

# Our Standards of Business Conduct 2020



# Find everything you need to know

## In this document:

'Group' means British American Tobacco p.l.c. and all of its subsidiaries, including RAI and its subsidiaries

'Group company' means any company in the British American Tobacco Group

'RAI' means Reynolds American Inc.

'RAI company' means RAI and any direct or indirect subsidiary of RAI

'Standards' and 'SoBC' can mean the Group Standards set out in this document and/or Standards adopted locally by a Group company

'employees' includes, where the context admits, directors, officers and permanent employees of Group companies

references to 'laws' includes all applicable national and supra-national law and regulations

'LEX' means Legal and External Affairs



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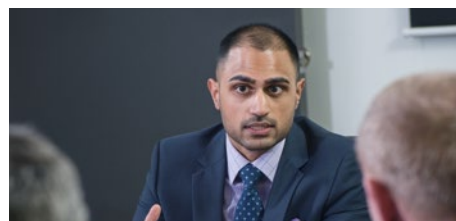
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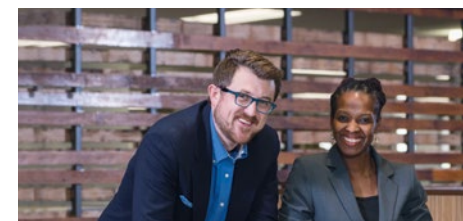
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Scan to download our SoBC app.





# Message from Jack Bowles

The diversity of our people is a strength that has contributed to our success for over one hundred years. Our varied perspectives and different approaches to business challenges are a source of the innovative ideas fuelling our transformative journey.

However, even in a diverse organisation such as ours, it is essential to our continued success that all of us are working to a consistent set of rules and standards of behaviour. We articulate these in our Standards of Business Conduct (SoBC).

## What BAT expects from you

We have the right strategy, foundations and vision to transform tobacco. How we each execute this strategy is of equal importance to what we deliver. Our SoBC is mandatory, and it is critical that each and every one of us complies, in letter and spirit, no matter where we work in the BAT world.

Our SoBC policies cover key areas including personal and business integrity, respect in the workplace, human rights and financial integrity. In addition, given our expertise, I firmly believe that BAT has a legitimate and essential contribution to make to the regulatory debate. The introduction of our Principles for Engagement in a new Lobbying and Engagement Policy of our SoBC articulates how we contribute to this debate: with transparency, openness and integrity.

Every situation is different, and our SoBC cannot provide the answers to every dilemma or challenge. If you can't find the answers you are looking for in our SoBC, or if you are not clear how to apply our SoBC to a particular situation, I encourage you to discuss it with your colleagues, and seek help and advice from your manager, your LEX Counsel or an appropriate senior manager.

## What you can expect from BAT

BAT will always support you to Deliver with Integrity when you face an ethical dilemma. If you suspect wrongdoing in our business, please report it to your manager, your LEX Counsel, a Designated Officer, or use our confidential Speak Up hotline.

BAT takes allegations of breach of our SoBC very seriously, and I offer my personal assurance that all concerns raised will be treated in strict confidence. No one will face reprisals for speaking up.

I am committed to leading a company that prioritises Delivery with Integrity in everything we do, so that we can all take pride as we continue to deliver great results on our journey to transform tobacco.

Please make sure you read our SoBC.

**Jack Bowles,**  
**Chief Executive**  
January 2020

# Message from Ricardo Oberlander

Employees of RAI and its subsidiaries have long been committed to behaving ethically and doing the right thing. At its core, that is what the Standards of Business Conduct (SoBC) requires us to do. Each of us has an obligation to always act in an ethical, lawful and responsible manner. Our reputation is built on what we do and how we do it every day.

Compliance with these Standards is required of every employee. The SoBC provides guidance on many key issues and situations you may face and who to talk to regarding questions on a specific Standard. Breaches of the SoBC are taken seriously.

We must live up to both the letter and spirit of these Standards in all that we do. I thank you for your personal commitment to our high ethical standards and for your contributions to the responsible growth of our businesses.

**Ricardo Oberlander**

**RAI Chief Executive**

January 2020





# The way we work

**Our Standards of Business Conduct are a set of global policies of British American Tobacco, expressing the high standards of integrity we are committed to upholding.**

## Local versions of the SoBC

Each operating company in the Group must adopt the SoBC, or its own standards reflecting them. If a Group company wishes to implement its own version of the SoBC it must be at least as stringent as this SoBC or receive prior notification from the Group LEX Leadership Team. If the SoBC conflicts with local laws, then the laws take precedence.

## SoBC priority

In the event of a conflict or inconsistency between the SoBC (or local version, if applicable) and any other document issued by a Group company (including employment contracts), the terms of the SoBC (or local version, if applicable) will prevail.

## Commitment to integrity

**We must comply with the SoBC (or local equivalent) and all laws and regulations which apply to Group companies, our business, and to ourselves. We must always act with high standards of integrity.**

Our actions must always be lawful. Having integrity goes further. It means that our actions, behaviour, and how we do business must be responsible, honest, sincere, and trustworthy.

**We are all expected to know, understand and follow the SoBC or local equivalent.**

The SoBC applies to all employees of BAT, its subsidiaries and joint ventures which BAT controls. If you are a contractor, secondee, trainee, agent or consultant working with us, we ask that you act consistently with the SoBC and apply similar standards within your own organisation. The SoBC is complemented by the BAT Supplier Code of Conduct which defines the minimum standards we expect our suppliers to adhere to.

## A legacy of leaders

**Creating a legacy of leaders is a key component of our strategy. When we manage others, we must lead by example, showing by our own behaviour what it means to act with integrity and in line with behaviours expected under the SoBC.**

## The Role of Line Managers

Our SoBC, policies and procedures apply to everyone, whatever their role or seniority. Managers are key role models of the SoBC. If you manage people, you must ensure that all your reports read the SoBC and receive the guidance, resources and training they need to understand what is expected of them.

## Line managers are expected to:

know BAT's values and stand up for what is right

coach your team to ensure they know how to 'Deliver with Integrity' and recognise consistent behaviours

role model respect in the workplace

foster an environment in which concerns are freely raised without fear of retaliation

raise concerns when appropriate to do so

## No exception or compromise

**No line manager has authority to order or approve any action contrary to the SoBC, or against the law. In no circumstances will we allow our standards to be compromised for the sake of results. How you deliver is as important as what you deliver.**

If a manager orders you to do something in breach of the SoBC or the law, raise this with higher management, your local LEX Counsel, or a 'Designated Officer'. You can also report the matter through our confidential Speak Up hotline if you do not feel able to speak to someone internally.

## Our own ethical judgement

**The SoBC cannot cover every situation we may encounter at work. Above all, we must choose what we truly believe to be the right course of action and if this is unclear ask yourself:**

is it legal?

is it consistent with our internal rules and guidance that may apply to the situation?

does it feel right?

would I be comfortable explaining my conduct to the company board, my family and friends, or the media?

who does my conduct affect and would they consider it fair to them?

If the answer to any of these questions is 'no' or you are 'not sure' then don't proceed and discuss the issue with your line manager, higher management your local LEX Counsel or contact the Head of Compliance at sobc@bat.com

## Duty to report a breach

**We have a duty to report any suspected wrongdoing in breach of the SoBC or the law. We should also report any such conduct by third parties working with the Group.**

Be assured that BAT will not tolerate any retaliation against people who raise concerns or report suspected breaches of the SoBC or unlawful conduct.

## Consequences for breach

**Disciplinary action will be taken for conduct that breaches the SoBC or is illegal, including termination of employment for particularly serious breaches.**

Breaches of the SoBC, or the law, can have severe consequences for the Group and those involved. If conduct may have been criminal, it might be referred to the authorities for investigation and could result in prosecution.

## Annual confirmation

**Every year, all of our people and business entities must formally confirm that they have complied with the SoBC.**

As individuals, we do so in our annual SoBC sign-off, in which we re-affirm our commitment and adherence to the SoBC and declare or re-declare any personal conflicts of interest for the sake of transparency.

Our business entities do so within Control Navigator, in which they confirm that their area of the business, or market, has adequate procedures in place to support SoBC compliance.

# Speak Up

Group Speak Up policy

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# Speak Up

It can take courage to Speak Up about wrongdoing. This Speak Up policy is there to support you in doing so, and give you trust and confidence in how we will treat your concerns.

## Local Designated Officers and SoBC Assurance Procedure

We have Designated Officers responsible for receiving concerns, based locally throughout the world.

This Policy is complemented by the Group SoBC Assurance Procedure, available on The Hub, which sets out how concerns or allegations of breach of the SoBC are escalated and investigated in more detail.

## We encourage you to Speak Up

Anyone working for or with the Group who is concerned about actual or suspected wrongdoing at work (whether in the past, occurring, or likely to happen) should Speak Up.

Examples of wrongdoing include:

criminal acts, including theft, fraud, bribery and corruption

endangering the health or safety of an individual or damaging the environment

bullying, harassment (including sexual harassment) and discrimination in the workplace, or other human rights abuses

accounting malpractice or falsifying documents

other breaches of the SoBC or other global policies, principles or standards of the Group

failing to comply with any legal obligation, by act or omission

a miscarriage of justice

concealing any wrongdoing

**Wrongdoing does not include situations where you are unhappy with your personal employment position or career progress. Grievance procedures are available in such cases, and details on how to raise a grievance are available on the Thrive portal.**

If you are a line manager, you have an additional duty to raise any concerns brought to your attention. Those who ignore violations, or fail to correct them, could face disciplinary action.

## Who you can speak to

You have several options to raise your concerns, and you can use the one you are the most comfortable with:

a Designated Officer

an HR manager

your line manager

our confidential, independently managed external Speak Up channels ([www.bat.com/speakup](http://www.bat.com/speakup) or 1 (800) 825-7213)

Five senior Group executives act as our Group Designated Officers. Anyone can raise a concern with them directly. They are:

the Group Head of Business Conduct and Compliance – Caroline Ferland

the Company Secretary of British American Tobacco p.l.c. – Paul McCrory

the Group Head of Internal Audit – Graeme Munro

the Head of Group Security – Peter Everson

the Group Head of Reward – Jon Evans

You can contact them by email ([gdo@bat.com](mailto:gdo@bat.com)), phone (+44 (0)207 845 1000), or by writing to them at British American Tobacco p.l.c., Globe House, 4 Temple Place, London WC2R 2PG.

## Investigations and confidentiality

No matter how you choose to Speak Up, your identity will be kept confidential as we fairly and objectively investigate your concerns. You will also receive feedback on the outcome if we are able to contact you.

The Speak Up hotline is operated by an external service provider, independently of management. You can read more about how we will escalate and investigate your concerns in the Group SoBC Assurance Procedure, available on The Hub.

## No reprisals

**You will not suffer any form of reprisal (whether directly or indirectly) for speaking up about actual or suspected wrongdoing, even if you are mistaken.**

We do not tolerate the harassment or victimisation of anyone raising concerns or anyone who assists them. Such conduct is itself a breach of the SoBC and will be treated as a serious disciplinary matter.

## Who to talk to

- Your line manager
- Higher management
- Your local LEX Counsel
- Head of Compliance: [sobc@bat.com](mailto:sobc@bat.com)



# Personal and business integrity

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# Conflicts of interest

**We must avoid conflicts of interest in our business dealings and be transparent if we have personal circumstances where a conflict might arise. Where there is a conflict, or a potential for one to arise, it must be managed effectively.**

## Acting in our company's best interests

**We must avoid situations where our personal interests may, or may appear to, conflict with the interests of the Group or any Group company.**

Many situations or relationships have the potential to create a conflict of interest, or the appearance of one. The most common ones are set out on the next page.

Generally speaking, a conflict of interest is a situation where our position or responsibilities within the Group presents an opportunity for us or someone close to us to obtain personal gain; or benefit (apart from the normal rewards of employment); or where there is scope for us to prefer our personal interests, or of those close to us, above our duties and responsibilities to the Group.

A situation will appear to be a conflict of interest if it provides an opportunity for personal gain or benefit, whether or not that gain, or benefit is obtained.

A potential conflict of interest will arise if we are in a situation which could develop into an actual conflict of interest, for example if we were to change roles.

## Disclosing conflicts of interest

**As soon as an actual or potential conflict arises, you must disclose it in the SoBC Portal. If you do not have access to the SoBC Portal, you should disclose the situation to your line manager.**

Following your disclosure your line manager should engage with you to assess if there is any potential risk to BAT associated with the actual or potential conflict. Steps may need to be taken to manage or mitigate any identified risk which could include changes to your role or reporting line or changing your account responsibilities.

If you are a line manager and you are unsure whether the declared interest requires conditions to mitigate the risk you should seek advice from higher management or your local LEX Counsel.

Directors of Group companies must disclose conflicts to, and seek formal approval from, the board of the company at its next meeting.

**Every year, we must also review, update and confirm any actual or potential conflicts of interest we may have in our annual SoBC sign-off declaration.**

**Whilst we may have already informed, and sought authorisation from, our line manager, we should re-disclose conflicts and potential conflicts in our annual SoBC sign-off. This is an important part of the Group's internal controls.**

## Recording conflicts of interest

**Managers should ensure that any actual or potential conflicts of interest disclosed to them in the course of the year are entered into the SoBC Portal or, where employees do not have access to the SoBC Portal, notified to their local LEX Counsel or Company Secretary.**

A potential conflict must be notified, even though it may seem remote, so that higher management can be made aware of the situation if necessary.

**The SoBC Portal acts as Group companies' conflict register, recording details of all actual or potential conflicts of interest disclosed to the company and how they are being managed. The register is maintained by the local LEX Counsel and monitored by the BC&C Team. It helps the Group demonstrate that it manages conflicts of interest transparently and effectively. A local conflict of interest register should be maintained by Group company's LEX Counsel or Company Secretary for employees who do not have access to the SoBC Portal.**



### Who to talk to

- Your line manager
- Higher management
- Your local LEX Counsel
- Head of Compliance: sobc@bat.com

# Conflicts of interest continued

## Family or personal relationships

**You must disclose if you have any close relatives:**  
working in the Group

to the best of your knowledge, working or performing services for, or having a material financial interest in, any competitor, supplier, customer or other business with which the Group has significant dealings

who are Public Officials and who occupy a role in which, individually or collectively, they could have an influence on BAT's business

'Close relative' means spouses, partners, children, parents, siblings, nephews, nieces, aunts, uncles, grandparents and grandchildren (including where arising by marriage).

Intimate relationships between employees in a direct or indirect reporting line can also lead to a conflict of interest, or the appearance of one. A direct reporting line is your manager and an indirect reporting line is all managers above your line manager up to the head of your function. If you are in such a situation, you should disclose the relationship.

Where there is no reporting relationship, management should keep the situation under review to prevent any unfairness or undue influence arising.

If you have direct or indirect business involvement with a close relative at a customer or supplier, management may need to make changes to your role or account responsibilities.

'Public Official' should be understood very widely, including anyone directly or indirectly employed by or acting for any government or public body/agency, or anyone performing a public function. This includes, for example people working for any national/local government or public department, body or agency (e.g. an official within a government ministry, the military, or police); people holding a public position; employees of state-owned or state-controlled enterprises (e.g. a state-owned tobacco company); employees of public international organisations; officials of a political party; candidates for public office; any member of a royal family; magistrates and judges.

It is not necessary for the individual in question to be a politician or a high-ranking decision-maker. However, they should occupy a role in which, individually or collectively, they could have an influence on BAT's business (this would normally exclude, for example, a school teacher, prison guard, fireman, or a nurse employed by the state). If you are in any doubt on whether someone constitutes a public official, please consult with your local LEX Counsel.

**In the course of your work, you should not have:**

the ability to hire, supervise, affect terms and conditions of employment, or influence the management of close relatives

any business involvement with close relatives (or with any business in which your relatives work or hold a material financial interest)

Where there is a direct or indirect reporting line between two close relatives in the same Group company or business unit, management must ensure neither has managerial influence over the other.

## Financial interests

**You must disclose, for yourself and for any close relatives living in your household:**

all financial interests in a competitor

any financial interest in a supplier or customer if you have any involvement in the Group's dealing with that supplier or customer or supervise anyone who does

**You do not need to disclose publicly traded mutual funds, index funds and similar pooled investments, where you have no say in what investments are included.**

'Material financial interest' means any financial interest that may, or may appear to in the Group company's opinion, influence your judgement.

**You must not hold material financial interests in:**

a supplier or customer if you have any involvement in the Group's dealings with that supplier or customer or supervise anyone who does

a competitor of the Group, or any business conducting activities against the Group's interests

You may be permitted to retain a material financial interest in a competitor, provided that you acquired it before joining the Group, disclosed it in writing to your employing company prior to your appointment, and your employing company has not objected. Prior ownership of such an interest by a director of a Group company must be reported to its board and minuted at the next board meeting.

If in any doubt, seek further guidance from your local LEX Counsel.

## Outside employment

**You must not work for or on behalf of a third party without first disclosing your intention to do so and obtaining written approval from line management. If you are a full-time employee such work must not take a significant amount of time, should not be in agreed working hours, should not impact your performance or in any way interfere with your duties and responsibility to the Group Company. Some situations are never permissible, for example if they involve:**

a competitor of any Group company

a customer or supplier you deal with in the course of your work

'Working for or on behalf of a third party' means taking on a second job, serving as a director or consultant, or otherwise performing services for any organisation outside the Group (including charitable or not-for-profit organisations). It does not include unpaid voluntary work you may carry out in your your time, as long as this does not interfere with your duties and responsibilities to the Group.

## Corporate opportunity

**You must not use information gained from your employment, or take advantage of a corporate opportunity, for your personal gain or benefit (or for those close to you), without first disclosing your intention to do so, and obtaining written approval from your line manager.**

'Corporate opportunity' means any business opportunity which properly belongs to the Group or any Group company.

Particular care must be taken if you have access to 'inside information' relevant to the price of securities in any public company. See 'Insider dealing and market abuse' for further details.



# Anti-bribery and corruption

**BAT has a zero tolerance approach and is committed to working against bribery and corruption in all forms. It is wholly unacceptable for Group companies, employees, or our business partners to be involved or implicated in any way in corrupt practices.**

## What is a bribe?

A bribe is any gift, payment or other benefit (such as hospitality, kickbacks, a job offer/work placement or investment opportunities) offered in order to secure an advantage (whether personal or business-related). A bribe need not have been paid; it is enough that it is asked for or offered.

'Improper conduct' means performing (or not performing) a business activity or public function in breach of an expectation that it will be performed in good faith, impartially or in line with a duty of trust.

## Who to talk to

- Your line manager
- Your local LEX Counsel
- Head of Compliance: sobc@bat.com

## No bribery

### You must never:

offer, promise or give any gift, payment or other benefit to any person (directly or indirectly), to induce or reward improper conduct or improperly influence, or intend to improperly influence, any decision by any person to our improper advantage

ask for, or accept, agree to accept or receive any gift, payment or other advantage from any person (directly or indirectly) as a reward or inducement for improper conduct or which improperly influences, or gives the impression that it is intended to improperly influence, decisions of the Group

Bribing a Public Official is a crime in almost every country. In many, it is also a crime to bribe employees or agents engaged in private business (such as our suppliers).

Anti-bribery laws in many countries have extraterritorial effect, so it will be a crime in those countries for their nationals to pay bribes abroad.

## No facilitation payments

**You must not make facilitation payments (directly or indirectly), other than where necessary to protect the health, safety or liberty of any employee.**

Facilitation payments are small payments made to smooth or speed up performance by a low-level official of a routine action to which the payer is already entitled. They are illegal in most countries. In some, such as the UK, it is a crime for their nationals to make facilitation payments abroad.

In those exceptional circumstances where there is no safe alternative to payment, we should involve our local LEX Counsel (if possible, before any payment is made). The payment must also be fully documented in the Group company's books.

## Maintaining adequate procedures

**Group companies can be held to account for corrupt acts by third party service providers acting on their behalf. Consequently, Group companies are expected to implement and operate controls which ensure that improper payments are not offered, made, asked for or received, by third parties performing services on their behalf. Controls should include:**

'know your supplier' and 'know your customer' procedures including the Third Party ABAC Procedure, which are all proportionate to the risk involved

anti-corruption provisions in contracts with third parties which are appropriate for the level of bribery and corruption risk involved in the service and can result in termination if breached

where appropriate, anti-corruption training and support for staff who manage supplier relationships

prompt and accurate reporting of the true nature and extent of transactions and expenses

## Books, records and internal controls

**Group business records must accurately reflect the true nature and extent of transactions and expenditure.**

We must maintain internal controls to ensure that financial records and accounts are accurate in accordance with applicable anti-corruption laws and best practices.

# Gifts and entertainment

Occasional offering or acceptance of business-related gifts or entertainment can be an acceptable business practice. However, improper or excessive gifts and entertainment can be a form of bribery and corruption, and cause serious harm to BAT.

## Definitions

‘entertainment’ shall mean any form of hospitality including food or drink, attendance at any cultural or sporting events, or any associated travel and accommodation offered or given to or received from a person or entity outside of BAT

‘gifts’ shall mean anything of value offered or given to, or received from a person or entity outside of BAT that is not entertainment

‘G&E’ shall mean gifts and/or entertainment

‘Private sector stakeholder’ shall mean all other entities and individuals excluding Public Officials

‘threshold’ shall mean £20 for a Public Official and £200 for a Private sector stakeholder in the UK. Group companies should provide guidance on what is modest and lawful in their markets, not exceeding these amounts and reflecting local purchasing power and regulations

## Offering and receiving G&E

**Any gifts & entertainment you offer, give or receive must:**

never be given/accepted if it can constitute bribery and corruption, as defined in the Anti-Bribery and Corruption Policy

be given/accepted in an open way

be lawful in all relevant jurisdictions, and not prohibited by the other party’s organisation

not involve parties engaged in a tender or competitive bidding process

not have, or be capable of being seen to have, a material effect on a transaction involving any Group company

not be a gift of cash or cash equivalent (vouchers, gift certificates, loans, or securities)

not be asked for or demanded

not be offered for something in return (i.e. offered with conditions attached)

not be, or give the appearance of being lavish or inappropriate (disrespectful, indecent, sexually explicit or might otherwise reflect on any Group company poorly, having regard to local culture)

be approved in writing in advance (where approval is required by this policy and/or additional local requirements)

be expensed in accordance with the applicable business expense policies and procedures

in addition, all G&E above the threshold for Public Officials and Private sector stakeholders must be recorded in the Group company’s G&E Register

## When offering or accepting G&E, consider:

**Intent:** Is the intent only to build or maintain a business relationship or offer normal courtesy, or is it designed to influence the recipient’s objectivity in making a specific business decision?

**Legality:** Is it legal in your country and in the country of the other party?

**Materiality:** Is the market value reasonable (i.e. not lavish/extravagant) and proportionate to the seniority of the individual?

**Frequency:** Does the individual receive G&E only infrequently?

**Transparency:** Would you or the recipient be embarrassed if your manager, colleagues, or anyone outside the Group knew about the G&E?

## G&E to Public Officials

**It is prohibited to directly or indirectly seek to influence a Public Official by providing G&E (or other personal advantage) to them or a close relative, friends or associates.**

Regulatory engagement is part of our business. Providing or receiving G&E (within the stated thresholds) in this context may be permissible. However, extra care must be taken as many countries do not allow their Public Officials to accept G&E and anti-bribery laws are often strict.

(See Conflicts of Interest Policy for definition of ‘Public Officials’ and ‘close relative’)

**We may offer or accept any G&E without prior approval, provided that it is:**

below the threshold value of £20 per individual per instance (or lower local equivalent)

lawful, infrequent and appropriate

**We must seek prior written approval from our line manager and our local LEX Counsel, for the offering or accepting of any G&E to/from Public Officials (or their close relatives) above the £20 threshold up to £200.**

**The offering/receiving of G&E to/from a Public Official (or their close relatives) over £200 would only be appropriate if exceptional circumstances arise and requires prior written approval from the proposing Group company’s GM/Area Manager/Functional Director and prior notification to the Regional Head of LEX or Group Head of Business Conduct.**



# Gifts and entertainment continued

## Private sector stakeholders

**We may offer or accept any G&E to/from a private sector stakeholder without prior approval, provided that it is:**

below the threshold value of £200 per individual per instance (or lower local equivalent)

lawful, infrequent and consistent with reasonable business practice

**We must seek prior written approval:**

from our line manager for the offering or accepting of any G&E above the £200 threshold

**Always note:**

when approving requests, approvers must be satisfied that the proposed G&E does not contravene any of the expectations set out above and in particular that the timing and/or wider context could not be perceived to suggest that any decision could be influenced by the G&E

there could be exceptional circumstances where pre-approval is not possible. Approval must be requested as soon as possible and no more than seven days after G&E was given or received with written justification provided as to why pre-approval was not requested or obtained

line managers, in consultation with local LEX Counsel, will determine what is to be done with any G&E offered to or received by Group Company employees exceeding the applicable thresholds. Generally, such G&E should be refused or returned. If this would be inappropriate or cause offence, the G&E may be accepted on the basis that it becomes the property of the relevant Group company

you should never avoid your obligation to seek necessary G&E approval by paying for it personally or having someone else pay for it

all G&E must be expensed in accordance with the appropriate business expense policies and procedures

in no circumstance should entertainment occur at BAT's expense without the presence of BAT personnel

for the avoidance of doubt, G&E should not be broken down into smaller amounts/values in order to circumvent the thresholds in this Policy

G&E should generally be directed to those with whom BAT has a business relationship and not their friends or relatives. But if friends, relatives, or other guests of an individual attend, then the costs should be aggregated for the purposes of the thresholds in this Policy

refer to the Gifts & Entertainment Procedure for further guidance on exceptional approvals and blanket approvals which may be available in certain limited circumstances

## G&E to and from independent external auditors

Group companies must not offer or promise to our independent external auditors any G&E that may create a potential conflict of interest or put their independence at risk. To do so risks putting BAT in breach of company and accounting rules and regulations. Acceptable entertainment would be limited to food and refreshments during business meetings, a conference or training involving multiple participants or an invitation to participate in a mass participation corporate event. KPMG is the current independent external auditor for Group and the majority of Group companies. If a Group company has appointed an independent external auditor other than KPMG then it must still comply with these G&E requirements.

## G&E from Group companies

There are no restrictions on employees accepting G&E from a Group company. Group companies should ensure that any such G&E are legitimate, appropriate and proportionate.

## Keeping a formal record and monitoring

Each Group company shall be responsible for the maintenance and monitoring of a register of all G&E above the threshold levels (Group companies may decide to keep a greater number of registers).



## Who to talk to

- Your line manager
- Your local LEX Counsel
- Head of Compliance: sobc@bat.com

# Workplace and human rights

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# Respect in the workplace

**We must treat all of our colleagues and business partners inclusively, with dignity, and with respect.**

## What we believe

**We believe that fundamental labour rights should be respected including freedom of association, the elimination of all forms of forced or compulsory labour, the effective abolition of child labour, and the elimination of discrimination in respect of employment and occupation.**

This reflects our support for the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work.

We comply with all relevant labour laws, codes and regulations.

## Promoting equality and diversity

**We are dedicated to providing equal opportunities to all our employees and to creating an inclusive workforce by promoting employment equality. We harness diversity to strengthen our business. We respect and celebrate each other's differences and value what makes each of us unique.**

We must treat colleagues as we expect to be treated and respect their characteristics and opinions.

We must not allow race, colour, gender, age, disability, sexual orientation, class, religion, politics, smoking habits, or any other characteristic protected by law to influence our judgement when it comes to the recruitment, development, advancement or retirement of any employee.

This reflects our support for ILO Convention 111 which sets out fundamental principles concerning the elimination of discrimination in the workplace.

## Preventing harassment and bullying

**All aspects of harassment and bullying are completely unacceptable. We are committed to removing any such actions or attitudes from the workplace.**

Harassment and bullying includes, but is not limited to, any form of sexual, verbal, non-verbal and physical behaviour which is abusive, humiliating or intimidating.

If we witness or experience such behaviour, or behaviour that is unacceptable in any other way, we should report it to our line manager.

We seek to provide a climate of confidence where employees can raise issues and aim for a swift resolution to the satisfaction of all concerned.

To this end, we encourage employees to familiarise themselves with their local grievance procedures.

## Safeguarding employee wellbeing

**We place a high value on the wellbeing of our employees and are committed to providing a safe working environment to prevent accidents and injury, and to minimise workplace health risks.**

### Group companies must:

**adopt health and safety policies and procedures consistent with our Global EHS Policy or national law (whichever is the higher)**

**work together with their employees to ensure that health and safety is maintained and improved**

**strive to support employees' work/life balance**

We will work continuously to maximise the physical security of our employees worldwide, ensuring that our policies and standards are understood, and that training is provided so everyone is aware of the health, safety and security issues and requirements relevant to their work.

We encourage Group companies to explore and adopt family friendly policies according to local practice.



### Who to talk to

- Your line manager
- Head of Compliance: sobc@bat.com

# Human rights and our operations

**We must always conduct our operations in a way that respects the human rights of our employees, the people we work with, and the communities in which we operate.**

## What we believe

**We believe that fundamental human rights, as affirmed by the Universal Declaration of Human Rights, should be respected.**

We support the UN Guiding Principles on Business and Human Rights which outline the duties and responsibilities of industry to address business-related human rights issues through the creation of the 'Protect, Respect and Remedy' framework.

## Managing human rights risks

**We are committed to promoting human rights in our sphere of influence, including our supply chain. As such, all our suppliers are expected to meet the requirements of our Supplier Code of Conduct and this is incorporated into our contractual arrangements with suppliers.**

As far as possible, our due diligence procedures enable us to monitor the effectiveness of, and compliance with, our policy commitments, and our Supplier Code of Conduct, as well as to identify, prevent and mitigate human rights risks, impacts and abuses.

We are committed to fully investigating and remediating any human rights issues identified in our operations or supply chain and to strive for continuous improvement. If we identify human rights breaches in relation to a supplier, but there is no clear commitment to corrective action, persistent inaction, or a lack of improvement, then our work with that supplier should cease.

## No child labour

**We are committed to ensure our operations are free from child labour. We seek to ensure that the welfare, health and safety of children are paramount at all times. We recognise that the development of children, their communities and their countries is best served through education.**

**We support ILO Conventions 138 and 182 which set out fundamental principles concerning the minimum age for admission to employment and for the elimination of the worst forms of child labour. As such:**

any work which is considered hazardous or likely to harm the health, safety or morals of children should not be done by anyone under the age of 18

the minimum age for work should not be below the legal age for finishing compulsory schooling and, in any case, not less than the age of 15

We expect our suppliers and business partners to align with our minimum age requirements, as set out in our Supplier Code of Conduct. This includes, where local law permits, that children between the ages of 13 and 15 years may do light work, provided it does not hinder their education or vocational training, or include any activity which could be harmful to their health or development (for example, handling mechanical equipment or agro-chemicals). We also recognise training or work experience schemes approved by a competent authority as an exception. However, we also recognize the value and contributions of family farms, and the foregoing principles are not intended to prohibit children from performing appropriate help on their family's farm in compliance with local laws and practices.

## Freedom of association

**We respect freedom of association and collective bargaining.**

Our workers have the right to be represented by local company-recognised trades unions, or other bona fide representatives. Such representatives should be able to carry out their activities within the framework of law, regulation, prevailing labour relations and practices, and agreed company procedures.

## No exploitation of labour or modern slavery

**We are committed to ensuring our operations are free from slavery, servitude and forced, compulsory, bonded, involuntary, trafficked or unlawful migrant labour.**

**Group companies and employees will not, and will ensure that any employment agencies, labour brokers or third parties they retain acting on our behalf will not:**

require workers to pay recruitment fees, take out loans or pay unreasonable service charges or deposits as a condition of employment

require workers to surrender identity papers, passports or permits as a condition of employment. Where national law or employment procedures require use of identity papers, we will use them strictly in accordance with the law. If identity papers are ever retained or stored for reasons of security or safekeeping, this will only be done with the informed and written consent of the worker, which should be genuine; and with unlimited access for the worker to retrieve them, at all times, without any constraints

## Local communities

**We seek to identify and understand the unique social, economic and environmental interests of the communities we operate in.**

We operate around the globe, including in countries suffering from conflicts or where democracy, the rule of law, or economic development are fragile, and human rights are under threat.

We must identify specific human rights risks that may be relevant for, or impacted by, our operations. In doing so, we will seek the views of our stakeholders, including employees and their representatives.

We will take appropriate steps to ensure that our operations do not contribute to human rights abuses and to remedy any adverse human rights impacts directly caused by our actions.

We encourage our employees to play an active role both in their local and business communities. Group companies should seek to create opportunities for skills development for employees and within communities and aim to work in harmony with the development objectives and initiatives of host governments.

## Who to talk to

- Your line manager
- Your local LEX Counsel
- Head of Compliance: sobc@bat.com

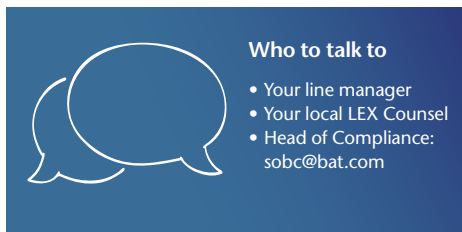
# Lobbying and Public contributions

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# Lobbying and engagement

**BAT is committed to corporate transparency. As a responsible company all our engagement activities with external stakeholders will be conducted with transparency, openness and integrity. We have a legitimate contribution to make to policy related debate that affects our operations and our employees are required to engage in accordance with this policy.**



## Who to talk to

- Your line manager
- Your local LEX Counsel
- Head of Compliance: sobc@bat.com

## The Group has a legitimate role to play

Civic participation is a fundamental aspect of responsible business and policy making, and BAT employees will participate in the policy process in a transparent and open manner by complying with all laws and regulations of the markets in which they operate, including all lobbying registration and reporting requirements.

Engagement with politicians, policy makers and regulators, when carried out transparently and with high regard for accuracy, allows for the best information to be used as a foundation for decisions in policy making.

## Transparency and high professional standards

**When engaging with external stakeholders, Group companies and employees must ensure that:**

they participate in the policy process in an open and transparent manner by complying with the laws and regulations of the markets we operate in

they always identify themselves by name and corporate affiliation

they do not directly or indirectly offer or give any payment, gift, or other benefit to improperly influence any decision by any person to the improper advantage of the Group or any Group company

they do not ask for or wilfully obtain from any person, confidential information belonging to another party, or obtain information by any dishonest means

they do not induce any person to breach a duty of confidentiality

they offer constructive solutions that will best meet the objectives of regulation, while minimising any negative unintended consequences

## Accurate and complete information

**When conducting external engagement activities, employees must endeavour to:**

share accurate and complete information with regulators, politicians and policy makers to best inform decision making

## Third parties

**BAT does support third parties on policy issues of mutual interest. In such cases, Group companies and employees must ensure that:**

they publicly acknowledge support of third party organisations, subject to commercial confidentiality requirements and data protection laws

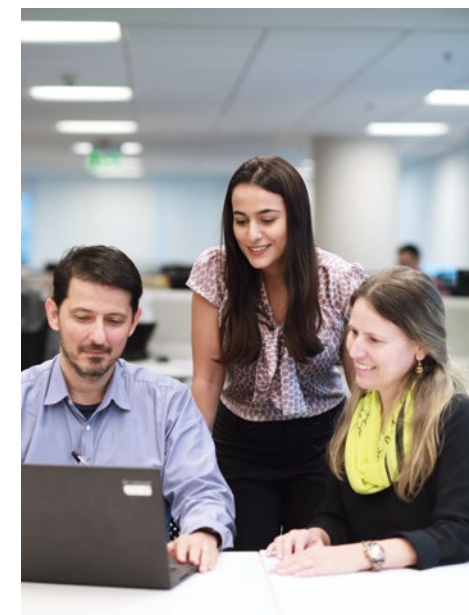
they never ask a third party to act in any way that contravenes this Lobbying and Engagement policy

they require all third parties to comply with laws and regulations of the markets in which they operate governing lobbying registration and reporting requirements

## Financial travel support to Public Officials

It is prohibited to provide financial travel and/or accommodation support to Public Officials (e.g. to pay for their travel/accommodation to attend an event or business meeting). If an exceptional circumstance arises which warrants a request for this rule to be varied, then it must be approved by the Group Head of Government Affairs and the Group Head of Business Conduct & Compliance in accordance with the Principles for Engagement guidance note.

(See Conflicts of Interest Policy for definition of 'Public Officials')



# Political contributions

**Political contributions must only be made in strict accordance with the law and this policy (or local equivalent).**

## Contributing for the right reasons

Where legal, RAI companies may make contributions to political parties and organisations, to the campaigns for candidates for elective office (corporate contributions to candidates for federal office in the United States are strictly prohibited), to other entities that may legally participate in political-related activity, or to support political issues, provided that such payments are not:

made to achieve any improper business or other improper advantage, or to improperly influence any decision by a Public Official to the improper advantage of any Group company

intended personally to benefit the recipient or his or her family, friends, associates or acquaintances

(See Conflicts of Interest Policy for definition of 'Public Officials')

It is not permissible for a Group company to make a political contribution if the contribution itself is intended to improperly influence a Public Official to act or vote in a particular way or otherwise assisting to improperly secure a decision by the Public Official to the improper advantage of the company or the Group.

When approving political contributions, the board of the applicable RAI company (or the person(s) authorized by the board of the applicable RAI company to provide such approval) should consider whether they comply with these requirements.

## Strict authorisation requirements

**All political contributions must be:**

lawful

authorised in advance by the board of the relevant RAI company (or by person(s) authorized by the board of the relevant RAI company) in compliance with the approval policies and procedures of RAI and its subsidiaries

fully recorded in the company's books  
if required, placed on public record

Strict procedures must be followed when there is a proposal to make a contribution to any organisation within the European Union or the United States engaged in political activity (especially if originating from a Group company located outside the jurisdiction). This is due to laws having extraterritorial effect and a very broad definition of 'political organisation'. The foreign contribution ban in the US is particularly strict and must be adhered to carefully.

Group companies within the EU must seek prior written approval from the Group Director of Legal & External Affairs which, if given, may be subject to specific conditions.

## Political committees

**Where legal, and in compliance with the SoBC, RAI and its subsidiaries may support political issue committees connected with the Group and conduct activities as permitted by the laws and regulations (including reporting requirements) governing such political committees.**

In the US, federal law and certain state laws permit corporate funds to be used in the formation and administration of Political Action Committees, or PACs, which can receive voluntary political contributions from eligible employees and their families. All such voluntary contributions received must be accounted for in separate, segregated funds, strictly apart from those of RAI and its subsidiaries. Employees may administer, contribute and participate in the activities of a PAC connected to RAI and its subsidiaries.

## Personal political activity

**As individuals, we have a right to participate in the political process. As employees, if we undertake any personal political activities we must:**

do so in our own time, using our own resources

minimise the possibility of our own views and actions being misconstrued as those of any Group company

take care that our activities do not conflict with our duties and responsibilities to the Group

If we plan to seek or accept public office, we should notify our line manager in advance, discuss with them whether our official duties may affect our work, and cooperate to minimise any such impact.

Personal political contributions to candidates or other political organizations in the US may only be made by US citizens or permanent residents (green card holders) in accordance with law and using their own funds. It is not permissible to seek reimbursement from RAI and its subsidiaries for any personal political contributions.

Foreign nationals are prohibited from directing, dictating, controlling or directly or indirectly participating in the decision-making process of any US election-related activities on behalf of RAI and its subsidiaries or any related political committee. Such activities include the making or directing of contributions, donations, expenditures or disbursements in connection with any federal or non-federal elections in the US or decisions concerning the administration or management of any political committee.

### Who to talk to

- Your line manager
- Your local LEX Counsel
- Head of Compliance: sobc@bat.com

# Charitable contributions

We recognise the role of business as a corporate citizen, and Group companies are encouraged to support local community and charitable projects.

## Giving for the right reasons

Group companies may make charitable contributions and similar types of social investments, provided that these are lawful and not made to secure any improper business or other improper advantage.

Group companies should always consider any proposal to make a charitable contribution or similar social investment in the context of their overall strategy for corporate social investment, having regard to the Group Strategic Framework for Corporate Social Investment.

## Verifying reputation and status

Group companies should not make any charitable contribution without verifying the recipient's reputation and status.

Before making any contribution, Group companies are expected to satisfy themselves that the recipient is acting in good faith and with charitable objectives, such that the contribution will not be used for any improper purposes.

In countries where charities are required to register, Group companies should verify their registered status before making a contribution.

## Fully recording what we give

**Any charitable contribution or other corporate social investment by a Group company must be fully recorded in the company's books and, if required, placed on public record either by the company or the recipient.**

Group companies should ensure that contributions they report through LEX for sustainability reporting purposes are consistent with those they report through Finance for financial and statutory reporting purposes.

## Public Officials

**We must not contribute to a Public Official's charity or any charity at their request or with their agreement or acquiescence in exchange for official action, as a result of official action, or as a way to improperly influence the Public Official to the improper advantage any Group company.**

Contributions to a charity of a Public Official, or a third party's charity, such as a Public Official's family member, friend, or associate, in exchange for official action or as a result of official action or as a way to improperly influence the Public Official to the improper advantage of any Group company are prohibited.

(See Conflicts of Interest Policy for definition of 'Public Officials')



### Who to talk to

- Your line manager
- Your local LEX Counsel
- Head of Compliance: sobc@bat.com





# Corporate assets and financial integrity

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# Accurate accounting and record-keeping

**Honest, accurate and objective recording and reporting of financial and non-financial information is essential to the Group's reputation, its ability to meet its legal, tax, audit and regulatory obligations, and for supporting business decisions and actions by Group companies.**

## Accurate information and data

All data that we create, whether financial or non-financial, must accurately reflect the transactions and events covered.

**We must follow applicable laws, external accounting requirements and Group procedures for reporting financial and other business information.**

This applies whether the data is in paper or electronic form, or any other medium. Failing to keep accurate records is contrary to Group policy and may also be illegal. There is never any justification for falsifying records or misrepresenting facts. Such conduct may amount to fraud and result in civil or criminal liability.

## Records management

**Group companies must adopt records management policies and procedures reflecting the Group Records Management Policy. We must manage all of our critical business records in line with those policies and procedures, and never alter or destroy company records unless permitted.**

We should be familiar with the records management policy and procedures that apply to us.

## Following accounting standards

**Financial data (e.g. books, records and accounts) must conform both to generally accepted accounting principles and to the Group's accounting and reporting policies and procedures.**

Group companies' financial data must be maintained in line with the generally accepted accounting principles applying in their country of domicile.

For Group reporting, data must be in line with the Group's accounting policies (IFRS) and procedures.

## Cooperating with external auditors

**We must cooperate fully with the Group's external and internal auditors and ensure that all information held by them which is relevant to the audit of any Group company (relevant audit information) is made available to that company's external auditors.**

Our obligation to cooperate fully with external auditors is subject to legal constraints, for example in the case of legally privileged documents.

Otherwise, we should respond promptly to any request by external auditors and allow them full and unrestricted access to relevant staff and documents.

Under no circumstances should we provide information to external or internal auditors which we know (or ought reasonably to know) is misleading, incomplete or inaccurate.

## Documenting transactions

**All transactions and contracts must be properly authorised at all levels and accurately and completely recorded.**

**All contracts entered into by Group companies, whether with another Group company or a third party, must be evidenced in writing.**

If we are responsible for preparing, negotiating or approving any contract on behalf of a Group company, we must make sure that it is approved, signed and recorded in accordance with the relevant contracts approval policy and procedures.

**All documents prepared by a Group company in connection with sales of its products, whether for domestic or export, must be accurate, complete and give a proper view of the transaction.**

All documentation must be retained (together with relevant correspondence) where required for possible inspection by tax, customs or other authorities.

### Who to talk to

- Your line manager
- Your local LEX Counsel
- Head of Compliance: sobc@bat.com

# Protection of corporate assets

**We are all responsible for safeguarding and making appropriate use of Group assets with which we are entrusted.**

## Acting in our company's best interests

**We must ensure Group assets are not damaged, misused, misappropriated or wasted and must report their abuse or misappropriation by others.**

Group assets include physical and intellectual property, funds, time, proprietary information, corporate opportunity, equipment and facilities.

## Guarding against theft and misuse of funds

**We must protect Group funds and safeguard them against misuse, fraud and theft. Our claims for expenses, vouchers, bills and invoices must be accurate and submitted in a timely manner.**

'Group funds' means cash or cash equivalent belonging to a Group company, including money advanced to us and company credit cards we hold.

Fraud or theft by employees could result in their dismissal and prosecution.

## Devoting sufficient time to our work

**We are all expected to devote sufficient time to our work to fulfil our responsibilities.**

Whilst at work, we are expected to be fully engaged and not to undertake personal activities beyond a modest level that does not interfere with our job.

## Protecting our brands and innovations

**We must protect all intellectual property owned within the Group.**

Intellectual property includes patents, copyrights, trade marks, design rights and other proprietary information.

## Securing access to our assets

**We must protect information that may be used to provide access to Group assets.**

Always maintain the security of any information used to access company property and networks, including building access cards, ID, passwords and codes.

## Respecting the assets of third parties

**We must never knowingly:**

damage, misuse or misappropriate the physical assets of third parties

infringe valid patents, trade marks, copyrights or other intellectual property in violation of third parties' rights

perform unauthorised activities which adversely impact the performance of third parties' systems or resources

We should show the same respect to the physical and intellectual property of third parties that we expect them to show towards the Group's assets.

## Using company equipment

**We must not use company equipment or facilities for personal activities, other than as set out below and in line with company policy.**

**Limited, occasional or incidental personal use of company equipment and systems issued or made available to us is permitted, provided that it:**

is reasonable and does not interfere with the proper performance of our job

does not have an adverse impact on the performance of our systems

is not for any illegal or improper purpose

Reasonable and brief personal phone, email and internet use is permitted. Improper uses include:

communication which is derogatory, defamatory, sexist, racist, obscene, vulgar or otherwise offensive

improperly disseminating copyrighted, licensed, or other proprietary materials

transmitting chain letters, adverts or solicitations (unless authorised)

visiting inappropriate internet sites

### Who to talk to

- Your line manager
- Your local LEX Counsel
- Head of Compliance: sobc@bat.com



# Data privacy, confidentiality and information security

We consider data privacy laws, maintain the confidentiality of all commercially sensitive information, trade secrets and other confidential information relating to the Group and its business.

## Data privacy

Personal data is information that directly or indirectly identifies an individual. As a global company holding a significant volume of information about individuals, Group companies and employees must ensure that they handle personal data in accordance with local data protection laws and the Group Data Privacy Policy.

Data privacy laws govern the handling and processing of personal data and the ways in which it may be transferred between companies or countries. It applies to all individuals including customers, employees, contractors and employees of suppliers or other third parties we do business with.

We are committed to handling personal data responsibly and in compliance with applicable data privacy laws worldwide. Please see the Group Data Privacy Policy available on The Hub. The Policy is designed to provide a global minimum standard with respect to the protection of personal data. We must be mindful that in some jurisdictions certain laws may impose additional requirements and we will handle personal data in accordance with all such applicable laws.

## Confidential information

Our confidential information is any information or knowledge which may prejudice the Group's interests if disclosed to third parties, such as:

[sales, marketing and other corporate databases](#)  
[pricing and marketing strategies and plans](#)  
[confidential product information and trade secrets](#)  
[research and technical data](#)  
[new product development material](#)  
[business ideas, processes, proposals or strategies](#)  
[unpublished financial data and results](#)  
[company plans](#)  
[personnel data and matters affecting employees](#)  
[software licensed to or developed by a Group company](#)

## Disclosing confidential information

**We must not disclose confidential information relating to a Group company or its business outside the Group without authorisation from higher management and only:**

[to agents or representatives of a Group company owing it a duty of confidentiality and requiring the information to carry out work on its behalf](#)  
[under the terms of a written confidentiality agreement or undertaking](#)  
[under the terms of an order of a competent judicial, governmental, regulatory or supervisory body, having notified and received prior approval from local LEX Counsel](#)

If confidential information is to be transmitted electronically, then technical and procedural standards should be agreed with the other party.

**We should be mindful of the risk of unintentional disclosure of confidential information through discussions or use of documents in public places.**

## Access to and storage of confidential information

Access to confidential information relating to a Group company or its business should only be provided to employees requiring it in order to carry out their work.

**We must not take home any confidential information relating to a Group company or its business without making adequate arrangements to secure that information.** For further guidance, please see the Group's Security Policy Statement on The Hub.

## Use of confidential information

**We must not use confidential information relating to a Group company or its business for our own financial advantage or for that of a friend or relative (see 'Conflicts of interest').**

Particular care must be taken if we have access to 'inside information', which is confidential information relevant to the price of shares and securities in public companies. For further details, see 'Insider dealing and market abuse'.

## Third party information

**We must not solicit or wilfully obtain from any person confidential information belonging to another party.**

If we inadvertently receive information which we suspect may be confidential information belonging to another party, we should immediately notify our line manager and local LEX Counsel.

### Who to talk to

- Your line manager
- Your local LEX Counsel
- Head of Compliance: sobc@bat.com

# Insider dealing and market abuse

We are committed to supporting fair and open securities markets throughout the world. Employees must not deal on the basis of inside information or engage in any form of market abuse.

## **‘Inside information’ is information of a precise nature which:**

is not generally available; relates directly or indirectly to a publicly quoted company or to its shares or other securities; and would, if generally available, be likely to have a significant effect on the price of that company's shares or other securities, or related investments.

## Market abuse

We must not commit any form of market abuse, including:

[improper disclosure of inside information](#)

[dealing in securities on the basis of inside information](#)

[misuse of inside information](#)

[engaging in market manipulation](#)

‘Market abuse’ means conduct which harms the integrity of financial markets and public confidence in securities and derivatives. Market abuse and insider dealing (committing it or encouraging it in others) is illegal in most countries.

For more information about behaviour that may constitute market abuse or insider dealing in the UK, see our Code for Share Dealing on The Hub.

## Handling inside information

If we have or receive information that may be inside information relating to any publicly traded Group company, we must disclose it immediately to our General Manager, Head of Function, or (if the information relates to a specific project) to the project leader. Otherwise, we must not disclose this information without specific authorisation, and then only to:

[employees who require it to carry out their work](#)  
[agents or representatives of a Group company who owe it a duty of confidentiality and require such information in order to carry out work on its behalf](#)

Care is needed when handling inside information, as its misuse could result in civil or criminal penalties for Group companies and the individuals concerned.

If you are uncertain whether you possess inside information, contact the Company Secretary of British American Tobacco p.l.c., or of the company concerned.

## Responsible share dealing

We must not deal in the securities of any publicly traded company (whether Group or non-Group), or encourage others to so deal, while having inside information relating to that company.

If you intend on dealing in the securities of any publicly traded Group company, and from time to time have access to inside information relating to that company, then you must comply with local share dealing laws and, if it applies to you, any share dealing code issued by that company.

‘Securities’ includes shares (including American Depositary Receipts), options, futures and any other type of derivative contract, debts, units in collective investment undertakings (e.g. funds), financial contracts for difference, bonds, notes or any other investments whose value is determined by the price of such securities.

‘Dealing’ is widely defined and includes any sale, purchase or transfer (including by way of gift) as well as spread bets, contracts for difference, or other derivatives involving securities, directly or indirectly, whether on your own or someone else's behalf.

Our Code for Share Dealing sets out the rules applying to ‘insiders’ of British American Tobacco, for whom there are additional restrictions on dealing in the securities of British American Tobacco p.l.c. We are legally required to keep a list of all insiders, who will be individually notified of their status.

## Who to talk to

- Your line manager
- Your local LEX Counsel
- Head of Compliance: [sobc@bat.com](mailto:sobc@bat.com)

# National and international trade

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# Competition and anti-trust

**We believe in free competition. Group companies must compete fairly and ethically, in line with competition (or 'anti-trust') laws.**

## How competition law affects our business

Competition law impacts on almost all aspects of our activities, including sales and display, our relationships with suppliers, distributors, customers and competitors, our negotiation and drafting of contracts, and when we are deciding pricing strategy and trading conditions.

The law is linked to market conditions, which will affect how a competition issue is approached, such as: market concentration product homogeneity and brand differentiation; or regulation, including advertising restrictions, display bans and public smoking bans.

## Commitment to fair competition

**We are committed to vigorous competition and to complying with competition laws in each country and economic area in which we operate.**

Many countries have laws against anti-competitive behaviour. They are complex and vary from one country or economic area to another, but failing to comply with them can have serious consequences.

## Parallel behaviour

Parallel behaviour with our competitors is not anti-competitive by default, but we must not collude with our competitors to:

fix prices or any element or aspect of pricing (including rebates, discounts, surcharges, pricing methods, payment terms, or the timing, level or percentage of price changes)

fix other terms and conditions

divide up or allocate markets, customers or territories

limit production or capacity

influence the outcome of a competitive bid process

agree a collective refusal to deal with certain parties

'Agreement' in this sense includes a written or oral agreement, understanding or practice, a non-binding agreement or action taken with a common understanding, or an indirect agreement brokered by a third party, such as a trade association, customer or supplier.

It also includes situations where competitors share (directly or indirectly) information with a view to reducing competition. For example, competitors might inform each other of future price increases so they can coordinate their pricing policies (known as a 'concerted practice').

## Meeting with competitors

**Any meeting or direct talk with our competitors should be treated with extreme caution. We must keep careful records of them, and break off if they are, or they may be seen as, anti-competitive.**

Not all arrangements with competitors are problematic. Legitimate contact can be in the context of trade associations, certain limited information exchange, and joint initiatives on regulatory engagement or public advocacy.

## Competitor information

**We may only gather information about our competitors by legitimate legal means, and in compliance with competition law.**

Obtaining competitor information directly from competitors is never justifiable, save for very limited and exceptional circumstances.

Gathering competitor information from third parties (including customers, consultants, analysts and trade associations) often raises complex local legal issues and should only be undertaken with proper advice.

## Dominant position

**Where a Group company has 'market power', it will typically have a special duty to protect competition and not to abuse its position.**

The concepts of 'dominance', 'market power' and 'abuse' vary widely from country to country.

Where a Group company is considered to be dominant in its local market, it will generally be limited in its ability to engage in practices such as exclusivity arrangements, loyalty rebates, discriminating between equivalent customers, charging excessively high or low (below cost) prices, or tying or bundling together different products.

## Who to talk to

- Your line manager
- Your local LEX Counsel
- Head of Compliance: sobc@bat.com

# Competition and anti-trust continued

## Resale price maintenance

Certain restrictions between parties in different levels of the supply chain, such as resale price maintenance provisions between a supplier and a distributor or reseller, may be unlawful.

**Restrictions on our customers' ability to resell into territories or to certain customer groups may be a serious competition issue in certain countries.**

Resale price maintenance is where a supplier seeks to, or does in fact, control or influence (including indirectly, through threats and/or incentives) the prices at which its customers resell its products.

Rules on resale price maintenance and resale restrictions vary across the world. If relevant to your role, you need to be familiar with the rules applicable in the countries for which you are responsible.

## Mergers and acquisitions

Where Group companies are involved in mergers and acquisitions, mandatory filings may have to be made in one or more countries.

Filing obligations vary from country to country, but should always be checked in the context of mergers, acquisitions (of assets or shares) and joint ventures.

## Seeking specialist advice

**If we are involved in business activities where competition laws may be relevant, we must follow regional, area or market guidelines that give effect to Group policy and the law in this area, and consult with our local LEX Counsel.**

We should not assume that competition law will not apply simply because there are none in effect locally. Many countries, such as the US and within the EU, apply their competition laws extra-territorially (where conduct occurs, and where it has effect).

## Exchanging salary information and 'no hire' agreements

**Agreements among competitors regarding wages and benefit levels are illegal. Sharing competitively sensitive wage and benefits information with competitors can also raise competition issues, and you should always check with LEX antitrust counsel before considering such activities.**

Agreements among competitors not to hire or solicit each other's employees can also raise competition concerns, unless they are reasonably related to legitimate transactions. You should always check with LEX anti-trust counsel before considering such activities.

# Anti-money laundering and tax evasion

Money laundering is concealing or converting illegal funds or property or making them look legal. It includes possessing or dealing with the proceeds of crime. We must play no part in it. Tax evasion means deliberately or dishonestly cheating the public revenue or fraudulently evading tax in any jurisdiction.

## We must be alert to situations which ought to raise our suspicions, including:

- payments in non-invoice currencies or in cash or cash equivalents
- payments from multiple sources to satisfy a single invoice, or other unusual payment methods
- payments to or from an account that is not the normal business relationship account
- requests for overpayments or for refunds following an overpayment
- payments by, through or to (or requests to supply our products to) unrelated third parties or shell/shelf companies
- payments or shipments by, through or to companies or individuals established, resident or operating in countries which have the reputation of being 'tax havens' or to bank accounts held in such countries
- requests to deliver our products to an unusual location, adopt an unusual shipping route or importing and exporting the same products
- false reporting such as misrepresenting prices, mis-describing goods or services we provide misrepresenting payable tax or shipping and invoice document discrepancies
- failure by (customers and suppliers) to provide appropriate responses to any due diligence questions raised, including any tax registration details
- suspicion that trade partners are involved in criminal activity including tax evasion
- unusually complex M&A or other transaction structures without clear commercial justification or due diligence results in M&A

## No involvement in dealing with the proceeds of crime

### We must not:

- engage in any transaction which we know, or suspect involves the proceeds of crime (including tax evasion), or
- otherwise be knowingly involved directly or indirectly in money laundering activity

### We must also ensure that our activities do not inadvertently contravene money laundering and taxation laws.

In most jurisdictions it is a crime for any person or company to engage in transactions involving assets which they know, suspect or have reason to suspect are derived from crime.

Breaching anti-money laundering and taxation laws can result in both corporate liability and personal consequences for individuals.

## Refusing to accept large cash sums

### We must refuse to accept – or report – the following cash sums.

Group companies in the EU must not accept cash payments over €10,000 (or equivalent) in any single transaction or series of linked transactions.

Group companies in the US (or outside the US when engaged in a transaction related to the US) must not accept cash payments over \$10,000 (or equivalent) in any single transaction or series of linked transactions.

Group companies outside the EU should also avoid accepting substantial cash payments.

## Minimising the risk of involvement and reporting suspicious activity

### We must have effective procedures for:

minimising the risk of inadvertent participation in transactions involving the proceeds of crime, including monitoring for illicit money flows and other money laundering/terror financing red flags

detecting and preventing money laundering by employees, officers, directors, agents, customers and suppliers

supporting employees in identifying situations which ought to give rise to a suspicion of money laundering

filing required reports relating to money laundering obligations with the appropriate authorities

Group companies must ensure that their customer and supplier approval procedures ('know your customer', 'know your supplier' including the Third Party ABAC Procedure) are adequate, risk-based, and ensure as far as possible, that customers and suppliers are not involved in any criminal activity.

We should promptly refer suspicious transaction or activity by any customer or other third party to our General Manager or Head of Function and local LEX Counsel.

### Who to talk to

- Your line manager
- Your local LEX Counsel
- Head of Compliance: sobc@bat.com



# Anti-money laundering and tax evasion continued

## No involvement in tax evasion or the facilitation of tax evasion

### We must not:

evade taxes or facilitate tax evasion by another person (including another Group entity)  
provide any assistance to someone who we know, or suspect is engaged in tax evasion

### We must:

be aware of, and fully comply with, all taxation laws in jurisdictions where we operate  
account for and pay all taxes that are properly due

It is a crime for any company or individual to evade taxes. Money not properly paid in tax may constitute the proceeds of crime.

There are sometimes legitimate ways for taxpayers to reduce their tax burden that do not constitute forms of tax evasion. However, it is important to distinguish between legitimate tax planning and tax evasion, which can be difficult at times. If you are in doubt about the difference between tax planning and tax evasion you should seek advice from your LEX Counsel.

## Maintaining controls to prevent facilitation of tax evasion

**Group companies must maintain controls to prevent the risk that our employees or business partners may facilitate tax evasion by another person or company. These controls should include:**

tax compliance and non-facilitation of tax evasion clauses in contracts with third parties where appropriate

conduct and provide appropriate training and support to staff who manage relationships with third parties and/or our own tax obligations

investigate, and if necessary suspend and/or terminate, employees and third parties suspected of tax evasion or facilitation of tax evasion

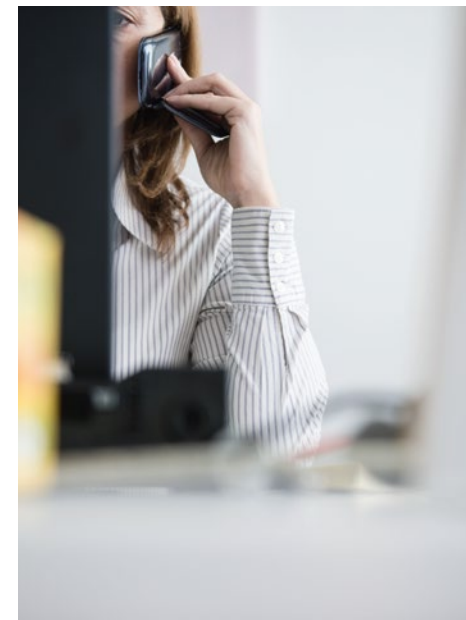
If you suspect that an agent, contractor, customer or supplier is evading taxes or facilitating the evasion of taxes, notify your local LEX Counsel immediately.

## Awareness of, and compliance with, relevant anti-terrorism measures

**We must ensure that we do not knowingly assist in financing or otherwise supporting terrorist activity, and that our activities do not inadvertently breach any relevant anti-terrorist financing measures.**

Group companies' internal controls should include checks to ensure that they do not deal with any entity, organisation or individual proscribed by a government or international body due to its known or suspected terrorist links.

Terrorist groups may try to use legitimate businesses, from retail outlets to distribution or financial service companies, to finance their networks or otherwise move illicit funds. We risk inadvertently breaching anti-terrorist financing measures if we deal with such businesses, organisations or individuals.



### Who to talk to

- Your line manager
- Head of Compliance: sobc@bat.com

## Anti-illicit trade

**Illicit trade in smuggled or counterfeit products harms our business. We must do our part to stop it.**

### No involvement in, or support for, illicit trade in our products

#### We must ensure that:

we do not knowingly engage in unlawful trade in the Group's products

our business practices only support legitimate trade in Group products

we collaborate with authorities in any investigation of illicit trade

The illicit tobacco trade has a negative impact on society. It deprives governments of revenue, encourages crime, misleads consumers into buying poor quality products, undermines the regulation of legitimate trade, and makes it more difficult to prevent underage sales.

It also harms our business, devalues our brands, and our investment in local operations and distribution.

High excise taxes, differential tax rates, weak border controls, and poor enforcement all contribute to illicit trade. However, we fully support governments and regulators in seeking to eliminate it in all its forms.

### Maintaining controls designed to prevent illicit trade in our products

**We must maintain controls designed to prevent our products being sold unlawfully by our customers or diverted into other countries. These controls should include:**

implementing the Supply Chain Compliance Procedure, 'know your customer' and 'know your supplier' including the ABAC Third Party Procedure and any other relevant measures to ensure supply to markets reflects legitimate demand

procedures for investigating, suspending and terminating dealings with customers or suppliers suspected of involvement in illicit trade

**'Know your customer' and 'know your supplier' including the ABAC Third Party Procedure and the Supply Chain Compliance Procedure are important procedures. They are necessary for ensuring that Group products are only sold to reputable customers, made using reputable suppliers and in quantities reflecting legitimate U.S. demand.**

We should make our position on illicit trade clear to our customers and suppliers. Wherever possible, we should seek contractual rights to investigate, suspend and cease our dealings with them if we believe they are involved in unlawful trade in our products.

If you suspect Group products have entered illicit trade channels, notify your local LEX Counsel immediately.

### Monitoring and assessing the U.S. market

RAI companies should monitor the U.S. market and assess the extent to which our products are sold unlawfully or diverted to other countries since such illicit activity weakens the legitimate distribution channel and undermines the integrity of our products.

#### Who to talk to

- Your line manager
- Your local LEX Counsel
- Head of Compliance: sobc@bat.com

# Sanctions

**We are committed to ensuring that our business is conducted in compliance with all lawful sanction regimes, and that we do not engage with any sanctioned parties.**

## Sanctions include prohibitions or restrictions on:

exports or re-exports to a sanctioned country

imports from, or dealings in property originating from, a sanctioned country

travel to or from a sanctioned country

investments and other dealings in a sanctioned country, or with designated parties

making funds or resources available to designated parties

transfer of restricted software, technical data or technology by email, download or visiting a sanctioned country

supporting boycott activity

## Awareness of, and compliance with, sanctions

**We must be aware of, and fully comply with, all lawful sanction regimes affecting our business. We must ensure that we never:**

supply our products, or allow our products to be supplied, to any person

purchase goods from any person, or

otherwise deal with any person or property in contravention of any applicable sanction, trade embargo, export control or other trade restriction.

Sanctions may be imposed by individual countries or supra-national bodies, such as the UN and EU.

Some sanctions regimes apply both to U.S. persons (wherever located), to the use of U.S. currency for payments and to exports/re-exports of U.S.-origin products and products with U.S.-origin content (whether or not the entity handling them is a U.S. person).

Breaching sanctions carries serious penalties, including fines, loss of export licences and imprisonment.

## Minimising the risk of breach

**Group companies' internal controls must minimise the risk of breaching sanctions, and provide training and support to ensure that employees understand them and implement them effectively, particularly where their work involves international financial transfers or cross-border supply or purchase of products, technologies or services.**

Sanctions no longer just target whole countries with economic, trade or diplomatic restrictions. Increasingly, they are also aimed at designated individuals or groups, and the companies or organisations associated with them.

The list of prohibited countries and designated persons changes frequently. If our work involves the sale or shipment of products, technologies or services across international borders, we must keep up-to-date with the rules.

We must also notify our local LEX Counsel immediately if we receive any sanctions-related communications or requests from official bodies or our business partners. For more information, see the Sanctions Compliance Procedure on The Hub.



## Who to talk to

- Your line manager
- Your local LEX Counsel
- Head of Compliance: sobc@bat.com





# For more information

**Please contact:**

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