

BRITISH AMERICAN TOBACCO SOUTH AFRICA (PTY) LTD TRADING TERMS AND CONDITIONS

THESE TRADING TERMS AND CONDITIONS APPLY TO CUSTOMERS WHO PURCHASE DIRECTLY FROM, AND ARE SUPPLIED BY BATSA DIRECTLY. FOR THOSE RETAILERS THAT PLACE ORDERS ON THE KHONECTA PLATFORM AND WHOSE ORDERS ARE FULFILLED BY YOUR ELECTED WHOLESALER – PLEASE CONTACT YOUR ELECTED WHOLESALER FOR THEIR TERMS AND CONDITIONS OF SALE APPLICABLE TO YOUR ORDER.

1. INTERPRETATION

For the purposes of these Conditions, the following terms shall have the following meanings ascribed to them:

“Affiliate” means, (i) an entity that directly or indirectly, through one or more intermediaries, owns more than 50% of the outstanding voting securities of a party, and (ii) an entity that directly or indirectly through one or more intermediaries, is controlled by a party, in each case where the term “control” means possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of an entity, whether through ownership of voting securities, by contract interest or otherwise;

“Applicable BAT Policies” means the BAT [Supplier Code of Conduct](#), [Standards of Business Conduct](#) (available at [www.bat.com > Who We Are > Our Corporate Governance > Policies, Principles & Standards](#)), [Responsible Marketing Principles & Responsible Marketing Code](#) (available at [www.bat.com > Sustainability & ESG > Governance & Ethics > Responsible Marketing](#)) and any other policies (including changes and additions) which BATSA may from time to time notify to the Customer and as may be amended from time to time;

“Associated Parties” includes Affiliates officers, directors, employees, shareholders, contractors, representatives or agents;

“BATSA” means British American Tobacco South Africa (Pty) Ltd (company number 1995/009509/07), having its registered address at 3 Dock Road,

Waterway House, Waterfront, Cape Town, South Africa, 8000;

“Binding Order(s)” means orders for Products placed by the Customer and accepted by BATSA;

“Bribery and Corruption Laws” means the South African Prevention and Combating of Corrupt Activities Act 2004, UK Bribery Act 2010 and the US Foreign Corrupt Practices Act 1977 or any other similar local or national laws, regulations, rules or regulatory guidance relating to anti-bribery and corruption;

“Bribery and Corruption Offence” means a criminal conviction in any official court or tribunal of any jurisdiction for any offence relating to a breach of Bribery and Corruption Laws;

“Business Day” means any day of the week other than a Saturday, Sunday or officially recognized public holiday in the Republic of South Africa;

“CPA” means the Consumer Protection Act, 68 of 2008, as amended and any regulations promulgated thereunder;

“Conditions” means the trading conditions contained in this document;

“COD Customers” means a Customer who pays for the Product upon delivery of that Product;

“Customer” means the person or entity that has placed an order with BATSA or purchases the Products from BATSA, and shall also include COD Customers unless otherwise indicated;

“Customer Premises” means the premises designated by the Customer for delivery of the Products within the Republic of South Africa and accepted by BATSA;

“Delivery Date” means the date on which the Products are delivered by BATSA to the Customer;

“Documentary or Other Substantive Evidence” means (i) a criminal conviction in any official court or tribunal of any jurisdiction for any offence relating to the manufacture, sale, distribution and/or storage of counterfeit product or contraband cigarettes/tobacco or any other related illegal activity; or (ii) a finding by any official court or tribunal of any jurisdiction in any civil case of involvement in the manufacture, sale, distribution and/or storage of counterfeit product or

contraband cigarettes/tobacco, or any other related illegal activity;

“Economic Sanctions” means any law, regulation, directive, decree or decision relating to economic, financial, trade or other sanctions, including by not limited to any trade restriction, embargo, import or export ban, prohibition or restriction on dealings with Sanctioned Persons, governments, countries, groups or territories and any prohibition on the provision, receipt or transfer of funds, assets or services, or equivalent measures imposed, administered, enacted or enforced from time to time by: (i) the European Union or any of its Member States; (ii) the United Kingdom including His Majesty’s Treasury and the Department for Business and Trade; (iii) the United States including OFAC, the Bureau of Industry and Security and the United States Department of State; (iv) the United Nations including any United Nations Security Council Sanctions Committee; or (v) or any other relevant governmental or regulatory authority including of any country in which obligations under this Agreement are to be performed;

“Illicit trade” means the unlawful sale, distribution and/or storage of contraband tobacco leaf or products, including the shipment of such tobacco leaf and/or products without declaration or the payment of excise duties and/or other taxes and/or related money laundering;

“Minimum Collectible Tax” means the minimum tax legally prescribed for the various formats of tobacco products, comprising excise plus VAT;

“Money Laundering or Terrorist Financing Law” means the South African Prevention of Organised Crime Act, 1998, the UK Proceeds of Crime Act 2002 or the UK Terrorist Act 2000 or any other similar local or national laws, regulations, rules or regulatory guidance relating to anti-money laundering or counter terrorist financing;

“Money Laundering or Terrorist Financing Offence” means an offence under applicable Money Laundering or Terrorist Financing Law including without limitation any offence of (i) concealing, disguising, converting or transferring criminal or terrorist property, (ii) becoming concerned in arrangements which facilitate another person’s use acquisition or control of criminal property or terrorist property, (iii) acquiring, using or possessing criminal property or terrorist property, or (iv) inviting another person to provide money or property or receiving

money or other property from another person with the intention or suspicion that the property be used for the purposes of terrorism;

“Proof of Delivery” means BATSA’s written proof of delivery document;

“Price Card” means the price card relating to the Products which may be obtained from a BATSA representative;

“Product(s)” means the British American Tobacco products available for sale and supply to the Customer;

“Prohibited Territory” means Afghanistan, Belarus, Iran, Myanmar, North Korea, Russia, Syria and the non-Ukrainian-government-controlled areas of the Donetsk, Kherson, Luhansk and Zaporizhzhia oblasts, and Crimea & Sevastopol, such list as may be updated and notified by BATSA from time to time;

“Public Official” includes, without limitation, any person holding or acting on behalf of a person holding a legislative, administrative or judicial office, including any person employed by or acting on behalf of a public agency, a public enterprise or a public international organisation, any political party or an official thereof or any candidate for any political office, any Associated Party of any government or any department, agency, or part thereof, or of any state owned enterprise or joint venture/partnership with a state owned enterprise (including a partner or shareholder of such an enterprise) or of a public international organisation, or any person acting in an official capacity for or on behalf of any such government or department, agency, or part thereof, or for or on behalf of any such public international organisation, or a relative or Associated Party of any such person;

“Stop Supply” means the discontinuation of supply of the Product to a Customer who has been found by BATSA to have and/or sell illicit; non-compliant; and/or suspiciously priced product in its outlet;

“Subsequent Customer” means a subsequent customer of the Customer;

“Sanctions Authority” (i) the United Nations; (ii) the European Union or any of its Member States; (iii) the United Kingdom; (iv) the United States of America; (v) the governmental authorities of any of the foregoing, including but not limited to, the Office of Foreign Assets Control (“OFAC”) of the United States

Department of the Treasury, the United States Department of State, the Bureau of Industry and Security, His Majesty's Treasury and the Department for Business and Trade; and (vi) any other governmental authority with relevant jurisdiction or any of its affiliates that imposes, administers or enforces Economic Sanctions.

“Sanctioned Person” means a person or entity (including any bank) (i) listed on any applicable sanctions list as from time to time amended, including but not limited to the United Nations Consolidated Sanctions List, the United States' Office of Foreign Assets Control List of Specially Designated Nationals and Blocked Persons, the United Kingdom's Consolidated List of Financial Sanctions Targets and UK Sanctions List, the European Union's Consolidated List of Persons, Groups and Entities Subject to Financial Sanctions, or (ii) incorporated, headquartered or based in Iran, Syria, Cuba, North Korea, the non-Ukrainian-government-controlled areas of the Donetsk, Kherson, Luhansk and Zaporizhzhia oblasts, or Crimea & Sevastopol.

“Tax Evasion Offence” means an offence of: (i) cheating the public revenue or (ii) being knowingly concerned in, or taking steps with a view to, the fraudulent evasion of a tax. For the avoidance of doubt, “tax” includes any excise duty or tax or levy chargeable in any jurisdiction;

“Tax Evasion Facilitation Offence” means an offence of: (i) facilitating a Tax Evasion Offence by being knowingly concerned in, or in taking steps with a view to, the fraudulent evasion of a tax by another person; or (ii) aiding, abetting, counselling or procuring the commission of a Tax Evasion Offence;

“Taxation Laws” means all applicable taxation laws in South Africa and including, but not limited to, the UK Criminal Finances Act 2017, modification, or replacement of the same from time to time, and any subordinate legislation made under the same;

“Territory” means the Republic of South Africa; and

“Tobacco Laws” means all laws applying to tobacco or any extract thereof or any related product as applicable in the Territory, from time to time.

2. APPLICATION

2.1 These Conditions regulate the sale and supply of all Products by BATSA to the Customer and may be amended from time to time upon written, electronic or other notice to the Customer, provided that no such revision shall affect any Binding Order.

2.2 Nothing contained or implied in these Conditions shall require BATSA to accept any order

2.3 Where an order is placed under a separate negotiated written agreement (a **“Negotiated Agreement”**), unless it states otherwise, the Negotiated Agreement, together with these Conditions shall constitute the entire agreement between the parties in relation to all Binding Orders, to the exclusion of any other terms and conditions that the Customer seeks to impose or incorporate (whether or not BATSA subsequently communicates that to the Customer) or which are implied by trade, custom, practice or course of dealing.

2.4 If there is any conflict or inconsistency in or between a Negotiated Agreement or these Conditions, the terms of the Negotiated Agreement shall take precedence over these Conditions.

2.5 The rule of construction that the contract shall be interpreted against the Party responsible for the drafting or preparation of these Conditions shall not apply.

3. PRICING AND PRICE CHANGES

3.1 The Product prices are in South African Rands and shall be as specified in the Price Card which may be changed by BATSA by issuing updated Price Card(s).

3.2 Prices specified on the Price Card shall include delivery to the Customer Premises subject to the provisions of Conditions 4.2 to 4.4.

3.3 If the change in the price of the Products under Condition 3.1 above is unacceptable to the Customer, the Customer shall not be obliged to accept delivery and neither party shall have any claim against the other party.

4. ORDER TAKING AND DELIVERY

4.1 The Customer shall ensure that the contents of its order and any applicable specification are complete and accurate.

4.2 Upon receipt of an order and in the event BATSA accepts it and it becomes a Binding Order, BATSA shall allocate to the Customer an order number and anticipated delivery date which shall be applicable to all orders placed by the Customer, unless otherwise indicated by BATSA. The Customer shall place orders for the Product not less than 2 Business Days prior to the required delivery date.

4.3 The Customer shall, unless prior arrangements have been made with the BATSA representative, be entitled to place one order per week and receive one delivery per week at the prices specified in the Price Card.

4.4 If the Customer wishes to place more than one order per week and/or receive delivery other than on the Delivery Date allocated by BATSA, BATSA shall be entitled to impose an additional charge on this order and/or delivery at a rate determined by BATSA. This rate may be provided to the Customer upon request.

4.5 Subject to the remainder of this Condition 4, BATSA shall endeavour to deliver orders within 2 Business Days of accepting the order. BATSA shall not be liable for any delay in delivery of the Products for any reason whatsoever. BATSA may, after notice to the Customer, split the Products over more than one delivery and these Conditions shall apply separately in respect of each delivery of the Products.

4.6 Risk in respect of the Products shall pass to the Customer on delivery by BATSA to the Customer Premises.

4.7 Ownership in respect of the Products shall be and remain vested in BATSA until the Customer has discharged all amounts owing to BATSA.

4.8 Customers granted credit by BATSA shall keep the Products free from any hypothec, lien or other attachment until ownership has passed.

4.9 COD Customers must make payment upon delivery of the Product ordered. These Customers shall not be entitled to pre-orders unless otherwise agreed upon with BATSA.

5. RETURN OF PRODUCTS

5.1 The Customer shall be entitled to return Products to BATSA, subject to the following:

5.1.1 BATSA, in its reasonable discretion, having determined that the Products are damaged, defective or expired;

5.1.2 subject only to its statutory obligations, BATSA shall replace the damaged, defective or expired Product at its own discretion and at the price prevailing at the Delivery Date and Condition 3.1 and 4.5 above shall apply;

5.1.3 BATSA has not commenced with Stop Supply as contemplated in Conditions 9 and 10 below; and

5.1.4 BATSA shall not be liable for any loss or damage arising out of negligence or default on the part of the Customer or its agents or employees.

5.2 Should the Customer be entitled to return stock as contemplated above, the return may be either in the form of an exchange of the exact same Product (SKU) or for a Product within the same price segment or in the form of a refund. Subject to its statutory obligations, such exchanges or refunds shall be made in the discretion of BATSA.

6. PAYMENT

6.1 The Customer shall pay the total purchase price of the Products on acceptance of a Binding Order unless a different payment term is stipulated by BATSA. Such payment shall be made without deduction or set-off of any nature whatsoever.

6.2 Customers who elect to pay cash on delivery will be required to use only this payment method for all trading transactions with BATSA.

6.3 BATSA will only accept cash payments from Customers who pay for the Products upon delivery.

6.4 Partial payments of the amount reflected on an invoice shall not be accepted by BATSA, unless BATSA had agreed to allow such partial payment at the time of accepting the order.

6.5 BATSA may grant credit to Customers upon application to BATSA and subject to compliance with certain requirements including the provision of requested information. It shall be entirely within the

discretion of BATSA whether or not to grant credit to the Customer.

6.6 In the event that a different payment term is agreed as per Condition 6.1 or BATSA grants the Customer credit, and the Customer fails to make payment to BATSA within 2 Business Days following notice from BATSA that the amount has not been paid by the due date for payment, BATSA may charge the Customer interest on the overdue amount at the prime lending rate in the Territory. Such interest shall accrue daily from the date on which the invoice should have been paid until the date of actual payment of the overdue amount or the engagement of a debt collector by BATSA, whichever is the earlier, whether before or after judgment.

6.7 BATSA will charge a cash management fee to Customers who despite having opted to pay for the Products by way of electronic funds transfer or cash deposited directly into BATSA's account, pay us in cash. The cash management fee shall be charged at 3% of the total invoice, excluding VAT.

7. CUSTOMER OBLIGATIONS

7.1 The Customer shall:

7.1.1 not engage in or promote the sale of illicit or non-compliant Product including Product that is sold at a price below the Minimum Collectible Tax for the particular format of Product. There is a strong suspicion that any BATSA product priced below the minimum collectible tax threshold has not paid the requisite taxes;

7.1.2 not sell or otherwise dispose of damaged, defective or expired stock of the Product in any circumstances whatsoever;

7.1.3 not cede, assign or delegate any of its rights or obligations in respect of any credit granted by BATSA or Binding Order without the prior written consent of BATSA;

7.1.4 notify BATSA in writing of any change in control of the Customer and/or any disposal of its business relating to the sale and supply of the Products;

7.1.5 put in place and implement procedures for the safe storage and handling of Products in accordance with BATSA's requirements and prudent business practice;

7.1.6 afford BATSA and its representatives access to the Customer Premises and shall assist and cooperate with BATSA and its representatives to establish the extent of any shortfall in-delivery or any damage to the Product;

7.1.7 provide BATSA with access to its Product as and when required and particularly in instances where BATSA has undertaken an investigation or enquiry;

7.1.8 provide adequate security for the storage of the Products to the reasonable satisfaction of BATSA; and

7.1.9 provide a receive and dispatch area for the Products suitable to accommodate BATSA's delivery vehicles with adequate security to the reasonable satisfaction of BATSA.

8. UNLAWFUL DISTRIBUTION

8.1 The Customer recognises that BATSA is the only party entitled in law to manufacture, sell and/or distribute the Products in the Territory and that BATSA has the sole and exclusive right in the Territory to all or any copyright, design, trademarks or other intellectual property rights pertaining to the Products or the marketing thereof. Accordingly, the Customer shall not at any time during the term of these Conditions:

8.1.1 sell the Products outside of the Territory or to any customer exempted from excise and/or import duties on cigarette products;

8.1.2 sell or distribute the Products for on-sale outside of the Territory or to such exempt customer; or

8.1.3 purchase the Products from any party other than a customer of BATSA or BATSA itself.

9. STOP SUPPLY

9.1 BATSA shall have the right to Stop Supply the Product in terms of these Conditions if the Customer is found to be in possession of illicit, non-compliant or suspiciously priced tobacco products. The determination of whether a product is illicit, non-compliant, suspiciously priced, shall be at the sole discretion of BATSA.

9.2 The Customer shall be advised of the Stop Supply and the reasons thereof.

10. BREACH

10.1 In the event that the Customer fails to pay any amount due to BATSA on the due date and/or commits any other breach of these Conditions, or if the Customer is sequestered or liquidated (whether provisionally or otherwise, then BATSA shall be entitled to (without prejudice to its other rights or remedies under these Conditions or in law, including the right to claim damages):

10.1.1 immediately recover from the Customer all amounts owing by the Customer to BATSA or any reason whatsoever and whether or not such amounts are then due and payable;

10.1.2 cancel any Binding Orders and/or any Negotiated Agreement and/or these Conditions; and/or

10.1.3 Stop Supply as contemplated in Condition 9 above; and/or

10.1.4 suspend the performance of any of its duties, functions or obligations under these Conditions, upon notice to the Customer, and until such time that the breach is remedied to the satisfaction of BATSA.

11. LIMITED LIABILITY AND INDEMNIFICATION

11.1 BATSA SHALL NOT BE LIABLE FOR ANY SHORTFALL IN DELIVERY UNLESS THE SHORTFALL IS NOTED ON THE PROOF OF DELIVERY AND COUNTERSIGNED BY A REPRESENTATIVE OF BATSA. THE LIABILITY OF BATSA FOR ANY SUCH SHORTFALL IN DELIVERY SHALL BE LIMITED TO MAKING GOOD THE SHORTFALL IN PRODUCTS AT THE PRICE IT WAS INVOICED AT OR REIMBURSING THE CUSTOMER IN RESPECT OF AMOUNTS ACTUALLY PAID BY THE CUSTOMER AND SUBJECT TO THE DISCRETION OF BATSA.

11.2 THE CUSTOMER WARRANTS THAT A DULY AUTHORISED REPRESENTATIVE OF THE CUSTOMER SHALL BE AVAILABLE AT THE CUSTOMER PREMISES TO RECEIVE THE PRODUCTS AND TO SIGN THE PROOF OF DELIVERY.

11.3 BATSA SHALL NOT BE LIABLE FOR ANY INDIRECT OR CONSEQUENTIAL LOSS OR DAMAGE ARISING OUT OF ANY SHORTFALL IN DELIVERY, DAMAGE OR DEFECT IN THE PRODUCTS.

11.4 BY SIGNING THE PROOF OF DELIVERY, THE CUSTOMER CONFIRMS THAT THE PRODUCTS ON THE TAX INVOICE REPRESENT THE PRODUCTS ORDERED BY THE CUSTOMER, THAT THE PRODUCTS WERE INSPECTED, AND THAT THE CUSTOMER IS SATISFIED THAT THESE CONFORM IN ALL RESPECTS TO THE QUALITY AND QUANTITY ORDERED AND ARE FREE FROM ANY DEFECTS.

11.5 THE CUSTOMER HEREBY INDEMNIFIES BATSA AGAINST ALL LOSS, LIABILITY, DAMAGE OR EXPENSE OF WHATEVER NATURE WHICH BATSA, ANY BATSA AFFILIATE, CONSUMERS OR ANY THIRD-PARTY MAY SUFFER AS A RESULT OF OR WHICH MAY BE ATTRIBUTABLE TO:

11.5.1 DAMAGE CAUSED BY OR ARISING FROM ANY LOSS OF THE PRODUCTS OR DAMAGE TO THE PRODUCTS WHILE AT THE RISK OF THE CUSTOMER; OR

11.5.2 THE ACTS OR OMISSIONS OF THE CUSTOMER'S AGENTS, REPRESENTATIVES AND/OR SUB-CONTRACTORS;

11.5.3 THE FAILURE BY THE CUSTOMER TO PERFORM ANY OF ITS OBLIGATIONS IN TERMS OF THESE CONDITIONS INCLUDING, WITHOUT LIMITATION, ANY LOSS OR ANY BREACH BY THE CUSTOMER OF ANY OF THE WARRANTIES GIVEN BY OR OBLIGATIONS IMPOSED ON THE CUSTOMER IN TERMS OF THESE CONDITIONS.

11.6 NOTHING IN THIS CONDITION SHALL HAVE THE EFFECT OF EXCLUDING BATSA'S LIABILITY FOR GROSS NEGLIGENCE ON THE PART OF BATSA OR ANY PERSON ACTING FOR OR CONTROLLED BY BATSA OR CONTRARY TO BATSA'S STATUTORY OBLIGATIONS.

12. SUPPLY CHAIN COMPLIANCE

Compliance

12.1 The Customer warrants and represents that it, along with its employees, agents, contractors, representatives and Subsequent Customers, that:

12.1.1 it has seen, read and will comply with the Applicable BAT Policies and the Summary of SCC Procedures, which Summary of SCC Procedures is attached as Annexure A;

12.1.2 the Customer will not, directly or indirectly, either in private business dealings or in dealings with the public sector, offer, give, receive or agree to offer, give or receive (either itself or in agreement with others) any payment, gift or other advantage with respect to any matters which are the subject of any Binding Orders and/or any Negotiated Agreement and/or these Conditions which: (A) is intended to, or does, influence or reward any person for acting in breach of an expectation of good faith, impartiality or trust, or which it would otherwise be improper for the recipient to accept; (B) is made to or for a Public Official with the intention of influencing them and obtaining or retaining an advantage in the conduct of business; or (C) which a reasonable person would otherwise consider to be unethical, illegal or improper (any activity described in (A), (B) or (C), a “**Corrupt Act**”);

12.1.3 neither the Customer nor any persons performing services for or on behalf of the Customer have engaged in any Corrupt Acts;

12.1.4 save as disclosed in writing in advance to BATSA, neither Customer nor any of its Associated Parties or anyone in their families are: (i) Public Officials; or (ii) persons who might otherwise assert a corrupt or illegal influence on behalf of either Party;

12.1.5 it is fully aware of and understands the provisions of applicable Money Laundering, Terrorist Financing and Taxation Laws and that it has in place robust and reasonable internal procedures to ensure that its employees, agents, contractors, representatives and Subsequent Customers comply with the applicable laws (including, but not limited to, appropriate policies, approval processes, training and monitoring);

12.1.6 it will undertake any anti-corruption, tax compliance and/or anti-money laundering training as BATSA may reasonably require;

12.1.7 to the best of its knowledge and belief, none of its assets or funds are or represent the proceeds or benefit of criminal activity;

12.1.8 it is not and has not been involved in any arrangements which are or could constitute arrangements which facilitate the commission of a Money Laundering or Terrorist Financing Offence;

12.1.9 it has not committed and will not commit a Bribery and Corruption Offence, Money Laundering or Terrorist Financing Offence, a Tax Evasion Offence or Tax Evasion Facilitation Offence; and

12.1.10 it will promptly notify BATSA in writing if:

(i) it becomes aware of any Bribery and Corruption Offence, Money Laundering or Terrorist Financing Offence, Tax Evasion Offence or Tax Evasion Facilitation Offence by it, its employees, agents, contractors, representatives or Subsequent Customers, or that the representation set out in Condition 12.1.3 or 12.1.4 is no longer correct;

(ii) it or its employees, agents, contractors, representatives or Subsequent Customers become the subject of any investigation, inquiry or enforcement proceedings by any governmental, administrative or regulatory body regarding any Bribery and Corruption Offence, Money Laundering or Terrorist Financing Offence, Tax Evasion Offence or Tax Evasion Facilitation Offence, or any such investigation is threatened or pending; or

(iii) there is a material change in its ownership/control structure or route to market structure.

12.1.11 The information provided by the Customer in the BATSA due diligence process (including but not limited to the external questionnaire response) is complete and accurate.

Trade Sanctions

12.2 The Customer represents, warrants and undertakes that:

12.2.1 in performing its obligations under any Binding Orders and/or any Negotiated Agreement and/or these Conditions it will not, and it will procure that its Associated Parties will not: (i) make the Products or any related funds available directly or indirectly to or for the benefit of a Sanctioned Person or any person or entity owned or controlled by a Sanctioned Person; (ii) use any Sanctioned Person or any person directly

or indirectly owned or controlled by a Sanctioned Person, with respect to the transportation of the Products or payment to BATSA (including, for the avoidance of doubt, ensuring no funds paid to BATSA directly or indirectly originate from or pass or have passed through any Sanctioned Person financial institution); (iii) without prior written authorisation from BATSA, sell, distribute, ship, market or divert the Products to or through any Prohibited Territory (such list as may be updated by BATSA and communicated to the Customer, from time to time at their sole discretion); or (iv) effect payment to BATSA directly or indirectly using or involving any funds derived or received from any criminal activities or received from or via any person registered or located in, or derived from any business activities related to, a Sanctioned Country;

12.2.2 neither it nor, to the best of its knowledge and belief, any of its Associated Parties is currently (i) a Sanctioned Person, (ii) owned or controlled directly or indirectly by a Sanctioned Person or (iii) incorporated or resident in, or owned or controlled by or acting on behalf of the government of a Prohibited Territory;

12.2.3 it will not use, sell, resell, export, re-export, transfer, divert, dispose of or otherwise supply the Products, directly or indirectly, to or within any destination or to any person without all requisite Economic Sanctions licenses and approvals from (i) the applicable Sanctions Authority, (ii) the country of origin and (iii) the original country of export;

12.2.4 it shall maintain a bank account with a non-Sanctioned Person financial institution for the purpose of any Binding Orders and/or any Negotiated Agreement and/or these Conditions and will procure that all funds transferred in connection with any Binding Orders and/or any Negotiated Agreement and/or these Conditions, or arising as a result of any Binding Orders and/or any Negotiated Agreement and/or these Conditions, shall be transferred using non-Sanctioned Person financial institutions exclusively;

12.2.5 it understands that any transaction subject to any Binding Orders and/or any Negotiated Agreement and/or these Conditions is conditional on BATSA's designated bank permitting the transfer of funds to or from the Customer;

12.2.6 no supply of services or goods under any Binding Orders and/or any Negotiated Agreement and/or these Conditions is directly or indirectly

destined to or sourced from Cuba, or intended to benefit persons in Cuba; and

12.2.7 it conducts and has conducted its business in full compliance with Economic Sanctions and has instituted and maintains policies and procedures designed to ensure continued compliance with Economic Sanctions.

12.3 The Customer hereby undertakes that it will promptly notify BATSA in writing together with all relevant details in the event that:

12.3.1 it is unable to perform its obligations under any Binding Orders and/or any Negotiated Agreement and/or these Conditions as a result of the imposition of Economic Sanctions (including the imposition of Economic Sanctions against a country or person or the addition of an item or service to a list of sanctioned items or services under Economic Sanction); or

12.3.2 it or any of its Subsequent Customers or banks becomes either: (i) a Sanctioned Person; or (ii) owned or controlled directly or indirectly by a Sanctioned Person.

12.4 The Customer agrees that BATSA may inspect or otherwise undertake an audit of the records relating to its obligations under any Binding Orders and/or any Negotiated Agreement and/or these Conditions, including at the Customer's premises. The Customer will provide all relevant access, information and documentation to BATSA to facilitate its audit as promptly as possible.

12.5 Notwithstanding any provision of any Binding Orders and/or any Negotiated Agreement and/or these Conditions to the contrary, BATSA shall not be obligated to make any payment or take any other action under any Binding Orders and/or any Negotiated Agreement and/or these Conditions (and shall not be liable for failure to take or delay in taking any action under any Binding Orders and/or any Negotiated Agreement and/or these Conditions) if BATSA determines in its sole reasonable opinion that such action may constitute a violation or contribute to any violation of, or otherwise expose it to negative consequences under, Economic Sanctions.

12.6 Following notification in accordance with Condition 12.3, it will work with BATSA to agree, within a reasonable period, a practical solution to permit continuity of any Binding Orders and/or any

Negotiated Agreement and/or these Conditions in a manner that is compliant with Economic Sanctions.

12.7 If BATSA is notified or becomes aware of circumstances under which the Customer or any Associated Party has exposed or may, in BATSA's sole reasonable opinion, expose BATSA or any of its Affiliates to the risk of a breach of, penalty under, or being or becoming subject to any Economic Sanctions, including but not limited to potential sanctions designation, the Customer shall, if BATSA requires, engage with BATSA to agree a practical solution that is acceptable to BATSA, taking into account BATSA's obligations under applicable laws.

12.8 BATSA shall have the right at any time to terminate its commercial relationship with the Customer immediately (including this and any other relevant agreement) by giving written notice to the Customer in the event that:

12.8.1 BATSA reasonably believes that the Customer and/or its Affiliates (i) has breached or committed any offence under any Economic Sanctions; or (ii) has taken any action which would cause BATSA to breach any Economic Sanctions;

12.8.2 BATSA, in its sole discretion, determines that any action, performance, or non-performance by the Customer and/or its Affiliates may be or is likely to be in violation of, inconsistent with or could expose BATSA and/or its affiliates to any negative consequences under Economic Sanctions; or

12.8.3 the Customer and/or its Affiliates becomes a Sanctioned Person or owned or controlled by a Sanctioned Person.

12.9 Prior to BATSA issuing a notice of termination under Condition 12.8.1 or 12.8.2, the Customer shall have the opportunity to respond to any breaches and/or violations alleged by BATSA. If no time period for a response is notified, such response should be provided within 14 days of the date of the alleged breaches and / or violations being notified to the Customer by BATSA.

Indemnity

12.10 The Customer agrees to indemnify BATSA against any losses, liabilities, damages, costs (including, but not limited to, legal fees) and expenses incurred as a result of a Bribery and Corruption Offence, Money Laundering or Terrorist Financing Offence, Tax Evasion Offence or Tax Evasion Faci-

lation Offence by it or its employees, agents, contractors, representatives or Subsequent Customers.

Acknowledgments

12.11 The Customer acknowledges and agrees that BATSA has in place various processes, protocols and procedures to minimise the risk of BATSA committing a Bribery and Corruption Offence, Money Laundering or Terrorist Financing Offence, a Tax Evasion Offence or a Tax Evasion Facilitation Offence. Where the Customer does not provide information requested by BATSA in a timely fashion or where BATSA has reasonable cause to suspect that the Customer has or would commit a Bribery and Corruption Offence, Money Laundering or Terrorist Financing Offence, a Tax Evasion Offence or a Tax Evasion Facilitation Offence, then BATSA reserves the right to delay delivery of any goods, services or payments being made to the Customer from BATSA or any of its Affiliates. BATSA is not liable for any delay which occurs as a result of BATSA taking such reasonable actions to comply with applicable Money Laundering and Terrorist Financing Law.

Audit Rights

12.12 BATSA, its authorised advisers and other representatives may audit the compliance of the Customer and its Associated Parties with the terms of any Binding Orders and/or any Negotiated Agreement and/or these Conditions (including compliance with Standards of Business Conduct, Summary of SCC Procedures, and other relevant policies;). For the purpose of facilitating an audit under this Condition, the Customer shall provide to BATSA (including its authorised employees), its authorised advisers and other representatives on request (at no cost to BATSA):

12.12.1 reasonable access to the records relating to any Binding Orders and/or any Negotiated Agreement and/or these Conditions;

12.12.2 reasonable access to all relevant information, premises, data, employees, agents, subcontractors and assets at all locations at which the same are present (or may reasonably be expected to be present), including locations from which obligations of the Customer are being or have been or should have been carried out (but not to information which the Customer is obliged to keep confidential or infor-

mation which is legally privileged and/or subject to litigation privilege); and

12.12.3 all reasonable assistance in carrying out any audit.

Termination of Customer Relationships

12.13 The Customer shall comply promptly upon receipt of any notification from BATSA to terminate its commercial relationship with and cease supplying its tobacco leaf and/or products to a Subsequent Customer on the basis that:

12.13.1 BATSA has Documentary or Other Substantive Evidence that the Subsequent Customer is involved in illicit trade, or has committed a Bribery and Corruption Offence, Money Laundering or Terrorist Financing Offence, Tax Evasion Offence or Tax Evasion Facilitation Offence; or

12.13.2 BATSA has received a written notification from a regulatory authority that the Customer should terminate its commercial relationship with and cease supplying tobacco leaf and/or products to the Subsequent Customer. For the avoidance of doubt, such written notification from a regulatory authority is accepted by the Customer as conclusive proof that the Subsequent Customer is engaged in illicit trade.

12.14 BATSA shall have the right at any time to terminate any Binding Orders and/or any Negotiated Agreement and/or these Conditions immediately by giving written notice to the Customer:

12.14.1 upon the request of a regulatory authority based on credible evidence supporting the view that the Customer has knowingly or recklessly engaged in the unlawful manufacture, sale, distribution and storage of contraband tobacco leaf and/or products and/or related money laundering (including the commission of a Money Laundering or Terrorist Financing Offence, Tax Evasion Offence or Tax Evasion Facilitation Offence);

12.14.2 in the event that BATSA reasonably believes that the Customer is unreasonably failing to minimise the risk of the sale of tobacco leaf and/or products being illicit trade and where the Customer has been unable to remedy BATSA's concerns within a period reasonably determined by BATSA in a notice to the Customer;

12.14.3 in the event that BATSA has Documentary or Other Substantive Evidence to show that the

Customer is knowingly or recklessly engaged in the unlawful manufacture, sale, distribution and/or storage of contraband tobacco leaf or products sold by the Customer or its affiliates and/or related money laundering (including the commission of a Tax Evasion Offence or Tax Evasion Facilitation Offence);

12.14.4 BATSA forms the suspicion that the Customer is committing, has committed or is likely to commit a Bribery and Corruption Offence, Money Laundering or Terrorist Financing Offence;

12.14.5 in the event that the Customer fails to provide any information documents reasonably requested by BATSA within 20 Business Days of such a request from BATSA, or such other time agreed by the parties in writing; or

12.14.6 in the event that the Customer does not comply with a request to terminate its commercial relationship with a Subsequent Customer as set out in Condition 12.10 above;

12.15.7 in the event that the parties do not agree a practical solution relating to Economic Sanctions risks pursuant to Condition 12.6 within 10 Business Days of receipt of notification under Condition 12.3 or within 10 Business Days of BATSA becoming aware of the risk referred to at Condition 12.7, or if BATSA considers that such Economic Sanctions risk is incapable of mitigation to its satisfaction. During such 10 Business Days period the parties' respective obligations under any Binding Orders and/or any Negotiated Agreement and/or these Conditions are suspended.

13. WHISTLEBLOWING

13.1 The Customer:

13.1.1 commits to whistleblowing where any request from a BATSA employee is deemed to be inappropriate, or if the Customer suspects any fraud or malpractice relating to the provision of the Products. The Customer can call the toll-free number 0800 204 912, which may be utilised to disclose and/or irregular conduct. Callers can be assured of their anonymity and are not expected to disclose their identity should they prefer not to do so. All calls will be treated with the utmost confidentiality; and

13.1.2 acknowledges that failure to whistle blow will result in immediate termination of the Binding Order

until the matter has been fully investigated. BATSA reserves its right to claim damages from the Customer arising out of failure to whistle blow within a reasonable time frame.

14. GENERAL

14.1 The Customer shall not assign, transfer, charge, sub-contract or deal in any other manner with any of its obligations under the Conditions without the prior written approval of BATSA. The Customer will remain fully responsible for the performance of any obligations under the Conditions which it sub-contracts to other parties.

14.2 Any notice given by either party to the other under these Conditions shall be in writing, addressed to that other party at its registered office or principal place of business or such other address (including without limit an email address) as may have been notified to the party giving such notice and may be delivered by hand or sent by first class post, email or facsimile (except that delivery of a notice in relation to any proceedings or other documents in any legal action or any arbitration or any other method of dispute resolution shall not be carried out by email or facsimile). With regard to BATSA, a copy of any such notice shall also be delivered by the Customer by email to CoSeC_BATSA@bat.com.

14.3 The Customer shall observe the utmost good faith in all of its dealings with BATSA and not do or allow anything to be done which is likely to detract from or prejudice the good name and reputation of BATSA or of the trademarks or brand names of any of the Products.

14.4 The laws of the Territory shall govern these Conditions. BATSA shall be entitled at its option to institute any legal proceedings which may arise out of or in connection with these Conditions in any Magistrate's Court having jurisdiction, notwithstanding the fact that the claim or value of the matter in dispute might exceed the jurisdiction of such Magistrate's Court in respect of the cause of action.

14.5 Should BATSA institute legal proceedings against the Customer pursuant to a breach of these Conditions, then without prejudice to any other rights which BATSA may have, BATSA shall be entitled to recover from the Customer all legal costs incurred by it, including attorney and client charges, tracing fees

and such collection commission as BATSA is obliged to pay to its attorneys.

14.6 Any business information conveyed between the parties shall be confidential and shall not be divulged to third parties without the consent of the disclosing party unless the receiving party is forced to do so by law. Information already in the public domain shall not be treated as confidential.

14.7 These Conditions supersede all previous conditions of trade, without prejudice to any securities or guarantees held by BATSA.

15. CREDIT CUSTOMERS

15.1 The Customer confirms that it is not bankrupt nor insolvent nor subject to any bankruptcy, sequestration or insolvency proceedings.

15.2 The Customer authorises BATSA to verify and collect information about them which includes the information submitted in the credit application, bank references and information obtained from third parties such as credit reporting agencies, for the purposes of:

15.2.2 assessing the Customer's application for credit, and its level of indebtedness and debt repayment history;

15.2.3 assessing risk in granting the Customer credit and using scoring methods in the process;

15.2.4 validating and verifying the information which the Customer provides to BATSA including your identity;

15.2.5 undertaking checks for the prevention and detection of fraud, tax evasion and/or money laundering;

15.2.6 using scoring methods to assess this application;

15.2.7 servicing the account if credit is granted; and/or

15.2.8 maintaining and developing a business relationship.

15.3 BATSA and its Affiliates may disclose the above information to its service providers such as accountants, advisors, background check suppliers, credit reporting agencies, debt collectors, credit bureaus, bankers, IT suppliers and creditors.

15.4 The Customer will inform BATSA in writing of any changes to any information contained in its credit application.

15.5 The Customer, where married in community of property, warrant and represents that he/she has obtained consent from his or her spouse to apply for credit and conclude an agreement in respect thereof.

15.6 All decisions with respect to the extension, continuation or termination of credit shall be at the sole discretion of BATSA.

ANNEXURE A: Summary of SCC Procedures

A. OVERVIEW

Purpose of this Document

The Standards of Business Conduct (SoBC) and applicable laws, policies and procedures require BAT operating companies to ensure that they do not knowingly engage in unlawful trade of our tobacco leaf and/or products and their business practices only support legitimate trade in tobacco leaf and/or products.

The procedures also require us to inform any person or entity (other than a BAT operating company or a direct store distribution customer (“**DSD Customer**”) of a BAT operating company) which directly purchases tobacco leaf and/or products from a BAT operating company (“**Customer**”) and any person or entity engaged by contract by a BAT operating company to manufacture, sell, distribute or store any tobacco leaf and/or products (“**Contractor**”) about these anti-illicit trade policies and procedures (“**SCC Procedures**”).

This document provides an overview for our Customers and Contractors (together, “**Supply Chain Entities**”) on how we comply with our commitments regarding illicit trade and to help you to understand the role that you play in ensuring that these SCC Procedures are followed. Our objective is to maintain robust supply chain controls and to take appropriate action where there are risks that our tobacco leaf and/or products may be smuggled.

Should you require any further information about these SCC Procedures, please do not hesitate to get in touch with your local representative.

Application

All BAT operating companies are expected to abide by the SoBC. We are required to maintain certain controls in respect of all markets into which our tobacco leaf and/or products are supplied to prevent our tobacco leaf and/or products being diverted into illicit trade channels.

Additional controls will be required in certain markets representing a high risk of being the source of smuggled tobacco leaf and/or products and/or in

respect of certain brands which are at high risk of being smuggled and/or tax being evaded.

All of our Supply Chain Entities are required to adopt all controls which are appropriate given market conditions and risk levels.

Failing to observe these SCC Procedures may result in BAT operating companies taking steps as identified below, including the suspension of supplies of tobacco leaf and/or products and/or termination of dealings with non-compliant Supply Chain Entities.

Status of Procedures

SCC Procedures and the assessment of high-risk markets and/or brands will be reviewed on a regular basis. These SCC Procedures will be revised and updated in accordance with any relevant changes in the SoBC or other policies, principles and standards, legislative amendments, specific requests from authorities, and other developments and trends identified in the market and general business environment.

B. SUPPLY CHAIN CONTROLS APPLICABLE TO ALL MARKETS

The SoBC expect BAT operating companies to maintain controls to prevent tobacco leaf and/or products being diverted into illicit trade channels.

In all end markets, these controls should include:

‘Know Your Customer’ Evaluation and Approval Procedures

‘Know Your Customer’ (“**KYC**”) is an important procedure. It is necessary for ensuring that our tobacco leaf and/or products are only sold to reputable Customers / DSD Customers and made using reputable Contractors.

All BAT operating companies are required to conduct due diligence on Customers, DSD Customers supplied directly through a BAT operating company’s in-house distribution and suppliers, including Contractors. Where subsequent customers are supplied through Supply Chain Entities, the Supply Chain Entities should ensure compliance with KYC requirements in line with local legal requirements.

Monitor Supplies to Market

BAT operating companies are required to monitor the overall mix and volume of tobacco products supplied to individual markets.

Procedures for investigating, suspending and terminating dealings with Supply Chain Entities suspected of involvement in illicit trade

BAT operating companies are required to seek contractual rights to investigate, suspend and cease dealings with Supply Chain Entities, and to require Supply Chain Entities to cease dealings with parties further along the supply chain, if it is reasonably believed that Supply Chain Entities (or others in the supply chain such as subsequent customers) are involved, knowingly or recklessly, in illicit trade.

Where BAT operating companies become aware of non-compliance by Supply Chain Entities, or others in the supply chain, (such as subsequent customers) with applicable laws and/or supply chain policies and procedures, they are required to take actions to address the non-compliance. Such actions may include:

- a. warning against non-compliance and requesting an explanation;
- b. asking for steps to be taken to remedy non-compliance;
- c. reduction in supplies of tobacco leaf and/or products;
- d. delisting of certain brands;
- e. capping sales;
- f. where necessary, suspension or termination of supplies;
- g. where necessary, cessation of dealings; and/or
- h. reporting non-compliance to the authorities.

Response to Notified Seizures

BAT operating companies are required to respond appropriately to all notifications of seizures of alleged "BAT" branded products by authorities. To the extent reasonably practicable, steps should be taken to assess the information received, investigate the seizures and identify whether any actions can be taken or additional controls introduced in order to reduce the risk of tobacco products being diverted

into illicit trade channels. What actions/controls are appropriate will depend on the pattern of smuggling, available track and trace technology, circumstances of the seizure, etc.

BAT operating companies are required to provide information about seized products requested by regulatory authorities, and/or required by legislation, in accordance with the deadlines set by authorities/legislation and in any event without unreasonable delay.

Your co-operation as Supply Chain Entities may be required to ensure appropriate actions are taken in response to notified seizures.

Communication with Supply Chain Entities on Illicit Trade Issues

BAT operating companies are required to engage in regular communication with our Supply Chain Entities on illicit trade issues, to reinforce the importance of avoiding facilitating illicit trade.

C. ADDITIONAL SUPPLY CHAIN CONTROLS APPLICABLE TO HIGH-RISK MARKETS

BAT operating companies in high-risk markets are required to adopt the additional controls below where appropriate and reasonably practicable.

Extended KYC Procedures

In high-risk markets, BAT operating companies should, where possible, work with its Customers to conduct due diligence in respect of all distributors of tobacco products to the retail level, e.g., subsequent customers of a BAT operating company's Customers and any other downstream supply chain entities.

Measures to Ensure Supply to Markets Reflects Legitimate Demand

BAT operating companies are required to monitor the overall mix and volume of tobacco products supplied to individual markets to ensure supplies are consistent with legitimate demand in those markets.

Where necessary, BAT operating companies may decide to cap sales in areas that represent a high smuggling risk or cap sales of specific brands representing a high smuggling risk.

Tracking and Tracing Supplies

BAT operating companies in high-risk markets are required to introduce track and trace technology to the first external customer. The requirement to track and trace supplies to the first external customer may not apply in respect of certain end markets where a BAT operating company only supplies a single first external customer. Your local BAT operating company representative will contact you to discuss any track and trace requirements and your cooperation may be required to ensure that they are appropriately implemented.

BAT operating companies should be able to identify the first external customers which supplied seized tobacco products in respect of all seizures of tobacco products originating from high-risk markets.

Where necessary to identify the point at which tobacco products have left the legitimate supply chain, BAT operating companies may need to introduce additional measures such as:

- track and trace beyond the first external customer (“**Additional Customer Tracking**” or “**ACT**”); or
- other checks (e.g. audits of retailer sales volumes) to ensure that all tobacco products supplied to a market are in fact ultimately sold at retail in the intended market.

Your co-operation may be required in respect of these measures.

Training for Supply Chain Entities

BAT operating companies may conduct training for Supply Chain Entities in high-risk markets to address the specific circumstances giving rise to illicit trade risks in that market. Your local BAT operating company representative will get in touch to discuss the delivery of training, where applicable.

Communication with Subsequent Customers on Illicit Trade Issues

To the extent that it is reasonably practicable, BAT operating companies may wish to consider communicating directly with subsequent customers, where this is required to address illicit trade, tax evasion and tax facilitation risks in a specific high-risk market or in respect to specific high-risk brands. Your co-operation may be required to facilitate such discussions.