



EAST AFRICAN BREWERIES LIMITED ('EABL')

CONFLICT AND DISPUTE RESOLUTION POLICY

Policy on Conflict and Dispute Resolution
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1.0. Introduction and purpose

EABL is committed to promoting a dispute resolution system and a conflict resolution environment that will minimize conflicts or differences in the context of any agreements and transactions, including but not limited to contracts or arrangements, entered into by EABL and any of the subsidiary companies. EABL will encourage and promote, to the fullest extent possible, the adoption and use of amicable dispute resolution options and processes while avoiding or discouraging recourse to litigation in the settlement of any disputes.

2.0. Scope

- 2.1. This Conflict and Dispute Resolution Policy (**the CDR Policy**) aims to establish procedures and provide a structured approach to managing and resolving disputes or conflicts. The policy specifies dispute resolution principles and guidelines.
- 2.2. The CDR Policy applies to both disputes that can be determined by way of alternative dispute resolution (ADR) as well as formal litigation.
- 2.3. The CDR Policy is intended to supplement but not replace any applicable laws governing resolution of conflicts and disputes applicable to publicly listed companies.
- 2.4. The CDR Policy applies to both potential and actual disputes that may arise in the course of business but does not include the resolution of employment conflicts which are governed by existing relevant policies.

3.0. Definitions

The following are some of the alternative dispute resolution processes and tools considered useful by the CDR Policy.

- a) **Adjudication** - adjudication includes any of the forms of dispute resolution in which the parties to the dispute present evidence and arguments to a neutral third party who has the power to deliver a binding decision, generally based on objective standards. The term incorporates arbitration and litigation.
- b) **Arbitration** - arbitration includes any of the forms of dispute resolution involving a mutually acceptable, neutral third party making a decision on the merits of the case, after an informal hearing which usually includes the presentation of evidence and oral argument. The process has four main variations, that is, binding or non-binding, voluntary or compulsory, private and consensual or court-mandated and either one arbitrator or by a panel.
- c) **Conciliation** - conciliation is an informal process in which a neutral third party is positioned between the parties to create a channel for communications, usually by conveying messages between parties where it is preferable that they do not meet face-to-face, to identify common ground and to eventually re-establish direct communications between the parties, and possibly achieve settlement.
- d) **Expert determination**-expert determination is a dispute resolution process in which an independent expert in the subject matter of the dispute is appointed by the parties to resolve the matter. The expert's decision is - by prior agreement of the parties - legally binding on the parties. Expert determination is ideally suited to disputes and matters which are primarily dependent on technical issues.
- e) **Facilitation** - the object of facilitation is to help a group improve its process for solving problems and making decisions so that it can achieve its goals and increase its overall effectiveness. Although dealing with conflict can be a significant part of facilitation, it is not always the primary

focus. In addition, developmental facilitation seeks to help the group permanently improve its process for solving problems. By transferring the skills of the facilitator to the group, the group becomes less dependent on the facilitator.

f) **Limitation period**- a period within which an action can be instituted. Any action brought after the lapse of this period is considered time barred. For Contracts the limitation period is six (6) years, for Tort the limitation period is three (3) years save for defamation which must be brought within one (1) year, for Employment matters the limitation period is three (3) years and for land matters the limitation period is twelve (12) years.

g) **Mediation** - mediation is a voluntary process in which the disputing parties, with the involvement of a neutral third party (the 'Mediator'), endeavour to reach an agreement. The Mediator has no decision making power and informally assists the parties to reach their own mutually acceptable settlement of disputed issues, maintain the channels of communication, articulate the interests of each party, and, if appropriate, may advise or make recommendations on disputed issues. The mediator generally meets separately with each party, taking information in confidence. All information disclosed in the course of mediation is to remain confidential. Mediation emphasizes self-resolution of conflict and may involve more than one mediator.

h) **Mediation agreement** – a written agreement arising from a mediation setting out the terms of settlement reached between the parties in dispute. It is not legally binding but is made in good faith and signed by all of the parties to the Mediation. It is confidential except where the terms of the agreement expressly permit disclosure of part or all of its contents.

i) **Negotiation** - negotiation is any form of communication, direct or indirect, whereby parties who have opposing interests discuss, without resort to a third party, the form of any joint action which they might take to manage and ultimately resolve the dispute between them. The parties compromise towards an agreed resolution of the dispute.

4.0. Principles

The CDR Policy promotes the following principles in the resolution of disputes:

- Engagement

Resolution settlements ought to be robust, voluntary, fair and equitable to parties concerned.

- Efficiency

Dispute resolution options will be appropriate to the dispute, cost-effective and minimize delay in reaching a resolution.

- Enforceability

Be made in good faith and honored by the parties. Resolutions will be in writing and signed by the parties who shall be duly authorized for the said purpose.

- Confidentiality

Promote confidentiality of information exchanged, obtained, used or disclosed for the purpose of resolving a dispute.

- Flexibility

Dispute resolution options should be flexible in terms of procedure, choice of law, venue etc.

5.0. Dispute resolution system

The CDR Policy adopts a five (5)-step process for the resolution of commercial disputes. The process may vary depending on the nature or circumstances of the dispute.

Step 1: Prevention

i. Conflict avoidance

Open consultation between the parties can help prevent the onset of disputes. Meetings should allow affected parties to explain details, express points of view, confine issues and resolve differences in an atmosphere conducive to conciliation or negotiation.

Early consultation of EABL'S strategic objection and operational with stakeholders may help avoid parties becoming locked into inflexible positions of conflict and prevent their developing into full-scale disputes.

ii. Contract clauses

Mandatory inclusion and incorporation of ADR options and provisions in contracts entered into by EABL. This will ensure the use of such options and assist in determining whether ADR is appropriate for specific disputes.

A legal counsel must be involved in the review and drafting of all contracts where appropriate.

Step 2: Negotiation

This involves parties' compromising towards an agreed resolution of the dispute.

Step 3: Third Party Assistance

Options include either:

- i. Mediation; or
- ii. conciliation.

Step 4: Third Party Decision

Options include either:

- i. Arbitration;
- ii. expert determination; or
- iii. adjudication.

Step 5: Litigation

All litigation must be referred to Legal Counsel when service has been made on EABL or initiated by EABL's Legal Counsel.

6.0 Legal Management

- 6.1 The Legal Department shall have the primary responsibility to protect EABL from unnecessary litigation to the best of its ability. Subject to the assent of the other party, it shall incorporate ADR clauses in contracts. In monitoring the EABL's legal obligations and rights, it shall review information and cases for possible use of ADR processes at the

- earliest stage of a conflict as possible and to find appropriate neutrals for the resolution of conflict.
- 6.2 It shall be the responsibility of every person within EABL to monitor any areas of risk or exposure to the business. This will include, but shall not be limited to, the reporting, at the earliest and to the respective line manager, instances where there is reasonable belief that there is a potential conflict. This will enable EABL to take all reasonable steps to ameliorate the situation in good time.

7.0 Litigation

EABL recognizes that there are disputes that may not be determined by way of alternative dispute resolution but will proceed to litigation. Below is the manner that litigation shall be handled by all departments within EABL.

Responsibilities

- 7.1 Department heads should advise their staff to ensure that all legal threats (as defined in the Schedule below) to EABL received by them are brought to the immediate attention, and in any within a reasonable time but in any event not later than twenty four (24) hours, of the Legal Department and further that only the Legal Department is authorized to receive and accept court summons and bonds.
- 7.2 Department heads should be acquainted with the time limitations of various matters that have arisen and monitor the same through a tracker as a means to protect EABL from unnecessary losses due to the limitation period.
- 7.3 All departments are to ensure that they retain sufficient information regarding any potential conflict or dispute within their area of business that is, filing and retention of original contracts, correspondence, emails, receipts etc archived or stored according to the business unit's document retention policy. The heads of the relevant department should preserve evidence, provide witnesses/replacement witnesses and provide supporting evidence when a dispute arises.
- 7.4 The fees associated with a Department's dispute resolution will be drawn from its budget. The finance Department and the Legal provide support in assessing the costs and likely quantum of any claim, damage or loss.
- 7.5 Department heads must ensure that all information relating to the business is saved in the respective departmental shared folders that can be accessed whether or not the staff members dealing with the same is within EABL employment or not. This information must also be backed up to ensure that the same is available in the event of a matter turning litigious.
- 7.6 In the event that a suit is actually filed by or against EABL or any of the subsidiary companies, the department concerned should be in a position to provide all pertinent information and relevant statements from concerned staff members as soon as reasonably practicable and in any event within Three (3) working days upon request by the Legal Department.
- 7.7 Where the attendance of a staff member is required for any hearing or pre-trial conference or preparation in relation to a suit, the respective HODs will ensure that person's attendance and take necessary action to ensure that such attendance is not compromised without good reason communicated in writing to the Legal Department.

7.8 Where the attendance of a staff member is required to attend any form of judicial proceeding, the staff member shall notify his/her manager in good time of his/her intended absence and make application for monies to cover his disbursements in respect of travel.

7.9 Conduct of a staff member that leads to potential loss for the business by way of damages in a suit, be they through premature settlement of the suit or damages awarded against the business upon determination of a suit, shall be paid out of that staff member's department cost centre.

8.0 Escalation and decision tree matrix

8.1 Any party is entitled to escalate a dispute or a conflict ideally starting the Functional Line Manager, Head of Function, Head of Department, then General Manager/Country Managing Director.

8.2 Escalation and decision tree matrix must be agreed upon at the commencement of a dispute resolution process.

9.0 Timelines for decision making

When a conflict or a dispute arises, the parties will ensure that from the start of any initial discussions and any subsequent engagements, timelines are agreed upon and parties will try to use their best endeavours to keep to those timelines. Where timelines have not been met, the party requiring more time will notify the other(s) in reasonable time to allow for parties to agree on the "Way Forward" or whether to Escalate.

10.0 Way forward / continued engagement

Parties will discuss and agree on the way in which any interim arrangements will be dealt with during the period while a conflict or a dispute is being resolved (including continued engagement, suspension of a contract, alternative arrangements, variation of agreement, etc.). In the absence of agreeing to any such arrangement, the terms of the underlying contractual or other legal obligations will continue.

11.0 Governance & Reporting

The Board will monitor and report on the quantum of disputes raised and resolved and the EABL Group Legal Director will present a quarterly report highlighting the key material (KES. 50m above) claims and disputes to the EABL Board Assurance and Risk Committee meetings

12.0 Litigation management

12.1 Legal threats through legal notices sent by lawyers or other persons acting on behalf of the external party or any court summons received by EABL or any of the subsidiary companies should be brought to the immediate attention of the Legal Department and in any event within Twenty Four (24) hours of receipt.

12.2 The Legal Department will immediately upon receipt of court summons or legal notices, advise the management on the level of risk posed to EABL by the suit together with a brief of the next steps required to secure the EABL's position.

12.3 The Legal Department will within a reasonable period of time and in consultation with the Legal Director instruct external counsel to enter an appearance on EABL's behalf and

commence immediate preparation of a robust defense or where advised by external counsel, determine and liaise with external counsel to negotiate a suitable settlement.

12.4 The Legal Department will ensure that the management are up to date with the status (to be provided on a biannual basis by the respective firm of Advocates) of any suits or disputes that relate to the business functions and this will include timely notification of mentions and hearing dates, interlocutory applications, judgments etc.

12.5 The Legal Department may, where appropriate recommend alternative dispute resolution methods such as negotiations, mediation and arbitration, to the business and facilitate the conduct of the same.

N.B. If you have any questions regarding the CDR policy please contact the Group Legal Director or any of the following:

- a. the Legal Director KBL;
- b. the Legal Director SBL;
- c. the Legal Director UBL; or
- d. the Legal Manager EAML.

SCHEDULE- LEGAL THREATS

The following constitute legal threats to the business. This list is not exhaustive and in the event of receipt of any ambiguous or unclear notices, all matters of concern should be referred to the Legal Department:

- a) demands or notices of whichever nature from regulatory authorities for example the Competition Authority, the Bureau of Standards;
- b) demands or notices from the tax authority;
- c) demands or notices from the local authority;
- d) requests for regulatory audits;
- e) any letters with a demand to pay any sum of money or take any action within a specified period of time; and
- f) any Court papers.