



**UNDERTAKING TO THE AUSTRALIAN COMPETITION AND
CONSUMER COMMISSION GIVEN FOR THE PURPOSES OF
SECTION 87B OF THE TRADE PRACTICES ACT 1974 BY
BRITISH AMERICAN TOBACCO AUSTRALIA LIMITED ACN
000 151 100**

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GLOSSARY

In this Undertaking, unless the contrary intention appears, the following definitions apply:

"Act" means the *Trade Practices Act 1974*.

"Brand Names" includes but is not restricted to trademark brand names of Cigarettes and includes any words forming part of such Brand Name or trademark.

"Cigarette" means a roll of cut tobacco for smoking which is enclosed in paper and has a filter.

"Commission" means the Australian Competition and Consumer Commission.

"Company" means British American Tobacco Australia Limited ACN 000 151 100.

"Descriptors" means the use of any of the following terms or numbers either alone or in combination with each other in a Brand Name or on Cigarette packaging:

- a. "Light"; "Low"; "Medium"; "Mild"; "Ultra Mild"; "Extra Mild"; "Super Mild"; "Special Mild"; "Super Lights"; "Micro"; "Micro Mild"; "Ultra Lights"; "Extra Lights"; and
- b. numbers (including numerals or words) which refer to average levels of machine tested Tar, nicotine, and/or carbon monoxide emitted from Cigarettes.

"High Yield Cigarettes" means Cigarettes that are not Low Yield Cigarettes.

"Inserts" means any paper or other material on which Descriptors or a Representation could be published or otherwise displayed.

ISO Measures means the average levels of machine tested Tar, nicotine and/or carbon monoxide emitted from Cigarettes as determined using the standard methods published from time to time by the International Standards Organisation.

"Low Yield Cigarettes" means Cigarettes that:

- a. have a machine tested average Tar delivery of 8mg or less; or
- b. have a machine tested average Tar delivery in excess of 8mg and which bear the Descriptors or any one of them.

"Related Body Corporate" means, in relation to a body corporate, any other body corporate which would be deemed to be related to it by the operation of section 4A(5) of the Act.

"Smoker's Compensation" means, in the view of the Commission, the behaviour of smoking Cigarettes in a way that results in a smoker inhaling higher levels of Tar, nicotine and/or carbon monoxide than those stated in Yield Information. Such behaviour may include inhaling more deeply, inhaling more frequently, smoking more often and occluding the perforations in a Cigarette.

"Tar" means the weight of all chemicals less water and nicotine found in tobacco smoke, some of which chemicals expose the smoker to risk of disease.

"Yield Information" means any statement in the form of words, numbers or both as to the average levels of machine tested Tar, nicotine or carbon monoxide produced by a Cigarette as determined in accordance with a standard method, including but not limited to, the standard methods published from time to time by the International Standards Organisation and which is required by Regulation 20 of the *Trade Practices (Consumer Product Information Standards) (Tobacco) Regulations 2004*.

The singular includes the plural and vice versa. Where a word or phrase is defined, its other grammatical forms have a corresponding meaning.

BACKGROUND

1. This Undertaking is given to the Commission by the Company pursuant to section 87B of the Act.
2. The Company is a duly incorporated company engaged in trade or commerce in Australia with respect to the manufacture, promotion and sale of Cigarettes.

3. On or about 31 March 2000 and consequent upon the merger of W.D & H.O Wills (Holdings) Limited and Rothmans Holdings Limited, Rothmans of Pall Mall (Australia) Limited changed its name to British American Tobacco Australia Limited ACN 000 151 100.
4. On or about 31 March 2000 and consequent upon the merger referred to in clause 3, W.D & H.O Wills Australia Limited (**Wills**) changed its name to British American Tobacco Services Limited (**BATAS**).
5. British American Tobacco Australasia Limited is/was the holding company of the Company and BATAS.
6. The Cigarettes identified in:
 - a. section 1 of Annexure A were marketed or sold by the Company during the period from at least the early 1990's to date;
 - b. section 2 of Annexure A were marketed or sold by:
 - 1) the Company during the period from 1 January 2001 to date; and
 - 2) Wills during the period from at least the early 1990s to 31 December 2000;
 - c. section 3 of Annexure A were marketed or sold by:
 - 1) the Company and/or Wills during the period from at least the early 1990's until 3 September 1999; and
 - 2) Imperial Tobacco Australia Limited from on or about 3 September 1999.
7. Since at least 2001, the Commission has been investigating allegations that, among other things, the Company has, in trade or commerce, made representations about Low Yield Cigarettes in contravention of the Act (**the Commission's Investigation**).
8. The Commission has concluded the Commission's Investigation and is satisfied by reason of the Commission's Investigation that:

8.1. since at least the early 1990's, Smoker's Compensation and its effects have been known; and

8.2 in marketing, advertising and selling Low Yield Cigarettes in Australia, the Company, in trade or commerce:

a. has used Descriptors in combination with Yield Information (without adequate qualification or condition including as to Smoker's Compensation); and

b. by the means described in subclause a., has represented that Low Yield Cigarettes:

- i are less harmful to the health of a smoker compared to High Yield Cigarettes;
- ii reduce the risk of smoking-related diseases including lung cancer, cardio vascular diseases and emphysema compared to High Yield Cigarettes;
- iii reduce the risk of exacerbating asthma and respiratory diseases compared to High Yield Cigarettes;
- iv will assist a smoker quit smoking Cigarettes;
- v will assist a smoker in reducing the number of Cigarettes consumed;
- vi are a safer alternative to High Yield Cigarettes; and/or
- vii are less addictive than High Yield Cigarettes;

8.3 The representations described in subclause 8.2 b., or any one or more of them, together with, but not separately from, the matters described in subclause 8.2 a. constitute the "Representations".

9. The evidence gathered by the Commission in the course of the Commission's Investigation has led the Commission to form the view that Low Yield Cigarettes:

- a. are not necessarily less harmful to the health of a smoker compared to High Yield Cigarettes;
 - b. do not necessarily reduce the risk of smoking relating diseases including lung cancer, cardio vascular diseases and emphysema compared to High Yield Cigarettes;
 - c. do not necessarily reduce the risk of exacerbating asthma and respiratory diseases compared to High Yield Cigarettes;
 - d. do not necessarily assist a smoker quit smoking Cigarettes;
 - e. do not necessarily assist a smoker in reducing the number of Cigarettes consumed;
 - f. are not necessarily a safer alternative to High Yield Cigarettes; and/or
 - g. are not necessarily less addictive than High Yield Cigarettes.
- 10. The Commission considers that by making one or more of the Representations the Company has:
 - a. engaged in conduct that is misleading or deceptive or likely to mislead or deceive in contravention of section 52 of the Act;
 - b. falsely represented that Low Yield Cigarettes are of a particular standard, quality, value, grade, composition, style or model, in contravention of section 53(a) of the Act;
 - c. represented that the Low Yield Cigarettes have performance characteristics or benefits which they do not have, in contravention of section 53(c) of the Act; and/or
 - d. misled the public as to the characteristics of Low Yield Cigarettes in contravention of section 55 of the Act.
- 11. In response to the Commission's views and without admission:
 - a. that any of the Commission's views, including but not limited to the matters referred to in clause 8.1 are correct;
 - b. that any one or more of the Representations, if made, were made in contravention of the Act; and

- c. of any liability arising by reason of the Commission's views as expressed in this Undertaking,

the Company has offered to give this Undertaking to the Commission pursuant to section 87B of the Act.

- 12. The Commission is satisfied that the Undertaking addresses, without the need for litigation, the Commission's concerns with respect to the conduct the subject of the Commission's Investigation in that the Undertaking:
 - a. stops the Company from making the Representations;
 - b. establishes an obligation on the Company to fund the publication of advertisements addressing the Commission's concerns about the Representations;
 - c. establishes an obligation on the Company to contribute financially to health programmes that are related to the health issues associated with Cigarette use and, to the extent possible, the alleged health issues associated with Low Yield Cigarettes in particular; and
 - d. brings the Commission's Investigation to an end.
- 13. The Commission also acknowledges that the Company has co-operated with the Commission in bringing the Commission's Investigation to an end.

COMMENCEMENT OF UNDERTAKINGS

- 14. This Undertaking comes into effect when:
 - a. the Undertaking is executed by the Company; and
 - b. the Commission accepts the Undertaking so executed by the Company.

APPLICATION

- 15. Subject to clause 16, this Undertaking applies only to the manufacturing, marketing, advertising and sale of Cigarettes by the Company in Australia.
- 16. Nothing in this Undertaking shall be read as applying to:

- a. any contract, manufacturing agreement or arrangement between the Company and Imperial Tobacco Australia Limited and/or Imperial Tobacco New Zealand Limited; and
- b. any manufacture of Cigarettes by the Company for export.

UNDERTAKINGS

The Company not to make the Representations

- 17 The Company undertakes that, subject to the operation of clauses 19, 20, 21 and 22 of this Undertaking, it will, whether by itself, its directors, servants, agents or otherwise howsoever, not make, or cause to be made, the Representations:
- a on the packaging of its Cigarettes (including Inserts and the Cigarettes themselves) manufactured or imported for supply in Australia; and
 - b on material intended to be disseminated to members of the general public in Australia in relation to the marketing, advertising or sale of Cigarettes.

The Company will cease using Descriptors

- 18 The Company undertakes that, subject to the operation of clauses 19, 20, 21 and 22 of this Undertaking, it will, whether by itself, its directors, servants, agents or otherwise howsoever, cease using, publishing or displaying, or causing to be used, published or displayed, the Descriptors by 31 May 2005:
- a on the packaging of its Cigarette products (including Inserts and the Cigarettes themselves); and
 - b in relation to the marketing, advertising, or sale of Cigarette products (including any form of advertising or communication of information intended for the public).
- 19 Nothing in this Undertaking shall prevent the Company or any one on its behalf from:

- a selling Cigarettes bearing Descriptors after 31 May 2005, provided the Cigarettes were manufactured or imported by the Company in the ordinary course of its business before 31 May 2005;
 - b. selling Cigarettes bearing Yield Information after 1 March 2006, provided the Cigarettes were manufactured or imported by the Company in the ordinary course of its business before 1 March 2006;
 - c including inserts in the form attached at Annexure B, with its Cigarette packaging for Cigarettes manufactured or imported by the Company before 31 May 2005; or
 - d until 1 December 2005, making any statements or communicating in any way about a matter the subject of this Undertaking (including by using Descriptors) with any persons involved in the manufacture, marketing, distribution and/or sale of tobacco products (other than members of the general public); or
 - e until 1 December 2005, providing information to members of the public who contact the Company which explains the changes to Cigarette packaging arising out of the obligations in this Undertaking.
- 20 Subject to clause 21, the Company undertakes that from 1 March 2006 it will, whether by itself, its directors, servants, agents or otherwise howsoever, cease using, publishing or displaying, or causing to be used, published or displayed, Yield Information:
- a on the packaging of its Cigarettes (including Inserts) manufactured or imported for supply in Australia; and
 - b. on material intended to be disseminated to members of the general public in Australia in relation to the marketing, advertising or sale of Cigarettes.
- 21 Nothing in this Undertaking shall be read so as to prevent the Company from using, publishing or displaying or causing to be used, published or displayed ISO Measures.

22. For the avoidance of doubt, clauses 17, 18, 19 and 20 do not extend to communications within the Company or between the Company and its Related Bodies Corporate or between the Company and any company not incorporated or resident in Australia, a proportion of the shares of which company are owned directly or indirectly by BAT Plc.

Funding contribution to cessation and education programs

- 23 The Company will, within 21 days of this Undertaking coming into effect, pay to the Commission the amount of AUD four million dollars (\$AUD4,000,000) with the intention that the Commission will in good faith exercise reasonable endeavours to direct these funds:
- a to an advertising campaign designed to include information that will draw to the attention of consumers that Low Yield Cigarettes are not necessarily less harmful to consumers than High Yield Cigarettes; and
 - b to new or existing programs delivered or endorsed by the Australian Government related to the alleged health issues associated with the use of Low Yield Cigarettes.
- 24 For the avoidance of doubt, the Commission acknowledges that the funding referred to in clause 23 is not an acceptance or adoption by the Company of any publication funded by reason of the operation of clause 23.

Variation of Undertaking

- 25 If the Company is unable to comply with its obligations under this Undertaking, or believes variation is indicated due to changed circumstances, the Company and the Commission will review this Undertaking and negotiate in good faith the withdrawal or variation of all or a part of this Undertaking pursuant to section 87B(2) of the Act.
- 26 The Commission acknowledges that a variation of this Undertaking may be indicated in the future to take account of further research or technological progress. In particular, the Commission will consider the variation of this Undertaking in circumstances where the Commission is satisfied that the Company has sufficient and reasonable grounds to make statements

otherwise prevented by the operation of this Undertaking, including reliable scientific evidence which is approved or endorsed by governmental or internationally recognised and credible organisations.

Trade Practices Compliance Program

27. The Company undertakes that it will continue its existing Trade Practices Compliance Programme at a national level and will, where appropriate, update that programme to incorporate matters arising from the Commission's Investigation.

ACKNOWLEDGEMENTS AND GENERAL

- 28 The Company acknowledges that the Commission will make this Undertaking available for public inspection.
- 29 The Company further acknowledges that the Commission will, at its absolute discretion, from time to time, publish and publicly refer to this Undertaking.

EXECUTED by the Company by its
authorised officers pursuant to section
127(1) of the Corporations Act 2001:



Signature

DAVID FELL

Print name

MANAGING DIRECTOR

Office held

This TENTH day of MAY

2005



Signature

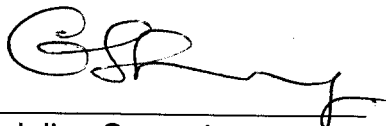
JOHN L HANLEY

Print name

SECRETARY

Office held

**ACCEPTED BY THE AUSTRALIAN COMPETITION AND CONSUMER
COMMISSION PURSUANT TO SECTION 87B OF THE TRADE
PRACTICES ACT 1974**



Graeme Julian Samuel
Chairperson

This 11th day of May

2005

ANNEXURE A

Section 1

Brand Name	Descriptor
Brandon Slims	Extra Light
Brandon Slims	Lights
Brandon Slims	Menthol Lights
Brandon Slims	Super Light
Brandon Slims	Ultra Light
Brandon	Extra Lights
Cambridge	Extra Mild Menthol
Cambridge	Extra Mild Virginia
Cambridge	Extra Mild
Cambridge	Super Mild
Cambridge	Ultra Mild
Cartier	Luxury Mild Menthol
Cartier	Luxury Mild Virginia
Cartier	Vendome Lights
Cartier	Vendome Menthol Lights
Courtleigh Satin Leaf	Extra Mild
Courtleigh Satin Leaf	Mild Menthol
Courtleigh Satin Leaf	Special Mild
Dunhill De Luxe	Extra Mild
Dunhill De Luxe	Mild
Dunhill De Luxe	Menthol Mild
Dunhill De Luxe	Ultra Mild
Dunhill De Luxe	Superior Mild
Dunhill International	Menthol Mild
Dunhill International	Superior Mild
Dunhill King Size	Superior Mild
Dunhill	Mild
Dunhill	Ultra Mild
Dunhill De Luxe	1mg

Freedom	8
Freedom	4
Freedom	1
Holiday	Extra Mild
Holiday	Menthol Mild 4
Holiday	Menthol Mild 8
Holiday	Super Mild 8
Holiday	Ultimate 1
Holiday	Ultra Mild 2
Holiday	Ultra Mild
Holiday	Menthol Mild
Holiday	Super Mild
Holiday	Ultra Mild 4
Holiday Extras	12
Holiday Extras	2
Holiday Extras	4
Holiday Extras	8
Holiday Extras	Menthol 8
Holiday Kings	12
Holiday Kings	4
Holiday Kings	6
Holiday Kings	8
Holiday Kings	Menthol 8
Holiday Kings	2
LR	Lights
Martins	Extra Mild
Martins	Special Mild
More	Ultimate 1
More	Super Mild 8
More	Mild 12
More	Ultra Mild 4
Nelson Select	Mild

Now	Mild Menthol
Now	Mild Virginia
Peter Stuyvesant	Extra Mild
Peter Stuyvesant	Luxury Length Extra Mild
Peter Stuyvesant King Size	Extra Mild Gold
Ransom	Mark III
Ransom	Menthol
Ransom	Menthol King Size Filter
Ransom	Select King Size Filter
Ransom	Ultimate
Ransom	Ultimate 1
Ransom	Ultimate 1 Menthol
Ransom	Ultimate 2
Rothmans	Mild
Rothmans	Special Mild
Rothmans	Extra Lights
Rothmans	International Special Mild
Rothmans	1
Rothmans King Size	Special Mild
Rothmans King Size	Extra Light
Salem	Mild
Salem	Extra Mild
Satin Leaf	Menthol Mild
Satin Leaf	Special Mild
Special Mild	Mild
Special Mild	Ultra Mild
Special Mild	Virginia
Special Mild	Extra Mild
Special Mild	Menthol
Special Mild	Menthol Mild
Special Mild	Super Mild
St Moritz	Extra Mild

St Moritz	Menthol Mild
St Moritz	Mild
St Moritz	Super Mild
St Moritz	Special Mild 1mg
St Moritz	Ultra Mild Filter
Viscount	Extra Mild
Vogue	Mild Regular
Vogue	Mild
Winfield	1
Winfield	2
Winfield	Extra Mild
Winfield	Ultra Mild
Winfield	Ultra Mild Menthol 4
Winfield	Super Mild
Winfield	Menthol
Winfield Special Blend	Lights
Winfield Special Blend	Super Lights
Winfield	Special Mild
YSL	Luxury Mild
YSL	Luxury Menthol Mild

Section 2

Brand Name	Descriptor
Ardath	Extra Mild
Ardath King Size Filter	Extra Mild
Ascot	Extra Mild King Size Filter
Ascot	Extra Mild
Barclay	Filter
Barclay	King Size Filter Virginia
Benson & Hedges	Golden Mild
Benson & Hedges	Extra Mild

Benson & Hedges	Lights 6
Benson & Hedges	Medium 12
Benson & Hedges	Menthol Lights
Benson & Hedges	Ultra Mild
Benson & Hedges	Ultimate
Borkum Riff	Extra Mild
Capstan	Special Mild
Claridge	Extra Mild
Commodore	Extra Mild
Commodore	Super Mild
Country Life	Extra Mild
Craven A	Special Mild
Fiesta	Light Menthol
Freeport	Extra Mild
Freeport	Mild
Freeport	Super Mild
Hallmark	Mild Filter
Hallmark	Ultra Mild
John Player Special	Micro Mild 2
John Player Special	Super Mild
John Player Special	Ultra Mild
Kent	Golden Lights
Kent	De Luxe Lights
Kent	1mg Lights
Kent	Super Lights
Lucky Strike	Lights
Lucky Strike	Menthol Lights
Raleigh	Extra Mild
Raleigh	Mild
Sterling	Mild Menthol
Sterling	Medium Mild
Sterling	Special Mild

Sterling	Ultra Mild
Stradbroke	Extra Mild 8
Stradbroke	Medium Mild 12
Stradbroke	Micro Mild 2
Stradbroke	Mild Menthol 8
Stradbroke	Ultra Mild 4
Stradbroke	Ultra Mild 8
Stradbroke	Ultra Mild Menthol 4
Stradbroke	Ultimate Menthol 2
Stradbroke	Ultra Mild Menthol
Wills	Mild Menthol
Wills	Super Mild
Wills	Super Mild King Size Virginia
Wills	Super Mild Menthol
Wills	Super Mild Virginia
Wills	Super Mild Ultra Mild
Wills	Micro Mild 2
Wills	Super Mild 8
Wills	Ultra Mild 2
Wills	Ultra Mild 4

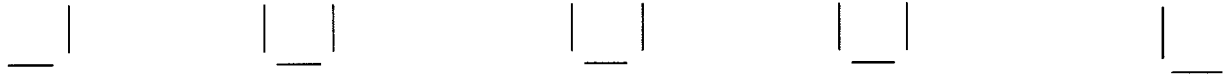
Section 3

Brand Name	Descriptor
Brandon Super Kings	Light
Brandon Super Kings	Menthol Light
Brandon Super Kings	Super Light
Brandon Super Kings	Ultra Light
Escort	Extra Mild 8
Escort	Menthol Ultra Mild 4
Escort	Mild 4
Escort	Ultimate 1

Horizon	Mild 12 mg
Horizon	Super Mild 8 mg
Horizon	Ultra Mild 4mg
Horizon	Menthol Lights 12mg
Horizon	Micro Mild 2mg
Horizon	Mild 12
Horizon	Mild Menthol 8mg
Horizon	Super Mild 8
Horizon	Ultimate 1
Horizon	Ultra Mild 4
Horizon	Ultra Mild Menthol 2mg
Horizon	Menthol One
Horizon	Micro Mild 2
Horizon	Mild Menthol 8
Horizon	Ultra Mild Menthol 2
John Player Special	Mild King Size
John Player Premium	Extra Mild 8
John Player Premium	Rich Mild 12
John Player Premium	Ultimate 2
Peter Stuyvesant	Ultra Mild
Peter Stuyvesant	Mild
Peter Stuyvesant	Lights
Peter Stuyvesant	Ultra Lights
Peter Stuyvesant Slims	Super Light
Peter Stuyvesant Slims	Ultra Light

“Annexure B” Front

ANNEXURE B - BACK COVER - 2019-2020 12-11-2019 12:11:47 AM

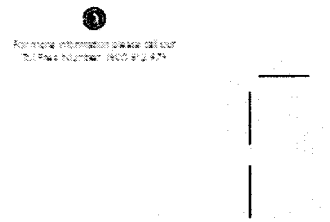
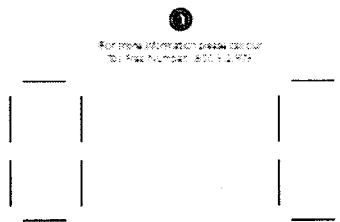


Your variant name is changing to
Classic
Your product remains the same.

Your variant name is changing to
Classic
Your product remains the same.

Your variant name is changing to
Rich
Your product remains the same.

Your variant name is changing to
Rich
Your product remains the same.

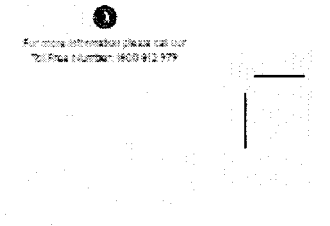
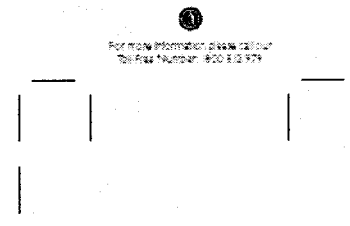
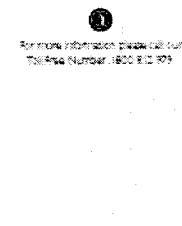
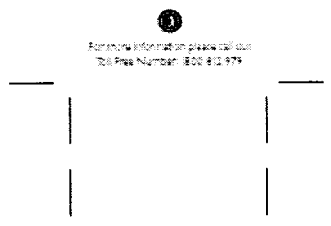


Your variant name is changing to
Smooth
Your product remains the same.

Your variant name is changing to
Smooth
Your product remains the same.

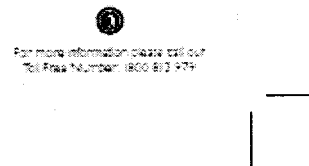
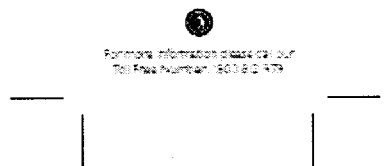
Your variant name is changing to
Subtle
Your product remains the same.

Your variant name is changing to
Subtle
Your product remains the same.



Your variant name is changing to
Fine
Your product remains the same.

Your variant name is changing to
Fine
Your product remains the same.



“Annexure B” Back

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Your variant name is changing to
Classic
Your product remains the same.

Your variant name is changing to
Classic
Your product remains the same.

Your variant name is changing to
Rich
Your product remains the same.

Your variant name is changing to
Rich
Your product remains the same.



For more information please call our
Toll Free Number: 1-800-812-9779



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Your variant name is changing to
Smooth
Your product remains the same.

Your variant name is changing to
Smooth
Your product remains the same.

Your variant name is changing to
Subtle
Your product remains the same.

Your variant name is changing to
Subtle
Your product remains the same.



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Your variant name is changing to
Fine
Your product remains the same.

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Fine
Your product remains the same.



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