

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
0.4
3,740,725
KES 37.85 per share
KES 34.88 billion
KES 1,129 million
KES 2.78 billion
KES 34.05 billion
11
5
8

Company Details to be Provided:
 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

Date of Financial Year End: 31 December 2020

Chairman Signature


Managing Director Signature


Company Secretary Signature


ESTHER WAENI NGEA
CERTIFIED PUBLIC SECRETARY
 REG. NO. 2151
 P. O. BOX 14122 - 00100,
 NAIROBI

| Consolidative No. | Mandator | 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 |
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| 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 was undertaken on 20 April 2021 when the Charter was extensively amended. The Board Charter is published on the Company website at https://www.lafarge.co.ke/board-charter | Board Charter pg 2 & 14 on https://www.lafarge.co.ke/board-charter |
| 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 | The Board Charter provides for the separation of responsibilities between the Board and Management. Additionally, the division between the role of the Chair of the Board and the MD is clearly set out in the Board charter. Further, Schedule 1 to the Charter i.e. the Schedule of Matters Reserved for the Board, and Schedule 2, the Schedule of Matters Delegated by the Board, stipulate those matters delegated to Management. | Board Charter pg 14 & 15, Schedule of Matters reserved for the Board and Schedule of Matters Delegated by the Board respectively. Also under the Annual Report in the Corporate Governance Statement pg 76 |
| 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 | Yes. The Board's responsibility for corporate governance is provided for in the Board Charter and the Audit & Risk Committee Charter, which is the Committee responsible for corporate governance. These are further restated in the Corporate Governance Statement captured in the Company's 2020 Annual Report. | Board Charter pg 1, Audit & Risk Committee Charter & 2020 Annual Report, under the Corporate Governance Statement pg 76 & 82. |
| 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 available continuously to all directors as a reference document. It is also uploaded in the internal intranet for Management access. Throughout the year, the Board and its Committees review findings from the last governance audit which creates an appreciation of provisions of the Code. Directors also attend various trainings facilitated externally to get clarity on provisions of the Code. In November 2019, both the Board and management attended a joint awareness training session with a corporate governance specialist. | Induction files; Intranet; Various training sessions; Last governance audit e.g. governance audit for year ended 31 December 2020 - see 2020 Annual Report pg 82 |

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| 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 is stipulated in the Board Charter and the Annual Report. Each year in August or October, the Board has a strategy specific session to review and approve the Company's strategy after which achievement is monitored in subsequent meetings. | Board Charter pg. 1 & 14, 2020 Annual Report pg. 76 |
| 6 | A or E | A.6 | Does the company strategy promote sustainability of the company? | 2.3.6 | FA | Yes. Sustainability of the Company is a key component of strategy. Details of the Company's sustainability program, its various components and activities towards its achievement are contained in the 2020 Annual Report. | 2020 Annual Report, Sustainability Review pg. 60- 75 |
| 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 | Yes. The Company has two Board committees being the Audit & Risk Committee (A&RC) and the Nomination, Remuneration & HR Committee (NR&HR Committee). The third committee is the Executive Committee which comprises of management. All committees have charters in place reviewed in August & November 2020. | Updated Committee Charters on the Company's website at https://www.lafarge.co.ke/board-chartter |
| 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 Board has established a Nomination, Remuneration & HR Committee (NR&HR Committee) whose membership as at 31 December 2020 and presently, consists of four out of six independent non-executive directors. This amounts to 66.67% which meets the requirement. | Committee membership in the 2020 Annual Report pg. 79. |
| 9 | M | B.2 | Is the chairperson of the Nomination Committee an independent director? | 2.2.3 | FA | Yes. The Chair is Dr John P.N. Simba, who is an independent non-executive director. | See website https://www.lafarge.co.ke/board-chartter and NR&HR Committee Charter |
| 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 Board Charter and the NR&HR Committee Charter. | Board Charter pg. 3-4, 2020 NR&HR Committee Charter https://www.lafarge.co.ke/board-chartter |
| 11 | M | B.4 | Is the Board size adequate for the exercise of the company business? | 2.1.4 | FA | The Board comprises of a total of 11 directors with a wealth of experience, a diversity of gender, skills and knowledge. The number permits a minimum number of four directors per Committee which is sufficient. The Board considers its size adequate to achieve its objectives and for the size of the business. | Board Charter pg. 3 and the Board performance evaluation as covered in the corporate governance Statement in the 2020 Annual Report pg. 78. |
| 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 | Yes. The Board diversity policy is provided for in the Board and NR&HR Committee charters. The Company also has signed the UN Women Empowerment Principles which focus on driving gender diversity in the workplace. | Board Charter pg. 3 & 5 and the 2020 Annual Report, Our People Culture & Systems pg. 53 |
| 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 NR&HR Committee vis a vis already existing skills, experience and business knowledge. | Board profiles and statements contained in the 2020 Annual Report pg. 26-29 and the website - https://www.lafarge.co.ke/1_4_2-Board_of_Directors |
| 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 in line with the Code. Every year, each Board member is required to update their profile which includes the board positions held elsewhere and give an indication whether he/she still has sufficient time to undertake the Company's business. | Board Charter pg. 5 |

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| 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 were 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 (45.45%) are independent directors. | Board membership at website - https://www.lafarge.co.ke/1_4_2-Board_of_Directors_&_2020_Annual_Report_pg_26-29 Board Charter pg. 3 |
| 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. The Board undertook a review of independence in August 2020 guided by considerations set out in the CMA Code. The assessment looked at whether a director has a material relationship with the company, related parties, shareholders or suppliers; whether a director receives any financial support other than board fees; whether the director has served on the Board for more than 9 years etc. | |
| 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 profiles pg. 26-29 of the 2020 Annual Report and website https://www.lafarge.co.ke/1_4_2-Board_of_Directors |
| 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 (72.73%) of them are non-executive directors. | Board profiles pg. 26-29 of the 2020 Annual Report and website https://www.lafarge.co.ke/1_4_2-Board_of_Directors |
| 20 | M | B 13 | How does the Board ensure a smooth transition of Board members? | 2.1.8 | FA | The Board ensures smooth transition through succession planning. The NR&HR Committee reviews the board skills matrix, company's needs, any foreseeable vacancies on the Board and puts in place an appropriate succession plan. The Board then manages the resignation and recruitment of new directors. | NR&HR Committee report in Annual Report pg. 79 & Board Charter pg. 11-17 on Board succession planning |
| 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 | Yes. The Audit & Risk Committee was established, with membership of at least 3 independent directors according to the CMA Code and a Charter in place to guide its operations. The charter is reviewed regularly, with the last review on 27 August 2020. | Annual Report pg. 78-79, and A&R Committee Charter on https://www.lafarge.co.ke/board-charter |
| 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 Chair of the Board while Seddiq Hassani is the Group Managing Director. Further, separation of the Chairman and MD roles is specifically provided for in the Board charter and Corporate Governance statement in the Annual Report. | Board Charter pg. 8-9 and 2020 Annual Report under Corporate Governance Statement pg. 77. |
| 23 | M | B 16 | Is the Chairman of the Board a non-executive board member? | 2.3.4 | FA | Dr. John Simba, the Chair of the Board, is an independent non-executive director. | Board membership at https://www.lafarge.co.ke/block-teaser-dr-john-simba |
| 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. The Board receives information from Management as required and is free to seek clarifications on any aspect. The Board has also invested in an online e-Board platform that ensures the directors have real time as well as permanent access to all the information they require or may want to refer to anywhere anytime. The Board Charter also provides that the Board, if it deems necessary, can request for advice from any expert or professional at the cost of the Company. | Board Charter pg. 7. |

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| 25 | M | B.18 | Has the Board adopted a policy on managing conflict of interest? | 2.3.8 | FA | Conflict of interest is managed through two interlinked policies the Code of Business Conduct and the Conflict of Interest Directive, which apply to the directors and all employees. The Board Charter also provides for declaring conflict of interest at Board level. A conflicts of interest register was maintained at Board level and a separate one for the wider organization in 2020. | Board Charter pg. 9-10, the Company's Code of Business Conduct available at https://www.lafarge.co.ke/code-business-conduct and the 2020 Annual Report disclosure on pg. 79 |
| 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 Transactions Policy in compliance with the Code, which was reviewed and approved by the Board in 2018. All related party transactions must be reviewed by the Board through the A&RC. The related party transactions are contained in the notes to the audited financial statements and an appropriate policy disclosure is made in the Company Secretary, Waeni Njega (Member Number 2151) ICS website | 2020 Annual Report pg. 80 and notes to the Financial Statements. |
| 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 Board adopted the LafargeHolcim Sustainability Policy, which is in full application. Details of the process are contained in the Annual Report under Sustainability Review. The Company adopts the GRI standards when reporting on ESG matters. | Policy can be found at https://www.lafargeholcim.com/laf-ars-holcim-sustainability . 2020 Annual Report, Sustainability Review pg. 60-73. |
| 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 has developed its Annual work plan, which is reviewed in November for the next year. Each Committee also has a work-plan which is reviewed and approved prior to start of the year or in the first meeting of the year. | 2020 Annual Report, Corporate Governance Statement pg. 76 |
| 29 | A or E | B.22 | Has the Board developed an annual work-plan to guide its activities? | 2.6.3 | FA | The Board determined the process and the evaluation of the performance of the Board, its Committees, the Chair, the CEO and the Company Secretary. Evaluations focus on the performance of each individual after which feedback sessions are held by the Chair with each individual to review the results. In 2020, the Board implemented the outstanding actions from the evaluation undertaken by a third party in 2018 to improve its efficiency. | Board Charter pg. 11 and 2020 Annual Report, Corporate Governance Statement pg. 78 |
| 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 | A board evaluation capturing a review of performance of the Board, its Committees, Chair, CEO, Company Secretary and directors will be undertaken in May 2021 in compliance with the Code. | |
| 31 | A or E | B.24 | Has the Board established and applied a formal induction program for incoming 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. This induction involves presentations on key business functions, site and market visits and provision of various relevant documentation for private reading. | Board Charter pg. 11 and 2020 Annual Report disclosure on Induction program pg. 77 |
| 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 | The Board members attended various training sessions during the year including a session of the Code of Business conduct and management of integrity issues and a session on Board effectiveness, which were carried out by an internal LafargeHolcim Group representative and an external facilitator. Owing to disruption arising from the COVID-19 pandemic, a few directors did not manage to achieve the 12 hour training time. | Board Charter pg. 12 and 2020 Annual Report disclosure on Training program pg. 77 |

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| 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 Board has set up a Nomination, Remuneration & HR Committee among whose responsibility includes directors' remuneration. In 2020, the Committee reviewed the directors' remuneration and determined it to be competitive. | NR&HR Committee Charter at https://www.lafarge.co.ke/board-charter , Board Charter pg 10-11, and 2020 Annual Report, Directors Remuneration Report pg 83-85 |
| 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 in the Remuneration Policy and the Directors Remuneration Report which highlights the executive and non-executive director remuneration and considerations for any changes. Factors for setting remuneration include performance of the Company, market comparison among others. The Directors Remuneration in 2020 is disclosed in the 2020 annual report, which will be tabled at the AGM for shareholder approval. | 2020 Annual Report, under the Directors Remuneration Report pg 83-85 |
| 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 | The Company has put in place an internal framework to monitor compliance with all laws, regulations and standards including internal policies. The company has in place a framework referred to as the Minimum Control Standards which captures the relevant compliance requirements per function. Additionally, the Legal & Compliance function will oversee compliance from a Group perspective touching on adherence to the Code of Business Conduct, Conflicts of Interest, Fair Competition, anti-bribery & corruption, compliance with sanctions, data protection laws, appropriate licensing and permits, etc. Each company function e.g. Finance is required to review compliance against its assigned Minimum Control Standards and report on compliance to the Audit & Risk Committee through the Internal Controls Manager. The Board, through the A&RC reviews any matters relating to compliance, the outcome of legal & compliance audits and ensures that appropriate remediation is in place. It also receives an update on new relevant legislation and the approach on complying with the same across the business. Compliance is a permanent A&RC agenda item. | Company's Code of business conduct at https://www.lafarge.co.ke/code-business-conduct , the A&RC Charter at https://www.lafarge.co.ke/board-charter , Board Charter pg. 13 and the 2020 Annual Report disclosure on status of compliance pg. 80 |
| 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 Company has enlisted the services of Rachier & Amollo advocates to undertake the legal and compliance audit for year 2020. The audit is expected to conclude by mid-May 2021 with findings to be reviewed by both Management and the A&RC Committee. The audit activity by a third party is undertaken every 2 years as set out in the Code. | 2020 Annual Report disclosure on pg. 80 and Board Charter pg. 13 on adopted practice |
| 37 | A or E | B.30 | Has the Board subjected the company to a governance audit? | 2.11.1 | FA | Yes, the Company's governance audit for year 2020 was undertaken by Catherine Musakaiti of Doron Associates with a finding that the company had put in place a satisfactory governance framework. The auditor's opinion is disclosed under the 2020 Annual Report on pg. 81-82 | 2020 Annual Report Governance Auditor's Report pg. 81-82 |
| | | C | RIGHTS of SHAREHOLDERS | | | | |

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| 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 as set out in law. All shareholders receive all company reports and communication at the same time and are eligible to attend any scheduled general meetings. The procedures put in place as per the Company's show equitable treatment of shareholders. | Board Charter pg. 10, and the disclosure in the 2020 Annual Reports pg. 80 on communication. The Company's AGM minutes also show equitable treatment of shareholders. |
| 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 the Company, the directors and Company Secretary through published email addresses, through the website or communicating directly to the Chairman in writing. The Company also holds investor briefings twice a year to interact with its investors and apprise them of the Company's published performance either the half year or full year results. Results are shared directly with each shareholder electronically, website or publicly in the dailies. Shareholders also have access to the Company's Share Registrar (C&R Group) who are available to respond to any queries or escalate them appropriately. The Share Registrar operates a call center which ensures that shareholder queries are logged and addressed quickly. The Company has an open door policy and encourages shareholders to reach out when they need to. | Board Charter pg. 10, and the disclosures in the 2020 Annual Report and the website at https://www.lafarge.co.ke/announcements & https://www.lafarge.co.ke/financial-reports . |
| 40 | M | C.3 | How does the Board facilitate shareholders participation at the AGM? | 3.1.1 | FA | The Board facilitates shareholder participation at the annual general meetings by providing adequate advance notice of the meeting, providing all documents necessary for proper participation in advance using various modes (physical, newspaper announcements, email & website), choosing venues based on ease of access (usually at the Mombasa Plant) and where a shareholder does not understand one language, the other national language may be used. Shareholders are given adequate time to ask questions at the AGM or make comments on their observations. The use of both USSD and website channels to register, vote and stream the virtual AGM ensures that shareholders can use their mobile phones to participate. Shareholders unable to attend may appoint a proxy to represent their interests. | Website at https://www.lafarge.co.ke/4-6-Financial-reports and https://www.lafarge.co.ke/2020-annual-general-meeting |
| 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. All shareholders receive the same information at the same time through publication in two dailies, via email as well as on the website; are entitled to attend the annual general meetings with proper notice given to facilitate attendance; receive the same amount of dividend per share which is paid at the same time to all shareholders and all shareholders can address any questions/concerns to the Board/Management. | Company's Articles of Association at https://www.lafarge.co.ke/1-1-Bamburi-Cement and https://www.lafarge.co.ke/2020-annual-general-meeting Newspaper publications. AGM notices. |

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| 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 to further elaborate the financial results. https://www.lafarge.co.ke/archive-2020-notices and https://www.lafarge.co.ke/archive-news-press-releases , and various newspaper publications. | Annual Report, Corporate Governance Statement pg. 76-86, website announcements at https://www.lafarge.co.ke/2020-notices and https://www.lafarge.co.ke/archive-news-press-releases , and various newspaper publications. | |
| 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. The Corporate Communications team manages all stakeholder engagement for the Company and maps out the various individuals responsible for continuous interaction whether at Board or Management level. In 2020, the Company interacted with various stakeholders including the Cabinet Secretary Industrialization, Cabinet Secretary Trade and stakeholders in the health and safety space at County and national levels. Details of the Company's stakeholder engagement can be found on the website and the annual report pg. 63. | 2020 Annual Report pg. 63 and website https://www.lafarge.co.ke/archive-news-press-releases | |
| 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 | The Board has adopted the LH Sustainability Policy which provides for management of the different stakeholders. The Company has implemented this sustainability policy, strategies and procedures to guide its engagement initiatives in the communities it operates and with relevant government officials. As part of the Construction and Allied sector, the Company undertakes mining for raw materials and runs 2 large Plants in Athi River and Mombasa. These activities require continuous engagement with the Communities around the plants and leadership in Mombasa, Machakos, Nairobi City and Kilifi Counties, to ensure that appropriate CSR activities are undertaken targeting education, infrastructural development, health and safety. The Company also operates a staff health clinic in Mombasa through which various health initiatives are rolled out in conjunction with County Health officials. Another primary concern of the Company is in taxes (import duty) where it engages stakeholders in the Ministry of Trade & Industrialization and the National Treasury. The summary of stakeholders engaged in 2020 is set out in the Sustainability Review of the Annual Report | Policy can be found at https://www.lafargeholcim.com/sustainability Review pg. 60-72. | |

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| 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 | <p>The Board has identified its key stakeholder groups to include shareholders/investors, its employees, third parties working with the Company, consumers, customers, specific national government and county government officials in the 5 counties the business operates, the media, regulators, not for profit organizations and communities impacted by its various operations. In making decisions, the Board will weigh and balance the interests of these parties vis-a-vis the objective to be achieved by the Company. As a prerequisite, the Board will ensure that relevant engagements are undertaken prior to making decisions with significant impact. The Board will also ensure that these stakeholders are kept informed of the direction and decisions taken by the Company as appropriate.</p> | <p>Board charter pg. 10 on interaction with media and shareholders. Review pg. 60-72.</p> |
| 46 | M | D 4 | How does the Board ensure effective communications with stakeholders? 4.2, 4.2.1 | FA | <p>The Board adopted the use of various modes of communication to ensure a wide reach. These include website, emails, videoconferencing, newspapers, TV, radio, social media, face to face meetings, company site visits etc. Relevant information is disseminated to stakeholders using these channels as and when appropriate e.g. various announcements on board changes, financial results and company initiatives. The Company also holds 2 investor briefings to highlight the half year and full year company performance and give assurance on continued positive operations.</p> <p>In 2020, the Board and Management were involved in communications centering around media announcements, TV appearances, radio communications and the regular use of social media. These channels have elicited responses from stakeholders.</p> <p>The Board has also put in place a whistleblowing channel which is a toll free number known as the Integrity Line. The line is available on the Company's website and is monitored by LH Group Investigations team to ensure that each disclosed matter is appropriately dealt with and relevant feedback provided. The A&RC reviews all Integrity Line reports and actions taken in response thereto.</p> | <p>Website at https://www.lafarge.co.ke/integrity-line and various announcements at https://www.lafarge.co.ke/archive-news-press-releases. Newspaper/TV engagements Social media such as Twitter, Instagram etc.</p> |
| 47 | M | D 5 | Has the Board established a formal dispute resolution process to address internal and external disputes? 4.3.1 | FA | <p>The Board has ensured that the Company has appropriate dispute resolution mechanisms to address a variety of disputes. Disputes on employee matters are handled under the Grievance Policy shared with all employees while resolution of disputes involving third parties employs the use of alternative dispute resolution mechanism primarily through amicable discussions by the parties, mediation or arbitration. These dispute resolution mechanisms are captured in the various contracts to ensure adherence.</p> <p>Resolution of disputes involving regulators such as the Kenya Revenue Authority adopt the statutory laid down resolution mechanisms and use of respective tribunals. The Board uses litigation as a last resort to settle company disputes and monitors all key ongoing litigation as well as the overall exposure (financial and reputational) arising from such cases. Dispute resolution for both internal and external disputes is provided for in the Board charter pg. 13</p> | <p>Board charter pg. 13</p> |

| | | ETHICS AND SOCIAL RESPONSIBILITY | | | |
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| | E | 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? | | | |
| 48 | A or E | E.1 | 5.1.1 | FA | <p>The Company values are ownership, ambition and accountability, which form critical components of all actions of the Company while underpinning good governance and sustainability as set out in the Code. The Company also ensures that all its activities are guided by the integrity principles set out in the Code of Business Conduct. The Board has adopted transparency and appropriate disclosure as shared in the Board Charter.</p> <p>Annual report pg. 5. Board Charter pg. 12. Website on company values at https://www.lafarge.co.ke/1_2-Vision_AND_values</p> |
| 49 | M | E.2 | 2.6.1, 5.2.2, 5.2.3, 5.2.4 | FA | <p>The Board adopted the LH Code of Business Conduct (CoBC) and the Supplier Code of Conduct which contains provisions on integrity in the workplace, business practices and in the community. It touches on anti-bribery and corruption, management of conflicts of interest, fair competition, health & safety issues the environment, insider trading, etc. It is published on the Company's website and applies to the Board, all employees and third parties interacting in business with the Company. The LH Supplier's Code of Business Conduct that applies to all its contractors and is enforced contractually.</p> <p>Website https://www.lafarge.co.ke/code-business-conduct at</p> |
| 50 | A or E | E.3 | 5.2.3 | FA | <p>The Company carries out training on the CoBC each year in Q4 through eLearning or face to face modes.</p> <p>Compliance to the CoBC is mandatory for all directors, employees and third parties which is captured in the contracts of each individual. Further, compliance to the Supplier's CoBC is mandatory if a supplier is to continue engagements with the company and is part of each contract. Directors, employees and suppliers are required to sign a commitment on this.</p> <p>The Board monitors compliance with the CoBC quarterly through a review of all reported Integrity Line issues, key conflicts of interest at Board level and ensures that relevant remediation actions are in place.</p> <p>Website https://www.lafarge.co.ke/code-business-conduct at Board Charter pg. 9-10</p> |
| 51 | A or E | E.4 | 5.2.1 | FA | <p>Yes, these are included in risk management profile and the LH risk assessment undertaken each year. The Company maintains an enterprise risk management framework which includes the identification, monitoring and mitigation of ethical and sustainability risks by the A&RC. The risks tied to any sustainability projects are reviewed regularly and mitigated.</p> <p>The Company ensures that training on anti-bribery & corruption risks and anti-money laundering is undertaken for targeted employees and also undertakes extensive due diligence for all third parties at Group level.</p> <p>2020 Annual Report, Risk and Control pg. 56-57</p> |

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| 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 | <p>The Company maintains risk registers for identified risks tied to anti-bribery & corruption, compliance with the law and observance of integrity. The Legal & Compliance function maintains an annual compliance plan which monitors all identified aspects tied to ethical risks while the Internal Controls Manager will ensure that all controls are in place to avoid any breaches of policy.</p> <p>The performance on ethics is reported quarterly to the A&RC with appropriate mediation shared with affected employees or third parties. Where external disclosures are required to regulators or stakeholders, these will be made as and when required e.g. in Annual Report through Corporate Governance statement and to employees through internal communication and training.</p> | 2020 Annual Report, Corporate Governance Statement - Integrity Line pg. 79 |
| 53 | A or E | E.6 | Has the company established and implemented a whistle blowing policy? | 5.2.5 | FA | <p>Yes. The Company whistle blowing policy is contained in the Code of Business Conduct and a toll free Integrity Line plus reporting email set up to allow anonymous reporting. The Integrity Line is available on the website, the company intranet and in posters at all company sites to ensure that any person wishing to make a report has access to the options available.</p> | Website at https://www.lafarge.co.ke/code-business-conduct Board Charter pg. 9-10 |
| 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 | <p>Yes, please see the disclosures in the Sustainability Review section of the Annual Report. Also note that as indicated earlier, the Company has adopted the LH Sustainability Policy which has extensive provisions on our corporate citizenship and sustainability initiatives.</p> | Policy can be found at https://www.lafargeholcim.com/sustainability 2020 Annual Report, Sustainability Review pg. 60-72. |
| 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 | <p>Stakeholder (including the society and communities in which we operate) interests are part of decision making process. The Board focuses on the Company's impact to the communities in which we operate and pays specific attention to the environment. It has received global awards for its quarry rehabilitation program including the world famous Bamburi Haller Park and operates Bamburi Forest Trails in Mombasa. The Company also reports on its efforts to use sustainable energy sources and supporting waste management as a replacement for coal under its geocycle activities. These include the use of waste tyres, industrial waste, rice husks, waste oil, etc. in the running of kiln operations.</p> | 2020 Annual Report, Sustainability Review pg. 60-73 and Corporate Governance Statement pg. 76-80 |
| 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 | <p>Yes, these are covered in each board paper as presented by the Company CEO and highlights disclosed in the annual report.</p> | 2021 Annual Report, Sustainability Review pg. 60-73 and Corporate Governance Statement pg. 76-80. |
| | F | | ACCOUNTABILITY, RISK MANAGEMENT AND INTERNAL CONTROL | | | | |

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| 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 | Yes. The A&RC is mandated to review and verify the integrity of financial statements prior to recommending the same for Board approval. The A&RC will review the unaudited half year and audited full year results prior to publication of results externally to the regulators and public. The A&RC also reviews quarterly financial performance year to date which feeds into verification of the published results. The A&RC also meets with the external Auditors, including at least one meeting a year in the absence of Management, to reinforce independence of the audit process and ensure there are no outstanding issues. | Board & A&RC Charters at https://www.lafarge.co.ke/board-charter and Annual Report, Corporate Governance Statement pg. 78-80 |
| 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 | Yes. Report of the Directors on their responsibilities and a statement from the external auditors on their responsibility are contained in the annual report. | 2020 Annual Report, Statement of Directors' Responsibilities pg. 92 |
| 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 | The A&RC reviews the work plan of the external auditors as well as their independence, qualifications and competence annually. The A&RC Charter is clear that auditor independence is guaranteed. The review is done by looking at the qualifications of the audit team, their experience with similar organizations, their knowledge of the business of the Company, knowledge of accounting standards, available expertise for specific areas such as IT, whether the audit firm has any other engagements with the Company or related parties as well as rotation of the audit partner etc. Members of management meet the external auditors in the absence of management to review their performance and challenges during any audit process. | A&RC Charter on website https://www.lafarge.co.ke/board-charter and Annual Report, Corporate Governance Statement pg. 78-80 |
| 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, Deloitte Kenya were appointed at the AGM on 18 June 2020, in accordance with the law and Company documents. Each year, their appointment is tabled before the shareholders in the general meeting for approval. | AGM notice and minutes https://www.lafarge.co.ke/2020-annual-general-meeting |
| 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 already publishes an Integrated Annual Report which captures financial and non-financial activities and performance deliverables of the Company. As part of the LafargeHolcim Group which adopts the international framework by the Integrated International Reporting Council, the Company is working to fully adopt the principles in the said framework. The Company adopts the GRI Standards of reporting on ESG matters which is a global benchmark. | 2020 Annual Report |
| 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 covering all risks, issues and opportunities. An appropriate disclosure is included in the annual report, the Board Charter and A&RC Charter. | Board charter pg. 14-15, A&RC Charter at https://www.lafarge.co.ke/board-charter 2020 Annual Report, Risk and Control pg. 56-57 |
| 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 | The adequacy and integrity of internal controls already in place is regularly reviewed quarterly by the A&RC through the internal audit department. Further, for any new process, controls are developed and tested in advance as well as after implementation to ensure they are sufficient and work. | A&RC Charter at https://www.lafarge.co.ke/board-charter 2020 Annual Report, Risk and Control pg. 56-57 |

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| 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, the Board through the A&RC will review the effectiveness of the risk management and internal controls framework in place and put in place measures to strengthen/close any weak areas. A report on what was done in 2020 is contained in the Risk and Control section in the annual report. | 2020 Annual Report, Risk and Control pg. 56-57 A&RC Charter at https://www.lafarge.co.ke/board-charter |
| 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 A&RC on a quarterly basis. The Internal Audit team also develops an annual audit work plan detailing their proposed activities across the business which is approved by the A&RC prior to implementation. The work-plan is geared to ensure that audits are undertaken in areas of focus and greater risk, to ensure that the controls in place continue delivering the expected benefits. | A&RC Charter at https://www.lafarge.co.ke/board-charter . Disclosure on A&RC report in the 2020 Annual Report pg. 79 |
| 66 | A or E | F.10 | Does the Board disclose details of Audit Committee activities? | 6.5.2 | FA | Yes, details of ARC activities are disclosed in the corporate governance statement of the annual report. | Disclosure on A&RC report in the 2020 Annual Report pg. 79-80 |
| 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 | Yes, the key areas requiring disclosure as set out in 7.1.1 of the Code are disclosed in the annual report or company website (includes provision of relevant board & committee charters, company documentation, company policies and standards, etc.) The Company also publishes material information such as director changes and financial results within the 24 hour requirement after Board approval. | Website https://www.lafarge.co.ke or https://www.lafarge.co.ke/2020-notices Newsletters and Letters to authorities e.g. the CMA and NSE |
| 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 | Yes. The Corporate Governance Statement in the annual report covers the required disclosures on compliance with the Code, Board and Committee practices during the year in review. Additionally, the annual report also includes an opinion from the 2020 Governance Auditor, Catherine Musakali of Dorion Associates on the sufficiency of governance structures in place. | Corporate Governance Statement in the 2020 Annual report pg. 76-82 |
| 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 | Yes, The annual report covers the required disclosures in respect of the Company and gives a broad overview of the activities undertaken in the preceding year in line with these. | 2020 Annual Report, pg. 5, 34-35 |
| 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 | Yes. The annual report makes the required disclosures on remuneration in the Directors' Remuneration Report, and on whistleblowing on the Integrity Line. | 2020 Annual Report, Corporate Governance Statement pg. 79, Directors Remuneration Report pg. 83-85 |
| 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 | Yes. The Board Charter, the Code of Business Conduct, Integrity Line together with information on appointments and resignation of directors are published on the website. | https://www.lafarge.co.ke |
| 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 on factors affecting prior year performance and outlook in current year are contained in the annual report under the Business Review, the Chairman's statement and Group Managing Director statement. | 2020 Annual Report, Business Review pg. 34-57, Chairman's statement pg. 18-21, Group Managing Director's statement pg. 22-25 |
| 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 under the Corporate Governance Statement. | 2020 Annual Report, Corporate Governance Statement pg. 76, 79-80 |

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| 74 | A or E | G8 | 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, the Board has disclosed that respect of year 2020, there were no known insider dealings. In respect of the governance audit, the Board enlisted the services of Dorion Associates to undertake the 2020 governance audit. The respective governance auditor's opinion which was a satisfactory finding is disclosed in annual report. | 2021 Annual Report, Governance Auditor's Opinion pg. 81-82. |
| 75 | A or E | G9 | 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 under the Corporate Governance Report. | 2020 Annual Report, Corporate Governance Statement pg. 56-57, 79-80 |
| 76 | M | G10 | 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 list of top 10 shareholders and director shareholding is disclosed in the annual report and separately on the company website. https://www.lafarge.co.ke/top-10-shareholders | 2020 Annual Report, Shareholder Profile pg. 86 and website at https://www.lafarge.co.ke/top-10-shareholders |
| 77 | M | G11 | Has the Board disclosed all related-party transactions? | 7.1.1t | FA | All related party transactions have been disclosed in the annual report, under the notes to the Financial Statements. | 2020 Annual Report |
| 78 | M | G12 | 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. | 2020 Annual Report, Corporate Governance Statement pg. 76 & 81-82 |

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.