

Dividend Distribution Policy

1. Introduction

The Dividend Distribution Policy is prepared and adopted in compliance with the provisions of the Directive No. BSEC/CMRRCD/2021-386/03 dated 14 January, 2021 of the Bangladesh Securities and Exchange Commission (BSEC) regarding declaration of dividend, pay off, disbursement and compliance. In compliance with the said requirements, the Board of Directors of Sonali Paper & Board Mills Limited has approved the policy as stated below. The Board may review and amend this policy from time to time.

2. Objectives

The objectives of the Policy are to provide guidance to stakeholders on the dividend distribution framework adopted by the Company. The Board of Directors of the Company shall consider this policy when resolving on dividends, always in compliance with the provisions of the Companies Act, 1994, Notifications issued by the BSEC and other applicable legal provisions.

3. Basic Principle

- ❖ The Company's strategy is to pay dividend linked to long term growth objective of the Company.
- ❖ The Company is committed to enhance total shareholder return and aims to balance cash return to shareholders with the cash required for investment for sustainable income and growth. The Company also aims to build up a track record of being a consistent and sustainable dividend payment.
- ❖ The Board shall recommend interim/final cash and or stock dividend to the shareholders, which shall be subject to the approval of the shareholders at Annual General Meeting of the Company.
- ❖ The Board may consider not declaring dividend or may recommend a lower payout for a given financial year, after analyzing the prospective opportunities and threats or in the event of challenging circumstances such as financial constraint.
- ❖ The Company is presently meeting its operating expenses and dividend payments from the income generated from sale of different grades of papers and other income.
- ❖ In the event of a conflict between the Policy and the existing statutory regulations, the statutory regulations will prevail.

4. Parameters for declaration of dividend

- ❖ The declaration of dividend depends on consideration of several factors (financial or otherwise in nature and influenced by internal and external economic/business environment) such as:
 - a) Availability of Cash balances,
 - b) Overall financial position of the Company,
 - c) Present and future profitability and growth outlook,
 - d) Present and future cash flows from operations,
 - e) Any other factor(s) that the shareholders and the board of directors may deem relevant.

5. Disclaimer

This Policy shall not be construed as a solicitation for investments in the Company's securities/shares and shall neither act as an assurance of guaranteed returns (in any form), on investments in the Company's securities.

6. Disclosures

This policy will be disclosed on the Company's website and in the Annual Report of the Company.