



**DISPUTE RESOLUTION POLICY**

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## 1. Introduction

A dynamic board seeks to stimulate the flow of ideas, identify key issues and make informed decisions; whilst effective business performance requires clear delineation of responsibilities and corresponding contractual obligations between supply chain entities, including vendors, suppliers and their principal. Both requires communication and debate. Invariably, however, these processes can lead to conflict, which may undermine a board's effectiveness and a company's performance.

British American Tobacco Kenya plc (the "Company") is committed to reaching a prompt and fair resolution of any disputes, conflicts or disagreements that may arise from time to time.

This Policy is intended to establish the principles and formal processes necessary:

- (a) to guide the resolution of certain categories of internal and external disputes in accordance with this objective;
- (b) to ensure the Company adopts a cost-effective, fast and efficient approach to dispute resolution; and
- (c) to promote an approach to conflict management that utilizes litigation as a last resort and promotes conciliation with the party involved.

This Policy provides guidance on the management of disputes. It is intended to contribute to effective dispute resolution for the Company, whilst preserving the Company's relationships with its stakeholders.

## 2. Scope

This policy covers the following actual or potential disputes:

- a) Disputes between directors;
- b) Disputes between the Company and its director(s); and
- c) Disputes between the Company and its shareholders.

This does not include the resolution of employment conflicts, which shall be addressed using the Company's existing relevant policies and established law.

## 3. Principles

The Company shall encourage and promote, to the extent permissible, the adoption and use of amicable dispute resolution mechanisms and processes, prior to the institution of litigation in the settlement of any dispute.

When seeking to resolve actual or potential disputes, the Company shall act in accordance with the following behaviors and principles:

- a) **Engagement first:** the Company shall reach out to the disputing party to identify the principal cause(s) of the dispute.
- b) **Commitment to resolving the issue:** there should be an honest commitment by the parties to resolve the dispute. Parties shall be expected to allocate time and resources required to achieve this goal.
- c) **Promptness:** BAT and the disputing party shall endeavor to resolve the dispute promptly and in any event within the agreed timelines.
- d) **Fairness and impartiality:** the process and decisions made should be equitable, respectful, just and objective.

#### 4. Roles and Responsibilities

The Board of Directors is collectively responsible for the efficient and effective resolution of any disputes identified in Section 2 above that may arise. The Board, led by the Chairman must ensure that once a dispute arises, it is dealt with fairly, impartially, confidentially and in a timely manner.

#### 5. Resolution of Board Disputes and Board and Company disputes

This clause refers to Board disputes and in particular disputes between Directors, Directors and the Company, a dispute raised by a Director on a Board policy, process or procedure and by a Director regarding a resolution of the Board.

*i. Procedure:*

- Any arising dispute must be set out in writing and be presented to the Chair of the Board (“the Chair”) who shall acknowledge receipt within three (3) working days from date of receipt.
- The Chair will, at his or her discretion, bring the issue to the next Board meeting or call an extraordinary meeting of the Board if the matter is urgent.
- When raised at the Board meeting, individuals involved in or impacted by the dispute may be given the right to address the Board at the discretion of the Chair.
- The matter shall be discussed by all the Directors present unless a Director has advised the Chair in writing with prior notice that he/she is unable to attend or is conflicted and may therefore not be impartial.
- To the extent permissible, the Board shall seek to resolve the dispute on the first instance. Where this is not possible, the Chair will call for a motion from the Board to seek a dispute resolution expert, appoint an independent assessor or dismiss the complaint. All Directors present at the meeting and eligible to vote, will vote on the motion bearing in mind the principles set in section 3 above. The majority vote shall abide.
- A Board decision may be reviewed in situations where:
  - new information has emerged that was not available when the original decision was made; and/or
  - the Board has become aware of an error in previous information that was used to make the decision.

*ii. Mediation of Board Disputes or Use of an Independent Assessor:*

- Where an expert is sought to facilitate dispute resolution, the person chosen should be chosen by agreement of the parties involved or in the absence of agreement, a person appointed by the Board.

#### 6. Resolution of disputes between the Board and the Shareholders

Once a dispute arises between the Company and shareholders, the Board shall endeavor to resolve it transparently. Disputes raised by shareholders shall be directed to the Chair of the Board who shall acknowledge the dispute.

The matter shall be discussed by all the Directors present unless a Director has advised the Chair in writing with prior notice that he/she is conflicted and may therefore not be impartial. The Directors shall endeavor to resolve the dispute within a period of 3 months and advise the shareholder of its outcome.

Disputes will be assessed on their individual merit.

## 7. Timelines

The parties to a dispute should seek to agree timelines for resolution of the dispute and use their best endeavors to adhere to the timelines. Where timelines will not be met, the party requiring more time should notify the other(s) in reasonable time to allow the parties to agree on the way forward.

Further to the foregoing, the parties should discuss and seek to agree on the interim measures to be put in place to facilitate business continuity during the period of the dispute resolution.

## 8. Interpretation

In circumstances where the terms of this Policy differ from newly enacted laws, regulations or standards governing the Company, the law, regulation or standard will take precedence over this policy, only to the extent of the inconsistency.

## 9. Related Documents

- a. The Board Charter
- b. Principles of Engagement
- c. Standards of Business Conduct
- d. Supplier Code of Conduct
- e. Memorandum and Articles of Association
- f. The Companies Act 2015

## 10. Review

It is the responsibility of management to ensure that this policy is reviewed every two years; updated and presented to Audit and Risk Committee for recommendation to the Board; and, where approved by the Board, published on the website of the Company.

### Policy Approval:

**This policy was reviewed and adopted by the Board of the Company on 3<sup>rd</sup> December 2020 for immediate implementation.**