

**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 2018

**Date of Financial Year End:** 31 DECEMBER 2018

**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

7.79  
100,000,000  
KSh.725  
KSh.20,750,135,000  
KSh. 4,084,523,000  
KSh. 1,222,299,000  
KSh.9,309,254,000  
8  
5  
6

**Chairman Signature** 

**CEO Signature** 

**Company Secretary Signature** 

Consecutive No. Mandatory or 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

Consecutive No.	Mandatory or Part No.	Question	Kenya Code Reference	Application - FA, PA or NA - See Notes 1, 2, 3 & 4	Application or Explanation - Note 3 & 4	Source of Information
	A	<b>INTRODUCTION</b>				
1	M	A.1 Has the company developed and published a Board Charter which is periodically reviewed and which sets out the Board responsibility for internal control?	1.1.2, 2.6.2, 6.3.2	FA	The Company has a Board Charter which outlines the roles, responsibilities and powers of the Board, Board Committees, Board Chair, Managing Director and Company Secretary. It also sets out the Board's responsibility for risk management, strategic direction, corporate governance, internal controls and processes. The Board Charter is periodically reviewed by the Board with last review conducted on 12 April 2019. It is published on the Company's website (www.batkenya.com).	Board Charter published on website www.batkenya.com
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 sets out the separation of roles between the Board and Management including the Board Chairman and the Managing Director. The Board 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 is disclosed in the Corporate Governance Report within the 2018 Annual Report	Board Charter, 2018 Annual Report Corporate Governance Report pg. 43 & 44
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. Board and Management decisions are made in accordance with prudent corporate governance practices. The Audit Committee is specifically charged with the responsibility of monitoring compliance with the CMA Code. Shareholders discharge their responsibilities with respect to re-electing competent Directors. The 2018 Annual Report provides that, besides complying with the Code, the Company has committed to embed internal rules of engagement to support corporate governance. These internal guidelines are constituted in the Standards of Business Conduct to which every employee, Director and Supplier attests their adherence.	2018 Annual Report Corporate Governance Report pg. 43 Articles of Association of the Company available on www.batkenya.com,
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 Board and Management have each received an update on the requirements of the Code and their specific responsibilities. The Code's requirements were also set out and discussed in great detail in the 2017 and 2018 Governance Audit reports.	Pg. 41 - 42, 2018 Annual Report, disclosure of the Company having undertaken the audits





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	YES. This is disclosed in the Corporate Governance Section of the 2018 Annual Report. The Annual Report further states that the Board is collectively responsible for the Company's vision and strategic direction. The Board Charter also provides that the Board is responsible for approving the Company's business strategy and ensuring that the necessary financial and human resources are in place for the Company to meet its objectives.	Board Charter on Company website & Annual Report Corporate Governance report pg. 43
6	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 is disclosed in the 2018 Annual Report	Strategic and Corporate Governance Reports in 2018 Annual Report pgs 28, 29 and 49
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 Board has constituted 3 Committees i.e Nominations Committee, Audit Committee and the Remuneration Committee as set out in the Board Charter. All Committees have Terms of Reference which are annually reviewed and updated as appropriate. The Committee terms of Reference were last reviewed by the Board on 12 April 2019. A description of how the Committees operate is also disclosed in the Corporate Governance Report section of the 2018 Annual Report	Terms of Reference of all Committees disclosed on website www.batkenya.com as part of the Board Charter Corporate Governance Report section of 2018 Annual Report (Corporate Governance Report section) pgs. 50 - 53.
		B	<b>BOARD OPERATIONS AND CONTROL</b>				
8	M	B.1	Has the Board established a Nomination Committee comprised mainly of independent and non-executive Board members?	2.1.2, 2.2.2	FA	YES. The Nominations Committee was 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 2018 Annual Report (Governance Report section) pg. 50. Terms of Reference of Nominations Committees disclosed in Board Charter on website www.batkenya.com
9	M	B.2	Is the chairperson of the Nomination Committee an independent director?	2.2.3	FA	YES.	2018 Annual Report in the Corporate Governance Report, Board of Directors pg. 32 & 50.
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	YES. The Board on 27 April 2018 approved a Policy on Appointments to the Board which is posted on the BAT Kenya website.	Policy on Appointments to the Board published on - www.batkenya.com
11	M	B.4	Is the Board size adequate for the exercise of the company business?	2.1.4	FA	YES. The board currently has 8 board members against a maximum of 12 as per the Board Charter and 2018 Annual Report which is sufficient size for the company business	2018 Annual Report Corporate Governance Report section pgs. 32-34, 44.
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 approved and adopted a Diversity Policy which is disclosed on the Company's website and in the Annual Report.	Diversity Policy published on www.batkenya.com. See also Guiding Principles on pg 46 of the 2018 Annual Report in the Corporate Governance Report section.
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 skills, experience, business knowledge and other qualifications of each Director are disclosed in the profiles of each Director set out in the 2018 Annual Report Corporate Governance Report. The Board profiles are also disclosed on the Company's website	2018 Annual Report Corporate Governance Report section pgs. 32-34, 46 Board profiles on www.batkenya.com
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	YES. This is captured within the Board Charter and the Directors' Letters of Appointment. The Board Charter, page 8, advocates that Non-Executive Directors should not hold more than 3 directorships of listed companies at any one time while Executive Directors shall not hold a directorship in more than 2 public listed companies. The chairman cannot chair the boards of more than 2 public listed companies. All Directors must promptly disclose outside directorships and inform the Chairperson of any changes to these directorships.	Board Charter published on website - www.batkenya.com
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	NA	There are currently NO Alternate Directors on the BAT Kenya Board	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	YES. Out of 8 Directors 5 are Independent Non-Executive Directors (62.5%).	2018 Annual Report Corporate Governance Report section pgs. 32-34, 46 Board profiles on www.batkenya.com



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. Independence of Board members is annually assessed by the Nominations Committee applying the criteria set by the Code under 2.4.1. As per the 2018 Annual Report pages 50, the Nominations Committee's key mandate is that of evaluating and reporting to the Board on an annual basis, the effectiveness of the Board and of the Directors in the discharge of their responsibilities including ensuring that the Board has an appropriate balance of skills, expertise, knowledge and independence, in line with the Board Diversity Policy. Annual assessment of Directors' independence was completed by Nominations Committee on 19 March 2019 and results tabled to the Board on 12 April 2019.	Nominations Committee Terms of Reference published on website - www.batkenya.com and 2018 Annual Report Corporate Governance Report section pg. 50.
18	M	B.11	Do all independent Board members have a tenure of less than 9 years?	2.4.2	FA	All independent Directors have a tenure of less than 9 years. Only one Director who is a Non-Executive Director is non-independent. This has been disclosed on pg. 46 in the Corporate Governance Report section of the 2018 Annual Report under Board Diversity.	2018 Annual Report Corporate Governance Report section pgs. 32-34, 46
19	M	B.12	Is the Board comprised of a majority of non-executive board members?	2.1.3	FA	YES. Out of 8 Directors 6 are Non-Executive Directors (75%). This is disclosed in the Corporate Governance Report section of the 2018 Annual Report and Board profiles on the Company's website	2018 Annual Report Corporate Governance Report section pgs. 32-34, 46 Board profiles on www.batkenya.com
20	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. The Nominations Committee annually reviews currently available board skills and experience, Company needs, diversity and independence considerations. Premised on its findings, the Committee will facilitate filling of vacancies and creation of a succession pipeline to meet these requirements on an annual basis. This has been disclosed in the 2018 Annual Report under the mandate of the Nominations Committee.	2018 Annual Report pg 50 & Nominations Committee terms of reference in the Board Charter on www.batkenya.com
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 Board has constituted an effective Audit Committee comprised of 4 Members 3 of whom are Independent Non-Executive Directors and 1 is a Non-Executive Director. The mandate and role of the Audit Committee and its activities in 2018 are disclosed in the Corporate Governance Report section of the 2018 Annual Report. The Committee's terms of reference are set out in the Board Charter on the Company's website	The terms of reference of the audit committee are provided on the BAT website www.batkenya.com. See also Board Charter pages 21-28, 2018 Annual Report Corporate Governance Report section pg. 51 - 52.
22	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 Managing Director are exercised by different individuals. The division of responsibilities between the Chairperson and the Managing Director are disclosed in the board Charter and the 2018 Annual Report Corporate Governance Report section.	Board Charter pages 11-12, 2018 Annual Report Corporate Governance Report section pg. 43 - 44
23	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	2018 Annual Report Corporate Governance Report section pg. 32 Board profiles on www.batkenya.com
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. The Board has established procedures to allow its Members access to relevant, accurate and complete information and professional advice at the Company's expense. On access to information, the Chairperson and the Managing Director invite members of Management to make presentations at Board meetings to provide insights into certain aspects of the Company's business or operations. All Board Committee Terms of Reference confer authority on the Committee to request information and obtain external professional advise at the expense of the Company.	See Board Charter and Terms of Reference of all Committees on website www.batkenya.com and 2018 Annual Report Corporate Governance Report section pg. 44.
25	M	B.18	Has the Board adopted a policy on managing conflict of interest?	2.3.8	FA	YES. Conflict of Interest are captured within the Company's Standards of Business Conduct (SOBC) which apply to Board Members, all employees and thrid parties' dealing with the Company. The process and procedures to manage conflict of interest are disclosed in the Corporate Governance Report section of the 2018 Annual Report. No material conflicts of interest were declared by the Board in 2018. A Register of Conflicts of Interest is maintained.	Standards of Business Conduct (SOBC) published on website www.batkenya.com. See disclosure in Corporate Governance Section of 2018 Annual Report pg. 46.
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	YES. A Related Party Transactions Policy aligned to provisions of the Code was approved by the Board on 12 April 2019 for immediate implementation. Various disclosures of related party transactions are also disclosed in the 2018 and 2017 Financial Statements.	Copy of Related Party Transactions Policy is available on the website www.batkenya.com. See disclosures on Annual Report Financial Statements pgs. 81, 107
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	YES.	See disclosure in Corporate Governance Report of 2018 Annual Report at pg.34. See Company Secretary's profile on www.batkenya.com



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	YES. 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 Board has approved a Corporate Social Investment Strategy which underpins the company's commitment to sustainability. This strategy is available on the Company's website	2018 Annual Report - Chairman's Statement, pg. 7, 2018 Annual Report Strategic Report section pg 22-29, 49. Corporate Governance Report section of 2018 Annual Report pg.52 and 54; Page 17 Board Charter (Environmental, Social & Governance Policy). CSI/CSR Strategy at www.batkenya.com
29	A or E	B.22	Has the Board developed an annual work-plan to guide its activities?	2.6.3	FA	YES. The Board Annual Work Plan for the next financial year is developed in the last quarter of the current year and approved at the last Board meeting of the year. The 2019 work plan was approved in December 2018. Areas of focus stated in 2.6.3 are all captured within the Board Work Plan. Board programme and activities during 2018 are disclosed in the Corporate Governance Report section of the 2018 Annual Report. Further, per the 2018 Annual Report page 44, the company developed a Board programme that is designed to enable the Board drive the strategy forward across all the elements of the Company's business model.	Corporate Governance Report section of the 2018 Annual Report pgs. 44, 46 to 54.
30	M	B.23	Has the Board determined, agreed on its annual evaluation process and undertaken the evaluation or the performance of the Board, the Board Committees, the CEO and the Company Secretary?	2.6.4, 2.8	FA	The Board has a clear evaluation process which reviews performance of the Board, Committees, Chairman, Managing Director and Company Secretary. Board Evaluation for 2018 was conducted by an independent third party and the results discussed by the Nominations Committee on 19 March 2019 and the Board on 12 April 2019. The Board evaluation process is disclosed in the Corporate Governance Section of the 2018 Annual Report. The 2018 Board evaluation found that the Board and its committees continue to function/perform well and have sufficient balance of skills, expertise, knowledge and diversity. Individual feedback is given by the Chairman to all Board members. Board members continued to perform well, and each was considered to be making an effective contribution to the Board. Feedback on the Chairman's, Managing Director and Company Secretary's own performance was given to them by the Nominations Committee.	Corporate Governance Report section of 2018 Annual Report pg. 47 and 50. See Board Charter on www.batkenya.com
31	A or E	B.24	Has the Board established and applied a formal induction program for in-coming members?	2.7.1	FA	Formal Induction 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 2018 Annual Report	Corporate Governance Report section of 2018 Annual Report pg 46
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	YES. Board Directors participate in on-going Corporate Governance training provided by the Company and externally in compliance with the Code. In 2018 each Director received OVER 12 hours of Corporate Governance training from BAT Kenya and other credible sources.	Corporate Governance Report section of 2018 Annual Report pg. 46 - 47. See Board Charter on www.batkenya.com
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. There is a Remunerations Committee which determines remuneration of employees and directors for approval by the Board and subsequently Shareholders at the AGM as appropriate. The mandate and role of the Remunerations Committee is disclosed in the Corporate Governance section of the 2018 Annual Report and Board Charter.	Corporate Governance Report section of 2018 Annual Report pg. 52 -53. Remunerations Committee Terms of Reference are published on the website www.batkenya.com
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 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. 2018 Directors Remuneration Report was approved by the Board on 13 February 2019 and recommended for shareholder approval during the AGM on 10 May 2019.	Directors Remuneration Report in the Financial Statements section of the 2018 Annual Report pgs. 58-62.
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	BAT Kenya has established internal procedures and monitoring systems to monitor and 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 the Board and Audit Committee meetings to raise matters compliance. The Audit Committee together with the Internal Audit function further provide assurance to the Board on compliance.	Corporate Governance Section of 2018 Annual Report pg 51-52
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	YES. Pursuant to 2.10.3 of the Code, the Board appointed Anjarwalla & Khanna Advocates to conduct a comprehensive independent legal and compliance audit for 2018. Their statement is disclosed on pg. 42 of the 2018 Annual Report	The Legal & Compliance Audit was concluded and report adopted by the Board in April 2019. See page 42 of the 2018 Annual Report.

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37	A or E	B.30	Has the Board subjected the company to an annual governance audit?	2.11.1	FA	YES. The Board appointed Ms. C. Musakali of Dorion Associates to conduct a Governance Audit for year 2018. 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 2018 Annual Report on pg. 41 - 42	Corporate Governance Section of 2018 Annual Report pg 41 and 42.
		C	<b>RIGHTS of SHAREHOLDERS</b>				
38	M	C.1	Does the governance framework recognize the need to equitably treat all shareholders, including the minority and foreign shareholders?	3.0 Overview, 3.2.1	FA	YES. The company's procedures in the Articles of Association provide for equitable treatment of all shareholders. The provisions addressing shareholders' rights in the Board Charter also support equitable treatment of shareholders. In addition, the Board approved the Investor Relations Policy and Dividends Policy which will further support equitable treatment of shareholders. Evidence of equitable treatment of shareholders is available on page 47 as regards equitable provision of information on the company's performance.	Corporate Governance Section of 2018 Annual Report pg. 47. See Board Charter on www.batkenya.com
39	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 Registrar. The Registrars have a branch footprint across the country. The Company has an open door policy and will meet shareholders upon request. It may also organise Open Days for Shareholders. Investor Briefings are also organised following declaration of end year and half year results to give shareholders an opportunity to have the performance explained. Shareholder engagement disclosed under the Corporate Governance Report section of the 2018 Annual Report.	See Board Charter and Investor Relations Policy on www.batkenya.com
40	M	C.3	How does the Board facilitate shareholders participation at the AGM?	3.1.1	FA	The AGM Notice is published in a timely manner through daily newspapers, email, website and distribution of physical Annual Reports to shareholders. 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 Proxies and to that end Proxy Forms are provided.	Notice and Agenda for 10 May 2019 AGM on pg. 2 of 2018 Annual Report. Notice and Agenda was published on the daily newspapers in addition to email notification and physical distribution. The 2018 Annual Report and Proxy Form are also published on the website www.batkenya.com
41	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 per the Dividend Policy. The Board Diversity Policy and Nominations Committee ToRs (available for desktop review) provide opportunities for minority and foreign shareholders to nominate board members. The Company also respects legal provisions in the Companies Act 2015 permitting minority and foreign shareholders to make such nominations. Minority shareholders also have opportunity to raise concerns/issues to the Board through the Corporate Affairs and Investor Relations team.	Shareholders rights are provided in the Company's Articles of Association and Board Charter. Board Diversity Policy, Dividend Policy and Investor Relations Policy are available on the Company's website www.batkenya.com
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. Investor and Media briefings are conducted a day after declaration of end year and half year results. The Media and Investor briefing for 2018 end year results were held on 14 February 2019. Other public announcements are availed on the Company's website in real time basis.	Investor briefing on 14 February 2019 received wide coverage on both electronic and print media. See www.batkenya.com for public announcements.
		D	<b>STAKEHOLDER RELATIONS</b>				
43	A or E	D.1	Does the Board have a stakeholder-inclusive approach in its practice of corporate governance and which identifies its various stakeholders?	4.1.1	FA	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) and Principles of Engagement.	Standards of Business Conduct & Principles of Engagement - www.batkenya.com. 2018 Annual Report pg. 28-29

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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	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) and Principles of Engagement. Various engagements with stakeholders conducted during 2018 are disclosed in the Strategic Report section of the 2018 Annual Report. The Board also approved the Investor Relations Policy in 2019. The company also has in place a Media Engagement Protocol as well as a strategy on Corporate Social Investment.	Strategic Report section of 2018 Annual Report pgs. 22-29. Investor Relations Policy, Media Engagement Protocol & Corporate Social Investment Strategy on www.batkenya.com
45	A or E	D.3	How does the Board take into account the interests of key stakeholder groups prior to making decisions?	4.1.4	FA	The 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. The annual report outlines the considerations and engagements had with various stakeholders in the company's decisions and operations. These stakeholders include farmers, customers, consumers, employees, communities and shareholders. For example, at page 22 of the 2018 Annual Report, it is stated that in terms of delivering sustainable consumer value through portfolio transformation, the company strives to offer the highest quality and most innovative product range to satisfy the different preferences of our consumers. In line with this objective, 2018 marked the beginning of a journey to transform the brand portfolio, which consisted of introducing new brand offerings and innovations to the market. The pillars of the Corporate Social Investment Framework are outlined at page 54 of the 2018 annual report.	Strategic Report section of 2018 Annual Report pgs.22-29 and pg. 54.
46	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 and Media briefings are conducted in a timely manner. The Annual Report, media and Company website provide avenues for dissemination of information about the Company in addition to financial performance. As per 4.2.1 a whistle blowing policy is in place. The company has also displayed its telephone contacts, email and physical addresses on its website and disclosed the name and contacts of the dedicated communications person. The Investor Relations Policy approved by the Board also provides for effective communication guide with stakeholders.	Investor Relations Policy and information about communicating with the company is available at the website www.batkenya.com.
47	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 captured in the Board Charter.	Dispute Resolution Procedure is at pg. 16 Board Charter available at www.batkenya.com.
		E	<b>ETHICS AND SOCIAL RESPONSIBILITY</b>				
48	A or E	E.1	Does the Board ensure that all deliberations, decisions and actions are founded on the core values (responsibility, accountability, fairness and transparency) underpinning good governance and sustainability?	5.1.1	FA	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). These principles have entrenched the core values captured in the CMA Code. See disclosure at page 17 of 2018 Annual Report	Strategic Report in 2018 Annual Report pg. 16-19 See Standards of Business Conduct on www.batkenya.com
49	M	E.2	Has the Board developed a Code of Ethics and Conduct (which includes sustainability) and has it worked to ensure its application by all directors, management and employees?	2.6.1, 5.2.2, 5.2.3, 5.2.4	FA	YES. The Company has its Standards of Business Conduct that all Directors, third parties dealing with the Company and employees of the Company adhere to annually. This is disclosed in the Corporate Governance Report section of the 2018 Annual Report.	Standards of Business Conduct and Board Charter on www.batkenya.com and Corporate Governance Report section of 2018 Annual Report pg 52
50	A or E	E.3	How does the Board ensure that compliance with the Ethics Code and Conduct is integrated into company operations?	5.2.3	FA	The Company runs an annual sign-off process where all Directors and employees are required to refresh their adherence to the Standards of Business Conduct and advise on conflicts of interest. Training on compliance with the SoBC is also provided on relevant topics. 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 www.batkenya.com
51	A or E	E.4	Does the Board incorporate ethical and sustainability risks and opportunities in the risk management process?	5.2.1	FA	YES. See disclosure on risk management within the Corporate Governance Report section of the 2018 Annual Report. The Company maintains risk registers on various identified risks e.g. risk of non-compliance with laws; and ensures appropriate actions are taken to mitigate or eliminate certain risks.	Corporate Governance Report section of 2018 Annual Report pg. 45, 51, 53

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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>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.</p> <p>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.</p> <p>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. The Board, with advice from the Audit Committee, has completed its annual review of the effectiveness of the system of risk management and internal control for the period since 1 January 2018. No significant failings or weaknesses were identified, and the Board is satisfied that, where specific areas for improvement have been identified, processes are in place to ensure that the necessary remedial action is taken and that progress is monitored.</p>	Pg. 45 of the 2018 Annual Report covers performance in risk management and highlights that no significant failings/weaknesses were noted from the risks tracked.
53	A or E	E.6	Has the company established and implemented a whistleblowing policy?	5.2.5	FA	<p>YES. The Company has a whistleblowing policy and a Speak Up Portal within the Standards of Business Conduct which enables staff, third parties, etc. 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 2018 Annual Report.</p>	Standards of Business Conduct <a href="http://www.batkenya.com">www.batkenya.com</a> , Corporate Governance section of 2018 Annual Report pg 53 Speak Up reporting portal on <a href="http://www.batkenya.com">www.batkenya.com</a>
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. See disclosures in 2018 Annual Report. Also see SoBC, whistleblowing policy, supplier code of conduct, statement of business principles, principles of engagement, International Marketing Principles, BAT Kenya Quality Policy Statement, Human and Safety Policy Statement.</p>	Strategic Report section of 2018 Annual Report pgs. 22-29 Corporate Governance Report section of 2018 Annual Report pg 53 - 54.
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>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.</p>	Strategic Report section of 2018 Annual Report pgs. 22-29, 54
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 the Board monitors and reports activities leading to good corporate citizenship and sustainability. See disclosures in 2018 Annual Report including disclosures on Corporate Social Investment (CSI) and Responsibility</p>	Strategic Report section of 2018 Annual Report pgs. 22-29, 49
		F	<b>ACCOUNTABILITY, RISK MANAGEMENT AND INTERNAL CONTROL</b>				
57	M	F.1	Does the Audit Committee and the Board consider and review the financial statements for integrity of the process and for truthful and factual presentation?	6.1, 6.1.1a	FA	<p>YES. The Board has constituted an effective Audit Committee which independently reviews, verifies and safeguards the integrity of financial statements. These documents are then forwarded to the Board for approval.</p>	Corporate Governance section of 2018 Annual Reports pg. 51 Board Charter on <a href="http://www.batkenya.com">www.batkenya.com</a>
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	<p>YES. See disclosure in 2018 Annual Report</p>	Financial Statement and Statement of Directors' Responsibilities section of 2018 Annual Report pg. 63-65
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	<p>YES. See disclosure in the 2018 Annual Report. The Board has an Auditor Independence Policy in place.</p>	Corporate Governance section of 2018 Annual Report pg 52 See Policy attached to Audit Committee terms of reference in Board Charter
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	<p>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.</p>	2018 Annual Report pg. 2 - 3
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	FA	<p>YES. The Company adopted integrated reporting many years ago in line with global best standards and strives towards improving the same year on year.</p>	See 2018 Annual Report

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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	YES. The Company has an effective risk management framework in place. See disclosure in 2018 Annual Report and Board Charter	Corporate Governance section of 2018 Annual Report pg. 45, 51
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	YES. The Board has an effective Audit Committee and the Company has a well resourced Internal Audit Function and a Compliance team. The Audit Committee meets 3 times a year and reports findings from its meeting to the Board. The Board also approves and monitors the audit and Compliance Plan annually. See also disclosures in External Auditors Report in 2018 Annual Report.	Corporate Governance Section of 2018 Annual Report pgs 51, 52 and 64
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 reviews and reporting is done through the Annual Report and at the AGM when the External Auditor reads the Audit Report.	Corporate Governance Section of 2018 Annual Report pgs 52,53 Financial Statements section of 2018 Annual Report pgs. 64
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. The Company has a well resourced Internal Audit Function which reports directly to the Board Audit Committee. Internal Audit is also free to meet with the Chair of the Audit Committee and discuss matters of interest.	Corporate Governance Section of 2018 Annual Report pgs 51
66	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. 2018 Audit Committee activities disclosed in the 2018 Annual Report.	Corporate Governance section of 2018 Annual Report pg. 51, 52
		G	<b>TRANSPARENCY and DISCLOSURE</b>				
67	M	G.1	Does the company have policies and processes to ensure timely and balanced disclosure of all material information as required by all laws, regulations and standards and this Code.	7.0 Overview, 7.1.1	FA	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.	2018 Annual Report and website - www.batkenya.com
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. 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 2018 Annual Report pgs.32-54 and website - www.batkenya.com
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 Company's Vision, Mission strategic framework disclosed in the Strategic Report section of the 2018 Annual Report and also on the website	Strategic Report section of 2018 Annual Report pgs. 16-17, 48-49
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 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 2018 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 2018 Annual Report pgs. 58-62 (Directors Remuneration) Corporate Governance Report section of 2018 Annual Report pg.52, 53 & 54.
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, Whistleblowing Policy, Code of Ethics and information on resignation of directors)?	7.1.1	FA	YES. The areas for disclosure have been disclosed on the Company website. It is however noted that populating the website with information is an ongoing process as information changes.	Website - www.batkenya.com
72	A or E	G.6	Does the Board disclose the management discussion and analysis as required in 7.1.1?	7.1.1	FA	Disclosures are made as appropriate and in the interests of the Company and its shareholders	2018 Annual Report
73	A or E	G.7	Has the Board provided disclosures as required in 7.1.1 on compliance with laws, regulations and standards; ethical leadership, conflict of interest, corporate social responsibility and citizenship?	7.1.1	FA	YES. Disclosures in Corporate Governance Section of Annual Report	Corporate Governance Section of 2018 Annual Report pgs. 32-54
74	A or E	G.8	Has the Board made all required disclosures, including confirming requirements of 7.1.1 which include that a governance audit was carried out and that there are no known insider dealings?	7.1.1	FA	YES. A Governance Audit was conducted and is reported in the 2018 Annual Report	Corporate Governance Section of 2018 Annual Report pgs.41-42 and 53.
75	A or E	G.9	Has the Board disclosed the company's risk management policy, company procurement policy, policy on information technology as per 7.1.1?	7.1.1	PA	YES. The Company's risk management policy, procurement policy and policy on information technology disclosed in the Corporate Governance section of the 2018 Annual Report Disclosure is also captured in the Board Charter and will be extended to the Company's website by end May 2019	Corporate Governance Section of 2018 Annual Report pgs.45, 51, 53, 54 Board Charter on www.batkenya.com
76	M	G.10	Has the Board disclosed information on shareholders, including the key shareholders, including shareholding by directors and senior management and the extent of their shareholdings as required in 7.1.1 and on stakeholder who influence company performance and sustainability?	7.1.1	FA	YES. Disclosures have been made at the end of the Financial Statements on the 2018 Annual Report headed Principal Shareholders and Share Distribution	Principle Shareholders and Share Distribution section of 2018 Annual Report pg.109

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77	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 2018 Annual Report pgs. 107 & 108
78	M	G.12	Does the Board include in its Annual Report a statement of policy on good governance and the status of the application of this Code?	1.1.3, 7.1.1r	FA	YES. Disclosures in Corporate Governance Section of 2018 Annual Report include Governance Audit Opinion	Corporate Governance Section of 2018 Annual Report pgs.43-54

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.

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