

Standards of Business Conduct

Group Whistleblowing Procedure



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1. Background

- 1.1 The Group Whistleblowing Policy is set out in the Standards of Business Conduct (**SoBC**). Its essential features are:
- (a) anyone suspecting wrongdoing at work is encouraged to raise the concern through internal whistleblowing channels;
 - (b) concerns raised will be investigated properly;
 - (c) the identity of the person raising concerns will be kept confidential; and
 - (d) anyone raising concerns will not be penalised or suffer any form of reprisal, even if they are mistaken.
- 1.2 The Group Whistleblowing Policy applies only if a matter involves alleged wrongdoing. A non-exhaustive list of examples of wrongdoing is set out in the SoBC. Where there is no alleged wrongdoing, e.g. if a complaint concerns an individual's personal employment position or raises allegations of poor management falling short of wrongdoing, then the matter should be addressed either under an applicable grievance procedure or as a management issue.
- 1.3 The Group Whistleblowing Policy encourages staff to raise concerns directly with their local or Regional Designated Officers or with an HR manager, who will then refer it to the relevant Designated Officers. If they are comfortable doing so, employees may also raise concerns with their line manager, who should refer them to the relevant Designated Officers.
- 1.4 Group operating companies are expected to adopt local whistleblowing procedures to supplement the Group policy. Local whistleblowing procedures should identify locally (and, if appropriate, Regionally) based Designated Officers.
- 1.5 The Group Designated Officers (**GDOs**), with whom any member of staff worldwide may raise concerns, are: the Company Secretary of British American Tobacco p.l.c.; the Group Head of Audit; the Group Head of Security, and the Group Head of Business Conduct & Compliance.

2. Action on receipt of whistleblowing (illustrated in appended flowchart)

- 2.1 Staff are encouraged to raise concerns under the applicable local procedure. However, in practice, whistleblowings are received in a variety of ways by management (other than Designated Officers). They are often made anonymously. Regardless of how a whistleblowing is made, the action expected to be taken in response to it should be the same.
- 2.2 **Immediate action upon initial receipt:** The action to be taken upon initial receipt of a whistleblowing will depend upon where and/or by whom it is received, as follows:
- (a) if received by a Main or Management Board member, it should be referred to the GDOs only;
 - (b) if received by UK Centre management, it should be referred to the GDOs only;
 - (c) if received by Regional/Area management (other than a Regional Director), it should be referred to the relevant Regional Head of LEX; and
 - (d) if received by End Market management, it should be referred to the local Designated Officers identified in the local whistleblowing procedure, or to the Regional Head of LEX (where required under paragraph 2.5 below).
- 2.3 **Action by GDOs:** If a whistleblowing/allegation is received by the GDOs (or notified to the GDOs under paragraph 2.4 below) then they should assess whether the matter involves:
- (i) allegations of bribery and corruption; and/or
 - (ii) allegations of unlawfully obtaining confidential information; and/or
 - (iii) allegations of cash payments made to government officials; and/or
 - (iv) allegations of wrongdoing against a Management Board member, any direct report of a Management Board member, any manager of Grade 38 or higher, or any individual based in a Central Function or otherwise outside of a Region.

If the GDOs determine that the matter requires oversight or investigation at Group level, then the GDOs should::

- (a) notify the relevant Regional or Functional Head of LEX, as and if appropriate;
- (b) decide who is to be responsible for investigating the matter and issue them a mandate to commence their investigation in accordance with the Group Standard for Investigations; and
- (c) request that a formal report is prepared in accordance with the SoBC Incident Reporting Process.

Otherwise, the GDOs should refer it to the relevant Regional Head of LEX in accordance with paragraph 2.4 below.

2.4 **Action by Regional Heads of LEX:** If a whistleblowing/allegation is received by a Regional Head of LEX (or notified to a Regional Head of LEX under paragraph 2.5 below) then they should assess whether the matter may fall within the scope of any one or more of the categories set out in paragraph 2.3 (i-iv) above.

If the Regional Head of LEX considers that the matter may fall within the scope of paragraph 2.3 (i-iv), then they should refer the matter immediately to the GDOs for action under paragraph 2.3.

Otherwise, the Regional Head of LEX should:

- (a) decide who is to be responsible for investigating the matter and issue them a mandate to commence their investigation in accordance with the Group Standard for Investigations; and
- (b) request that a formal report is prepared in accordance with the SoBC Incident Reporting Process.

2.5 **Action under local whistleblowing procedure:** If a whistleblowing/allegation is received through local whistleblowing procedures then the local Designated Officers or local whistleblowing committee should assess whether the matter may fall within the scope of any one or more of the categories set out in paragraph 2.3 (i-iv) above, or involves allegations of wrongdoing against any local Top Team member, or any individual(s) based outside of their market(s).

If the local Designated Officers or local whistleblowing committee considers that the matter may fall within the scope of paragraph 2.3 (i-iv), they should refer the matter immediately to the Regional Head of LEX for action under paragraph 2.4.

Otherwise, the local Designated Officers or local whistleblowing committee should:

- (a) decide who is to be responsible for investigating the matter and issue them a mandate to commence their investigation in accordance with the Group Standard for Investigations; and
- (b) request that a formal report is prepared in accordance with the SoBC Incident Reporting Process.

3. Handling whistleblowing investigations

3.1 The following principles apply in connection with all investigations of allegations raised in whistleblowings:

- (a) no individual should ever be involved in the investigation of allegations in which he or she is personally involved;
- (b) the investigation should take place at least one tier of management above the level of the most senior person against whom allegations have been made. So, for example:
 - allegations involving local Top Team members should be investigated at Area level or above;
 - allegations involving Area Team members should be investigated at Regional level or above; and
 - allegations involving Regional Leadership Team members should be investigated at Group level (i.e. under the coordination of the GDOs and/or the LEX Litigation & Regulation Department);
- (c) all whistleblowings should be notified to the Legal, Audit and Security managers at the appropriate level, and they should be involved in decisions relating to the assessment and investigation of the whistleblowing;
- (d) whistleblowings should be reviewed at an early stage, with the involvement of the relevant Legal, Audit and Security managers, to assess whether a full investigation is required. Unless they are clearly groundless or involve previous allegations and bring no new facts or issues to light, all whistleblowings should be fully investigated;
- (e) the membership of the team investigating the whistleblowing will depend on the nature of the matter raised, and should be determined in accordance with the principles set out in the Group Standard for Investigations. In addition, LEX is also responsible for ensuring the proper application of the Group Whistleblowing Policy and that reports are prepared in accordance with the SoBC Incident Reporting Process. It is important to note that the investigation will seek to establish the facts only. It will not make any recommendation as to a course of action, other than regarding measures for process improvement where appropriate;
- (f) where the identity of the person raising the concern is known, they should (to the extent permissible by law) be kept informed of the steps taken in respect of it. Responsibility for communicating with the whistleblower lies with the person(s) identified under paragraph 2.2 overseeing the handling of the concern (i.e. the GDOs, Regional Head of LEX, or person(s) identified in the applicable local whistleblowing procedure). All communications with the whistleblower should be made through, or prepared in consultation with, such person(s);
- (g) it is vital to ensure that the identity of the person raising a concern (where known) is kept confidential. Accordingly, their identity should only be communicated to the extent necessary to ensure that the matter is properly investigated and reported in line with internal procedures and processes; and

(h) it is vital to ensure that no person raising a concern suffers any form of reprisal for having done so. Any reprisal should itself be treated as a serious matter to be addressed under the applicable Disciplinary Procedure.

3.2 The relevant Designated Officers or Regional Head of LEX, will determine an appropriate senior manager in line management above the person against whom the whistleblowing is made, who will be the key point of contact. The key point of contact:

- (a) will be briefed by the relevant Designated Officers or Regional Head of LEX during the investigation;
- (b) will receive a report or briefing on the conclusion of the investigation; and
- (c) is responsible for determining (and actioning) any management decision required as a result of the investigation.

The relevant Designated Officers or Regional Head of LEX may be involved in any discussion as to the appropriate course of action which must, in any event, be consistent with the findings of the investigation. Together with the key point of contact, they may determine that the issues revealed by the investigation require further escalation. In circumstances where the GDOs oversee an investigation, the key point of contact is likely to be a Functional or Regional Director.

3.3 The relevant Designated Officers or Regional Head of LEX may ask for internal legal advice to assist in understanding any legal implications for individuals or Group entities. This advice may be shared with the key point of contact where there are no issues concerning legal privilege. External legal advice may be sought if approved by the GDOs or Regional Head of LEX (as appropriate) and the key point of contact, and the cost of such advice will be borne by the cost centre controlled by the key point of contact. External legal advice must be addressed to the relevant Designated Officers or Regional Head of LEX (as appropriate) and key point of contact only.

3.4 Once the investigation is concluded and a decision taken by the key point of contact, the relevant Designated Officers or Regional Head of LEX will provide feedback to the whistleblower (where known) and to the relevant Regional or Functional Legal Counsel (where applicable). It is the responsibility of the key point of contact and relevant Regional or Functional Legal Counsel to advise the outcome to management in the line above the person against whom the allegations were made in accordance with the directions of the relevant Designated Officers or Regional Head of LEX.

4. Addressing wrongdoing by staff

4.1 End markets and business units should establish clear procedures for addressing wrongdoing by staff, whether identified through a whistleblowing or otherwise. In most cases, this will be the applicable Disciplinary Procedure.

4.2 Where it is concluded that a criminal offence has been committed in a particular jurisdiction, the presumption should be in favour of prosecution. While there are circumstances in which prosecution may not be appropriate, these will be rare and should be fully documented. Where available, a civil action to recover any loss suffered as a result of the wrongdoing should be considered, although it is recognised that this option will depend on whether there is a reasonable prospect of success. These issues are for management to determine, having considered legal advice.

4.3 In every case where wrongdoing has occurred, the relevant internal controls should be assessed carefully to establish whether there has been any control breakdown and, if there has, what steps should be taken to remedy this. Even where there has been no breakdown of controls, careful consideration should still be given to whether, and if so what, steps should be taken to minimise the risk of recurrence and/or to improve the prospects of detection in the event of recurrence. Legal, Audit and Security personnel at the appropriate level should be centrally involved in this assessment.

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Group Whistleblowing Procedure – Flowchart

