



**BRITISH AMERICAN
TOBACCO**
MALAYSIA

Standards of Business Conduct

MESSAGE FROM THE MANAGING DIRECTOR

October 2017

In our Guiding Principles, we express our commitment to “freedom through responsibility” and “strength through diversity”. At British American Tobacco Malaysia, we believe that behaving responsibly empowers our business and as such, we are fully committed to working with high standards of integrity.

To ensure these principles are embedded in our daily business lives and our own behaviours at work, we need to set ourselves standards. That is why we have the Standards of Business Conduct which set high standards for our commitment to our shareholders, consumers and each other.

The Standards of Business Conduct are part of the Sustainability pillar in our corporate strategy, the BAT Way, which calls for each BAT Malaysia’s employee to take personal responsibility for maintaining rigorous ethical standards. They reflect our assurances not just in upholding these principles out of a legal obligation but because it is the right thing to do and how much we value honesty, openness and integrity at British American Tobacco Malaysia. The Standards of Business Conduct cannot cover every situation that we may encounter at work, but can help guide us in our conduct.

In this edition of the Standards of Business Conduct, several sections have been updated to align our standards with new best practices.

The Standards of Business Conduct must remain our way of working and I trust that everyone will familiarise themselves with it and to never shy away from seeking advice or clarity on it. It is as they say, our reputation starts and ends with each employee in BAT Malaysia.

By living up to the letter and spirit of the Standards of Business Conduct in our actions and judgments, we can take pride in the results that we achieve and in achieving them the BAT Way.

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Introduction

British American Tobacco (Malaysia) Berhad (“BATM or Company”) and its subsidiary companies (collectively the “BATM Group”) and the BATM Group’s employees shall comply with all the standards of business conduct as set out below (“SoBC”).

The SoBC set out the rules and policies that all employees in the BATM Group must follow, while also providing support and guidance to assist employees to ensure that their conduct meets the high standards expected of them.

“employees” include where the context admits, directors, officers, and permanent employees of the BATM Group and also temporary staff, including contractors, secondees, trainees and those on work experience.

Commitment to integrity

We must comply with the laws and regulations that apply to BATM Group companies, our business, and to ourselves, and 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.

The SoBC applies to all directors, officers, employees, secondees, trainees, interns and temporary staff.

If you are a contractor, agent or consultant working with us, we ask that you act consistently with the SoBC and apply similar standards within your own organisation.

A legacy of leaders

Creating a legacy of leaders is one of the ‘Must Dos’ in 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.

Managers must know, understand and follow the SoBC consistently, and satisfy themselves that everyone in their team also does so.

Managers should listen to and support team members who raise concerns about wrongdoing or need guidance on the right thing to do or way to behave.

Our own ethical judgment

The SoBC cannot cover every situation we may encounter at work, but it can help to guide us in our conduct. Above all, we must choose what we truly believe to be the right course of action.

Our common sense and judgment will help us follow the SoBC in spirit as well as to the letter.

If the right course of action is unclear, ask yourself:

- am I aware of our internal rules and guidance that may apply to the situation?
- am I comfortable doing what is proposed?
- Would 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 you are still unsure, discuss the issue with colleagues and seek guidance from your line manager, higher management or Head of Legal and Secretarial Services.

Contractors, agents and consultants engaged on behalf of any BATM Group company are expected to apply standards of business conduct consistent with the SoBC. Employees should report any breaches or inconsistent behaviour by any such third party.

If you are responsible for engaging and/or supervising contractors, agents or consultants on behalf of any BATM Group company, then you should seek their cooperation in adhering to the SoBC – including, wherever possible, a contractual commitment to act consistently with the SoBC when working on the BATM Group’s behalf.

Procedures may require specific steps to be taken, including, where appropriate, due diligence checks and the inclusion of specific contractual terms, in relation to certain types of contractors, agents and consultants.

Those who supervise others have additional responsibilities under the SoBC. They must:

- make sure that those reporting to them know and understand the SoBC;
- monitor the conduct of those they supervise to satisfy themselves that it meets the SoBC;
- enforce the SoBC consistently; and
- support employees who, in good faith, raise questions about business conduct or concerns of wrongdoing.

If you supervise others, you should make every effort to promote compliance and high standards of business conduct by example. You should show by your own behaviour what it means to act with integrity.

In addition, you should make sure that those reporting to you have sufficient support and resources to enable them to adhere to the SoBC. You should always be willing to take the time to listen to and guide those who come to you with questions or concerns arising under the SoBC.

No exception or compromise

No 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.

If you are instructed by your manager or supervisor to do something which involves, or appears to involve, an illegal activity or a breach of the SoBC, you should immediately raise this with senior management or the Head of Legal and Secretarial Services or a ‘Designated Officer’ for whistleblowing.

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 BATM Group.

The SoBC absolutely prohibit retaliation against employees who in good faith report information or raise questions about possible violations of the law or the SoBC.

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 BATM Group and those involved. If conduct may have been criminal, this will 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.

Compliance with the SoBC is monitored regularly by the Board of Directors and Audit Committee of BATM. The Legal Department/Company Secretary of BATM (“Legal Department”) is charged with the responsibility of reporting to the Board on an annual basis the compliance of the SoBC by the BATM Group and its employees.

At the end of each year, the Managing Director and each Head of Function is required formally to confirm that the BATM Group or function for which he or she is responsible complies 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 re-declare any personal conflicts of interest for the sake of transparency.

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

Whistleblowing

It takes courage to raise concerns about whistleblowing. The whistleblowing policy is there to support employees in doing so, and gives employees the trust and confidence in how the Company will treat concerns.

We encourage you to speak up

Anyone working for or with the BATM Group who is concerned about actual or suspected wrongdoing at work (whether in the past, occurring, or likely to happen) is encouraged to raise their concerns.

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

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 and harassment in the workplace, or other human rights abuses
- accounting malpractice or falsifying documents
- other breaches of the SoBC or other policies, principles or standards of the BATM Group
- failing to comply with any legal obligation, by act or omission
- a miscarriage of justice
- concealing any wrongdoing

Who you can speak to

We asked that you raise concerns with the Head of Legal and Secretarial Services or HR Manager initially, who should refer them to the Head of Legal and Secretarial Services.

If you feel uncomfortable, you may also report the matter directly to your line manager. They should refer them immediately to the Head of Legal and Secretarial Services or HR Manager, otherwise keeping all details (and your identity) confidential.

All incidents reported shall be investigated by an investigation team comprising of Senior Managers working closely with the Evaluation Team comprising of Leadership Team members to ensure that all cases which have been reported or discovered are investigated upon promptly.

Confidentiality

Your identity will be kept confidential and your concerns will be investigated objectively and fully.

The outcome of the investigations and the actions taken by the Company will be reported to the Audit Committee of BATM and further submitted to the Regional Audit Committee for the British American Tobacco p.l.c's Main Board Audit Committee.

No reprisal

You will not suffer any form of reprisal for raising a concern about actual or suspected wrongdoing even if you are mistaken.

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

Conflicts of Interest

We must avoid conflicts of interests 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 BATM Group or any BATM Group company.

Many situations or relationships may create a conflict of interest, or the appearance of one.

Generally speaking, a conflict of interest is a situation where our position or responsibilities within the BATM 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 give rise to the appearance of a conflict of interest where it provides the opportunity for personal benefit, regardless of whether the benefit is in fact 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 interests

As soon as it arises, we must inform our line manager of any situation that is, or may be seen as, an actual or potential conflict of interest and seek their authorisation.

Sometimes it will be possible to manage a particular conflict by making changes to your role or reporting line or changing your account responsibilities. It is important that you inform your line manager so that steps can be taken to either remove the conflict, reduce it to acceptable levels, or to ensure a potential conflict does not turn into an actual one.

You should, in the first instance, disclose conflicts and potential conflicts to your line manager.

If a line manager is unsure whether the situation is acceptable (or manageable), they should seek advice from higher management or Head of Legal and Secretarial Services.

Additionally, in the case of any director of the BATM Group, disclosure should be made to, and approval sought from, the Board of Directors of the Company at its next meeting, and the decision shall be recorded in the minutes.

Every year, we must also re-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 BATM Group's internal controls.

Recording conflicts of interests

Managers should ensure that any actual or potential conflicts of interest disclosed to them in the course of the year are notified to the Head of Legal and Secretarial Services.

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 details of all actual or potential conflicts of interest disclosed and the action taken in respect of them shall be recorded in a 'conflicts log' maintained by the Head of Legal and Secretarial Services.

Accordingly, managers should ensure that any actual or potential conflicts of interest disclosed to them are notified to the person responsible for maintaining the relevant conflicts log.

It is not possible to list all situations or relationships which may give rise to a conflict of interest, or the appearance of one, so each situation must be evaluated on its individual facts. However, examples of situations where conflicts of interest may arise, and the principles which should be applied, are given below.

Corporate opportunity

We must not use information gained from our employment, or take advantage of a corporate opportunity, for our personal gain or benefit (or for those close to us), without first disclosing our intention to do so, and obtaining written approval from line management

A corporate opportunity means any business opportunity which properly belongs to the BATM Group or any BATM Group company.

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

Outside employment

We must not work for or on behalf of a third party without first disclosing our intention to do so and obtaining written approval from line management.

Some situations are never permissible, for example where they involve:

- a competitor of any BATM Group company; or
- any customer or supplier with whom we deal with in the course of our work.

For any other relationship of this kind, you must first disclose it and obtain written approval.

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 BATM Group, including any charitable or other not-for-profit organisation.

This does not apply to any unpaid voluntary work which you may undertake in your own time, provided that it does not interfere with your duties and responsibilities to the BATM Group.

Financial interests

We must disclose material financial interests in a competitor, supplier, customer or other business with which a BATM Group company has significant dealings.

A 'material financial interest' means any financial interest which might influence, or appear to influence our judgment. It does not include publicly traded mutual funds, index funds and similar pooled investments, where we have no say in what investments are included.

We must not hold material financial interests in:

- a supplier, customer or other external business if we have any involvement in the Group's dealings with that business or supervise anyone who does
- a direct competitor of the Group, or any business conducting activities against the Group's interests

We may be permitted to retain a financial interest in a competitor, provided that:

- the interest was owned prior to our employment in the BATM Group;
- the matter was disclosed in writing to our employing company prior to our appointment; and
- the employing company has not objected.

The prior ownership of any such interest by any director of a BATM Group company must be reported to the Board of Directors and noted in its next board meeting's minutes.

Family or personal relationships

We must disclose if we have any close relatives:

- working in the BATM Group
- working or performing services for, or having a material financial interest in, any competitor, supplier, customer or other business with which the BATM Group has significant dealings

'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. If you are in such a situation, you should discuss the matter with higher management.

If you work within the same BATM Group company or business unit as a close relative, you should disclose the relationship to your line manager.

In the course of our work, we 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 our relatives work or hold a material financial interest)

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

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

Where an employee has direct or indirect business involvement with a close relative at a customer or supplier, management may need to make changes to their role or account responsibilities.

These principles apply equally to conflicts of interests involving intimate relationships between employees.

Bribery and Corruption

It is wholly unacceptable for BATM Group companies, employees, or our business partners to be involved or implicated in any way in corrupt practices

We should never engage in:

- offering or making an unauthorised payment, or authorising an improper payment (cash or otherwise) to a public official, or any related person
- inducing a public official to do something illegal
- 'turning a blind eye' or failing to report any improper payment or other inducement
- offering or receiving any gift, payment or other benefit in relation to gaining business or awarding contracts
- setting up an unrecorded fund, such as a secret cash account, for any purpose
- inducing, facilitating, or overlooking someone else's breach of this standard
- permitting an agent or representative of any BATM Group company to engage in improper conduct

If in any doubt, or if more detailed advice is required, please contact your Head of Legal and Secretarial Services.

No bribery

We 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 influence, or intend to influence, any decision by any person to our advantage
- solicit, 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 influences, or gives the impression that it is intended to influence, decisions of the Group

A bribe is any gift, payment or other benefit (such as hospitality, kickbacks or investment opportunities) offered in order to secure an improper 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.

'Improper advantage' means something to which the Group company concerned was clearly not entitled, for example, an operating permit for a factory that fails to meet the relevant legal requirements.

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

We 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 the Head of legal and secretarial Services (if possible, before any payment is made). The payment must also be fully documented in BATM Group company's books.

Maintaining adequate procedures

The BATM Group maintain controls to ensure that improper payments are not offered, made, solicited or received, by third parties performing services for or on their behalf.

Controls should include:

- 'know your supplier' and 'know your customer' procedures which are proportionate to the risk involved
- anti-corruption provisions in contracts with third parties 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

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

Entertainment and Gifts

Offering and accepting business entertainment or gifts is perfectly acceptable when what is given is modest, reasonable, appropriate, and lawful

When offering or accepting, consider:

- **Intent:** Is the intent only to build or maintain a business relationship or offer normal courtesy, or is it to influence the recipient's objectivity in making a specific business decision?
- **Materiality:** Is it sufficiently modest and infrequent?
- **Legality:** Is it legal both in your country and the country of the other party?
- **Transparency:** Would you be embarrassed if your manager or colleagues or anyone outside the BATM Group became aware of the entertainment or gift?

Gifts valued at RM1,000 or less (from one source in any one calendar year) are considered to be of a token or modest amount within the private sector (see below with regard to gifts in the public sector context).

Acceptable without prior approval

We may offer or accept business entertainment and gifts without prior approval, provided they:

- are lawful;
- are modest and appropriate;
- are consistent with reasonable business practice;
- do not involve any public or government sector organisation or individual.

Occasional drinks and meals, attendance at sports, theatre or cultural events, and modest gifts are usually acceptable.

Gifts valued at RM1,000 or less (from one source in any one calendar year) are considered to be modest within the private sector.

Where prior approval is needed

We must seek prior written approval from our line manager, and notify our Head of Legal and Secretarial Services, where:

- any gift given to or received within the private sector is valued at more than RM1,000 (from one source in any one calendar year)
- any entertainment given to or received within the private sector involves overseas travel and/or more than two nights' accommodation
- any gift or entertainment involves any public or government sector organisation or individual (regardless of nature or value, unless purely nominal)

Line managers, in consultation with Head of Legal and Secretarial Services will determine what is to be done with any gift exceeding the applicable limit.

Generally, such gifts should be refused or returned. If this would be inappropriate or cause offence, the gift may be accepted on the basis that it becomes the property of the BATM Group company. In such cases, employees may be given the option to purchase the gift from the company for its fair market value, less the amount of the local gift limit.

If we are offering any entertainment or gift requiring prior approval, we should never avoid our obligation to seek such approval by paying for it personally.

Keeping a formal record

BATM Group companies are expected to maintain a register of all notified entertainment and gifts.

What is never acceptable

Entertainment and gifts are never acceptable if they:

- are illegal or prohibited by the other party's organisation
- involve parties engaged in a tender or competitive bidding process
- may have, or may be seen as having, a material effect on a transaction involving any Group company
- are a gift of cash or cash equivalent (gift certificates, loans, or securities)
- are actively solicited or demanded
- are offered for something in return
- are inappropriate (disrespectful, indecent, sexually explicit or might otherwise reflect on us poorly, having regard to local culture)

Public Officials

It is prohibited to directly or indirectly seek to influence a public official by providing any entertainment or gift (or other personal advantage) to them or any person, such as a public official's family member, friend or associate. Gifts to public officials of more than token value will rarely be appropriate.

Regulatory engagement is part of our business. Offering officials reasonable hospitality in this context is permissible. However, extra care must be taken. Many countries do not allow their officials to accept gifts or entertainment and anti-bribery laws are often stricter when dealing with them.

Respect in the Workplace

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

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.

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.

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.

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.

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

If we witness or experience such behaviour, or behaviour that is unacceptable in any other way, this should be reported to the line manager.

Safeguarding employee well-being

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

We will work continuously to maximise the physical security of our employee, 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.

BATM 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 explore and adopt family friendly policies according to local practice.

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 far as possible, we will undertake due diligence in order to identify and allow us to minimise and account for human rights risks.

To ensure good behavioural standards throughout the supply chain, we encourage our distributors, service providers and suppliers to act consistently with the SoBC and our commitment to human rights, and contractually require them to do so wherever feasible.

Human rights considerations are built into our main supplier, distributor and service provider programmes.

If we identify human rights breaches in relation to a supplier, distributor or service provider but there is no clear commitment to corrective action, persistent inaction, or a lack of improvement, then our work with that supplier, distributor or service provider should cease.

No child labour

We do not condone or employ child labour, and 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.

As such:

- no one under 18 will be directly employed by any Group company in any work assessed as hazardous to their health, safety and well-being
- no one under 15 (or, if higher, the age for finishing compulsory schooling in the country concerned) will be directly employed by any Group company

However, the BATM Group recognizes training or work experience schemes approved by a competent authority as an exception.

No exploitation of labour

We do not condone forced, bonded or involuntary labour, or the exploitation or unlawful use of immigrant labour.

Workers should never be required to surrender identity papers or pay deposits as a condition of employment. Where employment law or procedures require use of identity papers, it is to be used strictly in accordance with employment law or procedures.

Freedom of association

We respect freedom of association.

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

Local communities

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

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.

The BATM Group encourages employees to play an active role both in their local and business communities and seeks to create opportunities for skills development for employees and within communities, and aim to work in harmony with the development objectives and initiatives of the government.

Political Contributions

Where political contributions are expressly permitted by Malaysian law and generally accepted as part of business practice in Malaysia, they must only be made in strict accordance with the law and the SoBC.

Contributing for the right reasons

Where expressly permitted by Malaysian law, **BATM Group companies may make contributions to political parties and organisations and to the campaigns for candidates for elective office (corporate contributions to candidates for federal office in the United States are strictly prohibited), provided that such payments are not:**

- made to achieve any improper business or other advantage, or to influence any decision by a public official to the advantage of any BATM Group company intended personally to benefit the recipient or his or her family, friends, associates or acquaintances
- intended personally to benefit the recipient or his or her family, friends, associates or acquaintances

It is not permissible for a BATM Group company to make a political contribution in circumstances where the contribution itself is intended to influence the outcome of the debate, for example by influencing a politician to act or vote in a particular way or otherwise assisting to secure a particular decision in favour of the BATM Group.

When approving political donations (see below), the Board of Directors should specifically consider whether the donation complies with these requirements.

Strict authorization requirements

All political contributions must be:

- expressly permitted by Malaysian law, as confirmed by external legal advice;
- notified in advance to the LEX Director who will then notify the Regional Head of LEX;
- authorised in advance by the Board of Directors of the BATM Group company making the contribution;
- fully recorded in the company's books; and
- 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 BAT plc Group company located outside the jurisdiction). This is due to laws having extra-territorial effect and a broad definition of 'political organisation'. The foreign contribution ban in the United States is particularly strict and must be adhered to carefully by BATM Group companies.

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 BATM Group company
- take care that our activities do not conflict with their duties and responsibilities to the BATM 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 co-operate to minimise any such impact.

Charitable Contributions

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

Giving for the right reasons

The BATM 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 advantage.

Verifying reputation and status

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

Before making any contribution, BATM 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.

Fully recording what we give

Any charitable contribution or other corporate social investment provided by a Group company must be:

- fully documented in the company's books; and
- where required by law, placed on the public record either by the company or by the recipient.

Public officials

We must not seek to influence a public official by providing a contribution to a public official's charity or any charity at their request or with their agreement or acquiescence.

Contributions to a third party's charity, such as a public official's family member, friend, or associate, as an indirect way to influence the official are prohibited.

Accurate Accounting and Record-Keeping

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

This applies whether the data is in paper documentation, electronic form or any other medium.

Failure to keep accurate records is contrary to the BATM Group policy but may also be illegal. There is never any justification or excuse for falsifying records or misrepresenting facts. Such conduct may constitute fraud and could result in civil or criminal liability.

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

The BATM Group must adopt records management policies and procedures reflecting the BATM 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.

If you require further information or guidance, you should contact your Records Manager.

Following accounting standards

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

The BATM Group companies' financial data must be maintained in line with the Malaysian generally accepted accounting principles.

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

Co-operating with external auditors

We must co-operate fully with the BATM Group's external and internal auditors and ensure that all information held by them which is relevant to the audit of any BATM 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 – if in doubt, you should contact the Head of Legal and Secretarial Services.

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

Under no circumstances should we provide information to the auditors which you 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 the BATM Group whether with another BAT plc 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 BATM Group company, you should make sure that it is approved, signed and recorded in accordance with the relevant contracts approval process.

If in doubt, you should contact the Head of Legal and Secretarial Services.

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

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

Taxation

We must comply with all applicable tax laws and regulations where we operate and be open and transparent with the tax authorities.

Under no circumstances should we engage in deliberate illegal tax evasion or facilitate such evasion on behalf of others.

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 interest

We must ensure that the BATM Group's assets are not damaged, misused, misappropriated or wasted and must report the abuse or misappropriation by others.

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

We are individually responsible for ensuring that the property that you use or come into contact with as part of your work is not damaged, misused or wasted.

Guarding against theft and misuse of funds

We must protect BATM 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.

BATM Group funds' means cash or cash equivalent belonging to a BATM 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.

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 of certain company equipment and systems issued to employees for their individual business use, 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; and
- is not for any illegal or improper purpose.

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

- communication which is derogatory, defamatory, sexist, racist, obscene, vulgar or otherwise offensive;
- improperly disseminating copyrighted or licensed materials or other proprietary materials;
- transmitting chain letters, advertisements or solicitations (unless specifically authorised); and
- visiting inappropriate internet sites.

Devoting sufficient time to work

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

Whilst at the work, we are expected to be fully engaged in your work and should not undertake personal activities beyond a reasonably modest level which does not interfere with our job.

Protecting our brands and innovations

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

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

Securing access to our assets

We must protect information which may be used to provide access to the BATM Group's assets.

We must always maintain the security of any information used to access company property and networks, including building access cards, IDs, passwords and pass codes.

Respecting the assets of third parties

We must never knowingly:

- damage, misuse or misappropriate the physical assets of third parties;
- infringe valid patents, trademarks, copyrights or other intellectual property in violation of the 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 assets of third parties that you would expect them to show towards the BATM Group's assets.

Confidentiality and Information Security

We must maintain the confidentiality of all commercially sensitive information, trade secrets and other confidential information relating to the BATM Group and its business

Disclosing confidential information

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

- to agents or representatives of a BATM Group company owing it a duty of confidentiality and requiring the information to carry out work on its behalf; or
- 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 Head of Legal and Secretarial Services.

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

Confidential information is any information or knowledge, which may prejudice the interests of any BATM Group company 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 the morale of employees; and
- software purchased or developed by any Group company.

Insider information is a particular kind of confidential information which is relevant to the price of shares and other securities in publicly quoted companies. While care should be taken with regard to the treatment of all confidential information, particular care should be taken with regard to inside information, since misuse could result in civil or criminal sanctions against both the BATM Group company and the individual concerned (see 'Insider Dealing and Market Abuse' for further detail).

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

For further guidance, please see the Company's Business Information Security Procedures and Guidelines.

Access to and storage of confidential information

Access to confidential information relating to any BATM 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 BATM Group company or its business without making adequate arrangements to secure that information.

Use of confidential information

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

Personal data

BATM Group companies and employees must ensure that they comply at all times with data protection laws.

Access to personal data must be limited to authorised employees who have a clear business need to access that data.

Data protection laws govern the handling and processing of personal data and may restrict the extent to which such data may be transferred between different companies and jurisdictions.

Such laws will most commonly apply in the context of personal data relating to employees and customers. If you require further information or guidance, you should contact the Head of Legal and Secretarial Services.

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 Head of Legal and Secretarial Services.

Insider Dealing and Market Abuse

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

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
- engage 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.

In Malaysia, insider dealing constitutes a criminal offence under the Capital Markets and Services Act 2007 (the "CMSA").

For further information about the types of behaviour that may constitute Insider Dealing in Malaysia and the penalties involved, you should refer to the CMSA.

Handling inside information

If we have or receive information that may constitute inside information in relation to the Company or any publicly quoted BAT plc Group company, we must disclose it immediately the Managing Director or 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 authority and then only to:

- those employees who require it to carry out their work
- agents or representatives of a BATM Group company who owe it a duty of confidentiality and require such information to carry out work on its behalf.

If you are uncertain whether you possess inside information or other information of a price-sensitive nature about any BATM Group company or BAT plc Group company, you should contact the Head of Legal and Secretarial Services.

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.

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.

Particular care should be taken with regard to the treatment of inside information, since misuse could result in civil or criminal sanctions against both the Company and the individual concerned.

Responsible share dealing

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

If you intend on dealing in the shares or other securities of the Company or any publicly quoted BAT plc Group company and from time to time have access to inside information, or other information of a price-sensitive nature, relating to that company, you must comply with the laws governing share transactions in the relevant jurisdiction and, if you are subject to it, the requirements of any code for share dealing issued by that company.

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

Dealing in the shares of a publicly quoted company while in possession of inside information or other information of a price sensitive nature relating to that company is likely to constitute insider dealing and may constitute a criminal offence or otherwise be unlawful in many countries.

Dealing in the shares of the Company or any publicly quoted BAT plc Group company while in the possession of inside information or other information of a price sensitive nature relating to that company is, in addition, likely to be contrary to our rules on share dealing.

For the rules applicable to dealings in shares in the Company, please refer to the Company's Internal Regulations on Securities and for rules applicable to dealing in shares in BAT p.l.c., please refer to its Code for Share Dealing.

You should take particular care when dealing in the said shares if you are an Insider, meaning that you are someone with regular or occasional access to inside information relating to the Company and/or BAT p.l.c.

You will be notified if you are an Insider.

Competition and Anti-Trust Laws

We believe in free competition. We must compete fairly and ethically and within the framework of the applicable competition (or anti-trust”) laws and guidelines

Commitment to fair competition

We are committed to vigorous competition and to complying with applicable competition laws and guidelines in the country which we operate.

How competition laws affect 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.

The Competition Act, 2010 applies to any commercial activity transacted not only in Malaysia but also outside Malaysia which has an effect on competition in any market in Malaysia.

If you are involved in business activities where the applicable competition laws may be relevant, you will need to seek and obtain tailored legal advice that is specific to the circumstances.

Parallel behavior

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, but not necessarily limited to, 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 and/or territories;
- limit production or capacity;
- influence the outcome of a competitive bidding process;
- agree a collective refusal to deal with certain parties, otherwise known as 'collective boycotts'.

'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 include situations in which 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").

It is also important to bear in mind that the term 'competitor' includes both actual and potential suppliers of products in competition with the BATM Group.

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.

It is advisable to maintain a careful record of any meetings with representatives of competitors, and you should always break away from a discussion if you are concerned that it may be, or may be construed as, anti-competitive in nature. In such circumstances, you should subsequently notify the situation to the Head of Legal and Secretarial Services.

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 justified, save for very limited and exceptional circumstances.

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

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.

The rules on resale price maintenance and resale restrictions generally vary widely from jurisdiction to jurisdiction. If this is relevant to your role, it is important for you to be familiar with the rules applicable in those countries for which you have responsibility.

Dominant position

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

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

Where a 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.

Mergers and acquisitions

Where BATM 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.

If you have any doubt whether a particular business practice or activity might be in breach of the applicable competition laws and/or rules or if more detailed advice is required, please contact the Head of Legal and Secretarial Services or where (as is often the case) the issue might have effects beyond the borders of Malaysia, then through the Head of Legal and Secretarial Services, to refer the issue to the relevant Regional Counsel of BAT p.l.c.

Money Laundering

Money laundering is concealing illegal funds or making them look legal. It includes possessing or dealing with the proceeds of crime. We must play no part in it

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

- Payment in non-invoice currencies
- Substantial payments 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 or through or to (or requests to supply our products to unrelated third parties or shell/shelf companies
- Payments or shipments by, through or to 'high risk' countries, companies or people
- Requests to deliver our products to an unusual location or to adopt an unusual shipping route
- Repeated importing and exporting of the same products
- False reporting (such as misrepresenting prices) or notable document discrepancies (such as between shipping and invoice documents)
- Trade partners you suspect of being criminals, terrorists or having more money than appears legitimate from their trade business.

No involvement in dealing with proceeds of crime

We must not:

- engage in any transaction which we know or suspect involves the proceeds of criminal activity; or
- otherwise be knowingly involved directly or indirectly in any money laundering activity.

We must also ensure that our activities do not inadvertently contravene money laundering 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 law can attach both to companies and individuals.

Refusing to accept large cash sums

We must refuse to accept – or report – substantial cash payments.

The BATM Group, when engaged in a transaction related to the US, must not accept cash payments over USD10,000 (or equivalent) in any single transaction or series of linked transactions.

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 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

The BATM Group must ensure that their customer and supplier approval (or “know your customer” and “know your supplier”) procedures 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 Managing Director or Head of Function and Head of Legal and Secretarial Services.

Awareness and compliance with relevant anti-terrorism measures

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

BATM 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 to move illicit funds.

We risk inadvertently breaching anti-terrorist financing measures if we deal with such businesses, organisations or individuals.

If in any doubt, or if more detailed advice is required, please contact the Head of Legal and Secretarial Services.

Illicit trade

The BATM Group engages only in lawful trade in its products.

Illegal trade in smuggled or counterfeit products harms our business. We must do everything we can 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 our products;
- our business practices only support legitimate trade in our products;
- we collaborate proactively with relevant authorities in any investigation of illicit trade.

We must:

- immediately report if we have been approached by any third parties to deal/trade in illicit trade; or
- immediately report if we are aware of any dealing/trading in of illicit trade or any employee has been approached by any third parties to deal/trade in 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 to prevent illicit trade in our products

We must maintain controls to prevent our products being diverted into illicit trade channels. These controls should include:

- “know your customer” and “know your supplier” procedures;
- measures to ensure supply to markets reflect legitimate demand; and
- procedures for investigating, suspending and terminating dealings with customers or suppliers suspected of involvement in illicit.

“Know your customer” and “know your supplier” are important procedures. They are necessary for ensuring that our products are only sold to reputable customers, made using reputable suppliers and in quantities reflecting legitimate demand.

We must 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, knowingly or recklessly, in illicit trade.

If you suspect our products have entered illicit trade channels, notify your Head of AIT immediately.

Monitoring and assessing illegal cigarettes trade

The BATM Group should have the ability to regularly monitor illicit trade in the market and assess the extent to which our products are sold unlawfully or diverted to other markets.

Our procedures require specific steps to be taken to assess the level and nature of illicit trade in a given market and to develop plans to address it.

For more information, see the AIT pages on interact.

If in any doubt, or if more detailed advice is required, please contact the Head of AIT or Head of Legal and Secretarial Services.

Sanctions

We are committed to ensuring that our business is conducted in compliance with all lawful sanctions 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 and compliance with sanctions

We must be aware of, and fully comply with, all lawful sanctions 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 in any way with any person or property.

in contravention of any applicable sanction, trade embargo, export control or other trade restriction which is applicable to them.

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

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

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

Minimising the risk of breach

BATM 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.

Employees should notify the Head of Legal and Secretarial Services immediately and before taking any action if the BATM Group company receives any boycott-related requests, whether oral or written and whether specific to a particular transaction or more general in nature.

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 Head of Legal and Secretarial Services 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 interact.

If in any doubt, or if more detailed advice is required, please contact the Head of Legal and Secretarial Services.

ISSUED BY: BRITISH AMERICAN TOBACCO (MALAYSIA) BHD

BOARD APPROVAL DATE: AUGUST 2000

BOARD APPROVAL DATE (revised 1): 22 APRIL 2004

BOARD APPROVAL DATE (revised 2): 21 FEBRUARY 2008

BOARD APPROVAL DATE (revised 3): 23 APRIL 2009

BOARD APPROVAL DATE (revised 4): 23 OCTOBER 2012

BOARD APPROVAL DATE (revised 5): 22 JULY 2014

BOARD APPROVAL DATE (revised 6): 28 APRIL 2015

BOARD APPROVAL DATE (revised 7): 25 OCTOBER 2017

BOARD APPROVAL DATE (revised 8): 12 OCTOBER 2018