



BRITISH AMERICAN TOBACCO KENYA LIMITED

MINUTES OF THE 70TH ANNUAL GENERAL MEETING OF THE COMPANY HELD ELECTRONICALLY AT BAT KENYA OFFICES, LIKONI ROAD, NAIROBI ON TUESDAY 24TH MAY 2022 AT 9:00 A.M.

Present:

Ms. Rita Kavashe	-	Chairperson
Mr. Crispin Achola	-	Managing Director
Mr. Philemon Kipkemoi	-	Finance Director

Attending virtually

Ms. Carol Musyoka	-	Non-Executive Director
Mr. Peter Mwangi	-	Non-Executive Director
Dr. Macharia Irungu	-	Non-Executive Director
Mr. Samuel Onyango	-	Non-Executive Director
Ms. Marion Gathoga-Mwangi	-	Non-Executive Director
Mr. Andre Joubert	-	Non-Executive Director

Absent with apology

Dr. Martin Oduor-Otieno	-	Non-Executive Director
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In Attendance:

Ms. Kathryne Maundu	-	Company Secretary
Mr. Jacob Gathecha	-	Audit Partner, KPMG Kenya
Ms. Vickie Cherotich	-	Image Registrars Limited, the Share Registrar
Mr. Pius Nduatih	-	Dorion Associates LLP, Governance Auditors
Mr. Noahfred Ngoche	-	PricewaterhouseCoopers, Vote verifier
Ms. Mary Mwai	-	PricewaterhouseCoopers, Vote verifier

Shareholders who registered to attend the AGM: 794 (61.46% of shareholders).

1. CHAIRPERSON'S REMARKS TO THE SHAREHOLDERS

The Chairperson welcomed Shareholders to the 70th Annual General Meeting and proceeded to introduce the members of the Board, key partners, and the Leadership Team. She informed the shareholders that this was her second Annual General Meeting as the Chairperson of the Company having been appointed as an Independent Non-Executive Director in July 2020 and Chairperson of the Board in September 2020.

2. KEY HIGHLIGHTS FROM MANAGING DIRECTOR'S PRESENTATION

Mr. Crispin Achola, the Managing Director, took shareholders through the Company's performance and future expectations under the following headings: BAT Evolved Corporate Strategy, 2021 performance highlights and 2022 focus areas.

BAT Evolved Corporate Strategy

Mr. Crispin Achola, informed shareholders that the purpose of BAT Group was to build 'A Better Tomorrow' for its stakeholders by stimulating the senses of the new adult generations. This would be delivered through inspirational foresights, remarkable innovation, powerful brands, connected organizations and an energized workforce which will be achieved through people and partnerships.

He also informed the shareholders that the ethos of the Company would contribute immensely towards the realization of its mission. To this end he explained that the organization must be bold, fast, empowered, diverse and responsible in delivery on all its activities in a timely manner.



On ESG, Mr. Achola, informed the shareholders that ESG was at the heart of the organization, and it has been anchored on the health agenda which was part of the 'A Better Tomorrow' strategy. He covered the ESG strategy under three pillars: the environmental perspective, the social perspective, and the governance perspective. Under the environmental perspective, he listed a four-pronged approach that would focus on climate change, water and waste management, sustainable agriculture, and a circular economy. On the social perspective, the four areas of focus highlighted included: human rights, farmer livelihoods, health and safety and people and culture. On the governance perspective, the focus areas outlined included: adherence to business ethics, responsible marketing and contribution to regulation and adherence to policy.

Mr. Achola then proceeded to highlight the achievements of the Company under the ESG pillars. On the environment pillar, the highlighted achievements included: -

- Afforestation program -Mr. Achola informed the shareholders that the organization had planted over 54 million trees since 1978 and the target since 2014, was to plant 2 million trees annually.
- Renewable Energy -The focus of the organization on solar energy had seen the completion of the Phase 1 installation in 2021 which led to the supply of 300 kW which in turn led to the reduction of 80 tons of Carbon dioxide emissions. Phase 2 commenced in 2022 and would be completed in the third quarter of the year; this would lead to an additional supply of 1.2 Mw which would reduce 240 tons of carbon dioxide emissions.
- Sustainable Agriculture - The organization had been encouraging farmers to practise crop diversification.
- Water stewardship - The organization had recycled water by 40% and reduced its water consumption by 5%.
- Circular economy-The organization had ensured that there was no waste to landfill by ensuring everything was either repurposed or recycled.
- Energy Management- The organization was working on energy management for example through the installation of a new high efficiency boiler. The organization also managed to reduce 402 tons of carbon dioxide emissions in 2021.

Highlighted achievements under the social and governance pillar included: -

- Representation of women at BAT Kenya- Representation of women in BAT Kenya was currently at approximately 43%.
- Provision of clean water which had impacted at least 1900 families in Migori and Busia.
- 100% of employees had signed the internal standards of business conduct and there had been no injuries to the workers in the last two years.
- Growth on dividend pay out to shareholders by 19% in 2021 compared to 2020 dividend pay-out.
- More than 80,000 relationships were made with trade and business partners through engagement with stakeholders.

2021 Review

Mr. Achola took the shareholders through the 2021 operating environment with the following highlights: -

- Economic Recovery: improvement of the economic environment was noted in 2021 compared to 2020. The gross domestic product grew by 6% in 2021. However, consumer challenges relating to inflation and low employment rates persisted. The consumer base had been affected by a surge on illicit trade with third party research indicating that the rate currently stood at 22%.
- Performance summary: Mr Achola explained that the gross revenue in 2021 grew by 3% to KSh. 40 bn. Revenue paid to the government increased by 13% making the annual contribution to the Government to be KSh. 18 bn. Profits of the Company after tax in 2021 grew by 18% translating to KSh. 6.5 bn. Growth in dividend pay-out increased by 19% translating to KSh. 53.50 per share.



Mr. Achola highlighted the following internal milestones which the Company had recently achieved:-

- The launch of Women in BAT Kenya chapter which was a women's empowerment network affiliated to Women in BAT. The move was geared towards acceleration of women representation to 50% by 2025.
- Networking with the Kenya Business and Disability Network in promoting the representation of people with disabilities in BAT to 5% by 2025.
- Unveiling of the KIJANI logo which would be the emblem of the afforestation program through which the organization had already planted 55m trees since 1978 with a target to plant 2m trees, annually.

Mr. Achola also highlighted the awards that the Company received in 2021 under the external recognition category. These awards included the following:-

- Top Employer 2021 awards- BAT was rated as one of the best employers in Kenya, Africa and globally.
- Alliance for water stewardship awards- The Green Leaf Threshing Plant in Thika was certified for the implementation of good governance water initiatives to drive sustainable water use by implementing the Alliance for water stewardship standards within the operations of the organization. This was a first achievement in Kenya.
- Kenya Association of Manufacturers Energy Management awards- The Nairobi factory was rated first in terms of the energy efficiency while the Thika factor was rated second.
- CIO 100 East Africa Awards 2021- The Information Digital Technology department of the organization was named the overall winner in this category.
- Financial Reporting Award- The organization was named as the overall winner in the governance category and runners up in the Environmental and Sectoral Reporting Category among listed companies.

2022 Focus Areas

In closing, Mr. Achola informed shareholders of the priority areas for 2022 which included: portfolio innovation and equity building; re-build of the modern oral nicotine pouch under the brand name VELO; regaining volume from illicit trade and investing in talent acquisition.

3. NOTICE OF THE MEETING

The Notice of the meeting was read by the Secretary after confirmation of a quorum.

4. REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

The Report of the Directors and the Financial Statements for the year ended 31 December 2021 were received and considered by shareholders. The Chairperson gave a broad overview of the Company's performance as per her Statement.

Independent Auditor's Report

Mr. Jacob Gathecha of KPMG Kenya was invited to read the Auditors' Report to the shareholders. He confirmed that KPMG Kenya audited the financial statements of the Company and its subsidiaries. In KPMG's opinion, the financial statements gave a true and fair view of the consolidated and Company financial position as at 31 December 2021, and its consolidated financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Kenyan Companies Act, 2015.

With respect to other legal and regulatory requirements, Mr. Gathecha confirmed that in KPMG's opinion, the information given in the Report of the Directors was consistent with the financial statements and the auditable part of the Directors' Remuneration Report was properly prepared in accordance with the Kenyan Companies Act, 2015. In view of the above, KPMG issued an unqualified audit opinion.



Governance Auditor's Report

Mr. Pius Nduatih of Dorion Associates was invited to read the Auditors' Report to the shareholders. He confirmed that Dorion Associates audited the Company in accordance with the Institute of Certified Secretaries' Governance Audit Standards and Guidelines, which conformed to global standards. In the opinion of the governance auditor, the Board had put in place a governance framework that was in compliance with the legal and regulatory corporate governance requirements.

2021 Directors' Report and Financial Statements

The Chairperson invited questions from shareholders on the Financial Statements to which she, the Managing Director and the Finance Director responded to. The Board Chairperson then closed the Q&A session and proceeded to seek Shareholder's proposals to approve and adopt the Financial Statements for the year ended 31st December 2021.

Mr. Geoffrey Bethuel Maoga, a shareholder, proposed the Resolution:

THAT the Report of the Directors and the Financial Statements for the year ended 31 December 2021, as audited and reported by the Company's Auditors, now submitted to this meeting, be and are hereby approved and adopted.

Ms. Linah Ngumba Waitherero, a shareholder, seconded the Resolution which was put to the meeting for voting.

5. DECLARATION OF A FINAL DIVIDEND

Mr. Charles Kyema Kaunda, a shareholder, proposed the Resolution:

THAT the interim dividend of KSh. 3.50 per ordinary share paid on 16th September 2021 be and is hereby confirmed and that the final dividend of KSh. 50/- per ordinary share payable, net of Withholding Tax, to be paid on 24th May 2022 to Shareholders on the Register at the close of business on 22nd April 2022 be and is hereby approved.

Mr. Geoffrey Bethuel Maoga, a shareholder, seconded the Resolution which was put to the meeting for voting.

6. ELECTION OF DIRECTORS

It was noted that Samuel Onyango, Dr. Macharia Irungu and Marion Gathoga-Mwangi who retired by rotation in accordance with Article 102 of the Articles of Association and being eligible, offered themselves for re-election. The Company Secretary informed the shareholders that:

Mr. Gilbert Oduor Omondi had proposed and Ms. Sally Jepkorir Kibor had seconded the motion to re-elect Mr. Samuel Onyango as a Director of the Company. This was put to the meeting for voting.

Mr. Samuel Kamotho Mwangi had proposed and Mr. John Gichuri Kuria had seconded the motion to re-elect Dr. Macharia Irungu as a Director of the Company. The motion was put to the meeting for voting.

Ms. Ruth Wangui Gatoto had proposed and Mr. Peter Mutune Kasia had seconded the motion to re-elect Ms. Marion Gathoga-Mwangi as a Director of the Company. The motion was put to the meeting for voting.



7. RE-ELECTION OF MEMBERS OF THE BOARD AUDIT & RISK COMMITTEE

The Chairperson informed the shareholders that as per the requirements of the Companies Act, 2015, the members of the Board Audit & Risk Committee were required to be re-elected at each Annual General Meeting.

Mr. Charles Charagu Irubu and Ms. Shalin Wanjiku Njeri proposed the resolution and Mr. Stephen Kimani Irungu seconded the resolution:

THAT pursuant to the provisions of Section 769 of the Companies Act 2015, Dr. Martin Oduor-Otieno, Samuel Onyango, Carol Musyoka and Marion Gathoga-Mwangi be and are hereby elected to continue to serve as members of the Board Audit & Risk Committee.

The motion was put to the meeting to vote.

8. DIRECTORS REMUNERATION AND DIRECTORS' REMUNERATION REPORT

Mr. Chiboli Induli Shakaba proposed and Ms. Hannah Wairimu Thuku, seconded the following resolution: -

THAT the remuneration of the Director's and the Directors' Remuneration Report for the year ended 31 December 2021 be and are hereby approved.

The resolution was put to the meeting for voting.

9. RE-APPOINTMENT AND REMUNERATION OF AUDITORS

Mr. Robert Abacuck Obudho, proposed and Mr. Joseph Mbwiria Mute Gitumah, seconded the following resolution: -

THAT in accordance with Section 721(2) of the Companies Act 2015, KPMG Kenya be re-appointed as External Auditor of the Company for the year ending 31 December 2022 and that the Directors be and are hereby authorized to fix their remuneration.

The resolution was put to the meeting for voting.

10. VOTING RESULTS

The Chairperson requested shareholders for a 5-minute recess to facilitate the tallying of the votes on each resolution which had been tabled to the meeting. Post this, the results on each resolution were displayed and the Company secretary confirmed that all the resolutions had been passed by majority vote. Shareholders were informed that the detailed results would be published on the Company's website within 24 hours of close of meeting.

11. END OF PROCEEDINGS

There being no other business, the Chairperson declared the business of the 70th Annual General Meeting as concluded. She thanked all the shareholders for attending the meeting.

Confirmed: _____
Chairperson 

Date: 19/07/2022.