

**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)

BRITISH AMERICAN TOBACCO KENYA plc

Reviewer's Name

Stock Code: KE0000000075

Sector: MANUFACTURING

Year: YEAR ENDED 31 DECEMBER 2017

Date of Financial Year End: 31 DECEMBER 2017

**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

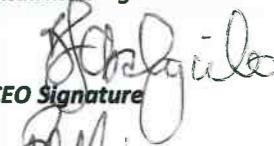
No. of independent directors at end of financial year

No. of non-executive directors at end of financial year

0.10  
KSh. 100,000,000  
KSh. 760  
KSh. 18,673,297,000  
KSh. 3,336,006,000  
KSh. 2,919,724,000  
KSh. 7,840,223,000  
9  
6  
7



Chairman Signature



CEO Signature



Company Secretary Signature

| Mandatory 'apply or explain' | or Part No. | Question   | Kenya Code Reference       | Application - FA, Application or Explanation - Note 3 & 4<br>PA or NA - See Notes 1, 2, 3&4 | Source of Information  |
|------------------------------|-------------|--|----------------------------|---|--|
|                              | <b>A</b>    | <b>INTRODUCTION</b>  |                            |   |  |
| 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  | The Company has a Board Charter which outlines the roles, responsibilities and powers of the Directors and Board Committees. It also sets out the Boards responsibility for internal control. The Board Charter is periodically reviewed by the Board with last review conducted on 27 April 2018. It is published on the Company's website.<br>Board Charter published on website - www.batkenya.com  |
| 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 sets out the separation of roles between the Board and Management including the Chairman and the MD. The Charter also sets out the roles and responsibilities of the Board in discharging its fiduciary and leadership functions. A description of the Board's responsibilities and how it operates are disclosed in the Corporate Governance Report within the 2017 Annual Report<br>Board Charter, 2017 Annual Report Corporate Governance Report pg. 48 |



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| 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. Board and Management decisions are made in accordance with prudent corporate governance practices. Shareholders discharge their responsibilities with respect to re-electing competent Directors. The statement appears in the Corporate Governance Report of the 2017 Annual Report.   | 2017 Annual Report Corporate Governance Report pg. 48, Articles of Association of the Company available on <a href="http://www.batkenya.com">www.batkenya.com</a> ,  |
| 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 | All Directors and the MD have been trained on the Code using both internal and External resources. External resourced training conducted in November 2016 and July 2017. Steps have been taken to ensure that Management are aware of the Code. Director Training and development initiatives disclosed in Corporate Governance Report section of 2017 Annual Report                             | Corporate Governance Report section of 2017 Annual Report pg. 50   |
| 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 | YES. This is disclosed in the Governance Section of the 2017 Annual Report   | Board Charter, Corporate Governance Report section of 2017 Annual Report pg. 48  |
| A or E | A.6 | Does the company strategy promote sustainability of the company?   | 2.3.6                   | FA | Sustainability is one of the Company's strategic pillars alongside Growth, Productivity and Winning Organization. The Board places considerable emphasis on the need for the business to be sustainable for the long term, to meet the expectation of stakeholders and inform the Company's commitments to society. The Company's approach to sustainability disclosed in the 2017 Annual Report | Strategic and Corporate Governance Reports in 2017 Annual Report pgs 20, 21, 22, 34, 35, 51  |
| 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 Board has constituted 3 Committees i.e Nominations , Audit, Governance & Corporate Social Responsibility (the Audit Committee), and Remunerations Committees. All have Terms of reference which are annually reviewed. Last reviewed by Board on 27 April 2018. Description of how the Committees operate is disclosed in the Corporate Governance Report section of the 2017 Annual Report  | Corporate Governance Report section of 2017 Annual Report (Governance Report section) pgs. 52 - 54. Terms of Reference of all Committees disclosed on website <a href="http://www.batkenya.com">www.batkenya.com</a> |
| B      |     | <b>BOARD OPERATIONS and CONTROL</b>  |                         |    |  |  |

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| 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 | Nominations Committee constituted on 8 November 2002. It has 4 Members 3 of whom are Independent Non-Executive Directors and 1 is a Non-Executive Director  | Corporate Governance Report section of 2017 Annual Report (Governance Report section) pg. 52. Terms of Reference of Nominations Committees disclosed on website www.batkenya.com         |
| M      | B.2  | Is the chairperson of the Nomination Committee an independent director?   | 2.2.3                      | FA | YES   | 2017 Annual Report Corporate Governance Report, Board of Directors pg. 38.   |
| 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 | YES. Policy on Appointments to the Board approved by the Board on 27 April 2018 and posted on the BAT Kenya website.  | Policy published on - www.batkenya.com   |
| M      | B.4  | Is the Board size adequate for the exercise of the company business?  | 2.1.4                      | FA | YES   | 2017 Annual Report Corporate Governance Report section pgs. 38-42, 48  |
| 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. Diversity Policy approved and adopted by the Board on 13 April 2017. Reviewed by Board on 27 April 2018  | Diversity Policy published on www.batkenya.com. See also Guiding Principles on page 21 of the 2017 Annual Report and the Corporate Governance Report section of 2017 Annual Report pg.49 |
| 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 skills, experience and business knowledge and other qualifications of each Director is disclosed in the 2017 Annual Report Corporate Governance Report   | 2017 Annual Report Corporate Governance Report section pgs. 38-42,49   |
| 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 | YES. This is captured within the Board Charter and the Directors' Letters of Appointment  | Board Charter published on website - www.batkenya.com  |
| 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               | NA | There are currently NO Alternate Directors on the BATK Board  | N/A  |
| 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 | YES. Out of 9 Directors 6 are Independent Non-Executive Directors.  | 2017 Annual Report Corporate Governance Report section pgs. 38-42,48   |
| 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 | Independence of Board members is annually assessed by the Nominations Committee applying the criteria set by the Code under 2.4.1. Most recent assessment conducted by Nominations Committee on 20 March 2018 and results tabled to Board on 27 April 2018. | Nominations Committee Terms of Reference published on website - www.batkenya.com and 2017 Annual Report Corporate Governance Report section pg.48.                                       |

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| M      | B.11 | Do all independent Board members have a tenure of less than 9 years?   | 2.4.2               | FA | All Directors have a tenure of less than 9 years except one Director who is a Non-Executive Director/ Non-Independent Member. This has been disclosed in the Corporate Governance Report section of the 2017 Annual Report under Board Effectiveness subsection "Balance and Diversity".   | 2017 Annual Report Corporate Governance Report section pgs. 38-42,49  |
| M      | B.12 | Is the Board comprised of a majority of non-executive board members?   | 2.1.3               | FA | YES. Out of 9 Directors 6 are Independent Non-Executive Directors and 1 is a Non-Independent Member. This is disclosed in the Corporate Governance Report section of the 2017 Annual Report  | 2017 Annual Report Corporate Governance Report section pgs. 38-42,48  |
| M      | B.13 | How does the Board ensure a smooth transition of Board members?  | 2.1.8               | FA | Succession Planning is conducted by the Nominations Committee on behalf of the Board and reported to the Board. On 2 May 2017 both the Managing Director and the Finance Director were appointed. They will both seek re-election from shareholders at the AGM scheduled for 11 May 2018. This has been disclosed in the 2017 Annual Report. | 2017 Annual Report Notice and Agenda pg 5 and Corporate Governance Report section pg.49.  |
| 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 Board has constituted an effective Audit Committee comprised of 4 Members 3 of which are Independent Non-Executive Directors and 1 is a Non-Executive Director. The mandate and role of the Committee and its activities in 2017 are disclosed in the Corporate Governance Report section of the 2017 Annual Report.                | 2017 Annual Report Corporate Governance Report section pgs. 52 and 53   |
| M      | B.15 | Are the functions of the Chairperson and the Chief Executive Officer exercised by different individuals?                                 | 2.3.3               | FA | YES. The functions of Chairperson and MD are exercised by different individuals. The division of responsibilities between the Chairperson and the Managing Director are disclosed in the 2017 Annual Report Corporate Governance Report section.   | 2017 Annual Report Corporate Governance Report section pg. 48   |
| M      | B.16 | Is the Chairman of the Board a non-executive board member?   | 2.3.4               | FA | YES. The Chairman of the Board is an Independent Non-Executive Director  | 2017 Annual Report Corporate Governance Report section pg. 38   |
| 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. The Board has established procedures to allow its Members access to relevant, accurate and complete information and professional advice at the Company's expense.   | See Board Charter and Terms of Reference of all Committees on website www.batkenya.com and 2017 Annual Report Corporate Governance Report section pg. 48. |
| M      | B.18 | Has the Board adopted a policy on managing conflict of interest?   | 2.3.8               | FA | YES. Conflict of Interest captured within Standards of Business Conduct (SOBC) which apply to Board Members and all employees of the Company. The process and procedures to manage conflict of   | Standards of Business Conduct (SOBC) published on website www.batkenya.com. See disclosure in Corporate Governance Section of                             |

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| 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 | BATK is a manufacturing hub for domestic, contract and export of products. Manufacture of products for associated/related companies across the Region is conducted on an arms length basis under contractual arrangements that fulfill transfer pricing requirements.  | 2017 Annual Report Financial Statements pgs. 85,101   |
| 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 | YES  | See disclosure in Corporate Governance Report of 2017 Annual Report at pg.42. See additional disclosure on pg. 9 from the Chairman's Statement.   |
| 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 | Sustainability is one of the Company's strategic pillars alongside Growth, Productivity and Winning Organization. The Board places considerable emphasis on the need for the business to be sustainable for the long term, to meet the expectation of stakeholders and inform the Company's commitments to society   | 2017 Annual Report Strategic Report pg 28. Corporate Governance Report section of 2017 Annual Report pg.55; Strategic and Corporate Governance Reports in 2017 Annual Report pgs 20, 21, 22, 34, 35, 51 |
| A or E | B.22 | Has the Board developed an annual work-plan to guide its activities?  | 2.6.3        | FA | YES. Board Annual Work Plan approved at November meeting for the ensuing year. 2018 Board Work Plan approved by the Board on 9 November 2017. Areas of focus stated in 2.6.3 all captured within the Board Work Plan. Board programme and activities during 2017 are disclosed in the Corporate Governance Report section of the 2017 Annual Report.   | Corporate Governance Report section of the 2017 Annual Report pgs. 48 and 51.   |
| 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 | Board Evaluation for 2017 was conducted and the results discussed by the Nominations Committee on 20 March 2018 and the Board on 27 April 2018. The process included evaluation of the performance of the Committees, the Chairman, the MD, the Company Secretary and Peer Review involving all Directors. The Board evaluation process and constructive feedback to Directors from the same disclosed in the Corporate Governance Section of the 2017 Annual Report | Corporate Governance Report section of 2017 Annual Report pg. 50.   |
| A or E | B.24 | Has the Board established and applied a formal induction program for in-coming members?   | 2.7.1        | FA | Formal Induction Program approved by the Board is applied for all in-coming Directors. Disclosure of the same is made within the Corporate Governance Report section of the 2017 Annual Report   | Corporate Governance Report section of 2017 Annual Report pg 50   |
| 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 Directors participate in on-going Corporate Governance training provided by the Company. In 2017 each Director received OVER 12 hours of Corporate Governance training from BATK and other credible sources.   | Corporate Governance Report section of 2017 Annual Report pg. 50  |

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| 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. There is a Remunerations Committee which determines remuneration of directors for approval by the Board and subsequently Shareholders at the AGM. The mandate and role of the Remunerations Committee is disclosed in the Corporate Governance section of the 2017 Annual Report.  | Corporate Governance Report section of 2017 Annual Report pg. 54. Remunerations Committee Terms of Reference are published on the website www.batkenya.com |
| 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 Directors Remuneration Report captures the remuneration policy as it relates to Executive and Non-Executive Directors on the Board and makes full disclosure of remuneration of Directors received during the year in its Annual Report. 2017 Directors Remuneration Report was approved by the Board on 15 February 2018 for adoption by Shareholders on 11 May 2018.   | Directors Remuneration Report in the Financial Statements section of the 2017 Annual Report pgs. 62 - 64.  |
| 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 | BATK has established internal procedures and monitoring systems to promote compliance with applicable laws, regulations and standards. The Legal and External Affairs (LEX) Function has 5 qualified In-House Lawyers who participate in all business decision forums and provide legal counsel and advise to ensure compliance is achieved and maintained. The Head of LEX is a permanent invitee to Board and Audit Committee meetings. The Audit Committee together with the Internal Audit function further provide assurance to the Board on compliance. | Corporate Governance Section of 2017 Annual Report pg 53   |
| 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 | Pursuant to 2.10.3 of the Code the Board of BATK on 18 January 2018 appointed a Law Firm led by an Advocate in good standing with the LSK to conduct a comprehensive independent legal audit for 2018.  |  |
| A or E | B.30 | Has the Board subjected the company to an annual governance audit?   | 2.11.1               | FA | The BATK Board appointed Ms. C. Musakali of Dorion Associates to conduct a Governance Audit. Ms. C. Musakali is a ICPSK accredited Governance Auditor as prescribed under 2.11.1 of the Code. The Governance Audit covered the 9 areas prescribed by the Code. The Governance Auditor's Report and Opinion is disclosed in the Corporate Governance Report section of the 2017 Annual Report  | Corporate Governance Section of 2017 Annual Report pg 47 and 50.   |
| C      |      | <b>RIGHTS of SHAREHOLDERS</b>  |                      |    |   |  |
| 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 | YES. The Board ensures that all shareholders are treated equitably as presented in the company's Articles of Association. The board has six (6) Independent Non-Executive Directors with fiduciary duties to protect the interests of all Shareholders and ensure that all Shareholders are treated equitably.  | Board Charter & Articles of Association both published on website www.batkenya.com   |

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| M      | C.2 | Other than at the AGM, how does the Board facilitate the effective exercise of shareholders' rights?  | 3.1.1        | FA | Shareholders have access to the Company and its Registrars. The Registrars have a branch footprint across the country. The Company also organises Open Days for Shareholders. An Open Day was organised for Shareholders on 5 April 2017 at the Company's Green Threshing Plant in Thika. Members were able to appreciate the Company's operations and interact with Board members and Management. Investor Briefings are also organised following declaration of end year and half year results. Shareholder engagement disclosed under the Corporate Governance Report section of the 2017 Annual Report. | Corporate Governance Section of 2017 Annual Report pg. 50   |
| M      | C.3 | How does the Board facilitate shareholders participation at the AGM?  | 3.1.1        | FA | Agenda and Notice published in timely manner through daily newspapers, email, website and distribution of Annual Reports. A convenient venue is selected for the AGM. Sufficient time is accorded to Shareholders at the AGM to enable them to ask questions, seek clarifications on the Company's performance and to air their concerns, if any. Shareholders unable to attend AGM's are permitted to appoint Proxy's and to that end Proxy Forms are provided.  | Notice and Agenda for May 11 2018 AGM on pg. 5 of 2017 Annual Report. Notice and Agenda was published on the daily newspapers in addition to email notification and physical distribution. The 2017 Annual Report is also published on the website www.batkenya.com |
| A or E | C.4 | Are minority and foreign shareholders holding the same class of shares treated equitably?   | 3.2.1        | FA | YES. Minority and foreign shareholders are treated equitably. All receive information on the Company's performance through distribution of annual reports and accounts and half yearly results. All receive Notice to the AGM's and accorded opportunity to attend either in person or via proxy. Dividends are paid out to both minority and foreign shareholders at the same time.  |   |
| 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. Investor Briefings are conducted a day after declaration of end year and half year results. The Media is invited. Investor briefing for 2017 end year results was held on 16 February 2018.  | Investor briefing on 16 February 2018 received wide coverage on both electronic and print media.  |
|        | D   | <b>STAKEHOLDER RELATIONS</b>  |              |    |   |   |
| 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. The Company has a well resourced Legal and External Affairs (LEX) Function. Within LEX the External Affairs unit has, on behalf of the Board, identified all the Board and Company's key stakeholders and mapped out areas of interaction with such stakeholders. Engagements and interactions are conducted in line with the principles and guidelines set out in the Standards of Business Conduct (SOBC)  | Standards of Business Conduct - www.batkenya.com  |

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| 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 | YES. In addition to identifying key stakeholders, strategies and suitable policies are employed to manage relations with different stakeholders. Engagement is constructive, deliberate and planned. Typical issues of concern to the Board and which require strategic engagement are Excise, Illicit Trade and issues affecting tobacco farmers. Engagements and interactions are conducted in line with the principles and guidelines set out in the Standards of Business Conduct (SOBC). Various engagements with stakeholders conducted during 2017 are disclosed in the Strategic Report section of the 2017 Annual Report. | Strategic Report section of 2017 Annual Report pgs.27,28,34,35   |
| 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 Board strives to achieve an appropriate balance between the interests of its various stakeholders in order to achieve the long-term objectives of the Company. An example would be engagement with contracted tobacco farmers to improve farming techniques thus improving yields and by extension the price to farmers. See disclosure titled "Enhancing farmer livelihoods" on pg 28 of 2017 Annual Report.  | Strategic Report section of 2017 Annual Report pgs.28, 34, 35  |
| M      | D.4 | How does the Board ensure effective communications with stakeholders?   | 4.2, 4.2.1                 | FA | Relevant information is proactively relayed to stakeholders having regard to the best interests of the Company in determining what information is shared. Investor Briefings are conducted in a timely manner. The Annual Report provides an avenue for dissemination of information about the Company in addition to financial performance. As per 4.2.1 a whistle blowing policy is in place.  | 2017 Annual Report in totality.  |
| M      | D.5 | Has the Board established a formal dispute resolution process to address internal and external disputes?  | 4.3.1                      | FA | YES. The Company has established processes and procedures for resolution of both internal and external disputes.   |  |
|        | E   | <b>ETHICS AND SOCIAL RESPONSIBILITY</b>   |                            |    |  |  |
| A or E | E.1 | Does the Board ensure that all deliberations, decisions and actions are founded on the core values (responsibility, accountability, fairness and transparency) underpinning good governance and sustainability? | 5.1.1                      | FA | YES. Deliberations, decisions and actions are founded on the Company's guiding principles of Enterprising spirit, Freedom through responsibility, Open minded and Strength from diversity and in line with the Standards of Business Conduct (SOBC). See disclosure at page 21 of 2017 Annual Report   | Strategic Report in 2017 Annual Report pg s. 20 and 21   |
| 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 | YES. The Company has its Standards of Business Conduct that all Directors and employees of the Company adhere to. This is disclosed in the Corporate Governance Report section of the 2017 Annual Report   | Standards of Business Conduct www.batkenya.com and Corporate Governance Report section of 2017 Annual Report pg 48 |



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| 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 | The Board ensures that the Company's strategies and operations are executed in line with the Standards of Business Conduct (SOBC). All third party contractual arrangements are underpinned by the SOBC and the Supplier Code of Conduct  | Standards of Business Conduct<br>www.batkenya.com   |
| 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. See disclosure on risk management within the Corporate Governance Report section of the 2017 Annual Report.  | Corporate Governance Report section of 2017 Annual Report pgs.53, 55  |
| 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 | Ethics are assessed on an ongoing basis by the LEX function, which ensures that actions of the company and its employees are always in line with the company's Statement of Business Principles, Standards of Business Conduct (SOBC), Supplier Code of Conduct, Employment Principles, Health and Safety Policy, International Marketing Principles and Principles of Engagement.<br><br>The LEX function monitors compliance with the above principles, policies and standards and advises employees and the Leadership team on the above, as the need arises.<br><br>These principles, policies and standards are disclosed to employees on the local intranet site, and to external stakeholders in engagements and contracts and on the company's website. |   |
| A or E | E.6 | Has the company established and implemented a whistleblowing policy?  | 5.2.5        | FA | YES. The Company has a whistleblowing policy within the Standards of Business Conduct which enables staff, in confidence, to raise concerns about possible improprieties in financial and other matters, and to do so without fear of reprisal. See disclosure on pg. 53 of 2017 Annual Report.   | Standards of Business Conduct<br>www.batkenya.com, Corporate Governance<br>section of 2017 Annual Report pg 53                  |
| 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 | YES. See disclosures in 2017 Annual Report  | Strategic Report section of 2017 Annual Report<br>pgs. 34,35 Corporate Governance Report<br>section of 2017 Annual Report pg 51 |
| 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 | YES. The Company considers the impact of its operations on society and environment. Examples of this may be seen in the company's recycling activities, energy management and afforestation activities. The Company is also ISO 91001 certified for Quality Management Systems.   | Strategic Report section of 2017 Annual Report<br>pgs. 34, 35   |
| 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 the Board monitors and reports activities leading to good corporate citizenship and sustainability. See disclosures in 2017 Annual Report including disclosures on Corporate Social Investment (CSI) and Responsibility   | Strategic Report section of 2017 Annual Report<br>pgs. 34, 35 and pg. 55 on CSI   |

|        | F   | ACCOUNTABILITY, RISK MANAGEMENT AND INTERNAL CONTROL   |                     |    |   |  |
|--------|-----|--|---------------------|----|---|--|
| 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 Board has constituted an effective Audit Committee which independently reviews, verifies and safeguards the integrity of financial statements.   | Corporate Governance section of 2017 Annual Reports pg. 52,53  |
| 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. See disclosure in 2017 Annual Report   | Financial Statement section of 2017 Annual Report pg. 65,66-67   |
| 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 | YES. See disclosure in the 2017 Annual Report   | Corporate Governance section of 2017 Annual Report pg53  |
| 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. Notice of appointment or re-appointment of External Auditors is given through the AGM Agenda. Appointment or re-appointment is put to the Shareholders and a vote by show of hands taken.  | 2017 Annual Report pg. 5   |
| 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               | FA | YES. The Company adopted integrated reporting many years ago and strives towards improving the same year on year.   | See 2017 Annual Report   |
| 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 | YES. The Company has an effective risk management framework in place. See disclosure in 2017 Annual Report  | Corporate Governance section of 2017 Annual Report pgs.52,53   |
| 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 | YES. The Board has instituted an effective Audit Committee and the Company has a well resourced Internal Audit Function. The Audit Committee meets 3 times a year and reports findings from its meeting to the Board. See also disclosures in External Auditors Report in 2017 Annual Report. | Corporate Governance Section of 2017 Annual Report pgs 52,53 Financial Statements section of 2017 Annual Report pgs. 66-67 |
| 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. Reporting is done through the Annual Report and at the AGM when the External Auditor reads the Audit Report.   | Corporate Governance Section of 2017 Annual Report pgs 52,53 Financial Statements section of 2017 Annual Report pgs. 66-67 |

|        |      |  |                     |    |   |   |
|--------|------|--|---------------------|----|---|---|
| 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. The Company has a well resourced Internal Audit Function.  | Corporate Governance Section of 2017 Annual Report pgs 53   |
| A or E | F.10 | Does the Board disclose details of Audit Committee activities ?  | 6.5.2               | FA | YES. The Board discloses the activities of the Audit Committee in the Corporate Governance Section of the Annual Report. 2017 Audit Committee activities disclosed in the 2017 Annual Report.   | Corporate Governance section of 2017 Annual Report pg. 53   |
|        | G    | <b>TRANSPARENCY and DISCLOSURE</b>   |                     |    |   |   |
| 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. Key areas requiring disclosure as listed in 7.1.1 have been disclosed in the Annual Report and / or on the Company's website.  | 2017 Annual Report and website - www.batkenya.com   |
| 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. Key areas requiring disclosure as listed in 7.1.1 have been disclosed in the Annual Report and / or on the Company's website.  | Corporate Governance Report section of 2017 Annual Report pgs.47-55 and website - www.batkenya.com                            |
| 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 Company's Vision, Mission strategic framework disclosed in the Strategic Report section of the 2017 Annual Report  | Strategic Report section of 2017 Annual Report pgs. 20-21   |
| A or E | G.4  | Does the Annual Report cover, as a minimum, disclosures as prescribed in 7.1.1 relating to remuneration and whistleblowing?  | 7.1.1               | FA | YES. The company has disclosed remuneration through the Directors Remuneration Report and the notes in the Financial Statements within the 2017 Annual Report. The existence of a whistleblowing policy is also disclosed in the Annual Report and within the Standards of Business Conduct | Financial Statements section of 2017 Annual Report pgs.62-64 Corporate Governance Report section of 2017 Annual Report pg.53. |
| 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, Whistleblowing Policy, Code of Ethics and information on resignation of directors)? | 7.1.1               | PA | YES. The majority of the key areas for disclosure have been disclosed on the Company website. Populating the website with information is an ongoing process. Areas in 7.1.1. not currently disclosed will be disclosed by the end of 2018.  | Website - www.batkenya.com  |
| A or E | G.6  | Does the Board disclose the management discussion and analysis as required in 7.1.1?   | 7.1.1               | FA | Disclosures are made as appropriate and in the interests of the Company and its shareholders  | 2017 Annual Report  |
| 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. Disclosures in Corporate Governance Section of Annual Report   | Corporate Governance Section of 2017 Annual Report pgs.48-55  |

|        |      |  |               |    |  |  |
|--------|------|--|---------------|----|--|--|
| 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. A Governance Audit was conducted and is reported in the 2017 Annual Report  | Corporate Governance Section of 2017 Annual Report pgs.47,50                       |
| 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         | PA | YES. The Company's risk management policy, procurement policy and policy on information technology disclosed in the Corporate Governance section of the 2017 Annual Report | Corporate Governance Section of 2017 Annual Report pgs.53,54                       |
| 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. Disclosures have been made in at the end of the Financial Statements on the 2017 Annual Report headed Principle Shareholders and Share Distribution                   | Principle Shareholders and Share Distribution section of 2017 Annual Report pg.103 |
| M      | G.11 | Has the Board disclosed all related-party transactions?  | 7.1.1t        | FA | YES. Related party transactions disclosed in the Financial Statements  | Financial Statements section of 2017 Annual Report pgs. 85, 101                    |
| 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. Disclosures in Corporate Governance Section of 2017 Annual Report include Governance Audit Opinion  | Corporate Governance Section of 2017 Annual Report pgs.47,48,50                    |
|        |      |  |               |    |  |  |

**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 fulfill 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.