

Independent assurance statement for A Focus on Harm Reduction Report 2013

Independent Assurance Statement to British American Tobacco Management.

The British American Tobacco p.l.c. A Focus on Harm Reduction Report 2013 (the Report) has been prepared by the management of British American Tobacco (BAT), which is responsible for the collection and presentation of the information within it. Our responsibility, in accordance with management's instructions, is to carry out a 'limited level' assurance engagement on the Report. We do not accept or assume any responsibility for any other purpose or to any other person or organisation. Any reliance any such third party may place on the Report is entirely at its own risk.

What we did to form our conclusions

Our assurance engagement has been planned and performed in accordance with ISAE 3000¹. The criteria used to form our conclusions are defined as follows:

Materiality

Whether disclosures in the Report address key stakeholder issues regarding harm reduction raised through our review of recent media and Board CSR Committee papers.

Accuracy

Whether there is supporting information for data and claims made regarding BAT's activities on harm reduction.

In order to form our conclusions we undertook the steps outlined below:

1. **Compared the coverage of material issues within the Report** against the key issues raised in our review of external media and issues raised in the Board CSR Committee papers.
2. **Interviewed three managers** at BAT regarding the activities undertaken as part of the harm reduction agenda.
3. **Reviewed information or explanations about selected data and claims** made regarding BAT's harm reduction activities.

Level of assurance

Our evidence gathering procedures were designed to obtain a limited level of assurance (as set out in ISAE 3000) on which to base our conclusions. The extent of evidence gathering procedures performed is less than that of a reasonable assurance engagement (such as a financial audit) and therefore a lower level of assurance is provided.

The limitations of our review

We have interviewed management at Group-level. We have not visited BAT's research and development facilities.

¹ ISAE 3000 - International Federation of the Accountants' International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information.

Our conclusions

Based on the scope of our review our conclusions are outlined below:

Materiality

Has British American Tobacco addressed the material issues?

With the exception of the issue listed below, we are not aware of any material aspects raised in our review of media and Board CSR Committee papers which have been excluded from the Report.

- We consider that BAT should have covered the issues concerning the marketing of nicotine inhalation devices, including e-cigarettes, and their corporate position in more detail in the Report.

Accuracy

How plausible are the statements and claims within the Report?

We have reviewed information or explanations on the selected statements on BAT's harm reduction activities presented in the Report and we are not aware of any misstatements in the assertions made.

Our independence

Ernst & Young LLP has provided independent assurance services in relation to BAT's sustainability reporting for six years. We have provided no other services relating to BAT's approach to sustainability reporting.

Our assurance team

Our assurance team has been drawn from our global environment and sustainability network, which undertakes engagements similar to this with a number of significant UK and international businesses.

Ernst & Young LLP

**London
October 2013**