



BOARD APPOINTMENT POLICY

Issued on 16 February 2023

1) INTRODUCTION

The CMA Code of Corporate Governance Practices for Issuers of Securities to the Public 2015 (the Code) requires the Board to publish procedures for nominations and appointment of new Board members.

2) PURPOSE OF THE POLICY

- a) The purpose of this policy is to provide the principles, criteria and procedures for the appointment to the board of directors (“the Board”) of British American Tobacco Kenya plc (“the Company”) and matters connected therewith.
- b) Promote board continuity and ensure that the board comprises of individuals who possess the necessary skills, qualities and experience to collectively contribute to effective board governance.

3) POLICY STATEMENT

In line with the Code, the Board shall be constituted of suitable individuals reflecting diversity in terms of skills, experience, gender and demographics and shall be unitary with executive and non-executive directors in order to execute its mandate to effectively control and manage the affairs of the Company.

4) APPLICABILITY

This policy shall apply to board of directors of British American Tobacco Kenya plc.

This policy shall exclude:

- a) The nomination and appointment of directors to entities for which BAT Kenya has the right to nominate and/or approve the appointment of directors.
- b) The nomination and appointment of executive management.

5) PRINCIPLES/CRITERIA TO BE OBSERVED

Candidates for appointment to the Board shall:

- 5.1 Have a reputation for integrity, honesty and service and adherence to high ethical standards;
- 5.2 Demonstrate business acumen, experience and ability to exercise sound judgement in matters that relate to the current and long-term objectives of the Company and should be willing and able to contribute positively to the decision-making process of the Company;
- 5.3 Have a commitment to understand the Company and its industry and to regularly attend and participate in meetings of the Board and its Committees as well as trainings organised by the Company;
- 5.4 Be able to engage meaningfully in Board deliberations and challenge when they have a serious concern;
- 5.5 Not have conflicts of interest that would impair their ability to represent the interests of all the Company’s shareholders and stakeholders and to fulfil the responsibilities of a director. A candidate shall immediately bring to the attention of the Board Chairperson or Company Secretary any actual or potential conflict of interest;

- 5.6 Not be discriminated against on the basis of race, religion, nationality, sex, sexual orientation, age, disability or any other basis prescribed by law. The value of diversity on the Board should be considered;
- 5.7 Not be disqualified to act as a director. The candidate shall therefore not fall into any of the following categories:
- a) Be a body corporate or juristic person
 - b) Not be an emancipated minor or under a similar legal disability or curatorship
 - c) Not be a person removed from an office of trust on grounds of misconduct
 - d) Not be a person convicted of fraud, theft, forgery, perjury or other offence involving dishonesty.

6) PROCEDURE

- 6.1 The Board shall delegate its authority to the Nominations and Governance Committee (“the Committee”) to periodically assess the skills required to competently discharge the Boards’ duties, having regard to the strategic direction of the Company;
- 6.2 The assessment of prospective directors shall also be done for the purposes of filling any casual vacancies on the Board;
- 6.3 A report on the outcome of that assessment shall be provided to the rest of the Board either by circulation or at the next Board meeting;
- 6.4 All Board members are required to assist with the identification and nomination of potential candidates;
- 6.5 The Committee shall, as and when it considers appropriate, but in any event on each occasion on which an existing director retires, assess the skills represented on the Board by the remaining non-executive directors and determine whether they meet the required skills identified, and if not determine how to rectify the situation;
- 6.6 The Committee, having regard to the skills required and the skills represented shall implement a process for the identification of suitable candidates for appointment to the Board of Directors;
- 6.7 In determining the process for the identification of suitable candidates, the Committee may procure an appropriately qualified independent third party acting on a brief prepared by the Committee, which identifies the skills sought and undertakes a search;
- 6.8 The Committee shall:
- a) screen the candidates;
 - b) ensure that the proper checks on the candidates are done to ensure that the candidates are not disqualified from acting as directors;
 - c) ensure that the candidates’ backgrounds have been investigated in compliance with the Listing Requirements of the Capital Markets Authority;
 - d) make recommendations on appointments to the Board having due regard to the issues of diversity and the appropriate balance of executive, non-executive and independent directors as prescribed by the Board’s Diversity Policy;
 - e) ensure that the candidate is free of any conflict of interest between duties that he/she will owe to the Company and his/her private interest;
 - f) categorise the capacity of directors as executive, non-executive and independent.
 - g) ensure that the candidate who will be appointed as an independent director passes all the independence tests as set out in the Code;
 - h) ensure that only candidates who have, in the judgement of the Chairman of the Board sufficient time to effectively fulfil the role of a Board member will be appointed as non-executive directors to the Board; and

- i) make recommendations to the Chairman of the Board on candidates it considers appropriate with a report confirming the above.

6.9 Once the Committee has considered candidate profiles, interviews by the Chairman of the Committee and members of the Committee shall be arranged.

6.10 Once the process is complete, the Committee shall recommend a candidate, whose details and resume shall be circulated to the Board for approval.

6.11 Once a candidate is appointed, a formal procedure is activated by the Company Secretary who ensures that:

- a) prior notification is made to the CMA and NSE and that an announcement is made in the daily newspapers and the publication is uploaded on the website of BAT Kenya;
- b) that appropriate returns are filed with the Companies Registry;
- c) Oversee that the director (s) receives a formal letter of appointment setting out his/her roles and responsibilities, time commitments required to serve on the board and/or committee(s) and other outside commitments.
- d) a robust induction programme commences for the new director;
- e) that the new director resigns and subjects him/herself to re-election at the next Annual General Meeting following the appointment in accordance with the Articles of Association.

7) **ALTERNATE DIRECTORS**

In accordance with the company's Articles of Association, a Board member may appoint an Alternate Director to be his/her alternate and act in his/her place at any meetings of the Board at which the Director is unable to attend. Such Alternate Director shall be an individual vetted by the Nominations & Governance Committee and approved by the Board and shall discharge the obligations placed upon the appointing Director. Alternate Directors shall not be appointed as members of the Audit & Risk Committee.

The alternate director may not hold act as alternate director for more than one substantive Director.

8) **BOARD TENURE**

- a) On appointment, Non-executive Directors shall serve for an initial term of 2 years and are eligible for reappointment.
- b) Independent Board members will be appointed for a cumulative term not exceeding nine (9) years or such other terms as may be prescribed by the governing laws and procedures. If they are to serve for a period exceeding nine (9) years of a continuous period, the director will be re-designated to be a non-executive director.

9) **RE-APPOINTMENT OF A DIRECTOR**

The Nominations & Governance Committee will recommend the renewal of a Board member's tenure subject to consideration of their knowledge and skills, experience as relevant to the Board, tenure on the Board, diversity the member brings, attendance record and an acceptable performance evaluation as determined during the annual Board evaluation.

10) **REMOVAL OF A DIRECTOR**

The Company may remove any Director from office if:

- a) The period of the Director's appointment ends and is not extended for a further term on recommendation by the Nominations and Governance Committee to the Board; or
- b) If the Director retires in accordance with the Articles of Association and the Board upon recommendation by the Nominations and Governance Committee requests the Director not to offer himself/herself up for re-election; or
- c) If the Director is not re-elected at an Annual General Meeting of the Company at which he/she has retired and offered him/herself for re-election in accordance with the Articles of Association; or
- d) If the Director is required to vacate office for any reason pursuant to the provisions of the Articles of Association; or
- e) If the Director is removed from office or otherwise required to vacate office under provisions of any applicable law.
- f) If the Director submits his/her letter of resignation to the Chairman of the Board or the Company secretary.

Any Director who is removed from office for any reason continues to be subject to the duty to avoid conflicts of interest or the exploitation of any property, information or opportunity that he/she became aware of while a Director of the Company; and, not to accept benefits from third parties on things done or omitted to be done before ceasing to be a Director of the Company.

11) REVIEW

This policy shall be reviewed once every two (2) years by the Committee which shall recommend any proposed changes to the Board for approval.

12) RELATED POLICIES AND PROCEDURES

- a) Memorandum and Articles of Association
- b) Board Charter
- c) Capital Markets Authority Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015
- d) Board Diversity Policy
- e) Any other relevant policy from time to time

Policy Approval:

This policy was reviewed and approved by the Nominations and Governance Committee on 31 January 2023.

This policy was approved and adopted by the Board on 16 February 2023.