

**BRITISH AMERICAN TOBACCO KENYA PLC**

**DIVIDEND POLICY STATEMENT**

**Introduction**

British American Tobacco Kenya plc (the “Company”) intends to pay dividends to its shareholders and will use the guidelines herein to determine and pay such dividend as is approved.

The policy shall accordingly be employed in determining any claim by any shareholder, individual or institution regarding the dividend payable by the Company, subject to any provisions in the Company’s Articles of Association.

**Definitions**

“**Dividend(s)**” refers to either an interim or final Dividend.

“**Share Registrar**” means a company specifically appointed by the Company to undertake share registrar and related services for the Company.

**Declaration and Payment of Dividends**

1. The dividend policy of the Company is to distribute to its shareholders surplus funds from its distributable profits and/or general reserves, as may be determined by the Board of Directors, subject to:
  - a) The recognition of profit and availability of cash for distribution;
  - b) Any banking or other funding requirements by which the Company is bound from time to time;
  - c) The operating and investment needs of the Company;
  - d) The anticipated future growth and earnings of the Company;
  - e) Provisions of the Company’s Articles of Association;
  - f) Emerging trends in Dividend payouts in the industry; and
  - g) Any relevant applicable laws.
2. The Company shall endeavor to maintain a dividend payout ratio of not less than 65% of net earnings, subject to the above considerations.
3. The Company may prior to declaration of any Dividend, transfer such percentage of its profit for that financial year as it may consider appropriate, to the reserves of the Company.
4. The Company’s Board of Directors shall be responsible for generating all proposed resolutions on the declaration and payment of dividends.
5. The Company will not declare any Dividends where the law prevents such payment and if there are reasonable grounds for believing that the Company is or would be, after a Dividend payment, unable to pay its liabilities or discharge its obligations as and when they become due.
6. The decision to declare and pay Dividends shall be approved at the shareholders Annual General Meeting (“AGM”), upon the recommendation of the Board of Directors. It shall be a separate agenda item at the AGM.
7. The Board of Directors may in its discretion declare an interim Dividend based on profits arrived at as per quarterly or half yearly unaudited financial results. Where no final dividend is declared, the interim Dividend shall be regarded as the final dividend in the AGM.

8. The list of persons entitled to receive Dividends at the closure date shall be prepared by the Share Registrar according to the Company's instructions and prevailing legislation. The time, place and procedure for payment of Dividends shall be publicly communicated to shareholders in advance of the register closure date and payment date.
9. Any unclaimed Dividends shall be dealt with in accordance with the Unclaimed Financial Assets Act 2011.
10. The Company shall continue paying declared Dividends for shares on which accrued dividends have not been received by any shareholder or which have not converted into unclaimed dividends and been remitted to the Unclaimed Financial Assets Authority.
11. No interest shall accrue on unclaimed Dividends held by the Company.

### **Policy Context**

This Dividend Policy Statement is formulated in accordance with the CMA Code of Corporate Governance for Issuers of Securities to the Public 2015, the Companies Act 2015, tax legislation, and internationally recognized best practices and principles.

### **Amendment**

This Policy Statement shall be effective from the date of execution and may be amended from time to time and approved by the Board of Directors of the Company.

### **Disclaimer**

The above Policy Statement does not represent a commitment on the future Dividends of the Company but represents a general guidance on the Dividend Policy.

### **Policy Approval**

This policy was approved by the Company's Board on 7<sup>th</sup> December 2018.

George Maina,  
Chairman, Board of Directors