the board members served for the whole financial year	UG 44	0-1	
117	Statement of IFRSs compliance is provided in annual report	TZ 3.1.7	0-1	
118	Significant accounting policies are disclosed in annual report	TZ 3.1.7	0-1	

119	Board chairperson doesn't own stocks/shares	TZ 3.1.7	0-1	
120	Use of dual language - English & Swahili	UG 44	0-1	
121	A narrative regarding compliance/non-compliance with CG is provided	UG 44	0-1	
(vii) Internal Control & Risk Management features (ICRMF)				
122	The result of auditing the effectiveness of the internal control system is disclosed	TZ 3.1.9	0-1	
123	The firm has clear control procedures for risk management	TZ 3.1.9	0-1	
124	The risks facing the firm are disclosed	TZ 3.1.9	0-1	
125	The financial reports are approved by the board of directors, CEO and CFO	KE 2.5.2	0-1	**7**
126	Is the CFO registered CPA	KE 2.5.2	0-1	
127	The firm provides a statement about not departing from the accounting standards	KE 2.5.2	0-1	
128	The firm drafted a corporate governance code	KE 2.5.2	0-1	
(viii) Right of the Shareholders & Annual General Meeting (RSHF)				
129	The AGA meets at least once a year		0-1	
130	AGA meeting agenda/announcement was disclosed on the Annual Report or firm's website	KE 3.1.1	0-1	
131	The shareholders have the right to appoint others to attend the AGM on their behalf	KE 3.1.1	0-1	
132	The firm applies a one vote one share policy	KE 3.1.2	0-1	
133	The firm announces AGM at least 20 days prior to the date of the meeting	KE 3.1.2	0-1	**10**
134	AGM convenes within six months following the end of the firm's financial year	TZ 3.1.8	0-1	
135	The firm discloses social contributions	TZ 3.1.8	0-1	
136	Shareholders have a cumulating voting right to elect directors	TZ 3.1.8	0-1	
137	Shareholders vote on or appoint/select directors to fill vacancies	TZ 3.1.8	0-1	
138	Minority shareholders (with <15% of voting shares) are represented in the board	TZ 3.1.8	0-1	
(ix) Progressive Practices Features (PPF)				
139	Mandatory retirement age of directors exists	TZ 3.1.7	0-1	
140	Performance of the board is reviewed regularly	TZ 3.1.7	0-1	
141	A board approved CEO succession plan in place	KE 2.5.1	0-1	
142	There is a statement on compliance or non-compliance with the country's CG code	KE 2.5.1	0-1	
143	Director term limit exist	KE 2.5.1	0-1	**9**
144	A shareholder association exists to promote dialogue btn company & the shareholders	RW CGC	0-1	
145	Actual community support & other corporate social investments & responsibilities are disclosed	RW CGC	0-1	
146	NEDs meet without the CEO and disclose the number of times they meet	KE 2.5.2	0-1	
147	Directors are required to submit their resignation upon a change in job status	KE 2.5.2	0-1	
(x) General Guidance for Director's Shareholding (GSHF)				
148	Majority of Executive directors with more than one year of service own stock	TZ 4.1.4	0-1	
149	NEDs share ownership is disclosed in the annual report/firm's website	TZ 4.1.4	0-1	
150	ED stock ownership is at least 1% but not over 3% of total shares outstanding	TZ 4.1.4	0-1	**5**
151	Executives are subject to stock ownership guidelines	TZ 4.1.4	0-1	
152	NEDs are subject to stock ownership guidelines	TZ 4.1.4	0-1	
(xi) Management Mechanism and Disclosure (MMD)				
153	Top/Key management team/Executive Directors are disclosed	CA	0-1	
154	Key management team profile disclosed in annual report	CA	0-1	
155	Management gender diversity	CA	0-1	
156	CEO/Managing Director is disclosed in annual report	CA	0-1	
157	CEO/Managing Director profile disclosed in annual report	CA	0-1	
158	CEO/Managing Director report/statement disclosed in annual report	CA	0-1	
159	The firm has a company secretary disclosed in annual report	CA	0-1	**12**
160	The company secretary profile is disclosed in annual report	CA	0-1	
161	Executive director's ethnic/race/nationality diversity	CA	0-1	
162	Executive directors age is disclosed in annual report	CA	0-1	
163	Executive director's diversity based on both age and professional background	CA	0-1	
164	Executive director remuneration includes an element that is linked to corporate performance	CA	0-1	
Total				**164**

KE – Corporate governance guideline in Kenya; TZ – Corporate governance guideline in Tanzania; UG – Corporate governance guideline in Uganda; RW CGC – Rwanda corporate governance code; UK CGC – UK corporate governance code; CA – Company Act.