

**CORPORATE GOVERNANCE REPORTING TEMPLATE FOR ISSUES OF SECURITIES TO THE PUBLIC**  
**TO BE FILLED IN LINE WITH THE REQUIREMENTS OF THE CODE OF CORPORATE GOVERNANCE PRACTICES FOR ISSUERS OF SECURITIES TO THE PUBLIC, 2015**

Company Name (in full)  
 Bamburi Cement Limited  
 Reviewer's Name

Company Details to be Provided:

Company market to book ratio at end of financial year 36  
 No of outstanding shares at end of financial year 3,640,725  
 Closing price of stock at end of financial year  
 Net profit as per Income Statement at end of financial year  
 Total debt (short and long term) as per Balance Sheet at end of financial year  
 Total equity as per Balance Sheet at end of financial year  
 Total no. of Board members at end of financial year  
 No. of independent directors at end of financial year  
 No. of non-executive directors at end of financial year

KES 180/share  
 KES 36.97 billion  
 KES 1.97 billion  
 KES 1.45 billion  
 KES 33.2 billion

Stock Code  
 Sector  
 Year - 2017  
 Date of Financial Year End

Chairman Signature  
 Managing Director Signature  
 Company Secretary Signature



Cons cuti ve No.	Mandatory or 'apply or explain'	Part No.	Question	Kenya Code Reference	Application - FA, PA or NA - See Notes 1, 2, 3&4	Application or Explanation - Note 3 & 4	Source of Information
<b>INTRODUCTION</b>							
1	M	A.1	Has the company developed and published a Board Charter which is periodically reviewed and which sets out the Board responsibility for internal control?	1.1.2, 2.6.2, 6.3.2	FA	Board has a charter, which was approved by the Board and is reviewed periodically. The charter is published on the company website.	Board Charter Website
2	M	A.2	Do the Board Charter or company documents distinguish the responsibilities of the board from management in line with Code requirements?	1.1.2, 2.3.1, 2.3.2, 2.6.2	FA	Yes, covered in the schedule of matters reserved for the Board and the schedule of matters delegated by the Board	Schedule of matters reserved for the board. Schedule of matters delegated by the Board.
3	A or E	A.3	Is there a statement indicating the responsibility of Board members for the application of corporate governance policies and procedures of the company?	1.1.6	FA	Board responsibility covered in the board charter	Board Charter
4	M	A.4	How has the Board ensured all directors, CEOs and management are fully aware of the requirements of this Code?	1.1.6	FA	The Code is part of all induction files for new directors and is contained in the internal intranet. Awareness sessions conducted	Induction files. Intranet
5	M	A.5	Do company documents indicate the role of the Board in developing and monitoring the company strategy?	Part II - Overview, 2.3	FA	Board responsibility for strategy contained in board charter	Board Charter
6	A or E	A.6	Does the company strategy promote sustainability of the company?	2.3.6	FA	Sustainability to key strategy. Company applies the LH sustainability policy with particular focus on sustainable procurement, communities, stakeholders and environment.	LH Sustainability policy
7	M	A.7	Are all board committees governed by a written charter/terms of reference, disclosing its mandate, authority, duties, composition, leadership and working processes?	2.2.2	FA	Charters exist for Audit & Risk Committee (ARC) and Nomination, Remuneration & HR Committee (NRHRC)	Committee Charters
<b>BOARD OPERATIONS and CONTROL</b>							
8	M	B.1	Has the Board established a Nomination Committee comprised mainly of independent and non-executive Board members?	2.1.2, 2.2.2	FA	The Company has established a Nomination, Remuneration & HR Committee. At the end of the year, all three members were non-executive directors.	Committee membership
9	M	B.2	Is the chairperson of the Nomination Committee an independent director?	2.2.3	FA	Chair is an independent director	Committee membership
10	M	B.3	Has the board adopted and published procedures for nomination and appointment of new Board members?	2.1.1, 2.1.7	FA	Procedures for nomination and appointment provided for in the Committee charter.	Board Charter



11	M	B.4	Is the Board size adequate for the exercise of the company business?	2.1.4	FA	Board size deemed sufficient	Board membership
12	A or E	B.5	Has the board adopted a policy to ensure the achievement of diversity including age, race and gender) in its composition?	2.1.2, 2.1.3, 2.1.5, 2.5.1	FA	Board diversity provided for in the Board and NRHRC charters.	Board Charter
13	M	B.6	Do the Board members represent a mix of skills, experience, business knowledge and independence to enable the discharge of their duties?	2.2.1	FA	Part of the diversity is in respect of skills, experience, business knowledge etc which the NRHRC must look into as part of the appointment process vis a vis existing skills, experience and business knowledge. Out of the 8 board members, 4 are independent.	Board membership
14	M	B.7	Has the board adopted and applied a policy limiting the number of board positions each Board member may hold at any one time?	2.1.6	FA	Provided for in the Board charter and fully applied.	Board Charter
15	M	B.8	Have any Alternate Board members been appointed? If so, have the Alternate Director/s been appointed according to regulation and Code requirements?	2.1.6, 2.1.7	N/A	The alternate director had been appointed previously.	N/A
16	M	B.9	Are independent directors at least one-third of the total number of Board members?	1.1.2, 2.1.3, 2.4.1	FA	Currently, 4/8 are independent - 50%	Board membership
17	A or E	B.10	Does the Board have policies and procedures to annually assess the independence of independent Board members?	2.4.1	FA	Review of independence is part of board evaluation process	Board evaluation
18	M	B.11	Do all independent Board members have a tenure of less than 9 years?	2.4.2	FA	Yes, currently all independent directors have served less than 9 years	Board membership
19	M	B.12	Is the Board comprised of a majority of non-executive board members?	2.1.3	FA	Out of the 8 board members, 7 are non-executive	Board membership
20	M	B.13	How does the Board ensure a smooth transition of Board members?	2.1.8	FA	The process for resignation and recruitment ensures proper handover.	NRHRC charter
21	M	B.14	Has the Board established an effective Audit Committee according to Code requirements?	2.2.4, 6.5.1, 2.1.7	FA	Audit & Risk Committee established, with membership according to Code and a charter to guide its operations.	ARC charter
22	M	B.15	Are the functions of the Chairperson and the Chief Executive Officer exercised by different individuals?	2.3.3	FA	Separation of the Chairman and MD roles provided for in the Board charter	Board Charter
23	M	B.16	Is the Chairman of the Board a non-executive board member?	2.3.4	FA	Chairman is a non-executive director	Board membership
24	A or E	B.17	Has the Board established procedures to allow its members access to relevant, accurate and complete information and professional advice?	2.3.5	FA	Yes, provided for under the Board charter	Board charter
25	M	B.18	Has the Board adopted a policy on managing conflict of interest?	2.3.8	FA	Provided for under the Board charter and the Code of Business Conduct	Board Charter, Code of Business Conduct
26	M	B.19	Has the Board adopted a policy on related party transactions to protect the interests of the company and all its shareholders and which meets the requirements of the Code?	2.3.7	FA	The Company has a related party transaction policy reviewed and approved by the Board.	Policy
27	M	B.20	Has the company appointed a qualified and competent company secretary who is a member in good standing of ICPSK?	2.3.9	FA	The Company Secretary a member in good standing with ICPSK	ICPSK website
28	A or E	B.21	Has the Board adopted policies and processes to ensure oversight of sustainability, environmental and social risks and issues?	2.3.2, 2.3.6	FA	LafargeHolcim Sustainability Policy adopted	Policy
29	A or E	B.22	Has the Board developed an annual work-plan to guide its activities?	2.6.3	FA	Annual work plan exists.	Work plan
30	M	B.23	Has the Board determined, agreed on its annual evaluation process and undertaken the evaluation or the performance of the Board, the Board Committees, the CEO and the company secretary?	2.6.4, 2.8	PA	Evaluation toolkit agreed and evaluations for board, Chairperson and individual directors carried out. Full evaluations to be carried out beginning 2018.	Board evaluation system



31	A or E	B.24	Has the Board established and applied a formal induction program for in-coming members?	2.7.1	FA	Formal induction carried out for the 3 non-executive independent directors appointed in 2017	Induction program
32	A or E	B.25	Do Board members participate in on-going corporate governance training to the extent of 12 hours per year?	2.7.3	FA	Board members attended continuous development programs during the year.	Internal
33	A or E	B.26	Has the Board set up an independent Remuneration Committee or assigned to another Board committee the responsibility for determination of remuneration of directors?	2.9.2	FA	Remuneration handled by the Nomination, Remuneration & HR Committee	NRHRC charter
34	M	B.27	Has the Board established and approved formal and transparent remuneration policies and procedures that attract and retain Board members?	2.9.1	FA	Remuneration policy exists approved and reviewed by the Board. Board remuneration is disclosed in the Remuneration Report contained in the annual report.	Policy
35	M	B.28	How does the Board ensure compliance with all applicable laws, regulations and standards, including the Constitution and internal policies?	2.10, 2.10.1, 2.10.2	FA	Legal department tasked with ensuring adherence to the code of business conduct that covers compliance to laws, regulations and standards. ARC receives reports on any reported breaches.	Code of business conduct
36	M	B.29	In the past year, has the Board organized a legal and compliance audit to be carried out on a periodic basis?	2.10.3	FA	Legal department carries out audit on licenses and permits on an annual basis.	Reports
37	A or E	B.30	Has the Board subjected the company to an annual governance audit?	2.11.1	NA	To be undertaken beginning 2018	N/A
<b>RIGHTS of SHAREHOLDERS</b>							
38	M	C.1	Does the governance framework recognize the need to equitably treat all shareholders, including the minority and foreign shareholders?	3.0 Overview, 3.2.1	FA	All shareholders have the same rights except where rights are specifically based on shareholding. All shareholders receive all company reports and are entitled to attend general meetings.	Annual reports, AGM minutes
39	M	C.2	Other than at the AGM, how does the Board facilitate the effective exercise of shareholders' rights?	3.1.1	FA	The shareholder can communicate directly to FD and CS through published email addresses, communicate through the website, communicate directly to Chairman in writing and during meetings with investor shareholders	Website, Shareholder communication
40	M	C.3	How does the Board facilitate shareholders participation at the AGM?	3.1.1	FA	Adequate advance notice is given, venues are chosen based on ease of access and, where a shareholder does not understand one language, the other national language may be used.	AGM notice.
41	A or E	C.4	Are minority and foreign shareholders holding the same class of shares treated equitably?	3.2.1	FA	Shareholder rights, as provided in the law or company documents, are available to all shareholders.	Articles of Association
42	A or E	C.5	Is there evidence that the Board proactively provides information to shareholders and the media, (and in a timely basis) on corporate affairs and corporate governance?	3.1.1, 3.4.1	FA	The corporate governance statement contained in the annual report, communication on changes via media plus publication on the website and press releases accompanying announcements.	Annual reports, Website
<b>STAKEHOLDER RELATIONS</b>							
43	A or E	D.1	Does the Board have a stakeholder-inclusive approach in its practice of corporate governance and which identifies its various stakeholders?	4.1.1	FA	Stakeholder engagement is one of the responsibilities of the Board.	Board charter
44	A or E	D.2	Has the Board developed policies, procedures and strategies to manage relations with different/key stakeholder groups?	4.1.2, 4.1.3, 4.1.5, 4.2.1	FA	Covered under LH sustainability policy adopted by the Board	Policy



45	A or E	D.3	How does the Board take into account the interests of key stakeholder groups prior to making decisions?	4.1.4	FA	The process for decision making looks at all interests, including those of stakeholders.	Board charter
46	M	D.4	How does the Board ensure effective communications with stakeholders?	4.2, 4.2.1	FA	By using various mode of communication - website, newspapers, TV, face to face meetings, company site visits etc	Website.
47	M	D.5	Has the Board established a formal dispute resolution process to address internal and external disputes?	4.3.1	FA	Dispute resolution provided for in the Board charter	Board charter
<b>ETHICS AND SOCIAL RESPONSIBILITY</b>							
48	A or E	E.1	Does the Board ensure that all deliberations, decisions and actions are founded on the core values (responsibility, accountability, fairness and transparency) underpinning good governance and sustainability?	5.1.1	FA	The Company values of ownership, ambition and accountability form critical components of all actions of the Company.	Company values
49	M	E.2	Has the Board developed a Code of Ethics and Conduct (which includes sustainability) and has it worked to ensure its application by all directors, management and employees?	2.6.1, 5.2.2, 5.2.3, 5.2.4	FA	The LH Code of Business Conduct (CoBC) adopted by the Board. It is published on the website and applies to the Board and all employees. The Company has also adopted the Supplier's Code of Business Conduct that applies to all its providers.	CoBC, Website
50	A or E	E.3	How does the Board ensure that compliance with the Ethics Code and Conduct is integrated into company operations?	5.2.3	FA	Compliance is mandatory for all employees, contractors and suppliers. The Company carries out training on the CoBC each year. For suppliers, compliance to the CoBC is part of all contracts.	Training program, Contract templates
51	A or E	E.4	Does the Board incorporate ethical and sustainability risks and opportunities in the risk management process?	5.2.1	FA	Included in risk management profile.	Risk management profile
52	A or E	E.5	How is the company performance on ethics assessed, monitored and disclosed to internal and external stakeholders?	5.2.4, 5.2.5	PA	Assessed and monitored by the legal and audit departments then disclosed in Annual Report through Corporate Governance statement.	Annual report
53	A or E	E.6	Has the company established and implemented a whistle blowing policy?	5.2.5	FA	Contained in the CoBC and a toll free integrity line plus reporting email set up to allow anonymous reporting.	CoBC, Integrity posters
54	A or E	E.7	Has the Board/or management developed policies on corporate citizenship and sustainability and strategies for company use?	5.3.1, 5.4	FA	Provided for in the LH sustainability policy	Policy
55	M	E.8	Does the Board consider not only the financial performance but also the impact of the company's operations on society and the environment?	5.3.2, 5.3.3	FA	Stakeholder (including the society and communities in which we operate) interests are part of decision making process. Bamburi pays specific attention to the environment and has received global awards for its rehabilitation program.	Sustainability policy
56	A or E	E.9	Does the Board monitor and report activities leading to good corporate citizenship and sustainability to demonstrate they are well coordinated?	5.4.1	FA	Yes, these are covered in each board paper.	Board paper
<b>ACCOUNTABILITY, RISK MANAGEMENT AND INTERNAL CONTROL</b>							
57	M	F.1	Does the Audit Committee and the Board consider and review the financial statements for integrity of the process and for truthful and factual presentation?	6.1, 6.1.1a	FA	The ARC and the Board review the financial statements. The ARC also meets with the external auditors to ensure there are no outstanding issues.	Board & ARC Charters, Minutes
58	M	F.2	Does the Annual Report contain a statement from the Board explaining its responsibility for preparing the accounts and is there a statement by the external auditor about his/her reporting responsibilities?	6.1.2	FA	Report of the Board on its responsibilities and a statement from the external auditors on their responsibility contained in the annual report	Annual report



59	A or E	F.3	Does the board or audit committee have a process in place to ensure the independence and competence of the Company's external auditors?	6.1.1b	FA	ARC reviews the independence, qualifications, competence and work plan of the external auditors.	ARC report
60	M	F.4	Do the shareholders formally appoint the external auditor at the AGM through a formal and transparent process?	6.1.3	FA	Current auditors appointed at the 2017 AGM in accordance with the law and company documents.	AGM notice and minutes
61	A or E	F.5	Is the Company working towards the introduction of integrated reporting (incorporating financial and non-financial information) or is the company's Annual Report prepared on an integrated basis using a framework available from the Integrated Reporting Council, The Global Reporting Initiative, G4 Sustainability Guidelines and/or Sustainability Accounting Standards Board standards?	6.1.5	PA	Yes - board members attended training covering integrated reporting in preparation for full implementation.	WIP
62	A or E	F.6	Has the Board established an effective risk management framework which is inclusive of key risks as well as foreseeable risks, environmental and social risks and issues?	6.2.1	FA	There is a robust risk management framework that is supplemented by the LH group audits through internal reviews to ensure effectiveness.	ARC charter
63	M	F.7	Has the Board established and reviewed on a regular basis the adequacy, integrity and management of internal control systems and information systems (including for compliance with all applicable laws, regulations, rules and guidelines)?	6.3.1, 6.3.2, 6.3.3	FA	Internal controls already in place and regularly reviewed by the ARC through the internal audit department and are a permanent agenda item for the ARC	ARC report
64	M	F.8	Does the Board annually conduct a review on the effectiveness of the company's risk management practices and internal control systems and report this to shareholders?	6.4.1	FA	Yes, these are carried out regularly and report contained in the corporate governance statement in the annual report.	Annual report
65	M	F.9	Has the Board established an effective internal audit function according to Code requirements and which reports directly to the Audit Committee?	6.5.2	FA	There is an effective and compliant internal audit function that reports to the ARC	ARC charter.
66	A or E	F.10	Does the Board disclose details of Audit Committee activities?	6.5.2	FA	Details of ARC activities are disclosed in the corporate governance report of the annual report.	Annual report
		G	<b>TRANSPARENCY and DISCLOSURE</b>				
67	M	G.1	Does the company have policies and processes to ensure timely and balanced disclosure of all material information as required by all laws, regulations and standards and this Code.	7.0 Overview, 7.1.1	FA	Policies in place to ensure adequate disclosure as required.	Website, Newspapers
68	A or E	G.2	Does the Annual Report cover, as a minimum, disclosures as prescribed in 7.1.1 relating to the company's governance, the Board and the Audit Committee?	7.1.1	FA	The annual reports covers the required disclosures.	Annual report
69	A or E	G.3	Does the Annual Report cover, as a minimum, disclosures as prescribed in 7.1.1 relating to the company's mission, vision and strategic objectives?	7.1.1	FA	The annual report covers the required disclosures in respect of the company	Annual report
70	A or E	G.4	Does the Annual Report cover, as a minimum, disclosures as prescribed in 7.1.1 relating to remuneration and whistle blowing?	7.1.1	FA	The annual report makes adequate disclosures in respect of remuneration and whistle blowing.	Annual report
71	A or E	G.5	As a minimum, does the company website disclose current information on all areas prescribed in 7.1.1 (Board Charter, Whistle blowing Policy, Code of Ethics and information on resignation of directors)?	7.1.1	PA	CoBC and information on resignations published in accordance with the requirements.	Website
72	A or E	G.6	Does the Board disclose the management discussion and analysis as required in 7.1.1?	7.1.1	FA	Disclosures contained in the annual report	Annual report
73	A or E	G.7	Has the Board provided disclosures as required in 7.1.1 on compliance with laws, regulations and standards; ethical leadership, conflict of interest, corporate social responsibility and citizenship?	7.1.1	FA	Disclosures contained in the annual report	Annual report
74	A or E	G.8	Has the Board made all required disclosures, including confirming requirements of 7.1.1 which include that a governance audit was carried out and that there are no known insider dealings?	7.1.1	PA	Disclosures in respect of insider dealings made, governance audit not yet carried out.	Annual report

