

POLICY ON ANTI- BRIBERY AND CORRUPTION POLICY

1. DEFINITIONS:

‘Board’: Board of Directors of Ceylon Tobacco Company PLC

‘BAT’: British American Tobacco PLC

‘Bribe’: Includes any gift, payment, or other benefit (such as hospitality, kickbacks, a job offer/ work placement, or investment opportunities) offered in order to secure an advantage (whether personal or business- related).

‘Company’: Ceylon Tobacco Company PLC

‘Employees’: All Key Management Personnel and individuals working at different tiers in the Company.

‘Facilitation Payments’: A form of Bribery in which small payments are given to (a) low-level Public Official/s to facilitate and expedite routine government actions which he/she is customarily entitled to perform.

‘Gifts and Entertainment’: refers to any good of value, service, or benefit provided by or obtained from a third party.

‘Kickback’: Refers to a portion of money ‘kicked back’ to a person who enabled or authorised the transaction.

‘Third Party’: Any company or individual outside the Company.

‘Private Sector Stakeholders’: All other entities and individuals excluding Public Officials.

‘Public Official’: Refers to anyone employed by or acting for any government or public body/agency, or anyone performing a public function.

‘Third Party (Anti – Fraud and Corruption) (AFC) Procedure’: Consists of processes and constraints that the Company implements to mitigate and manage risks associated with dealings with third parties. It ensures that these third parties adhere with local laws and regulations and the Company's anti-corruption policies.

2. PURPOSE

The Company ensures that its integrity and reputation is maintained by following ‘zero tolerance’ approach to all instances of bribery and corruption. The purpose of this Anti – Bribery and Corruption Policy is to set the principal cornerstones for the Company to combat any form of bribery or corruption, reinforce adherence to high ethical standards and ensure integrity in all business dealings. The Policy entrusts responsibility on its employees to take

appropriate actions to mitigate and prevent bribery and corruption. It shall ensure that the Company will be in compliance with the local laws and regulations.

This Policy on Anti- Bribery and Corruption is intended to complement the BAT Third Party Anti-Financial Crimes Procedure and the Anti-Bribery and Corruption chapter of the Standards of Business Conduct. This Policy provides additional guidance on some of the rules, principles, and guidance set out in the Standards of Business Conduct.

3. SCOPE

The Policy on Anti- Bribery and Corruption applies to all employees and third parties where applicable.

4. PROHIBITED CONDUCT

I. Bribery

All Employees must never:

- offer, promise or give any gift, payment or benefit to encourage or reward improper conduct to any person including but not limited to a Public Official, in order to improperly influence or intend to influence, any decision by a Public Official for the benefit of the Company.
- ask for or accept, agree to accept or receive any gift, payment or other advantage from any person (directly or indirectly), to prompt or reward improper conduct or give an imitation that it is intended to improperly influence decisions of the Company.

II. Facilitation Payments / Kickbacks

The Company must not make facilitation payments or kickbacks of any kind (directly or indirectly), other than where it is necessary to protect the health, safety or liberty of any employee. The Company shall, where possible solicit the assistance of the Company's local legal counsel, before any such payment is made.

In an unlikely instance where an employee is being forced or pressurized to make a facilitation payment, such employee should immediately notify the same to his / her line manager.

Any such payment must also be fully documented in the Company's books, for the purpose of record keeping and to ensure compliance with the Policy.

5. Gifts and Entertainment (G&E)

The Company acknowledges that occasional offering or acceptance of business-related Gifts and Entertainment can be an acceptable business practice, subject to the internal controls and processes on Gifts and Entertainment in the Company. However, such gifts should not be improper or excessive, which may then amount to a bribe. Therefore, the intent, legality, value, frequency and transparency of G&E should be looked at in all instances in order to determine whether same is a gift or a bribe.

I. Principles for offering and receiving G&E

Any G&E offered , given or received by an Employee of the Company must be given or accepted in an open manner (not secretly), and must be lawful in Sri Lanka and all relevant jurisdictions, and should not be prohibited by the other party's organization. A G&E should not be given to parties who are engaged in a tender or competitive bidding process.

G&E should not have, or be capable of being seen to have, a material effect on a transaction involving the Company and should not be a gift of cash or cash redeemable equivalent.

G&E should not be asked for, demanded or offered for something in return. It should not be or give the impression of being extravagant or inappropriate (disrespectful, indecent, sexually explicit or similar in nature) which would reflect poorly on the Company.

Any G&E to be offered, given or received must be expensed in accordance with the applicable business expense policies and procedures. In addition, G&E given to Public Officials and Private Sector Stakeholders -by the Company must be recorded and approved via the Company's G&E Tracker.

II. G&E principles governing engagement with Public Officials

Employees are prohibited from providing G&E with the intent of directly or indirectly influencing a Public Official, or to obtain a business-related/ personal advantage in favour of such employee, a close relative, friend/s or associates.

III. G&E principles governing the relationship with Independent External Auditors (IEA)

The Company must not offer or promise an IEA any G&E which would hinder its independence and cause a conflict of interest.

IV. G&E principles governing the relationship with Private Sector Stakeholders (PSS)

The Company may accept any G&E from a PSS provided it is lawful, infrequent and consistent with reasonable business practices. The same shall be recorded in the G&E tracker.

6. MAINTAINING ADEQUATE PROCEDURES

The Company shall have adequate controls (including but not limited to those set out below) in place, in order to ensure that improper payments are not offered, made, asked for or received by individuals and companies performing on their behalf.

- a) Inclusion of Anti Bribery and Anti-Corruption provisions in contracts with third parties, the breach of which can result in termination.
- b) To provide Anti Bribery and Anti-corruption training and support to staff involved in managing third party relationships, where applicable.
- c) Timely and precise reporting of the true nature and extent of transactions and expenses.

7. BOOKS, RECORDS, AND INTERNAL CONTROLS

The Company should maintain an accurate record of transactions which reflects their extent and true nature. The Company must also have internal controls to ensure that records and accounts are complying with applicable anti-corruption laws and best corporate practices in Sri Lanka.

8. GOVERNANCE

The principal accountability for monitoring the day – to- day application of this policy rests with the Assistant Company Secretary. However, an onus falls on the Management of the Company to ensure that those who are reporting to them are informed about this Policy.

9. WHO TO TALK TO?

Where an employee is faced with a situation concerning bribery or corruption, he / she shall immediately discuss the same with a designated officer, an HR manager, and / or a line manager, or may use “Speak up Portal” available at **bat.com/speakup** or “Speak up Hotlines” available at **bat.com/speakuphotlines**.

10. TRAINING AND AWARENCES

All employees of the Company shall be given sufficient and frequent training on the Policy. Employees holding an 'at risk' role based on the exposure to bribery and corruption risk will be given additional training.

11. QUESTIONS

All questions concerning the implementation of this policy are required to be addressed to the Assistant Company Secretary of Ceylon Tobacco Company PLC via inquiries_ctc@bat.com.