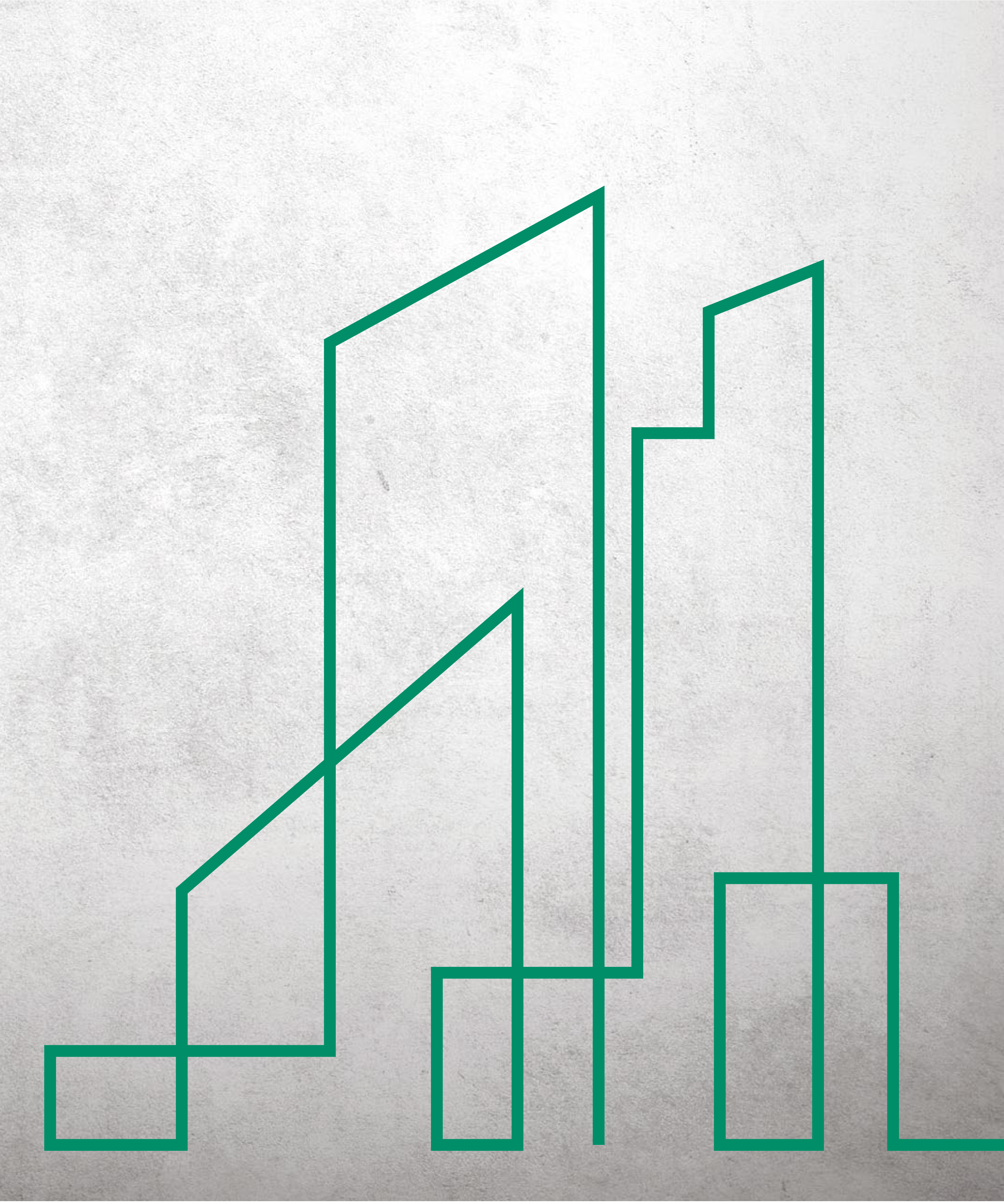
YEARS OF REVOLUTIONISING CONSTRUCTION IN KENYA

ANNUAL REPORT AND FINANCIAL STATEMENTS 2023

A MEMBER OF HOLCIM

Bamburi cement

Part of you. From the start



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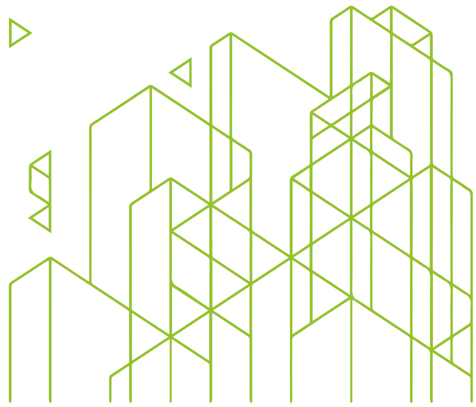


70 YEARS OF REVOLUTIONISING CONSTRUCTION IN KENYA

WHO WE ARE

Bamburi Cement is an Industry captain and member of the Holcim Group.

As a leading clinker, cement and concrete producer in Eastern Africa, Bamburi Cement is at the forefront of innovative and sustainable building solutions.

VISION

To be the undisputed leader and the preferred partner providing innovative high quality sustainable and innovative solutions for nation building.

Croc frenzy: Nile Crocodiles feeding at Bamburi Haller Park.

OUR STRATEGY

Our Building for Growth Vision is based on 4 Pillars:

GROWTH

Profitable green growth ahead of market

PERFORMANCE

Drive performance through innovation and operational excellence

PEOPLE

Engaged and empowered workforce, agile, lean, performance focused organization

SUSTAINABILITY

Be the leader in sustainability in the building materials and construction industry

Bridging populations: The Dongo Kundu Bypass Highway was built using Power Crete, Power Plus and Duracem (for its durability attributes at the bridge area)

4 SUBSIDIARIES

Hima Cement Limited

A Uganda based subsidiary of Bamburi Cement PLC with 3 plants iin Kasese, Namanve and Tororo. *(As at 31 December 2023, the operations of Hima Cement Limited are classified as a disposal group held for sale as further disclosed in these annual report and financial Statements*).

Bamburi Special Products Limited

The leading supplier of Readymix concrete and Precast concrete blocks with operations in Nairobi and Mombasa.

Lafarge Eco Systems Limited

The environmental arm of Bamburi Cement whose operations are in sustainable land use and quarry rehabilitation.

Diani Estates Limited

Diani's principal activity is management of land reserves on behalf of its parent company, Bamburi Cement.

OUR PLANTS

The Group operates 5 cement plants from where it serves Kenya and Uganda markets as well other export markets.

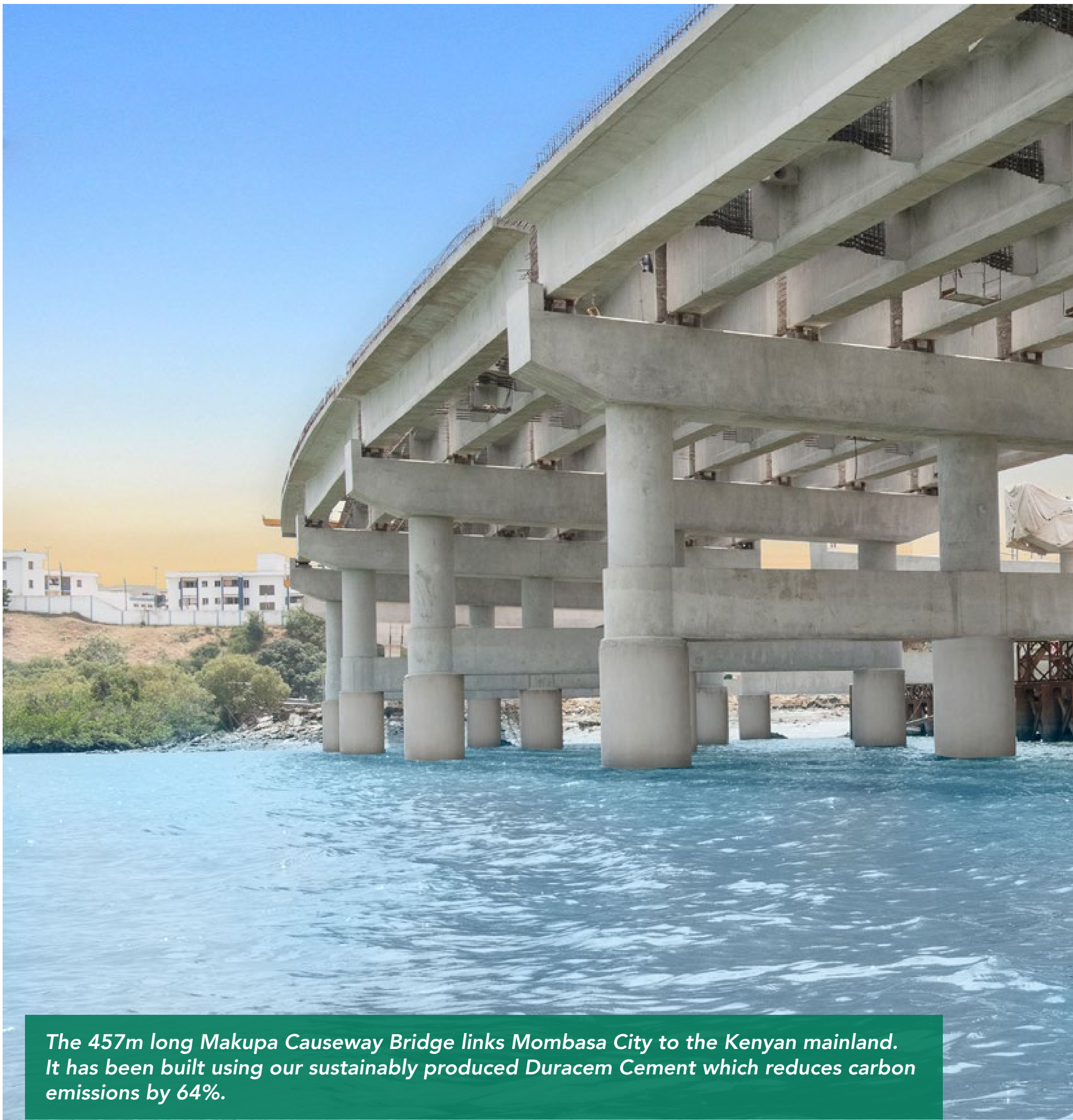
Operate 2 Plants in Kenya

- Integrated Plant (Clinkering and Cement) in Mombasa
- Grinding Plant (Cement) in Athi River

Operate 3 Plants in Uganda

- Integrated Plant (Clinkering and Cement) in Kasese, Western Uganda
- Grinding Plant (Cement) in Tororo
- Blending Station in Namanve

OUR BRANDS



The 457m long Makupa Causeway Bridge links Mombasa City to the Kenyan mainland. It has been built using our sustainably produced Duracem Cement which reduces carbon emissions by 64%.

We have the widest range of green cements for specific applications and segments


Bamburi
Haller Park
MINECEM
POWERMAX
RAPIDSET
POWERPLUS
SUPASET
MULTIPURPOSE
ROADCEM
FUNDI
BamburiBlox

About **Holcim**

DECARBONIZING **BUILDING**

From our operations to our products to buildings in use, we are decarbonizing building for a net-zero future

GREEN OPERATIONS

DECARBONIZING HOLCIM

We are decarbonizing Holcim with green operations, from green energy and mobility to green product formulation, all the way to next generation technologies like carbon capture, usage and storage.

CIRCULAR CONSTRUCTION

BUILDING NEW FROM OLD

We drive circular construction to build new from the old. As a world leader in recycling we put circularity at the core of everything we do. In Switzerland we launched the world's first cement with 20% recycled construction and demolition waste, and upcycle plastic bags in roofing systems.

BUILDING BETTER WITH LESS

DECARBONIZING CONSTRUCTION

We offer the broadest ranges of low-carbon materials such as ECOPact green concrete, delivering 100% performance with at least 30% less CO_2 as well as enabling smart design systems like 3D printing that can reduce material use by up to 50%.

MAKING BUILDINGS SUSTAINABLE IN USE

DECARBONIZING CITIES

Holcim Solutions & Products, from roofing to insulation, are making buildings more sustainable in use to decarbonize our cities, driving energy efficiency and green retrofitting.

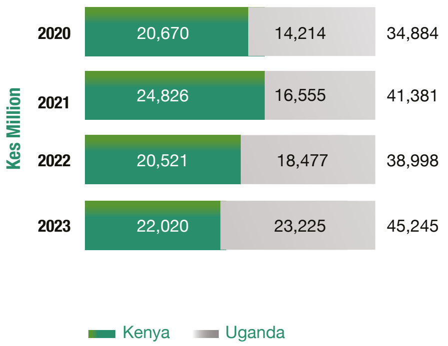
Nguvu Cement's good strength perfomance makes it suitable for general purposes and structural concrete applications.

2023 Overview

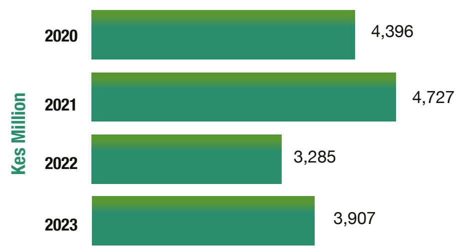
Revolutionising construction: The 3D printed Mvule Gardens housing in Kilifi County is the first of its kind in Africa and largest concentration of 3D printed houses in one location in the world .

GROUP – KEY FINANCIAL HIGHLIGHTS

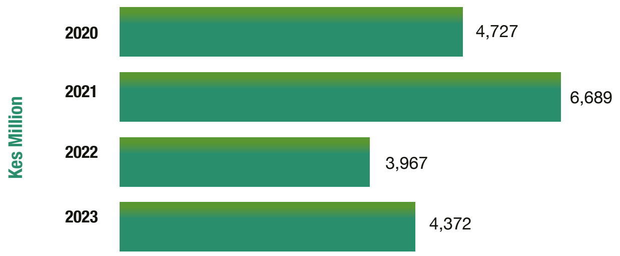
Group Turnover - Kes Millions



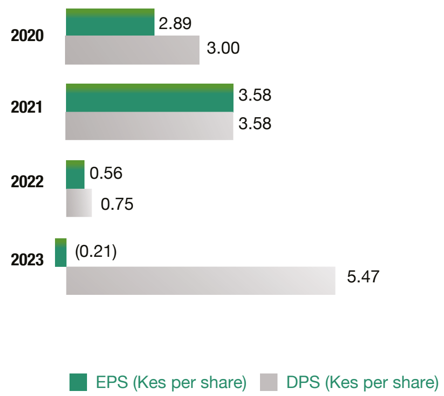
Group EBITDA - Kes Million



Group Cash and Cash Equivalents



Group Earnings/Dividend per Share



VALUE ADDED STATEMENT (GROUP)

in MKes

REVENUE FROM CUSTOMERS	SPEND ON CAPITAL EXPENDITURE	PAYMENTS TO GOVERNMENT
45,245	1,843	4,213

DIVIDEND PAYMENT TO SHAREHOLDERS	PAYMENTS TO SUPPLIERS	PAYMENTS TO OUR EMPLOYEES
1,985	32,621	3,296

2023 OVERVIEW
CHAIRMAN'S STATEMENT

The growth in turnover was 6.3% above prior year which was mainly driven by our excellent commercial strategy execution focusing on delivery of value to our customers.

Dr John Simba
Group Chairman

Dear Shareholders,

Overview

Fiscal year 2023 presented us with tough operating conditions, including cost pressures emanating from new and higher taxation measures with introduction of new levies and taxes as well as increased cost of fuel and power coupled with continuously depreciating shilling against major global currencies. The economic slowdown and inflationary pressure not only impacted consumers' disposable incomes and construction industry but also significantly increased the cost of doing business in Kenya and the region.

Despite facing significant challenges in the global and domestic economic landscape, both at home and abroad, we have managed to navigate these headwinds and delivered exceptional performance. The Group remained resilient and delivered a solid and impressive performance.

The growth in turnover was 6.3% above prior year mainly driven by our excellent commercial strategy execution focusing on delivery of value to our customers, growth in our export sales volumes as well as pricing benefit on domestic and export sales in the context of rising costs of production.

The Group registered an impressive and solid growth of operating profit at 48.3% increase compared to prior year. This is mainly attributed to better topline performance in cement and concrete segments, industrial and operational efficiency partially offset by significant inflation of fuel, raw materials and power prices. Logistics costs, taxes, depreciation of local currency and power interruptions also negatively impacted our performance. Despite these adverse challenges, the Group performed remarkably well.

On Sustainability, the Group accelerated adoption of sustainable business practices across all segments in order to ensure positive contribution to environmental protection and livelihood enrichment. During fiscal year 2023, the G continued decarbonising its operations through innovative and sustainable solutions across the value chain. This was achieved through increasing the usage of alternative raw materials, alternative fuels, deploying energy efficiency initiatives, emission control and Clinker Factor optimization in an action-oriented strategy significantly reducing our CO2 emissions in 2023.

As per Board's oversight role, we continue to ensure that the organisation's Environmental, social, and governance (ESG) strategy is aligned with its material risks, business objectives and drivers and that sustainability is strongly embedded in decision making. The business increased investments in projects that impact our ESG contributions and those driving our efficiency with eventual impact on costs. Key initiative in the year was the starting of the execution of new solar plants in both the Mombasa & Nairobi Plants that will deliver low emission targets while lowering energy cost at the same time. We will remain aggressive on actions that jointly fight against climate change and uphold our mandate to create sustainable corporate governance frameworks for business continuity.

During the year, the Group divested its Ugandan subsidiary. The sale transaction was completed in the first quarter of 2024. Going forward, the company will now be able to focus fully on the Kenya and exports market to maximize the values for the shareholders. The Group remains focused and convinced on maintaining a growth trajectory with improved performance and profitability in the future driven by innovation, operations excellence, energy cost reduction initiatives pegged on the revamped business strategy and the expected recovery of the economy.

Outlook

We are cognisant of the current challenging operating environment. However, we remain steadfast in our efforts to drive positive performance in 2024 and beyond. The Board affirms its confidence in our strategy and our commitment to delivering sustainable growth. Through the "Seize Exciting Growth Opportunity," The Group will achieve profitable growth across all its businesses, fuelled by sustainability, innovation and operational excellence. With this

2023 OVERVIEW
CHAIRMAN'S STATEMENT

strategic framework in place we are well positioned as a business to seize and serve opportunities ahead as we remain the market leader in innovative and sustainable building solutions. As a Group, we will continue to accelerate our strategy execution with focus on commercial execution excellence, innovation, digitalization coupled with industrial and operational efficiency.

Appreciation

I take this opportunity on behalf of the Board to express my sincere gratitude by appreciating our Board of Directors, Group CEO, Leadership Team, Employees, Customers, Partners, Shareholders, and all other Stakeholders for their invaluable contribution, dedication and support to our resilient and impressive performance in 2023.

The Board has the confidence that the Group has the leadership and the people with agility, creativity and innovation to exploit opportunities presented to us to the best advantage for our shareholders and all stakeholders. I remain confident and optimistic that we will continue to sustain and grow our momentum under the direction of the leadership team led by Group CEO, Mr. Mohit Kapoor, who has demonstrated passion and creativity coming from his experience in corporate leadership and driving consistent business growth.

The Board will continue to provide management with the necessary oversight and support as they execute on their strategic priorities.

Dr. John Simba
Chairman

16 April 2024

Hippos of Bamburi Haller Park: They have the largest teeth contained inside an animal's mouth,can open their mouths a massive 4ft wide and lower canines can reach up to 1.5 feet in length.

2023 OVERVIEW
GROUP CEO'S STATEMENT

2030 target is to lower Net CO_2 emissions per tonne of cementitious material by 40% compared to the base year of 2020.

Mohit Kapoor
Group CEO

Overview

It gives me great pleasure to share with you the strides our Company made in fiscal year 2023.

Despite operating in a difficult macro-economic environment - rising inflation, fast depreciating local currency, which disproportionately raised fuel, power and production costs coupled with increased taxation, which eroded consumer purchasing power, the Group remained resilient and delivered a solid performance in 2023.

In a year with many challenges, we maintained our strategic focus and agility in delivering value to our consumers and stakeholders through strong focus on excellence in execution of our commercial strategies at the same time strengthening our industrial operational efficiencies.

Inflation had a considerable impact on our business in terms of the cost of production, with power costs increasing by 48 percent (Jan 2022 to Dec 2023). Logistics costs were also significantly affected by record high increase in fuel prices with the introduction of an additional 8% VAT on fuel and the withdrawal of government subsidy on fuel. Diesel costs increased by 84 % (Jan 2022 to Dec 2023) thereby impacting the entire supply chain costs. The local currency also depreciated by 39% (Jan 22 to Dec 23), increasing our costs for imports for raw materials as well as equipment and spare parts. In addition, to the depreciation of Kenyan Shilling, the implementation of additional levy on imported clinker and cement also impacted the cost structures. On the regulatory front, we saw tax increments and amendments in Kenyan tax regulations, with businesses having to absorb the compounded effect of the increase through the Finance Act, 2023 and the inflation adjustment.

Sustainability

With sustainability at the core of our operations and a key pillar in our Strategy 2027, I am immensely proud to share the remarkable strides we made in our sustainability journey. Throughout the year, we reduced carbon emissions in our operations and demonstrated exemplary performance across all sustainability pillars.

Climate and Energy: Our 2030 target is to lower Net CO2 emissions per tonne of cementitious material by 37% compared to the base year of 2023. This commitment propels our strategic initiatives execution through our operations' action-oriented strategy to reduce CO2 emissions through the use of alternative raw materials and fuels, energy efficiency, emission measuring, monitoring, and reporting and Clinker Factor optimization.

Circular Economy: We continue to play an integral role in delivering sustainable solutions to the region's waste disposal crisis through Geocycle Kenya, helping to achieve zero waste. In four years, we have recycled 338,603 tons in our cement manufacturing process in Kenya. We use alternative fuels derived from waste such as biomass residues to replace traditional fossil fuels.

Nature and Biodiversity: We maintained 100% quarry rehabilitation plans (QRP) for all the quarries. Our restoration efforts ensured quarry safety and progressive rehabilitation, through cliff sloping, creation of habitat features for ecosystem development and sustainable land use. Lafarge Eco Systems Limited and Bamburi Haller Park (our rehabilitated Quarry) continues to shine and is an excellent example of biodiversity, not just for the Group but for Kenya.

People and Human Rights: Caring for our people, communities and safeguarding their human rights is an important pillar that grants us the license to operate. Health and Safety, anchored on a zero-harm culture in our operations, is a core element of this pillar. We achieved good performance in both Kenya and Uganda, with zero recorded fatalities in our operations, primarily due to a robust 'Boots on the Ground' (BoG) program that increased worker engagement and focused on managing critical risks.

Sustainable Procurement: The Group's commitment to high legal, ethical and moral standards, as outlined in our policies and directives, form the foundation of our procurement activities. The Group is also committed to 'inclusion' in our sourcing process with a target to increase our share of sourcing from Women, Persons with disabilities (PWDs) and youth, by creating awareness and providing training on our procurement processes.

Customer, Product and Innovation: Our research and development efforts are focused on the development of eco-friendly products such as low-carbon cement and concrete solutions that promote sustainable construction practices.

We launched Eco-labels on our conforming green cement brands that saves more than 30% of carbon emission during

2023 OVERVIEW
GROUP CEO'S STATEMENT

the manufacturing process in comparison to the Ordinary Portland Cement (OPC). It is worth noting that our Duracem cement product is unmatched locally and has truly broken barriers in CO2 reduction that stand at 64% below the OPC cement while maintaining the same strength of 42.5MPa.
We spent a significant portion of 2023 engaging various stakeholders in the building and construction such as the Institution of Engineers of Kenya (IEK), Architectural Association of Kenya (AAK), Association of Consulting Engineers of Kenya (ACEK), Kenya National Highways Authority (KeNHA), Kenya Association of Building and Civil Engineering Contractors (KABCEC) and general contractors among others on the positive environmental aspects of green cements and specifically Bamburi Duracem cement. We are now engaging with funding agencies to ensure specification of green cement in their cement.

We are currently conducting research and development on newer and more environmentally friendly cements, which we will soon launch. As a construction and building material sector and practice leader, Bamburi Cement is fully committed to walking the talk on environmental conservation and call upon policy makers, project owners, standards development authorities and construction professionals to join us and embrace the use of green cements in construction to replace the widely used OPC and help collectively decarbonize the construction sector. This will save our planet earth for the benefit of future generations.

Performance - Kenya

Our revenues increased by 6.3 percent over the previous year to Kes 22,027 million. The topline growth was fueled by superior commercial strategy execution, growth in export sales volumes and differential pricing for a wide range of products and solutions for domestic and export markets.

Our profit before tax recorded 60.8 percent growth to reach Kes 1,060 million, due to a solid topline performance, industrial and operation efficiency and productivity savings, which were partly offset by higher input costs. In addition, our Ready Mix (RMX) business did a significant turnaround and subsidiaries such as Lafarge Eco Systems Limited, performed better than previous year and also contributed to our improved profits. Our agility of decision making in the context of rapidly changing market dynamics helped us to execute strategic actions to deliver solid performance. Additionally, our industrial performance improved significantly versus previous year. Industrial Performance Benchmarks (IPB) improved many notches and contributed to the delivery of solid financial performance.

In Kenya, the profit after tax grew by 161% in 2023 vs previous year at Kes 670 million. However, due to the tax and legal liabilities settlement in Uganda, Hima Cement Limited (accounted for as a discontinued operations) reported a loss of Kes 1,069 million. Therefore, at the Group level the loss after tax was Kes 399 million in the year under review.

The Group reported a record high cash generation from operations, which increased to Kes 2,986 million as a result of improved operating profit and working capital management. Despite market liquidity challenges and currency devaluation our prudent strategy on working capital led to a total turnaround in our cash generated from operations.

Looking into the future

Despite ongoing challenges, we remain committed to our strategy and confident in our ability to navigate near term macroeconomic uncertainties. We will continue to invest in our employees, sustain a consumer-centric mindset, drive cost efficiencies across all our operations and simplify the business through digital transformation. We are confident that with sustained customer focus, consistent and superior product quality, excellent commercial execution, operational efficiency and digitalization, we shall continue on the trajectory of sustainable growth and shareholder value creation.

Acknowledgements

I would like to thank the Board for its continued wise, considered and expert guidance. I would also like to thank our customers, the Kenyan government, and all our stakeholders for their continued support, input and insights. My appreciation goes to our employees, without whose commitment, loyalty and diligence we would not have achieved the excellent results. We look forward to continuing our partnership in the future.

Thank you.

Mohit Kapoor
Group CEO
16 April 2024


ThinkPad
J. KAKAI

BOARD OF **DIRECTORS**

DR. JOHN SIMBA 79 years

NON-EXECUTIVE DIRECTOR | LLB, LLD(hc) EGH, MBS, OGW

John is an Advocate of the High Court of Kenya and Senior Partner at Simba & Simba, Advocates. Previously he has worked with the Attorney General's Chambers, and also as Executive Director /CEO of Industrial & Commercial Development Corporation (now Kenya Development Corporation), Executive Director of the Technical Unit of the Parastatal Reform Program and Executive Chairman/CEO of National Bank of Kenya.

Additionally, he has previously served as Chairman; Federation of Kenya Employers, Kenya Bankers' Association, Retirement Benefits Authority, University of Nairobi Council and as President of the Rotary Club of Nairobi. Currently, he is Chairman of Sanlam Kenya Plc., Coca-Cola Beverages Kenya Limited, Choice Tea Brokers Limited, Funguo Investments Limited and Seta Holdings Limited. He also serves as a director in other companies including Almasi Beverages Limited, Carbacid Investments Limited and Africa Energy Group Ltd.

John is a member of the Law Society of Kenya, East African Law Society, and the Institute of Directors, Kenya. John has attended several Executive Management and Corporate Governance courses locally and abroad.

John is the Chair of the Board of Directors and previously Chair of the Nomination, Remuneration & HR Committee (NR&HRC). John was appointed to the Board on 29 November 2012.

MOHIT KAPOOR – CEO 53 years

EXECUTIVE DIRECTOR | Bsc. Electronic Engineering, MBA

Mohit Kapoor is the Company's Chief Executive Officer.

He has over 26 years of corporate leadership experience, having held several high level leadership positions within the Holcim Group, including as Readymix Qatar LLC & Aljabor Cement Limited's Country CEO in Doha, Qatar, Holcim India's Head of Growth and Innovation, Lafarge India's Managing Director of Readymix Projects, and Health & Safety Vice President - APAC.

He has a Master's degree in Marketing from India's FORE School of Management, a Supply Chain Management qualification from IIM-Ahmedabad, and a Bachelor's degree in Electronics Engineering from Nagpur University.

Mohit was appointed as an Executive Director of the Board on 1 April 2023.

DR HELEN GICHOHI 63 years

INDEPENDENT NON-EXECUTIVE DIRECTOR | OGW, MBS, PhD Zoology, MSc Bio of Conservation, BEd

Helen is currently the Conservation Ambassador for Africa for Fauna and Flora International, a global conservation organization that she joined in September 2018. From December 2012 to January 2017 she served as Equity Group Foundation's Managing Director. Prior to that, she led the African Wildlife Foundation (AWF) for 11 years having joined AWF as its first Director of the Heartlands Program in 2001 and rising to become the Vice President for Programs in 2002 and AWFs first President in 2007. Helen also worked at the Wildlife Conservation Society and African Conservation Centre, where she was the Managing Director.

She is a recipient of several international awards including the Charlotte Wyman Trust's Women in Conservation Progra and the Giai Environmental Award for 2012 at the WIFTs Foundation International Visionary Awards. She has also been honoured nationally for her contribution to wildlife conservation and development.

She is a fellow of the Aspen Institute's Energy and Environment Program and a McCluskey Fellow of the Yale School of Forestry and Environmental Studies.

She previously served on the boards of Equity Bank Kenya Ltd, the Kenya Wildlife Service and the African Wildlife Foundation. Her current board positions include Equity Group Holdings Ltd, Ol Pejeta Conservancy and the Nawiri Group.

Helen serves on the Nomination, Remuneration & HR Committee and the Audit and Risk Committee. She was appointed to the Board on 9 March 2017.

RITA KAVASHE 59 years

INDEPENDENT NON-EXECUTIVE DIRECTOR | MBS, MBA, BEd

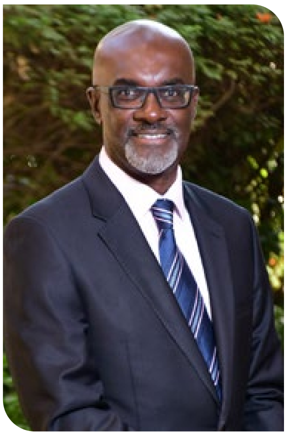
Rita is a captain of the automotive industry with over 20 years' experience and the Managing Director of Isuzu East Africa Limited (formerly General Motors East Africa), the largest motor vehicle assembler in East Africa. She joined General Motors in 1995 as a Direct Sales Executive and held several key roles in Sales & Marketing, both in Kenya and South Africa before her appointment as Managing Director in 2011.

She is the currently a member of the Advisory Council of the Kenya Private Sector Alliance (KEPSA), Advisory Board Member of the Palmhouse Foundation, member of the University of Eldoret Endowment Trust Board of Trustees and Chair of the Board of British American Tobacco Kenya plc.

She holds a Bachelor's degree in Education from Moi University - Kenya and a Master's degree in Business Administration (MBA) from the University of Nairobi. She is also an executive coach certified by the Academy of Executive Coaches (AOEC) UK. In 2017, she was awarded the Moran of the Order of the Burning Spear (MBS) for exemplary service to the Country as a business leader.

Rita serves on the Audit & Risk Committee.

She was appointed to the Board on 9 March 2017.



MBUVI NGUNZE 56 years

INDEPENDENT NON-EXECUTIVE DIRECTOR | BComm, FCA (England and Wales)

Mbuvi started his career in Audit and Consultancy working for Price Waterhouse in the UK and Kenya (1990-98), and then for Lafarge in various positions (1998-2011).At Lafarge, he was first Finance Director for Bamburi Cement in Kenya, Managing Director Hima Cement in Uganda, VP Group Internal Communications at the Lafarge HQ in Paris, and GM Mbeya Cement Tanzania.
He then joined Kenya Airways in 2011 as Chief Operating Officer, before his appointment as Group Managing Director and CEO in 2014-2017.

He is currently a consultant and Senior Advisor on a PE fund where he sits on 2 of the funds Boards. He is Chairman of Safarilink Aviation Limited, Cannon General Insurance (K) Limited, and Sustainable Power Solutions (a Pan African solar company) . As part of his paying it forward, Mbuvi sits on the Board of Lewa Wildlife Conservancy, the foremost conservancy organisation in Kenya as Vice Chairman, and Chair of the Audit and Risk Committee and the Board of Northern Rangeland Trust. He is also Chair of the Board of St Andrews School Turi, Chair of the Kenya Association of Air Operators, and provides mentorship to scale up entrepreneurs with Endeavor Kenya.

He has previously served on the Boards of Bamburi Cement, Hima Cement, Mbeya Cement, (all Lafarge majority owned companies), and served as Secretary to the East African Cement Producers Association. He also served on the Boards of Kenya Airways plc, Precision Air Tanzania and Jambojet, Chaired the Executive Committee of African Airlines Association (AFRAA), and was a member of Board of Governors of IATA.

Mbuvi was appointed to the Board on 30th August 2018 and serves on the Audit & Risk Committee, and is the Chair of the Nomination, Remuneration & HR Committee.

**RAJESH SURANA

NON-EXECUTIVE DIRECTOR | Bcom, CAII, ICS

Mr. Rajesh Surana is the Holcim Area Manager, East & South Africa.

Mr. Surana has over 20 years of rich experience in leading multinationals across different countries, cultures and roles, with 17 of those years spent in leadership within the Holcim Group. Prior to his current appointment, he held several management positions such as Director Strategic Projects Asia (under Holcim Group Services), CEO Holcim Bangladesh, CFO Holcim Lanka & CFO Holcim Services South Asia.

He is a fellow of both the Chartered Accountants Institute of India and the Institute of Company Secretaries of India. He holds a Bachelor of Commerce Degree from the Shri Ram College of Commerce, Delhi University, India. Rajesh was appointed to the Board on 1 April 2023.

**Rajesh resigned from the Board on 19 February 2024.

BOARD OF **DIRECTORS**

**AUSTIN A.O. OUKO 41 years
NON-EXECUTIVE DIRECTOR | JSM, LL.M, LL.B

Austin A. O. Ouko is the Company Secretary and General Manager Legal Affairs at the Kenya Electricity Generating Company Limited (KenGen) and has over 15 years' experience in transactional, corporate and commercial law in both public and private companies. He was previously the Ag. General Manager (Corporate Affairs/Corporation Secretary) at the National Social Security Fund (NSSF) and before that, Senior Legal Officer with The Standard Group Limited.

He holds a Master of the Science of Law (JSM) from Stanford University Law School, a Master of Laws (LL.M) in Public Finance & Financial Services and Bachelor of Laws (LL.B) degree, both from the University of Nairobi.

He is an Advocate of the High Court of Kenya, a Fellow of the Institute of Certified Public Secretaries of Kenya, a Fellow of the Chartered Institute of Arbitrators-UK, a Certified Public Secretary-Kenya, and an accredited Governance Auditor with the Institute of Certified Secretaries, Kenya.

Austin served on the Audit & Risk Committee and was appointed to the Board on 28 August 2020.

**He resigned from the Board on 30 November 2023.

ALICE OWUOR 65 years
INDEPENDENT NON-EXECUTIVE DIRECTOR | OGW, MBA, BCom, FKIM

Alice is a career tax administrator having served the Kenya Revenue Authority for 31 years in various critical areas of tax administration and diverse locations in Kenya since joining in 1984 as an assessor and retiring as Commissioner, Domestic Taxes in 2016. She was part of the KRA transformation team leading in the automation revolution and shift from manual back office processes through iTax implementation together with restructuring of the domestic taxes department to support devolution.

Further to sitting in various committees in KRA, Alice has also been Audit Committee chair and Chair of the Kenya Institute of Management (KIM), Kenya liaison for Commonwealth Association of Tax Administrators and founder president of the Soroptimist International Club of Milimani. She is a Fellow of the KIM while also serving as a director of the Centre for Corporate Governance, Prudential Life Assurance Kenya, Crown Paints Kenya PLC and Moving The Goalposts.

Alice is the Chair of the Audit & Risk Committee and a member of the Nomination, Remuneration & HR Committee.

Alice was appointed to the Board on 9 March 2017.

JEAN-MICHEL PONS 47 years
EXECUTIVE DIRECTOR | Msc Engineering

Jean-Michel joined Holcim in 2011 as Country Business Development Director, Algeria & Serbia after which he was promoted to Innovation Director, Algeria where he had the opportunity to develop Mortar Division in particular.

He was then promoted to Country Chief Executive Officer, Moldova where he also covered Eastern Europe Road Solution. Before joining Holcim Group, Jean-Michel had worked in the Construction Industry at Saint-Gobain, Russia for 4 years.

He was appointed to the Board on 7 June 2019. He resigned from the Board on 7th May 2024

EUGENE ANTERA 42 years

CHIEF FINANCIAL OFFICER, EXECUTIVE DIRECTOR | BCom, CPA

Eugene Antera is the Group Chief Finance Officer.

He is a dynamic business leader, with strong management and finance experience spanning over 15 years in manufacturing, transportation and banking. His wealth of expertise encompasses among others strategy development, business performance, operations, project management, internal controls management, process improvement, financial reporting, budgeting and forecasting.

Prior to his appointment, Mr. Antera was the Operations Controller of the Company. He joined Holcim Group in 2007 and has held several roles including Business Analyst, Sub Saharan Africa (Lafarge Middle East & Africa), Growth Controller, Supply Chain Controller and overall Country Controller (Kenya). Prior to that he worked with Rift Valley Railways as the Financial Planning & Analysis Manager and also at East African Portland Cement PLC as a Business Controller. He holds a Bachelor of Commerce degree (Finance) from the University of Nairobi and is a Certified Public Accountant. He is a member of the Institute of Certified Public Accountants of Kenya.

CLAUDIA ALBERTINI 53 years

NON-EXECUTIVE DIRECTOR | Msc Econ & Com

Claudia is the Holcim Group's Chief Financial Officer Asia Middle East Africa Region. She has over 26 years' experience in Finance and Accounting.

She has held a broad spectrum of senior positions within the Holcim Group Services over the past 23 years, including Head of Business Services & Corporate Projects, Holcim Belgium & CEO and CFO, Lead Regional Controller Europe (excl UK), Regional Controller - UK, Spain, and Trading and Affiliates, among others.

She holds Master's Degree in Economics and Commerce from the Università Cattolica del Sacro Cuore, Milan, Italy and European Baccalaureate from European School of Varese, Varese, Italy.

Claudia was appointed as a Non-Executive Director of the Company on 20 July 2023.

GRANT EARNSHAW 53 years

NON-EXECUTIVE DIRECTOR | Civ.Eng, PGCBA

Grant is the Region Head responsible for Middle East & Africa at Holcim Group.
He holds a Postgraduate Diploma in Business Administration from Edinburgh Business School, and is a Civil Engineer from the UK.

Grant has held several positions at Holcim over the last 25 year, including Senior Vice President & Head of Integration, CEO of Lafarge Iraq, Group Vice President Strategy, Development, Mergers & Acquisitions and Managing Director, Lafarge Middle East.

Prior to joining LafargeHolcim group Grant worked in Infrastructure Project Management for 10 years with Balfour Beatty Plc in the UK.

He is the Chairman of Holcim Liban S.A.L, Board member of Jordan Cement P.S.C, LafargeHolcim Morocco, Lafarge Africa PLC and is a Fellow of the Institute of Directors (UK).

Grant was appointed to the Board as a Non-Executive Director of the Company on 26 February 2024.

TITO DAVID KOROS 52 years

NON-EXECUTIVE DIRECTOR | BAEcon, MMPM

Mr. Koros is the current Managing Trustee/Chief Executive Officer of the National Social Security Fund (NSSF).

Prior to that, he was the Chief Executive Officer of the Local Authorities Provident Fund (LAPFUND), which handles retirement funds for all county government and water company employees. He also worked in investment management at Stanbic Investment Management (EA) Services Limited, CFC Financial Services, the Retirement Benefits Authority (RBA), and the Kenya Tourist Development Corporation (KTDC).

Mr. Koros has a Master's degree in Public Policy Management from Strathmore University, a professional certification in Public Policy Management from New York University, has attended various leadership programmes including the Global Leadership Programme from the Gordon Institute of Business Science (GIBS) at the University of Pretoria, and has a Bachelor of Arts in Economics from the University of Nairobi.

Tito David Koros was appointed as a Non-Executive Director of the Company on 7 December 2023.

KASPAR THEILER 40 years

NON-EXECUTIVE DIRECTOR | M.A, HSG(Law) LL.M(Law), BA(Law), DAS(Law & Management)

Mr. Theiler is Holcim Group's Regional General Counsel, Asia, Middle East and Africa (AMEA). Prior to his current role, Mr. Theiler served as Holcim Group's Regional General Counsel for Middle East and Africa, Senior Legal Counsel and Holcim Trading General Counsel. Before joining the Holcim Group, Mr. Theiler worked as a Corporate/Mergers & Acquisitions Associate for two Switzerland law firms, as well as at the District Court of Zug and Firmenich SA in Geneva.

Mr. Theiler holds a Master of Arts in Banking, Corporate Finance and Securities Law from University of St. Gallen, Switzerland and a Master of Laws in Common Law from Chinese University of Hong Kong in the Hong Kong Special Administrative Region of the People's Republic of China. He holds a Bachelor of Arts in Law from the University of Lucerne, Switzerland.

Mr. Theiler is a member of the Board of Lafarge Africa Plc, Nigeria and MTE Meter Test Equipment Ltd, Switzerland.

Mr. Theiler was appointed as a Non-Executive Director of the Company on 7 May 2024.

JOYCE MUNENE

COMPANY SECRETARY | LLB, DipLaw, MBA

Joyce joined Bamburi Cement Plc in July 2023. She is an accomplished Governance, Legal and Compliance professional with broad career expertise in the financial services sector and Fast Moving Consumer Goods (FMCG) industry, as well as an Independent Corporate Governance Consultant. She was previously the Senior Legal Manager & Company Secretary at East African Breweries Limited, the Legal Services Manager & Assistant Group Company Secretary at Equity Bank Group, and Legal Officer at United Insurance Company.

She holds a Master's in Business Administration (Strategic Management) from Jomo Kenyatta University of Agriculture & Technology, Bachelor of Laws (LLB) from University of Pune, India and a Diploma in Law from the Kenya School of Law (KSL).

Joyce is a Certified Public Secretary, a Certified Governance Auditor and a Certified Legal & Compliance Auditor.

EXECUTIVE **COMMITTEE MEMBERS**

MOHIT KAPOOR
Group CEO

EUGENE ANTERA
Chief Finance Officer

MARTIN KARIUKI
Commercial Director

ROBERT MUHITA
Human Resources Director (Ag.)

MOSES WERE
Supply Chain Director

DEEPAK JASUJA
Plant Manager - Mombasa

Our leadership team ensures that Bamburi's resources are deployed effectively, with a focus on maximizing development impact and meeting the needs of our clients.

Bamburi's Management Team benefits from years of development experience, a diversity of knowledge, and distinct cultural perspectives.

The team shapes our strategies and policies, positioning Bamburi to create opportunities where they are needed most.

Fundi Cement is best suited for mortar works such as plastering, rendering, block laying and repair works.

Business Overview

Urban connection: The estimated 27km toll road Nairobi Expressway connects East Africa's biggest Airport and Nairobi's Business District. It was built using PowerPlus cement characterised for its high strength and tough durability.

OPERATIONAL REVIEW

KENYA

BAMBURI CEMENT PLC (BCP)

In 2023 Bamburi Cement sales increased by 3% attributable to strong export and domestic sales. This is despite a decline in government infrastructure projects spend and consumer purchasing power. Stunted private sector credit growth and inflation caused by new levies and taxes adversely affected the business environment.

Operating profits increased by 40% due to higher cement prices and volume, operational excellence, cost containment and optimization measures, partially offset by significant power and fuel costs increases and local currency devaluation.

Volatile energy and fuel prices as a result of global supply chain uncertainty, recurring power outages and additional taxes had a severe adverse effect on our production and logistical costs.

Cement industry challenges continued to drive competitive market dynamics resulting in an increase in cement selling prices.

BAMBURI SPECIAL PRODUCTS (BSP)

Despite a challenging year in a fragmented market environment, BSP managed to turn around it's operations resulting in a 104% EBIT increase. This was mainly driven by enhanced market presence, efficient logistics operations,strategic pricing, process and mix optimization.

The business will continue to put strong focus on competitive service delivery to remain the supplier of choice in Precast and Ready Mix Concrete products.

LAFARGE ECOSYSTEMS LIMITED (LES)

Our world-famous biodiversity and eco-tourism icons, Bamburi Haller Park and Bamburi Forest Trails are the product of Lafarge Ecosystems' over 50-year dedication to quarry rehabilitation, ecosystem restoration and sustainable land utilization.

In 2023, our rehabilitation and restoration efforts continued as per strategy and implemented Biodiversity Indicator Reporting System (BIRS) actions for our Biodiversity and Conservation Program.

To regenerate ecosystems and impact livelihoods, we conducted quarterly clean-ups of Mtopanga River at Bamburi's North Quarry to offload litter from the neighboring communities and prevent it from reaching the Ocean.

We continued with **focus** on **Rehabilitation** and **restoration** efforts.

We implemented Conservation Education and Awareness through stakeholder collaborations.

SALES

The company's top line performance improved as overall turnover and sales volumes surged due to increased retail demand. Turnover scaled by 5% to Kes 21.1 billion from Kes 20.1 billion while domestic sales volumes increased by 2% over the previous year.

This performance is attributable to the post-election swing in the market in FY23. The increase in sales volumes and turnover was mainly on account of increase in retail demand. Export sales revenues increased by 43% to Kes 1.9 billion from Kes 1.4 billion) the previous year driven by an East African community markets demand for construction solutions for critical infrastructure projects.

The Kenya cement market remained flat in the first half of the year owing to global disruptions and low clinker supply caused by the Covid-19 pandemic and the Eastern Europe conflict. This in turn resulted in an increase in clinker transportation prices.

In the second half of the year there was a market contraction caused by high inflation rates and slowdown in consumer credit growth.

The liquidity constraints, disruptive clinker flow and a continued high inflation environment in the market continued to drive market dynamics resulting in a general increase in cement prices across the industry. This reverses the downward trend seen over the previous ten years.

The company continues to reaffirm its presence in the Eastern African region, providing construction materials solutions to all segments, with a particular emphasis on the government's efforts to close the infrastructure deficit.

Implementation of affordable housing by the government continues to provide much needed reassurance on its focus to Building for Growth

Bamburi Cement Commercial team awarding loyal customers during the Bamburi Zawadi Awards 2023

In response to technologically savvy customers, the company leveraged technology platforms to increase direct engagement with our cement and concrete end-users.

As the leading industry thought-leader in sustainable construction, Bamburi Cement continued to promote for a low-carbon industry transition through stakeholder engagement and collaborations.

In addition, there were concerted efforts and enhanced awareness on the use and impact of the company's Eco-label brands to the environment, circular economy and low carbon emissions.

MARKETING & INNOVATIONS

KENYA

Leading sector decarbonisation

As part of the commitment to decarbonize our operations and provide a greener option of building materials, we announced the discontinuation of production of Ordinary Portland Cement (OPC) which emits higher carbon emission into the environment.

To advance conversations on the construction sector decarbonization and transition away from use of Ordinary Portland Cement (OPC) brands, we embarked on a Decarbonization thought-leadership stakeholder dialogues.

Our Decarbonization roadshow engaged approximately 600 architects, designers, engineers, developers, contractors, materials manufacturers, Kenya Green Building Society, National Construction Authority and Kenya National Highways Authority, whose role would be crucial in transitioning towards a low-carbon pathway.

OPC emits approx **0.79 tons** of **CO_2** driving the building industry's **8%** of carbon emissions globally.

CO_2

A panel discussion on sustainable construction with stakeholders from the government (KENHA), Environment agencies (KGBS) and specifier associations IEK and AAK at a contractor event in Mombasa

Bamburi Cement PLC management engage contractors at a Key Contractors event in Mombasa

Connecting the Last Mile

Focused on creating positive customer experience and loyalty, two digital initiatives were launched.

An easy-to-use lead retail App that offers order placing, tracking, account balances viewing and performance convenience in real-time, which enhanced our offerings value proposition.

In response to the ever-growing tech savvy and mobile customers, the company has leveraged used the Whatsapp platform and established Whatsapp for Business, which increased direct engagement with our cement and concrete end-users. Since then, the line has increased inquiries and interactions, resulting in sales of over 200 tonnes of various cement brands.

B-Zawadi, a digital reward program that offers an immediate phone-based cash reward for the purchase of our brands was created, with over 122,000 masons, homeowners, and small contractors registering to join. It improved sales by more than 15% in the participating territories.

B-Zawadi, a **digital reward program** that offers an immediate phone-based **cash reward** for the purchase of our brands

Bridging the Knowledge Gap

We collaborated with National Construction Authority (NCA) To improve skills and competences in the building and construction industry. Over 3000 masons, foremen retail counter staff and hardware owners across 47 counties were trained on professionalism in construction, site health and safety, brand applications and benefits.


JENGWA
NA
BAMBURI
B-ZAWADI
Bamburi cement
NGUVU
STRUCTURAL APPLICATIONS AND PRECAST CONCRETE
STRONG
RAPID SETTING
PRECAST CONCRETE
Ksh.10
Bamburi cement
TectorCeram
SETI 300
TILE ADHESIVE
Good Adhesion Strength
Economical
25kg
Ksh.10
Bamburi cement
TEMBO
GENERAL PURPOSE CEMENT
BRIGHT FINISH
EASY TO MIX
DURABLE
Ksh.5
Bamburi cement
FUNDI
BLOCK LAYING AND PLASTER WORK
PLASTER
MORTAR
BLOCK LAYING
Ksh.8
Terms and Conditions apply
Bamburi cement
Part of you. From the start

UGANDA

Funamu Ne Hima

This iniative rewarded wholesalers and retailers who exceeded their sales quotas with Medical Insurance and school fees for their families.

It highlights not only the excellence of our products but also our commitment to customer satisfaction and fostering lasting relationships.

Fundi Helmet Golf Cup

The Fundi Masonry Cement Helmet Golf Cup held at Entebbe Golf Club and Kilembe Golf Club was a celebration and networking opportunity held for our valued customers

Launch of EcoBrick

We launched Ecobrick in the Uganda market, an eco-friendly alternative to traditionally constructed bricks which minimise the use of natural resources. They are specially designed Soil Stabilised Bricks made by pressing sieved Laterite murram and Cement in a mold machine and left to cure until maximum strength is achieved.

Tile Masters Workshop

In collaboration with the Tile Fixers Association of Uganda, Hima Cement, conducted a seminar to enhance the skills of the tilers through practical demonstrations.

We also showcased and demonstrated the applicability of our range of TectorCeram products which are specifically designed to meet the unique needs of tile fixers and masons

Upskilling Builders and Masons

Over 3000 masons were trained through Builders Workshops conducted in 20 districts in Uganda. The day-long seminars provided the participants with a deeper comprehension of optimal construction techniques, troubleshooting common construction challenges, insights into business acumen, safety protocols, and customer relations.

MARKETING & INNOVATIONS

UGANDA

Hima Cement's engagement with builders and masons.

Customer, Product and Innovation

Customers who join the partnership will be able to choose from a set of home designs, select a contractor from a panel, and be assisted with the county approval process.

Offering Building Solutions to Kenyans in Diaspora

Bamburi entered into a partnership with AMG Realtors through its Maskani Initiative to provide end-to-end construction technical advice and building solutions to diaspora customers who have purchased land locally and seek to further develop their property.

The signed partnership with real estate firm AMG Realtors, will support diaspora landowners to build their homes in a transparent construction process in Kenya.

Customers who join the partnership will be able to choose from a set of home designs, select a contractor from a panel, and be assisted with the county approval process. The client will be kept up to date on all developments of the construction process and will only be charged when milestones are met.

Launch of EcoBrick

Ecobrick are specially designed Soil Stabilised Bricks made by pressing sieved Laterite marram and cement in a mold machine and left to cure until maximum strength is achieved. They are an eco-friendly alternative to traditional construction bricks; minimizing the use of natural resources.

MARKETING & INNOVATIONS

In partnership with 14 Trees, we have successfully printed the first ten out of 52 houses.

The first 3D printed residential housing in Africa

The two-bedroom Mvule Gardens in Kilifi County is a product of a partnership between Bamburi Cement's parent firm Holcim and UK development financier CDC Group through their joint venture, 14 Trees.

In partnership with 14 Trees, we have successfully printed the first ten out of 52 houses, showcasing low-carbon construction as a solution to tackling the housing crisis and illustrating the pathway to providing affordable housing in the near future.

3D printing in construction reduces CO_2 emissions by up to 80% in comparison with other conventional construction methods. It also reduces material use by up to 50% and can save construction costs by close to 20%.

3D Printing in Construction.

Did you know that Holcim Group's proprietary ink,TectorPrint, which Bamburi Cement introduced into the market was used to print the first 10 3D printed houses in Kenya?

The material used in Mvule Gardens was also part of the Tector range of mortar products, reaffirming commitment to offering the Kenyan market with the highest quality, most innovative and greenest building materials.

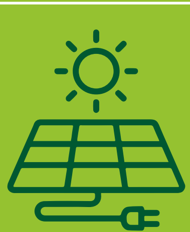
OUR PROJECTS

Construction of two Solar PV Plants kicks off

Bamburi Cement Plc's Solar photovoltaic power project begun construction following satisfaction of all conditions precedent to start construction.

The Solar PV Plants of 14.5MW and 5MW capacities, located in Bamburi's Mombasa and Athi River sites respectively, will be Kenya's largest commercial solar projects undertaken by a cement company providing clean and affordable energy.

The signing marked the start of a one year construction period for the Solar PV Plants **of 14.5MW** and **5MW** capacities.



It will account for 30% of our total power supply,resulting in massive energy cost savings, reduce the business impact of load shedding and significantly contribute to reaching Net Zero carbon emissions by shifting to renewable energy.

Shale Land Acquisition and Resettlement Program commences

Bamburi Cement Plc initiated its compensation process with households that will be affected by its land acquisition for Shale in Kwale County.

The compensation follows three years of resettlement and livelihood restoration planning, which included land prospecting,identifying land occupiers and owners, conducting a census and socioeconomic survey, asset registration listing listing and valuation, capacity building and land and asset negotiations.

Shale accounts for approximately 20% of the total raw material composition for the clinker production – a critical cement manufacturing raw material constituting 60% of the finished product.

RISK, INTERNAL AUDIT AND CONTROL

Risk Management

Risk is an inherent part of the business and management acknowledges that effective risk management is integral to the achievement of business objectives and strategy. We are therefore continuously developing and enhancing our risk and control procedures to improve the mechanisms for risk identification, evaluation, monitoring and control.

A comprehensive risk assessment exercise was conducted in 2023, where key business risks and opportunities were identified. Action plans to mitigate the risks identified were identified from the risk and opportunities mapping, which was the output of the risk assessment.

The Board Audit and Risk Committee undertook a quarterly review of the risks. It is the Board's opinion that the system of business risk management in place provides reasonable assurance that business risk management for the group is adequate and sound.

Internal Audit and Internal Control

The Internal Audit function provides an independent, risk based and objective assurance of the effectiveness and efficiency of the Internal Control System.

The Board Audit and Risk Committee developed an internal audit plan and tracked the implementation of the plan during the year 2023. The Holcim Group Internal Audit team also undertook a review of the following processes in Kenya: Procure to Pay, Finance, Human Rights and Security. A total of 32 actions were developed and were closed before the end of 2023. All the Audit findings and recommendations were presented to the Committee.

The Board through the Audit Committee also reviewed the implementation of the Minimum Control Standards (MCS) within the year and was satisfied that the control environment was robust enough to ensure efficient business operations.

It is the opinion of the Board that the system of risk management and internal controls is in place and has been effective in 2023.

Duracem cement products conform to the physical and chemical requirements of Kenyan Standard EAS 18-1 as adopted from European Norm EN 197-1 cement standard

Corporate Governance

NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 73rd Annual General Meeting of the Shareholders of Bamburi Cement Public Limited Company (the 'Company') will be held virtually/electronically via mobile and web application (the 'Virtual AGM System') on Thursday, 13 June 2024 at 2.30 P.M. for purposes of transacting the following business:

Ordinary Business

1. To receive, consider and if approved, adopt the Company's Audited Financial Statements for the year ended 31 December 2023 together with the Reports of the Chairman, Group CEO, Directors and Auditors thereon.
2. To approve a first and final dividend of KES 5.47 per ordinary share for the financial year ended 31 December 2023, to be paid net of withholding tax on or about 25 July 2024, to Shareholders on the Register of Members as at the close of business on 24 May 2024.
3. To re-elect Directors:
   a) In accordance with Article 105 of the Company's Articles of Association, Dr. John Simba and Mr. Mbuvi Ngunze retire by rotation and being eligible, offer themselves for re-election; and,
   b) In accordance with Article 110 of the Company's Articles of Association, Ms. Claudia Albertini, Mr. David Koros, Mr. Grant Earnshaw and Mr. Kaspar Theiler, having been appointed by the Board since the last Annual General Meeting, retire from the Board and being eligible, offer themselves for re-election.
   c) Pursuant to the provisions of Section 769 of the Companies Act 2015, Alice Owuor, Mbuvi Ngunze, Rita Kavashe, Dr. Helen Gichohi and David Koros being members of the Board Audit & Risk Committee, be elected to continue to serve as members of the said Committee.
4. To approve the remuneration of Directors and the Directors' Remuneration Report for the year ended 31 December 2023, and authorize the Board to fix the remuneration of Directors for the year ending 31 December 2024.
5. To reappoint Messrs Ernst & Young as Auditors of the Company by virtue of Section 721(2) of the Companies Act 2015 and to authorize the Directors to fix their remuneration for the year ending 31 December 2024.
6. To consider any other business of which due notice has been received.

By order of the Board

Joyce Munene

Company Secretary

20 May 2024

Notes:

1. Bamburi Cement PLC has convened and will conduct its 73rd Annual General Meeting via virtual/electronic means in line with the Companies Act, 2015.
2. All Shareholders with valid email and telephone numbers will be pre-registered for the AGM using their bio-data details on the company register and will receive a personalized link through email and/or sms. Shareholders wishing to participate in the meeting should confirm their attendance for the AGM online at https://digital.candrgroup.co.ke or by dialling USSD short code number *483*072# or via a personalized link to the AGM Platform that will be sent to them via SMS and/or email and following the various confirmation of attendance prompts. In order to complete the registration process, shareholders will need to have their National ID/Passport Numbers which were used to purchase their shares and their shares account number or CDSC Account Number at hand. For assistance shareholders should dial the following helpline number +254 20 8690360 from 8:00a.m. to 4:00p.m. from Monday to Friday. Any shareholder outside Kenya should dial the helpline number to be assisted to register or send an email to digital@candrgroup.co.ke.
3. Registration for the AGM opens on 4 June 2024 at 08:00a.m. and will close on 12 June 2024 at 12.00 noon.
4. Shareholders wishing to raise any questions or clarifications regarding the AGM may do so by:
   a) Sending their written questions by email to digital@candrgroup.co.ke; or
   b) Shareholders shall be able to ask questions via SMS by dialling the USSD code *483*072# and selecting the option (Ask Question) on the prompts; or
   c) Online at https://digital.candrgroup.co.ke or via a personalized link to the AGM platform; Select Attend Event; Select "Q&A" option tab and submit questions in text box provided; or
   d) To the extent possible, physically delivering their written questions by 11 June 2024 at 12:00 noon with a return physical address or email address to the Company Registrars address: Custody & Registrars Services Limited, at IKM Place, Tower B, 1st Floor, 5th Ngong Avenue, Nairobi, Kenya.
5. Shareholders wishing to vote may do so by:
   a) Accessing Virtual AGM via online at https://digital.candrgroup.co.ke or via a personalized link to the AGM platform; Select Attend Event; Select "Voting" option tab and vote; or
   b) Accessing Virtual AGM via USSD platform *483*072#; Use the menu option for "Voting" and follow the various prompts regarding the voting process.
6. In accordance with Section 298(1) of the Companies Act, 2015 Shareholders entitled to attend and vote at the AGM are entitled to appoint a proxy to vote on their behalf.
   a) A proxy need not be a member of the Company. If the Proxy appointed is not the Chairman of the AGM, the appointed proxy will need access to a mobile telephone or an internet enabled device.
   b) A proxy form is included in this Annual Report and is also available on the Company's website via this link: www.lafarge.co.ke. Physical copies of the proxy form are also available at the Company Registrars address: Custody & Registrars, at IKM Place, Tower B, 1st Floor, 5th Ngong Avenue, Nairobi, Kenya.
   c) A proxy form must be signed by the appointer or his attorney duly authorized in writing. If the appointer is a body corporate, the instrument appointing the proxy shall be given under its common seal or under the hand of an officer or duly authorized attorney of such body corporate.

NOTICE OF THE ANNUAL GENERAL MEETING

d) A completed form of proxy should be emailed to proxy@candrgroup.co.ke or delivered to Custody & Registrars so as to be received not later than 11 June 2024 at 3:00p.m. Any person appointed as a proxy should submit his/her mobile telephone number to the Company no later than 12 June 2024 at 12:00 noon.

e) Any proxy registration that is rejected will be communicated to the Shareholder concerned no later than Wednesday, 12 June 2024 to allow time to address any issues.

7. The AGM will be streamed live via a link which shall be provided to all shareholders who will have registered to participate in the general meeting. Duly registered shareholders and proxies will receive a short message service SMS/ and/or an email prompt on their registered mobile numbers, one week prior to the AGM acting as a reminder of the meeting. A second SMS and/or an email prompt shall be sent one hour ahead of the AGM, reminding duly registered shareholders and proxies that the AGM will begin in an hours' time and providing a link to the live stream.
8. Duly registered shareholders and proxies may follow the proceedings of the AGM using the live stream platform and may access the agenda. Duly registered shareholders and proxies may vote (when prompted by the Chairman) via the USSD *483*072# or Voting Matters tab on the live stream display screen.
9. A poll shall be conducted for all the resolutions put forward in the notice.
10. Results of the AGM shall be published within 24 hours following conclusion of the meeting.
11. The preferred method of paying dividends which are below KES 200,000.00 is through M-PESA. Shareholders who wish to receive their dividend through M-PESA and who have not registered for this mode of payment can opt to receive future dividends by dialling *483*038# or contacting the Share Registrar, Custody & Registrars Services Limited
12. All present and former shareholders of the Company are hereby notified that pursuant to the provisions of the Unclaimed Financial Assets Act 2011, Parts II and III, dividends and shares which have not been claimed for a period of three (3) years or more will require to be delivered to the Unclaimed Financial Assets Authority ('the Authority') as abandoned assets on the appointed date.

    Therefore, all present and former shareholders with unpaid dividends are requested to urgently contact Custody & Registrars Services Limited at IKM Place, Tower B, 1st Floor 5th Ngong Avenue, Nairobi or call telephone number +254 20 7909276 to claim any unpaid dividends to avert the risk of the dividends being forwarded to the Authority.

Peaceful co-existence of a waterbuck and a family of blue balled monkeys at the Bamburi Haller Park.

CORPORATE GOVERNANCE STATEMENT

OVERVIEW

The Board of Bamburi Cement Public Limited Company (the 'Company') firmly believes that good corporate governance is critical for the sustainability and long term success of Bamburi Group and to ensure sustainable returns for various stakeholders including Customers, Shareholders, Creditors, Suppliers, Employees and the Communities where the Company operates.

Corporate Governance refers to the structure, rules, systems, processes and principles used to direct and manage a company. The ultimate goal of effective Corporate Governance is long-term value creation and strengthening of a company's reputation. The Board is committed to ensuring that the highest standards in corporate governance and ethics are maintained across the organization as these form a sound bedrock for sustainable growth.

This Corporate Governance Statement is prepared to provide shareholders with necessary information to evaluate how the Company has applied the principles of the Capital Markets Act (CMA) Code of Corporate Governance Practices for Issuers of Securities to the Public 2015. The Company also complies with other laws and regulations such as the Capital Markets Act, the Kenyan Companies Act 2015 and ethical standards such as the Holcim Code of Business Conduct. The statement should be read together with the wider corporate governance report on the Company's website: www.lafarge.co.ke.

[Additionally and in line with the guidelines issued by the CMA, the Company undertook a governance audit for the year 2022 and has included the opinion of the governance auditor as part of this Annual Report on page 66 arising from this audit, the Company has reviewed its governance structures, business model and supporting systems to ensure their continued relevance, effectiveness and flexibility to deal with the ever changing business environment. The findings of past governance audits are considered and implemented as deemed necessary.]

Except where otherwise indicated, this Corporate Governance Statement reflects the Company's performance as at 31 December 2023.

THE BOARD

Mandate

The Board's main role is providing strategic leadership and stewardship for Bamburi Group. Its operations are governed by the Company's Articles of Association, the Code of Business Conduct, the Board Charter, the CMA Code of Corporate Governance Practices for Issuers of Securities to the Public 2015, the Board annual work plan and statutory provisions under the laws of the Republic of Kenya.

To clarify its mandate and obligations to all, the Board has developed a Schedule of Matters Reserved for the Board, which are matters handled only by the Board or its Committees. Any issues outside these, are delegated to Management through the Schedule of Matters Delegated by the Board.

Key responsibilities of the Board include:

- Defining the Company's mission, vision, its strategy, sustainable goals, risk policy, plans and objectives;
- Approving the Company's annual budget which is usually done in November of each year;
- Overseeing the Company's management and operations, management accounts, major capital expenditure, performance and strategies;
- Identifying the business opportunities and principal risks in the Company's operating environment and regularly reviewing the adequacy and integrity of the Company's internal control systems and risk management framework;
- Developing an appropriate staffing and remuneration policy for senior management and the Board;
- Reviewing the Company's property acquisition and divestitures and management information systems;
- Monitoring the effectiveness of the agreed corporate governance practices and ensuring compliance

with the Code of Business Conduct and applicable laws, regulations, rules and guidelines. The Board receives an update on all Code related issues, the outcome of investigations, proposed remediation actions and any disciplinary action taken;

- Reviewing and agreeing Board succession plans and approving Non-Executive Director appointments e.g. the Board approved the appointment of Ms. Claudia Albertini in July 2023 and David Koros in December 2023;
- Reviewing and approving the appointment of executive directors e.g. the Board noted the resignation of Mr. Vasileios Karalis in May 2023 and approved the appointment of Mr. Eugene Antera as the new Group Chief Finance Officer in June 2023 and David Koros in December 2023;
- Establishing and implementing a system that provides necessary information to the shareholders and other stakeholders. The Board has ensured that the Company issues press releases/announcements with necessary information from time to time, publishes an annual report and sustainability report, and updates material on its website for shareholder and stakeholder appreciation.

The Board has set up two committees to perform its delegated functions i.e. the Audit & Risk Committee and the Nomination, Remuneration & Human Resource Committee.

The Board Charter and terms of reference for each committee are reviewed at a minimum once every two (2) years and updated to ensure that they remain dynamic and relevant. Both Committee charters were reviewed in 2022 and will be reviewed in 2024 and updated to reflect the changing business/ regulatory environment and published on the Company's website.

Composition and Size

The Board is composed of a total of eleven (11) directors with eight (8) being non-executive directors. The Board composition for the year ended 31st December 2023 was as follows: Four (4) independent non-executive directors, four (4) non-independent non-executive directors and three (3) executive directors, representing different nationalities and diverse professional backgrounds.

In line with the Company's Articles of Association and current shareholding, 5 out of 8 non-executive directors are shareholder nominees i.e. four (4) nominated by the Holcim Group and one (1) by the National Social Security Fund.

Since the last report, Vasileios Karalis resigned as the Chief Finance Officer and was succeeded by Eugene Antera. Rajesh Surana Kumar and Claudia Albertini were appointed as non-executive directors.. At the Annual General Meeting held on 15 June 2023, Shareholders re-elected Dr Helen Gichohi, Rita Kavashe and Jean Michel Pons who had retired by rotation.

With over 70% comprising of non-executive directors, the Board is able to effectively provide independent oversight on strategy, give appropriate leadership and direction to management, leverage on its network of outside contacts for the Bamburi Group's benefit while ensuring proper risk management within the acceptable parameters.

For the year under review, the Directors are satisfied with the effectiveness of the Board and its Committees and have put in place a plan to consistently close actions from the previous board evaluation.

Operations

With the support and assistance from the Group CEO and the Company Secretary, the Chair is responsible for the operations of the Board including, without limitation, providing leadership and guidance, setting the agenda and presiding over meetings.

The Board's operations are guided by an Annual Work Plan as well as any demands that may arise from time to time. The annual work plan for the year 2023 was reviewed and approved in a board meeting held in November 2022.

To adequately cover the Board's annual work plan, meeting dates for the full calendar year are agreed in November of the preceding year. In 2023, the Board held five (5) meetings (physical and hybrid) to enable it to cover the planned activities for the year.

The Board attendance report for the year under review is set out below.

CORPORATE GOVERNANCE STATEMENT

DIRECTOR	CATEGORY	BOARD MEETINGS ATTENDED	BOARD MEET-INGS ELIGIBLE TO ATTEND	AGM	EGM
Dr. John Simba	Non-Executive	5/5	5/5	1/1	1/1
Seddiq Hassani* (Resigned on 31/03/2023)	Executive	1/5	1/1	-	-
Mohit Kapoor (Appointed on 1/4/2023)**	Executive	4/5	4/4	1/1	1/1
Vasileios Karalis* (Resigned on 31/05/2023)	Executive	1/5	2/2	-	-
Eugene Antera (Appointed on 1/06/2023)**	Executive	3/5	3/3	1/1	1/1
Jean-Michel Pons	Executive	5/5	5/5	1/1	1/1
Alice Owuor	Independent Non-Executive	5/5	5/5	1/1	1/1
Dr. Helen Gichohi	Independent Non-Executive	4/5	5/5	1/1	1/1
Mbuvi Ngunze	Independent Non-Executive	5/5	5/5	1/1	1/1
Rita Kavashe	Independent Non-Executive	2/5	5/5	1/1	1/1
John Stull* (Resigned on 31/03/2023)	Non-Executive	1/5	1/1	-	-
Rajesh Surana (Appointed on 01/04/2023)**	Non-Executive	3/5	4/4	1/1	0/1
Austin A.O. Ouko* (Resigned on 30/11/2023)	Non-Executive	5/5	5/5	1/1	-
Guillaume Dubreuil* (Resigned on 31/03/2023)	Non-Executive	1/5	1/1	-	-
Claudia Albertini (Appointed on 20/07/2023)**	Non-Executive	2/5	1/2	-	0/1
Sonal Shrivastava* (Resigned on 30/06/2023)	Non-Executive	1/5	1/2	1/1	-
David Koros (Appointed on 07/12//2023)**	Non-Executive	-	-	-	0/1

NOTE: The numbers show attendance/number of meetings a director was entitled to attend.

Key:
**Directors who retired during the year*
*** Directors appointed during the year*

While the Bamburi Group does not specify a time requirement that each director must dedicate for Company business, Directors are expected to attend all meetings of the Board and the Committees on which they serve and to devote sufficient time to the Company to perform their duties. With Board papers and other documents circulated at least one week in advance, Directors are expected to be sufficiently prepared for and fully participate in all meetings.

The Chairman and Chief Executive Officer meet at least once a month, where the Chief Executive Officer updates the Chairman on any matters that require the Chairman's attention. Further, the Chairman and/or the Chief Executive Officer hold discussions with the directors, individually or jointly, to keep all directors updated and provide opportunity for the directors to raise any issues or concerns in between the meetings.

During the year, the Independent Non-Executive Directors also held discussions in the absence of Management.

Director Compensation

Director compensation is reviewed bi-annually by the Board and approved by the Shareholders at the Annual General meeting. The details of the Directors compensation are contained in the Directors' Remuneration Report which is on page 60-64 of this Annual Report. The Board reviewed and resolved to implement the second increase to the non-executive director annual fees effective 1 May 2022, as approved by shareholders in the Annual General Meeting held on 18 June 2020.

The Executive Directors and the Holcim Group nominees do not receive any additional compensation for their service on the Board.

Separation of Roles

In line with good governance, the roles of the Chairman of the Board of Directors and that of the Chief Executive Officer are held by two different individuals with each having clear and distinct responsibilities.

The responsibilities of the Chairman include providing leadership to the Board, management of Board affairs, Corporate Governance, Board performance evaluation, acting as the intermediary between the Board and Management as well as representing the Bamburi Group in interactions with stakeholders.

The Chief Executive Officer is responsible for the day-to-day running of the operations, ensuring the strategy approved by the Board is implemented within the defined risk matrix and that the objectives set are met.

TRAINING & EVALUATION

Induction and Training

The Board has set the principles on induction, development and training for the Directors.

The Company Secretary is responsible for the induction of new Board members within these principles ensuring that each induction plan is tailor made to suit the individual's skills set, existing/required knowledge and role. In 2023, one non-executive director, an NSSF nominee was appointed to the Board and underwent a tailored induction plan.

Continuous development training requirements are determined by the Board, based on the changing business environment, business needs, feedback from board evaluations and/or regulatory changes.

In line with requirements to ensure that each Director undergoes at least twelve (12) hours of training on corporate governance matters, the Directors attended various training interventions on corporate governance. The Company Secretary tracks compliance with the above said training requirement.

Information

Together with their letters of appointment, incoming Directors are provided with access to all information on corporate, business and legal obligations they should be aware of. The board manual includes documents such as the Board & Committee Charters and work plans, Company's Articles of Association, Schedules of matters reserved for and those delegated by the Board, Board policies together with corporate governance regulations.

For the year under review, the Directors received timely, accurate and complete information on all matters for which the Board is responsible. Board and Committee packs are circulated electronically seven (7) days in advance to give Directors ample time to review the content

CORPORATE GOVERNANCE STATEMENT

and request clarification before any meeting. The documents are circulated via an electronic Board platform which allows real time access and updates as well as annotation of documents by the Directors. This has enriched discussions as the Directors can easily track their concerns when reviewing the documents which Management addresses prior to and during the meeting.

Further, the Chair, Chief Executive Officer and the Company Secretary are available to the Board members at all times for any additional inputs. The Board can also seek independent professional advice at the Company's expense and have access to any internal resources that may be required.

Performance Evaluation

To ensure that its operations are sustainable and value adding, the Board regularly reviews its performance, which evaluation covers the board mandate, size, composition, meetings, stakeholder/shareholder relations, independence, induction and training, management relations and legal and ethical duties. The Board also annually reviews the efficiency and effectiveness of its Committees.

The evaluations are undertaken by each director, the Chair, the Chief Executive Officer and the Company Secretary and include director self-assessments. On completion of the assessment the Chair holds a feedback session with each individual director, each Committee Chair, the Company Secretary and with the full Board.

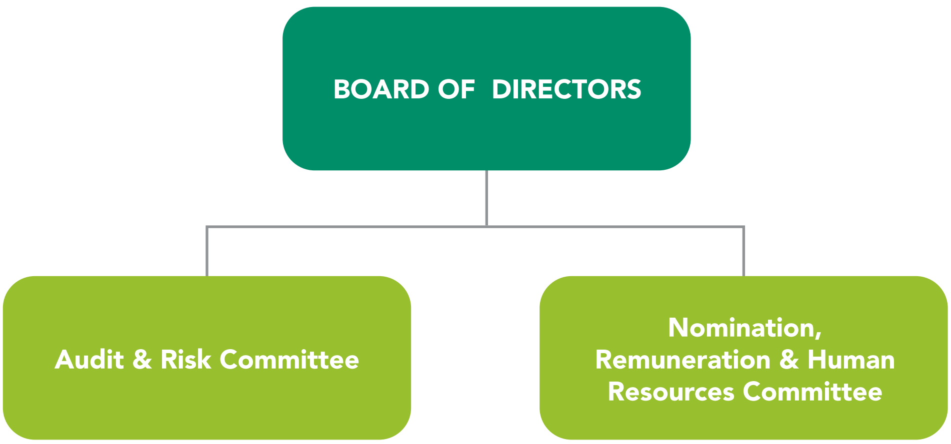
The 2023 Board evaluation was conducted by Carol Musyoka Consulting, an independent third party service provider.

The findings from the Board evaluation exercise were presented to the Board Nomination, Remuneration and Human Resources Committee on 19 March 2024 and recommendations for improvement were discussed and approved for recommendation to the full board for implementation.

The Board is pleased to confirm that each board member continues to perform effectively and to demonstrate full commitment to their role. The Board annually assesses the independence of its non-executive directors and was satisfied that four (4) non-executive directors met the criteria for independence.

Each Board Committee is governed by a charter approved by the Board. The Charters are reviewed after every two years and set out the parameters

BOARD COMMITTEES



of responsibility as well as the operational elements of each Committee.

The reports of the Audit & Risk Committee and the Nomination, Remuneration & HR Committee are tabled before the Board for adoption. The Board and the Committees are satisfied that the Committees met their mandates in 2023 as provided for in the respective Charters.

Audit & Risk Committee

The Audit & Risk Committee comprises at least three (3) independent non-executive directors including a member with accounting qualification and in good standing with the respective professional association, in compliance with the CMA Code.

The current membership of the Committee was appointed by the shareholders at the 2023 Annual General Meeting on 15 June 2023.

The Committee invites the Group CEO, Chief Executive Officer – Hima Cement, Group Chief Finance Officer, Hima Finance Director and the Internal Controls, Audit & Risk Director to attend all its meetings. Other members of the Board can also attend the meetings while members of Management are invited to present any reports required for the Committee to discharge its duties.

The Committee held five (5) meetings in 2023, to review the Group's financial interim and annual reports, the Management Letter arising from the external audit, litigation and contingent liabilities, Kenya and Uganda Revenue Authority claims, internal audit work plan, special audit reports, sustainability reports and the status reports on integrity line and other ethical issues. The Committee also met with the external auditors in the absence of Management.

The Committee reviewed several related party transactions and also reviewed and was satisfied with the independence, expertise and effectiveness of the external auditors (Ernst & Young) to carry out their audit mandate.

The charter of the Audit & Risk Committee is available at: https://www.lafarge.co.ke/board-committees-charters.

The Committee is responsible for review (quarterly or as needed) of ESG reports covering the Company's sustainability initiatives, as well as review of the Company's annual sustainability report. The Company published its 2022 Sustainability Report on 23 November 2023 in line with guidelines issued by the Nairobi Securities Exchange.

The Board Audit & Risk Committee attendance report for the year under review is set out below:

DIRECTOR	CATEGORY	A&RC MEETINGS ATTENDED	A&RC MEETINGS ELIGIBLE TO ATTEND
Alice Owuor	Independent Non-Executive	5/5	5/5
Dr. Helen Gichohi	Independent Non-Executive	4/5	5/5
Mbuvi Ngunze	Independent Non-Executive	5/5	5/5
Rita Kavashe	Independent Non-Executive	5/5	5/5
Austin A.O. Ouko* (Resigned on 30/11/2023)	Non-Executive	5/5	5/5
Claudia Albertini (Appointed on 20/07/2023)**	Non-Executive	1/5	1/2

CORPORATE GOVERNANCE STATEMENT

Nomination, Remuneration & Human Resources Committee (NR&HRC)

The NR&HRC is responsible for nomination of candidates for appointment to the Board and its Committees, succession planning for the Board, review of compliance with respective governance requirements, and receiving reports from the Company's staff retirement benefits scheme.

The Committee is composed of five (5) members, three of whom are independent non-executive directors, thus complying with the requirements of the CMA Code to have a majority of independent members.

In 2023, the Committee met six (6) times. They interviewed and managed the appointment of the Group Chief Finance Officer and the Company Secretary, and reviewed staff remuneration including validation of the 2022 bonus achievements and remuneration proposals for 2023 for Kenya. They also received quarterly reports (on performance and compliance with the governance guidelines) from the Bamburi Cement Limited Staff Retirement Benefit Scheme.

The Committee also received and reviewed the CMA Corporate Governance compliance submission as required under the CMA Code of Corporate Governance.

The Committee also reviewed executive succession planning for members of the Executive Committee and key senior roles, assessed the independence of the independent non-executive directors, reviewed the composition of Board Committees, undertook a board skills review, led the board evaluation and closed any open actions from past audits (governance and legal & compliance audits). The outcome of the evaluation and skills review provided insight into the Board's skill strengths and focus development areas. It will be used to support future board appointments, succession planning and director training plans.

The charter of the NR&HRC is available at: https://www.lafarge.co.ke/board-committees-charters

The Board Nominations, Remuneration & Human Resources Committee attendance report for the year under review is set out below:

DIRECTOR	CATEGORY	NR&HRC MEETINGS ATTENDED	NR&HRC MEETINGS ELIGIBLE TO ATTEND
Mbuvi Ngunze	Independent Non-Executive	6/6	6/6
Dr John Simba	Non-Executive	6/6	6/6
Alice Owuor	Independent Non-Executive	6/6	6/6
Dr Helen Gichohi	Independent Non-Executive	6/6	6/6
John Stull* (Resigned on 31/03/2023)	Non-Executive	1/6	1/1
Rajesh Surana (Appointed on 01/04/2023)**	Non-Executive	5/6	5/5

COMPANY SECRETARY

The Company Secretary is appointed by the Board and acts as Secretary to the Board as well as to all Board Committees.

The Company Secretary is the custodian of the Board's documents and is responsible for advising the Board on all legal and governance matters, Board induction and training, timely and appropriate dissemination of information/ board papers, together with compliance with statutory and regulatory requirements. She also coordinates the governance audit, the legal and compliance audit and ensures that resultant actions are monitored and closed.

The Company Secretary is available to give detailed practical support and guidance to the Directors, individually and collectively.

THE EXECUTIVE COMMITTEE

The day to day business and operations of the Bamburi Group are delegated to the Executive Committee (ExCo) whose members are appointed by the Group CEO. The Committee consists of individuals responsible for the key business sections of Finance, Supply Chain, Procurement & Logistics, Plant Operations, Sales & Marketing and Human Resources.

The ExCo meets monthly or as frequently as necessary and the agenda focuses specifically on delivery of performance objectives approved by the Board. For the year under review, the ExCo was instrumental in driving delivery of agreed company and functional targets and implementing Board resolutions to yield the strong performance set out in the Company's financial statements.

POLICIES

Code of Business Conduct (Integrity Line) & Speak Up Directive

The Bamburi Group, through its Code of Business Conduct, emphasizes its commitment to ethics and compliance with laws, sets forth basic standards of behaviour for its employees, agents and directors when dealing with clients, suppliers, competitors and the general public, provides reporting mechanisms for known or suspected breaches while also ensuring prevention and detection of wrong doing.

The Holcim Group has put in place a global reporting system known as the 'Integrity Line' through which any person can report any violation of the Code of Business Conduct. The reporting channels include a toll free telephone line 0800 733255 (Global identifier code 77084), via email or through online reporting at https://integrity.holcim.com. Reporting can be done anonymously or otherwise and is followed by an assessment of the report by Holcim Group Investigations team and subsequent investigation (in conjunction with a local Ethics & Compliance Committee), as required. Remediation of any misconduct established through an investigation and strengthening of internal controls is managed by the applicable business function, with legal and other cross functional advice. Disciplinary action is taken as deemed necessary in line with Company policy.

All integrity line reports are reported to the Audit & Risk Committee meeting, with clear details of each report, findings and remediation actions taken, if any. In this way, the Board ensures that risks arising from any ethical issues are identified and mitigated appropriately. Management has also set up an Ethics & Compliance Committee which reviews all integrity line and compliance concerns.

During the year, the Group carried out training (elearning/ face to face) for all staff on the Code of Business Conduct, sanctions management and compliance with the gift, hospitality, entertainment and travel policy to reinforce the principles in the CoBC, promote declaration of potential conflicts of interest, familiarize management on the changing sanctions environment and familiarize all individuals with the available modes of reporting/ whistleblowing on matters of concern.

Conflicts of Interest

The Board has put in place procedures for managing compliance with the conflict of interest provisions of the Companies Act 2015 and the CMA Code. The Board may authorize situational conflicts under the Company's Articles of Association.

CORPORATE GOVERNANCE STATEMENT

Directors are required to declare any conflicts of interest in advance to the Chair or the Company Secretary. All such declarations are captured in the conflicts of interest register and considered at the next Board meeting. Declaration of conflicts of interest is an agenda item in all Board and Committee meetings prior to discussion of the substantive agenda item. Directors who have an interest in a matter are excluded from certain actions tied to the matter under discussion including voting on that matter.

For the year under review, the Board noted a potential conflict of interest in that the Group CEO was also a director of 14 Trees Kenya Limited, a company with which the Bamburi Group was partnering to construct the first ever 3D housing estate in Kenya, in Kilifi County. The project was spearheaded through a global partnership between Holcim Group, 14 Trees Group and the Commonwealth Development Corporation, a United Kingdom government development finance institution. To manage the conflict, all local transactions were at arm's length with the board and other members of management involved in the project's decision making.

Risk Management

As part of the Holcim Group, the Company benefits from access to many years of built up expertise in a risk management process structured around several coordinated approaches and subject to continuous improvement. The Company's risk management approach is set out on page 42 of this Annual Report.

Risks are identified and assessed according to significance and likelihood. The full risk spectrum from market, operations, finance, legal, environmental and sustainability, to external risk factors of the business environment is reviewed, including compliance and reputational risks. Key risks are analyzed more deeply regarding their causes, and risk mitigating actions are defined. Risk transfer through insurance solutions and the internal control system forms an integral part of the risk management process.

Risks are monitored and their status reported to the Audit & Risk Committee quarterly. Independent assessments of the effectiveness of mitigating actions and controls are performed by the Company's Internal Audit & Controls function.

In 2023, a detailed quarterly review and analysis of the Company's risk map was carried out by the Audit & Risk Committee leading to implementation of appropriate mitigating actions.

Internal Control & Internal Audit

The Company's Internal Control function primarily aims to provide the Board and the Executive Committee with reasonable assurance on the reliability of the Company's financial reporting and statements, compliance with laws and regulations and the protection of assets. The Company has a set of Minimum Control Standards and a continuous reporting system on the existence and effectiveness of these controls and the status of any action plans.

On the other hand, the Company's Internal Control function works to provide the Board with an independent, risk-based, and objective assurance on the effectiveness and efficiency of the governance, risk management and internal control system of the Company.

The Committee reviewed, approved and tracked implementation of the Internal Audit plan, which captured the year's audit focus areas. It also reviewed the Internal Control action plan and report on sufficiency of internal controls (including compliance with the Holcim Group Minimum Control Standards). The main observations, findings observed and recommendations made during the audit/review assignments were reported periodically to the Board.

IT Policy

The Board has adopted the Holcim Group IT policy. The Policy aims to create value as an innovative business enabler and an efficiency driver and includes three domains - IT Security, IT Service Management and other IT processes. The Policy sets out the areas of IT responsibility, its processes and a governance model. The IT framework is designed and maintained on a regular basis to keep the approach on an appropriate level of governance and to ensure efficient and secure IT processes.

In 2023, the Company continued with a digitization project dubbed Project Ecosafi to identify additional opportunities for sustainability and cost reduction through automation of business processes, improving archiving of physical/soft copy documents and reducing printing.

Procurement Policy

The Bamburi Group Procurement Policy, aims at providing complete management from strategy definition to execution. It ensures that procurement creates value by leveraging size and volumes, efficient processes and systems together with combined global expertise with a consistent focus on the lowest total cost of ownership/services.

The Procurement Policy provides for supplier sustainability compliance, adherence to the Bamburi Group's Health, Safety & Environment Standards as well as applicable laws and regulations as integral parts of any sourcing decisions.

Related Party Transactions Policy

The Policy applies to any transaction, arrangement or relationship (or any series of similar transactions, arrangements or relationships) between the Company and one or more of its Related Parties. It provides a framework for governance and reporting of Related Party Transactions.

In the year under review, the Board through the Audit & Risk Committee reviewed the recommendations on each new and ongoing related party transaction and noted the amounts spent/received in these transactions. These related party transactions are declared in the audited financial statements as required.

Insider Dealing

The Company's Insider Trading & Market Disclosure Policy guides on market disclosures and matters to do with insider dealing. The policy is available on the Company's website at https://www.lafarge.co.ke/investor-relations.

Before the end of each year, the Company Secretary communicates the blackout periods during which the Directors and identified relevant employees are not authorized to trade in the Company's shares. A second notice on the second blackout period is issued prior to release of the half year results.

To the best of the Company's knowledge, there was no insider dealing in the 2023 financial year.

Legal & Compliance Audit

The CMA Code, requires the Board of a listed Company to subject the Company to a legal and compliance audit to establish the level of adherence to applicable laws, regulations and standards.

In compliance with this requirement, for the year 2023 the Legal & Compliance department undertook an internal review of its processes and procedures in relation to the requirements of the Data Protection Act of 2019 and aligned the same to ensure full compliance of the said Law.

The Company remains largely compliant with prevailing laws and has put in place controls and measures to ensure its continued achievement of objectives in a compliant manner.

Governance Audit

In line with requirements of the CMA Code, the Board has adopted the practice of conducting an independent governance audit once every two (2) years by a governance auditor accredited by the Institute of Certified Secretaries, Kenya. Findings from the governance audits are also used to prepare remedial actions on any identified aspects of non-compliance to strengthen the Company's internal governance framework.

For the year ended 31 December 2022, the governance audit was undertaken by M/s Azali Certified Public Secretaries LLP. who will also present their opinion to shareholders at the AGM. The auditor issued an unqualified opinion asserting that the Board had put in place a satisfactory governance framework. The remediation actions recommended from the audit are tracked for closure by the Board and its Committees.

COMMUNICATION

The Board's communication strategy aims to provide shareholders with the highest standards of market disclosure and financial transparency. The Board announces its achievements and prospects to shareholders by way of interim and full year financial results and press releases. Significant matters are disseminated to the market through announcements to the regulators, publication in the newspapers and posting on the Bamburi Group's website: https://www.lafarge.co.ke/investor-relations.

CORPORATE GOVERNANCE STATEMENT

The Group values the opinions of private investors and continued to engage them throughout the year; an investor briefing session is held twice annually (in May and August). In 2023, the Group CEO and Chief Finance Officer met with and received feedback from analysts and institutional shareholders directly and through these sessions.

The Bamburi Group encourages individual shareholders with enquiries to forward them, which are then managed by the Board Chair, the Group CEO and/or the Company Secretary.

Annual General Meeting

The Company held its Annual General Meeting (AGM) virtually on 15 June 2023. Other than the Shareholders, the Directors were also present and used the opportunity to meet and interact online with the Shareholders who were in attendance.

The meeting was also attended by a representative from the external auditors (Ernst &Young) who presented their audit opinion.

The documentation including minutes, resolutions passed and 2022 annual report are available on the Company's website: https://www.lafarge.co.ke/investor-relations.

Financial Results

The Company announces its financial results every six (6) months. The half year and full year results are released through publication in two daily newspapers and the Company's website. The Company also releases a Q&A paper with each set of financial results to enable a deeper understanding of the results while also anticipating and responding to any questions relating thereto.

Shareholders also get a copy of the annual report, which contains the full year results, other reports and information on the Company. In 2023, the Company also received questions/comments from shareholders which were responded to in writing or at the AGM on 15 June 2023. There was also an investor briefing session in May and December 2023 to apprise on developments in the company's performance and operational strategy.

Sustainability Reporting

On 23 November 2023, the Company launched its Sustainability Report for the year 2022 at a successful event held at the Karen Country Club, Nairobi. The report was in adherence to the Environment, Social and Governance guidelines issued by the Nairobi Securities Exchange.

The Sustainability Report is available on the company's website at https://www.lafarge.co.ke/sustainability-reports-publications.

REPORT OF THE DIRECTORS

The directors have the pleasure of presenting their Annual Report together with the audited financial statements of Bamburi Cement Public Limited Company (the "Company" or "Bamburi Cement PLC") and its subsidiaries (together the "Group") for the year ended 31 December 2023, in accordance with Section 653 (1) of the Kenyan Companies Act, 2015 which disclose the state of financial affairs.

1. Principal Activities

The Group is primarily engaged in the manufacture and sale of cement and cement related products. The Group also owns and maintains a world-class nature and environmental park created from rehabilitated quarries.

2. Dividends

During the year, the directors did not recommend payment of an interim dividend. The directors, however, recommend the approval of a first and final dividend of Kes 5.47 per ordinary share amounting to Kes 1,985 million (2022: Kes 272 million) in respect of the year ended 31 December 2023.

3. Directors

The directors who served during the year and up to the date of approval of this report are disclosed on page 24 to 28 The following changes took place in the Board of Directors since the last Annual General Meeting.

- Vasileios Karalis resigned as the Group Chief Finance Officer and a director effective 31 May 2023 and Eugene Antera formerly the operations controller of the Company was appointed as the Group Chief Finance Officer and Executive Director effective 1 June 2023.
- Guillaume Dubreuil resigned as a non-executive director effective 31 March 2023 and was succeeded by Sonal Shrivastava from 1 April 2023.
- John Stull resigned as a non-executive director effective 31 March 2023 and was succeeded by Rajesh Surana from 1 April 2023.
- Sonal Shrivastava resigned as a non-executive director effective 1 April 2023 and was succeeded by Claudia Albertini who was appointed as a non-executive director effective 20 July 2023
- Austin Ouko resigned as a non-executive director effective 30 November 2023 and was succeeded by David Koros who was appointed as a non-executive director effective 7 December 2023.
- Rajesh Surana resigned as a non-executive director effective 19 February 2024 and was succeeded by Grant Earnshaw who was appointed as a non-executive director effective 26 February 2024.

4. Business Review

The Group's business review and the discussions of the principal risks and uncertainties facing the Group are discussed under chairman's statement, the Group Chief Executive Officer's statement, the operational review and financial risk management in note 37 to the financial statements.

5. Statement as to disclosure to the Company's Auditor

With respect to each director at the time this report was approved:

a) There is, so far as the director is aware, no relevant audit information of which the Group's auditor is unaware; and,

b) The director has taken all the steps that the director ought to have taken as director so as to be aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

6. Auditors

Ernst & Young LLP, having expressed their willingness, continue in office in accordance with the provisions of Section 719 (2) of the Kenyan Companies Act 2015 and being eligible, offer themselves for re-election in accordance with provisions of Section 721 of the said act. The directors monitor the effectiveness, objectivity and independence of the auditor and also approve the annual audit engagement contract, which sets out the terms of the auditor's appointment and the related fees.

By Order of the Board

Joyce Munene

Company Secretary

16 April 2024

DIRECTORS' REMUNERATION REPORT
AS AT 31 DECEMBER 2023

Bamburi Cement's Board has developed a Remuneration Policy, which forms the basis of remuneration for members of the Board of Directors (both executive and non-executive) and Bamburi Group as a whole. The Remuneration Policy is guided by Holcim Group's and by extension Bamburi Group's guiding principles on remuneration i.e.:

- Pay for Performance: To focus on providing the opportunity to achieve a higher level of overall remuneration while delivering short and long term performance which is directly linked to the Company's strategy; and,
- Consistency and Transparency: To reward all employees and directors across the business in a fair and transparent way, differentiating only by performance, value creation and market conditions.

This Report is compiled in compliance with Division 9 of the Kenyan Companies Act, 2015 and in accordance with the Tenth Schedule of the Companies (General) Regulations 2015. Where required and as indicated, the Report has been audited by the Company's external auditor i.e. Ernst & Young LLP.

The Nomination, Remuneration & Human Resources Committee (the 'Committee') is charged with the responsibility of overseeing entrenchment of the above principles in the Company's remuneration practices. The Committee actively undertook its mandate in 2023 and is pleased to present the Directors Remuneration Report for the year ended 31 December 2023.

2023 Board Changes

The following changes were noted on the Board since the last report:

- Seddiq Hassani resigned as the Group CEO effective 31 March 2023 and was succeeded by Mohit Kapoor from 1 April 2023.
- Vasileios Karalis resigned as the Chief Finance Officer effective 31 May 2023 and was succeeded by Eugene Antera from 1 June 2023.
- Guillaume Dubreuil resigned as a non-executive director effective 31 March 2023 and was succeeded by Sonal Shrivastava from 1 April 2023.
- John Stull resigned as a non-executive director effective 31 March 2023 and was succeeded by Rajesh Surana from 1 April 2023.
- Sonal Shrivastava resigned as a non-executive director effective 1 April 2023 and was succeeded by Claudia Albertini who was appointed as a non-executive director effective 20 July 2023
- Austin Ouko resigned as a non-executive director effective 30 November 2023 and was succeeded by David Koros who was appointed as a non-executive director effective 7 December 2023.

The remuneration contained in this report is pro-rated to reflect the actual time served.

Executive Directors and Holcim Group Nominee Directors

In line with provisions of Article 94 of the Company's Articles of Association, any shareholder with shareholding above 25% is permitted to nominate more than two (2) persons for appointment as non-executive directors of the Company.

On appointment, the Holcim Group policy provides that executive directors and any non-executive directors so appointed to the Board of Directors of any Group Company will not receive any payment by virtue of their membership on the board. The Holcim Group has nominated two (2) non-executive directors who were appointed by the Board.

As a result, executive directors only receive remuneration based on only what is provided for under the Remuneration Policy covering remuneration for salaried/management employees.

Non-Executive Directors

Pursuant to the Company's Remuneration Policy, non-executive directors are remunerated in the form of fees which do not include any pension, bonus or long-term incentives. The remuneration covers a director's participation in the Board, any Board Committee(s) and any other identified Company related activities.

The fees are comprised of a fixed annual base fee, a meeting attendance fee and a committee membership fee. The Chair of the Board is paid a fee for attending to Company business or events outside of regular meetings.

The key principles forming the basis for the remuneration of non-executive directors are that:

- The fees must be sufficient to attract, motivate and retain high calibre non-executive director talent at a cost acceptable to shareholders;
- The fees must be consistent with market rates for comparable companies (confirmed through appropriate market surveys/checks); and,
- The fees and increment rate must be approved by the Company's shareholders at a general meeting.

Remuneration Outcomes 2022 - 2023: Executive Directors

Terms of Employment

The Executive Directors are employed under service contracts that are either fixed term or open ended. The dates of these contracts are set out below:

Name	Date of Contract	Duration	Notice Period
Mohit Kapoor	1 April 2023	3 years	6 months
Eugene Antera	1 June 2023	Open Ended	3 months
Jean-Michel Pons	7 June 2019	3 years Extended for 2 year up to 31 May 2024	3 months

Some of the contracts have an indefinite term while others are for the indicated fixed term, both of which may be terminated by either party by giving the indicated notice.

There were no significant changes to the remuneration in respect of pension or allowances during the year.

The Company does not offer any long term incentives or share option schemes to its executive directors however the Holcim Group offers long term incentives for its expatriate staff posted to various jurisdictions.

Salary Review

The executive director salary review was undertaken in line with the overall company salary review. The salary review reflected the organisational performance and made consideration of the impact of national inflation.

DIRECTORS' REMUNERATION REPORT
AS AT 31 DECEMBER 2023

The increases awarded when compared to the average salary increases for salaried staff are as shown below:

Name	2023	2022
Seddiq Hassani	n/a	4.0%
Mohit Kapoor	0.0%	n/a
Vasileios Karalis	n/a	0.0%
Eugene Antera	0.0%	n/a
Jean-Michel Pons	0.0%	0.0%
Average staff salary increase Kenya	5.4%	5.5%

Performance Bonus 2023

All employees participate in the Bamburi Group short term incentive programme where the bonus paid is discretionary and based on Company and individual performance. For the Group CEO, Group CFO and Hima Cement CEO, executive committee members and specific Profit and Loss or Band D employees, the short term incentive programme also includes Holcim Middle East Africa region objectives. As such the bonus paid in 2023 for 2022 is inclusive of regional performance measures. Overall company bonus performance for Kenya in 2022 was 98.5% which includes Kenyan subsidiaries which independently performed at 64.3% for Bamburi Special Products and 97.7% for Lafarge Ecosystems.

Information subject to Audit

The performance bonuses were paid to the Company's employees and the executive committee in March 2024. The executive directors received remuneration as set out below.

	Salary		Bonus		Allowances		Non-cash Benefits[1]		Pension/Social Security		Total	Total
Name	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	Kes '000	Kes '000	Kes '000	Kes '000	Kes '000	Kes '000	Kes '000	Kes '000	Kes '000	Kes '000	Kes '000	Kes '000
Seddiq Hassani	11,371	44,616	3,166	9,215	8,400	9,154	1,570	6,138	4,371	12,707	28,878	81,831
Mohit Kapoor	49,188	-	-	-	16,606	-	6,895	-	3,315	-	76,004	-
Vasileios Karalis	9,788	27,579	1,615	1,893	2,890	5,753	1,295	4,679	978	2,864	16,567	42,768
Eugene Antera	4,819	-	-	-	1,893	-	500	-	585	-	7,797	-
Grace Auma Oluoch	-	25,506	-	3,560	-	542	-	91	-	360	-	30,060
Jean Michel Pons	58,306	44,847	1,956	10,801	9,170	7,280	12,123	4,432	3,260	2,686	84,815	70,046
	133,472	**142,548**	**6,737**	**25,469**	**38,959**	**22,729**	**22,383**	**15,340**	**12,509**	**18,617**	**214,060**	**224,704**

[1] Includes, where applicable, school fees, home travel, insurance covers, house, car and driver.

Remuneration Outcomes 2022-2023: Non-Executive Directors

Terms of Employment

The non-executive directors (including the Chair of the Board) are appointed by letters of appointment, which do not contain a fixed term period. This appointment is subject to performance review and re-election by the shareholders at the Company's annual general meetings in line with the Company's Articles of Association and the Board Charter.

The dates of the letters of appointment are set out below:

	Name	Date of Appointment	Tenure (at 31 December 2023)
1.	Dr. John P.N. Simba	29 November 2012	11 years 1 month
2.	Alice Owuor	10 March 2017	6 years 9 months
3.	Dr. Helen Gichohi	10 March 2017	6 years 9 months
4.	Rita Kavashe	10 March 2017	6 years 9 months
5.	Mbuvi Ngunze	30 August 2018	5 years 4 months
6.	David Koros	7 December 2023	22 days
7.	Rajesh Surana	1 April 2023	9 months 18 days
8.	Claudia Albertini	20 July 2023	5 months

Apart from their service contracts, no director has had any material interest in any contract with the Bamburi Group.

Information subject to Audit

The fees paid to non-executive directors in 2023 were as follows:

Non-Executive Director Remuneration						
Name	Annual Fees	Sitting Allowance[1]	Total 2023	Annual Fees	Sitting Allowance[1]	Total 2022
	Kes '000	Kes '000	Kes '000	Kes '000	Kes '000	Kes '000
Dr. John Simba	1,913	2,750	4,663	1,554	1,479	3,033
Rita Kavashe	888	1,393	2,281	691	1,315	2,006
Alice Owuor	888	2,350	3,238	691	1,554	2,245
Dr. Helen Gichohi	888	2,110	2,998	691	956	1,647
Mbuvi Ngunze	888	2,350	3,238	691	1,554	2,245
Austin A.O. Ouko	-	1,435	1,435	-	1,315	1,315
National Social Security Fund	888	198	1,086	691	-	691
Total Fees	**6,353**	**12,586**	**18,939**	**5,009**	**8,173**	**13,182**

[1] *Must be read together with the attendance register for purposes of the sitting allowance.*

DIRECTORS' REMUNERATION REPORT
AS AT 31 DECEMBER 2023

The Directors' travel is fully facilitated by the Company and therefore no travel and related expenses are incurred by the individual directors. However, in the unlikely event that this happened, the Company reimbursed the cost.

There is no formal requirement that the Directors hold shares in the Company and there is no share option scheme that applies to the above non-executive directors.

The non-executive directors in the above table are not members of the Holcim Group pension scheme by virtue of sitting on the Board.

Voting on the remuneration report at the 2023 Annual General Meeting and engagement with shareholders

During the 2023 AGM, held on 16 June 2023, 99.98% of the votes cast (299,448,009) were in favour of the Directors' Remuneration Policy and Directors' Remuneration Report. The number of votes cast against the resolution was 0.00% and 0.02% being 59,902 votes abstained.

Directors' Shareholding

As at 31 December 2023, the following Directors of Bamburi Cement PLC held shares as follows:

Director	2023	2022
Mbuvi Ngunze	1,000	1,000

Senior Management Shareholding

As at 31 December 2023, none of the employees forming part of the Company's senior management held shares in the Company.

On behalf of the Board,

Mbuvi Ngunze

Chair - Nomination, Remuneration & HR Committee

16 April 2024

SHAREHOLDER PROFILE

Top 10 Shareholders as at 31 December 2023

Rank	Shareholder	No. of Shares	% Shareholding
1	Fincem Holding Limited	106,360,798	29.30%
2	Kencem Holding Limited	106,360,797	29.30%
3	Standard Chartered Nominees RESD A/C KE11396	56,906,640	15.68%
4	Aksaya Investment Holdings Limited	14,956,990	4.12%
5	Standard Chartered Nominees RESD A/C KE11443	6,659,900	1.83%
6	Standard Chartered Kenya Nominees Ltd A/C KE004667	4,080,337	1.12%
7	Standard Chartered Nominees Non resident A/C 9661	2,768,400	0.76%
8	Standard Chartered Nom A/C KE 11993	2,607,700	0.72%
9	Standard Chartered Kenya Nominees Ltd A/C KE003964	2,187,900	0.60%
10	ICEA Lion Life Assurance Company Limited-Pooled	2,055,663	0.57%
	Shares selected	**304,945,125**	**84.02%**
	Others (4,599 Shareholders)	58,014,150	15.98%
	Total Shares Issued	**362,959,275**	**100.00%**

Share Analysis by Domicile as at 31 December 2023

Domicile	No. of Shareholders	No. of Shares	% Shareholding
Foreign Institutions	17	225,161,171	62.03%
Foreign Individuals	81	466,943	0.13%
Local Institutions	557	121,811,828	33.56%
Local Individuals	3,954	15,519,333	4.28%
Total	**4,609**	**362,959,275**	**100.00%**

Share Analysis by Volume as at 31 December 2023

Volume	No. of Shareholders	No. of Shares	% Shareholding
1 - 500	2,005	387,754	0.11%
501 - 5,000	1,723	3,366,273	0.93%
5,001 - 10,000	309	2,230,101	0.61%
10,001 - 100,000	452	14,402,892	3.97%
100,001 - 1,000,000	106	31,722,568	8.74%
Above 1,000,000	14	310,849,687	85.64%
Totals	**4,609**	**362,959,275**	**100.00%**

Director Shareholding as at 31 December 2023

Director's Name	Shareholding
Mbuvi Ngunze	1,000

Senior Management Shareholding as at 31 December 2023

None of the employees forming part of the Company's senior management held shares in the Company.

REPORT OF THE INDEPENDENT **GOVERNANCE AUDITOR** TO THE DIRECTORS OF **BAMBURI CEMENT PLC**

AS AT 31 DECEMBER 2023

AZALI

INTRODUCTION

We have performed the Governance Audit for Bamburi Cement PLC covering the year ended 31 December 2022 which comprised an assessment of Governance Practices, Structures and Systems put in place by the Board.

BOARD RESPONSIBILITY

The Board is responsible for putting in place governance structures and systems that support the practice of good governance in the organization. The responsibility includes planning, designing, and maintaining governance structures through policy formulation necessary for efficient and effective management of the organization. The Board is responsible for ensuring its proper constitution and composition; ethical leadership and corporate citizenship; accountability, risk management and internal control; transparency and disclosure; members' rights and obligations; members' relationship; compliance with laws and regulations; and sustainability and performance management.

GOVERNANCE AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the existence and effectiveness of Governance instruments, policies, structures, systems and practices in the organization within the legal and regulatory framework and in accordance with best governance practices as envisaged under proper Board constitution and composition; ethical leadership and corporate citizenship; accountability, risk management and internal control; transparency and disclosure; members' rights and obligations; members' relationship; compliance with laws and regulations; and sustainability and performance management, based on our audits.

We conducted our audits in accordance with CMA circular No. CMA/MRT/004/2017 and ICPSK Governance Audit Standards and Guidelines which conform to global These standards require that we plan and perform the governance audit to obtain reasonable assurance on the adequacy and effectiveness of the organizations' policies, systems, practices, and processes. We believe that our governance audits provide a reasonable basis for our opinion.

OPINION

In our opinion, the Board has put in place effective, appropriate, and adequate governance structures in the organization which are in compliance with the legal and regulatory framework and in line with good governance practices for the interest of stakeholders.

We therefore issue an unqualified opinion.

CS. MADREN OLUOCH-OLUNYA, ICS GA NO. 00192

FOR: AZALI CERTIFIED PUBLIC SECRETARIES LLP

P. O. BOX 6219 - 00200, NAIROBI

5th December 2023

Eurasian Eagle Owl at the Bamburi Haller Park.

TectorCream
SETI 300 is used for internal tiling on walls, floors, tile repairs and rehabilitation works.

Financial Statements

CORPORATE **INFORMATION**

DIRECTORS

Executive

M Kapoor	(Indian)	Group CEO – appointed 1 April 2023
S. Hassani	(Moroccan)	Group CEO – resigned 31 March 2023
V. Karalis	(Hellenic)	Group Finance Director – resigned 31 May 2023
E. Antera	(Kenyan)	Group Finance Director – appointed 1 June 2023
J. M. Pons	(French)	Managing Director (Hima Cement Limited)

Non-executive

Dr. J. Simba	(Kenyan)	Board Chair
A. Owuor	(Kenyan)	
Dr. H. Gichohi	(Kenyan)	
R. Kavashe	(Kenyan)	
M. Ngunze	(Kenyan)	
R. Surana	(Indian)	Resigned 19 February 2024.
C. Albertini	(Italian)	Appointed 20 July 2023
D. Koros	(Kenyan)	Appointed 7 December 2023
G. Dubreuil	(French)	Resigned 31 March 2023
J. Stull	(American)	Resigned 31 March 2023
S. Shrivastava	(Indian)	Resigned 30 June 2023
A. A. O. Ouko	(Kenyan)	Resigned 30 November 2023
G. Earnshaw	(British)	Appointed 26 February 2024

SECRETARY

Joyce Munene
Certified Public Secretary (Kenya)
LR No 209/6208, Kitui Road
P. O. Box 10921 - 00100
Nairobi, Kenya

REGISTERED OFFICE

LR No 209/6208, Kitui Road,
P. O. Box 10921 - 00100
Nairobi, Kenya

REGISTRARS

Custody & Registrars Services Limited
IKM Place, 1st Floor, Tower B Fifth Ngong Avenue
P. O. Box 8484 - 00100
Nairobi, Kenya

AUDITORS

Ernst & Young LLP
Kenya-Re Towers, Upper Hill, Off Ragati Road
P. O. Box 44286 – 00100
Nairobi, Kenya

PRINCIPAL BANKERS

Citibank N A
Citibank House, Upper Hill
P. O. Box 30711 - 00100
Nairobi, Kenya

Citibank N A Uganda
Centre Court Nakasero
P. O. Box 7505
Kampala, Uganda

Standard Chartered Bank
Kenya Limited
Chiromo Branch,
48 Westlands Road
P. O. Box 30003 - 00100
Nairobi, Kenya

Standard Chartered Bank Uganda Limited
Speke Road Branch, 5 Speke Road
P. O. Box 7111
Kampala, Uganda

Equity Bank (Kenya) Limited
Equity Centre, Upper Hill
P. O. Box 75104 - 00200
Nairobi, Kenya

Stanbic Bank
17 Hannington Road, Crested Towers Building
P. O. Box 7131
Kampala, Uganda

STATEMENT OF **DIRECTORS' RESPONSIBILITIES**

AS AT 31 DECEMBER 2023

The Kenyan Companies Act, 2015 requires the directors to prepare financial statements for each financial year that give a true and fair view of the financial position of the Group and of the Company as at the end of the financial year and of their profit or loss for that year. It also requires the directors to ensure that the Group and the Company keeps proper accounting records that: (a) show and explain the transactions of the Group and Company; (b) disclose, with reasonable accuracy, the financial position of the Group and Company; and (c) enable the directors to ensure that every financial statement required to be prepared complies with the requirements of the Kenyan Companies Act, 2015.

The directors accept responsibility for the preparation and presentation of these financial statements in accordance with the International Financial Reporting Standards and in the manner required by the Kenyan Companies Act, 2015. They also accept responsibility for:

(i) designing, implementing and maintaining such internal control as they determine necessary to enable the presentation of financial statements that are free from material misstatement, whether due to fraud or error;

(ii) selecting suitable accounting policies and applying them consistently; and

(iii) making accounting estimates and judgements that are reasonable in the circumstances.

Having made an assessment of the Group's ability to continue as a going concern, the directors are not aware of any material uncertainties related to events or conditions that may cast doubt upon the Group's ability to continue as a going concern.

The directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibilities.

Approved by the Board of directors on 16 April 2024 and signed on its behalf by:

Dr. John P.N. Simba
Chairman

Mohit Kapoor
Group Chief Executive Officer

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Ernst & Young LLP
Certified Public Accountants
Kenya Re Towers
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Email: info@ke.ey.com
www.ey.com
LLP/2015/52

REPORT ON **THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**

Opinion

We have audited the consolidated and separate financial statements of Bamburi Cement Plc (the "Company") and its subsidiaries (together, the "Group"), which comprise the consolidated and separate statements of financial position at 31 December 2023, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 75 to 165.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Group and the Company as at 31 December 2023, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and in the manner required by Kenyan Companies Act, 2015.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report.

We are independent of the Group and the Company in accordance with the International Ethics Standards Board for *Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated and separate financial statements in Kenya, and we have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and separate financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated and separate financial statements.

Key audit matter	How our audit addressed the key audit matter
Expected credit losses (ECL) on trade receivables	
See notes 1 (p) 2, 22 and 37 to the consolidated and separate financial statements	
As disclosed in Note 22(a), as at 31 December 2023, the Group and the Company had impairment losses (allowance for expected credit losses (ECL)) on trade receivables, carried at amortised cost, of Kes 456 million (2022: 683 million) and Kes 282 million (2022: 247 million), respectively.	Our audit procedures included, but were not limited to: • Reviewing the accounting policies for compliance with IFRS 9 requirements. • Reviewing the ECL models including whether the assumptions applied, and the functioning and application of the models were in accordance with IFRS 9 requirements.

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REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Key audit matter	How our audit addressed the key audit matter
Expected credit losses (ECL) on trade receivables (continued)	
See notes 1 (p) 2, 22 and 37 to the consolidated and separate financial statements	
The expected credit losses are based on a forward-looking approach that recognises impairment loss allowances in accordance with IFRS 9 Financial Instruments. The estimation of expected credit losses requires the Group and the Company to make significant judgements and estimation as follows: • The loss allowance is calculated on a modelled provision matrix (historical loss rates) which incorporates observable data, assumptions, and estimations. The development and execution of these models requires significant management judgement, including estimation of the probability of default (PD); exposure at default (EAD) and loss given default (LGD) together with determining the period over which the observed historical loss rates are appropriate and, • Adjusting the historical loss rates with forward looking macro-economic factors. • Assessment of significant increase in credit risk For certain individual trade receivables, who has had a significant increase in credit risk since initial recognition, the loss allowance is measured based on their credit information, including forward-looking macroeconomic information. Refer to note 2 of the consolidated and separate financial statements for significant accounting judgements, estimation and assumptions. Also refer to notes 1(p), 22 and 37 (ii) that provides details on the estimated expected credit loss disclosures.	• Assessing whether forecasted macroeconomic variables were appropriate. • Assessing whether the period over which the observed historical loss rates was appropriate in developing the expected loss rates. • Testing the data used in the ECL calculation for accuracy and completeness. • Reviewing the individually assessed provisions, on a sample basis, and challenged management's forward-looking economic assumptions of the recovery outcomes identified. • Evaluating completeness of the Group and the Company's disclosures in respect of the judgement and assumptions used in the valuation are in line with IFRS 9 Financial Instruments
Divestment of Hima Cement Limited	
See notes 1 (e) 2, and 18 (b) to the consolidated and separate financial statements	
As disclosed in Note 18 (b) to the financial statements, the Group's management made a decision to sell Hima Cement Limited its Uganda based subsidiary, on 14 November 2023 and received approval by the shareholders at an Extraordinary General Meeting on 14 December 2023. Management determined that Hima met the criteria to be classified as a 'Disposal Group held for sale' in line with IFRS 5 — *Non-current Assets Held for Sale and Discontinued Operations* and has hence accounted for it in line with the requirements of IFRS 5, as disclosed in Note 18 (b). We considered the divestment of Hima a significant transaction during the year since Hima is a material subsidiary in the Group. As such, the audit of the accounting for the divestment and the related disclosures were considered a key audit matter.	Our audit procedures included, but were not limited to • We held discussions with management in order to understand whether the criteria for classification as disposal group held for sale was met and to understand basis for fair value less costs to sell and disclosure requirements. • We obtained and reviewed the Share purchase Agreement. • We obtained IFRS 5 workings from management and recomputed the same to check for reasonability and appropriateness and for consistency with IFRS 5 requirements. • We reviewed the adequacy of disclosures in the financial statements in line with the requirement of IFRS 5.

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REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Other Information

The directors are responsible for the other information. Other information consists of the information included in the Annual Report other than the financial statements and our auditor's report thereon. We obtained other information on pages 3 to 69 of the financial statements, prior to the date of our auditor's report, and we expect to obtain the Integrated Report of the Annual Report and Financial Statements after the date of our auditor's report.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Kenyan Companies Act, 2015, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as going concerns, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and or the Company or to cease their operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements (cont'd)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as going concerns. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as going concerns.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER MATTERS PRESCRIBED BY THE KENYAN COMPANIES ACT, 2015

As required by the Kenyan Companies Act, 2015 we report to you, based on our audit, that:

i) in our opinion, the information given in the report of directors' report on page 59 is consistent with the consolidated and separate financial statements.

ii) in our opinion, the auditable part of the Directors' Remuneration Report on pages 60 to 64 has been properly prepared in accordance with the Kenyan Companies Act, 2015. The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Denis Mugisha, Practising certificate 2773.

For and on behalf of Ernst & Young LLP
Certified Public Accountants
Nairobi, Kenya

10 May 2024

CONSOLIDATED STATEMENT OF **PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

FOR THE YEAR ENDED 31 DECEMBER 2023

		2023	2022
Continuing operations	**Notes**	**Kes'million**	**Kes'million**
Revenue from contracts with customers	4	22,027	20,726
Cost of goods sold	5	(16,969)	(16,636)
Cost of transport service	5	(1,928)	(1,646)
Gross profit		**3,130**	**2,444**
Other income	7(i)	58	20
Other gains/(losses)	8	(190)	95
Marketing and selling expenses	9(i)	(314)	(373)
Administration expenses	9(ii)	(1,604)	(1,379)
Impairment of property, plant and equipment	9(iii)	(33)	(85)
Net impairment losses on financial assets	22(b)	(25)	(33)
Operating profit		**1,022**	**689**
Finance income	7(ii)	89	37
Finance costs	7(iii)	(51)	(67)
Finance income/(cost) - net		38	(30)
Profit before income tax	**11(a)**	**1,060**	**659**
Tax charge	12(a)	(390)	(401)
Profit for the year from continuing operations		**670**	**258**
Discontinued operations			
Loss after tax from discontinued operations	**18(b)**	**(1,069)**	**(77)**
(Loss)/Profit for the year		(399)	181
Other comprehensive income			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Actuarial gains/(losses)	28	61	(22)
Fair value gain/(loss) on investments in equity instruments designated as at FVTOCI	19(b)	13	2
Gain on revaluation of property, plant and equipment		-	5,049
Other comprehensive income from discontinued operations	18(b)	731	-
Income tax on comprehensive income not be reclassified to profit or loss	12(b)	123	(1,364)
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		**928**	**3,665**
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of discontinued operations	18(b)	3,042	477
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		**3,042**	**477**
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**3,970**	**4,142**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**3,571**	**4,323**
Profit for the year attributed to:			
Owners of the parent Company		(78)	204
Non-controlling interest	18(b)	(321)	(23)
		(399)	181
Total comprehensive income attributed to:			
Owners of the parent Company		2,760	4,203
Non-controlling interest	18(b)	811	120
		3,571	4,323
Earnings per share – basic and diluted	13	(0.21)	0.56
Earnings per share – Continuing operations	13	1.85	0.71

COMPANY STATEMENT OF **PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 Kes'million	2022 Kes'million
Revenue from contracts with customers	4	21,178	20,103
Cost of goods sold	5	(16,263)	(16,039)
Cost of transport service	5	(1,885)	(1,618)
Gross profit		**3,030**	**2,446**
Other income	7(i)	563	252
Other losses	8	(86)	(17)
Marketing and selling expenses	9(i)	(291)	(336)
Administration expenses	9(ii)	(1,548)	(1,323)
Impairment of property, plant and equipment	9(iii)	(26)	(84)
Net impairment losses on financial assets	22(b)	(35)	(22)
Operating profit		**1,607**	**916**
Finance income	7(ii)	98	30
Finance costs	7(iii)	(43)	(36)
Finance income/(cost) - net		55	(6)
Profit before tax	**11(a)**	**1,662**	**910**
Tax charge	12(a)	(362)	(301)
Profit for the year		**1,300**	**609**
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Fair value gain on investments in equity instruments designated as at FVTOCI	19(b)	13	2
Actuarial gains/(losses)	28	53	(18)
Revaluation of property, plant and equipment		-	5,049
Income tax on other comprehensive income not to be reclassified to profit or loss in subsequent periods	12(b)	125	(1,364)
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		191	3,669
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		191	3,669
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**1,491**	**4,278**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 Kes'million	2022 Kes'million
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	15(a)	23,525	39,407
Prepaid operating lease rentals	16(a)	-	110
Right-of-use assets	16(b)	-	721
Intangible assets	17(a)	12	24
Equity investments	19(a)	90	77
Limestone reserves	17(b)	-	625
Goodwill	20	-	217
		23,627	41,181
CURRENT ASSETS			
Inventories	21	3,244	6,832
Trade and other receivables	22(a)	1,374	2,964
Corporate tax recoverable	12(d)	112	827
Cash and cash equivalents	23(a)	4,372	4,283
		9,102	14,906
Disposal group's assets held for sale	18(b)	28,439	-
		37,541	14,906
TOTAL ASSETS		61,168	56,087
EQUITY AND LIABILITIES			
EQUITY			
Share capital	24	1,815	1,815
Asset revaluation reserve	25(a)	14,649	14,839
Translation reserve	25(b)	1,655	(475)
Retained earnings		18,125	17,865
Equity attributable to owners of the Company		36,244	34,044
Non-controlling interests		5,042	4,231
Total equity		41,286	38,275
NON-CURRENT LIABILITIES			
Deferred tax liability	26	3,051	6,437
Provisions	27	86	454
Employees' defined benefit liabilities	28	202	354
Lease liabilities	35	-	742
		3,339	7,987
CURRENT LIABILITIES			
Bank overdrafts	23(c)	-	316
Short term borrowings	33(c)	-	2,508
Lease liability	35	-	42
Provisions	27	84	149
Employees' defined benefit liabilities	28	89	50
Trade and other payables	29	3,335	6,760
		3,508	9,825
Liabilities directly associated with Disposal group's assets held for sale	18(b)	13,035	-
		16,543	9,825
TOTAL EQUITY AND LIABILITIES		61,168	56,087

The financial statements on pages **75 to 165** were approved and authorised for issue by the Board of Directors on **16 April 2024** and were signed on its behalf by:

Dr. John P.N. Simba
Chairman

Mohit Kapoor
Group CEO

COMPANY STATEMENT OF **FINANCIAL POSITION**

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 Kes'million	2022 Kes'million
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	15(b)	22,899	23,405
Intangible assets	17(a)	12	18
Investments in subsidiaries	18(a)	1,809	1,809
Loan to subsidiary	33(d)	350	-
Equity investments	19(a)	90	77
		25,160	25,309
CURRENT ASSETS			
Inventories	21	3,114	3,145
Trade and other receivables	22(a)	1,986	2,606
Corporate tax recoverable	12(d)	-	458
Loan to subsidiary	33(d)	105	-
Cash and cash equivalents	23 (a)	3,693	2,344
		8,898	8,553
TOTAL ASSETS		**34,058**	**33,862**
EQUITY AND LIABILITIES			
EQUITY			
Share capital	24	1,815	1,815
Asset revaluation reserve	25(a)	13,058	13,646
Retained earnings		12,432	10,625
Total equity		27,305	26,086
NON-CURRENT LIABILITIES			
Deferred tax liability	26	3,109	3,549
Provisions	27	86	259
Employees' defined benefit liabilities	28	194	320
		3,389	4,128
CURRENT LIABILITIES			
Provisions	27	82	110
Employees' defined benefit liabilities	28	85	42
Trade and other payables	29	3,197	3,496
		3,364	3,648
TOTAL EQUITY AND LIABILITIES		**34,058**	**33,862**

The financial statements on pages **75 to 165** were approved and authorised for issue by the Board of Directors on **16 April 2024** and were signed on its behalf by:

Dr John P.N Simba
Chairman

Mohit Kapoor
Group CEO

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

Year ended 31 December 2023	Attributable to the equity holders of the parent						
	Share capital Kes'million Note 24	Asset revaluation reserve Kes'million Note 25(a)	Translation reserve Kes'million Note 25(b)	Retained earnings Kes'million	Totals Kes'million	Non-controlling interests Kes'million	Total equity Kes'million
At 1 January 2023	1,815	14,839	(475)	17,865	34,044	4,231	38,275
Loss for the year	-	-	-	(78)	(78)	(321)	(399)
Other comprehensive income for the year	-	512	2,130	196	2,838	1,132	3,970
Total comprehensive income for the year	-	512	2,130	118	2,760	811	3,571
Transfer of excess depreciation (net of tax)	-	(702)	-	702	-	-	-
Withholding tax paid on Subsidiary's dividend payout	-	-	-	(74)	-	-	(74)
Dividends payout to non-controlling interest	-	-	-	(214)	-	-	(214)
Dividends (note 14(b)):							
Final dividends for 2022 declared and approved	-	-	-	(272)	-	-	(272)
At 31 December 2023	**1,815**	**14,649**	**1,655**	**18,125**	**36,244**	**5,042**	**41,286**

The reserve accounts included in the statement of changes in equity are explained below:

- The asset revaluation reserve represents the net cumulative surplus arising from revaluations of property, plant and equipment - Note 25(a).
- Retained earnings represent accumulated profits retained by the Group after payment of dividends to the shareholders.
- The translation reserve represents the cumulative position of translation gains and losses arising from conversion of net assets of the foreign subsidiary Company to the presentation currency - note 25(c). The foreign subsidiary company has been classified as a disposal group as at 31 December 2023 as disclosed in note 18 (b).

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

Year ended 31 December 2022	Attributable to the equity holders of the parent						
	Share capital Kes'million Note 24	Asset revaluation reserve Kes'million Note 25(a)	Translation reserve Kes'million Note 25(b)	Retained earnings Kes'million	Totals Kes'million	Non-controlling interests Kes'million	Total equity Kes'million
At 1 January 2022	1,815	11,160	(803)	18,970	31,142	4,111	35,253
Profit/(loss) for the year	-	-	-	204	204	(23)	181
Other comprehensive income/ (loss) for the year	-	3,679	328	(8)	3,999	143	4,142
Total comprehensive income for the year	**-**	**3,679**	**328**	**196**	**4,203**	**120**	**4,323**
Dividends: (note 14(b)							
Final dividends for 2022 declared and approved	-	-	-	(1,301)	(1,301)	-	(1,301)
At 31 December 2022	**1,815**	**14,839**	**(475)**	**17,865**	**34,044**	**4,231**	**38,275**

The reserve accounts included in the statement of changes in equity are explained below:

- The asset revaluation reserve represents the net cumulative surplus arising from revaluations of property, plant and equipment - Note 25(a).
- Retained earnings represent accumulated profits retained by the Group after payment of dividends to the shareholders.
- The translation reserve represents the cumulative position of translation gains and losses arising from conversion of net assets of the foreign subsidiary Company to the presentation currency - note 25(c).

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

Year ended 31 December 2023	Share Capital Kes'million Note 24	Asset revaluation reserve Kes'million Note 25(a)	Retained earnings Kes'million	Total equity Kes'million
At 1 January 2023	**1,815**	**13,645**	**10,626**	**26,086**
Profit for the year	-	-	1,300	1,300
Other comprehensive income for the year	-	-	191	191
Total comprehensive income for the year	**-**	**-**	**1,491**	**1,491**
Transfer of excess depreciation (net of tax)	-	(587)	587	-
Dividends: (Note 14(b)				
Final dividends for 2022 declared and approved	-	-	(272)	(272)
At 31 December 2023	**1,815**	**13,058**	**12,432**	**27,305**

The reserve accounts included in the statement of changes in equity are explained below:

- The asset revaluation reserve represents the net cumulative surplus arising from revaluations of property, plant and equipment - note 25(a).
- The retained earnings represent accumulated profit retained by the Company after payment of dividends to the shareholders.

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

Year ended 31 December 2022	Share Capital Kes'million Note 24	Asset revaluation reserve Kes'million Note 25(a)	Retained earnings Kes'million	Total equity Kes'million
At 1 January 2022	**1,815**	**9,966**	**11,328**	**23,109**
Profit for the year	-	-	609	609
Other comprehensive loss for the year	-	3,679	(10)	3,669
Total comprehensive income for the year	**-**	**3,679**	**599**	**4,278**
Dividends: (Note 14(b))				
Final dividends for 2022 declared and approved	-	-	(1,301)	(1,301)
At 31 December 2022	**1,815**	**13,645**	**10,626**	**26,086**

The reserve accounts included in the statement of changes in equity are explained below:

- The asset revaluation reserve represents the net cumulative surplus arising from revaluations of property, plant and equipment - note 25(a).
- The retained earnings represent accumulated profit retained by the Company after payment of dividends to the shareholders.

CONSOLIDATED **STATEMENT OF CASH FLOWS**

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 Kes'million	2022 Kes'million
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from/(used) in operations	32	2,896	(340)
Interest received	7(ii)	89	37
Interest paid on borrowings		(6)	(29)
Net foreign exchange		(74)	(58)
Tax paid	12(d)	(259)	(817)
Net cash generated from/(used in) operating activities		2,646	(1,207)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	15(a)	(1,087)	(946)
Proceeds from disposal of property, plant and equipment		278	306
Dividend received from disposal group		425	-
Net cash used in investing activities		(384)	(640)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid to shareholders	14(b)	(272)	(1,301)
Principal repayment of principal portion lease liabilities	35	-	(3)
Net cash used in financing activities		(272)	(1,304)
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS		1,990	(3,151)
MOVEMENT IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at the beginning of the year		2,387	5,530
Net increase/(decrease) in cash and cash equivalents during the year		1,990	(3,151)
Effects of exchange rate changes on cash held in foreign currencies		(5)	8
Cash and cash equivalents at end of the year	23(b)	4,372	2,387

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 Kes'million	2022 Kes'million
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from/(used in) operations	32	2,774	(71)
Interest received	7(ii)	93	30
Net foreign exchange losses		(74)	(3)
Tax paid	12(d)	(208)	(775)
Net cash generated from/(used in) operating activities		2,585	(813)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	15(b)	(1,064)	(946)
Loan to subsidiary	33(d)	(500)	-
Dividends received from subsidiary and disposal group	7(i)	505	232
Proceeds from disposal of property, plant and equipment		55	60
Net cash used in investing activities		(1,004)	(654)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid to the shareholders	14(b)	(272)	(1,301)
Loan repayments	33(d)	45	-
Net cash used in financing activities		(227)	(1,301)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		1,354	(2,768)
MOVEMENT IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at the beginning of the year		2,344	5,103
Net increase/(decrease) in cash and cash equivalents during the year		1,354	(2,768)
Effects of exchange rate changes on cash held in foreign currencies		(5)	9
Cash and cash equivalents at the end of the year	23(b)	3,693	2,344

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

1. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies adopted in the preparation of the financial statements of Bamburi Cement Plc (the "Company") and its subsidiaries (together, the "Group") are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

a) Basis of preparation

The consolidated and the Company financial statements have been prepared on historical cost basis of accounting except for certain items of property, plant and equipment and available–for-sale financial assets that have been measured at fair value and except where otherwise stated in the accounting policies below.

The financial statements of the Group and the Company have been prepared in accordance with International Financial Reporting Standards (IFRS Accounting Standards) as issued by the International Accounting Standards Board (IASB), and in the manner required by the Kenyan Companies Act, 2015. The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are presented in millions of Kenya Shillings (Kes' Million), which is the functional currency of the parent Company, and the presentation currency for the consolidated financial statements.

For the purpose of reporting under the Kenyan Companies Act, 2015, the balance sheet in these financial statements is represented by statement of financial position and the profit and loss account is represented by the statement of profit or loss and other comprehensive Income.

b) New and amended standards and interpretations

New and revised IFRS Standards effective for the year ended 31 December 2023

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2023 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The new standard and amendments are as below: -

NEW STANDARDS OR AMENDMENTS	EFFECTIVE DATE ON ANNUAL PERIODS BEGINNING ON OR AFTER
IFRS 17 Insurance Contracts	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2- Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 8 - Definition of Accounting Estimates	1 January 2023
Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

The relevant new and amended standards and interpretations are discussed below: -

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

NOTES TO THE **FINANCIAL STATEMENTS** (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2023

1. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

b) New and amended standards and interpretations (continued)

New and revised IFRS Standards effective for the year ended 31 December 2023 (continued)

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2 (continued)

The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's financial statements.

Amendments to IAS 8 -Definition of Accounting Estimates

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the Group's consolidated financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – amendments to IAS 12

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

The amendments had no impact on the Group's financial statements.

International Tax Reform—Pillar Two Model Rules

The IASB amends the scope of IAS 12 to clarify that the Standard applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organization for economic cooperation and development (OECD).

The amendments introduce a temporary exception to the accounting requirements for deferred taxes in IAS 12, so that an entity would neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

As the ultimate parent company is in scope of the pillar two legislation, the group has performed an assessment of the group's potential exposure to pillar two income and does not expect it to have significant impact on the group's effective tax rate. Furthermore, the group has applied the temporary exception issued by the IASB in May 2023 from the accounting requirements for deferred taxes in IAS 12.

Accordingly, the Group neither recognises nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

NOTES TO THE **FINANCIAL STATEMENTS** (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2023

1. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

b) New and amended standards and interpretations (continued)

New and revised IFRS Standards in issue but not yet effective for the year ended 31 December 2023

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

NEW STANDARDS OR AMENDMENTS	EFFECTIVE DATE ON ANNUAL PERIODS BEGINNING ON OR AFTER
Amendments to IAS 1: *Classification of liabilities as current or non-current*	1 January 2024
Amendments to IAS 1: *Non - current liabilities with covenants*	1 January 2024
Amendments to IAS 7 and IFRS 7: *Supplier finance arrangements*	1 January 2024
Amendments to IFRS 16: *Lease Liability in a Sale and Leaseback*	1 January 2024
IFRS 10 and IAS 28 (amendments): *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Postponed indefinitely.

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods except where indicated.

Amendments to IAS 1 – Classification of liabilities as current or non-current

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2024, with early application permitted. The IASB is currently considering further amendments to the requirements in IAS 1 on classification of liabilities as current or non-current, including deferring the application of the January 2020 amendments.

The directors of the Company anticipate that the application of these amendments may have an impact on the Group's financial statements in future periods.

NOTES TO THE **FINANCIAL STATEMENTS** (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2023

1. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

b) New and amended standards and interpretations (continued)

New and revised IFRS Standards effective for the year ended 31 December 2023 (continued)

Amendments to IAS 1 – *Non-current liabilities with covenants*

The amendments to IAS 1 issued in August 2022 specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or non-current). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date.

The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants, the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

The amendments are applied retrospectively for annual reporting periods beginning on or after 1 January 2024. Earlier application of the amendments is permitted. If an entity applies the amendments for an earlier period, it is also required to apply the 2020 amendments to IAS 1 early.

The directors of the parent company anticipate that the application of these amendments may have an impact on the group's consolidated financial statements in future periods.

Amendments to IAS 7 and IFRS 7: *Supplier finance arrangements*

The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows and exposure to liquidity risk.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted, but will need to be disclosed.

The Directors of the Group are currently assessing the impact of these amendments and plan to adopt the amendments on the required effective date.

NOTES TO THE **FINANCIAL STATEMENTS** (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2023

1. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

b) New and amended standards and interpretations (continued)

New and revised IFRS Standards effective for the year ended 31 December 2023 (continued)

Amendments to IFRS 16 Leases: *Lease liability in a sale and leaseback*

The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 Revenue from Contracts with Customers to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.

The amendments do not affect the gain or loss recognised by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognised a gain on the right of use it retains solely because of a remeasurement of the lease liability applying the general requirements in IFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted. If a seller-lessee applies the amendments for an earlier period, it is required to disclose that fact. A seller-lessee applies the amendments retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the entity first applied IFRS 16.

The directors of the parent company anticipate that the application of these amendments will not have an impact on the group's consolidated financial statements in future periods.

Amendments to IFRS 10 and IAS 28 – *Sale or contribution of assets between an investor and its associate or joint Venture*

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the re-measurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the Board; however, earlier application of the amendments is permitted.

The Directors of the Group are currently assessing the impact of these amendments and plan to adopt the amendments on the required effective date.

At the date of authorization of these financial statements, the Group has not applied the new and revised IFRS Standards that have been issued but are not yet effective:

NOTES TO THE **FINANCIAL STATEMENTS** (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2023

1. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

c) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and entities controlled by the company as at 31 December 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

A list of the subsidiaries in the Group is provided in Note 18(a).

Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and/or
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

When the proportion of the equity held by non-controlling interests changes, the Group adjusts the carrying amounts of the controlling and non-controlling interests to reflect the changes in their relative interests in the Group. The Group recognises directly in equity any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received, and attributable to the owners of the parent.

Disclosures of non-controlling interests are included in Notes 18(b).
All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.
A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interests;
- Derecognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss; and
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2023

1. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

d) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. It is then considered in the determination of goodwill.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognised in profit or loss in accordance with the IFRS. If the contingent consideration is not within the scope of IFRS 9, it is measured at each reporting date and changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill is allocated to the cash generating units expected to benefit from the synergies of the business combination. Cash generating units to which goodwill has been allocated are tested for impairment annually. If the recoverable amount of the cash generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of the goodwill allocated to the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period. Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal.

Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

NOTES TO THE **FINANCIAL STATEMENTS** (cont'd)
FOR THE YEAR ENDED 31 DECEMBER 2023

1. **SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (Continued)**

e) Non-current assets held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. The condition is considered to be met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Non-current assets (or disposal groups) are measured at the lower of their carrying amount and fair value less costs to sell,

When the group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the group will retain a non-controlling interest in its former subsidiary after the sale.

Property, plant and equipment and intangible are not depreciated or amortised while they are classified as held for sale. However, interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognized.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

Discontinued operations are excluded from the results of continuing operations and are presented separately in the statement of profit or loss.

Additional disclosures are provided in Note 18 (b). All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

f) Translation of foreign currencies

i) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2023

1. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

f) Translation of foreign currencies (Continued)

ii) Translation of foreign operations

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated into Kenya Shillings using exchange rates prevailing at the end of the reporting period;
- income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised under other comprehensive income and accumulated in a separate heading, translation reserve, in the consolidated statement of changes in equity.

When a foreign operation is sold, the cumulative amount of the exchange differences relating to that foreign entity, recognised in other comprehensive income and accumulated on the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognised.

g) Revenue recognition

The Group recognises revenue from contracts with customers the following major sources:

- Sale of cement and cement products
- From transport services

Transport revenue is the surcharge to customer by the Group and Company for arranging delivery of cement and cement products to the customer.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

Sale of cement and cement products

The Group recognizes revenue when it satisfies a performance obligation by transferring promised goods to a customer (which is when the customer obtains control of the goods). The amount of revenue recognized is the amount allocated to the satisfied performance obligation. A performance obligation is satisfied at a point in time, for promises to transfer goods to a customer.

Transport services

The Group recognizes revenue when it satisfies a performance obligation by performing a service to a customer (which is when the customer obtains the benefits of that service). The amount of revenue recognized is the amount allocated to the satisfied performance obligation. A performance obligation is satisfied at a point in time, when the customer obtains control of the service.

Revenue is shown net of value added tax (VAT), returns, rebates and discounts and after eliminating sales within the Group.

NOTES TO THE **FINANCIAL STATEMENTS** (cont'd)
FOR THE YEAR ENDED 31 DECEMBER 2023

1. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

g) Revenue recognition (continued)

Interest income

For all financial instruments measured at amortised cost and interest bearing financial assets classified as equity investment, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

Dividends

Revenue is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

Rental income

Rental income is recognised when the Group's right to receive the rent payment is established. The Group has residential buildings and sublets some of them to its employees. Rental income is recognised as income on a straight-line basis over the lease term.

Rendering of services

The Group through its subsidiary Lafarge Ecosystems Limited operates a private park and charges entry fees to tourists. Income from rendering of services is recognized when the Group transfers control of a service to a customer.

Rebates

Rebates are given to the customers who meet condition set by the Group and the Company policy. All rebates are paid inform of credit notes and the customer collects cement of equivalent value. Rebates are calculated based on tons or percentage volume depending on the signed agreement.

h) Borrowing costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such a time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

i) Leases

Group as a lessee

Since January 1, 2021, the Group assesses at inception of a contract whether it contains a lease under IFRS 16 and accordingly recognizes a right-of use asset and a lease liability if it meets the definition of a lease, with the exception of short-term leases and leases of low value assets.

The lease liability is measured at commencement date at the present value of the future lease payments, discounted with the interest rate implicit in the lease or, if not readily determinable, with the lessee's respective incremental borrowing rate. Future lease payments include in-substance fixed payments, variable lease payments depending on an index or rate and payments under termination and extension options when these are reflected in the lease term. The lease term comprises the non-cancellable lease term together with the period covered by extension options, if assessed as reasonably certain to be exercised, and termination options, if assessed as reasonably certain not to be exercised. Non-lease components in contracts are separated from lease components and accordingly accounted for in operating profit on a cost incurred basis.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2023

1. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

i) Leases (Continued)

Group as a lessee (continued)

The right-of-use asset is recognized at the commencement date at cost, which includes the amount of the lease liability recognized, any lease payments made at or before the commencement date of the lease, initial direct costs incurred and an estimate of costs to be incurred in dismantling and removing the underlying asset or restoring the asset to the condition agreed with the lessor. Unless the Group is reasonably certain to exercise a purchase option, the right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and lease term. Right-of- use assets are subject to the impairment requirements under IAS 36 ***Impairments of Assets.***

In the event that the tax base of a right-of-use asset is not the same as its carrying amount for IFRS purposes on initial recognition of a lease contract, the Group recognizes the deferred tax impact arising on the temporary difference between the carrying amount of the right-of-use asset and its tax base. The same treatment as above also applies to the initial recognition of the lease liability.

Payments to acquire leasehold interests in land are treated as prepaid operating lease rentals and amortised over the period of the lease. The amortisation is recognised as an operating expense in profit or loss.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Currently, the Group has leased out residential houses and land to employees and third parties. See note 7 on rental income from residential property for more details.

j) Property, plant and equipment

All property, plant and equipment are initially recorded at cost. Freehold land and buildings are subsequently shown at their revalued amounts based on valuations by external independent valuers, less accumulated depreciation and any accumulated impairment losses. Plant and machinery is revalued internally on the basis of a valuation model prescribed by engineers and consultants at the technical centre of the ultimate shareholder. The valuations are carried out once every five years, which is considered by the directors of the Group to be sufficient regularity per IAS 16.

All other property and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any.

A revaluation surplus is recorded in other comprehensive income and credited to the asset revaluation reserve in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation.

Each year the difference between depreciation based on the revalued carrying amount of an asset (the depreciation charged to profit or loss) and depreciation based on the asset's original cost is transferred from the asset revaluation reserve to retained earnings.

Depreciation is calculated on the straight line basis to write down the cost of each item of property plant and equipment, or the revalued amount, to its residual value over its expected useful life as follows:

NOTES TO THE **FINANCIAL STATEMENTS** (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2023

1. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

j) Property, plant and equipment (Continued)

Asset class	Useful lives	Rates
Land and mineral reserves	Not depreciated	-
Buildings and Installations	20-35 years	5%-3%
Heavy machines and installations	20 - 30 years	5%-3%
Other machines	10 - 20 years	10%-5%
Furniture, vehicles and tools	3-10 years	33%-10%

Further details on useful lives and residual values of property, plant and equipment are given in Note 2, to the financial statements.

Freehold land is not depreciated as it is deemed to have an indefinite useful life and is tested for impairment on an annual basis. The useful life and depreciation rates have been assigned as ranges for disclosure purposes given that numerous significant components in each of the categories have unique useful lives that fall within that range.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Additional disclosures on impairment are in Notes 1(o) and 2, to the financial statements.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition through disposal or retirement of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year in which the asset is derecognised.

The limestone reserve is a finite resource hence amortisation is based on quantity of limestone mined. The amortisation is a rate and this is computed as a ratio of the number of limestone units mined to the total value of limestone units available during the year. The value of limestone units during the year is a product of the ratio of limestone units mined to the total number of units available at acquisition date multiplied by the total value of units available as at that date. The amortisation rate used during the year was Kes 19.5 per tonne mined.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

k) Intangible assets

Computer software costs are stated at cost less accumulated amortisation and any accumulated impairment losses. The costs are amortised over the expected useful lives of the software on the straight line basis. Currently, the estimated useful life is five years.

Computer software is also assessed for impairment whenever there is an indication that the intangible asset may be impaired. Additional disclosures on impairment are included in Notes 1(o) and 2, to the financial statements.

The useful lives of computer software are reviewed at least at the end of each reporting period. Changes in the expected useful lives are considered to modify the amortisation period and are treated as changes in accounting estimates. The amortisation expense on computer software is recognised in profit or loss.

An intangible asset is derecognised when no future economic benefits are expected from its use. The Group's intangible assets are mainly computer software which is not expected to generate any disposal proceeds on de-recognition. The de-recognition of intangible assets would therefore result in a loss which is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2023

1. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

l) Inventories

Inventories are valued at the lower of cost and net realisable value.

Inventories of consumables and spare parts are stated at the lower of cost and net realisable value. The cost of consumables and spare parts is the weighted average cost less provision for obsolete and slow moving items.

All other inventories are stated at the lower of cost and net realisable value. The cost includes direct cost and appropriate overheads and is determined on the first-in first-out method.

Net realisable value of inventories is the estimated selling price of the inventories in the ordinary course of the Group's business less the estimated costs of completion and the estimated costs necessary to make the sale.

Biofuels inventories

Biofuel comprise of eucalyptus, Casuarina, Cassi siamea and Neem plantations. These are included in inventories as there is a plan to utilise the same in future, upon maturity, as alternative fuel in the clinker production process.

The amounts of biofuels relate to direct operating costs incurred in respect to the on-going bio-fuels project. These costs include those relating to labour, seedlings, transportation and other directly attributable overheads. They are recognised at cost and net realisable value.

m) Tax

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. Current income tax is provided on the basis of the results for the year, as shown in the financial statements, adjusted in accordance with tax legislation. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised directly in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

NOTES TO THE **FINANCIAL STATEMENTS** (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2023

1. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

m) Tax (Continued)

Deferred tax (continued)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset only when there is a legally enforceable right to set off the current tax assets against current tax liabilities and when they relate to the same entity and the same taxation authority, and the Group intends to settle the tax assets and the tax liabilities on a net basis.

n) Dividends payable

Dividends payable on ordinary shares are charged to retained earnings in the period in which they are declared. Proposed dividends are not accrued for until ratified in an Annual General Meeting.

o) Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.
All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.
Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

NOTES TO THE **FINANCIAL STATEMENTS** (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2023

1. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

o) Financial instruments (continued)

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met (see (iii) below); and
- The Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (see (iv) below).

(i) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit impaired financial assets (i.e. assets that are credit impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit impaired financial assets, a credit adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit impaired (see below). For financial assets that have subsequently become credit impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit impaired financial instrument improves so that the financial asset is no longer credit impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

NOTES TO THE **FINANCIAL STATEMENTS** (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2023

1. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

o) Financial instruments (continued)

(i) Amortised cost and effective interest method (Continued)

For purchased or originated credit impaired financial assets, the Group recognises interest income by applying the credit adjusted effective interest rate to the amortised cost of the financial asset from initial recognition.

The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit impaired.

Interest income is recognised in profit or loss and is included in the "finance income – interest income" line item.

(ii) Equity instruments designated as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument by instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not be reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the 'finance income' line item in profit or loss.

The Group has designated all investments in equity instruments that are not held for trading as at FVTOCI on initial application of IFRS 9.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically;

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'other gains and losses' line item;
- for equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the investments revaluation reserve.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, trade and other receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2023

1. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

o) Financial instruments (continued)

Impairment of financial assets (continued)

The Group always recognises lifetime ECL for trade receivables and other receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward looking information that is available without undue cost or effort. Forward looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

NOTES TO THE **FINANCIAL STATEMENTS** (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2023

1. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

o) Financial instruments (continued)

Impairment of financial assets (continued)

(i) Significant increase in credit risk (Continued)

1) The financial instrument has a low risk of default,
2) The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
3) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit impaired financial assets

A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

1. Significant financial difficulty of the issuer or the borrower;
2. A breach of contract, such as a default or past due event (see (ii) above);
3. the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
4. It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
5. The disappearance of an active market for that financial asset because of financial difficulties.

NOTES TO THE **FINANCIAL STATEMENTS** (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2023

1. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

o) Financial instruments (continued)

Impairment of financial assets (continued)

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(v) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above.

As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with IFRS 16.

For a financial guarantee contract, as the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12 month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

NOTES TO THE **FINANCIAL STATEMENTS** (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2023

1. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

o) Financial instruments (continued)

Derecognition of financial assets

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method.
Financial liabilities that arise when a transfer of a financial asset does not qualify for de recognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Group, are measured in accordance with the specific accounting policies set out below.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held for trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2023

1. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

p) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit or loss and other comprehensive income in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to other comprehensive income. For such properties, the impairment is recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, or exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for the asset in prior years.

Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

q) Employee entitlements

Retirement benefits obligations - defined contribution plans

The Group operates a defined contribution pension scheme for eligible employees. The scheme is administered by an independent administration Company and is funded by contributions from the Group companies and employees. These are further discussed under Note 28.

The Group also makes contributions to the statutory defined contribution schemes in the two countries where operations are based.

NOTES TO THE **FINANCIAL STATEMENTS** (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2023

1. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

q) Employee entitlements (continued)

Retirement benefits obligations - defined contribution plans (continued)

The Group's obligations to the staff retirement schemes are charged to profit or loss as they fall due.

Other entitlements

Employee entitlements to long service awards and service gratuity are recognised when they accrue to employees. A provision is made for the estimated liability for long-service awards as a result of services rendered by employees up to the reporting date. These are further discussed under Note 1 (r) – service gratuities, long service awards and leave pay.

Employee entitlements to annual leave are recognised when they expected to be paid to employees. A provision is made for the estimated liability for annual leave at the reporting date. These are further discussed under Note 1 (r) – service gratuities, long service awards and leave pay.

Bonus

An accrual is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, the obligation can be estimated reliably and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

r) Provisions

Site restoration and other environmental provisions

The Group provides for the costs of restoring a site where a legal or constructive obligation exists. The estimated future costs for known restoration requirements are determined on a site-by-site basis and are calculated based on the present value of estimated future costs. The Group rehabilitates the quarried sites on an annual basis, as and when the quarried sites are disused. Hence no cost of raising a provision before exploitation of the raw materials has commenced is included in property, plant and equipment. The effect of any adjustments to the provision due to further environmental damage as a result of exploitation activities is recorded through operating costs over the life of the site, in order to reflect the best estimate of the expenditure required to settle the obligation at the end of the reporting period.

Other provisions

A provision is recognized when a legal or constructive obligation arising from past events exists, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of this amount.

Contingent liabilities. . Contingent liabilities arise from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. They are accordingly disclosed in the notes to the financial statements.

Contingencies, guarantees, commitments and contingent assets

The Group is exposed to varying degrees of uncertainty related to tax matters and regulatory reviews and audits. The Group accounts for its income taxes on the basis of its own internal analyses, supported by external advice, if appropriate. The Group continually monitors its tax position, and whenever uncertainties arise, the Group assesses the potential consequences and either accrues the liability or discloses a contingent liability in its financial statements, depending on the strength of the Group's position and the resulting risk of loss.

NOTES TO THE **FINANCIAL STATEMENTS** (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2023

1. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

s) Service gratuities, long service award, leave pay and termination benefits

The Group provides service gratuity to unionisable staff that retire on attaining the age of 55 years or are declared redundant. These are provided to eligible employees based on each employee's length of service with the Group, as provided for in the collective bargaining agreement. The Group also provides for long service award to staff based on the length of service.

The cost of providing service gratuity and long service awards which are considered as defined benefit plan is determined by a professional actuary using the projected unit credit method.

Re-measurements, comprising of actuarial gains and losses are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

The Group recognises the following changes in the net defined benefit in profit or loss as:

- Service costs comprising current service costs are recognised in profit or loss under cost of sales; and
- Net interest expense or income is recognised in profit or loss under cost of sales.

Employee entitlements to annual leave are recognised when they expected to be paid to employees. A provision is made for the estimated liability for annual leave at the reporting date. Service gratuity, long service awards and leave pay provisions are disclosed in Note 27, to the financial statements.

The Group recognises a liability and expense for termination benefits at the earlier of the following dates:

(a) when the Group can no longer withdraw the offer of those benefits; and
(b) when the Group recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits.

t) Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

For the purpose of presentation of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

u) Segment reporting

Performance of business Segments is reported in line with Lafargeholcim management reporting guidelines and is reviewed by the Executive Committee. The executive Committee makes strategic decisions and is responsible for allocating resources and assessing performance of the operating segments (see note 3).

v) Fair value measurement

The Group measures financial instruments such as equity investment at fair value at each reporting date. The Group also measures certain items of property, plant and equipment at fair value. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 39(b), to the financial statements.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2023

1. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

v) Fair value measurement (continued)

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.
The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as freehold land and buildings. Involvement of external valuers is decided upon annually by the finance director after discussions with and approval by the Group's audit committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2023

2. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In applying the Group's accounting policies, which are described in note 1, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Other disclosures relating to the Group's exposure to risks and uncertainties includes:
- Financial risk management Note 37
- Capital risk management Note 38
- Fair value of assets and liabilities Note 39

Significant judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, management has made the following accounting judgments that have the most significant effect on the amounts recognised in financial statements.

Disposal group or discontinued operations

On 14 November 2023 the Group announced its management decision to sell Hima Cement Ltd, its Uganda based subsidiary. The disposal was approved by shareholders at an Extraordinary General Meeting (EGM) on 14 December 2023. Operations of Hima Cement Limited are classified as a disposal group held for sale.

The Board considered the subsidiary to meet the criteria to be classified as held for sale as at 14 November 2023 for the following reasons;

a) Hima Cement Limited was available for immediate sale and could be sold to the buyer in its current condition
b) A potential buyer had been identified and a share purchase terms agreed upon between the two parties as of 14 November 2023
c) The sale of Hima cement limited is expected to complete within one year from the reporting date.

For more details on the discontinued operation, refer to Note 18 (b).

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Tax provisions

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The Group recognises the net future tax benefit that relates to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the Group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the reporting date could be impacted.

Further details on income taxes are disclosed in Notes 12, 26 and 30 (d), to the financial statements.

NOTES TO THE **FINANCIAL STATEMENTS** (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2023

2. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

Key sources of estimation uncertainty (continued)

Useful lives and residual values of property, plant and equipment

The Group reviews the estimated useful lives and residual values of property, plant and equipment at the end of each reporting period. In reviewing the useful lives of property, plant and equipment, the Group considers the remaining period over which an asset is expected to be available for use by the Group. Management also looks at the number of production or similar units expected to be obtained from the property, plant and equipment. Judgment and assumptions are required in estimating the remaining useful period and estimates of the number of production or similar units expected to be obtained from the property, plant and equipment.

During the financial year, no changes to the useful lives were identified by the Directors. Further details on property, plant and equipment are given in Note 15, to the financial statements.

Impairment losses for non-financial assets

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Impairment exists when the carrying amount of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

In assessing whether there is any indication that the tangible and intangible assets may be impaired, the Group considers the following indications:

a) there are observable indications that the asset's value has declined during the period significantly more than would be expected as a result of the passage of time or normal use.
b) significant changes with an adverse effect on the entity have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the entity operates or in the market to which an asset is dedicated.
c) market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.
d) the carrying amount of the net assets of the entity is more than its market capitalisation.

e) evidence is available of obsolescence or physical damage of an asset.
f) significant changes with an adverse effect on the entity have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite.
g) evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

Further details on property, plant and equipment are given in Note 15, to the financial statements and intangible assets in Note 17, to the financial statements.

NOTES TO THE **FINANCIAL STATEMENTS** (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2023

2. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

Key sources of estimation uncertainty (Continued)

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. Dividends received are the cash flows from the CGU. The Company estimates the dividend expected yearly from each CGU and discounts these using estimated discount rates. In assessing whether there is any indication that the Goodwill is impaired, the Group considers that any observable indications that the CGU's dividends have declined significantly during the period more than would be expected in normal operations of the CGU.

Inventories provisioning and inventories count

Management makes provisions for spares that exceed the set maximum level based on the usage of the inventory by comparing items in stock with the recent past consumption. The maximum level is determined by taking into consideration the lead time, the specified order quantity, the source of the spares and the projected usage rate.

The inventories counts for raw materials – bulk materials including clinker, gypsum, bauxite, pozzolana and bulk cement, are carried out through a survey by an independent surveyor. This surveying process requires judgement and estimation.

Further details on inventories are given in Note 21, to the financial statements.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12 month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

NOTES TO THE **FINANCIAL STATEMENTS** (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2023

2. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

Key sources of estimation uncertainty (Continued)

Fair value of financial instruments

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 39, to the financial statements, for further discussion.

Site restoration

The Group makes full provision for the future cost of rehabilitating its quarry sites and related production facilities on a discounted basis at the time of developing the quarries and installing and using those facilities. On an annual basis, management, with the assistance of technical staff, makes estimations on the adequacy of the site restoration provisions. The provisions are made based on the additional open space, net of rehabilitated areas, arising from quarrying operations that took place in the year. The estimated cost per hectare is then applied to determine this adequacy. The cost per hectare is periodically assessed to factor in inflation.

Site restoration provisions are disclosed in Note 27, to the financial statements.

Post-employment benefits

The cost and the present value of the obligation of the service gratuity, long service awards and other post-employment benefits are determined using actuarial valuations by an independent actuarial valuer. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, the actuary considers the interest rates of the government bond market. The actuary also considers the mean terms of the yield of the bond and the liabilities. The mortality rate is based on publicly available mortality tables for the specific countries. Future salary increases and pension increases are based on expected future inflation rates for the respective countries.

Further details about service gratuity, long service awards and other post-employment benefits are given in Note 28, to the financial statements.

NOTES TO THE **FINANCIAL STATEMENTS** (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2023

2. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

Key sources of estimation uncertainty (Continued)

Contingent liabilities

As disclosed in Note 30 to the financial statements, the Group is exposed to various contingent liabilities in the normal course of business including a number of legal cases. The Directors evaluate the status of these exposures on a regular basis to assess the probability of the Group incurring related liabilities. However, provisions are only made in the financial statements where, based on the Directors' evaluation, a present obligation has been established. Judgement and assumptions are required in:

- assessing the existence of a present obligation (legal or constructive) as a result of a past event;
- assessing the probability that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- Estimating the amount of the obligation to be paid out.

Lease liability

In order to make a judgement to determine the term of the lease and the corresponding lease liability, the directors consider any options regarding extension or termination of the lease contract which may be available and whether it is probable that such options will be exercised.

Unless there is an implicit interest rate contained in the lease contract, the discount rate used to calculate the net present value of the lease liability is the group's incremental borrowing rate. This rate is estimated by the directors to be the rate which would be paid by the group to purchase a similar asset.

NOTES TO THE **FINANCIAL STATEMENTS** (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2023

3. SEGMENT INFORMATION

In accordance with IFRS 8, Operating Segments, the information presented hereafter by operating segment is the same as that reported to the Chief Operating Decision Maker (the Group CEO) for the purposes of making decisions about allocating resources to the segment and assessing its performance.

The Group analyses its organisational structure and internal reporting system for the purpose of identifying suitable segment reporting format for the Group. The Group is organised on a regional basis into two main geographical segments: Kenya and Uganda.

On 14 November 2023, the Group announced the Board's decision to sell Hima Cement Limited, its 70% owned Ugandan subsidiary. On 14 December 2023, the shareholders of the Company approved the plan to sell. The sale of Hima Cement Limited was completed in March 2024.

As at 31 December 2023, Hima Cement Limited has been classified as a disposal group held for sale and as a discontinued operation. With the business of Hima Cement Limited representing the entirety of the Group's Uganda segment and having been classified as held for sale and as a discontinued operations, the Uganda segment is no longer presented in the segment note and all Group operations comprise the Kenyan segment.

Year ended 31 December 2022 - All figures in millions of Kenya Shillings.

	Kenya	Uganda	Adjustments and eliminations	Consolidated
Revenue				
External customers	20,521	18,477	-	38,998
Inter-segment (Geographical)	204	-	(204)	-
Total revenue	20,725	18,477	(204)	38,998
Cost of sales	(18,280)	(16,661)	204	(34,737)
Gross profit	2,445	1,816	-	4,261
Gross profit margin	12%	10%	-	11%
Other income	20	-	-	20
Finance income	36	32	-	68
Finance costs	67	225	-	292
Profit before tax	660	(25)	-	635
Income tax expense	(402)	(52)	-	(454)
Profit for the year	258	(77)	-	181
Segment assets	33,555	23,385	(853)	56,087
Segment liabilities	7,871	10,098	(157)	17,812
Depreciation and amortisation	1,350	1,300	-	2,650
Impairment/reversal of impairment of property, Plant and equipment	84	(46)	-	38

Total assets are shown by the geographical area in which the assets are located. Segment assets consist primarily of property, plant and equipment, intangible assets, inventories, receivables and operating cash and cash equivalents. Segment liabilities comprise trade and other payables, dividends payable and certain corporate borrowings. This figure excludes investment in subsidiaries.

The adjustments and eliminations relate to intercompany transactions and balances (Note 33). The adjustments and eliminations are effected while consolidating the financial information for the Group.

NOTES TO THE **FINANCIAL STATEMENTS** (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2023

4. REVENUE

	GROUP		COMPANY	
	2023	**2022**	**2023**	**2022**
	Kes'million	**Kes'million**	**Kes'million**	**Kes'million**
Cement (Note 6)	20,091	19,298	20,487	19,627
Precast products	385	402	-	-
Ready mix	748	431	-	-
Other*	75	82	-	-
Transport services	728	513	691	476
Net sales	22,027	20,726	21,178	20,103

The other revenue includes mainly service delivery income from tourism activities earned by Lafarge Eco Systems Limited, a subsidiary of Bamburi Cement Plc.

5. COST OF SALES

	GROUP		COMPANY	
	2023	**2022**	**2023**	**2022**
	Kes'million	**Kes'million**	**Kes'million**	**Kes'million**
Distribution costs				
Cost of transport services	1,928	1,646	1,885	1,618
Packaging materials	738	732	728	720
Staff costs (Note 11(b))	230	288	225	274
Diesel	76	48	1	1
Depreciation of property, plant and equipment (11c)	158	125	154	120
Amortisation of right-of-use assets (11c)	-	8	-	-
Other distribution expenses	807	676	739	612
Total distribution cost	**3,937**	**3,523**	**3,732**	**3,345**
Production cost of goods sold				
Elimination of cost of sales-intra-group	(481)	(389)	-	-
Cost of finished goods purchased	389	2,703	384	2,676
Third party raw materials costs	3,084	2,543	2,334	2,006
Production materials	362	347	334	316
Energy	2,788	2,567	2,788	2,567
Electricity	2,982	2,061	2,967	2,049
Staff costs (Note 11(b))	990	930	896	850
Other production expenses	2,778	2,547	2,700	2,465
Maintenance expenses	664	686	627	635
Changes in inventory	77	(437)	79	(433)
Depreciation of property, plant and equipment (11c)	1,322	1,198	1,302	1,178
Amortisation of right-of-use assets (11c)	5	3	5	3
Total production cost of goods sold	**14,960**	**14,759**	**14,416**	**14,312**
Cost of sales	**18,897**	**18,282**	**18,148**	**17,657**
Cost of goods sold	16,969	16,636	16,263	16,039
Transport service costs	1,928	1,646	1,885	1,618
Cost of sales	**18,897**	**18,282**	**18,148**	**17,657**

NOTES TO THE **FINANCIAL STATEMENTS** (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2023

6. REBATES

The Group and the Company offer rebates to the customers who meet the terms and conditions based on the existing rebates policies. The cement revenues are presented net of rebates. During the year the rebates offered by the Group and the Company were as follows:

	GROUP		COMPANY	
	2023	**2022**	**2023**	**2022**
Rebates	**Kes'million**	**Kes'million**	**Kes'million**	**Kes'million**
	450	537	450	537

7. OTHER INCOME AND FINANCE INCOME/COSTS

	GROUP 2023	GROUP 2022	COMPANY 2023	COMPANY 2022
i) Other income				
Rental and sub-lease income	38	20	38	20
Scrap sales	20	-	20	-
Dividends received from subsidiary	-	-	505	232
Total other income	**58**	**20**	**563**	**252**
ii) Finance income				
Interest income - cash deposits with local banks	75	20	38	13
Interest income - related parties (Note 33(a))	14	17	60	17
Total finance income	**89**	**37**	**98**	**30**
iii) Finance costs				
Interest payable on borrowings	6	29	-	-
Interest cost on employee benefit liabilities (Note 28)	45	38	43	36
Total finance costs	**51**	**67**	**43**	**36**

8. OTHER GAINS AND LOSSES

	GROUP 2023	GROUP 2022	COMPANY 2023	COMPANY 2022
(Loss)/gain on disposal of assets	(116)	94	(13)	(20)
Foreign exchange losses	(379)	(348)	(377)	(346)
Foreign exchange gains	305	349	304	349
Net Foreign exchange (loss)/gain	(74)	1	(73)	3
Total other gains and losses	**(190)**	**95**	**(86)**	**(17)**

NOTES TO THE **FINANCIAL STATEMENTS** (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2023

9. OPERATING EXPENSES

	GROUP		COMPANY	
	2023	**2022**	**2023**	**2022**
(i) Marketing and sales expenses	**Kes'million**	**Kes'million**	**Kes'million**	**Kes'million**
Staff costs (note 11(b))	222	252	206	222
Third party services	71	87	63	80
Other marketing and sales expenses	16	31	17	31
Depreciation	5	3	5	3
Total marketing and sales expenses	**314**	**373**	**291**	**336**

(ii) Administration expenses

	GROUP		COMPANY	
	2023	**2022**	**2023**	**2022**
	Kes'million	**Kes'million**	**Kes'million**	**Kes'million**
Staff costs (note 11(b))	732	555	685	516
Third party services	104	110	92	98
Other administration expenses	268	195	272	190
Bank charges	8	11	8	10
Depreciation	22	12	21	13
Amortisation of intangible assets	1	1	1	1
Other operating expenses (note 10)	469	495	469	495
Total administration expenses	**1,604**	**1,379**	**1,548**	**1,323**
(iii) Impairment of assets				
Property, plant & equipment (note 15(a))	27	85	20	84
Intangible assets (Note 17)	6	-	6	-
	33	85	26	84

10. OTHER OPERATING EXPENSES

Technical fees (Note 33 (a))	469	495	469	495

11. (a) PROFIT BEFORE TAX

Profit before tax is arrived at after charging

Staff costs (note 11(b))	2,174	2,025	2,012	1,862
Depreciation on property, plant and equipment (note 11(c))	1,507	1,338	1,482	1,313
Amortisation of intangible assets (note 17)	6	4	6	4
Directors' fees (note 33)	19	13	19	13
Auditors' remuneration	13	13	10	9
And after crediting:				
Interest income (note 7)	89	37	98	30
Gain/(loss) on disposal of plant and equipment (note 8)	(116)	94	(13)	(20)
Net foreign exchange gains/(losses) (note 8)	(74)	1	(73)	3

NOTES TO THE **FINANCIAL STATEMENTS** (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2023

11. (b) STAFF COSTS

	GROUP		COMPANY	
	2023	2022	2023	2022
	Kes'million	Kes'million	Kes'million	Kes'million
Salaries and wages	1,117	1,068	1,025	996
Retirement benefits costs	132	143	122	133
Staff welfare costs	925	814	865	733
	2,174	2,025	2,012	1,862
Presented as:				
Cost of sales (note 5)	1,220	1,218	1,121	1,124
-Distribution costs	230	288	225	274
-Production cost of goods sold	990	930	896	850
Administration expenses (note 9ii)	732	555	685	516
Marketing and sales expenses (Note 9(i))	222	252	206	222
	2,174	2,025	2,012	1,862

(c) DEPRECIATION AND AMORTIZATION

Depreciation on property, plant and equipment, amortisation of intangible assets and depreciation of right-of-use assets is presented as follows:

	GROUP		COMPANY	
	2023	2022	2023	2022
	Kes'million	Kes'million	Kes'million	Kes'million
Depreciation of property, plant and equipment				
Cost of sales				
- Distribution costs	158	125	154	120
- Production cost of goods sold	1,322	1,198	1,302	1,178
Total cost of production (Note 5)	1,480	1,323	1,456	1,298
Marketing and sales expenses (Note 9(i))	5	3	5	3
Administration expenses (Note 9(ii))	22	12	21	13
	1,507	1,338	1,482	1,314
Amortization of intangible assets				
Cost of production (Note 5)	5	3	5	3
Administration expenses (Note 9(ii))	1	1	1	1
	6	4	6	4
Amortisation of right-of-use assets				
Cost of production (Note 5)	-	8	-	-
	-	8	-	-

NOTES TO THE **FINANCIAL STATEMENTS** (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2023

12. TAX

		GROUP		COMPANY	
		2023	**2022**	**2023**	**2022**
		Kes'million	**Kes'million**	**Kes'million**	**Kes'million**
(a)	Amounts recognized in profit or loss				
	Current tax charge/(credit)				
	- Current tax based on the adjusted profit at 30%	717	493	704	456
	- Adjustment in respect of current income tax of previous year	(27)	-	(27)	-
		690	**493**	**677**	**456**
	Deferred tax credit charge at 30% (Note 26):				
	- current year **	(295)	(92)	(291)	(155)
	- Adjustments in respect of deffered tax of previous year	(5)	-	(24)	-
		(300)	**(92)**	**(315)**	**(155)**
	Tax charge on continuing operations	**390**	**401**	**(362)**	**301**
(b)	Amounts recognized in other comprehensive income				
	Items that will not be reclassified to profit or loss				
	Actuarial gains/(losses) (Note 28)	18	(6)	16	(6)
	Revaluation gains	-	1,370	-	1,370
	Adjustment in respect of deferred tax in prior years	(141)	-	(141)	-
		(123)	1,364	(125)	1,364
(c)	Reconciliation of expected tax based on accounting profit to tax charge:				
	Profit before tax on continuing operations	**1,060**	**659**	**1,662**	**910**
	Tax calculated at the domestic rates applicable*	318	198	499	273
	Tax effect of expenses not deductible for tax purposes	112	132	65	112
	Tax impact of other non-deductible	-	(14)	-	(14)
	Adjustments in respect of deferred tax of previous year	(5)	-	(24)	-
	Derecognition of previously recognized tax losses	-	85		
	Recognition of previously derecognized tax losses	(8)	-	-	-
	Adjustments in respect of current income tax of previous year	(27)	-	(27)	-
	Tax effect on income not subject to tax	-	-	(151)	(70)
	Tax (credit)/charge	**390**	**401**	**(362)**	**301**

** The tax rate in Kenya for the year ended 31 December 2023 was 30 % (2022: 30%). The tax rate in Uganda was 30% (2022: 30%).*
***For the year ended 31 December 2022, the deferred tax profit or loss amounts related to the discontinued operations or disposal group has been adjusted as below:*

	Kes'million
As above	46
Hima Cement Limited (classified as disposal group) under tax charge (Note 18(b))	(138)
Profit or loss (Note 12(a))	(92)

NOTES TO THE **FINANCIAL STATEMENTS** (cont'd)
FOR THE YEAR ENDED 31 DECEMBER 2023

12. TAX (Continued)

	GROUP		COMPANY	
	2023	2022	2023	2022
	Kes'million	Kes'million	Kes'million	Kes'million
(d) Corporate tax (recoverable)/ payable				
At the beginning of the year	(827)	(458)	(458)	(136)
Tax charge				
- Current tax				
- Continuing operations	717	493	704	456
- Disposal group held for sale	-	7	-	-
	717	500	704	456
- Adjustments in respect of current income tax of previous year	(27)	-	(27)	-
Tax paid	(259)	(845)	(208)	(775)
Withholding tax paid	(13)	(10)	(11)	(3)
Translation gain	-	(14)	-	-
Disposal group held for sale	297	-	-	-
At end of the year	(112)	(827)	-	(458)
Comprising: *				
Tax payable	-	-	-	-
Tax recoverable	(112)	(827)	-	(458)

The Company will apply for a refund of the tax overpayment.

13 . EARNINGS PER SHARE

Basic and diluted earnings per share is calculated by dividing the net profit attributable to the ordinary equity holders by the weighted average number of ordinary shares in issue during the year, as shown below.

There were no potentially dilutive shares as at 31 December 2023 and as at 31 December 2022.

	GROUP	
	2023	2022
	Kes'million	Kes'million
Profit for the year from continuing operations (Kes million)	670	258
Loss after tax from discontinued operations attributable to owners of the parent Company (Kes million)	(748)	(54)
(Loss)/profit for the year attributable to owners of the parent Company (Kes million)	(78)	204
Weighted average number of ordinary shares (million)	363	363
Earnings per share; basic and diluted attributable to owners of the company;		
From continuing operations (Kes)	1.85	0.71
From discontinued operations (Kes)	(2.06)	(0.15)
Total basic and diluted earnings per share (Kes)	(0.21)	0.56

NOTES TO THE **FINANCIAL STATEMENTS** (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2023

14. DIVIDENDS

		2023	2022
		Kes'million	Kes'million
(a)	Dividends payable		
	At beginning of year		
	Declared and approved during the year - [Note 14 (b)]	272	1,301
	Dividends claimed/paid in the year	(272)	(1,301)
	At end of year	-	-
(b)	Dividends declared/approved during the year 2023 and 2022:		
	Final dividends for previous year	272	1,301
(c)	Dividends declared/proposed in respect of the year		
	Proposed for approval at the annual general meeting		
	(not recognised as a liability as at 31 December)	1,985	272
	Dividends per share (based on 363 million shares)	5.47	0.75

During the year, the Directors did not recommend payment of an interim dividend. The directors, however, recommend the approval of a first and final dividend of Kes 5.47 per ordinary share amounting to Kes 1,985 million (2022: Kes 272 million) in respect of the year ended 31 December 2023.

Withholding tax payment of dividends is subject to withholding tax at a rate of 15% for non-resident shareholders of the Company and 5% for resident shareholders. For resident owners of the Company, withholding tax is only deductible where the shareholding is below 12.5%.

Hima Cement Limited, the Ugandan Subsidiary, currently classified as disposal group as disclosed in Note 18 (b) to the financial statements declared and paid dividends to the Company of KShs 499 million during the year (KShs 425, net of withholding tax at 15% of 74 million).

NOTES TO THE **FINANCIAL STATEMENTS** (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2023

15. PROPERTY, PLANT AND EQUIPMENT

a) GROUP

Year ended 31 December 2023	Land and residential buildings Kes'million	Plant and machinery Kes'million	Office equipment and tools Kes'million	Capital work-in-progress * Kes'million	Total Kes'million
Cost or valuation					
At 1 January 2023	14,836	37,096	2,630	1,513	56,075
Transfers from capital work-in-progress*	91	753	92	(936)	-
Additions	-	1	-	1,086	1,087
Write-off**	-	(473)	(15)	(4)	(492)
Disposals	(394)	-	-	-	(394)
Disposal group's assets held for sale	(4,044)	(22,530)	(699)	(741)	(28,014)
At 31 December 2023	10,489	14,847	2,008	918	28,262
Depreciation					
At 1 January 2023	3,312	11,294	2,062	-	16,668
Charge for the year	95	1,358	54	-	1,507
Write-off**	-	(455)	(10)	-	(465)
Disposal group's assets held for sale	(1,998)	(10,594)	(381)	-	(12,973)
At 31 December 2023	1,409	1,603	1,725	-	4,737
NET CARRYING AMOUNT	**9,080**	**13,244**	**263**	**918**	**23,525**

* Capital work-in-progress represents costs incurred on ongoing work in respect of additions and replacements to various plants at year-end. Capital work-in-progress is not depreciated until the plants are completed and brought into use.

** During the year, management carried out a review of the Group's plant and machinery, office equipment and tools to determine assets that were no longer in use for derecognition purposes. This review resulted in the write-off of assets whose carrying value was Kes 27 million (2022: Kes 85 million).

NOTES TO THE **FINANCIAL STATEMENTS** (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2023

15. PROPERTY, PLANT AND EQUIPMENT

a) GROUP

Year ended 31 December 2022	Land and residential buildings Kes'million	Plant and machinery Kes'million	Office equipment and tools Kes'million	Capital work-in-progress * Kes'million	Total Kes'million
Cost or valuation					
At 1 January 2022	14,383	52,935	2,512	1,957	71,787
Transfers from capital work-in-progress*	59	1,349	103	(1,511)	-
Additions	-	74	16	1,153	1,243
Write-off**	-	(1,443)	(4)	-	(1,401)
Disposals	(230)	-	(21)	(158)	(409)
Revaluation adjustment	483	4,566	-	-	5,049
Transfer on revaluation****	-	(21,178)	-	-	(21,178)
Translation gains***	141	793	24	26	984
At 31 December 2022	14,836	37,096	2,630	1,513	56,075
Depreciation					
At 1 January 2022	3,041	31,369	1,981	-	36,391
Charge for the year*****	219	2,087	86	-	2,392
Write-off**	-	(1,360)	(2)	-	(1,362)
Elimination of depreciation on disposal	(18)	-	(17)	-	(35)
Transfer on revaluation****	-	(21,178)	-	-	(21,178)
Translation gains ***	70	376	14	-	460
At 31 December 2022	3,312	11,294	2,062	-	16,668
NET CARRYING AMOUNT	**11,524**	**25,802**	**568**	**1,513**	**39,407**

* Capital work-in-progress represents costs incurred on ongoing work in respect of additions and replacements to various plants at year-end. Capital work-in-progress is not depreciated until the plants are completed and brought into use.

**During the year, management carried out a review of the Group's plant and machinery, office equipment and tools to determine assets that were no longer in use for derecognition purposes. This review resulted in the write-off of assets whose carrying value was Kes 85 million.

*** The translation gains arise from the translation of the carrying amounts of assets held by a subsidiary, Himcem Holdings Limited into the Group's reporting currency.

**** This transfer relates to the accumulated depreciation as at the revaluation date that was eliminated against the gross carrying amount of the revalued asset.

***** The depreciation for the year ended 31 December 2022 of Kes 2,392 million includes Kes 1,054 million related to discontinued operations or disposal group under expenses as disclosed in Note 18 (b). The charge to the profit and loss, therefore, is Kes 1,338 million (Note 11 (c) after reclassification to the disposal Group.

NOTES TO THE **FINANCIAL STATEMENTS** (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2023

15. PROPERTY, PLANT AND EQUIPMENT (continued)

b) COMPANY

Year ended 31 December 2023

	Land and residential buildings Kes'million	Plant and machinery Kes'million	Office equipment and tools Kes'million	Capital-work-in-progress Kes'million	Total Kes'million
Cost or valuation					
As at 1 January 2023	10,073	14,164	1,681	665	26,583
Disposal	(68)	-	-	-	(68)
Transfers from CWIP*	91	708	53	(852)	-
Additions	-	-	-	1,064	1,064
Write-off**	-	(471)	(6)	(4)	(481)
At 31 December 2023	10,096	14,401	1,728	873	27,098
Depreciation					
As at 1 January 2023	1,257	460	1,461	-	3,178
Write-off**	-	(455)	(6)	-	(461)
Charge for the year	90	1,345	47	-	1,482
At 31 December 2023	1,347	1,350	1,502	-	4,199
Net carrying amount					
At 31 December 2023	8,749	13,051	226	873	22,899

Year ended 31 December 2022

	Land and residential buildings Kes'million	Plant and machinery Kes'million	Office equipment and tools Kes'million	Capital-work-in-progress Kes'million	Total Kes'million
Cost or valuation					
As at 1 January 2022	9,635	30,996	1,580	1,098	43,309
Disposal	(98)	-	-	-	(98)
Transfers from capital CWIP*	53	1,223	103	(1,379)	-
Additions	-	-	-	946	946
Revaluation increase	483	4,566	-	-	5,049
Transfer on revaluation***	-	(21,178)	-	-	(21,178)
Write-off**	-	(1,443)	(2)	-	(1,445)
At 31 December 2022	10,073	14,164	1,681	665	26,583
Depreciation					
As at 1 January 2022	1,186	21,807	1,428	-	24,421
Elimination on disposal	(18)	-	-	-	(18)
Transfer on revaluation***	-	(21,178)	-	-	(21,178)
Write-off**	-	(1,360)	(1)	-	(1,361)
Charge for the year	89	1,191	34	-	1,314
At 31 December 2022	1,257	460	1,461	-	3,178
Net carrying amount					
At 31 December 2022	8,816	13,704	220	665	23,405

* Capital work-in-progress (CWIP) represents costs incurred on ongoing work in respect of additions and replacements to various plants at year-end. Capital work-in-progress is not depreciated until the plants are completed and brought into use.
** During the year, management carried out a review of the Company's property, plant and equipment. This review resulted in the retirement of assets whose carrying value was Kes 20 million (2022 -Kes 84 million).
**** This transfer relates to the cost and accumulated depreciation as at the revaluation date that was eliminated against the gross carrying amount of the revalued asset.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE YEAR ENDED 31 DECEMBER 2023

15. PROPERTY, PLANT AND EQUIPMENT (continued)

c) OTHER DISCLOSURES

If the re-valued property, plant and equipment were stated on the historical cost basis, the amounts would be as follows:

	GROUP		COMPANY	
	2023	2022	2023	2022
	Kes'million	Kes'million	Kes'million	Kes'million
COST				
Land	643	644	638	501
Buildings and installations	2,833	2,689	2,506	2,399
Machines	15,614	13,829	14,546	14,334
TOTAL	**19,090**	**17,162**	**17,690**	**17,234**
ACCUMULATED DEPRECIATION				
Land	(1)	(1)	(1)	(1)
Buildings and installations	(1,024)	(885)	(826)	(777)
Machines	(9,161)	(7,618)	(8,489)	(8,415)
TOTAL	**(10,186)**	**(8,504)**	**(9,316)**	**(9,193)**
Net carrying amount	**8,904**	**8,658**	**8,373**	**8,041**

The Group's and the Company's land, buildings, plant, and machinery are revalued at a 5 year interval. Land and residential buildings are revalued on the basis of open market value by independent valuers while plant and machinery are re-valued on a depreciated replacement cost basis using a valuation model prescribed by engineers and consultants at the technical centre of the ultimate shareholder.

The previous revaluation for the company was done in 2022.

d) IMPACT OF THE ENACTMENT OF THE LAND REGISTRATION ACT NO. 3 2012 ON THE COMPANY'S LAND HOLDING STATUS

The current Kenyan Constitution, enacted on 27 August 2010, introduced significant changes in the rules for landholding by non-citizens. The Constitution no longer allows foreigners and foreign bodies to own freehold land and leasehold land in excess of 99 years. Freehold land and leasehold land of more than 99 years tenure owned by foreigners and foreign bodies automatically becomes 99 year leases upon enactment of the required legislation under Articles 65(4) of the constitution. These changes in the landholding rules took effect on 2 May 2012 upon the enactment of the Land Registration Act No. 3 of 2012.

As per the definition of Articles 65(3) of the constitution, the Company is a non-citizen and hence the status of its freehold land changes to 99 years lease.

The Company is waiting for the National Land Commission to issue guidelines that will operationalise the provisions of the constitution and the revised land laws. The Company will continue to reassess the impact of the revised land laws to the financial statements as the guidelines are issued.

NOTES TO THE **FINANCIAL STATEMENTS** (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2023

16 (a). PREPAID OPERATING LEASE RENTALS

	GROUP		COMPANY	
	2023	**2022**	**2023**	**2022**
	Kes'million	**Kes'million**	**Kes'million**	**Kes'million**
COST				
At 1 January	231	223	-	-
Translation gains*	-	8	-	-
Asset held for sale	(231)	-	-	-
At 31 December	-	231	-	-
Amortisation				
At 1 January	121	116	-	-
Translation loss*	-	(4)	-	-
Charge for the year	-	9	-	-
Disposal group's assets held for sale	(121)			
	-	121	-	-
Net carrying amount				
At 31 December	-	110	-	-

Net carrying amount of KShs 110 million has been classified under disposal group, Note 18 (b) to the financial statements.

The operating lease prepayments represent rentals paid by a subsidiary, Hima Cement Limited, in Uganda for parcels of leasehold land. The lease rentals are paid in full at the inception of the lease and the company amortises the amount over the lease period on a straight-line basis. As at the reporting date the prepaid operating leases have been classified as assets held for sale.

NOTES TO THE **FINANCIAL STATEMENTS** (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2023

16 (b). RIGHT OF USE ASSETS - GROUP

	Land Kes'million	Buildings Kes'million	Machinery & equipment Kes'million	Furniture & equipment Kes'million	Motor vehicles Kes'million	Total Kes'million
Year ended 31 December 2023						
COST						
As at 1 January 2023	-	67	14	70	1,356	1,507
Additions	-	-	-	-	-	-
Eliminations on termination	-	-	-	-	-	-
Disposal groups' assets held for sale	-	(67)	(14)	(70)	(1,356)	(1,507)
As 31 December 2023	-	-	-	-	-	-
DEPRECIATION						
As at 1 January 2023	-	59	14	66	647	786
Charge for the year	-	-	-	-	-	-
Eliminations on termination	-	-	-	-	-	-
Disposal groups' assets held for sale	-	(59)	(14)	(66)	(647)	(786)
Net assets classified as held for sale	-	8	-	4	709	721
As 31 December 2023	-	-	-	-	-	-
NET CARRYING VALUE						
At 31 December 2023	-	-	-	-	-	-
Year ended 31 December 2022						
COST						
As at 1 January 2022	-	54	13	77	804	948
Additions	-	11	-	1	504	516
Eliminations on disposal	-	-	-	(8)	-	(8)
Translation gains*	-	2	1	-	48	51
As 31 December 2022	-	67	14	70	1,356	1,507
DEPRECIATION						
As at 1 January 2022	-	44	13	64	403	524
Charge for the year	-	14	-	3	221	238
Eliminations on disposal	-	-	-	(1)	-	(1)
Translation gains*	-	1	1	-	23	25
As 31 December 2022	-	59	14	66	647	786
NET CARRYING VALUE						
At 31 December 2022	-	8	-	4	709	721

*The translation gain arise from the translation of the carrying amounts of assets held by a subsidiary, Himcem Holdings Limited into the reporting currency.

NOTES TO THE **FINANCIAL STATEMENTS** (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2023

17 (a). INTANGIBLE ASSETS – COMPUTER SOFTWARE

	GROUP		COMPANY	
	2023	2022	2023	2022
	Kes'million	Kes'million	Kes'million	Kes'million
Cost				
At 1 January	824	817	610	610
Disposal groups' assets held for sale	(214)	-	-	-
Transfer from CIP	6	-	6	-
Retirement	(6)		(6)	
Translation gains*	-	7	-	-
At 31 December	610	824	610	610
Amortisation				
At 1 January	800	788	592	588
Disposal groups' asset held for sale	(208)			
Charge for the year	6	5	6	4
Translation gains*	-	7	-	-
At 31 December	598	800	598	592
Net carrying amount	12	24	12	18

Net carrying amount of disposal groups' asset held for sale is KShs 6 million, Note 18 (b) to the financial statements.

(b) LIMESTONE RESERVES

	GROUP 2023	GROUP 2022	COMPANY 2023	COMPANY 2022
Cost				
At 1 January	807	779	-	-
Translation gains*	-	28	-	-
Disposal groups' asset held for sale	(807)	-	-	-
At 31 December	-	807	-	-
Amortisation				
At 1 January	182	175	-	-
Charge for the year	-	1	-	-
Translation gains*	-	6	-	-
Asset held for sale	(182)			
At 31 December	-	182	-	-
Net asset held for sale (Note 18(b))	625	-	-	-
Net carrying amount	-	625	-	-

*The translation gains arise from the translation of the carrying amounts of assets held by a subsidiary, Himcem Holdings Limited into the Group's reporting currency.

NOTES TO THE **FINANCIAL STATEMENTS** (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2023

18. INVESTMENTS IN SUBSIDIARIES

a) Information about subsidiaries

The financial statements of the Company include investments in subsidiaries as below.

These investments are unquoted and held at cost less accumulated impairment loss.

	Principal place of business	Holding	COMPANY 2023	COMPANY 2022
		%	Kes'million	Kes'million
Bamburi Special Products Limited	Kenya	100	20	20
Bamburi Cement Plc, Uganda*	Uganda	100	-	-
Himcem Holdings Limited	Channel Islands	100	911	911
Lafarge Eco Systems Limited	Kenya	100	130	130
Less: Provision for impairment loss in value of investment in Lafarge Eco Systems Limited	Kenya		(91)	(91)
Diani Estate Limited	Kenya	100	839	839
Binastore Limited	Kenya	100	100	100
Less: Provision for impairment loss in value of investment in Binastore Limited	Kenya		(100)	(100)
Kenya Cement Marketing Limited*	Kenya	50	-	-
Portland Mines Limited*	Kenya	50	-	-
			1,809	**1,809**

During the year, the directors of the company made a decision to sale their shareholding in Hima Cement Limited. Himcem Holdings Limited had a 70% holding in its subsidiary, Hima Cement Limited, a Company incorporated in Uganda. The transaction was completed in March 2024. Disclosures have been included in Note 18 (b), below.

* The amount of investments for Kenya Cement Marketing Limited, Bamburi Cement Plc - Uganda and Portland Mines Limited is below Kes 1,000,000.

	2023	2022
Movement in the diminution of investments	Kes'million	Kes'million
At beginning of year	1,809	1,809
Movement in the year	-	-
At end of year	**1,809**	**1,809**

In the year 2019, management reviewed the cost of investment versus the net assets of Lafarge Eco Systems Limited and Binastore Limited and this led to write down of the cost of investment to the subsidiary's net asset value.

Both entities are not separate cash generating units from the parent company, Lafarge Eco Systems Limited was set up to undertake quarry rehabilitation on behalf of the parent while Binastore Limited's principal activity is to promote the distribution of parent company's products. The parent company finances the operations of the two entities.

NOTES TO THE **FINANCIAL STATEMENTS** (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2023

18. INVESTMENTS IN SUBSIDIARIES (continued)

b) Discontinued operations

On 14 November 2023, the group entered into a sale agreement to dispose of Hima Cement limited, which carried out of all of the group's Uganda operations. On 14 December, the shareholders of the Company approved the plan at an Extraordinary General Meeting. The sale of Hima Cement Limited's is expected to be completed within 6 months from the reporting date.

At 31 December 2023, Hima Cement Limited has been classified as a disposal group held for sale and as a discontinued operation.

The results of the discontinued operations, which have been included in the profit for the year, were as follows:

	GROUP	
	2023	**2022**
	Kes'million	**Kes'million**
(i) Results of discontinued operations		
Revenue	23,225	18,477
Expenses	(23,427)	(18,502)
Loss before tax	(202)	(25)
Tax charge	(867)	(52)
Loss after tax from discontinued operations	(1,069)	(77)
Other comprehensive income		
Revaluation gains from property and plant of the discontinued operations	731	-
Actuarial gain, net of tax	-	8
Exchange differences on translation of discontinued operations	3,042	469
Net other comprehensive income from discontinued operations	3,773	477
Total comprehensive income/(loss) from discontinued operations	2,704	400
Profit for the year attributable to:		
Owners of the parent company	(748)	(54)
Non - controlling interest	(321)	(23)
	(1069)	(77)
Total comprehensive income attributed to:		
Owners of the parent company	1,893	280
Non – controlling interest	811	120
	2,704	400
Earnings per share:	(2.06)	(0.15)
Basic and diluted from discontinued operations		
(ii) Cash flows from (used in) discontinued operations		
Net cash inflow from operating activities	2,107	595
Net cash (outflow) from investment activities	(670)	(116)
Net cash (outflow) from financing activities	(1,108)	(232)
Net increase in cash generated from discontinued operations	329	247

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2023

18. INVESTMENTS IN SUBSIDIARIES (continued)

b) Discontinued operations (continued)

iii) The major classes of assets and liabilities of Hima Cement Limited classified as held for sale as at 31 December are, as follows:

	2023	2022
	Kes'million	Kes'million
Property, plant and equipment	18,994	15,041
Prepaid operating lease rentals	124	110
Right-of-use assets	955	721
Intangible assets	7	6
Limestone reserves	1,035	625
Inventories	2,936	3,572
Trade and other receivables	1,878	1,730
Cash and cash equivalents	2,293	1,580
Goodwill	217	217
Asset held for sale	28,439	23,602
Liabilities		
Deferred tax liability	3,802	2,963
Provisions	515	255
Long term borrowings	3,125	2,508
Lease liabilities	1,008	784
Trade and other payables	4,585	3,588
Liabilities directly associated with asset held for sale	13,035	10,098
Net assets directly associated with disposal group	15,404	13,504

NOTES TO THE **FINANCIAL STATEMENTS** (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2023

19. EQUITY INVESTMENTS – FVTOCI

These represent investments in Equity instruments designated as at FVTOCI which are carried at fair value.

The Company has classified equity investments at FVTOCI as this instruments are held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset meet the SPPI test.

a) Movement in the equity investments

	GROUP AND COMPANY	
	2023	**2022**
	Kes'million	**Kes'million**
The East African Portland Cement Plc		
At 1 January	77	75
Fair value gain (Note 19(b))	13	2
At 31 December	90	77
Total equity investment as at 31 December (Note 39)	90	77

b) Analysis of the equity investments

	Number of shares			Valuation			
Quoted investments	At 1.1.2023 units	Additions/ (disposals) units	At 31.12.2023 units	At 1.1.2023 Kes' million	Additions/ (disposals) Kes' million	Increase/ (decrease) in market value Kes' million	At 31.12.2023 Kes' million
The East African Portland Cement Plc	11,265,068	-	11,265,068	77	-	13	90

	Number of shares			Valuation			
Quoted investments	At 1.1.2022 units	Additions/ (disposals) units	At 31.12.2022 units	At 1.1.2022 Kes' million	Additions/ (disposals) Kes' million	Increase/ (decrease) in market value Kes' million	At 31.12.2022 Kes' million
The East African Portland Cement Plc	11,265,068	-	11,265,068	75	-	2	77

NOTES TO THE **FINANCIAL STATEMENTS** (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2023

20. GOODWILL

	2023	2022
	Kes'million	**Kes'million**
At beginning and end of the year	217	217
Disposal group's asset held for sale	(217)	-
At end of the year	-	217

The goodwill amounting to Kes 217 million arose from the acquisition of a subsidiary, Himcem Holdings Limited, in 1999. Himcem is the majority owner of the Group's operating Company in Uganda, Hima Cement Limited. The whole amount has been allocated to the subsidiary, which the Group considers as a cash generating unit (CGU). Determination of goodwill impairment involves an estimation of the value in use of the cash-generating unit to which goodwill has been allocated.

Following the director's decision to sell their shareholding in Hima Cement Limited on 14 November 2023 and subsequent classification of the subsidiary as a disposal group held for sale and discontinued operation, the goodwill balance has been classified as an asset held for sale as at the reporting date.

NOTES TO THE **FINANCIAL STATEMENTS** (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2023

21. INVENTORIES

	GROUP		COMPANY	
	2023	2022	2023	2022
	Kes'million	Kes'million	Kes'million	Kes'million
Raw materials	376	745	359	326
Semi-finished and finished products	622	2,249	564	550
Fuels	1,080	1,395	1,080	1,135
Parts and supplies	1,616	3,345	1,541	1,513
Provision for obsolete inventory (Parts and supplies)	(450)	(902)	(430)	(379)
Parts and supplies net of provision	1,166	2,443	1,111	1,134
	3,244	6,832	3,114	3,145

(b) Movement in provision of obsolete inventory

At beginning of year	902	884	379	379
Additions	51	-	51	-
Utlization	(3)	-	-	-
Foreign exchange adjustments	-	18	-	-
Asset held for sale	(500)	-	-	-
At end of year	450	902	430	379

During the year, Kes 6,700 million (2022: Kes 7,722million) and Kes 5,917 million (2022: Kes 7,132 million), for the Group and the Company, respectively, was recognised as an expense for inventories. This is recognised in the cost of sales.

22. TRADE AND OTHER RECEIVABLES

(a) Analysis of trade and other receivables

	GROUP		COMPANY	
	2023	2022	2023	2022
	Kes'million	Kes'million	Kes'million	Kes'million
Trade receivables	997	1,595	919	868
Other receivables*	644	1,704	569	589
Loss allowance	(456)	(683)	(282)	(247)
Net trade and other receivables	1,185	2,616	1,206	1,210
Prepayments	106	214	97	162
Receivables from related companies [Note 33 (b)]	83	134	683	1,234
	1,374	2,964	1,986	2,606

**The other receivables include advances to staff, insurance recoverable and accrued interest.*

NOTES TO THE **FINANCIAL STATEMENTS** (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2023

22. TRADE AND OTHER RECEIVABLES (continued)

	GROUP		COMPANY	
	2023	**2022**	**2023**	**2022**
	Kes'million	**Kes'million**	**Kes'million**	**Kes'million**
(b) Movement in impairment losses on financial assets				
At beginning of year	683	742	247	225
Foreign exchange adjustments	-	9	-	-
Bad debts written off	-	(74)	-	-
Charged to profit/loss				
Recoveries/(reversals)	(17)	(27)	-	-
Increase in impairment losses	42	60	35	22
	25	33	35	22
Disposal group's asset held for sale	(251)	-	-	-
At end of year	456	683	282	247

The average credit period on sales of finished goods is 30 days. The bulk of the trade receivables are covered by bank guarantees in favour of the Group and the Company. Before accepting any new customer, the Group and the Company uses a credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed quarterly.

In determining the recoverability of a trade receivable, the Group and the Company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date.

Other receivables and receivables from related companies are all performing and no impairment losses have been recognised for them. Additional disclosures for credit risk management are in Note 37 (ii)).

23. CASH AND CASH EQUIVALENTS

(a) Analysis of cash and cash equivalents:

	GROUP		COMPANY	
	2023	**2022**	**2023**	**2022**
	Kes'million	**Kes'million**	**Kes'million**	**Kes'million**
Cash at bank and on hand	3,846	3,436	3,693	1,801
Short term deposits (Note 23(d))	526	847	-	543
	4,372	4,283	3,693	2,344

NOTES TO THE **FINANCIAL STATEMENTS** (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2023

23. CASH AND CASH EQUIVALENTS (continued)

b) Reconciliation to cash flow statement

For the purposes of the statements of cash flows, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash in hand and deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Analysis of cash and cash equivalents is as set out below:

	GROUP		COMPANY	
	2023	**2022**	**2023**	**2022**
	Kes'million	**Kes'million**	**Kes'million**	**Kes'million**
Bank and cash balances: - note 23(a)	4,372	4,283	3,693	2,344
Bank overdrafts (note 23(c))	-	(316)	-	-
Balances per statement of cash flows*	4,372	3,967	3,693	2,344
(c) Analysis of bank overdrafts				
Citibank NA	-	316	-	-
	-	316	-	-

* For the year ended 31 December 2022, the amounts related to the discontinued operations or disposal group has been adjusted as below:

Cash and cash equivalent

	Kes'million
As above	3,967
Reclassified to disposal group (Note 18(b))	1,580
Cash and cash equivalents and at end of the year	2,387

Bank overdrafts are unsecured and have been classified as current liabilities. The bank overdraft at Citibank NA was denominated in Kenya Shillings (KES) and is held by Bamburi Special Products Limited, a Kenyan subsidiary of the Company.

	GROUP		COMPANY	
	2023	**2022**	**2023**	**2022**
	Kes'million	**Kes'million**	**Kes'million**	**Kes'million**
(d) Short term deposits				
Short term financial deposit	-	543	-	543
Call deposits at amortized cost	526	304	-	-

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

The weighted average interest rates earned on the cash deposited with local banks during the year were as shown below:

NOTES TO THE **FINANCIAL STATEMENTS** (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2023

	GROUP		COMPANY	
	2023	**2022**	**2023**	**2022**
	Kes'million	**Kes'million**	**Kes'million**	**Kes'million**
Local currencies	12%	8.5%	-	-
Foreign currencies	5.05%	-	-	-

During the year the company invested a USD denominated Short Term Deposit with Lafarge Holcim International Finance Ltd, a related party by virtue of common shareholding and/or directorship. The deposit attracted interest of 3-months USD LIBOR plus margin of 0.03% and was fixed quarterly in advance. Interest earned from the deposit in the year amounted to Kes 14 million (2022-Kes 17million)

24. SHARE CAPITAL

	2023	**2022**
	Kes'million	**Kes'million**
Authorised 366,600,000 ordinary shares of Kes 5 each	1,833	1,833
100,000, 7% redeemable cumulative preference shares of Kes 20 each	2	2
	1,835	1,835
Issued and fully paid 362,959,275 ordinary shares of Kes 5 each	1,815	1,815

Fully paid ordinary shares, which have a par value of Kes 5 each, carry a right of one vote per share and have rights to dividends.

25. RESERVES

a) Asset revaluation reserve

The revaluation reserve is used to record increases in the fair value of property, plant and equipment and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in equity. An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued amount of the asset and depreciation based on the asset original cost. When revalued assets are sold, the portion of the revaluation reserve that relates to those assets is effectively realised and transferred directly to retained earnings. The revaluation reserve is not distributable.

b) Translation reserve

Exchange differences relating to the translation of the net assets of the Group's foreign operations from their functional currency to the Group's presentation currency (Kenya shillings) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve are reclassified to profit or loss on disposal or partial disposal of a foreign operation.

NOTES TO THE **FINANCIAL STATEMENTS** (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2023

26. DEFERRED TAX LIABILITY

Deferred taxes are calculated on all temporary differences under the liability method using a principal tax rate of 30% (2022: 30%). The make-up of the deferred tax liability at the year-end and the movement on the deferred tax account during the year are as presented below:

GROUP

	At 1 January 2023 Kes'million	Profit or (loss) (note 12(a)) Kes'million	Other comprehensive income (note 12(a)) Kes'million	Liabilities associated with disposal group's asset held for sale Kes'million	At 31 December 2023 Kes'million
Property, plant and equipment	7,578	(180)	(141)	(3,510)	3,747
Provision for site restoration and litigation costs	(118)	16	-	72	(30)
Bonus payable	(73)	(36)	-	6	(103)
Foreign exchange (losses) / gains	14	(115)	-	23	(78)
Provision for staff gratuity, long service awards and leave	(146)	1	18	20	(107)
Provision for obsolete and slow moving inventories	(350)	(15)	-	213	(152)
Impairment losses on financial assets	(203)	(7)	-	75	(135)
Provision for customer rebates	(69)	33	-	24	(12)
Tax losses	(94)	8	-	15	(71)
Lease liabilities - IFRS 16	2	-	-	(2)	-
Disallowed interest	(102)	-	-	102	-
Other provisions	(2)	(5)	-	(1)	(8)
	6,437	**(300)**	**(123)**	**(2,963)**	**3,051**

GROUP

	At 1 January 2022 Kes'million	Profit or (loss) (note 12(a)) Kes'million	Other comprehensive income (note 12(a)) Kes'million	Foreign exchange adjustment/ other Kes'million	At 31 December 2022 Kes'million
Property, plant and equipment	6,393	(308)	1,370	123	7,578
Provision for site restoration and litigation costs	(110)	1	-	(9)	(118)
Bonus payable	(97)	24	-	-	(73)
Foreign exchange (losses) / gains	(4)	18	-	-	14
Provision for staff gratuity, long service awards and leave	(151)	4	(4)	5	(146)
Provision for obsolete and slow moving inventories	(363)	20	-	(7)	350)
Impairment losses on financial assets	(219)	19	-	(3)	(203)
Provision for customer rebates	(45)	(20)	-	(4)	(69)
Provision for commercial goods obsolescence	(8)	8	-	-	-
Tax losses	(243)	149	-	-	(94)
Lease liabilities - IFRS 16	3	(1)	-	-	2
Disallowed interest	(131)	32	-	(3)	(102)
Other provisions	(10)	8	-	-	(2)
	5,015	**(46)**	**1,366**	**102**	**6,437**

NOTES TO THE **FINANCIAL STATEMENTS** (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2023

26. DEFERRED TAX LIABILITY (continued)

COMPANY

	At 1 January 2023 Kes'million	Profit or loss (note 12 (a)) Kes'million	Other comprehensive income Kes'million	At 31 December 2023 Kes'million
Property, plant and equipment	3,995	(185)	(141)	3,669
Provision for site restoration and litigation costs	(45)	15	-	(30)
Bonus payable	(61)	(37)	-	(98)
Foreign exchange (losses) / gains	37	(115)	-	(78)
Provision for staff gratuity, long service awards and leave	(121)	2	16	(103)
Provision for obsolete and slow moving inventories	(137)	(15)	-	(152)
Impairment losses on financial assets	(74)	(10)	-	(84)
Provision for customer rebates	(45)	33	-	(12)
Other provisions	-	(3)	-	(3)
	3,549	**(315)**	**(125)**	**3,109**

COMPANY

	At 1 January 2022 Kes'million	Profit or loss (note 12 (a)) Kes'million	Other comprehensive income Kes'million	At 31 December 2022 Kes'million
Property, plant and equipment	2,781	(156)	1,370	3,995
Provision for site restoration and litigation costs	(44)	(1)	-	(45)
Bonus payable	(70)	9	-	(61)
Foreign exchange (losses) / gains	21	16	-	37
Provision for staff gratuity, long service awards and leave	(124)	9	(6)	(121)
Provision for obsolete and slow moving inventories	(137)	-	-	(137)
Impairment losses on financial assets	(67)	(7)	-	(74)
Provision for customer rebates	(19)	(26)	-	(45)
	2,341	**(155)**	**1,364**	**3,549**

NOTES TO THE **FINANCIAL STATEMENTS** (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2023

27. PROVISIONS

GROUP **Year ended 31 December 2023**	**Site restoration and ligitation Kes'million**	**Leave Pay Kes'million**	**Total Kes'million**
At beginning of year	521	82	603
Additional provisions	18	18	36
Utilised during the year	(202)	(9)	(211)
Reversals	(27)	-	(27)
Liabilities associated with disposal group's asset held for sale	(195)	(36)	(231)
At end of year	**115**	**55**	**170**
Categorised as:			
Current portion	29	55	84
Non-current portion	86	-	86
At end of year	**115**	**55**	**170**
COMPANY			
At beginning of year	326	43	369
Additional provisions	18	18	36
Reversals	(27)	-	(27)
Utilised during the year	(202)	(8)	(210)
At end of year	**115**	**53**	**168**
Categorised as:			
Current portion	29	53	82
Non-current portion	86	-	86
At end of year	**115**	**53**	**168**
Year ended 31 December 2022			
GROUP			
At beginning of year	506	86	592
Additional provisions	21	9	30
Utilised during the year	(12)	(12)	(24)
Reversal	-	(2)	(2)
Translation loss	6	1	7
At end of year	**521**	**82**	**603**
Categorised as:			
Current portion	67	82	149
Non-current portion	454	-	454
At end of year	**521**	**82**	**603**
COMPANY			
At beginning of year	321	44	365
Additional provisions	17	4	21
Utilised during the year	(12)	(5)	(17)
At end of year	**326**	**43**	**369**
Categorised as:			
Current portion	67	43	110
Non-current portion	259	-	259
At end of year	**326**	**43**	**369**

The provision for site restoration and litigation relates to future outflows that will be required to settle related liabilities.

NOTES TO THE **FINANCIAL STATEMENTS** (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2023

27. PROVISIONS (continued)

The Group makes full provision for the future cost of rehabilitating its quarry sites and related production facilities on a discounted basis at the time of developing the quarries and installing and using the facilities. The site restoration provision represents the present value of rehabilitation costs relating to quarry sites. These provisions have been created based on the Group's internal estimates and assumptions based on the current economic environment, which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions.

The actual restoration costs will depend upon future market prices for the necessary rehabilitation works required that will reflect market conditions at the relevant time. The timing of the rehabilitation is likely to depend on when the quarries cease to produce at economically viable rates. This, in turn, will depend upon future material prices, which are inherently uncertain.

The amount of litigation provisions made is based on the Group's assessment of the basis for the claims and the level of risk on a case-by-case basis. The provision depends on the Group's assessment of the stage of the proceedings and the arguments in its defence. The occurrence of events during proceedings may lead to a reappraisal of the risk at any time.

Leave pay relates to employee benefits in the form of annual leave entitlements provided for when they accrue to employees with reference to services rendered up to the reporting date. Employees are entitled to carry forward a maximum of 10 leave working days per annum which should be fully utilised by the end of the following year.

28. EMPLOYEE BENEFIT LIABILITIES

Service gratuity and long service awards

The provisions for service gratuity and long service awards represent entitlements that accrue as a result of services offered by employees. These are classified as defined benefit plans and are not funded. The cost and the present value of the obligation of the service gratuity and long service awards are determined using actuarial valuations by an independent actuarial valuer.

The following table summarises the components of net benefit expense recognised in the statement of profit or loss and other comprehensive income and the amounts recognised in the statement of financial position for the respective plans:

Year ended 31 December 2023

	GROUP			COMPANY		
	Long service award Kes'million	**Gratuity Kes'million**	**Total Kes'million**	**Long service award Kes'million**	**Gratuity Kes'million**	**Total Kes'million**
Opening employee benefit obligation	37	367	404	20	342	362
Current service cost- charged to profit or loss	2	15	17	2	14	16
Benefits payments	(4)	(87)	(91)	(4)	(85)	(89)
Interest cost - charged to profit or loss	2	43	45	2	41	43
Actuarial gain - credited to other comprehensive income	(4)	(57)	(61)	(4)	(49)	(53)
Liabilities associated with asset held for sale	(16)	(7)	(23)	-	-	-
Closing employee benefit obligation	17	274	291	16	263	279
Categorised as:						
Current portion	5	84	89	4	81	85
Non-current portion	12	190	202	12	182	194
Total	**17**	**274**	**291**	**16**	**263**	**279**

NOTES TO THE **FINANCIAL STATEMENTS** (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2023

28. EMPLOYEE BENEFIT LIABILITIES (continued)

Year ended 31 December 2022

	GROUP			COMPANY		
	Long service award Kes'million	Gratuity Kes'million	Total Kes'million	Long service award Kes'million	Gratuity Kes'million	Total Kes'million
Opening employee benefit obligation	42	372	414	22	346	368
Current service cost-charged to profit or loss cost of sales	5	18	23	2	17	19
Benefits payments	(8)	(79)	(87)	(6)	(73)	(79)
Interest cost - charged to profit or loss cost (Note 7)	5	36	41	2	34	36
Actuarial loss - credited to other comprehensive income*	(7)	19	12	-	18	18
Exchange (gains)/loss	-	1	1	-	-	-
Closing employee benefit obligation	37	367	404	20	342	362
Categorised as:						
Current portion	10	40	50	8	34	42
Non-current portion	27	327	354	12	308	320
Total	**37**	**367**	**404**	**20**	**342**	**362**

For the year ended 31 December 2022, the amounts related to the discontinued operations or disposal group has been adjusted as below:

*Actuarial loss - credited to other comprehensive income

	Kes'million
As above	(12)
Reclassified to disposal group (Note 18(b))	(10)
Other comprehensive income	(22)

The principal actuarial assumptions used in determining service gratuity and long service awards obligations for the Group's plans are shown below:

	2023 %	2022 %
Interest rate	18.8%	13.0%
Future salary increases	10.9%	11.0%
Long service award escalation rate	9.6%	8.0%

NOTES TO THE **FINANCIAL STATEMENTS** (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2023

Other disclosures

Mortality rate

The actuary uses actives' mortality A49-52 ultimate and pensioners' mortality A55 as the base tables of standard mortality rates. Statistical methods are used to adjust the rates reflected on the base table based on the Company's experience of improvement or worsening of mortality.

Sensitivity of the Results:

The results of the actuarial valuation will be more sensitive to changes in the financial assumption than changes in the demographic assumptions. In preparing the sensitivity analysis of the results to the discount rate used, the actuaries have relied on the calculations of the duration of the liability.

28. EMPLOYEE BENEFIT LIABILITIES (continued)

Other disclosures (continued)

Sensitivity of the Results (continued)

Based on this methodology, the results of the sensitivity analysis are summarised in the table below:
A quantitative sensitivity analysis for significant assumption as at 31 December 2023 is as shown below: *

COMPANY	Interest rate		Salary escalation rate		Termination rate	
	+0.5% Kes'million	-0.5% Kes'million	+0.5% Kes'million	-0.5% Kes'million	+0.5% Kes'million	-0.5% Kes'million
Gratuity	260	263	263	260	261	261
Long service awards	15	16	16	15	15	17
Total	**275**	**279**	**279**	**275**	**276**	**278**

Since the bulk of the benefits payable under the Scheme are salary related, the sensitivity of the liability to a change in the salary escalation assumption is not expected to be materially different. However, the impact of a change in salary escalation is expected to be less than the impact of a change in the discount rate as a portion of the liabilities (for example the liability in respect of pensions in payment and deferred pensioners) would not be affected by a change in the salary escalation rate.

Characteristics and Risks of the Scheme:

The Scheme is of a defined benefit nature (i.e., salary and service related). Therefore, one of the main risks relating to the benefits under the Scheme is the rate of salary growth. As the benefits are based on the final salary, any changes in salary that differ from the salary escalation rate assumed will have a direct bearing on the benefits paid and the present value of the benefit obligation under the scheme. The Group's experience with respect to pre-retirement exit experience, actual ages of retirement and mortality will also impact the benefits payable under the Scheme, when compared with the assumption made. The Scheme is registered under irrevocable trust with the Retirement Benefits Authority.

Discount rate

IAS 19 requires the discount rate to be determined by reference to the market yields, on the reporting date, on high quality corporate bonds, or in the countries where there is no deep market in such bonds, the market yields on government bonds. The currency and term of the corporate or government bonds should be consistent with the currency and estimated term of the post- employment benefit obligation. In the absence of a deep and liquid market in such long dated securities in Kenya, a discount rate as at 31 December 2023 of 18.8% (2022 13.0%) per annum has been used. In this case, the government bond rates were used to determine the discount rates.

The bond selected to match the liabilities outstanding had a term of approximately 2^1/2 years and with a yield of 18.8.0% per annum. At this yield, the bond and the liabilities had discounted mean term of 2 years and the yield is thus considered appropriate discount rate.

NOTES TO THE **FINANCIAL STATEMENTS** (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2023

29. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2023 Kes'million	**2022 Kes'million**	**2023 Kes'million**	**2022 Kes'million**
Trade payables*	2,140	4,697	1,998	1,812
Accrued expenses	715	1,166	689	773
Other payables**	424	522	446	345
Payable to related companies - Note 33 (b)*	56	375	64	566
	3,335	**6,760**	**3,197**	**3,496**

Terms and conditions of the above financial liabilities:

* Trade payables and payables to related parties are non-interest bearing and are normally settled on a 30 – 60 day terms.

** Other payables are non-interest bearing and have an average term of less than one month. These mainly relate to amounts due to statutory bodies in respect to year-end staff deductions.

30. CONTINGENT LIABILITIES

a) Guarantees

	GROUP		COMPANY	
	2023	**2022**	**2023**	**2022**
	Kes'million	**Kes'million**	**Kes'million**	**Kes'million**
Guarantees and bonds issued by the Group's bankers in favour of Kenya Revenue Authority	101	201	101	201
Guarantees and bonds issued by the Group's bankers in favour of other parties	4	98	4	4
At end of year	105	299	105	205

The guarantees and bonds are issued by the Group's and the Company's bankers in favour of third parties. The Group and the Company has entered into counterindemnities with the same banks. These guarantees and bonds are part of the borrowing facilities disclosed in Note 30 (d) and are issued in the normal course of business.

b) Legal matters

The Group and the Company are involved in a number of legal proceedings which are yet to be concluded upon. The Directors have evaluated the pending cases and determined that no material liabilities are likely to arise from these cases which arose in the normal course of business. The Group and the Company have an in-house legal department that assessed the court cases in arriving at the above conclusion.

NOTES TO THE **FINANCIAL STATEMENTS** (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2023

c) Tax matters

The Group is regularly subjected to evaluations, by the taxation authorities, of its direct and indirect taxation affairs and in connection with such reviews, tax assessments can be issued by the taxation authorities in respect of the Group's taxation affairs in relation to cases where a group entity is deemed to have failed to comply with tax laws.

With the assistance of professional advice, the Directors have considered all matters currently under review by the tax authorities and are confident that no material liabilities will crystallize to the group.

d) Borrowing facilities

At the end of the year, the Group had working capital facilities amounting to total of Kes 8.0 billion (2022 - Kes 11.2 billion), out of which the undrawn facilities amounted to Kes 7.4billion (2022 – Kes 10.1 billion). The drawn amounts mainly relate to supplier trade finance, bonds and guarantees.

The working capital facilities are annual facilities that are subject to review at various dates during the year. They consist of letters of credit and guarantees, among others.

31. CAPITAL COMMITMENTS

a) Guarantees

Capital expenditure contracted for at the end of the reporting period but not recognised in the financial statements is as follows:

	GROUP		COMPANY	
	2023	2022	2023	2022
	Kes'million	Kes'million	Kes'million	Kes'million
Commitments for the acquisition of property, plant and equipment	247	1,160	232	822

Commitments during the year relate to capital purchases of PPE items yet to be delivered.

Authorised but not contracted

Capital expenditure authorised but not contracted for at the reporting date

	GROUP		COMPANY	
	2023	2022	2023	2022
	Kes'million	Kes'million	Kes'million	Kes'million
Commitments for the acquisition of property, plant and equipment	778	227	731	227

NOTES TO THE **FINANCIAL STATEMENTS** (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2023

32. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of profit before tax to cash generated from operations:

GROUP	Notes	2023 Kes'million	2022 Kes'million
Profit before tax from continued operations		1,060	659
Loss from discontinued operations		(1069)	-
Adjustments for:			
Depreciation on property, plant and equipment	15(a)	1,507	1,339
Amortisation of intangible assets	17	6	4
Impairment of property, plant and equipment	15(a)	27	85
Impairment of intangible assets	17	6	-
Loss allowance on trade receivables		25	33
Decrease in provision		(433)	(63)
Interest income	7(ii)	(89)	(37)
Interest expenses		6	29
Interest on employees' defined benefit liabilities	28	45	38
Loss/(gain) on disposal of property, plant and equipment	8	116	(94)
Net foreign exchange losses		74	58
Operating profit before working capital changes		1,281	2,051
Changes in working capital balances:		-	
Decrease/(increase) in inventories		3,588	(253)
Decrease in employees' defined benefit liabilities		(113)	(3)
Decrease/(Increase) in trade and other receivables		1,565	(731)
Decrease in trade and other payables		(3,425)	(1,404)
Cash generated from/used in operations		**2,896**	**(340)**

COMPANY	Notes	2023 Kes'million	2022 Kes'million
Profit before tax		1,662	910
Adjustments for:			
Depreciation on property, plant and equipment	15(b)	1,482	1,314
Amortisation of intangible assets	17	6	4
Impairment of property, plant and equipment	15(b)	20	84
Impairment of intangible assets		6	-
Loss allowance on trade receivables		35	22
(Decrease)/increase in provisions		(201)	4
Dividends from subsidiaries	7(i)	(505)	(232)
Interest income	7(ii)	(98)	(30)
Interest cost on employees' defined benefit liabilities	28	43	36
Loss on disposal of property, plant and equipment	8	13	20
Net foreign exchange losses/(gains)		77	(7)
Operating profit before working capital changes		2,540	2,129
Changes in working capital balances:			
Decrease/(increase) in inventories		31	(257)
Decrease in employees' defined benefit liabilities		(83)	(6)
Decrease/(increase) in trade and other receivables		585	(642)
Decrease in trade and other payables		(299)	(1,231)
Cash generated from/used in operations		**2,774**	**(11)**

NOTES TO THE **FINANCIAL STATEMENTS** (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2023

33. RELATED PARTY TRANSACTIONS

Note 18 provides the information about the Group's structure including the details of the subsidiaries.

The ultimate parent of the Group is LafargeHolcim Ltd, incorporated in Switzerland. There are other companies which are related to Bamburi Cement Plc through common shareholdings and directorships.

a) Related party transactions

The Company receives technical assistance from the majority shareholder, Lafarge SA, which is paid for under a five-year agreement.

The following transactions were carried out with related parties during the year.

		Sales of goods and services Kes'million	Purchases of goods and services Kes'million	Interest received Kes'million
GROUP				
Entity with significant influence over the Group:				
Lafarge SA (technical services) (Note 10)	2023	-	469	-
	2022	-	495	-
Other related companies				
Lafarge-Holcim Trading	2023		65	
	2022	-	4,295	-
LH Fuels Procurement	2023		1,555	
	2022	-	1,709	-
Holcim International Finance (Note 7(ii))	2023	-	-	14
(Note 7(ii))	2022	-	-	17
COMPANY				
Entity with significant influence over the Company:				
Lafarge SA (technical services)	2023	-	469	-
	2022	-	495	-
Subsidiaries:				
Hima Cement Limited	2023	-	-	-
	2022	204	-	-
Bamburi Special Products Limited	2023	442	-	-
	2022	402	-	-
Other Related parties				
Lafarge-Holcim Trading	2023	-	65	-
	2022	-	1,726	-
LH Fuels Procurement	2023	-	1,555	-
	2022	-	1,709	-
Holcim International Finance	2023		-	14
	2022	-	-	17

NOTES TO THE **FINANCIAL STATEMENTS** (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2023

33. RELATED PARTY TRANSACTIONS (Continued)

b) Outstanding balances arising from sale and purchase of goods and services to/from related companies at the year-end.

	GROUP		COMPANY	
	2023	2022	2023	2022
	Kes'million	Kes'million	Kes'million	Kes'million
Receivables from related parties				
Lafarge France	-	10	-	10
Lafarge South Africa	5	5	5	5
Lafarge Iraq	4	6	4	4
Holcim Technology	31	8	31	24
Lafarge Cairo	-	7	-	7
Lafarge MEA IT services	3	5	3	5
Other related parties	40	93	40	75
	83	134	83	130
Receivables from subsidiaries				
Hima Cement Limited	-	-	-	158
Bamburi Special Products Limited	-	-	361	326
Lafarge Eco Systems Limited	-	-	19	385
Binastore Limited	-	-	206	235
Diani Estate Limited	-	-	14	-
	-	-	600	1,104
Total receivables (note 22(a))	83	134	683	1,234
Payables to related parties				
Holcim Technology Limited	-	19	-	-
Holcim Emea Digital Centre	26	-	26	19
Lafarge France	-	86	-	-
Lafarge Holcim Trading	-	-	-	1
Lafarge Eco Systems Limited	-	-	8	351
Other related parties	30	270	30	195
Total payables (note 29)	56	375	64	566

Terms and conditions of transactions and balances with related parties

The sales to and purchases from related parties are made on terms as specified in the transfer pricing arrangement between the Group companies. Outstanding balances at the year-end are unsecured and interest free. For the year ended 31 December 2023 the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2022: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates. There have been no guarantees or commitments provided or received for any related party receivables or payables.

(c) Loan due to a related company-Non-current liability.

As at the reporting date, the loan outstanding to Cemasco B. V, a related company, from Hima Cement Limited, a subsidiary was classified as a liability associated with disposal group held following the group's decision to sell of Hima Cement limited.

NOTES TO THE **FINANCIAL STATEMENTS** (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2023

33. RELATED PARTY TRANSACTIONS (Continued)

c) Loan due to a related company-Non-current liability (continued)

The loan is unsecured and attracts interest at 3 month USD LIBOR + 4%.

	GROUP	
	2023	**2022**
	Kes'million	**Kes'million**
At 1 January	2,508	2,273
Foreign exchange (gain)/loss	-	153
Translation loss	-	82
Classified as liabilities associated with disposal group's assets held for sale	(2,508)	-
At 31 December	-	2,508
Interest charged on the above loan (Note 7(ii))	-	140

(d) Loan to subsidiary

During the year the company advanced a Kes 500 million loan to Bamburi Special products limited, its fully owned subsidiary. The loan is unsecured with an effective interest rate of 11.55% and is repayable in 6years. The loan comprises:

	GROUP	
	2023	**2022**
	Kes'million	**Kes'million**
Loan advanced	500	-
Repayments in the year	(45)	-
As at 31 December	455	-
Classified as:		
Current	105	-
Non- current	350	0
	455	-
Interest earned on the above loan (Note 7ii)	45	-

e) The remuneration of directors and members of key management during the year was as follows:

	GROUP	
	2023	**2022**
	Kes'million	**Kes'million**
Fees for services as a director		
Executive	-	-
Non-executive	19	13
Total directors' fees	**19**	**13**
Emoluments for Executive directors		
Salaries and bonuses	140	168
Short term employee benefits	61	38
Post-employment pension-defined contribution	13	19
Total emoluments for Executive directors	**214**	**225**
Guaranteed loans to executive directors	7	-

NOTES TO THE **FINANCIAL STATEMENTS** (cont'd)
FOR THE YEAR ENDED 31 DECEMBER 2023

33. RELATED PARTY TRANSACTIONS (Continued)

(e) The remuneration of directors and members of key management during the year was as follows (continued):

	GROUP	
	2023	**2022**
	Kes'million	**Kes'million**
Emoluments for key management personnel (excluding the directors):		
Salaries and bonuses	92	102
Short term employee benefits	28	39
Post-employment pension-defined contribution	9	8
Total emoluments for key management personal	128	149
Total emoluments for directors and other key management personnel	361	387
Guaranteed long-term loans to key management staff	67	53
Guaranteed long-term loans to executive directors and key management personnel	-	-

Terms and conditions of the guaranteed long-term loan

The long-term loans to executive directors and key management staff are issued as part of the employee benefit from the general loans for unsecured loans and mortgages from various banks. The Company has negotiated for favourable terms on these loans for all qualified staff.

34. BIOFUELS (GROUP AND COMPANY)

Biofuels comprise eucalyptus, casuarina, cassi siamea and neem tree plantations. These are carried at lower of cost and net realisable value. The net realisable values of the tree plantations are determined by company's internal valuation experts based on recent market transaction prices.

During the year, management carried out a valuation assessment of the biofuels and made the decision to impair to net recoverable amounts.

Changes in carrying amounts of biofuels comprise:

	GROUP	
	2023	**2022**
	Kes'million	**Kes'million**
At start of year	471	119
(Impairment)/Reversal	(71)	352
At end of year	400	471

The biofuels are included in inventories note (21) whereas the reversal of impairment/impairment in the year are included in Cost of sales in note (5).

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2023

35. LEASE LIABILITIES – GROUP

a) Amounts recognised in Profit and Loss:

	2023	2022
	Kes'million	Kes'million
Depreciation on right of use assets	323	243
Interest on lease liabilities	-	80
Liabilities associated with disposal group's assets held for sale	(323)	-
At the end of the year	-	323
b) Lease liabilities		
Current	-	42
Non-current	-	742
	-	784
The movement in the lease liabilities is as follows:		
At 1 January	784	474
Additional lease liabilities	-	516
Interest on lease liabilities	-	80
Lease repayments (including interest)	-	(312)
Ended contracts	-	(2)
Translation gains	-	28
Liabilities associated with disposal group's assets held for sale	(784)	-
As at 31 December	-	784

To determine the incremental borrowing rate, the Group uses the rate of interest that the lessee would have to pay to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar payment terms (i.e. consistent with the lease term) and security (i.e. collateral) in a similar economic environment.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The group does not face a significant liquidity risk with regards to its lease liabilities. Lease liabilities are monitored within the group's treasury function.

c) Maturity analysis of operating lease payments:

	2023	2022
	Kes'million	Kes'million
Year 1	-	42
Year 2	-	122
Year 3	-	151
Year 4	-	191
Year 5	-	278
Year 6 onwards	-	-
	-	**784**

NOTES TO THE **FINANCIAL STATEMENTS** (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2023

36. RETIREMENT BENEFITS SCHEME

The Group operates a defined contribution retirement plan for the non-unionised employees. The assets of the plans are held separately from those of the Group in funds under the control of trustees. The scheme is administered by an independent administration Company and is funded by contributions from the Group companies and employees. The Group's obligations to the staff retirement benefits plans are charged to profit or loss as they fall due and as they accrue to each employee.

The Group also made Kes contributions to the statutory defined contribution schemes in the two countries where its operations are based. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

The total expense recognised in profit or loss of Kes 132 million (2022: Kes 143 million) and Kes 122 million (2022: Kes 133 million) represents contributions payable to these plans by the Group and Company, respectively, at rates specified in the rules of the plans. The expense has been included within the retirement benefits costs under staff costs in Note 11(b).

37. FINANCIAL RISK MANAGEMENT

Introduction and overview

The Group's principal financial liabilities are trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations.

The Group's principal financial assets include trade and other receivables, and cash and short-term deposits that derive directly from its operations. The Group also holds financial assets at fair value through other comprehensive income.
The Group is exposed to;

- market risk;
- credit risk; and
- liquidity risk.

The Group's overall risk management programme focuses on the unpredictability of changes in the business environment and seeks to minimise potential adverse effects of such risks on its financial performance within the options available in Kenya by setting acceptable levels of risks.

Risk Management Framework

Financial risk management is carried out by Group's Corporate Treasury Department under policies approved by the Board of Directors. The Group's Corporate Treasury function identifies, evaluates and manages financial risks in close cooperation with operating units. The board provides written principles for overall risk management, as well as written policies covering specific areas such as credit risk, liquidity risk, foreign exchange risk, interest rate risk and price risk. The Group does not enter into or trade in financial instruments, including derivative financial instruments, for speculative purposes.

The Corporate Treasury function reports quarterly to the Holcim risk management committee, an independent body that monitors risks and policies implemented to mitigate risk exposures.

The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

(i) Market risk

Market risk is the risk arising from changes in market prices, such as interest rates, equity prices and foreign exchange rates which will affect the Group's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Group Finance Director. The Group's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Group Finance Director) and for the day to day implementation of those policies.

NOTES TO THE **FINANCIAL STATEMENTS** (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2023

37. FINANCIAL RISK MANAGEMENT (continued)

Risk Management Framework (continued)

(i) Market risk (continued)

There has been no change to the Group's exposure to market risks or the manner in which it measures and manages the risk.

a) Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies. Therefore, exposures to exchange rate fluctuations arise. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities. The group manages foreign exchange risk by converting its foreign currency collections into local currency on an ongoing basis to cater for its operational requirements. The group raises some bills in foreign currency and receives the settlements in the same currency to avoid the effect of swinging currency exchange rates.

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the end of the reporting period are as follows:

Group foreign currency risk:

	Denominated in EUR Kes'million	Denominated in USD Kes'million	TOTAL Kes'million
31 December 2023:			
Assets			
Trade and other receivables	8	48	56
Bank balances	97	828	925
Total assets	105	876	981
Liabilities			
Trade and other payables	(52)	(501)	(553)
Net exposure position	53	375	428
31 December 2022:			
Assets			
Trade and other receivables	14	151	165
Bank balances	46	1,108	1,154
Total assets	60	1,259	1,319
Liabilities			
Trade and other payables	(2)	(783)	(785)
Net exposure position	58	476	534

NOTES TO THE **FINANCIAL STATEMENTS** (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2023

37. FINANCIAL RISK MANAGEMENT (continued)

Risk Management Framework (continued)

(i) Market risk (continued)

a) Foreign currency risk management

Company foreign currency risk:

	Denominated in EUR Kes'million	Denominated in USD Kes'million	TOTAL Kes'million
31 December 2023:			
Assets			
Trade and other receivables	8	42	50
Bank balances	97	828	925
Total assets	105	870	975
Liabilities			
Trade and other payables	(52)	(489)	(541)
Net exposure position	53	381	434
31 December 2022:			
Assets			
Trade and other receivables	14	158	172
Bank balances	1	614	615
Total assets	15	772	787
Liabilities			
Trade and other payables	(2)	(79)	(81)
Net exposure position	13	693	706

The following sensitivity analysis shows how profit and equity would change if the Kenya Shilling had depreciated against the other currencies by 5% (2022: 5%) on the reporting date with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant. This is mainly attributable to the change in value of foreign exchange receivables, payables and bank balances.

	Effect on profit or loss before tax		Effect on equity	
	2023	2022	2023	2022
GROUP	Kes'million	Kes'million	Kes'million	Kes'million
EUR	3	3	2	2
USD	19	24	13	17
	22	27	15	19
COMPANY				
EUR	3	(1)	2	-
USD	19	35	13	24
	22	34	15	24

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2023

37. FINANCIAL RISK MANAGEMENT (continued)

Risk Management Framework (continued)

(i) Market risk (continued)

b) Foreign currency risk management

The Group and the Company also holds cash deposits with financial institutions. The interest rates on the cash deposits are fixed and agreed upon in advance.

Management closely monitors the interest rate trends to minimise the potential adverse impacts of interest rate changes. Deposits are placed at fixed interest rates and management is therefore able to plan for the resulting income. For the facilities with variable rates, the Group and the Company is in regular contact with the lenders in a bid to obtain the best available rates.

During the year, a 5% (2022: 5%) increase/decrease of the annual interest rate would have resulted in an increase/decrease in pre-tax profit of Kes 4.4 million (2022: Kes 3.4 million) and an increase/decrease in equity of Kes 3.0 million (2022: Kes 2.3 million). The assumed movement in interest rate sensitivity analysis is based on the currently observable market environment. This is the amount by which interest rates generally fluctuate by.

c) Price risk

Quoted investments are valued at their market prices. These values are subject to frequent variations and adverse market movements. This risk is mitigated by the fact that equity investments are held for strategic rather than trading purposes. The Group and the Company do not actively trade in equity investments.

At 31 December 2023, if the prices at the Nairobi Securities Exchange had appreciated/depreciated by 5% with all other variables held constant, it would have resulted in an increase/decrease in the other comprehensive income and equity for the Group and Company of Kes 4.5 million (2022 - Kes 4 million) as a result of changes in fair value of equity instruments at FVTOCI.

(ii) Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Group and the Company. The Group and the Company have adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group's and the Company's exposure and the credit rating of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management annually.

GROUP AND COMPANY

Trade Receivables

The average credit period on sales of goods is 30 days. No interest is charged on outstanding trade receivables.

The Group and Company always measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group has recognized a loss allowance of 100% against all receivables over 365 days past due because historical experience has indicated that these receivables are generally not recoverable where they are not fully or partially secured by a bank guarantee.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

NOTES TO THE **FINANCIAL STATEMENTS** (cont'd)
FOR THE YEAR ENDED 31 DECEMBER 2023

37. **FINANCIAL RISK MANAGEMENT (continued)**

Risk Management Framework (continued)

(ii) Credit risk (continued)

GROUP AND COMPANY (continued)

Trade Receivables (continued)

The Group/Company's write off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over 365 days past due, whichever occurs earlier. The write off will be the excess of the amount owing over the security of the bank guarantee required of the credit customers. In case of unsecured debtors, who are predominantly in the contractors' segment, the write off will be the entire amount owing to the Company.

The following tables detail the risk profile of trade receivables based on the Group/Company's provision matrix. As the group and company's historical credit loss experience shows significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is further distinguished between the Group's different customer bases.

The Group's current credit risk grading framework comprises the following categories:

Contractors:

Category	Description	Basis for recognizing Expected credit loss (ECL)
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	Lifetime ECL
Under watch	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL
Doubtful	Amount is >90 days past due and there is evidence indicating the asset is credit-impaired.	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group/Company has no realistic prospect of recovery unless the Company is holding a bank guarantee covering the amount and or the amounts are subject to court proceeding and the adverse probable outcome is ranked high.	Amount is written off

Distributors:

Category	Description	Basis for recognizing Expected credit loss (ECL)
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	Lifetime ECL
Under watch	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL
Doubtful	Amount is >90 days past due and there is evidence indicating the asset is credit-impaired, and there no security held.	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery of any amounts above the bank guarantee value and or the amounts are subject to court proceeding and the adverse probable outcome is ranked high.	Amount is written off

NOTES TO THE **FINANCIAL STATEMENTS** (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2023

37. FINANCIAL RISK MANAGEMENT (continued)

Risk Management Framework (continued)

(ii) Credit risk (continued)

Cash customers, predominantly retail

Category	Description	Basis for recognizing Expected credit loss (ECL)
Doubtful	There is evidence indicating that cash customers have stopped trading despite them having a debit balance in their account. An indicator of probable lapse on systems credit checks or overriding of controls.	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery of any amounts above the bank guarantee value and or the amounts are subject to court proceeding and the adverse probable outcome is ranked high.	Amount is written off

The tables below detail the credit quality of the Group's financial assets and the Group's maximum exposure to credit risk by credit risk rating grades:

Group

Financial asset 31 December 2023	Note	External rating	Internal rating	12-month lifetime ECL	Gross carrying amount Sh'million	Loss allowance Sh'million	Net carrying amount Sh'million	Classification
Bank balance	23	AAA/BBB	N/A	Lifetime ECL (simplified approach SPPI	4,372	-	4,372	Amortized cost
Call deposit with local bank	23	AAA/BBB	N/A	Performing	526	-	526	Amortized cost
Trade receivable-Third party (Excl. Customer creditors)	22	NA	Doubtful	Lifetime ECL not credit impaired	997	(456)	541	Amortized cost
Trade receivable-receivables from related companies	33 (b)	NA	Doubtful	Lifetime ECL not credit impaired	83	-	83	Amortized cost

Financial asset 31 December 2022	Note	External rating	Internal rating	12-month lifetime ECL	Gross carrying amount Sh'million	Loss allowance Sh'million	Net carrying amount Sh'million	Classification
Bank balance	23	AAA/BBB	N/A	Lifetime ECL(simplified approach SPPI	3,436	-	3,436	Amortized cost
Call deposit with local bank	23	AAA/BBB	N/A	Performing	304	-	304	Amortized cost
Short term financial receivable from related party	23	N/A	Performing	Performing	543	-	543	Amortized cost
Trade receivable-Third party (Excl. Customer creditors)	22	NA	Doubtful	Lifetime ECL not credit impaired	1, 595	(683)	912	Amortized cost
Trade receivable-receivables from related companies	33 (b)	NA	Doubtful	Lifetime ECL not credit impaired	134	-	134	Amortized cost

NOTES TO THE **FINANCIAL STATEMENTS** (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2023

37. FINANCIAL RISK MANAGEMENT (continued)

(ii) Credit risk (continued)

The tables below detail the credit quality of the Company's financial assets and the Company's maximum exposure to credit risk by credit risk rating grades:

Group

Financial asset 31 December 2023	Note	External rating	Internal rating	12-month lifetime ECL	Gross carrying amount Sh'million	Loss allowance Sh'million	Net carrying amount Sh'million	Classification
Bank balance	23	AAA/ BBB	N/A	Lifetime ECL (simplified approach SPPI	3,693	-	3,693	Amortized cost
Trade receivables – Third party (Excl. Customer Creditors)	22	N/A	Doubtful	Lifetime ECL not credit-impaired	919	(282)	637	Amortized cost
Trade receivable-receivables from related companies	33 (b)	NA	Doubtful	Lifetime ECL not credit impaired	683	-	683	Amortized cost

Financial asset 31 December 2022	Note	External rating	Internal rating	12-month lifetime ECL	Gross carrying amount Sh'million	Loss allowance Sh'million	Net carrying amount Sh'million	Classification
Bank balance	23	AAA/BBB	N/A	Lifetime ECL(simplified approach SPPI	1,801	-	1,801	Amortized cost
Call deposit with local bank	23	AAA/BBB	N/A	Performing	304	-	304	Amortized cost
Short term financial receivable from related party	23	N/A	Performing	Performing	543	-	543	Amortized cost
Trade receivable-Third party (Excl. Customer creditors)	22	NA	Doubtful	Lifetime ECL not credit impaired	868	(247)	621	Amortized cost
Trade receivable-receivables from related companies	33 (b)	NA	Doubtful	Lifetime ECL not credit impaired	1,234	-	1,234	Amortized cost

* NSE: Nairobi Securities Exchange

NOTES TO THE **FINANCIAL STATEMENTS** (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2023

37. FINANCIAL RISK MANAGEMENT (continued)

(ii) Credit risk (continued)

ii) The Banks used by the Company are either determined or approved by the ultimate Parent's Corporate Finance and Treasury (CFT) department in Zurich. The Banks are classified as either Relationship Banks or Niche Banks. Relationship banks are preferred to Niche Banks, any banks outside the Bank List require written approval from CFT in Zurich.

iii) The short term deposits held with Holcim International Finance, a related party, are carried at amortised cost. The carrying amount of the short term deposits at FVTPL as disclosed in note 23(d) best represents their maximum exposure to credit risk. The Group holds no collateral over any of these balances.

iv) For trade receivables, the Group/Company has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL (which in the case of the Group/Company is the same as the 12-month ECL). The Group determines the expected credit losses on these items by using a provision matrix, estimate based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix. Notes 19, 22, 23 and 33 include further details on the loss allowance for these assets respectively.

v) For the loan to related parties, the gross carrying amount represents the maximum amount the Company expects to receive in principal payments from its subsidiary - Bamburi Special Products Limited, and the net carrying amount represents the amortized cost of the loan receivable without discounting given that the discounting yields an immaterial difference in the carrying amounts.

(iii) Liquidity risk

This is the risk that the Group will encounter difficulties in meeting its financial commitments from its financial liabilities that are settled by delivering cash or another financial asset. Prudent liquidity risk management includes maintaining sufficient cash to meet the group's obligations.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has developed and put in place an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following table analyses the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows and exclude the impact of netting agreements.

Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

NOTES TO THE **FINANCIAL STATEMENTS** (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2023

37. FINANCIAL RISK MANAGEMENT (continued)

(ii) Liquidity risk (continued)

GROUP – Financial liabilities:

	Total amount Kes'million	0-30 days Kes'million	31-90 days Kes'million	91-120 days Kes'million	120 days and above Kes'million
31 December 2023:					
Trade payables	2,140	913	437	396	394
Related party payables	3	7	17	29	201
Other payables	424	127	96	69	132
Accrued expenses	715	178	129	99	309
31 December 2022:					
Trade payables	4,697	1,931	878	1,063	825
Related party payables	375	17	11	146	201
Borrowings	-	-	-	-	2,508
Other payables	522	131	148	69	174
Accrued expenses	1,166	426	278	184	278

Maturity Analysis on the gross undiscounted lease liabilities

	Total Amount	Year 1	Year 2	Year 3	Year 4	Year 5
2023						
Lease liability	-	-	-	-	-	-
2022						
Lease liability	1,026	349	287	198	126	66

COMPANY – Financial liabilities:

	Total amount Kes'million	0-30 days Kes'million	31-90 days Kes'million	91-120 days Kes'million	120 days and above Kes'million
31 December 2023:					
Trade payables	1,998	852	407	361	378
Related party payables	64	4	9	19	32
Other payables	446	122	145	38	141
Accrued expenses	689	171	123	94	301
31 December 2022:					
Trade payables	1,812	753	464	311	284
Related party payables	547	14	168	19	346
Other payables	345	128	45	46	126
Accrued expenses	773	245	107	164	257

38. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are:

- To ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance.
- To maintain a strong capital base to support the current and future development needs of the business.

The capital structure of the Group consists of debt, which includes borrowings, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

NOTES TO THE **FINANCIAL STATEMENTS** (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2023

38. CAPITAL RISK MANAGEMENT (continued)

The Board of Directors reviews the capital structure on a regular basis. As part of this review, the board considers the cost of capital and the risks associated with each class of capital. Based on the review, the Group analyses and assesses the gearing ratio to determine the level and its optimality.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents. The Group's policy is to keep the gearing ratio between 20% and 40%, where applicable.

There have been no material changes in the Group's management of capital during the year.

The constitution of capital managed by the Group is as shown below:

	GROUP		COMPANY	
	2023	**2022**	**2023**	**2022**
	Kes'million	**Kes'million**	**Kes'million**	**Kes'million**
Equity	41,286	38,275	27,305	26,086
Debt				
Borrowings	-	2,508	-	-
Lease liabilities	-	784	-	-
Bank overdrafts	-	316	-	-
Borrowings classified as held for sale	3,125	-	-	-
Less: Cash and cash equivalents	(4,372)	(4,283)	(3,693)	(2,344)
Net debt	(1,247)	(675)	(3,693)	(2,344)
Net debt to equity ratio	**N/A**	**N/A**	**N/A**	**N/A**

39. FAIR VALUE OF ASSETS AND LIABILITIES

a) Comparison by class of the carrying amount and fair values of the financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The table below sets out the Group's classification of each class of financial assets and liabilities, and comparison of the carrying amount and their fair values (excluding accrued interest):

GROUP		Carrying amount		Fair value	
		2023	**2022**	**2023**	**2022**
	Notes	**Kes'million**	**Kes'million**	**Kes'million**	**Kes'million**
Financial assets					
Other equity investments	19	90	77	90	77

NOTES TO THE **FINANCIAL STATEMENTS** (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2023

39. FAIR VALUE OF ASSETS AND LIABILITIES (continued)

a) Comparison by class of the carrying amount and fair values of the financial instruments (Continued)

COMPANY		Carrying amount		Fair value	
		2023	2022	2023	2022
	Notes	Kes'million	Kes'million	Kes'million	Kes'million
Financial assets					
Other equity investments	19	90	77	90	77

Other equity investments are quoted shares at the Nairobi Securities Exchange. Fair value of the quoted shares is based on price quotations at the reporting date.

Management assessed that the fair value of trade receivables, receivables from related companies, cash and cash equivalents, trade payables and payables to related companies approximate their carrying amounts largely due to the short-term maturities of these instruments.

The carrying values of the Company's loan to subsidiary is determined by using Discounting Cash Flows (DCF) method at discount rate that reflects the market interest rate as at the end of the reporting period.

b) Fair value hierarchy

The table below shows an analysis of all assets and liabilities measured at fair value in the financial statements or for which fair values are disclosed in the financial statements by level of the fair value hierarchy. These are grouped into levels 1 to 3 based on the degree to which the fair value is observable.

i. Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
ii. Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as a price) or indirectly (i.e. derived from prices); and
iii. Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs)

	Level 1 Kes'million	Level 2 Kes'million	Level 3 Kes'million
GROUP			
31 December 2023			
Assets			
Property, plant and equipment (Note 15(a))			
-Freehold land and buildings	-	-	9,080
-Plant and machinery	-	-	13,264
Fair value designated at FVTOCI - equity securities	90	-	-

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2023

39. FAIR VALUE OF ASSETS AND LIABILITIES (continued)

b) Fair value hierarchy (Continued)

	Level 1 Kes'million	Level 2 Kes'million	Level 3 Kes'million
GROUP			
31 December 2022			
Assets			
Property, plant and equipment (Note 15(a))			
-Freehold land and buildings	-	-	11,523
-Plant and machinery	-	-	25,793
Fair value designated at FVTOCI - equity securities	77	-	-
COMPANY			
31 December 2023			
Assets			
Property, plant and equipment (Note 15(b))			
-Freehold land and buildings	-	-	8,749
-Plant and machinery	-	-	13,051
Fair value designated at FVTOCI - equity securities	90	-	-
31 December 2022			
Assets			
Property, plant and equipment (Note 15(b))			
-Freehold land and buildings	-	-	8,816
-Plant and machinery	-	-	13,704
Fair value designated at FVTOCI - equity securities	77	-	-

There were no transfers between levels 1, 2 and 3 in the year.

The Group's freehold land, buildings, plant, and machinery were last revalued on 1 December 2022 in line with the group policy of carrying out a revaluation after every 5 years.

The valuations were based on market value as follows:

Comparable method for valuation of land and buildings

Fair value of the properties was determined by using market comparable method. This means that valuations performed by the valuer are based on active market prices, significantly adjusted for difference in the nature, location or condition of the specific property.

The properties' fair values were based on valuations performed by Knight Frank Valuers Limited, an accredited independent valuer.

NOTES TO THE **FINANCIAL STATEMENTS** (cont'd)
FOR THE YEAR ENDED 31 DECEMBER 2023

39. FAIR VALUE OF ASSETS AND LIABILITIES (continued)

b) Fair value hierarchy (continued)

Depreciated replacement cost for plant and machinery

Plant and machinery were revalued on a depreciated replacement cost basis using a valuation model prescribed by engineers and consultants at the technical centre of the ultimate shareholder.

In using the depreciated replacement cost basis the engineers and consultants at the technical centre of the ultimate shareholder ensures that this is consistent with methods of measuring fair value as per the requirements of IFRS 13.

The engineers and consultants ensure that:

1) The highest and best use of the property and machinery is its current use, and
2) The principal market or in its absence, the most advantageous market, exit market, for the property and machinery is the same as the market in which the property and machinery was or will be purchased, entry market.

In addition, the engineers and consultants ensure that the resulting depreciated replacement cost is assessed to ensure market participants are willing to transact for the property and machinery in its current condition and location at this price. The inputs used to determine replacement cost are consistent with what market participant buyers will pay to acquire or construct a substitute of the plant and machinery of comparable utility. The replacement cost has also been adjusted for obsolescence that market participant buyers will consider.

Description of valuation techniques used and key inputs to valuation of assets and liabilities

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of the input to fair value
Land	Market Comparable Approach	Price per acre	Between Kes 1 million and Kes 30 million	0.5% (2022: 0.5%) increase (decrease) would result in an increase/(decrease) in fair value by Kes 38.58 million.
Buildings	Market Comparable Approach	Estimated rental value per square meter per month.	Kes 30 per square meter	0.5% (2022: 0.5%) increase (decrease) would result in an increase/(decrease) in fair value by Kes 5,16 million.
		Rent growth p.a.	5%	
Plant and machinery	Depreciated replacement cost for plant and machinery	Capital expenditure for a model plant at above capacity assuming supply from China.	Between Kes 1,358 million and Kes 2,729 million.	0.5% (2022: 0.5%) increase (decrease) would result in an increase/(decrease) in fair value by Kes 65.25 million.

NOTES TO THE **FINANCIAL STATEMENTS** (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2023

39. FAIR VALUE OF ASSETS AND LIABILITIES (continued)

b) Fair value hierarchy (continued)

The significant unobservable inputs used in the fair value measurement of the Group and the Company's property and equipment are price per acre, estimated rental value per square meter per month and capital expenditure for a model plant at above capacity assuming supply from China. Significant increases/(decreases) in any of those inputs in isolation would result in a significantly lower (higher) fair value measurement.

40. EVENTS AFTER THE REPORTING DATE

On March 5 2024, the group completed the disposal of its 70% shareholding in Hima Cement Limited.

41. COUNTRY OF INCORPORATION

The Company is incorporated and domiciled in Kenya under the Kenyan Companies Act, 2015. The ultimate parent of the Group is Holcim Ltd, incorporated in Switzerland.

Duracem is engineered for specialised applications to provide sulphate resistance and high strengths for durability of concrete.

Sustainability Review

Marvels of Butterfly Pavilion -Haller Park.

SUSTAINABILITY REVIEW
MESSAGE FROM OUR SUSTAINABILITY DIRECTOR

We are accelerating our efforts to achieve net zero, such as our committed to adding carbon capture, utilization, and storage into our operations in the near future.

Jane Wangari
Sustainability Director

MESSAGE FROM OUR SUSTAINABILITY DIRECTOR

Beyond compliance, sustainability to us is creating impact and strategic partnerships along the stakeholder and communities value chain towards a sustainable future. Our efforts and contributions are based on our material sustainability concerns for the business and commitments to better people's and communities' lives and protect the environment.

Our sustainability agenda, which is aligned with our sustainability pillars, outlines our commitments to creating a sustainable future. Key metrics enable us to track our progress toward our sustainability efforts, identifying pain points and solutions. We have comprehensively integrated and aligned with the global SDG targets, GCCA commitments, SBTi, and overall Holcim goals.

Last year, we spent time as a leadership team defining our mid-term and long-term sustainability goals. We are accelerating our decarbonisation efforts towards achieving net zero by 2050 through commitments such as adding carbon capture, utilization, and storage into our operations in the near future.

Our main initiatives in decarbonizing our operations include; the reduction of reliance on fossil fuels for our thermal energy generation through the use of biomass and other waste, the use of alternative raw materials and clinker factor optimization among others.

Other areas that we have focused on in our sustainability agenda include; freshwater withdrawal reduction, increasing our recycled waste volume through our Geocycle department, increasing the low carbon portfolio of green cements, increasing our social initiatives and therefore impacting people and communities.

We are walking the green talk in the construction industry by decarbonising our operations by increasing our green cement portfolio as well as reducing the use of fossil fuels, creating a circular economy through increased waste recycling, protecting nature through 100% quarry rehabilitation, and reducing water withdrawal, increasing our reach to the communities through targeted social initiatives and investments.

To cap it all, we received recognition and several awards in 2023 in sustainability.This was an affirmation that our partners and the public in general appreciate the efforts we have invested in becoming a sustainable business. One remarkable award was winning the Economic Empowerment category at the 11th Accenture Gender Mainstreaming Awards Africa for our outstanding work with women in waste management.

Jane Wangari

Sustainability & Geocycle Director

SUSTAINABILITY FRAMEWORK

KENYA AND UGANDA TARGETS BY 2030

CLIMATE AND ENERGY

Reduce carbon emissions in manufacturing by **40%** Scope 1 against a baseline of 2018

Substitute **30%** grid power with solar (KE) Scope 2

Substitute **30%** Increase green mobility utilisation by 50% (KE)

CIRCULAR ECONOMY

Increase in waste diverted from landfills by **700%**

Preserve natural resources by use of alternative raw materials **10%**

SUSTAINABLE PROCUREMENT

Achieve **100%** integration of sustainable procurement, both sourcing and supplier relationship management.

Achieve **100%** pre-qualification of existing suppliers using the ESG/ H&S qualification criteria.

Achieve **100%** closure of implemented remediation plans for suppliers with gaps identified

Direct **30%** of our local addressable spend to underrepresented groups

PEOPLE AND HUMAN RIGHTS

People

Achieve gender diverse workforce of **30%** by 2030

Ensure **SAFE WORKING** places by achieving zero LTIs and maintaining zero fatalities at our sites

Human Rights and Social Initiatives

Maintain **100%** implementation of Holcim Human Rights Due Diligence

Maintain regular stakeholder engagement

Uplift livelihoods of the vulnerable and needy in our communities - **50,000** beneficiaries

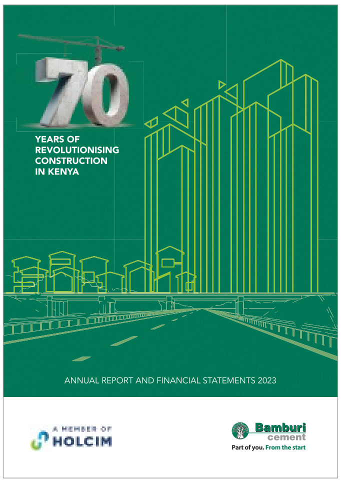
CUSTOMER PRODUCT AND INNOVATION

Transition to 100% **GREEN CEMENTS** by 2025

GOVERNANCE

Manage Bamburi Cement PLC with integrity and in compliance to the benefit of all stakeholders

OUR APPROACH TO REPORTING KEY ESG TOPICS



This report discloses our positive contributions and milestone achievements aligned with our sustainability goals across our pillars.

- This report is outlined in accordance with the Global Reporting Initiative (GRI) Foundation 2021, the period from January 2023 to December 2023. Other periods have been referenced for contextual reasons.
- We appreciate the dynamic sustainability landscape on reporting and are well aware of the International Sustainability Standards Board Climate and Sustainability related draft disclosures, our sustainability report continues to align with the GRI. This is because GRI remains the most comprehensive sustainability reporting standard with a double materiality lens which supports our purpose.
- It is a progress report on account of our membership at the UN Global Compact (UNGC) and the Global Compact Network Kenya (GCNK).
- As a listed company, the NSE requires all listed companies to report publicly on ESG performance at least annually. This report is thereby prepared following the NSE ESG guidance manual 2021. Our materiality assessment was prepared using the provided framework by NSE, using the following list of fundamental ESG topics.

Reporting our ESG Frameworks

This report covers the period from January 2023 to December 2023. We have referred to other periods for comparison purposes.

It covers Bamburi Cement PLC Group.

Guided by GRI standards: Core option and Nairobi Securities Exchange (NSE) Reporting standards.

Progress on account of our membership at the UN Global Compact (UNGC) and the Global Compact Network Kenya (GCNK).

OUR COMPLIANCE TO THE GLOBAL REPORTING INITIATIVE STANDARDS

Bamburi cement PLC has reported in accordance with the GRI 2021 Standards with reference to the Nairobi Securities Exchange (NSE) Guidelines – Mandatory Disclosures.

The material in this report references the following disclosures:

GRI FOUNDATION 2021				
GRI General Disclosures	**Material Topics**	**Economic**	**Environment**	**Social**
GRI 2: General Disclosures	**GRI 3:** Material Topics	**GRI 201:** Economic Performance **GRI 202:** Market Presence **GRI 203:** Indirect Economic Impacts	**GRI 302:** Energy **GRI 303:** Water and Effluents **GRI 304:** Biodiversity **GRI 305:** Emissions **GRI 306:** Waste **GRI 308:** Supplier Environmental Assessment **GRI 308:** Supplier Environmental Assessment	**GRI 401:** Employment **GRI 402:** Labor/Management Relations **GRI 403:** Occupational Health and Safety **GRI 404:** Training and Education **GRI 405:** Diversity and Equal Opportunity **GRI 406:** Non-discrimination **GRI 407:** Freedom of Association and Collective Bargaining **GRI 408:** Child Labour **GRI 409:** Forced or Compulsory Labour **GRI 410:** Security Practices **GRI 411:** Rights of Indigenous Peoples **GRI 413:** Local Communities **GRI 414:** Supplier Social Assessment **GRI 415:** Public Policy **GRI 416:** Customer Health and Safety **GRI 417:** Marketing and Labelling **GRI 418:** Customer Privacy

Summary Inclusion of the NSE ESG Mandatory Disclosure Manual within Our Reporting Framework

GENERAL	CLOSURE/ GRI REFERENCE	ECONOMIC	MATERIAL DISCLOSURE/ GRI REFERENCE	SOCIAL	MATERIAL DISCLOSURE/ GRI REFERENCE	ENVIRONMENTAL	MATERIAL DISCLOSURE/ GRI REFERENCE
Governance	Corporate Governance GRI 2: General Disclosures 2021	Economic Performances	Financial Performance GRI 201: Economic Performance	Human Rights	Human Rights Assessment/ Social initiatives GRI 413: Local Communities	Environmental Compliance	Environment and Energy: Monitoring and Measurement
Environmental and Social Risk Management	Corporate Governance: Internal Controls and Minimum Control Standards (MCS)	Taxes	Financial Performance GRI 207: Tax	Labour and Working Conditions	Labour People and Culture GRI 402: Labor/ Management Relations	Emissions (Carbon footprint assessment)	Environment and Energy (Material Topic and Performance Data Sheet) GRI 305:Emissions
Stakeholder Engagement	General Disclosures 2021	Anti-corruption	Corporate Governance GRI 205 :Anti-corruption	Occupational Health and Safety	Health Safety and Environment (HSE) GRI 403:Occupational Health and Safety		
Regulatory Compliance	General Disclosures 2021			Training and Education	Our People and Culture GRI 404: Training and Education		
Supply chain screening	Production and Supply Chain GRI 308: Supplier Environmental Assessment GRI 414: Supplier Social Assessment			Equal Opportunity	Governance GRI 405: Diversity and Equal Opportunity		

HIGHLIGHTS OF OUR PERFORMANCE IN 2023

CLIMATE AND ENERGY

Scope 1 net CO_2 Emissions

469
Kg/CO_2/ton (KE)

313
Kg/CO_2/ton (UG)

CIRCULAR ECONOMY

920,753
ton of Recycled Waste in 4 years (KE & UG)

PEOPLE AND HUMAN RIGHTS

Social Initiatives

196,718
Beneficiaries in 4 years (KE & UG)

HEALTH AND SAFETY

140,880
increase in hours spent in the field through BoG programme (KE & UG)

DIVERSITY, EQUITY AND INCLUSION

38.6%
of women at all management levels;

50
over 50 women graduates on wheels

36%
females at board level

57%
female trucks drivers

EMPLOYEE ENGAGEMENT

100%
employee engagement survey participation

SUSTAINABLE PROCUREMENT

Scope 3 emissions:

33
Kg CO_2/ton (KE)

Consolidated spend on local underrepresented groups;

12.1%
(KE)

DIGITIZATION

E-permit-to-work system (UG)

Talk platform for customers (KE)

INNOVATION

3D printed houses (KE)

Eco-bricks (UG)


ECOPlanet
The Green Cement

Our Materiality Process

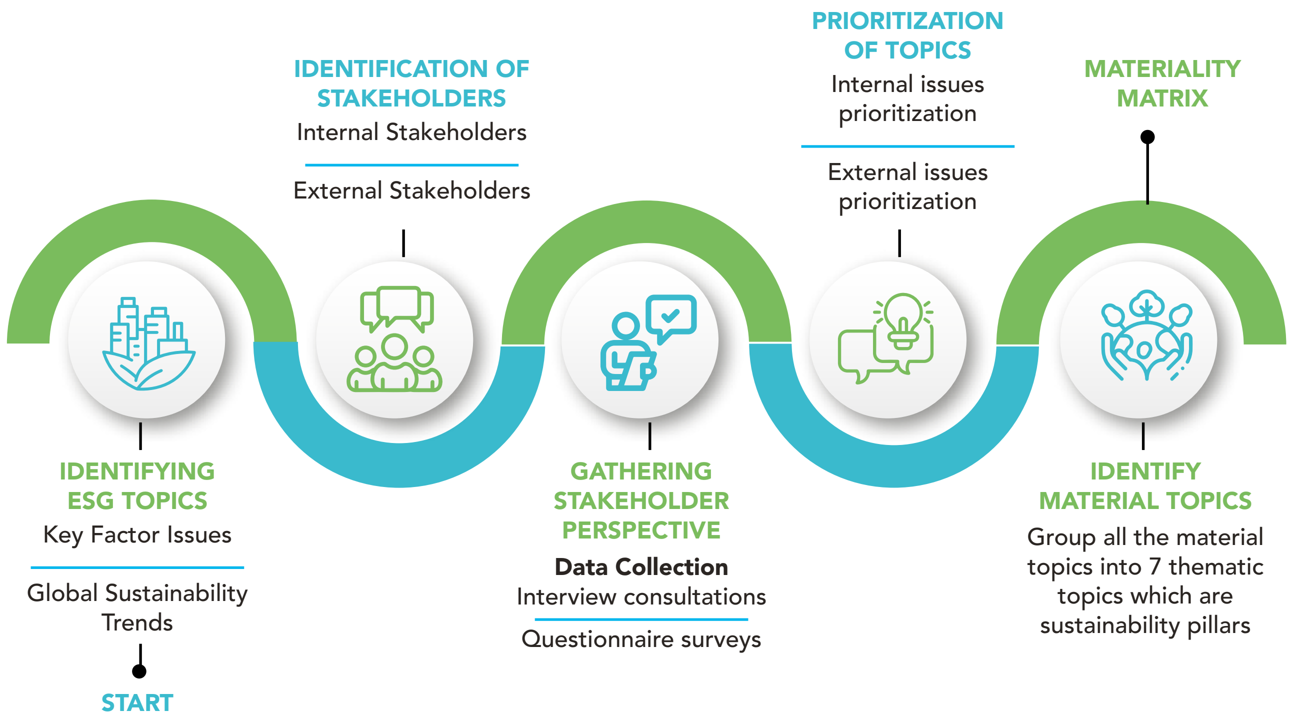
Materiality Assessment

At Bamburi cement PLC, we view our analysis as a constantly evolving process, rather than a one-off exercise, and examine a series of possible future scenarios. This overtime enabled us to strengthen the integration of sustainability into our business operations, build our stakeholder engagement, manage the upcoming risks affecting our operations, and keep up with the arising trends within the built environment space.

Our materiality assessment thereby informs our sustainability reporting in compliance with the Nairobi Securities Exchange (NSE) and in accordance with the GRI reporting standards. The analysis was based on the principle of double materiality which incorporates both the impact of sustainability topics on business relevance, the society and the environment.We have continued to use our materiality assessment to examine how relevant different sustainability topics are for different stakeholder groups and the business.

The outcome of adhering to the recommended materiality guideline by NSE, together with benchmarking from internationally recognized frameworks was 27 material issues, which were then organized into 7 key material topics. After validation of the highly categorized topics by the board, these findings were plotted on a materiality matrix which highlighted all the priority topics based on their importance and impact to our business operations and our stakeholders.

Our Materiality Assessment Process



Our Materiality Matrix

Environment	Social	Governance	Economic
03. Climate Change	01. Occupational health and safety	02. Business Ethics and Compliance	05. Product Quality
13. Alternative Fuels and Raw Materials	04. Customer relations and satisfaction	06. Business Continuity	09. Energy Costs and Efficiency
15. Circular Economy	07. Employee well-being	08. Pricing integrity and anti-trust compliance	11. Return on Capital Employed
16. Air quality and Dust Management	10. Corporate Social responsibility	18. Cyber threat and data protection	14. Research and development
20. Innovation and Technology	12. Employee Engagement and development	24. Corporate Governance	26. Sustainable finance value creation
21. Sustainable Products	17. Employee Diversity and Inclusion		
22. Water	19. Sustainable Procurement		
25. Nature and Biodiversity Management	23. Human Rights		
	27. Community infrastructure and housing		

Our Material Topics

Climate and energy	People and Human Rights	Governance
Circular economy	Sustainable Procurement	
Nature and Water	Customer, Product, and Innovation	

Stakeholder Engagement

We transparently communicate with our stakeholders through engagement initiatives that influence how we create shared value. Our impact is tracked by mapping out the outcomes of our impact on society.

The table below is a demonstration of our interaction with stakeholders which resulted in establishing an understanding of their key issues and concerns and how it affects our ESG outcome.

Stakeholder Group	Engagement Platform
Employees	Periodic HSE stand downs Employee experience survey Open dialogues and meetings with leaders including town halls HR teams and HR process platforms with Managing Director and Executive Committee Newsletters Educational Webinar
Our Customers	Regular commercial Events Regular customer visits Market Storms Customer satisfaction surveys Service centres and helplines Social media engagements
Local Communities	Ongoing dialogues with communities Annual open house days at operating sites Ongoing educational programs and training Community infrastructure,volunteering, and social investment initiatives Co-creation of inclusive business programs
Suppliers	Daily interactions Ongoing training and capacity building programs Health and safety and sustainability verification platforms
Shareholders & Financial Investors	Regular meetings, webcasts, and conference calls Half year financial updates and guidance Annual integrated reports, and mandatory filings Ongoing website updates and press releases

Stakeholder Engagement

Stakeholder Group	Engagement Platform
Government & Regulatory bodies	Annual reports and conservation books Company position papers Ongoing public policy discussions Long-term partnerships Working groups Periodic plant visits Events and conferences
Associations	Periodic meetings Annual conferences Ongoing working groups and research studies
Academia	Permanent collaborative research portfolio Subject matter expert Participation in internal training Collaboration on research papers Advisory services Yearly best practices and methodologies Playbooks

Stakeholder Groups Kenya

Our Commitments

Local communities

Business Ambition For 1.5° C	Science Based Targets Network	World Business Council For Sustainable Development	World Green Building Council

Lobby Groups and associations

Local communities

Un Global Compact	World Business Council For Sustainable Development	Global Cement & Concrete Association	Task Force On Climate-Related Disclosures
Concrete Action For Climate	Concrete Sustainability Council	UN Women	Global Reporting Initiative
East Africa Business Council (EABC)	Kenya Private Sector Alliance (KEPSA)	Kenya Association of Manufacturers (KAM)	Nairobi Securities Exchange

Stakeholder Groups Uganda

Our Commitments

Local communities

Uganda Chamber of Mines and Petroleum (UCMP)

Uganda Manufacturers Association

Private Sector Foundation

Safe Way Right Way

United Nations Development Program

Federation of Uganda Employers

TectoCream
SETI offers excellent
workability, smooth finish,
superior grip, higher
productivity and
saves time

Our Sustainability Pillars

Our people are at the heart of
our sustainable operations

Stephen Arowo
Industrial and Emissions Pillar Champion

We track and disclose our emissions annually based on the Global Cement and Concrete Association (GCCA). The core principles that guide our emission monitoring is accountability, transparency and efficiency controls.

Climate and Energy

The challenge presented by climate change is transforming our business. The speed of innovation across the entire business – from our manufacturing process to product solutions - is accelerating to address this challenge.

Our path to net-zero is a science-driven approach with validated science based targets and a decarbonization 2030 roadmap. Our target of achieving 40% lower net CO_2 emissions by 2030 continued to inspire our daily operations, actions and initiatives. We put to work our key decarbonization levers in achieving emission reduction. Due to this, we witnessed extraordinary performance in the lowering of our clinker factor. Other drivers were; the use of alternative raw material, embracing low-carbon technology and propelling the consumption of our low carbon product portfolio. We are already seeing tangible results in our push to decarbonise our operations.

In Uganda, our target is to reduce our net CO_2 emissions to below 200 kg/ tonne of cement by 2030.

This target will be achieved by increasing our focus on energy efficiency, and increasing our share of renewable energy.

A key lever is the replacement of conventional fuels with those manufactured from industrial, household or agricultural waste.

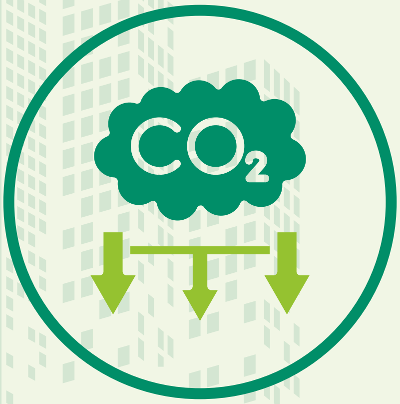
Our use of these alternative fuels has progressed significantly in the past years, reaching an average substitution rate of 57.4% in 2023. The biomass content accounted for 50% of overall alternative fuel used.

Emission Monitoring

We track and disclose our emissions annually based on the Global Cement and Concrete Association (GCCA). The core principles that guide our emission monitoring is accountability, transparency and efficiency controls.

The use of digital and smart tools in continuous measurements has transformed our process analytics as well as created sustainable processes to circular value creation. This has enabled us to maintain our stack emissions such as SOX and NOX at regulatory required levels.

The continuous monitoring has helped us monitor effluent gas and collect useful data for compliance and tracking purposes.



Bamburi Cement's 2030 target

Lower Net CO_2 emissions by

40%

Eric Kithome
Energy Efficiency Pillar Champion

Enabling Renewable Energy

Despite the challenges and hurdles we have faced, supporting our solar project is part of our net zero strategy. We have obtained significant milestones such as site allocation, various required agreements and we hope to culminate the project later in the year. The PPA between Bamburi cement PLC and MOMNAI energy is a promising venture which will contribute to our efforts to decarbonize electricity.

Energy Efficiency

Energy efficiency is named one of the prominent measures to attain net zero emissions. According to International Energy Agency (IEA) , it can help cut up to 40% of emissions needed by 2040 to meet net zero. In 2023, conducting regular maintenance, improving kiln efficiency and optimizing consumption, we realized a 16.9% lower energy consumption on our processes. This was key in lowering our overall emissions from our processes.

We track and disclose our emissions annually based on the Global Cement and Concrete Association (GCCA).

40%

According to International Energy Agency (IEA) , it can help cut up to 40% of emissions needed by 2040 to meet net zero.

Our Future Carbon Removal Project

In line with the Holcim decarbonization and net zero agenda we defined and refreshed our decarbonization strategy to deliver a greater impact. One of the strategic imperatives that will accelerate our attainment of net zero emissions, will be the adoption of Carbon Capture Utilisation and Storage (CCUS). Any residual that we cannot abate, will require carbon removal projects to reach net zero.

Circular Economy

William Mwangi
Circular *Economy*
Pillar Champion

Closing the circular economy loop in communities

Sustainable use of resources requires resource recovery, reuse and recycling to avert depletion of these scarce but much needed resources. Geocycle, Bamburi cement's waste management brand offers an array of solutions to its partners that ensure product life extension by offering a design for recycling that ensures maximum product recoverability.

Our Circular Business Model

Our ambition is to increase our waste recycling by 700% incrementally year on year by 2030. To achieve this, we have yearly targets of increasing waste recycled within our operations. In 2023, our substitution rate increased by 4%, a record breaking performance.

Co-processing condemned cargo for alternative fuel

In 2023, the business through Geocycle sustainably disposed at least 73 tons of contaminated cereals from the Mukumu Girls High School tragedy.

Our infrastructure were endorsed by the government agencies as the fastest and most secure choice, capable of destroying the condemned cargo within 48 hours.

Our ambition is to increase our waste recycling by 700% incrementally year on year by 2030.

Our Collaboration with PAKPRO

The National Environmental Management Authority (NEMA) regulatory directive through the Extended Producer Responsibility (EPR) bill requires businesses to recover the waste they introduce to the market through material packaging or other means.

Our partnership with PAKPRO as our Producer Responsibility Organization (PRO) has recovered at least 500 tons of waste in a span of three months.

Tabitha Talemwa
Circular Economy Pillar Champion

Collaboration with Coca Cola
Hima Cement's collaboration with Coca-Cola Beverage Ltd through its Plastic Recycling Industry (PRI) initiative was established to address the excess plastic waste burden. By co-processing plastic wastes in a cement rotary kiln, the plastics' product and waste life cycles are completed. This collaboration pioneered the use of plastics as a new stream for the Hima Cement factory.

100% Bulker Transportation for Carbon Black
By the end of the year, Hima Cement Ltd had transitioned from delivering carbon black in jumbo bags to 100% enclosed bulker trucks, minimizing the environmental and personnel dangers associated with emissions.

Suppliers were charged with installing bulker-loading equipment on their sites to allow bulker loading, while Hima Cement leased and purchased its own fleet vehicle.

90% backhaul for AF deliveries
Hima Cement raised the number of its own fleet trucks from 75% the previous year to 90%, affecting the rate of backhauling of AF materials. This directly contributes to the decarbonization program by lowering emissions from idle (empty) truck movements.

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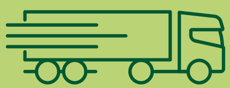

Circularity Spotlight

Jacinta Mwikali, JamJacy Enterprises

How long have you worked in waste management?
I have worked for 8 years in waste management, seven of which have been with Bamburi cement.

What difference or growth have you seen in your business since you started working with Bamburi cement?
Because of competitive prices and consistently payment times, I have grown my business steadily.
At a personal level, I have grown mentally and my vision for offering solutions has expanded. The future looks bright.

Have you been able to impact communities due to this partnership?

Bamburi has helped me to help others and improve their lives. I have employed seven employees and assist in my community initiatives.

Importantly, our collaboration with Bamburi Cement Plc is contributing positively to environmental and health outcomes. Waste tyres, when left in open spaces, can form a habitat for mosquitoes and other harmful insects which are health threats in this part of the world.

GEOCYCLE 101.

Did you know that Bamburi Cement Plc's waste management business, Geocycle, has created over Sh.100 million in opportunities for growth and employment development in waste management?

For nearly a decade, we have worked with ten women-owned scrap tyre and rice husk organizations across the country, collecting and processing over 25,000 tons of waste in kilns to generate renewable energy while diverting waste that would otherwise end up in landfills.

Rose Ssali
Biodiversity (Nature) Pillar Champion

Nature and Water

Quarry Rehabilitation

Our Quarry Rehabilitation and Biodiversity plans and actions have been reviewed in compliance with the Environmental and Management Act of Kenya and the Holcim Environmental Directive.

have maintained active engagements in all the mining sites and ensured 100% Quarry Rehabilitation plans (QRP).

In view of the rapidly diminishing wetlands in the region, we have launched a planned landscape drive to build new ponds and marshes for every two hectares of quarry recovered. This effort incorporates climate change mitigation and species-focused restoration into the rehabilitation plan, benefiting both terrestrial and aquatic flora and fauna through strategic conservation.

The Bamburi conservation initiative included selective thinning of casuarina forests by opportunistic harvesting, as well as the planting of approximately 1000 indigenous tree species in the young forest ecosystem.

In Uganda, we successfully rehabilitated 15 hectares of the Saaka Pozzolana Quarry site in Fort Portal (Western Uganda).

We have launched a planned landscape drive to build new ponds and marshes for every two hectares of quarry recovered.

Quarry rehabilitation at South Quarry

a.) New constructed wetlands in south quarry

b). Ecosystems team ready to plant aquatic plants in the pond.

53+

IUCN conservation-listed plant species species identified in Bamburis rehabilitated showcase and factored in conservation actions.

Restoration, Biodiversity Conservation and Monitoring

Bamburi's Biodiversity Management Plan (BMP) has been implemented across all sites through biodiversity surveys as part of species monitoring.

The identified species were assessed in relation to the IUCN red list to determine their global conservation status. In 2023, Bamburi's flora and fauna included four Critically Endangered (CE), 16 Endangered (E), 31 Vulnerable (V), and 34 Near Threatened (NT) species.

More than 53 of the 582 indigenous plant species documented are on the IUCN plant species list. This data was used to develop biodiversity activities for the species identified in each group (taxa) for targeted species and habitat protection.

First Generation (FG) Planting

Enrichment planting was also extensively carried out throughout 2023. Invasive species control was carried out on the ecosystems to give way for enrichment planting and the growth of useful plant species. A biodiversity office was established in South Quarry to ensure site presence and close actions on the ecosystems.

We established an indigenous plant nursery and program to propagate and develop First Generation (FG) seedlings from the mature restored ecosystem. The program engages students and visitors wishing to participate in site tree planting with us.

Over 1000 indigenous plants were introduced in the pioneer plantations in Haller Park and Bamburi Forest Trails as part of the restoration plan using seedlings from our biodiversity nursery.

a) Aquaculture attendant planting mangroves in the newly constructed wetland . b) Newly constructed wetlands slowly emerging. c) Bateleur, Endangered Bird found in Bamburi sites.

Biodiversity Index

Biodiversity Indicator and Reporting System (BIRS) is a tool and methodology used to determine net positive impact and change in Bamburi's areas of activity. BIRS was implemented across quarrysites, with the Biodiversity index being established for each area. Threats to the site habitats and species were addressed on a site-specific basis. Site habitat delineation and mapping using GIS tools were conducted to generate land use maps. We established a digital weather data collection field equipment to generate selected scientific weather attributes, useful in informing science based decisions for action.

Sustainability through Conservation Education and awareness

Lafarge Eco Systems designed and sustained 11 Environmental Conservation education (CE) lectures from March to December 2023. The platform was used to train young graduate trainees and enhance culture of learning, uniform information delivery and transfer of competent skills for performance and enhanced standards. Lectures were delivered by specialists in the organization covering topics around themes in Mining and Environmental Management Responsibility. Through the program, frontline employees, and interns got an opportunity to learn from the rich resources of experts in Bamburi and Lafarge Ecosystems.

Figure 5. a) Leopard tortoise (Stigmochelys pardalis) roams the rehabilitated quarry ecosystem of Bamburi Haller Park. Photo: Albert Musando, 2023; b) Lawrence Chumba, Wildlife Graduate trainee spotted with wildlife herds of elands and giraffes at the Haller Park ecosystem.

National Tree Planting Day

The Kenyan government recently embarked on an ambitious plan to tackle deforestation and the climate crisis with an aim to see 15 billion trees planted by 2032.

Bamburi Cement under Kenya Association of Manufacturers (KAM) and Kenya Forest Service (KFS) together with a number of other private sector companies, joined the nation on 10th November in a tree planting exercise in Kinale Forest, Kijabe, Kiambu County.

We adopted a hectare of land in which we planted about 1000 out of the 21,000 tree seedlings.

World Environment Day

Lawrence Maiteri
HSE, Water and Waste Pillar Champion

Water

Water consumption

In 2023, our recorded specific freshwater withdrawal for cement production stood at 160 litres/ton of cementitious material, a 16% reduction from 2022.

We continue to implement active measures toward water consumption reduction such as recycling plants for all our sites, replacement of old piping and metering apparatus.

In 2023, our recorded specific freshwater withdrawal for cement production stood at 160 litres/ton of cementitious material.

Water Pillar	Freshwater withdrawal reduction	Zero Water pollution	Freshwater replenishment
Key actions on our sustainable water use pillars	• Efficient water consumption through reducing leakages on our operations • 100% water treatment and recycling. • Ensuring efficiency in our conveyance by using a good quality piping system	• Discharge monitoring • Mitigative actions to prevent water contamination such as containment of possibly harmful fluids	• Freshwater replenishment programmes that give back to the community such as drilling boreholes, giving away water at our sites

Water Management Roadmap

01 Measure and monitor all water sources and discharge points

02 Reduce Freshwater consumption

03 Install Water recycling systems for all sites

04 Deploy positive initiatives

05 Robust monitoring and reporting

KENYA

People and Human Rights

Robert Muhita
Human Resources Pillar Champion

Employee Engagement Survey
The employee engagement survey held in 2023 exhibited an outstanding 100% engagement participation, the first of its kind. This was record breaking within the Holcim business. The positive results have been an output of effort to improve and enable a better workplace for all through initiatives such as our diversity, equity and inclusion, trainings among others.

Diversity Equity and Inclusion
On International Men's Day, the men in Bamburi cement PLC gathered together to converse, share knowledge and experiences as well as vulnerabilities to encourage each other. The aftermath of it was the inaugural Bamburi Cement Plc Men's Council which will provide a platform for men to engage and sharpen each other thereby creating a better workplace for all.

International Youth Day was handily celebrated by our youth in Mombasa and Nairobi sites. With a lot of fun activities, cheer and bond with each other in a relaxed environment.

The youth of Bamburi cement had a really good year, with many opportunities presented to make them feel included in the business. It was all culminated with the entry of the new youth council who will serve the youth in 2024.

The youth of Bamburi cement had a really good year, with many opportunities presented to make them feel included in the business.

Dr. Diana Rachugo
Learning and Development Champion

KENYA

Learning and Development

- To accelerate leadership development, Kenya operations attained over 24,000 employee training hours: 4,526 hours in Health Safety and Environment training, 10,473 hours in technical training, 1070 hours in compliance, and 879 in leadership training among others.
- Kenya's plant rating within the Holcim group improved from 65 in 2022 to 22 in 2023 on the back of enhanced performance and efficiency. Certification programs for both maintenance and production teams, as well as technical and leadership development programs for leadership teams, were the primary motivators.
- Ten (10) monthly health webinars and mental health sessions that catered to various topics.

> *Kenya's plant rating within Holcim group improved from 65 in 2022 to 22 in 2023.*

Company Awards and Recognition

- Recognized by the Women on Boards Network (WOBN) as 2nd runner up in the Organisation of the Year Award for our efforts in ensuring that our company promotes women in positions of leadership.

UGANDA

Irene Nayera
Human Resource Pillar Champion

We recorded an impressive 517% increase in registered training hours, totalling 11,573 training hours compared to 1,877 in the prior year.

Human Resources
Throughout the year, we diligently worked to enhance employee engagement, foster a culture of inclusivity and innovation, and drive initiatives that promote personal development and empowerment.

Culture Transformation: We successfully launched and implemented the new Culture Transformation journey, IGNITE, along with its corresponding pillars PAATI – People Centric, Accountability, Agile Execution, Trust and Inclusive Leadership. This IGNITE journey is our commitment to fostering a positive work environment and enhancing organizational culture.

Digital HR Excellence: We were the proud recipient of the Digital HR of the Year Award 2023 by Human Resources Management Association of Uganda, recognizing our innovative approaches in leveraging technology to streamline HR processes and enhance employee experiences.

Learning and Development: We recorded an impressive 517% increase in registered training hours, totalling 11,573 training hours compared to 1,877 in the prior year. Noteworthy achievements include the successful completion of the Plant Managers' Global Development Program and the Global Maintenance Manager Development Program by two candidates, highlighting our commitment to nurturing talent and fostering continuous learning and growth within the organization. We also certified 8 Control Room Operators.

Employee Engagement: We achieved a remarkable 100% participation rate for the employee engagement survey, with a notable improvement in employee satisfaction score by 13% from previous year.

UNDP Gold Gender Equality Seal: We closed the year on a high note by receiving the Gold Gender Equality seal from UNDP through their program for Private Sector Organization. This reaffirmed our dedication to promoting gender diversity and inclusion across all levels of the organization. The Women on Wheels Program was particularly hailed for breaking barriers for women to explore other careers.

KENYA

Health, Safety and Environment

Health, Safety and Environment (HSE) are core values at Bamburi Cement plc. In 2023, our commitment to achieving zero harm to both people and the environment gained significant momentum through the execution of our Health, Safety & Environment Operating Model strategy.

Our HSE operating model has three pillars:

- Critical Risk Management – prioritizing the most important HSE risks
- Workforce Engagement – involving all employees in promoting HSE
- Continuous Improvement – clarifying how to improve HSE performanc

Critical Risk Management

During the year there were significant improvements made with regards to hazardous area management in order to eliminate critical risks for instance several capital expenditure projects were completed to improve critical controls on explosion mitigation, fire prevention and detection as well as firefighting capability that are related to the fuels used in our operations.

With regards to medical emergency preparedness, we have ensured that all our site locations have access to automated external defibrillators and that first aiders are adequately trained on their usage.

Several initiatives were undertaken to eliminate routine work at height tasks in our operations as part of our commitment to ensure that everyone who works for us makes it home safely every day.

We remain committed to maintaining full operational discipline, ensuring that critical controls across all the 12 Priority Unwanted Events are in place and effective to minimize harm to people and the environment.

With regards to medical emergency preparedness, we have ensured that all our site locations have access to automated external defibrillators.

KENYA

13,118

field interactions, were recorded through our digital workforce engagement app.

The performance on our worker engagement program, Boots on Ground (BoG), was exemplary with all key indicators scoring above the target in 2023. The BoG program is a worker engagement initiative supported by a digital platform where managers and supervisors undertake shop floor tours and engage workers in conversations on HSE topics around their work activities.

Our managers and supervisors spent a total of 93,692 hours in the field engaging workers on HSE. This systematic approach led to a total of 13,118 field interactions, which were recorded through our digital workforce engagement app. This "gamification" approach to workforce engagement – with leaderboards, team-based activities and real-time recognition – has proven effective and is a leading concept in HSE.

During the year, Lafarge Eco Systems Unit received an HSE Excellence Award from the Holcim Group for its outstanding Health, Safety and Environment performance in 2023, being one of the only five units in the Africa & Middle East region to receive this recognition. HSE Excellence Awards are given to Units and Countries which demonstrate high performance in critical risk management, continuous improvement and engagement.

In 2023 our Lost Time Injury Frequency Rate (LTIFR) for employees and contractors was 0.37 with 75% of our units reporting no Lost Time Injuries (LTIs).

Workforce Engagement: Annual HSE Days

Global HSE Days

The global HSE days in 2023 presented a wonderful opportunity for all employees to align with our ambition of achieving "0" harm and fatalities as well as minimizing our environmental impact.

We reflected and shared experiences and lessons while emphasizing on our role in maintaining a safe healthy workplace. With the theme being HSE Starts with me, teams were given platforms and games to internalize the newly launched HSE rules. These included; fun quizzes, board games, video competitions, toolbox talks and the treasure hunt competition (energy hunt, critical control hunt and water hunt).

A sneak preview of HSE days 2023

*At work, at home, we make the link. We have applied the same health and safety principles at work and at home. - **Jane and Moses.***

*We are always ready to close actions or hazards identified by our teams to ensure our workplace is safe. - **Amos and Lynette.***

Road safety is primal to our operations.
*- **Clive***

*As part of our culture, we continuously improve through learning about mental and physical health. - **Beatrice***

During the global HSE days 2023, we launched new HSE rules. The campaign helped us understand the rules in a fun way through various activities such as the skits, plays and quizzes.
*- **Lynette***

240

In 2023, Bamburi Cement, in collaboration with the Traffic Police, the National Transport Safety Authority, and contracted transporters, trained over 240 motorcycle riders in Mombasa and Athi River.

Road Awareness Campaign

In October and November 2023, Bamburi Cement, in collaboration with the Traffic Police, the National Transport Safety Authority, and contracted transporters, trained over 240 motorcycle riders in Mombasa and Athi River.

The sessions focused on basic defensive driving skills, traffic rules, PPE and blind spot awareness, addressing the vulnerability of riders and pillion passengers on the roads. All riders who participated in the training sessions were issued with reflective vests and helmets. Motorcycle riders remain among the most vulnerable road users, and we will actively engage with other stakeholders to extend our impact.

We held road safety training sessions at nearby schools surrounding our sites, which are Bamburi Primary School in Mombasa and Mlolongo Primary School in Athi River. The educative session were dramatized in skits and along side, we donated geometric sets to candidates.

Transporter Safety Workshop

We held a Road Safety Workshop for directors from 19 of our contracted transporters on 25th July 2023.

The workshop's main agenda was to identify key implementable actions to continue maintaining road safety as we continue to uphold high standards of health and safety in our entire business chain.

UGANDA
Critical Controls

With regards to medical emergency preparedness, we have ensured that all our site locations have access to automated external defibrillators.

The Country has implemented the critical control program with focus on engineering controls and behavioral change, skills enhancement to close the knowledge for all employees.

The 8X8 CCM training program covered over 800 employees across the three plants and emphasized on the implementation and maintenance of the critical controls.

The Country also Revamped the tank farm with installation of the Fixed firefighting system, Explosion proof equipment and interlocks and technical training.

In addition, the country rolled out the TOT program and certified 80 internal trainers for the different HSE programmes. The internal trainers development program has simplified the training process and knowledge transfer enhancing the skills and knowledge gap.

Boots on Ground
Uganda applied the Boots on Ground (BOG) program in identifying hazards and performing Visible Personal Commitments (VPCs and CVPCs) to promote safety.

All employees were provided with new smart phones with an aim of ensuring that all employees mapped out to carry out BOGs do so with ease.

The focus is now on BOG quality, rewards and recognition and quality of engagements with the people in the field and area ownership to drive leadership and quality of the field visits which enhance a clean, safe and healthy work.

Lilian Njiru
Social Initiatives & Human Rights Pillar Champion

KENYA
Social Investments and Human Rights

Our social investments are our pathway to improving the socio-economic livelihood of communities we operate in.

Our model for engagement in social initiatives are anchored on health and safety, education, infrastructure and environment and aligned with Sustainable Development Goals (SDGs).

Health and Safety

In Kenya, we extended our Mother Child Health and HIV/AIDS outreach Programme in order to safeguard mothers and children from high maternal mortality rates while simultaneously increasing community HIV/AIDS awareness. This award-winning national health programme has become a standard endeavour in Tier 3 facilities throughout the country.

At the free cervical and breast cancer screening and wellness camp hosted by Bamburi Cement and Coast General Hospital Cancer Centre, 400 clients, 272 and 122 female and male, were screened.

Education:

In line with SDG 4, Kilifi County was on-boarded on Bamburi Cement's County secondary school scholarships that include Machakos, Kwale and Kajiado counties which has sponsored 57 academically promising, yet financially disadvantaged students.

Infrastructure:

We invested in infrastructure facilities in rural communities to heighten social progress, build resilient infrastructure and meet contemporary needs of the growing population. Within the year, we financed the paving and transforming Kilimani Primary School's Visually Impaired Unit into a disability-friendly facility.

We invested in infrastructure facilities in rural communities to heighten social progress, build resilient infrastructure and meet contemporary needs of the growing population.

Emakoko Community Courtesy Visit

We visited the Emakoko community, within our Engurunga Quarry site, Oloosirkon-Shollinke Ward. Graced by the Oloosirkon-Shollinke Ward MCA Hon. Kisemei Stephen Rais Marush and other community leaders, we donated an assortment of foodstuff, discussed transformative social initiative plans including the upcoming Bamburi-sponsored dispensary/health facility, secondary school scholarships (which already benefits 18 bright and needy students in the area) and other viable infrastructure projects.

KENYA

3115 kg

solid wastes offloaded from the Mtopanga River thus preventing the pollution reaching the Indian Ocean marine ecosystem.

Preservation of Mtopanga River

In 2023, we offloaded 3115.2 kg of solid wastes from the Mtopanga River thus preventing the pollution reaching the Indian Ocean marine ecosystem.

The preservation of Mtopanga seasonal river is a key action of the Bamburi's Biodiversity management Plan. The river is a seasonal drainage system that comes through informal settlement and crosses the rehabilitated ecosystem 700 meters all the way into the Indian Ocean marine ecosystem.

The river delivers highly polluted water laden with solid and liquid waste through our ecosystem. Bamburi's intervention is by regular manual removal of solid wastes from the river impacting the public beach where thousands of Kenyans recreate every weekend and during public holidays. The pollution from Mtopanga River also adversely impacts the marine ecosystem and human livelihood.

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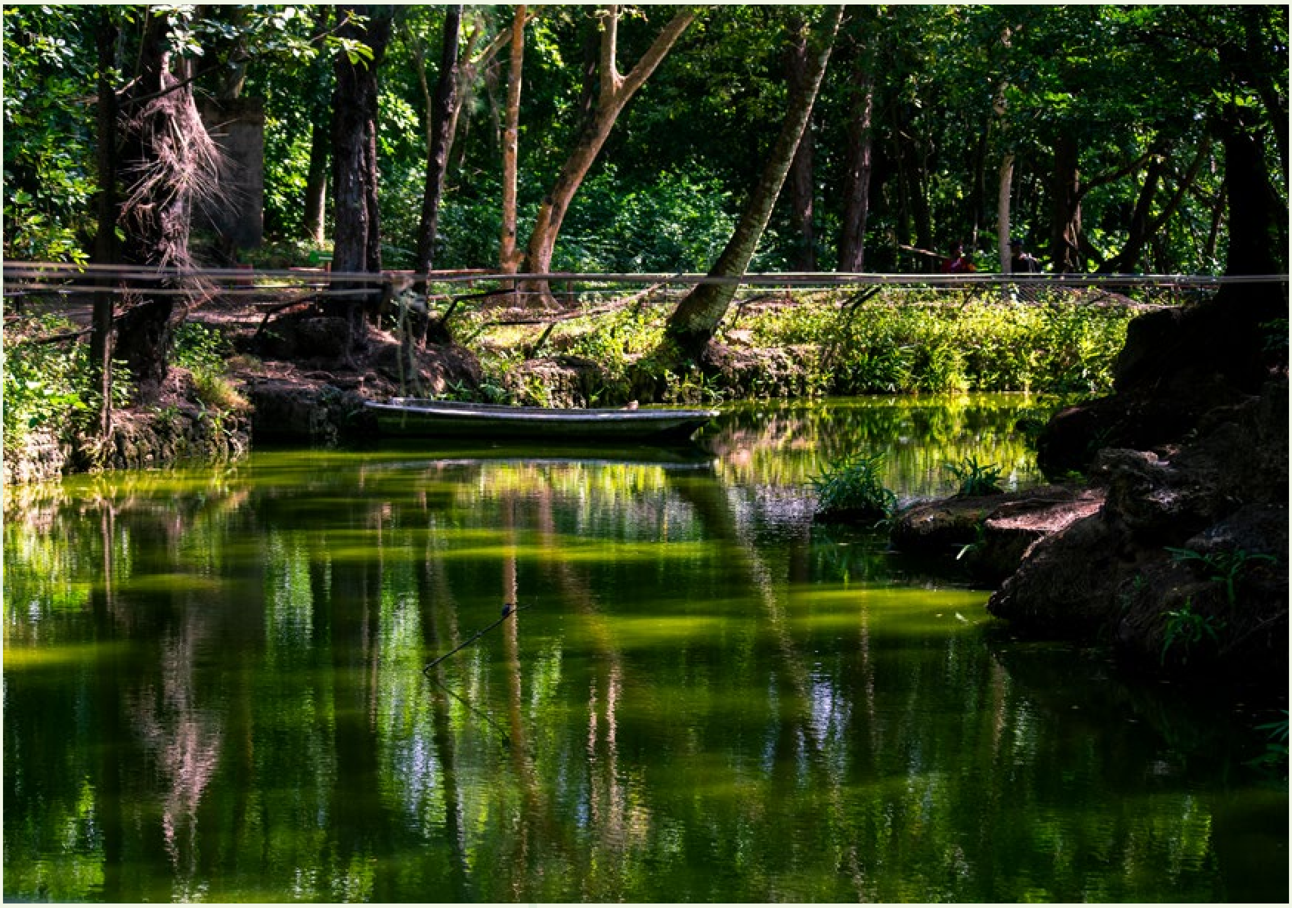


UGANDA
People and Communities

15,500

People on social programs including education, health, infrastructure, livelihoods development and environment directly impacted.

People and Communities

We had a direct impact on 15,500 people on social programs including education, health, infrastructure, livelihoods development and environment.

- The Hima Cement Community Scholarship Program is sponsoring 113 students at secondary school fostering academic advancement and empowering individuals to realize their full potential, enriching communities through education.
- We completed construction of a VIP Latrine at Kamabwe Primary School, a crucial step towards providing a hygienic and conducive learning environment for students. This project underscores our commitment to supporting education and health infrastructure in the communities we serve.
- We partnered with Auro Foundation to enroll 30 young individuals from our host community in Nyangole sub-county in Tororo for a 6-month vocational training program. This initiative equips participants with skills in Bricklaying, Carpentry and Joinery, Tailoring, Cosmetology, and Hairdressing, thereby enhancing their employability and socio-economic prospects.
- We handed over three boreholes to villages in Kasenda Sub-county and one to the community of Nyangole sub-county, next to the Tororo Grinding station. This initiative addresses the critical need for clean water and contributes to improved health and well-being among community members.
- We continue to invest in infrastructure upgrades, including the murram surfacing of a community road, to enhance accessibility and mitigate environmental impacts.
- We donated 300 desks to schools

We actively identify potential negative impacts of our operations the people and surrounding communities and find ways of mitigating them.

Human Rights

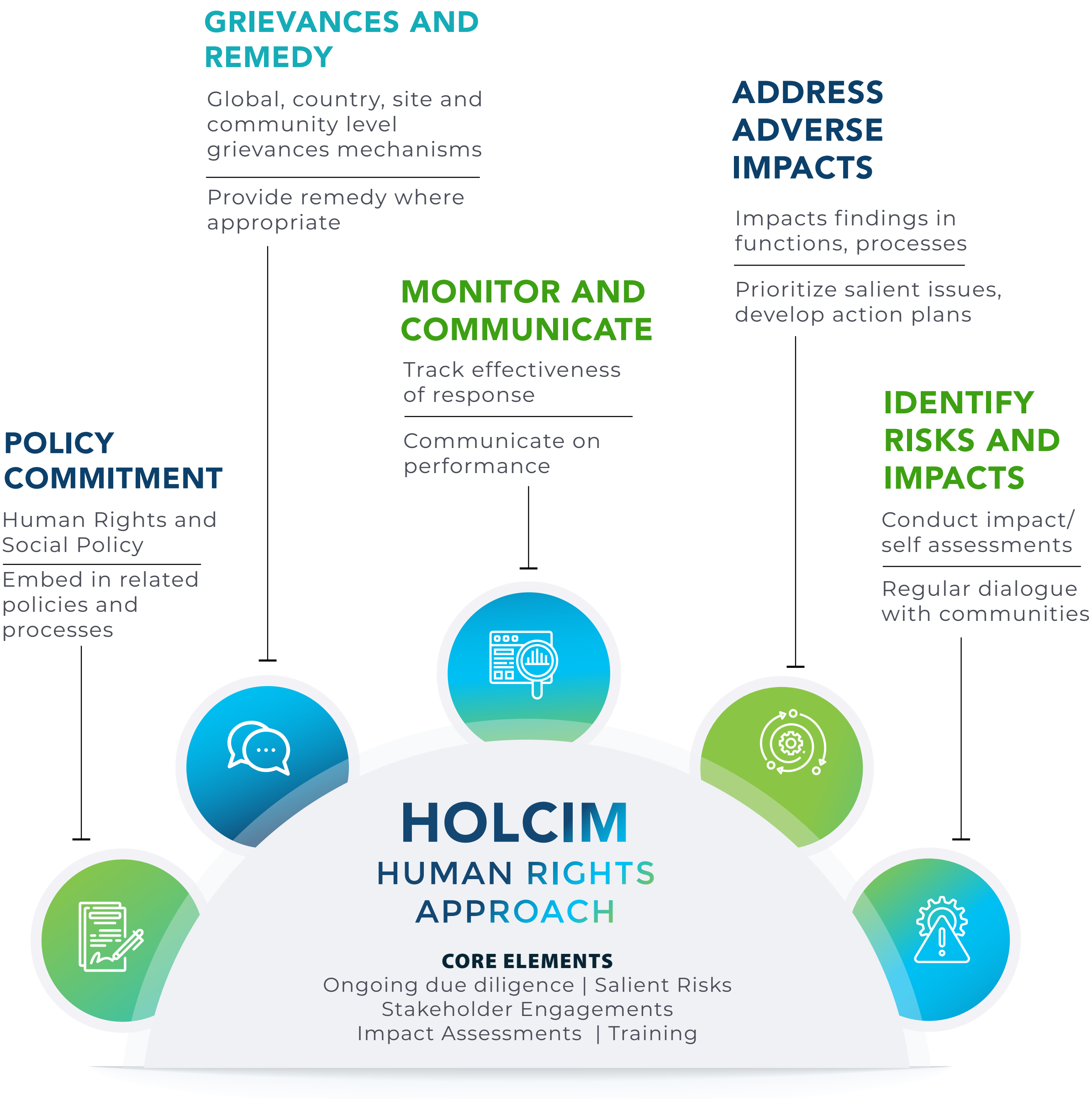
Our commitment to protecting and promoting the human rights of the people in our operations is a responsibility we proactively uphold. We actively identify potential negative impacts of our operations the people and surrounding communities and find ways of mitigating them.

In 2023, together with industry stakeholders we participated in a Human Rights Due Diligence and Guidelines Kenya workshop organized by Transparency International.

Our participation is our commitment to continuously improve and gain deeper understanding of the importance of due diligence and impacts assessments on a business' operations and our relations with the community.

Our Human Rights Approach

Bamburi cement PLC is committed to respecting and promoting human rights. This is outlined in the Human Rights and Social Policy. The Human Rights Directive provides guidance on how we implement this in our operations and value chain.



Human Rights Impact Assessments

Our Human Rights Impact Assessment (HRIA) identifies, understands, assesses and addresses the adverse effects of the business activities and its impact on human rights.

Our Human Rights Impact Assessments (HRIA) in Kenya are set to determine the net impact of our actions on affected or potentially affected stakeholders relevant to Holcim's own operations and value chain. Its output highlighted solutions to optimise positive outcomes and mitigate negative impacts.

The scope of the assessment included human rights issues for all country activities and legal entities, as well as employees, contracted staff, local community external stakeholders, customers, and suppliers.

Baldwin Onyango
Sustainable Procurement Pillar Champion

We hit our 2025 target ahead of schedule.

Sustainable Procurement

Our sustainable procurement practices continue to integrate ESG criteria and performance into the company's sourcing decisions. We work with our suppliers to ensure that they uphold our principles to respect human and labor rights, protect the environment and adhere to our climate and nature commitments.

Pillars of Sustainable Procurement
The three pillars of sustainable procurement are informed by economic, environmental and social considerations across the supply chain.

Sustainable Competitiveness
Sustainability is embedded in our procurement strategy to drive purchases of sustainable products and services that are competitive in the market, so they can be scaled-up, at the pace and in the magnitude needed, to build progress for people and the planet.

Social Considerations_Ethical Sourcing
We require our suppliers to strictly adhere to the Holcim supplier code of conduct which details the behavioral expectations we expect them to meet as we work together. These are social, human rights, environmental, health, safety and security standards.

Our supplier pre-qualification process includes ESG/H&S impact assessments depending on the goods or services to be provided. The due diligence process is a risk-based process to identify, prevent and manage potential adverse ESG impact in the supply chain. It involves identifying supplier potential impacts or risks, verifying for compliance through self-assessment questionnaires and follow up audits, identifying breaches to our supplier code of conduct, monitoring performance and communicating it through our sustainability reporting.

Environmental Emissions
We consciously take action to mitigate scope 3 emissions from the supply chain through the use of eco-fleet, eco-driving and improved energy efficiency.

Gender Inclusion Spotlight

Terry Wangari Mwangi, CEO, Macotte.

Empowering Local Underrepresented Groups
We are intentional about working with underrepresented groups; women owned businesses, youth owned businesses and businesses by people living with disabilities. This initiative has yielded a positive outcome through livelihood enrichment. In 2023, 12.1% of our total spend was channeled towards local underrepresented groups.

My company offers corporate branding and merchandising services as well as events planning. I have had the privilege to work with Bamburi Cement for over seven years.

My best highlight has been the specifications of their RPQs. The clarity helps in providing the right services. The company pays on time and always provides positive feedback to help you improve.

In the seven years period, I have learned how to present myself, how to market myself and worked on my customer service skills.

At first, the biggest challenge while working with Bamburi was the stringent rules they have on health and safety such as requiring PPE for all employees. But after adjusting, I came to understand how important it is to take care of the health and safety of my employees.

I am sincerely grateful and dearly appreciate the lifetime opportunity to work with Bamburi, for the continuous endorsement. Bamburi has been a pillar in my life!

I came to understand how important it is to take care of the health and safety of my employees.

Inaugural Women owned Business Training
Bamburi Cement partnered with IFC to kick off women-owned SMEs training on procurement-readiness training to over 150 women-owned entrepreneurs today in collaboration with the IFC - International Finance Corporation through the Sourcing2Equal (S2E) program, which aims to increase women-owned business participation in procurement opportunities.

The trainings objective was to increase women representation in our supplier base and in turn increase the company's total procurement spend on special group to 30% by the end of 2025.

Supplier-buyer Matchmaking Event

The event was well attended with over 160 people, including 130 women-owned SMEs (WSMEs), IFC partners, and staff from 10 other corporate buyers. The event garnered great praise with many satisfied and reporting to have improved on their knowledge of corporate procurement opportunities, processes, and requirements, and to have been able to identify and connect with potential buyers.

Global Logistics Convention

Bamburi Cement Plc participated at the 2023 Global Logistics Convention Decarbonizing African Transport and Logistics industry session. The Session was part of the development of actions towards a Green Freight Program for East Africa.

James Kithuka represents Bamburi Cement Plc at the 2023 Global Logistics Convention

Women on Wheels 2023 Graduation

Six female truck drivers from our Women on Wheels (WoW) programme as they graduated from the Isuzu Drivers Academy. This is the 3rd graduation cohort from the Bamburi Cement Initiative.

Bamburi Cement is committed to support women and they are better drivers because of integrity, observation and instinct which makes the WoW programme such a key initiative for Bamburi Cement.
In Uganda, we have fully adopted the women on the wheels program on the company's own fleet with now 57% Female truck drivers. This program has enhanced diversity, increased safe kilometres driven and fleet efficiency. This has

also promoted a safe and normal competition environment which has translated into road safety cultural change and with a new narrative in the country "Women can drive trucks with better performance than their male counterparts".


Hima
Ignite

Judith Gataya
Customer Excellence Pillar Champion

CUSTOMER EXCELLENCE

Service with Excellence - Offering Seamless Customer Experience
Our omni-channel customer touch points include our websites, call centres, and in-person interactions, which improve convenience, accessibility, satisfaction, and overall experience.

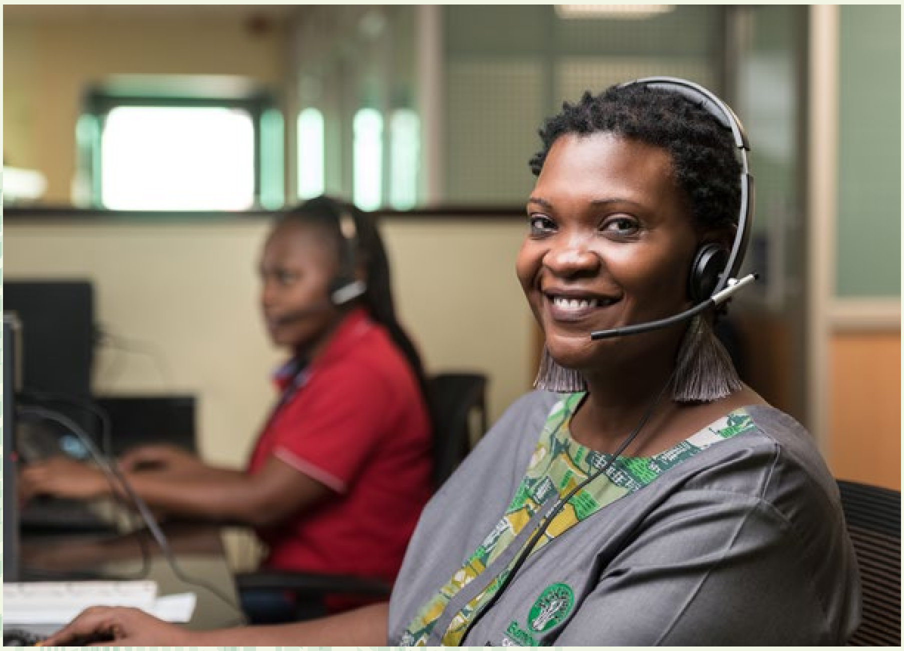
Our pursuit of exceptional consumer experiences and customer excellence is rooted in our belief in environmental and societal responsibility, as well as in the need of developing lasting relationships based on trust, personalised service, and a thorough understanding of client demands.

Voice of the Customer (VoC)
The VoC has helped us identify and anticipate client expectations, trouble points, and proactive solutions. It has allowed tailoring our products, services, and interactions to specific consumer demands resulting in personalised and memorable experiences.

We opened our contact centre, which operates 24 hours a day, seven days a week, and has since served over 50% of clients, improving their experience by resolving their difficulties and queries.

50%
Percentage of clients served since operating on 24hrs.

Our pursuit of exceptional consumer experiences and customer excellence is rooted in our belief in environmental and societal responsibility.



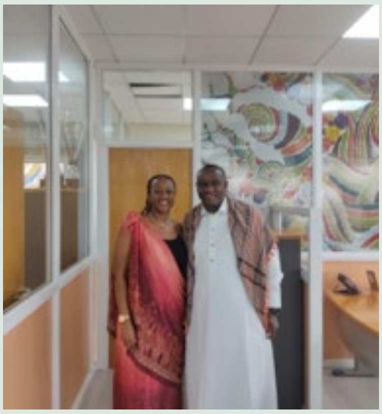
Click it Is our customer app
Clickit (Retail app) , formerly Navendor, is our mobile-based app that provides seamless transactions between Bamburi Cement and our customers by making the experience of buying cement as simple, fast and as easy as possible.

Customer Education and Engagement
We actively engaged our customers through seminars, webinars and online resources on sustainable construction practices, efficient product usage and environmental impact reduction. Our educational partner webinars on tax, Fundi seminars (Builders Academy) on cement use and financial partnership with Equity Bank's Simiti Eazzy formed part of key customer education and engagement milestones.

Health and Safety for our Customers
Our adoption of the first-of-its-kind retail customer Health Cover Programme Afya ya Nguvu highlighted our commitment to prioritising the well-being of our clients. Stringent safety training and awareness programmes were tailored on this programme to ensure a safe environment for our customers.

Celebrating Service
We joined the world in week-long celebrations of the 2023 Customer Service Week under the theme, 'Celebrating Service'. We recognized and expressed gratitude to our customers by paying courtesy calls and gifting our esteemed customers that support our business.

CUSTOMER SERVICE WEEK REELS



ADVOCATING OUR POSITIONS

Kenya Mining Week

Bamburi Cement PLC participated in the inaugural Kenya Mining Week by the Kenya Chamber of Mines from the 17th- 19th of July 2023. The conference was chaired by the Public Secretary (PS) of Investment- Ministry of Mining which afforded businesses an opportunity to engage with the Government for advocacy and developing mutually beneficial relationship.

2023 Africa Climate Summit

We had the privilege to participate in the inaugural Africa Climate Summit held in Nairobi, Kenya. Its theme was driving green growth and climate finance solutions from Africa and the world. The integral message was a call to action, from which African leaders insisted on the importance of decarbonizing the global economy for equality, shared prosperity, promoting sustainable use of natural resources, transitioning to low carbon development and contributing to global decarbonization.

To culminate the event, the Africa Business Leaders Coalition (ABCL) on held discussions around the climate change agenda as part of the just concluded inaugural 2023 Africa Climate Summit. Our CEO Mohit Kapoor alongside other members of the ABL together shared their sustainability initiatives and strides towards a net zero future.

We have committed to helping with climate change mitigation and adaptation by reducing our contribution to greenhouse gas emissions.

Architectural Association of Kenya (AAK) Annual Convention

As a thought leader in a world where urbanization, climate change, and sustainable development are all intertwined, we have committed to helping with climate change mitigation and adaptation by reducing our contribution to greenhouse gas emissions. We joined architects at the Architectural Association of Kenya (AAK) Annual Convention and International Federation of Landscape Architects (IFLA) World Congress 2023 to share our business direction and sustainability vision,

Imagining an energy-efficient logistics future

Road transport pollution is responsible for over 20% of all carbon emissions caused by humans. Our engagement with Kenya Railways Corporation (KRC) to increase our use of rail transport by 25% will help reduce our logistics carbon emissions in the immediate to long-term.

Advocating for Sustainable Construction

We continued with our continuous engagement with the National Construction Authority (NCA) to advocate for sustainable construction through a transition to sustainably produced cements and construction materials.

We advocated for NCA's enforcement of Kenya National Accreditation Service (KENAS) of building materials testing services as a measure to address the quality decline of cement and concrete being introduced to the market.

Power Stability Sustainably

Through our operations, we are one of the largest power consumers in the country that contribute to a substantial uptake of the power produced nationally.

Our continuous engagement with energy providers sought to seek mutually beneficial prospects with regard to stable power service, power quality as well as developing a collective understanding of the cement industry's role in energy efficiency.

Committing our partners to Road Safety

On any given day, Bamburi Cement manages over 300 trucks transporting cement, concrete, aggregates, and building materials from its sites.

In the year under review, we continued to engage and collaborate with like-minded private and public institutions on road safety management, to help formulate workable strategies and reduce accidents.

Community Health

As proponents of health within the communities we operate in, we continue to advocate for community health outreach as a commitment to empowering and uplifting the communities through sustainable social initiatives.

In the year under review, we hosted a team of medics from Mombasa County's Department of Public Health to engage in public health promotion within our stakeholder universe.

AWARDS

1. Diamond Mark of Quality Certification
2. Bamburi Cement was recently awarded first place in the **11th Accenture Gender Mainstreaming Awards** Africa's for the Economic Empowerment category.
3. Africa top 50 companies in sustainability Award by Africa Public Sector and Awards 2023
4. Women on Boards Network (WOBN) Awards 2023: 2nd Runner Up- Organisation of the Year Award
5. FiRe (Financial Reporting) Awards: Winner in Manufacturing Category and 2nd Runners up in Listed Category
6. The Sera Awards:
   - The Deborah Leipziger Africa for Innovation
   - Best Company in the Use of Storytelling
   - Jane Wangari, First Runner up Sustainability Professional of the year in Africa
   - Mohit Kapoor, First Runner up CEO of the year 2023 Award
   - Silver in the overall prize- Most Responsible Business in Africa




PERFORMANCE DATA SHEET

CO_2 and Energy		KENYA				UGANDA			
	Unit	2020	2021	2022	2023	2020	2021	2022	2023
Scope 1: Material and Fuel									
Specific Gross CO_2 Emissions	$KgCO_2$/tons	476.9	462.3	451.4	482.7	319.5	299.8	291.8	325.3
Specific Net CO_2 Emissions	$KgCO_2$/tons	467.3	452.8	437.9	469.4	309	293.2	283.8	313.2
Recycled Waste in Cement	tons	120,180	117,439	55,027	45,957	157,754	150,893	143,561	129, 942
Scope 2: Electricity									
Absolute CO_2 Emissions	tons ('000)	42.4	43.7	34.1		11	12.5	14.2	15
Specific CO_2 Emissions	$KgCO_2$/tons	24.4	22.7	22.5	23.18	12.3	13.2	16.8	17
Scope 3: Transportation (Downstream)									
Absolute CO_2 Emissions	tons ('000)	136	131	67.1	42.6	40	44	40.6	55.7
Specific CO_2 Emissions	Kg CO_2/ tons transported	39	35.4	25.0	33.2	37.1	37.2	43.4	23.6

Nature (Biodiversity & Water)		KENYA				UGANDA			
	Unit	2020	2021	2022	2023	2020	2021	2022	2023
Active Quarries	# Sites	3	3	7	7	5	5	4	4
Quarries assessed using BIRS methodology	# Sites	5	5	5	5	0	0	0	0
Quarries with Rehabilitation Plans in place	# Sites	5	5	7	7	4	5	5	5
Total Rehabilitated area	Ha	325	334	360		64	70	70	79
Total Freshwater Withdrawal	m3	166,179	160,406	118,144		39,000	243,000	163,045	143,818

Health and Safety		KENYA				UGANDA			
	Unit	2020	2021	2022	2023	2020	2021	2022	2023
Total Injury Frequency Rate (TIFR)	#	1	1.72	0	0.37	0.62	0	5.19	0
Lost Time Injury Frequency Rate (LTIFR)	#	0.36	0.69	0	1	0	0	2.89	0
Boots on the Ground (Time in Field)	Hours	N/A	56,257	93,650	90,044	N/A	4,493	37,341	50,836

**The denominator is per 1 million hours. *TIFR & LTIFR for employees and contractors*

70 YEARS OF REVOLUTIONISING CONSTRUCTION IN KENYA

PERFORMANCE DATA SHEET

Employee and Diversity		KENYA				UGANDA			
	Unit	2020	2021	2022	2023	2020	2021	2022	2023
Permanent Employees	%	99.2	95.1	97.3	100	99.3	99.6	99.6	100
Women at Senior Management Level	%	37.5	42.9	28.6	14.29	16.7	20	16.7	12
Women at all Management Levels	%	34.8	35.8	35.6	38.6	23.1	25.6	24.8	12
Women in Total in the Workforce	%	20.3	22.1	22.3	23.1	16	16.9	15.7	14
Human Rights and Social Initiatives		**KENYA**				**UGANDA**			
	Unit	**2020**	**2021**	**2022**	**2023**	**2020**	**2021**	**2022**	**2023**
Days Dedicated to Human Rights Approach	Days	0	105	228	125	0	25	18	36
Social Initiatives Beneficiaries	#	47,228	21,859	27,816	55,873	16,028	5,857	9,205	12,850
Sustainable Procurement		**KENYA**				**UGANDA**			
	Unit	**2020**	**2021**	**2022**	**2023**	**2020**	**2021**	**2022**	**2023**
% Consolidated Spend on Local Underrepresented group		10.22	19.36	14.4	12.1	Not measured	Not measured	Not measured	Not measured
Ethics and Compliance		**KENYA**				**UGANDA**			
	Unit	**2020**	**2021**	**2022**	**2023**	**2020**	**2021**	**2022**	**2023**
Number of Employees Trained on COBC	%	84.6	95.1	99	-	92	95	97	100
Hours of Training on COBC per Employee	Hours	1.45	1.45	2	-	7.5	7.5	1.5	2

GRI CONTENT INDEX

GRI CONTENT INDEX	
Statement of use	**Bamburi Cement PLC has reported in accordance with the GRI Standards for the period between 1st January 2023 and 31st December 2023**
GRI 1 Used	**GRI 1: Foundation 2021**

GRI STANDARD	DISCLOSURE	LOCATION
GRI General Disclosures		
GRI 2: General Disclosures	2-1 Organisational details	About Bamburi Cement PLC
	2-2 Entities included in the organisation's sustainability reporting	Our Subsidiaries
	2-3 Reporting period, frequency and contact point	Our Sustainability Framework
	2-4 Restatements of information	
	2-5 External Assurance	
	2-6 Activities, value chain and other business relationships	About Bamburi Cement PLC
	2-7 Employees	Material Topic, People and Human Rights
	2-8 Workers who are not employees	Material Topic, People and Human Rights
	2-9 Governance structure and composition	Corporate Governance
	2-10 Nomination and selection of the highest governance body	Corporate Governance
	2-11 Chair of the highest governance body	Corporate Governance
	2-12 Role of the highest governance body in overseeing the management of impacts	Corporate Governance
	2-13 Delegation of responsibility for managing impacts	Corporate Governance
	2-14 Role of the highest governance body in sustainability reporting	Corporate Governance
	2-15 Conflicts of interest	Corporate Governance
	2-16 Communication of critical concerns	Code of Business Conduct (Integrity Line) & Speak Up Directive
	2-17 Collective knowledge of the highest governance body	Our Board
	2-18 Evaluation of the performance of the highest governance body	Corporate Governance
	2-19 Remuneration policies	Corporate Governance
	2-20 Process to determine remuneration	Corporate Governance
	2-21 Annual total compensation ratio	
	2-22 Statement on sustainable development strategy	Our Sustainability Framework
	2-23 Policy commitments	Our Policies
	2-24 Embedding policy commitments	Our Policies
	2-25 Processes to remediate negative impacts	Our Sustainability Pillars
	2-26 Mechanisms for seeking advice and raising concerns	Code of Business Conduct (Integrity Line) & Speak Up Directive
	2-27 Compliance with laws and regulations	Corporate Governance
	2-28 Membership associations	Stakeholder Groups
	2-29 Approach to stakeholder engagement	Stakeholder Engagement
	2-30 Collective bargaining agreements	Financial Review

GRI STANDARD	DISCLOSURE	LOCATION
GRI General Disclosures		
GRI 2: General Disclosures	3-1 Process to determine material topics	Our materiality assessment process
	3-2 List of material topics	Our material topics
GRI 201: Economic Performance	201-1 Direct economic value generated and distributed	Financial Review
	201-2 Financial implications and other risks and opportunities due to climate change	
	201-3 Defined benefit plan obligations and other retirement plans	Financial Review
GRI 202: Market Presence	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	
	202-2 Proportion of senior management hired from the local community	
GRI 203: Indirect Economic Impacts	203-1 Infrastructure investments and services supported	Infrastructure services supported in 2023
	203-2 Significant indirect economic impacts	Significant indirect economic impacts in 2023
GRI 204: Procurement Practices	204-1 Proportion of spending on local suppliers	Material Topic: Sustainable Procurement
GRI 205: Anti-corruption	205-1 Operations assessed for risks related to corruption	Corporate Governance
	205-2 Communication and training about anti-corruption policies and procedures	Corporate Governance
	205-3 Confirmed incidents of corruption and actions taken	
GRI 206: Anti-competitive Behaviour	206-1 Legal actions for anti-competitive behaviour, antitrust, and monopoly practices	
GRI 207: Tax	207-1 Approach to tax	Financial Review
	207-2 Tax governance, control, and risk management	
	207-3 Stakeholder engagement and management of concerns related to tax	Stakeholder Engagement
	207-4 Country-by-country reporting	
GRI 301: Materials	301-2 Recycled input materials used	Material Topic, Circular Economy
	301-3 Reclaimed products and their packaging materials	Material Topic, Circular Economy
GRI 302: Energy	302-1 Energy consumption within the organisation	Material Topic, Climate & Energy
	302-2 Energy consumption outside of the organisation	
	302-3 Energy intensity	Material Topic, Climate & Energy
	302-4 Reduction of energy consumption	Material Topic, Climate & Energy
	302-5 Reductions in energy requirements of products and services	Material Topic, Climate & Energy

GRI STANDARD	DISCLOSURE	LOCATION
GRI General Disclosures		
GRI 303: Water and Effluents	303-1 Interactions with water as a shared resource	Material Topic, Nature and Water
	303-2 Management of water discharge-related impacts	Material Topic, Nature and Water
	303-3 Water withdrawal	Material Topic, Nature and Water
	303-4 Water discharge	Material Topic, Nature and Water
	303-5 Water consumption	Material Topic, Nature and Water
GRI 304: Biodiversity	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Material Topic, Nature and Water
	304-2 Significant impacts of activities, products and services on biodiversity	Material Topic, Nature and Water
	304-3 Habitats protected or restored	Material Topic, Nature and Water
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	Material Topic, Nature and Water
GRI 305: Emissions	305-1 Direct (Scope 1) GHG emissions	Material Topic, Climate & Energy
	305-2 Energy indirect (Scope 2) GHG emissions	Material Topic, Climate & Energy
	305-3 Other indirect (Scope 3) GHG emissions	Material Topic, Climate & Energy
	305-4 GHG emissions intensity	Material Topic, Climate & Energy
	305-5 Reduction of GHG emissions	Material Topic, Climate & Energy
	305-6 Emissions of ozone-depleting substances (ODS)	Material Topic, Climate & Energy
	305-7 Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions	Material Topic, Climate & Energy
GRI 306: Waste	306-1 Waste generation and significant waste-related impacts	Material Topic, Circular Economy
	306-2 Management of significant waste-related impacts	Material Topic, Circular Economy
	306-3 Waste generated	Material Topic, Circular Economy
	306-4 Waste diverted from disposal	Material Topic, Circular Economy
	306-5 Waste directed to disposal	Material Topic, Circular Economy
	305-6 Emissions of ozone-depleting substances (ODS)	Material Topic, Climate & Energy
GRI 308: Supplier Environmental Assessment	308-1 New suppliers that were screened using environmental criteria	Material Topic, Sustainable Procurement
	308-2 Negative environmental impacts in the supply chain and actions taken	Material Topic, Sustainable Procurement: Environment and Emissions
GRI 401: Employment	401-1 New employee hires and employee turnover	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Financial Review
	401-3 Parental leave	
GRI 402: Labor/Management Relations	402-1 Minimum notice periods regarding operational changes	Corporate Governance
GRI 403: Occupational Health and Safety	403-1 Occupational health and safety management system	Health and Safety

GRI STANDARD	DISCLOSURE	LOCATION
GRI General Disclosures		
GRI 403: Occupational Health and Safety	403-2 Hazard identification, risk assessment, and incident investigation	Health and Safety
	403-3 Occupational health services	Health and Safety
	403-4 Worker participation, consultation, and communication on occupational health and safety	Health and Safety
	403-5 Worker training on occupational health and safety	Health and Safety
	403-6 Promotion of worker health	Health and Safety
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Health and Safety
	403-8 Workers covered by an occupational health and safety management system	Health and Safety
	403-9 Work-related injuries	Performance data sheet: Health and Safety
	403-10 Work-related ill health	Performance data sheet: Health and Safety
GRI 404: Training and Education	404-1 Average hours of training per year per employee	Employee Learning and Development
	404-2 Programs for upgrading employee skills and transition assistance programs	Employee Learning and Development
	404-3 Percentage of employees receiving regular performance and career development reviews	
GRI 405: Diversity and Equal Opportunity	405-1 Diversity of governance bodies and employees	Performance data sheet: Employee and Diversity
	405-2 Ratio of basic salary and remuneration of women to men	Nomination, Remuneration & Human Resources Committee (N,R&HRC)
GRI 406: Non-discrimination	406-1 Incidents of discrimination and corrective actions taken	Corporate Governance
GRI 407: Freedom of Association and Collective Bargaining	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Corporate Governance
GRI 408: Child Labour	408-1 Operations and suppliers at significant risk for incidents of child labour	Corporate Governance
GRI 409: Forced or Compulsory Labour	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	Corporate Governance
GRI 410: Security Practices	410-1 Security personnel trained in human rights policies or procedures	Corporate Governance
GRI 411: Rights of Indigenous Peoples	411-1 Incidents of violations involving rights of indigenous peoples	Corporate Governance
GRI 413: Local Communities	413-1 Operations with local community engagement, impact assessments, and development programs	Social Investments and Human Rights
	413-2 Operations with significant actual and potential negative impacts on local communities	
GRI 414: Supplier Social Assessment	414-1 New suppliers that were screened using social criteria	Material Topic, Sustainable Procurement
	414-2 Negative social impacts in the supply chain and actions taken	Material Topic, Sustainable Procurement

GRI STANDARD	DISCLOSURE	LOCATION
GRI General Disclosures		
GRI 416: Customer Health and Safety	416-1 Assessment of the health and safety impacts of product and service categories	Material Topic, Sustainable Procurement
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Material Topic, Sustainable Procurement
GRI 417: Marketing and Labelling	417-1 Requirements for product and service information and labelling	Material Topic, Sustainable Procurement
	417-2 Incidents of non-compliance concerning product and service information and labelling	Material Topic, Sustainable Procurement
	417-3 Incidents of non-compliance concerning marketing communications	Material Topic, Sustainable Procurement
GRI 418: Customer Privacy	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Material Topic, Sustainable Procurement

YEARS OF REVOLUTIONISING CONSTRUCTION IN KENYA

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