

KENYA AIRWAYS LTD

WHISTLE BLOWING POLICY

POLICY STATEMENT

The Company is committed to conducting its business with honesty and integrity. With this aim and in view to meet the requirements of the Company's Code of Business Conduct and Ethics, it has adopted a Whistle blowing policy.

INTRODUCTION

KQ takes cognizance of the fact that what may appear to be small infractions if not handled immediately is likely to lead to financial loss to the Company and its stakeholders and could also lead to employees' job loss. Therefore, KQ Whistle Blowing Policy has been developed to set out broad guidelines that will enable employees who have information regarding financial impropriety, unethical, dishonest, discriminatory or illegal practices to come forth and to report to management without fear of retribution or recrimination. The policy is meant to make the workplace healthier and more conducive, where problems are handled expeditiously and professionally as and when they are detected in their early stages.

OBJECTIVES

The Whistle blowing policy aims at encouraging all employees and stakeholders to report ethical violations by lodging such violations through the Ethics and Fraud hotline so that action can be taken immediately to resolve such issues. It further affirms Kenya Airways Commitment on the Company's Code of Business Conduct and Ethics.

Specifically it aims at;

- Facilitating a process that encourages employees to freely and voluntarily come forward in good faith to share with management any information they may have regarding any wrongdoing that may be detrimental to the Company's smooth operations, its stakeholders as well as its employees.
- Fostering an atmosphere of mutual workplace respect and proper business behavior that are vital to the integrity and success of the organization in implementing a structurally sound and business effective whistle blowing process.
- Ensuring that a process is in place to allow employees to report alleged improper conduct without fear of retribution or recrimination.
- Promoting an integral process for sustainable work culture of zero tolerance to inappropriate behavior, fraud, corruption, harassment, illegal acts, cheating, unsafe working conditions, etc.
- Protecting the Company against financial loss that is likely to arise through impropriety, infraction of policy and regulations and gross misuse of Company's resources through pilferage etc.
- Offsetting destructive behavior with compatible productive behavior.

When staff report any wrongdoing, they are assured that they will not incur any retaliation or negative treatment as a result of the report. The identity of an employee, who offers any information regarding financial impropriety, or loss or any matter likely to lead to financial loss due to unethical, dishonest, discriminatory or illegal practices, shall be protected.

However, depending on the severity of the matter at hand, it will be an offence worthy of disciplinary action for anyone who deliberately makes a false report or takes discriminatory or

KENYA AIRWAYS LTD WHISTLE BLOWING POLICY

retaliatory actions against the person who made a genuine report to management culminating in apprehension of the culprit or remedy against loss to the Company.

SCOPE

This policy applies to all Kenya Airways employees, Directors of the Company, and those of its subsidiaries, partners, creditors, customers, shareholders and agents and it shall be read together with the Company Code of Business Conduct and Ethics. The policy shall cover, but not be limited to, the below reporting categories:-

Anti Competition

Breach of Company policy

Confidentiality issues

Conflict of interest

Corruption (bribery, economic extortion, illegal gratuity and conflict of interest)

Discrimination (Sexual, Racial, Religious etc)

Fraud and embezzlement

Gross Misconduct

Health and Safety

Intimidation

Money laundering

Theft

Unprofessional behavior

Vandalism/Criminal damage

Physical or Verbal abuse

Asset misappropriation (cash theft or skimming)

Breach of fiduciary duty

Sexual favors or sexual harassment and or discrimination of any nature against KQ staff or its customers.

TIME FRAME

When employees engage in negative and unproductive or fraudulent activities/conspiracy, there is a tendency that these behaviors will fester and escalate into bigger problems if not firmly handled when detected. Therefore the time-frame within which issues should be reported is critical. It is important that staff (Whistleblowers) report incidents immediately they are detected to facilitate quick investigations and resolution.

WHISTLE BLOWING PROTECTION POLICY

The whistle blowing policy allows for the protection of the employee who, in good faith, reports what he/she perceives to be an infraction to receive no negative treatment for his/her honesty and reporting of his/her observations. The policy removes any restrictions from any junior employees to freely submit any information against upper level management or higher ranking board members regarding negative and unproductive or fraudulent activities/conspiracy against the

KENYA AIRWAYS LTD WHISTLE BLOWING POLICY

Company. However, any employee who makes malicious reports against another employee for the purpose of creating turmoil, undermine another staff or cause injury to that person will be guilty of malicious damage and may face severe disciplinary action including summary dismissal.

IMPACT OF WHISTLE BLOWING POLICY

The impact and success of the whistle blowing policy will be realized by the Company if all staff conduct themselves in an ethical and honest manner in ensuring that they become custodians of the Company's resources and business interest. It is expected that the Policy will enhance an environment in which staff are expected to give full account of the resources under their charge and they must exhibit the highest standards of ethics, integrity and honesty. This environment will equally be reciprocated by management when they encourage greater accountability through responsive and equitable recognition of employees who consistently exhibit a high degree of honesty and are dedicated in the discharge of their work. In this regard, management will ensure the work environment offers staff equal opportunity to grow their career through progressive employment policies. Whereas an employee may make an unintended honest mistake that exposes the Company and does not deserve harsh disciplinary measures, gross negligence occasioning loss to the Company will be firmly dealt with.

KQ employees are required to conduct themselves with the highest level of integrity, honesty, mutual trust and respect for ethics. Therefore, the Company's Whistle Blowing Policy is meant to inculcate within our staff high values that will translate to commitment in delivering effective customer service and accountability to the stakeholders.

REPORTING PROCEDURE & DISCLOSURE

Every employee of the Company shall promptly report when he/she becomes aware of any actual or possible violation of the code or misconduct or any other act that is not at the interest of the company.

Reporting can also be done by any other stakeholders such as partners, subsidiaries, customers, creditors, shareholders and agents

Such report on the violation of the code of ethics shall be kept confidential at the option of the employee or the reporting stakeholder.

The Company shall provide protection to the whistleblower and any attempt to intimidate him/her shall be treated as a violation of the Code of Business Conduct and Ethics and the same will be dealt with seriously.

The reporting of violations can be done through a web reporting tool, E-mail or a toll free phone number available 24/7 on landline and mobile. The hotline will be handled by a third party company based in the UK. The reporting mechanisms shall be communicated through the Intranet and Internet.

KENYA AIRWAYS LTD WHISTLE BLOWING POLICY

THE WHISTLE BLOWING COMMITTEE (WBC)

There shall be a Whistle Blowing Review Committee (WBC) made up of but not limited to the following:

- The Head of Internal Audit, the Head of Legal, Director Corporate Safety and Security, the Group Human Resources Director and the Chief Operating Officer. It may co-opt anyone it deems fit to ensure that it carries its investigative mandate to its logical conclusion.
- The WBC shall appoint a chair from amongst the members.
- The disclosure of suspected improper activity or detrimental action (as defined by this policy) may be made to the WBC.

THE WBC Terms of Reference

The WBC shall receive, store and investigate, and recommend action in respect of all reports received from the appointed third party company to ensure the policy is effective and in particular:

- To receive, process and to act on the reports from the third party company
- To record and be custodians of all disclosures made by staff.
- To resolve all disclosures through a structured investigation process that will ensure timely feedback is provided to the employee raising the concern.
- To report on all data processed and make recommendations as appropriate to the Audit and Risk Management Committee of the Board and/or any other authorities as may be deemed appropriate on quarterly or on a regular basis as may be directed.

THE PROCESS FOR DISCLOSURES

Reporting can be done via;

- Email
- Telephone call to a toll free number
- Web based reporting

RECEIVING AND ASSESSING DISCLOSURES

When receiving and assessing disclosures, the Whistle Blowing Committee (WBC) will ensure the following:

KENYA AIRWAYS LTD WHISTLE BLOWING POLICY

- That the report is made in accordance with the Whistle Blowing Policy.
- That the disclosure relates to a stakeholder of KQ.
- That the disclosure relates to a matter touching on the interest of KQ.
- That if the disclosure involves third party acting in cahoots with employees, then such cases may also be referred to independent authorities or consultants for investigation as may deemed appropriate by the WBC
- That the person making a disclosure has reasonable grounds to believe that the alleged conduct has occurred and that the whistleblower is a stakeholder of KQ.
- That the alleged misconduct is either improper or is detrimental to the interest of the Company and in which case action will be taken to investigate the disclosure and the WBC will ensure that the whistle blower is protected against any reprisal for making the disclosure.

INVESTIGATING THE DISCLOSURES

Where assessment of the disclosure reveals the need for an investigation, the investigation will be guided by the provisions in the Fraud Management Policy. The Whistle Blowing Committee, in consultation with any other relevant authority may also appoint an investigator to carry out the investigation. The objectives of an investigation will be:

- To collate information relating to the allegation as quickly as possible. This may involve taking steps to protect or preserve documents, materials and equipment;
- To consider the information collected and draw conclusions objectively and impartially;
- To maintain procedural fairness in the treatment of witnesses and the person who is the subject of the disclosure;
- To protect the identity of the whistleblower; and
- To make recommendations arising from the conclusions drawn concerning remedial or other appropriate action to the relevant parties

COLLATING AND PUBLISHING INVESTIGATION REPORT

The investigation reports compiled by the Whistle Blowing Committee will be maintained in a register in which the information generated will form part of the Company's risk profile on frauds and other irregularities reported through the Company's Whistle Blowing Policy. The register will be confidential and will not record any information that may reveal the whistleblower identity.

KENYA AIRWAYS LTD WHISTLE BLOWING POLICY

The register will contain the following information:

- The number and types of disclosures made during the year;
- The number and types of disclosures investigated by the Whistle Blowing Committee
- The number and types of disclosures referred by KQ to other independent authorities or consultants for investigation
- The number and types of investigations taken over from KQ by independent investigators;
- The number and types of disclosed matters that were declined for investigation;
- The number and types of disclosed matters that were substantiated for investigation and the action taken on completion of the investigation; and
- The findings of the investigations and any recommendations made as a result of the investigation.

Statistics such as (but not limited to) those above will be published in a report to the Board of Directors on quarterly basis. The Board may however, instruct that a report to be produced on demand, if and when it deems necessary.

CONCLUSION

In conclusion, we reiterate that that the Company will not tolerate fraud and corruption or any activity that will compromise ethical standards and values that we believe in as a Company. Within this context, the Company's Whistle Blowing Policy should encourage employees who become aware of possible wrongdoings to report with a full assurance that their reports will be treated discretely.