



Standards of Business Conduct

September
2011



PAKISTAN TOBACCO
COMPANY

Message from the Chief Executive

At Pakistan Tobacco Company Limited (PTC), we are committed to acting responsibly at all times. We take comfort and pride in knowing that we will do the right thing and behave in the right way. What is more, we see this as critical to the sustained high performance of our business in the long term. It is therefore a key element of our business strategy.

Our Standards of Business Conduct express the high standards of business integrity that we require from our employees. They are based on our beliefs and values and underpin our commitment to honesty, integrity and transparency by applying those principles to the specific situations that arise in our day-to-day business life.

Compliance with the law is necessary, but not sufficient on its own. The Standards are intended to support all of us in ensuring, not only that our conduct remains lawful, but also that it is in line with the high standards that we expect of ourselves. They do this by making clear the rules that govern our business conduct and by providing guidance to help us to make appropriate judgments and decisions in the course of our work. They are applicable to all employees of this Company and the employees of the Group companies, without exception. Everyone in PTC is responsible for upholding their requirements. Failure to observe the Standards is a cause for disciplinary action, which could involve dismissal.

We want an open culture where people feel secure in seeking advice or in raising concerns. If you are unsure of what to do in particular circumstances or have concerns about suspected wrongdoing at work, then you have an obligation to speak up. Our whistleblowing policy and procedures enable you to do so in confidence and without fear of punishment, provided that you act in good faith.

Our Standards of Business Conduct have been in place for many years and are kept under review to ensure that they remain at the forefront of best business practice. This latest version has been revised to reflect the latest developments and issues affecting corporate conduct and values. In particular, it takes into account the provisions of the UK Bribery Act 2010, which came in to force in July 2011, and the guidance issued by the UK government under that Act. Corruption not only damages economic, social and political development, but it also restricts free and fair competition and so harms legitimate and responsible businesses such as PTC. It is completely unacceptable for our companies and employees to be involved or implicated in any way in corrupt practices.

We all have a personal responsibility to uphold the standards that we set for ourselves and to act in ways that maintain and improve the reputation of PTC and British American Tobacco Group. It is important therefore that we all take the time to ensure that we know what is expected of us and that we live up to that expectation both in what we say and in what we do. By following the letter and the spirit of the Standards of Business Conduct, we can all help to ensure that the PTC continues to be an organisation which not only delivers excellent financial returns, but is also one for which we are proud to work.

Graeme Amey
Managing Director

STANDARDS OF BUSINESS CONDUCT

Introduction

These Standards of Business Conduct set out the rules and policies that everyone working for Pakistan Tobacco Company Limited must follow, while also providing support and guidance to assist our people to ensure that their conduct meets the high standards expected of them.

In order to provide a reference point and guide for corporate conduct and behaviour within the organisation, Pakistan Tobacco Company Limited (the “Company”) has adopted the following Standards of Business Conduct (the “Standards”).

It is a fundamental policy of the Company that all employees observe and comply with the laws and regulations applicable to them and act with high standards of business integrity.

The Standards provide guidance on a number of specific areas relevant to the conduct of the Company’s business.

These Standards are, however, by no means exhaustive. All employees should make sure that they are familiar with, and that they adhere to:

- All other applicable Group Global Policies, Standards Group Principles and Common Platforms Global Standards;
- Company Policies and Standards and ;
- All laws and regulations applicable to them and their area of work.

Where strict application of these Standards would conflict with the law, the latter will take precedence.

You must always act in accordance with the laws, but your obligation to act with high standards of business integrity goes beyond strict legal compliance. It means:

- Behaving responsibly;
- Conducting business in a manner which is honest, sincere, and trustworthy;
- Acting in accordance with accepted standards of behaviour; and
- Always choosing what you truly believe to be the right course of action.

Although these Standards cannot cover every situation which you might encounter in your work, they do provide a sound basis for identifying the principles which should always govern your conduct. You should supplement these Standards with your own common sense and judgment, making sure that you follow their spirit as well as their content.

It is recognised that there will not always be a clear answer. In cases of doubt, or whenever any question arises as to the proper course of action, you should ask yourself the following questions:

- Am I comfortable with what I propose doing?
- Would I be comfortable explaining my conduct to the board of my company, my family or friends or the media?
- Who does my conduct affect and would it be considered fair by those affected?

All employees of the Company are expected to know, understand and follow these Standards.

Contractors, agents and consultants engaged on behalf of the Company are expected to apply standards of business conduct consistent with the Standards.

Employees should report any breaches or inconsistent behavior by any such third party.

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

- Make sure that those reporting to them know and understand the Standards;
- Monitor the conduct of those they supervise to satisfy themselves that it meets the Standards;
- Enforce the Standards consistently; and
- Support employees who, in good faith, raise questions about business conduct or concerns of wrongdoing.

No manager has the authority to order or approve any action that is contrary to any laws or regulations, or to the relevant Standards, and employees should not compromise the Standards for the sake of results under any circumstances.

Employees have a duty to report incidences of non-compliance with the Standards and any other incidences of wrongdoing at work.

Disciplinary action will be taken for violations of law or the Standards, as appropriate, including termination of employment.

At the end of each year, the Managing Director of the Company and each Head of Function in the Company is required formally to confirm that the company and departments for which they are responsible complies with the Standards.

If the issue cannot be resolved in this way, then you should discuss the situation with your colleagues and, if necessary, seek guidance from your manager (or the next level of management) or from your Legal Counsel.

These Standards not only apply to all directors, officers and permanent employees of the Company, but also to secondees, trainees, those on work experience and other temporary staff. If you are responsible for engaging and/or supervising individuals in such roles, you should ensure that they are familiar with the Standards and their obligations under them.

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

Company 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.

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 Standards. 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 Standards.

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 Standards, you should immediately bring the matter to the attention of senior management or your Legal Counsel, or a 'Designated Officer' under the Whistle blowing Policy.

The Standards absolutely prohibit retaliation against employees who, in good faith, report information or raise

questions about possible violation(s) of the laws or the Standards.

Violation(s) of the Standards, or of any laws or regulations governing our operations, may have severe consequences for the individuals concerned and for the Company. Any failure to follow the Standards that involves a criminal act could result in prosecution after referral to the relevant authorities.

The Managing Director and Heads of Function will make every reasonable effort to ensure that their declaration of compliance is accurate and truthful.

Terminology

In this document:

- 1) **'PTC'** or **'the Company'** means Pakistan Tobacco Company Limited.
- 2) **'Group'** and **'BAT Group'** mean any company within the British American Tobacco Group.
- 3) **'Standards'** means the PTC Standards of Business Conduct.
- 4) All references to **'your Legal Counsel'** means any manager from the PTC Legal Department.
- 5) All references to **'employees'** in this document include, where the context admits, directors, officers and permanent employees of PTC and also temporary staff, including secondees, trainees and those on work experience.
- 6) For sake of convenience, this document refers to employees as **'he'** but it applies equally to all employees, regardless of gender.

STANDARDS OF BUSINESS CONDUCT

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1. WHISTLE BLOWING

Any employee who suspects wrongdoing at work is strongly encouraged to raise his concern in confidence through the internal Whistle blowing procedure. The Whistle blowing Policy and procedure has been circulated separately as well.

Anyone who raises a genuinely held concern in good faith concerning a matter which he reasonably believes to be true will not suffer any form of reprisal or retribution as a result. This will be the case even where the individual raising the concern is mistaken and there is no case to answer.

Harassment or victimisation, including informal pressure, of anyone raising a genuine concern will not be tolerated. Any such conduct will itself constitute a breach of the Standards and will be treated as a serious disciplinary matter.

While no one who comes forward in good faith has anything to fear, false allegations raised maliciously will be treated as misconduct and dealt with in accordance with the Disciplinary Procedure.

An individual who is concerned about actual or suspected wrongdoing and who wishes to report the matter formally for investigation should raise it with his line manager. The line manager should immediately refer the matter to a Designated Officer for investigation but must otherwise keep all details confidential.

Where an individual feels unable to raise his concern with his line manager, for whatever reason, it should be raised directly with a Designated Officer or with an HR manager, who will then refer it to a Designated Officer.

Concerns raised in this way will be investigated fully and the identity of the person raising the concern will be kept confidential.

When the investigation has been completed, the person who raised the concern will be informed of the outcome by the Designated Officer.

Examples of suspected wrongdoing that should be raised in this way include:

- The commission of a criminal offence, including fraud, money laundering or bribery and corruption;;
- A failure to comply with any legal obligation or any other unlawful act or omission;
- An act or omission which will, or is likely to, unlawfully endanger the health or safety of an individual or unlawfully damage the environment;
- A breach of human rights;
- Accounting malpractice or falsification of documents;
- Any other breach of the Standards or any other applicable PTC Policy.
- A miscarriage of justice; and
- Concealment of any of the above.

This list is not exhaustive. A concern should be raised irrespective of whether the suspected wrongdoing has occurred, is occurring or is likely to occur. This procedure is not intended for use where you are unhappy with your personal employment position, for example lack of promotion or a smaller than expected wage increase etc.

The Designated Officers, with whom any PTC employee may raise a concern, are:

- the Managing Director
- the Head of Internal Audit
- the Head of Legal
- the Company Secretary

They can each be contacted by e-mail at bolo@bat.com or by telephone at 0092-51-2083200.

While concerns may be raised anonymously, you are strongly encouraged to report matters in confidence rather than anonymously. A full investigation of your concern may not be possible without your cooperation and proper feedback cannot be provided to those who remain anonymous.

This policy and the PTC Whistle blowing procedure are operated on behalf of the Audit Committee of the Board of the Company and are independent of management.

The Whistle blowing policy in detail is attached as Appendix 1.

2. PERSONAL & BUSINESS INTEGRITY

i. Conflict of Interest

A conflict of interest will arise in any situation where your position or responsibilities within the Company present an opportunity for you, or any close relative, to obtain a personal gain or benefit (apart from the normal rewards of employment), or where there is a scope for you to prefer your personal interests, or those of any close relative, above your duties and responsibilities to the Company.

Employees must avoid situations where their personal interests might, or might appear to be in conflict with the interests of the Company.

The guiding principle is that an employee must disclose to higher management any actual or potential conflict of interest.

Any situation which gives rise, or might give rise to a conflict of interest should be disclosed as soon as it arises and, where required, written authority to proceed should be sought.

All employees must disclose any actual or potential conflicts of interest in the Standards of Business Conduct Compliance forms filled out by employees at the end of each year.

A potential conflict of interest will arise where an employee is in a situation which could develop into an actual conflict of interest, for example, if he were to change role within the Company.

The Company maintains a 'conflicts log' which records the details of all actual or potential conflicts of interest

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.

You should, in the first instance, disclose conflicts and potential conflicts to your line manager. If the line manager has any doubt about whether the situation is permissible or not, then he should seek guidance from higher management and/or the Head of Legal or the Company Secretary.

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

Potential conflicts must be disclosed in order that management may continue to monitor the situation to ensure that no actual conflict develops.

The Company Secretary is responsible for maintaining a conflict log.

disclosed by its employees and the action taken in respect of them.

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.

Employees may not exploit knowledge or information gained from employment within the Company or take advantage of a corporate opportunity in order to obtain a personal gain or benefit for themselves or for any close relative, without first disclosing their intention to do so and obtaining written approval.

Employees may not work for or on behalf of any third party organisation without obtaining approval to do so. Some arrangements of this kind are never permissible, for example where they involve:

- A competitor of the Company; or
- Any customer or supplier with whom you deal with as part of your role within the Company.

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

Employees must disclose any material financial interest in any competitor, supplier, customer or other business with which the Company has significant business dealings.

Employees may not hold any material financial interest in a supplier, customer or other external business if they have any involvement in the Company's dealings with that business or supervise anyone with such involvement.

Save as may be expressly permitted in writing, no employee may hold a material financial interest in any

A corporate opportunity means any business opportunity which properly belongs to PTC.

Working for or on behalf of a third party organisation includes taking on a second job, serving as a director or consultant, or otherwise performing services for any organisation outside PTC, 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 PTC.

A 'material financial interest' means any financial interest which might influence, or appear to influence, your judgment. It does not include publicly traded mutual funds, index funds and similar pooled investments, where the individual investor has no say in which investments are included.

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

1. The interest was owned prior to your employment in PTC;
2. The matter was disclosed in writing to the Company prior to your appointment and the Company did not object to it.

The prior ownership of any such interest by any PTC director must be reported to the Company's Board and noted in its next board meeting's minutes.

A 'close relative' is someone with whom you have a close family or personal relationship such that it could give rise to a conflict of interest in the situations described. It includes any spouse, partner, parent, step-parent, child, step-child, sibling, step-sibling, nephew, niece, aunt, uncle, grandparent, grandchild (and any such relationships arising by marriage).

If you work within the business unit as a close relative, you should disclose the relationship to your line manager. Where there is a reporting relationship, direct or indirect, between two close relatives working in the

business the activities of which are:

- In direct competition with Company; or
- Otherwise against the interests of the Company.

The activities of employees' close relatives can sometimes create conflicts of interest.

Employees should disclose any situation where a close relative works or performs services for, or has a material financial interest in, any competitor, supplier, customer or other business with which the Company has significant business dealings.

No employee should have any business involvement with a close relative or with any business for which a close relative works or in which a close relative holds a material financial interest.

No employee should ever be in a situation where they have the ability to hire, supervise, affect terms and conditions of employment, or influence the management of any close relative.

Company or a business unit, management should take steps to ensure that neither has any managerial influence over the other.

In any case where two close relatives work in the Company or a business unit, the position should be kept under review by management in order to ensure that there is no possibility of unfairness or undue influence arising in the course of either employee's work.

ii. Bribery and Corruption

Corruption can cause distortion in markets and harms economic, social and political development, and particularly in developing countries. It is therefore wholly unacceptable for the Company and employees to be involved or implicated in any way in corrupt practices.

The Company and employees must ensure that:

- they do not, directly or indirectly, offer, promise or give any gift, payment or other benefit to any person for the purposes of inducing or rewarding improper conduct or influencing any decision by a public official to the advantage of the Company, or any Group company;
- they do not, directly or indirectly, solicit, accept or receive any gift, payment or other advantage from any person as a reward or inducement for improper

Bribery is a common form of corruption. Broadly speaking, a bribe is any gift, payment or other benefit to which the recipient (or intended recipient) is not legally entitled and which is offered in order to secure an improper business or other advantage. A bribe need not be paid; it is sufficient that it is solicited or offered.

Most jurisdictions around the world have enacted specific legislation, making it a criminal offence to offer or pay a bribe to any public official and many also make it a criminal offence for bribes to be offered to or accepted by employees or agents of private bodies, such as companies. In addition, the anti-bribery laws of many countries have extra-territorial effect, meaning that it is a criminal offence for nationals of those countries to bribe officials in other countries.

Employees should be aware that in Pakistan it is a criminal offence to offer or pay a bribe to any public official and for bribes to be offered to or accepted by employees or agents of private bodies, such as companies.

conduct;; and

- Their activities do not otherwise contravene any applicable anti-corruption measures.

“Improper conduct’ involves the performance (or non-performance) of any public function or business activity in breach of an expectation that it will be carried out in good faith, impartially or consistently with any duty of trust.

The Company and all employees are prohibited from making facilitation payments (directly or indirectly), save in exceptional circumstances where necessary to protect the health, safety or liberty of any employee.

Employees should actively resist making such payments. In exceptional circumstances (such as those identified above) where there is no alternative but to make a payment, employees should, wherever practicable, seek prior legal advice or otherwise notify their Legal Counsel as soon as possible after the payment is made. Any such payment must be recorded accurately in the relevant Company’s books and records.

The Company and employees must take steps to ensure that improper payments are not offered or made, or solicited or received, on their behalf by third parties.

Employees are expected to have in place controls and measures to prevent bribes being paid by persons performing services for or on behalf of the Company, to include:

- due diligence procedures which are proportionate to the risk involved; and
- Where appropriate, and to the extent appropriate, the inclusion of anti-corruption provisions in contracts with third parties.

The following are examples of corrupt or potentially corrupt activity which you should never engage in:

- **offering or making an unauthorised payment, or authorising an improper payment (cash or otherwise) to a local or foreign official, or any related person or entity;**

Facilitation payments, sometimes called ‘speed’ or ‘grease’ payments, are generally defined as small payments made to secure or expedite the performance by a low-level official of a routine or necessary action to which the person making the payment already has legitimate entitlement.

Facilitation payments are considered to be a form of bribery, and are therefore illegal, in most countries. In addition, the laws of some countries, for instance UK, make it a criminal offence for their nationals to make facilitation payments abroad

The Company can also be held liable for the wrongful acts of third parties engaged to act on its behalf. Accordingly employees must always be diligent in selecting contractors, agents and consultants and in monitoring their activities.

- attempting to induce a local or foreign official to do something illegal;
- ‘turning a blind eye to’ or failing to report any indication of improper payments or other inducements;
- offering or receiving any gift, payment or other benefit in relation to obtaining business or awarding contracts;
- establishing an unrecorded fund, such as a secret cash account or ‘slush’ fund, for any purpose;
- doing anything to induce or facilitate someone else to breach the Standards or ignore any violation; and
- permitting an agent or representative engaged on behalf of the Company to take improper actions.

If in any doubt, or if more detailed advice is required, please contact your Legal Counsel.

iii. Entertainment and Gifts

The exchange of entertainment and gifts with business partners can build goodwill in business relationships and, within limits, is perfectly acceptable. However, some gifts and entertainment can create improper influence (or the appearance of improper influence), and might even be seen as bribes.

The Company and employees must not actively solicit or demand any form of entertainment or gift from any person or organisation outside the Company.

The Company and employees are permitted to offer or accept business entertainment and gifts without prior approval, provided that the entertainment or gift in question is:

- Modest;
- Appropriate and consistent with reasonable business practices; and
- Permissible under all applicable laws.

The following are examples of entertainment and gifts which are usually acceptable without prior approval:

In determining whether a gift or entertainment is appropriate and consistent with reasonable business practice, you should consider the following factors:

- 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 Pakistan and the country of the recipient?
- Transparency: Would you be embarrassed if your manager or colleagues or anyone outside the Company became aware of the entertainment or gift?

In Pakistan, gifts valued at Rupees 45,000/- 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 regards to gift in the public sector).

Hence as a guide for the purpose of the Company, any gift over the value of Rs. 45,000 shall be deemed to be lavish.

Regulatory engagement is a necessary and proper part of our business. As such, interaction with public officials,

- Occasional meals.
- Occasional attendance at sports, theatre and other cultural events
- Gifts of a token or modest amount.

The employees must ensure that they do not, through the provision of any gift or hospitality, seek to influence any public official by providing any personal advantage, either to that official or to any other person at his request or with his assent or acquiescence. In this context, gifts to public officials will rarely be appropriate if they are of anything other than nominal value.

Some types of entertainment and gifts are never acceptable. These are:

- Any gift or entertainment that is illegal or prohibited by the other party's organisation.
- Gifts or entertainment involving parties engaged in a tender or competitive bidding process.
- Gifts or entertainment which may have, or may be seen as having, a material affect on any business transaction which has been, or which may be, entered into by the Company.
- Any gift of cash or cash equivalent.
- Anything that is offered as a quid pro quo (offered for something in return).
- Any inappropriate entertainment.

For any entertainment or gift that falls into neither category above, employees should seek prior written approval from their line manager, and simultaneously notify it to the Company Secretary or Legal Counsel.

This includes:

- Any gift given to or received from any organisation or individual in the private sector which is valued at more than the applicable limit (in the sum of Rs. 45,000/- from one source in any one calendar year).
- Any business entertainment given to or received from any organisation or individual in the private sector which involves overseas travel and/or overnight accommodation in excess of two nights.

and reasonable hospitality in that context, is permissible. However, special care must be taken when dealing with public officials, also when employees are in other jurisdiction as many countries do not allow officials to accept gifts or entertainment and anti-bribery laws are often stricter when dealing with public officials. If in doubt, you should seek advice from your local Legal Counsel.

Cash equivalent includes gift certificates, loans, shares and share options.

Inappropriate entertainment means anything that is indecent, sexually explicit, does not comply with the Company's commitment to mutual respect or might otherwise adversely affect the reputation of the Company or the BAT Group.

Your line manager, in consultation with the Company Secretary or Legal Counsel, will determine what is to be done with any gift in excess of the applicable value limit which is offered to or received by you.

In general, any such gift should be refused or (if already received) returned. However, where it would be inappropriate to refuse or return the gift (such as where to do so might give serious offence), it may be accepted on the basis that it will become the property of the Company, unless the Company decides otherwise.

You should never avoid your obligation to report or seek approval for any business entertainment or gift by paying personally for it in circumstances where you would otherwise be required to report and/or seek approval for it.

The Company should nevertheless ensure that any gift or entertainment offered or provided to employees is legitimate, appropriate and proportionate.

- Any gift or entertainment given to or received from any organisation or individual in the public sector (regardless of nature or value, save where purely nominal).

The Company maintains a record of all gifts and hospitality (whether given or received) notified in accordance with the above requirements.

There are no restrictions on employees accepting entertainment or gifts offered or provided by the Company.

3. Public Contributions

i. Political Contributions

The Company or its employees in official capacity shall not make any donations or contributions to any political party or make any donations or contribution to any entity or individual for a political purpose.

The Company shall pursue policies, which prohibit corrupt practices with regard to the giving, or receipt of gifts and the use of its assets for unlawful or improper purposes.

The Company or its employees on behalf of the Company shall not make any donations or contributions to any political party or make any donations or contribution to any entity or individual for a political purpose. Furthermore, the Company or its employees shall not give any monetary benefit directly or indirectly to any third party in return for receiving a direct or indirect commercial benefit.

The Company recognises employees' rights to participate as individuals in the political process. However, when doing so, employees must take care to:

- Make sure that they do so in their own time and using their own resources;
- Minimise any possibility of their views and actions

Our main purpose is to run a viable operation, to be good citizens and to support the Government. While the subjects that a member discusses outside the Company are their personal affairs, they must ensure that as a member of the Company, they do not inadvertently implicate it in the area of politics in any manner.

Employees should be aware that it is prohibited for companies and organisations under S.6 of the Political Parties Order, 2002 and S.197 of the Companies Ordinance 1984, to contribute or donate indirectly or directly any monetary benefit to political parties, even though this is allowed in one's individual capacity.

Employees, when engaging in any personal political activity, should:

- Not use Company time, property or equipment; and
- Where necessary, make clear that their views and actions are their own and not those of the Company.

If you plan to seek or accept public office, you should notify your line manager in advance; discuss with him whether your official duties might affect your work; and, co-operate with him to minimise any such impact.

being misconstrued as those of the Company rather than their own; and

- Ensure that such activities do not conflict with their Duties and responsibilities to the Company.

ii. Charitable Contributions

The Company recognises the role of business as a corporate citizen and encourages support for local community and charitable projects.

The Company may make charitable contributions and similar types of social investments, provided that these are:

- Not made to secure any improper business or other advantage; and
- Otherwise permissible under all the applicable laws.

The Company should not make any charitable contribution unless they have taken steps to verify the recipient's reputation or status as a charitable organisation.

Any charitable contribution or other corporate social investment provided by the Company must be:

- fully documented in the Company's books; and
- approval of the same to be taken from the ExCo and/or the Board as required by the Company Policy.

PTC 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, paying due regard to the Company Strategic Framework for Corporate Social Investment. For further information, please contact Corporate & Regulatory Affairs (CORA) department.

Sometimes, organisations which are portrayed as charitable can be used as a 'front' to channel funds to those who control them.

Before any contribution or recommendation for contribution, employees are expected to satisfy themselves that the organisation concerned is acting in good faith with charitable objectives, such that the contribution will not be used improperly for the benefit of individuals linked to the charity

PTC should take steps to ensure that its charitable contributions reported through CORA for social reporting purposes are consistent with those reported through Finance for financial and statutory reporting purposes.

4. Corporate Assets and Financial Integrity

i. **Accurate Accounting and Record-Keeping**

Honest, accurate and objective recording and reporting of information, both financial and non-financial, is essential to:

- **The Company's credibility and reputation;**
- **Its ability to meet its legal, tax, audit and regulatory obligations; and**
- **Informing and supporting business decisions**

and actions by BAT Group companies.

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

It must be ensured that all applicable laws, external accounting requirements and Company procedures are followed for reporting financial and other business information.

The Company has adopted a records management policy and procedure.

All employees must ensure that they manage their business records in accordance with the Records Management Policy.

Financial data (eg. books, records and accounts) must conform to generally accepted accounting principles.

The Company and its employees must:

- cooperate fully with external and internal auditors; and
- make sure that all information held by them which is relevant to the audit of the Company (relevant audit information) is made available to Company's external auditors.

All transactions and contracts must be:

- properly authorised at all levels; and
- accurately and completely recorded.

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

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

This applies irrespective of the fact as to whether the data is in paper documentation, electronic form or any other medium.

Failure to keep accurate and complete records is not only contrary to PTC 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.

You should ensure that you are familiar with your Company's records management policy and procedures. If you require further information or guidance, you should contact your Records Manager.

You should never alter or destroy Company records, save in accordance with the established records management policies and procedures.

The Company's books, records and accounts must be in accordance with the generally accepted accounting principles applicable in Pakistan. For Group reporting, however, information must be in line with the BAT accounting reporting policies and procedures.

Your obligation to cooperate fully with the external auditors is subject to legal constraints, for example, in the case of legally privileged documents, if in doubt, you should contact your Legal Counsel. Otherwise, you 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 you provide information to the auditors which you know (or ought reasonably to know) is misleading, incomplete or inaccurate.

If you are responsible for preparing, negotiating or approving any contract on behalf of the 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 Company Secretary or Legal Counsel.

All such documents must be retained (together with relevant correspondence) in accordance with the applicable records management policy for possible

inspection by tax, customs or other authorities.

ii. Protection of Corporate Assets

Employees are responsible for safeguarding and making appropriate use of the Company's assets with which they are entrusted in order to do their jobs and meet the business objectives.

The Company and its employees must take care to ensure that Company assets are not damaged, misused, misappropriated or wasted.

Employees should report the abuse or misappropriation of Company assets by others. Theft or other fraudulent activity by employees is liable to result in immediate dismissal and prosecution after referral to the appropriate authorities.

Employees must not use any Company equipment or facilities for their personal activities save in the limited circumstances set out below and subject always to any applicable policy or procedure concerning the use of Company equipment which may be in place from time to time

Limited, occasional or incidental personal use 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 their job;
- It does not have an adverse impact on the performance of Company systems; and
- It is not for any illegal or improper purpose.

All employees are expected to devote sufficient time to their work to enable them to fulfill their job responsibilities.

The Company and its employees must take care to protect all intellectual property owned by the Company

Company assets include physical and intellectual property, time, proprietary information, corporate opportunity and funds belonging to PTC or other BAT Group company, as well as equipment and facilities provided to employees for their individual business use.

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

Reasonable personal use includes occasional short personal telephone calls or the equivalent use of e-mail, and occasional personal use of the internet.

Improper uses include:

- Engaging in communications which might be considered derogatory, defamatory, sexist, racist, obscene, vulgar or otherwise offensive;
- Improperly disseminating copyrighted or licensed materials or other proprietary information;
- Transmitting chain letters, advertisements or solicitations (unless specifically authorised); and
- Visiting inappropriate internet sites.

Whilst at the workplace, you 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 your job responsibilities.

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

'Company'(s) funds' means any cash or cash equivalent belonging to PTC or any BAT Group company, including any Company money advanced to you and any Company credit cards which you may hold.

You should always maintain the security of any information used to access Company property and networks, including building access cards, IDs,

and the BAT Group.

The Company and employees must take care to protect all funds, guarding against misuse, fraud or theft. All claims for expenses, vouchers, bills and invoices must be accurate and submitted in a timely manner.

Employees must protect information which may be used to provide access to the Company or the BAT Group assets.

Company employees must never knowingly:

- damage, misuse or misappropriate the physical assets of others;
- infringe valid patents, trademarks, copyrights or other intellectual property in violation of the rights of others; or
- perform unauthorised activities which adversely impact the performance of third parties' systems or resources.

iii. Confidentiality and Information Security

The Company and employees must protect and maintain the confidentiality of all commercially sensitive information, trade secrets and other confidential information relating to the business.

No employee shall disclose any confidential information relating to the Company or the BAT Group or its business outside the Group without specific authority from higher management to do so.

Where confidential information is to be disclosed to another party, it should be released only:

- to agents or representatives of a company, who owe a duty of confidentiality to that company and require such information to carry out work on its behalf; or
- under the terms of a written confidentiality agreement or undertaking entered into with the other party.

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

passwords and pass codes.

You should always show the same respect to the physical and intellectual assets of third parties that you would expect them to show towards PTC's assets.

Confidential information is any information or knowledge, the disclosure of which outside the Company might be prejudicial to the interests of the Company.

Examples include (but are not limited to):

- 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 PTC or other BAT group company.

Inside 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 PTC and

Where confidential information is required to be disclosed under the terms of an order of any competent judicial, governmental, regulatory or supervisory body, employees should notify the Legal Counsel and release such information only with the Legal Department's approval.

Access to confidential information relating to any Group Company or its business should only be provided to those employees who require it for the exercise of their functions within the Group.

No employee may retain on his personal premises any confidential information relating to the Company or any Group Company or their business without making adequate arrangements to protect the security of such information. No employee shall use confidential information relating to the Company, or any Group Company or its business for his own pecuniary advantage or for that of a friend or relative (see 'Conflicts of Interest').

The Company and its employees must ensure that they comply at all times with all applicable data protection laws.

Access to personal data should be limited to employees who have appropriate authorisation and a clear business need for that data.

The Company and its employees must not solicit or wilfully obtain from any person confidential information belonging to another party.

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 PTC Security Policy Statement

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 your Legal Counsel.

Where Company and employees inadvertently receive information which they suspect may be confidential information belonging to another party, they should immediately notify their line manager and the I Department.

iv. Insider Dealing and Market Abuse

The Company is committed to supporting fair and open securities markets. Accordingly, employees may not deal on the basis of inside information or engage in other forms of market abuse.

No employee shall commit market abuse, which includes:

- Insider dealing (dealing in shares and other securities on

the basis of inside information);

- Improper disclosure of inside information; and
- Misuse of inside information.

If an employee has or receives information that may constitute inside information in relation to the Company then he should immediately disclose such inside information, either to his Head of Function, or (where the inside information arises in connection with a specific Project) the Project Leader. Otherwise, inside information should be disclosed only with specific authority and only:

- to those employees who require it for the exercise of their functions within the Company; or
- to agents or representatives of a company who owe a duty of confidentiality to that company and require such information to carry out work on its behalf.

If you are uncertain as to whether you are in possession of inside information or other information of a price-sensitive nature about PTC, you should contact the Company Secretary.

No employee is permitted to deal in the shares or other securities of any publicly quoted company or to encourage others to so deal, while he has inside information or other information of a price-sensitive nature relating to that company.

If you intend on dealing in the shares or other financial instruments of any publicly quoted BAT 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 should ensure that you 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.

Market abuse is generally defined as conduct which adversely affects a financial market and falls below the standards expected by regular users of that market.

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 PTC and the individual concerned.

'Dealing' is widely construed and includes any sale, purchase or transfer (including by way of gift) as well as spread bets or other contracts for differences or other derivatives involving shares or other securities.

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 PTC while in the possession of inside information or other information of a price sensitive nature relating to the Company is, in addition, likely to be contrary to our rules on share dealing.

Under the laws of Pakistan insider dealing is regulated by "Chapter III-A of Securities And Exchange Ordinance, 1969"

The Company will abide by the said laws and any other amendments or any update thereon.

Insider dealing is the practice whereby an individual:-

- (i) uses information which is generally not available and is materially likely to effect the price of the

- (ii) securities (“price sensitive information”); or
- (ii) has information relating to any transaction (actual or contemplated) involving the Company in order to buy or sell publicly quoted shares either on his own or a third party’s behalf, or passes such information to a third party.

An **“Insider”** under the laws of Pakistan means any person “associated with” a company and a person is associated with the company if he/she: -

- (i) Is an officer or employee of that company or an associated company; or
- (ii) Occupies a position which gives him access thereto by reason of any professional or business relationship between him or his employer or a company or associated company of which he is a director.

The following persons will be regarded de facto as Insiders:-

- All Directors of the Company
- All Heads of Department
- All Company Secretarial & Finance Managers
- All Senior Managers (36 Grade)
- SAP/CS3 System Administrator
- Secretaries of Directors and HODs/ coordinating officers

The Company Secretary will be responsible for maintaining and updating lists of all Insiders.

The persons listed above will be responsible for ensuring that persons working under their control, who have access to price sensitive information, are designated as Insiders as appropriate and their names added to the list maintained by the Company Secretary.

Furthermore there may be occasions when professional advisers or other third parties not directly in the employment of the Company (lawyers, external auditors, etc.) are put in possession of price sensitive information. Such persons will be designated as Temporary Insiders and this policy guideline will apply to such persons for the period for which they possess price sensitive information. Temporary Insiders will receive a copy of

this guideline and their names will be added to the list maintained by the Company Secretary.

Price Sensitive Information

As a guidance only, the information which is generally not available and is materially likely to effect the price of the securities of the Company in the market is:

- 1) Financial results (annual- half yearly) of the Company.
- 2) Intended declaration of dividends (both interim and final).
- 3) Issue of shares by way of public, rights, bonus etc.
- 4) Any takeover or mergers.
- 5) Any board room row.
- 6) A major breakthrough in technology.
- 7) Any financial forecasts.
- 8) Any major expansion plan or execution of new projects.
- 9) Board and key Executive Appointment.
- 10) Material litigation.
- 11) Any changes in policies, plans or operations of the Company.
- 12) Any other information notified and determined by the SECP and government gazette.
- 13) Any major transaction.
- 14) Launch of a new brand.
- 15) Price changes of brands.

Dealings in the Company shares

The Company encourages employees to become shareholders of the Company. As Insider; restrictions will apply to any dealings in the Company's shares.

Any Insider wishing to buy or sell shares in the Company on behalf of himself, his spouse or children must acquire permission from the Company prior to doing so. Application must be made to the Company Secretary in writing. The Managing Director and the Finance Director will jointly decide whether to approve dealings by Insiders in light of the circumstances on the date on which the application is considered. All applications will be considered on their merits and within two working

days of receipt by the Company Secretary. If one of both of the Managing Director and/or Finance Director are unavailable then any two other Directors of the Company can approve the request.

Improper Action or Dealings

Appropriate action will be taken for breach of above stated guidelines as per the regulations of the SECP. Any activity, which is not covered by the principles of the Standards of Business Conduct, will be reviewed by the Board of Directors from time to time.

5. NATIONAL AND INTERNATIONAL TRADE

i. Competition Law

The Company believes in free competition therefore requires strict adherence to the Competition laws of Pakistan that promote free and fair competition

The employees must ensure that they:

- comply with the competition laws of Pakistan and each country and economic area in which they operate; and
- adhere to any guidelines or documents, whether at regional, area or end market level, that give effect to, expand upon or develop Group policy and applicable law in this area.

Actions speak louder than words. It is essential that we follow competition rules and are seen by customers, suppliers, competitors and regulators, to do so. As a Group, British American Tobacco is committed to vigorous competition in the markets in which it operates.

It is not safe to assume that competition law does not apply to a particular individual, Company or Group company simply because there is no local competition law in place.

Competition laws impacts on virtually every aspect of the Company and the Group's day-to-day activities, including: the sale and display of products; relationships with suppliers, distributors, points of sale or other

Penalties for violation of competition law can be severe. Many countries have laws prohibiting anti-competitive behavior and these can vary from one country or economic area to another. Failure to comply with these laws can have very serious consequences for the Group, individual Company and for the individuals involved in the conduct. Fines for competition law violations can be huge. In Pakistan fines for anti-competitive behaviour can be up to 15% of a company's annual turnover.

In EU, (for example, fines for anti-competitive behavior can be up to 10% of annual group global turnover in the EU) and in an increasing number of countries (such as in the UK and the US), individuals convicted of conduct such as price-fixing can be imprisoned for involvement in infringements. In addition, violations can lead to lengthy and costly investigations and have a considerable reputational impact on the Company and the Group, with a consequential loss of shareholder value.

Many countries (including, for example, the US and the EU) apply their competition laws 'extra-territorially'. This means that the law covers not only where a particular conduct is performed or agreement reached, but also where such conduct or agreement has its effect.

Typical market conditions that often prevail and may have an impact on how an issue is approached include:

customers; relationships with competitors; as well as, for example, when unilaterally deciding pricing strategy and other trading conditions or negotiating and drafting contracts.

Competition laws do not apply in a vacuum. They are inextricably linked to market conditions.

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

Certain types of agreements, arrangements and practices almost always break competition laws. For example, employees should never talk or exchange information with competitors in order to:

- fix prices or any element or aspect of pricing, including, but not necessarily limited to, rebates, discounts, surcharges, pricing methods, costs and terms of payment, as well as timing of price changes and level or percentage of price changes
- fix other terms and conditions;
- divide up or allocate markets, customers and/ or territories;
- limit production or capacity; or
- influence the outcome of a competitive bidding process or;
- Agree a collective refusal to sell to or buy from particular entities, otherwise known as 'collective boycotts'.

Not all arrangements with competitors are problematic and some that are may nonetheless have beneficial effects that outweigh any harmful effects. Any meeting or direct contact with competitors should, however, be treated with extreme caution.

In order to compete effectively in the global marketplace, it is necessary to gather information about our competitors. However, we may only do so through legitimate means and in compliance with competition law. Competitor information may not be gathered through unlawful or improper means, such as by theft, illegal entry, bribery, misrepresentation or the like.

- Market concentration;
- Product homogeneity and brand differentiation;
- Regulatory restrictions, such as restrictions on advertising, display bans and restrictions on the use of products, for example smoking bans in public buildings.

Parallel behavior between competing companies is not necessarily anti-competitive in and of itself, but extra care must be taken to ensure that this is not linked to any element of collusion with competitors, nor is there any appearance of such collusion.

The notion of 'agreement' or 'practice' is often very wide indeed. It extends beyond a formal, written agreement. It covers oral agreements, understandings or practices, 'gentlemen's agreements', non-binding agreements and even action taken with a 'common understanding'. It can cover both direct and indirect agreements, for example an agreement between competitors brokered by a third party, such as a trade association, customer or supplier. It can also include situations in which competitors merely share (directly or indirectly) competitively sensitive information with a view to reducing the risks of competition going forward, even where there is no agreement between them. For example, competitors might inform each other of future price increases such that each may regulate its pricing policy in the knowledge that its competitors will behave in the same way. This is commonly referred to as a concerted practice. There is thus no 'clever' way to get round the substantive law.

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

Legitimate contacts with competitors may include those in the context of trade associations, certain information exchanges as between competitors, as well as in the context of joint initiatives in respect of regulatory engagement and public advocacy.

It is advisable to maintain a careful record of any meetings with representatives of competitors, and you

Certain types of restrictions between two players at different levels of the supply chain (such as between supplier and distributor/reseller) may give rise to violations of competition laws. This is particularly true in case of re-sale price maintenance provisions.

In some regions/countries, restrictions on our customers' ability to resell into territories or to certain customer groups will also be viewed as a serious violation of competition law.

Where a company has 'market power', it typically has a special duty to protect competition and is prevented from abusing its privileged position.

It is generally 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 and/or services.

Where BAT Group companies are involved in mergers and acquisitions (M&A) activity, the applicable laws and regulations may require mandatory filings to be made in one or more countries worldwide. Relevant legal advice should always be sought from your local counsel in these situations:

In Pakistan having a 40% (forty percent) share of a relevant market may be indicative of market power, in which case particular obligations may apply. Competition laws usually prohibit a company from abusing its market power.

For further information regarding the implications of competition law on the Company and its activities please refer to the PTC Competition Law Guidelines.

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 your local Legal Counsel.

The gathering of competitor information directly from competitors is never justified, save in exceptional circumstances.

The gathering of competitor information from third parties (including customers, consultants, analysts and trade associations) will often raise complex legal issues that may well vary from jurisdiction to jurisdiction.

Resale price maintenance arises 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 the 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.

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

The notion of M&A activity that may trigger filing obligations varies from jurisdiction to jurisdiction, but should be checked in a wide set of circumstances, including mergers, acquisitions (whether of assets and/or shares) and joint ventures.

In Pakistan the law that covers this area is Competition Ordinance 2007. The Ordinance defines restrictive trade practices and prohibited agreements. In the event that there is any doubt as to whether a particular business practice or activity will infringe any provision of the Competition Ordinance, the matter should be referred to the Company Secretary and, where (as is often the case) the issue might have effects beyond the borders of any one country, to the relevant Regional General Counsel.

ii. Money Laundering and Anti-terrorism

Money laundering involves the possession of, or any dealing with, the proceeds of criminal activity. It includes the process of concealing the identity of illegally obtained money so that it appears to have come from a lawful source. The Company does not condone, facilitate or support money laundering.

The Company and its employees must not:

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

They must pursue practices directed towards ensuring that their activities do not inadvertently contravene any relevant money laundering legislation.

The Company maintains procedures designed to:

- minimise the risk of inadvertent participation in transactions involving the proceeds of criminal activity;
- detect and prevent any dishonest involvement in money laundering activity on the part of its employees; and
- support employees in identifying circumstances which ought to give rise to a suspicion of money laundering activity

The Company has “customer approval” and “know your customer” procedures and the employees must ensure that these are used efficiently to provide comfort, as far as possible, that the customers are not involved in any form of criminal activity.

Employees should promptly refer suspicious transactions or activities by any customer or other party with whom they are dealing to their Line Manager or Head of Function and Legal Counsel.

Cash payments in excess of Rs. 1500,000 (or its equivalent in any alternative currency) must not be accepted by the Company in any single transaction or

It is a criminal offence to engage in money laundering activity. Such laws make it an offence for any person or company to engage in transactions involving assets which they know or suspect are derived from criminal activity.

Penalties for breach of money laundering laws can be severe (including substantial fines and/or imprisonment) and can attach both to individuals and to companies. In essence, the more effective a company’s procedures are at detecting and preventing money laundering activity, the less likely it is that the company will be liable for prosecution as a result of its employees’ activities.

Few employees will ever personally be in a position to infringe money laundering laws. However, you should be conscious of situations which ought to give rise to a suspicion of possible money laundering activity. These include (but are not limited to):

- payments made in currencies other than those specified on the invoice;
- payments made in cash or cash equivalents, in particular where the sum involved is substantial;
- multiple payments from different sources in satisfaction of a single invoice;
- payments to or from an account other than the normal business relationship account;
- requests to make an overpayment;
- payments made by, or requests to supply goods to, someone not a party to the contract; and
- requests to supply goods to a location other than the most proximate branch/office or to adopt an unusual shipping route.

PTC avoids accepting cash payments where the sum involved is substantial.

Terrorist groups are increasingly using legitimate businesses to generate revenue for their networks and activities. Such businesses may range from retail outlets to distribution or financial service companies. In common with many others, tobacco companies run the risk of inadvertently breaching antiterrorism financing measures when they deal with such businesses.

series of linked transactions.

The employees must:

- ensure that they do not knowingly assist in the financing of, or otherwise provide support for, terrorist activity; and
- pursue practices to ensure that their activities do not otherwise inadvertently contravene any relevant anti-terrorism measures.

Currently, under the laws of Pakistan, money laundering requirements have only been imposed on banks via the prudential regulations of the State Bank of Pakistan. However, Pakistan is a party to several understandings addressing this issue, therefore in the foreseeable future there is a high likelihood national legislation will be enacted to address the area.

In any case the Company, being a multinational could be subject to laws, which have extra-territorial effect (such as those enacted in UK and the USA), hence the Company has adopted “Customer Approval Policy” which requires the Customer Approval Form to be completed prior to any transaction.

iii. Trade in Company Products

The Company engages only in lawful trade of its products. Illicit trade, involving smuggled or counterfeit products, harms our business and we would like to see all our markets free of it.

The Company and its employees must ensure that:

- they do not knowingly engage in unlawful trade in the Company’s products;
- their business practices are directed at supporting only the legitimate trade in the Company’s products; and.
- they collaborate with all relevant authorities in any investigation regarding suspected illicit trade in the Company/Group’s products.

The Company’s Security Department should include checks to ensure that they do not deal with any entity which is proscribed, by reason of a known or suspected terrorist association, by any applicable list published by a governmental or inter-governmental organisation.

PTC fully supports the aims of governments and regulators in seeking to eliminate all forms of illicit tobacco trade. Such trade deprives governments of revenues; promotes criminality; misleads consumers into buying products of dubious quality; and hampers efforts to block underage sales. It also harms PTC brands; devalues the Company’s investment in local operations and distribution networks; and undermines the regulatory regimes governing the legitimate industry.

As a result of high taxes, differential tax rates, weak border controls and lack of enforcement which allow the illicit trade to flourish, it is possible that some PTC and BAT Group products will end up being smuggled by third parties that Group Companies cannot control or, often, even identify. Nevertheless, the Company is committed to doing everything that it reasonably can to minimise this.

The Employees should take assistance from the controls and measures put in place to prevent Company's own products being diverted into the illicit channel, these controls and measures include:

- robust and effective customer and supplier evaluation and approval and 'know your customer' procedures;
- measures to ensure that supplies to end markets and regions are consistent with legitimate demand in those areas; and
- procedures for investigating and, where appropriate, suspending or terminating dealing with customers or suppliers suspected of knowing or reckless involvement in illicit trade activities.

Where it is suspected that the Company products have entered the illicit trade channel, BDG should be notified under established reporting procedures

Guidance on approaches for measuring illicit trade is available from the Business Development Group (BDG).

Where Marketing Regional Managers identify that illicit trade is a problem in their market(s), they should notify BDG under established reporting procedures.

Customer and supplier evaluations and approval policy and procedures are designed to ensure that the Company products are sold only to reputable suppliers and in such quantities as are required to meet their legitimate business needs.

Employees should ensure that the policy and position on illicit trade is made clear to the customers and suppliers and, wherever possible, provide for a contractual right to suspend or terminate supplies to customers or suppliers believed to be involved, knowingly or recklessly, in illicit trade activities.

The Company would like to see the market free of illicit trade and is committed to working with governments to address the problem. In this regard, the Company cooperates with revenue authorities.

iv. Sanctions

Various sanctions regimes exist throughout the world, ranging from comprehensive economic and trade sanctions to more specific measures such as arms embargoes, travel bans and financial or diplomatic restrictions. Economic and trade sanctions impact upon the businesses of Company by restricting the extent to which they can operate within certain jurisdictions.

The Company and its employees must ensure that they do not knowingly:

- supply their products, or allow their 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 lawful sanction, trade embargo, export control or other trade restriction which is applicable to them.

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

Some sanctions regimes may have extraterritorial effect. US sanctions, for example, can apply both to US persons (wherever located) and to exports/re-exports of US-origin product and product with US-origin content (whether or not the entity handling the product is a US person).

Serious penalties, including fines, revocations of export licenses and even imprisonment, can apply when sanctions are broken.

Examples of sanctions and other trade restrictions include prohibitions or restrictions on:

- exports or re-exports to a sanctioned country;
- imports from, or dealings in property originating from, a sanctioned country;

The Company is expected to be aware of, and fully compliant with, all lawful sanction regimes that impact upon its business and to have in place proper controls and procedures to minimise the risk of breaching such regimes.

The Company should provide training and support to ensure that the staff involved in the international supply and purchase of products, technologies and services are aware of and understand all applicable sanctions regimes.

Employees should notify the Legal Department immediately and before taking any action if the Company receives any boycott-related requests, whether oral or written and whether specific to a particular transaction or more general in nature

If in any doubt, or if more detailed advice is required, please contact the Legal Department.

- travel to or from a sanctioned country;
- new investments and other dealings in a sanctioned country, or with designated individuals or organisations;
- making funds or resources available to designated individuals or organizations;
- transfer of restricted software, technical data or technology by e-mail, download or visits to sanctioned countries; and
- supporting boycott activity (eg, US anti-boycott laws).

The list of prohibited countries and restrictions is subject to change. Accordingly, if your work involves the sale or shipment of products, technologies or services across international borders, you should make sure that you keep up to date with the rules that apply.

APPENDIX 1

PAKISTAN TOBACCO COMPANY LIMITED WHISTLEBLOWING PROCEDURE

1. **Introduction**

- 1.1 Pakistan Tobacco Company Limited (PTC) is committed to achieving high standards of integrity in public life and in all of its business practices. This commitment is set out in the Standards of Business Conduct (SOBC) adopted by PTC, which all employees are expected to adhere to.
- 1.2 PTC takes wrongdoing by its employees very seriously and the Company's Whistle blowing Policy is an integral part of the SOBC set out in the Standards of Business Conduct. This is an internal procedure for the employees of the Company to raise concerns about suspected wrongdoing at work.
- 1.3 This Procedure applies to all individuals working in the Company, including secondees, contract staff, agency temps, trainees and those on work experience, as well as all permanent and temporary employees. Such individuals are strongly encouraged to raise any suspicions of wrongdoing, malpractice or impropriety in the management of the Company's business, including those serious concerns covered by the Act, internally using this Procedure, as set out below.

2. **Relationship with other Policies and Procedures**

This Procedure should not be used for grievances concerning an employee's personal employment position. There are a range of policies and procedures which deal with standards of behavior at work. Employees are encouraged to use these procedures as appropriate.

3. **Wrongdoing**

- 3.1 This Procedure should be used to raise concerns of suspected wrongdoing, malpractice or impropriety on the any part of the Company, employee or contractor, both within Pakistan and overseas. Examples will include:
 - the commission of a criminal offence;
 - a failure to comply with any legal obligation (including breach of legislation, breach of contract and negligence);
 - any other unlawful act or omission;
 - an act or omission which will, or is likely to, unlawfully endanger the health or safety of an individual;
 - an act or omission which will, or is likely to, unlawfully damage the environment;
 - a breach of human rights;
 - fraud
 - harassment
 - misuse of confidential information
 - accounting malpractice;
 - falsification of documents;
 - the offer or acceptance of a bribe;

- any other breach of the Standards of Business Conduct or any other applicable Group Policy, Standard or Common Platform;
- a miscarriage of justice;
- concealment of any of the above.

This list is not exhaustive. The Procedure may be used whether it is suspected that the wrongdoing, malpractice or impropriety has occurred, is occurring or is likely to occur.

4. **Protection of the individual**

- 4.1 Anyone who raises a genuinely held concern under this Procedure in good faith concerning a matter which they reasonably believe to be true will not suffer any form of reprisal or retribution as a result. This will be the case even where the individual raising the concern is mistaken and there is no case to answer.
- 4.2 Harassment or victimization, including informal pressure, of anyone raising a genuine concern will not be tolerated, and any such conduct will itself constitute a breach of the Standards of Business Conduct and will be treated as a serious disciplinary offence and addressed under the Disciplinary Procedure.
- 4.3 **Anonymous reports:** Individuals may wish to raise concerns anonymously. However, they should be aware that, in such circumstances, there may be difficulties in providing feedback and in providing protection against possible reprisals (should the subject(s) of a complaint for any reason be able to ascertain the identity of the person raising it), and it may not be possible to conduct a full investigation of the concern without their cooperation.
- 4.4 It is important to note the distinction between confidentiality (where only those involved in investigating the concern will be aware of the identity of the individual raising it) and anonymity (where the identity of the person raising the complaint is unknown).

5. **Reporting a Wrongdoing**

- 5.1 If you have a concern you wish to raise you may write in to any of the Designated Officers or contact them via telephone or fax.
- 5.2 You may also e-mail at Lotus Note ID: BOLO or bolo@bat.com
- 5.3 The Designated Officers are:
Managing Director, PTC
Nick Hales

Phone: +0092512083200 Ext 202, 0092512278395 (Direct)

Fax: +0092512278379

Head of Legal, PTC

Tajamal Shah

Phone: +0092512083207, 0092512278389 (Direct)

Head of Internal Audit, PTC

Faisal Saif
Phone: +0092512083320, 0092512973069 (Direct)

Company Secretary, PTC
Ayesha Rafique
Phone: +0092512083208, 0092512201220 (Direct)

The names and contact details given above refer to those holding the posts as at the date of implementation of this procedure and may change over time.

6. Investigation procedure

- 6.1 This procedure is operated on behalf of the Audit Committee of the Company and is independent of management
- 6.2 The Designated Officer will offer to keep the individual who reported the matter as fully informed about the investigation and its outcome as is possible in the circumstances.
- 6.3 If a complaint is lodged against any Designated Officer then the concerned officer shall not be involved with the investigation process.

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