

STATEMENT OF EMPLOYMENT PRINCIPLES

We, British American Tobacco p.l.c. and our subsidiary companies have developed this statement of Employment Principles and workplace related human rights issues.

British American Tobacco is a decentralised Group of Companies and each company has wide freedom of action. However, within that framework it is our aim to apply these Principles in the key areas of employment practice. We expect each Company in the Group to be aware of and understand the Principles and values set out in this statement and to adopt them in a manner and time frame that is appropriate in each case.

In a number of areas we are pleased to say that the Principles reflect current practice. For those where they may not, this is intended to be the next step in supporting improvement and encouraging the development of local policies and procedures. Policies and procedures developed at the market level should be consistent with these Principles, but must also take cognisance of the political, economic, labour law and practice, and cultural context in which each Company operates. In this sense the Principles set out our aspirations and, where these goals are not met or immediately achievable, the will is to move towards the eventual attainment of these goals.

WHY DO WE NEED THESE PRINCIPLES?

Historically British American Tobacco has adopted policies that aim to be both:

Good practice in each local/end market; and

Consistent with national governments obligations, requirements and commitments.

In addition, we have always taken seriously the value of our people and their development, ensuring good governance, strengthening the

local economy and being a valued member of that wider community. The development of these Principles demonstrates our commitment to good employment practices within our markets, and to our position as an employer of choice.

These Principles are not intended to form a part of individual contracts of employment. Since they are a statement of our intent, they will be subject to review and amendment.

WHAT ARE WE RESPONSIBLE FOR?

Our primary relationships and influences are with employees at our core operations. Our aim, in these Principles, is to develop goals in the field of employment appropriate to our own situation. We do, however, also recognise our potential to influence business partners in our supply network – and our responsibility to enter into dialogue with those within our sphere of influence. When dealing with such wide-ranging and complex employment-related issues, responsibility is divided amongst different sections of society. National governments have the primary responsibility to raise their own local standards of employment legislation, requirements and compliance.

CONSULTATION PROCESS FOR PRINCIPLES DEVELOPMENT

In developing our Principles, we have considered international thinking and sought the views of a cross-section of external groups.

Internally, we have consulted (where relevant) with our works councils and employee representatives on the best means of integrating the Principles into our corporate culture (where this is not already the case).

OUR EMPLOYMENT PRINCIPLES

1. DIVERSITY

British American Tobacco is dedicated to providing equal opportunity to each employee. Our employment beliefs and standards mean that we will not discriminate when making decisions on hiring, promotion or retirement on the grounds of the employees' or candidates' race, colour, gender, age, social class, religion, smoking habits, sexual orientation, politics, or disability – subject to the inherent requirements of the role to be performed. A fundamental aim is to ensure a diverse and representative workforce profile through the promotion of employment equality.

We shall observe national legislation relative to positive discrimination.

2. OPENNESS AND RESPONSIVENESS

2.1 Internal Communications

Employees' sense of belonging to, and trust in, British American Tobacco is enhanced by our focus on internal communications, a sense of pride in our brands and being part of a socially respected Group of Companies.

We aim to be open and transparent and to provide regular, reliable and relevant business and industry-related information, through a wide range of internal communication channels to allow access for all employees. Disclosure/ communication policies take into account our obligations to business confidentiality and other competitive concerns. However, subject to this, we actively encourage and promote the free flow of ideas and information between our Operating Companies and their workforce.

2.2 Relationships and Partnerships

Worker Representation and Freedom of Association: We respect both freedom of association and freedom of non-association.

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Temporary labour is an important element of the overall employment mix and essential to meet the local business requirement and cycles.

Where this form of labour is used we will act at all times to conform to local labour laws and practices.

British American Tobacco companies do not have a policy of engaging in the use of casual labour to avoid an employee receiving company and government benefits.

3.1.2 Dignity at Work

British American Tobacco finds all aspects of harassment and bullying unacceptable and we are committed to removing any such actions or attitudes in the workplace.

3.1.3 Restructuring

British American Tobacco undertakes restructuring in a responsible manner. Any of our global Operating Companies involved in restructuring will explain the initiatives that make change necessary to its employees and all appropriate groups and bodies, in accordance with local laws and re28Te8 .

We cannot offer a job guarantee for life but compulsory terminTe% of employment is only actioned after a comprehensive review of all the alternTeive. Where such situTe% do occur, we will adopt responsible local approaches and procedures to address each instance, including severance pay and any other such measures as may be appropriate to the situTt% and locae%.

3.1.4 Against ExploitTe48

Child labour: British American Tobacco does not condone or employ child labour. We seek to ensure thTt:

The welfare, health and safety of children are paramount at all times;

Practices undertaken by children for the development of vocae&al skills (e.g. in agricultural employment) do not conflict with or impede their educae&al development, including school attendance:

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procedures including those concerning personal use of the systems. British American Tobacco Companies will provide training in the use of their systems and policy adherence and employees should seek further training if required. The use of these systems will be monitored from time to time to ensure lawful use and purposes in accordance with British American Tobacco policy and local legislation.

Employees will be encouraged to make suggestions to improve either the training or the systems themselves.

3.2.3 Performance Responsibility

We expect our employees to make a meaningful and confident contribution to the success of British American Tobacco and their own place within it.

As such, employees will be held accountable for their performance. We therefore provide employees with clarity on our expectations of them and feedback on their performance.

The mechanisms for this will be determined as appropriate at the local level. Where poor performance continues, despite the prior provision of opportunities for improvement, British American Tobacco companies will terminate the employment, applying the framework of applicable law and company labour relations procedures.

3.3 Mutual Responsibilities

3.3.1 Environmental Responsibilities

British American Tobacco has in place environmental, health and safety management and monitoring systems and strives to achieve annual targets and performance indicators in each of the key areas of environmental management. Both our companies and our employees have an integral part to play in the achievement and maintenance of these standards.

3.3.2 A Constructive Place in the Community

Community contribution: British American Tobacco thinks globally but it is a local citizen. As such, we encourage our employees to play an active role both in their local and business communities.

The level and type of support the local company and our employees give is at the discretion of the local company.

Economic contribution: British American Tobacco seeks to create opportunities for skills development for employees and communities in markets where we operate. We also aim to work in harmony with the development objectives and initiatives of host governments.

3.3.3 Business Information Security

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Business information security is a multifaceted challenge requiring effective co-operation between all parts of the business, our business partners, employees and employee representatives. Our policy embraces all elements of business information security including physical records, electronic data, email, personal data held by the Company, information processes and data management, legal and audit considerations and communications systems (telephones, fax, internet etc.).

Our policy is to maximise the business leverage of our information, ensuring that it is reliable and available to those who need it. It is of paramount importance to ensure that all our employees are fully aware of their personal responsibilities in this regard. We will honour the privacy of workforce data according to the requirements of national legislation and the security and interests of the business.

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3.3.4 Personal Development and Learning

We develop and deliver high quality learning and development initiatives appropriate to the needs of the individual Operating Companies and their employees. We aim to foster a sense of pride in working for British American Tobacco and to be the employer of choice wherever we operate.

Whilst we put great emphasis and resources in training and opportunities for development, employees are encouraged to take responsibility for their own development.

3.4 Valued Business Partners

Whilst we are not responsible for standards of employment practice throughout our supply chain, we seek to influence our business partners to avoid:

The employment of children particularly in any industrial process, or agricultural process which uses chemicals (other than in genuine apprenticeships);

The selling of cigarettes to minors;

The use of forced or illegal immigrant labour;

Working conditions which do not meet British American Tobacco standards on health, safety or hygiene;

The denial of access to, or unfair application of, a transparent grievance procedure;

Any form of unlawful discrimination, harassment, abuse or bullying.

Whilst each partner organisation has the responsibility to manage its employment practice in accordance with its own business standards, values and local legislative framework, we will work with them to embrace these Principles. British American Tobacco minority shareholding interests: We will draw to the attention of the Directors of companies, in which we have a minority interest, the contents of these Principles and, where they do not exist already, encourage them to be adopted.

4. WORKPLACE

4.1 Physical and Material Well Being

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4.1.1 Reasonable Working Hours

It is almost inevitable that in most roles, and at certain times of the year, business needs will dictate more concentrated periods of work than at other times. However, we acknowledge and support the need of employees to balance work and personal interests and will encourage flexibility where possible.

4.1.2 Family Friendly Policies

We encourage our markets to explore and adopt family friendly policies as relevant according to local practice.

4.1.3 Occupational Health and Safety

British American Tobacco Companies will all have, and comply with, internal health and safety policies and procedures and national regulations to ensure a safe working environment. We are committed to working with our employees to ensure that health and safety standards are maintained and improved. This process



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