

**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

3.81
3,740,725
KES 132.50 per share
KES 37.26 billion
KES 614 million
KES 3.4 billion
KES 33.46 billion
11
6

Company market to book ratio at end of financial year
No of outstanding shares at end of financial year

Closing price of stock at end of financial year

Net sales as per Income Statement 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

Chairman Signature

Managing Director Signature

Company Secretary Signature

Cons
No.

Application or Explanation - Note 3 & 4
Application - FA,
PA or NA - See
Notes 1, 2, 3 & 4

Source of Information

Cons 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
		A	INTRODUCTION				
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 developed a Board charter, which regulates its operations. The Charter is approved by the Board and reviewed periodically, the last review being in 2018. The Board 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	Separation of the responsibilities is covered by the Board Charter and further detailed in matters reserved for the Board and those delegated by the Board.	Board Charter, 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 for governance is provided for 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 are conducted for the Board and management.	Induction files, Intranet, Training
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. The Board has strategy specific sessions to approve strategy and thereafter monitor the achievement.	Board Charter
6	A or E	A.6	Does the company strategy promote sustainability of the company?	2.3.6	FA	Yes. A summary of the sustainability strategy and activities towards achievement of the strategy is contained in the annual report.	Annual report
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	The Audit & Risk Committee (ARC) and Nomination, Remuneration & HR Committee (NRHC) have charters in place. These were reviewed and updated in 2018.	Committee Charters

		BOARD OPERATIONS and CONTROL					
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 (NRHRC) Committee. At the end of the year, four of the six members were independent non-executive directors.	Committee membership in annual report.
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 in annual report.
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 are provided for in the NRHRC Committee charter.	Board Charter
11	M	B.4	Is the Board size adequate for the exercise of the company business?	2.1.4	FA	The Board reviewed its size during the performance evaluation and deemed it appropriate.	Board performance evaluation as covered in the corporate governance report in annual report.
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 policy provided for in the Board and NRHRC charters.	Board Charter, corporate governance report
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	Yes. The members represent the right skill mix, experience, business knowledge and independence as determined by the NRHRC vis a vis already existing skills, experience and business knowledge.	Board profiles and board performance evaluation contained in the annual report and the website.
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	This is 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	No alternate board members have been appointed in the year.	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, 5 of the 11 Directors (45%) are independent directors.	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	Yes. Review of independence is part of board performance evaluation process.	Board evaluation contained in corporate governance report.
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	Yes, out of the 11 board members, 8 (73%) of them are non-executive directors.	Board membership
20	M	B.13	How does the Board ensure a smooth transition of Board members?	2.1.8	FA	This is ensured through having a process in place on management of resignation and recruitment ensuring proper handover.	NRHRC chapter in Annual report.
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 (ARC) has been established, with membership according to Code and a charter in place to guide its operations. The charter is reviewed regularly, with the last review in 2018.	Annual Report
22	M	B.15	Are the functions of the Chairperson and the Chief Executive Officer exercised by different individuals?	2.3.3	FA	Yes - Dr John Simba is the Chairman while Seddiq Hassani is the Group Managing Director. Further, separation of the Chairman and MD roles is specifically 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	The Chair of the ARC is an independent 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 in compliance with the Code, which reviewed and approved by the Board in 2018.	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 is a member in good standing with ICS.	ICS 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	The Board adopted the LafargeHolcim Sustainability Policy, which is in full application.	Policy can be found at https://www.lafargeholcim.com/sustainability-development
29	A or E	B.22	Has the Board developed an annual work-plan to guide its activities?	2.6.3	FA	The Board has developed its Annual work plan, which was also reviewed in 2018.	Corporate governance report.
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	FA	For 2018, the Board commissioned an external evaluator to perform evaluations of the performance of the Board, its committees, the Chairman, the Group Managing Director and Company Secretary based on agreed parameters and processes.	Corporate governance report.
31	A or E	B.24	Has the Board established and applied a formal induction program for in-coming members?	2.7.1	FA	The Board has established a formal induction process for incoming directors to ensure they are conversant with the company and its operations.	Induction program and corporate governance statement.
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 different training sessions on corporate governance such as the Governance Summit, the CMA corporate governance feedback sessions and governance trainings.	Training register.
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	Yes, the remuneration of directors falls under the mandate of the Nomination, Remuneration & HR Committee.	NRHRC charter, corporate governance statement
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	Yes, the Board has established these through a Remuneration policy approved and reviewed by the Board. Further, Board remuneration is disclosed in the Remuneration Report contained in the annual report.	Policy, Remuneration Report
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 is tasked with ensuring adherence to the code of business conduct that covers compliance to laws, regulations and standards. The ARC receives regular reports including those on any reported breaches.	Code of business conduct. ARC Charter

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	The Board commissioned a legal and compliance audit covering the year 2018, which was carried out by an external resource.	Reports
37	A or E	B.30	Has the Board subjected the company to an annual governance audit?	2.11.1	FA	Yes, the Board commissioned a governance audit for the year 2018 and the report of the auditor is contained in the annual report.	Annual report.
		C	RIGHTS of SHAREHOLDERS				
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 communication as well as being 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	Any shareholder can communicate directly to FD and CS through published email addresses, communicate through the website, communicate directly to Chairman in writing and during investor briefings.	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	Yes, all shareholders, including minority or foreign shareholders, holding the same class of shares are treated equitably.	Articles of Association. Board charter. Corporate governance report
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	Yes. Evidence can be found in the corporate governance statement contained in the annual report, communication on changes via national dailies and the website as well as press releases accompanying announcements.	Annual report. Website
		D	STAKEHOLDER RELATIONS				
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	Yes. Stakeholder engagement is one of the responsibilities of the Board and the Board has identified the various stakeholders.	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 can be found at https://www.lafargeholcim.com/sustainability-development
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 to ensure a wide reach - website, newspapers, TV, radio, social media, face to face meetings, company site visits etc.	Website. Social media such as twitter, instagram

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 for both internal and external disputes is provided for in the Board charter/	Board charter
		E	ETHICS AND SOCIAL RESPONSIBILITY				
			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 while underpinning good governance and sustainability. IN 2018, the Company launched the <i>Building for Growth</i> agenda, which further reiterates this.	Annual report
48	A or E	E.1					
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 Board adopted the LH Code of Business Conduct (CoBC). It is published on the website and applies to the Board and all employees. The Company has also adopted the LH Supplier's Code of Business Conduct that applies to all its contractors.	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 during which it reiterates that non-compliance is not an option. For suppliers, compliance with the CoBC for Suppliers is mandatory provision in 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	Yes, these are included in risk management profile.	Annual report - risk
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	FA	This is assessed and monitored by the legal and audit departments, reported to the ARC 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	The Company whistle blowing policy is contained in the CoBC and a toll free integrity line plus reporting email has been set up to allow anonymous reporting.	CoBC. Website
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 can be found at https://www.lafargeholcim.com/sustainable-development
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 including the world famous Haller Park.	Same as above
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
		F	ACCOUNTABILITY, RISK MANAGEMENT AND INTERNAL CONTROL				

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?	6.1.1.a	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. Annual Report
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 are 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	Yes. The 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	The Company is working toward introducing integrated reporting - Board and Management have been trained while the framework has been shared to guide 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 and reviews to ensure effectiveness.	Annual report
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 are 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 a 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	Yes, there is an effective and compliant internal audit function that reports directly to the ARC.	ARC charter. Annual report
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	TRANSPARENCY and DISCLOSURE				
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 the required disclosures in respect of remuneration and whistle blowing, among others.	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	FA	Board Charter, the Code of Business Conduct & Integrity Line (which together act as whistle blowing policy), Code of Business conduct together with information on appointments and resignation of directors are published on the website.	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	Yes, the disclosures are 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	Yes, the disclosures are 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	FA	Yes, all disclosures in respect of any insider dealings made and the governance audit carried out have been made.	Annual report
75	A or E	G.9	Has the Board disclosed the company's risk management policy, company procurement policy, policy on information technology as per 7.1.1?	7.1.1	FA	Disclosures in respect of the risk management as well as procurement and IT policies are contained in the annual report.	Annual report
76	M	G.10	Has the Board disclosed information on shareholders, including the key shareholders, including shareholding by directors and senior management and the extent of their shareholdings as required in 7.1.1 and on stakeholder who influence company performance and sustainability?	7.1.1	FA	Yes, the disclosures are contained in the annual report.	Annual report
77	M	G.11	Has the Board disclosed all related-party transactions?	7.1.1t	FA	All related party transactions have been disclosed in the annual report.	Annual report
78	M	G.12	Does the Board include in its Annual Report a statement of policy on good governance and the status of the application of this Code?	1.1.3, 7.1.1r	FA	Yes, the corporate governance statement covering these is contained in annual report.	Annual report

Note 1

The Reporting Template shall be used by companies to report on their application of the provisions of the Code of Corporate Governance Practices for Issuers of Securities to the Public 2015 (the Code). The completion of the Reporting Template and its filing with the Capital Markets Authority (CMA) will fulfil the reporting requirements of the Code at 1.1.3 paragraph 2. All elements marked in green are mandatory and MUST be complied with. Failure to fully apply will result in regulatory sanctions. When completing column 'F' for MANDATORY ITEMS, 'FA' will mean 'Fully Complied With', 'PA' will mean 'Partially Complied With' and 'NA' will mean 'Not Complied With'.

Note 2

Column 'F' should be marked as follows: 'FA' - Full Application, 'PA' - Partially Applied or 'NA' - Not Applied. Full application of this Code is required by the Code. Therefore anything less than 'full application' is considered 'non compliance or non-application' of the Code. A response of PA or NA is non-compliance and requires an explanation to be provided with a firm commitment to moving towards full compliance. See also Note 4.

Note 3

An explanation of how the Code provision is applied is required in column 'G' and shall be supported by evidence of how application has been achieved. If the provision is NOT applied, an explanation for why it is not applied or only partially applied is required in column 'G'. For each question, column 'G' must be completed.

Note 4

If an explanation is required because of non-application of any element of the Code, the explanation must be satisfactory, must be provided to relevant stakeholders including the Capital Markets Authority and shall include:

- a: reasons for non-application
- b: time frame required to meet each application requirement
- c: the strategies to be put in place to progress to full application.