



BAMBURI CEMENT PLC

BOARD APPOINTMENT POLICY

PURPOSE

Bamburi Cement Public Limited Company (the ‘Company’) is incorporated in Kenya under the Companies Act 2015 (previously Chapter 486, laws of Kenya) and listed on the Nairobi Securities Exchange.

The Company believes in establishing and entrenching a good corporate governance framework which includes documentation of various Board practices. In line with provisions of the CMA Code of Corporate Governance Practices for Issuers of Securities to the Public 2015 (the ‘Code’) the Board of the Company is required to publish procedures for nomination and appointment of new Board members.

The purpose of this policy is to provide the principles, criteria and procedures for the appointment of directors to the Board of the Company and related matters.

COMPOSITION OF THE BOARD

As set out in the Company’s Board Charter, the Board’s membership shall be large enough to ensure a wide range of skills, knowledge, views and experience to achieve the balance necessary to meet the Company’s strategic objectives. The Company subscribes to a unitary Board structure comprising of non-executive and executive directors.

There is no maximum limit on the number of Directors that may be appointed to the Board but a minimum number of five (5) directors is prescribed under the Company’s Articles of Association.

The Board’s composition is designed to ensure that it meets the 65% requirement for non-executive directors as well as the requirements for independence pertaining to membership of the Board Committees. At least one third (1/3rd) of the Board is comprised of directors who qualify as independent in accordance with the Capital Markets Authority listing guidelines.

APPOINTMENT OF BOARD MEMBERS

The Board has the power to appoint additional directors to fill casual vacancies upon the recommendation of the Nomination, Remuneration and Human Resources Committee (the ‘NR&HR Committee’ or the ‘Committee’).

The Committee is responsible for recommending candidates to the Board after reviewing the appropriate balance of skills, experience, diversity, tenure and characteristics required of Board nominees in the context of the current make-up of the Board together with the qualifications of individual candidates.

The Committee will consider candidates recommended by shareholders and candidates coming up for re-election in line with rules on rotation of directors. A shareholder willing to indicate



candidates for consideration for appointment to the Board of Directors should notify the Company in writing informing the full name and identification of the candidates.

The appointment of Directors is subject to approval by the shareholders at the Annual General Meeting and any directors appointed by the Board to fill casual vacancies will be required to resign and offer themselves for election by the Shareholders at the general meeting following their appointment. The proposal for re-election of the directors shall be based on their annual individual assessments as reviewed in the annual board evaluation exercise.

CRITERIA FOR APPOINTMENT

Candidates for appointment to the Board shall demonstrate/have the following characteristics:

- a) Broad-based business or professional skills and experience and an academic background compatible with the Board's needs;
- b) Integrity in personal and business dealings;
- c) Ability to maintain confidentiality and not to use confidential information for their benefit;
- d) Commitment to the highest ethical standards and values of the Company;
- e) Sound business judgement particularly in matters that relate to the current and long-term objectives of the Company;
- f) Ability and willingness to commit sufficient time to the Board and Company matters;
- g) Global business and social perspective;
- h) Ability to effectively, consistently and appropriately take into account and balance the legitimate interests and concerns of shareholders and other stakeholders in reaching decisions;
- i) Ability to meaningfully engage in Board deliberations and appropriately challenge or raise his/her concerns;
- j) Avoiding conflicts of interest that would impair their ability to represent the interests of the Company or its shareholders and fulfilling the responsibilities of a director;
- k) Shall not be disqualified to act as a director, by falling into any of the following categories:
 - i. Be a body corporate or juristic person;
 - ii. Not be an emancipated minor or under a similar legal disability or curatorship;
 - iii. Not be a person removed from an office of trust on grounds of misconduct;
 - iv. Not be a person subject to or be a director in an entity subject to any international sanctions; or,
 - v. Not be a person convicted of fraud, theft, forgery, perjury or other offence involving dishonesty or disqualified under any law from holding the office of a director.

PROCEDURE FOR APPOINTMENT

The Board has delegated its authority to the Committee to periodically assess the skills required to competently discharge Board duties, having regard to the Company's strategic direction.

The NR&HR Committee undertakes a skills assessment once annually and uses this assessment to build a matrix of the skills and competencies required of new directors and for the purposes of filling in casual vacancies on the Board. A report on the outcome of that assessment is provided to the rest of the Board.



The following procedure is followed for various Board appointments:

1. Executive Directors

The executive directors usually refers to the Managing Directors of the Company and of Hima Cement Limited (a Ugandan subsidiary) and the Bamburi Group Finance Director. These individuals are hired on contract for a defined period of time. Management in conjunction with the Holcim Group Regional Talent Office has implemented a process for developing a succession pipeline for these executive director roles.

When transition is expected in either of these roles, the Holcim Group Regional Talent Office will reach out to the Board and local Management with a list of potential successors whose skills, experience, qualifications, integrity and leadership capabilities have been rigorously vetted. Opportunity is then created for the Board to interact with these potential successors in order to identify a suitable candidate.

A shortlist of potential candidates is created from which the NR&HR Committee vets and identifies its preferred candidate. The preferred candidate is recommended to the Board for appointment in the executive role and as a director of the Company.

2. Shareholder Nominees (Non-independent Non-Executive Directors)

In line with provisions of Article 88 of the Company's Articles of Association, any shareholder with shareholding between 15-25% may nominate one (1) person while a shareholder with above 25% shareholding may nominate more than two (2) persons for appointment as directors of the Company.

Once the shareholding goes below 15%, the shareholder shall no longer have the right to nominate a director for appointment and any director previously appointed shall be required to resign.

On nomination, the NR&HR Committee shall review the skills and competencies of the identified person and also undertake an integrity check of the individual. Once a clean report is obtained and the Committee is satisfied with the person's qualifications/experience, the NR&HR Committee shall recommend the individual to the Board for appointment.

3. All Other Non-Executive Directors

The Committee shall, as and when it considers appropriate, but in any event on each occasion on which an existing director retires/resigns or a specific skill is required for a time, assess the skills represented on the Board by the remaining non-executive directors and determine whether they meet the required skills identified, and if not determine how to rectify the situation.

The Committee, having regard to the skills required and the skills represented shall implement a process for the identification of suitable candidates for appointment to the Board of directors. All Board members are required to assist with the identification and nomination of potential candidates.

The Committee shall make recommendations on proposed appointments to the Board having due regard to the issues of skills/competencies, diversity and the appropriate balance of executive, non-executive and independent directors as prescribed by the Board's Diversity



Policy. The Board shall consider and approve the approach on the appointment prior to progressing individual identification of suitable candidates.

In determining the process for the identification of suitable candidates, the Committee may procure an appropriately qualified independent third party acting on a brief prepared by the Committee.

The Committee shall:

- Screen the shortlisted candidates by:
 - Ensuring that proper reference, integrity sanctions checks are run on the candidates to ensure that the candidates are not disqualified from acting as directors and that their backgrounds have been investigated in compliance with the listing requirements of the Capital Markets Authority.
 - Ensuring that any identified candidate is free of any conflict of interest between duties that he/she will owe to the Company and his/her private interest;
 - Categorizing the capacity of directors as executive, non-executive and independent;
 - Ensuring that the candidate who will be appointed as an independent director passes all the independence tests as set out in the Code; and
 - Ensuring that only candidates who have, in the judgement of the Board sufficient time to effectively fulfil the role of a Board member will be appointed as non-executive directors to the Board.

Once the Committee has considered candidate proposals, interviews by the Chair and members of the Committee shall be arranged. This shall be followed by a recommendation of a candidate for appointment, whose details and resume shall be circulated to the Board for approval.

Once a candidate is appointed a director, a formal procedure is activated by the Company Secretary who ensures that:

- Prior notification is made to the Capital Markets Authority and Nairobi Securities Exchange as per listing requirements and that an announcement is made to the public in the daily newspapers;
- Appropriate notifications are filed with the Companies Registry;
- A robust induction programme commences for the new director; and,
- The new director resigns and subjects him/herself to re-election at the next Annual General Meeting following the appointment in accordance with the Company's Articles of Association.

REVIEW

This policy shall be reviewed once every three (3) years. The next review will be in July 2025.

This Policy was reviewed by the Nomination, Remuneration & Human Resources Committee on 3rd August 2022 and approved by the Company's Board on 25th August 2022.

Mbui Ngunze, NR&HR Committee Chair

Date: 26th August 2022