BRITISH AMERICAN TOBACCO p.l.c.

(incorporated with limited liability in England and Wales on 23 July 1997 under registered number 03407696)

€600,000,000 Perpetual Subordinated Fixed-to-Reset Rate Non-Call 5.25 Year Securities

€600,000,000 Perpetual Subordinated Fixed-to-Reset Rate Non-Call 8 Year Securities

Issue Price: 99.785 per cent. in respect of the NC5.25 Securities
100.000 per cent. in respect of the NC8 Securities

The €600,000,000 Perpetual Subordinated Fixed-to-Reset Rate Non-Call 5.25 Year Securities (the "**NC5.25 Securities**") and the €600,000,000 Perpetual Subordinated Fixed-to-Reset Rate Non-Call 8 Year Securities (the "**NC8 Securities**" and together with the NC5.25 Securities, the "**Securities**" and each, a "**Tranche**") will be issued on 30 October 2025 (the "**Issue Date**") by British American Tobacco p.l.c. (the "**Issuer**" or "**BAT**").

The NC5.25 Securities will bear interest from (and including) the Issue Date to (but excluding) 30 January 2031 (the "**NC5.25 Securities First Reset Date**") at a rate of 4.200 per cent. per annum payable annually in arrear on 30 January in each year. The first payment of interest, to be made on 30 January 2026, will be in respect of the period from (and including) the Issue Date to (but excluding) 30 January 2026 and will amount to €10.59 per €1,000 in principal amount of the NC5.25 Securities. Thereafter, unless previously redeemed, the NC5.25 Securities will bear interest from (and including) the NC5.25 Securities First Reset Date to (but excluding) 30 January 2036 at a rate per annum which shall be the equivalent of 1.961 per cent. above the 5-year Swap Rate (as defined in the Terms and Conditions of the NC5.25 Securities, the "**NC5.25 Conditions**") for the relevant Reset Period payable annually in arrear on 30 January in each year. From (and including) 30 January 2036 to (but excluding) 30 January 2051, the NC5.25 Securities will bear interest at a rate per annum which shall be the equivalent of 2.211 per cent. above the 5-year Swap Rate for the relevant Reset Period payable annually in arrear on 30 January in each year. From (and including) 30 January 2051, the NC5.25 Securities will bear interest at a rate per annum which shall be the equivalent of 2.961 per cent. above the 5-year Swap Rate for the relevant Reset Period payable annually in arrear on 30 January in each year. All as more particularly described in "*Terms and Conditions of the NC5.25 Securities — Interest Payments*".

The NC8 Securities will bear interest from (and including) the Issue Date to (but excluding) 30 October 2033 (the "**NC8 Securities First Reset Date**") at a rate of 4.750 per cent. per annum payable annually in arrear on 30 October in each year. Thereafter, unless previously redeemed, the NC8 Securities will bear interest from (and including) the NC8 Securities First Reset Date to (but excluding) 30 October 2038 at a rate per annum which shall be the equivalent of 2.284 per cent. above the 5-year Swap Rate (as defined in the Terms and Conditions of the NC8 Securities, the "**NC8 Conditions**", and together with the NC5.25 Conditions, the "**Conditions**") for the relevant Reset Period payable annually in arrear on 30 October in each year. From (and including) 30 October 2038 to (but excluding) 30 October 2053, the NC8 Securities will bear interest at a rate per annum which shall be the equivalent of 2.534 per cent. above the 5-year Swap Rate for the relevant Reset Period payable annually in arrear on 30 October in each year. From (and including) 30 October 2053, the NC8 Securities will bear interest at a rate per annum which shall be the equivalent of 3.284 per cent. above the 5-year Swap Rate for the relevant Reset Period payable annually in arrear on 30 October in each year. All as more particularly described in "*Terms and Conditions of the NC8 Securities — Interest Payments*".

The Issuer may, at its discretion, elect to defer all or part of any Interest Payment (all or part of any such deferred Interest Payment, a "**Deferred Interest Payment**") which is otherwise scheduled to be paid on an Interest Payment Date by giving notice (a "**Deferral Notice**") of such election to the Holders. Subject as described in "*Mandatory payment of Deferred Interest*", if the Issuer elects not to make all of part of any Interest Payment on an Interest Payment Date, then it will not have any obligation to pay such interest on the relevant Interest Payment Date and any such non-payment of interest will not constitute a default or any other breach of the Issuer's obligations under the Securities or for any other purpose. Any Deferred Interest Payment (or part thereof) shall itself bear interest (such further interest, together with the Deferred Interest Payment, being "**Deferred Interest**"), at the Interest Rate prevailing from time to time, from (and including) the date on which (but for such deferral) the relevant Deferred Interest Payment would otherwise have been due to be made to (but excluding) the relevant Deferred Interest Settlement Date (as defined in the relevant Conditions) or, as appropriate, such other date on which such Deferred Interest Payment is paid in accordance with the relevant Condition 5(c), in each case such further interest being compounded on each Interest Payment Date. Non-payment of Deferred Interest shall not constitute a default by the Issuer under the Securities or for any other purpose, unless such payment is required in accordance with the relevant Condition 5(c). See "*Terms and Conditions of the NC5.25 Securities — Optional Interest Deferral" and "Terms and Conditions of the NC8 Securities — Optional Interest Deferral*", respectively.

On any Optional Redemption Date or upon the occurrence of a Rating Capital Event, an Accounting Event, a Tax Deductibility Event, a Tax Law Change Event, a Substantial Repurchase Event or a Withholding Tax Event (each such term as defined in the relevant Conditions), and subject to the relevant provisions of the relevant Conditions 6 and 8, the Issuer shall have the option to redeem, in whole but not in part, the Securities of the relevant Tranche at (i) in the case of any redemption on an Optional Redemption Date or following a Substantial Repurchase Event, 100 per cent. of their principal amount, together with any accrued and unpaid interest up to (but excluding) the redemption date (including any accrued but unpaid Deferred Interest) or (ii) in the case of any redemption following a Tax Deductibility Event, a Tax Law Change Event, a Withholding Tax Event, a Rating Capital Event or an Accounting Event, their Early Redemption Amount (as defined in the relevant Conditions), in each case as more particularly described in "*Terms and Conditions of the NC5.25 Securities — Redemption*" and "*Terms and Conditions of the NC8 Securities — Redemption*".

The Issuer may, upon the occurrence of a Rating Capital Event, an Accounting Event, a Tax Deductibility Event, a Tax Law Change Event or a Withholding Tax Event, and subject to the provisions of the relevant Conditions 7 and 8, at any time, without the consent of the relevant Holders or Couponholders, either (i) substitute all, but not some only, of the Securities of the relevant Tranche for, or (ii) vary the terms of the Securities of the relevant Tranche with the effect that the Securities of such Tranche remain or become, as the case may be, Qualifying Securities, as more particularly described in "*Terms and Conditions of the NC5.25 Securities — Substitution or Variation*" and "*Terms and Conditions of the NC8 Securities — Substitution or Variation*".

The Securities and Coupons constitute direct, unsecured and subordinated obligations of the Issuer and rank *pari passu* and without any preference or priority among themselves and *pari passu* with any Parity Obligations, all as more particularly described in "*Terms and Conditions of the NC5.25 Securities — Status of the Securities and the Coupons*", "*Terms and Conditions of the NC5.25 Securities — Subordination of the Securities and the Coupons*", "*Terms and Conditions of the NC8 Securities — Status of the Securities and the Coupons*" and "*Terms and Conditions of the NC8 Securities — Subordination of the Securities and the Coupons*".

Payments in respect of the Securities of each Tranche shall be made free and clear of, and without withholding or deduction for or on account of, taxes of the United Kingdom, unless such withholding or deduction is required by law. In the event that any such withholding or deduction is made, the Issuer shall pay additional amounts, subject to certain exceptions as are more fully described in "*Terms and Conditions of the NC5.25 Securities — Taxation*" and "*Terms and Conditions of the NC8 Securities — Taxation*".

Applications will be made to the Financial Conduct Authority (the "**FCA**") for the Securities of each Tranche to be admitted to the official list of the FCA (the "**Official List**") and to the London Stock Exchange plc (the "**London Stock Exchange**") for the Securities of each Tranche to be admitted to trading on the London Stock Exchange's main market (the "**Market**"). References in this prospectus (the "**Prospectus**") to the Securities of a Tranche being "**listed**" (and all related references) shall mean that the Securities of such Tranche have been admitted to the Official List and have been admitted to trading on the Market. The Market is a UK regulated market for the purposes of Article 2(1)(13A) of Regulation (EU) No 600/2014 on markets in financial instruments as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**") ("**UK MiFIR**").

This Prospectus has been approved by the FCA, as competent authority under Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA (the "**UK Prospectus Regulation**"). The FCA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation; such approval should not be considered as (a) an endorsement of the Issuer; or (b) an endorsement of the quality of the Securities that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Securities.

The Securities of each Tranche will initially be represented by a temporary global security (in respect of each, a "**Temporary Global Security**" and, together with the Temporary Global Security in respect of the other Tranche, the "**Temporary Global Securities**"), without interest coupons or talons attached, which will be deposited with a common depositary on behalf of Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**") on or about the Issue Date. Each Temporary Global Security will be exchangeable for interests in a permanent global security (in respect of each, a "**Permanent Global Security**" and, together with the Permanent Global Security in respect of the other Tranche, the "**Permanent Global Securities**" and, together with the Temporary Global Securities, the "**Global Securities**"), without interest coupons or talons attached, on or after a date which is expected to be 10 December 2025, upon certification as to non-U.S. beneficial ownership. Each Permanent Global Security will be exchangeable for Definitive Securities (as defined in "*Summary of Provisions relating to the Securities while in Global Form*" below) in bearer form in the denominations of €100,000 and integral multiples of €1,000 in excess thereof up to, and including, €199,000, in each case in the limited circumstances set out in it. No Definitive Securities will be issued with a denomination above €199,000. See "*Summary of Provisions relating to the Securities while in Global Form*".

Each Tranche is expected to be rated Baa3 by Moody's Investors Service Limited ("**Moody's**"), BBB- by S&P Global Ratings UK Limited ("**S&P**") and BBB- by Fitch Ratings Ltd ("**Fitch**" and, together with Moody's and S&P, the "**Rating Agencies**"). A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. Moody's, S&P and Fitch are credit rating agencies established in the United Kingdom ("**UK**") and registered under Regulation (EC) No 1060/2009 as it forms part of domestic law by virtue of EUWA (the "**UK CRA Regulation**"). In general, European and UK regulated investors are restricted from using a credit rating for regulatory purposes if such credit rating is not issued by a rating agency established in the European Economic Area ("**EEA**") or the UK and registered under Regulation (EC) No 1060/2009 (as amended) or the UK CRA Regulation, respectively.

Prospective investors should have regard to the factors described under the section headed "*Risk Factors*" in this Prospectus.

SOLE STRUCTURING AGENT

BofA Securities

ACTIVE JOINT LEAD MANAGERS

BofA Securities **HSBC**

Mizuho **NatWest**

Standard Chartered Bank

PASSIVE JOINT LEAD MANAGERS

Barclays **Commerzbank**

Lloyds Bank Corporate Markets **SMBC**

CO-MANAGERS

Bank of China **Standard Bank**

The date of this Prospectus is 28 October 2025

This Prospectus comprises a prospectus for the purposes of the UK Prospectus Regulation. The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer, the information contained in this Prospectus is in accordance with the facts and this Prospectus makes no omission likely to affect its import.

This Prospectus is to be read in conjunction with all the documents which are incorporated herein by reference (see "*Documents Incorporated by Reference*"). Other than in relation to the documents which are deemed to be incorporated by reference (see "*Documents Incorporated by Reference*"), the information on the websites to which this Prospectus refers does not form part of this Prospectus and has not been scrutinised or approved by the FCA.

No person has been authorised to give any information or to make any representation other than as contained in this Prospectus in connection with the offer, issue or sale of the Securities and, if given or made, any such information or representation must not be relied upon as having been authorised by either the Issuer or the Managers (as defined in "*Subscription and Sale*").

Neither the delivery of this Prospectus nor the offering, sale or delivery of any Security shall, under any circumstances, create any implication that the information contained in this Prospectus is true subsequent to the date hereof, or that there has been no change (or any event reasonably likely to involve a change) in the affairs of the Issuer since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented, or that there has been no adverse change (or any event reasonably likely to involve any adverse change) in the financial position of the Issuer since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Securities is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Prospectus and the offering, distribution or sale of the Securities in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Managers to inform themselves about and to observe any such restriction.

The Securities have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") and will be in bearer form and subject to U.S. tax law requirements. Subject to certain exceptions, Securities may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("**Regulation S**")). For a description of certain restrictions on offers and sales of Securities and on distribution of this Prospectus, see "*Subscription and Sale*".

Singapore SFA Product Classification – In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Securities are "prescribed capital markets products" (as defined in the CMP Regulations 2018) and "Excluded Investment Products" (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

This Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer or the Managers to subscribe for, or purchase, any Securities.

None of the Managers and the Trustee or any of their respective affiliates makes any representation or warranty, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Prospectus. Neither this Prospectus nor any other financial statement is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the

Trustee or the Managers that any recipient of this Prospectus or any other financial statements should purchase the Securities. Each potential purchaser of Securities should determine for itself the relevance of the information contained in this Prospectus and its purchase of Securities should be based upon such investigation as it deems necessary. None of the Managers or the Trustee undertakes to review the financial condition or affairs of the Issuer during the life of the Securities or to advise any investor or potential investor in the Securities of any information coming to the attention of any of the Managers or the Trustee.

The Securities may not be a suitable investment for all investors. Each potential investor in the Securities must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(a) have sufficient knowledge and experience to make a meaningful evaluation of the Securities, the merits and risks of investing in the Securities and the information contained or incorporated by reference in this Prospectus or any applicable supplement;

(b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Securities and the impact the Securities will have on its overall investment portfolio;

(c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Securities, including where euro is different from the potential investor's currency;

(d) understand thoroughly the terms of the Securities and be familiar with the behaviour of any relevant indices and financial markets;

(e) understand the accounting, legal, regulatory and tax implications of a purchase, holding and disposal of an interest in the Securities; and

(f) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Securities are complex financial instruments and such instruments would generally be purchased by investors as a way to reduce risk or enhance yield with an understood, measured and appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Securities unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Securities would generally perform under changing conditions, the resulting effects on the value of such Securities and the impact that this investment will have on the potential investor's overall investment portfolio.

Prospective investors should also consult their own tax advisers as to the tax consequences of the purchase, ownership and disposition of the Securities.

The credit ratings assigned to the Securities may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Securities. A credit rating is not a recommendation to buy, sell or hold Securities and may be revised or withdrawn by the rating agency at any time.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Securities are legal investments for it, (2) the Securities can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any of the Securities. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Securities under any applicable risk-based capital or similar rules.

Unless otherwise specified or the context requires, references to: "**Group**" are to the Issuer and its subsidiaries taken as a whole; "**EUR**", "**€**" or "**euro**" are to the currency introduced at the start of the third stage of the European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended from time to time; "**Japanese Yen**", "**Yen**" or "**JPY**" are to the lawful currency of Japan; "**Sterling**" or "**£**" are to the lawful currency of the United Kingdom; "**US$**" or "**US dollars**" are to be lawful currency of the United States of America; "**CAD$**" are to the lawful currency of Canada; "**ARS**" are to the lawful currency of Argentina; "**BRL**" are to the lawful currency of Brazil; "**AOA**" are to the lawful currency of Angola; "**IDR**" are to the lawful currency of Indonesia; "**NGN**" are to the lawful currency of Nigeria; "**KRW**" are to the lawful currency of South Korea; "**HRK**" are to the lawful currency of Croatia; "**QAR**" are to the lawful currency of Qatar; and "**SAR**" refer to the lawful currency of Saudi Arabia.

IN CONNECTION WITH THE ISSUE OF EACH TRANCHE, MERRILL LYNCH INTERNATIONAL (THE "**STABILISATION MANAGER**") (OR ANY PERSON ACTING ON BEHALF OF THE STABILISATION MANAGER) MAY OVER-ALLOT THE RELEVANT SECURITIES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE RELEVANT SECURITIES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, STABILISATION MAY NOT NECESSARILY OCCUR. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE RELEVANT SECURITIES IS MADE AND, IF BEGUN, MAY CEASE AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE RELEVANT SECURITIES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE RELEVANT SECURITIES. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE STABILISATION MANAGER (OR ANY PERSON ACTING ON BEHALF OF THE STABILISATION MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

UK MiFIR product governance/Professional investors and eligible counterparties only target market – Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Securities has led to the conclusion that: (i) the target market for the Securities is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in UK MiFIR; and (ii) all channels for distribution of the Securities to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Securities (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Securities (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

PRIIPs Regulation / Prohibition of sales to EEA retail investors – The Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or both) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments (as amended, "**MiFID II**"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**EEA PRIIPs Regulation**") for offering or selling the Securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the EEA may be unlawful under the EEA PRIIPs Regulation.

UK PRIIPs Regulation / Prohibition of sales to UK retail investors – The Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or both) of: (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of Financial Services and Markets Act 2000 (as amended, the "**FSMA**") and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of UK MiFIR.

Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Securities or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

Amounts payable under the Securities are calculated by reference to the mid-swap rate for euro swaps with a term of five years which appears on the Reuters screen "ICESWAP2" as of 11:00 a.m. (Frankfurt time) on the relevant Reset Interest Determination Date (as defined in the relevant Conditions) which is provided by ICE Benchmark Administration Limited or by reference to EURIBOR, which is provided by the European Money Markets Institute. As at the date of this Prospectus, both ICE Benchmark Administration Limited and the European Money Markets Institute appear on the register of administrators and benchmarks established and maintained by the FCA pursuant to Article 36 of the Benchmarks Regulation (EU) No. 2016/1011 as it forms part of domestic law by virtue of the EUWA.

Supplementary Prospectus

Following the publication of this Prospectus, a supplement may be prepared by the Issuer and approved by the FCA in accordance with Article 23 of the UK Prospectus Regulation. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Prospectus or in a document which is incorporated by reference in this Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus.

Forward-looking statements

This Prospectus may contain forward-looking statements. BAT and its subsidiaries (together, the "**Group**") may also make written or oral forward-looking statements in their audited annual financial statements, in their interim financial statements, in their offering circulars, in press releases and other written materials and in oral statements made by their officers, directors or employees to third parties. Statements that are not historical facts, including statements about BAT's and/or the Group's beliefs and expectations, are forward-looking statements. These statements are based on current plans, estimates and projections and such statements reflect BAT and/or the Group's judgement at the date of this Prospectus and are not intended to give any assurances as to future results. Forward-looking statements speak only as of the date they are made, and, save as required by the rules of the FCA, BAT and the Group undertake no obligation to update publicly any of them in light of new information or future events. The Issuer will comply with its obligations to publish updated information as required by law or by any regulatory authority but assumes no further obligation to publish additional information.

TABLE OF CONTENTS

Page

DOCUMENTS INCORPORATED BY REFERENCE 1

OVERVIEW 2

RISK FACTORS 8

TERMS AND CONDITIONS OF THE NC5.25 SECURITIES 44

TERMS AND CONDITIONS OF THE NC8 SECURITIES 69

SUMMARY OF PROVISIONS RELATING TO THE SECURITIES WHILE IN GLOBAL FORM 95

DESCRIPTION OF THE ISSUER 99

MANAGEMENT 140

USE OF PROCEEDS 143

TAXATION 144

SUBSCRIPTION AND SALE 146

GENERAL INFORMATION 149

DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus should be read and construed in conjunction with:

(i) the published consolidated audited annual financial information as at and for the year ended 31 December 2023, together with the audit report thereon, for BAT contained on pages 194 to 311 of the BAT Combined Annual Report 2023 and Form 20-F 2023 (https://www.bat.com/content/dam/batcom/global/main-nav/investors-and-reporting/reporting/combined-annual-and-esg-report/BAT_Annual_Report_Form_20-F_2023.pdf);

(ii) the published consolidated audited annual financial information as at and for the year ended 31 December 2024, together with the audit report thereon, for BAT contained on pages 248 to 370 of the BAT Annual Report 2024 and Form 20-F 2024 (https://www.bat.com/content/dam/batcom/global/main-nav/investors-and-reporting/reporting/combined-annual-and-sustainability-report/BAT_Annual_Report_Form_20-F_2024.pdf);

(iii) the paragraphs under the heading "Non-Financial Measures" on pages 391 to 393 of the BAT Annual Report 2024 and Form 20-F 2024;

(iv) the paragraphs under the heading "Non-GAAP Measures" on pages 395 to 410 of the BAT Annual Report 2024 and Form 20-F 2024; and

(v) the published unaudited condensed consolidated half-yearly financial results as at and for the six months ended 30 June 2025, together with the review report thereon, for BAT contained on pages 3 to 4, pages 10 to 14 (except for the six paragraphs beneath the heading "*Cash flow*" on page 10 and the paragraph titled "*Directors' Responsibility Statement*" on page 14), pages 15 to 43, pages 45 to 57 and the table titled "*Performance highlights*" on page 2 (https://www.bat.com/content/dam/batcom/global/main-nav/investors-and-reporting/results-centre/pdf/HY_2025_Annoucement.pdf),

each of these documents have been previously published or are published simultaneously with this Prospectus and have been approved by the FCA or filed with it. Such information shall be incorporated in, and form part of, this Prospectus save that any statement contained in this Prospectus or in any information incorporated by reference in, and forming part of, this Prospectus shall be modified or superseded for the purpose of this Prospectus to the extent that a statement contained in any information subsequently incorporated by reference herein by way of a supplement prepared in accordance with the UK Prospectus Regulation modifies or supersedes such statement (whether expressly, by implication or otherwise). For the avoidance of doubt, information, documents or statements to be incorporated by reference into, or expressed to form part of, the information referred to in (i) to (v) above do not form part of this Prospectus.

Any non-incorporated parts of a document referred to above do not form part of this Prospectus as they are either not relevant for investors or covered elsewhere in this Prospectus.

OVERVIEW

The following overview refers to certain provisions of the Terms and Conditions of the NC5.25 Securities and the Terms and Conditions of the NC8 Securities and is qualified in its entirety by the remainder of this Prospectus. Capitalised terms used herein have the meaning given to them in "Terms and Conditions of the NC5.25 Securities" or, "Terms and Conditions of the NC8 Securities", as the case may be.

Issuer:	British American Tobacco p.l.c.
Trustee:	The Law Debenture Trust Corporation p.l.c.
Principal Paying Agent:	Citibank, N.A., London Branch
Issue Size:	€600,000,000 of the NC5.25 Securities and €600,000,000 of the NC8 Securities
Issue Date:	30 October 2025
Interest:	The NC5.25 Securities will bear interest on their principal amount from (and including) the Issue Date. Subject as described in "*Optional Interest Deferral*", interest shall be payable on the Securities annually in arrear on 30 January in each year (each an "**Interest Payment Date**"), except that the first payment of interest, to be made on 30 January 2026, will be in respect of the period from (and including) the Issue Date to (but excluding) 30 January 2026. The NC5.25 Securities will bear interest: (i) from (and including) the Issue Date to (but excluding) 30 January 2031 (the "**NC5.25 Securities First Reset Date**") at a rate of 4.200 per cent. per annum payable annually in arrear on 30 January in each year. The first payment of interest, to be made on 30 January 2026, will be in respect of the period from (and including) the Issue Date to (but excluding) 30 January 2026 and will amount to €10.59 per €1,000 in principal amount of the NC5.25 Securities; (ii) thereafter, unless previously redeemed, the NC5.25 Securities will bear interest from (and including) the NC5.25 Securities First Reset Date to (but excluding) 30 January 2036 at a rate per annum which shall be the equivalent of 1.961 per cent. above the 5-year Swap Rate for the relevant Reset Period payable annually in arrear on 30 January in each year; (iii) from (and including) 30 January 2036 to (but excluding) 30 January 2051, the NC5.25 Securities will bear interest at a rate per annum which shall be the equivalent of 2.211 per cent. above the 5-year Swap Rate for the relevant Reset Period payable annually in arrear on 30 January in each year; and (iv) from (and including) 30 January 2051, the NC5.25 Securities will bear interest at a rate per annum which shall be the equivalent of 2.961 per cent. above the 5-year Swap

Rate for the relevant Reset Period payable annually in arrear on 30 January in each year.

The NC8 Securities will bear interest on their principal amount from (and including) the Issue Date. Subject as described in "*Optional Interest Deferral*", interest shall be payable on the Securities annually in arrear on 30 October in each year (each an "**Interest Payment Date**").

The NC8 Securities will bear interest:

(i) from (and including) the Issue Date to (but excluding) 30 October 2033 (the "**NC8 Securities First Reset Date**") at a rate of 4.750 per cent. per annum payable annually in arrear on 30 October in each year;

(ii) thereafter, unless previously redeemed, the NC8 Securities will bear interest from (and including) the NC8 Securities First Reset Date to (but excluding) 30 October 2038 at a rate per annum which shall be the equivalent of 2.284 per cent. above the 5-year Swap Rate for the relevant Reset Period payable annually in arrear on 30 October in each year;

(iii) from (and including) 30 October 2038 to (but excluding) 30 October 2053, the NC8 Securities will bear interest at a rate per annum which shall be the equivalent of 2.534 per cent. above the 5-year Swap Rate for the relevant Reset Period payable annually in arrear on 30 October in each year; and

(iv) from (and including) 30 October 2053, the NC8 Securities will bear interest at a rate per annum which shall be the equivalent of 3.284 per cent. above the 5-year Swap Rate for the relevant Reset Period payable annually in arrear on 30 October in each year.

All as more particularly described in "*Terms and Conditions of the NC5.25 Securities — Interest Payments*" and "*Terms and Conditions of the NC8 Securities — Interest Payments*".

Status of the Securities and the Coupons:

The Securities and Coupons constitute direct, unsecured and subordinated obligations of the Issuer and rank *pari passu* and without any preference or priority among themselves and *pari passu* with any Parity Obligations (as defined in the relevant Conditions).

Subordination of the Securities and the Coupons:

The rights and claims of the Holders and the Couponholders (both as defined in the relevant Conditions) will be subordinated to the claims of Holders of all Senior Obligations (as defined in the relevant Conditions) in that if at any time an order being made, or an effective resolution being passed, for the winding-up of the Issuer (except in any such case, a solvent winding-up solely for the purposes of a reorganisation, reconstruction, or amalgamation or the substitution in place of the Issuer of a "successor in business" (as defined in the relevant Condition 22)

	of the Issuer or a relevant substitution effected in accordance with the relevant Condition 14) or an administrator of the Issuer being appointed and such administrator giving notice that it intends to declare and distribute a dividend, the rights and claims of the Holders and the Couponholders will be subordinated in accordance with the relevant Condition 3(a) thereof. Accordingly, the claims of Holders of all Senior Obligations will first have to be satisfied in any winding-up or analogous proceedings of the Issuer before the Holders or Couponholders may expect to obtain from the Issuer any recovery in respect of their Securities or matured but unpaid Coupons (including any accepted but unpaid Deferred Interest in respect of such Coupons), as the case may be, and prior thereto any Holder or Couponholder will have only limited ability to influence the conduct of such winding-up or analogous proceedings. See "*Risk Factors – Risks related to the Securities generally – Limited Remedies*".
Optional Interest Deferral:	The Issuer may, at its discretion, elect to defer all or part of any Interest Payment (any such deferred Interest Payment, a "**Deferred Interest Payment**") which is otherwise scheduled to be paid on an Interest Payment Date by giving notice (a "**Deferral Notice**") of such election to the Holders. Subject as described in "*Mandatory payment of Deferred Interest*", if the Issuer elects not to make all or part of any Interest Payment on an Interest Payment Date, then it will not have any obligation to pay such interest on the relevant Interest Payment Date and any such non-payment of interest will not constitute a default or any other breach of its obligations under the Securities or for any other purpose. Any Deferred Interest Payment shall itself bear interest (such further interest, together with the Deferred Interest Payment, being "**Deferred Interest**"), at the Interest Rate prevailing from time to time, from (and including) the date on which (but for such deferral) the relevant Deferred Interest Payment would otherwise have been due to be made to (but excluding) the relevant Deferred Interest Settlement Date (as defined below) or, as appropriate, such other date on which such Deferred Interest Payment is paid in accordance with the relevant Condition 5(c), in each case such further interest being compounded on each Interest Payment Date. Non-payment of Deferred Interest (or part thereof) shall not constitute a default by the Issuer under the Securities or for any other purpose, unless such payment is required in accordance with the relevant Condition 5(c).
Optional payment of Deferred Interest:	Deferred Interest may be satisfied at the option of the Issuer in whole or in part at any time (the "**Deferred Interest Settlement Date**") following delivery of a notice to such effect given by the

	Issuer to the Holders informing them of its election to so settle such Deferred Interest (or part thereof) and specifying the relevant Deferred Interest Settlement Date.
Mandatory payment of Deferred Interest:	The Issuer shall pay any accrued but unpaid Deferred Interest, in whole but not in part, on the first occurring Mandatory Settlement Date following the Interest Payment Date on which a Deferred Interest Payment first arose.
Optional Redemption:	The Issuer may, having given not less than 10 nor more than 60 days' notice to the Trustee, the Principal Paying Agent and the Holders, redeem all, but not some only, of the Securities on any Optional Redemption Date at 100 per cent. of their principal amount together with any accrued and unpaid interest up to (but excluding) the redemption date (including any accrued but unpaid Deferred Interest). Upon the expiry of such notice, the Issuer shall redeem the Securities.
Special Event Redemption:	Upon the occurrence of a Rating Capital Event, an Accounting Event, a Tax Deductibility Event, a Tax Law Change Event, a Withholding Tax Event, or a Substantial Repurchase Event and subject to the relevant provisions of the relevant Conditions 6 and 8, the Issuer shall have the option to redeem, in whole but not in part, the Securities of the relevant Tranche at (i) in the case of a Substantial Repurchase Event, 100 per cent. of their principal amount, together with any accrued and unpaid interest up to (but excluding) the redemption date, including any accrued but unpaid Deferred Interest or (ii) in the case of a Rating Capital Event, an Accounting Event, a Tax Deductibility Event, a Tax Law Change Event or a Withholding Tax Event, their Early Redemption Amount, as applicable.
Substitution or Variation:	The Issuer may, upon the occurrence of a Rating Capital Event, an Accounting Event, a Tax Deductibility Event, a Tax Law Change Event or a Withholding Tax Event, and subject to the provisions of the relevant Conditions 7 and 8, at any time, without the consent of the relevant Holders or Couponholders, either (i) substitute all, but not some only, of the Securities of the relevant Tranche for, or (ii) vary the terms of the Securities of the relevant Tranche with the effect that the Securities of such Tranche remain or become, as the case may be, Qualifying Securities.
Event of Default:	If a default is made by the Issuer for a period of 14 days or more in the payment of any principal or for a period of 21 days or more in the payment of any interest (including any Deferred Interest), in each case in respect of any Securities of a Tranche, which is due and payable, then the Issuer shall without notice from the Trustee be deemed to be in default under the Trust Deed, the relevant Securities and the relevant Coupons and the Trustee at its sole discretion may (subject to the relevant Condition 11(c)),

	and if so requested in writing by the Holders of at least one-quarter in principal amount of such Tranche then outstanding or if so directed by an Extraordinary Resolution shall, institute actions, steps or proceedings for the winding-up of the Issuer and/or prove in the winding-up or administration of the Issuer and/or claim in the liquidation or administration of the Issuer for such payment, such claim being as contemplated in the relevant Condition 3(a).
Additional Amounts:	Payments by or on behalf of the Issuer in respect of the Securities and the Coupons will be made free and clear of, and without withholding or deduction for or on account of, taxes of the United Kingdom, unless such withholding or deduction is required by law. In the event that any such withholding or deduction is made, additional amounts may be payable by the Issuer, subject to certain exceptions as are more fully described under "*Terms and Conditions of the NC5.25 Securities — Taxation*" and "*Terms and Conditions of the NC8 Securities — Taxation*".
Replacement Intention:	In relation to each Tranche, the Issuer intends (without thereby assuming a legal obligation), that it will (but is not obliged to) redeem or repurchase the Securities only to the extent that the Securities are replaced with instrument(s) which provide at least an equivalent quantum of "equity credit" (or such other nomenclature used from time to time), unless: (i) the Securities are redeemed pursuant to a Rating Capital Event, a Tax Deductibility Event, a Tax Law Change Event, an Accounting Event or a Withholding Tax Event having occurred; or (ii) such redemption or repurchase is made in any other circumstance where redemption or repurchase without replacement is consistent with rating agencies' assessment criteria.
Form:	The Securities will be in bearer form and the Securities of each Tranche will initially be represented by a Temporary Global Security, without interest coupons or talons attached, which will be deposited with a common depositary on behalf of Euroclear and Clearstream, Luxembourg on or about the Issue Date. Each Temporary Global Security will be exchangeable for interests in a Permanent Global Security, without interest coupons or talons attached, on or after a date which is expected to be 10 December 2025, upon certification as to non-U.S. beneficial ownership. Each Permanent Global Security will be exchangeable for Definitive Securities in bearer form in the denominations of €100,000 and integral multiples of €1,000 in excess thereof up to, and including, €199,000, in each case in the limited circumstances set out in it. No Definitive Securities will be issued with a denomination above €199,000 in respect of the

	Securities. See "*Summary of Provisions relating to the Securities while in Global Form*".
Denominations:	€100,000 and integral multiples of €1,000 in excess thereof up to, and including, €199,000.
Listing and Admission to Trading:	Applications will be made to the FCA for the Securities of each Tranche to be admitted to the Official List and to the London Stock Exchange for the Securities of each Tranche to be admitted to trading on the Market.
Governing Law of the Securities:	English law.
Ratings:	Each Tranche is expected to be rated Baa3 by Moody's, BBB- by S&P and BBB- by Fitch. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. Moody's, S&P and Fitch are credit rating agencies established in the UK and registered under the UK CRA Regulation.
Use of Proceeds:	The net proceeds of the issue of the Securities will be used for general corporate purposes of the Issuer and its group, which may include (i) the repurchase via a tender offer of the Issuer's outstanding Perpetual Subordinated Fixed-to-Reset Rate Non-Call 5.25 Year Securities (ISIN: XS2391779134) and (ii) the repayment of debt.
Selling Restrictions:	The United States, the EEA (including Belgium), the United Kingdom, Japan, the Republic of Italy and Singapore. See "*Subscription and Sale*". Category 2 offering restrictions have been implemented for the purposes of Regulation S under the Securities Act.
Risk Factors:	Prospective investors should carefully consider the information set out in "*Risk Factors*" in conjunction with the other information contained or incorporated by reference in this Prospectus.
ISIN:	XS3216166663 in respect of the NC5.25 Securities; and XS3216167638 in respect of the NC8 Securities.
Common Code:	321616666 in respect of the NC5.25 Securities; and 321616763 in respect of the NC8 Securities.

RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Securities.

Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with the Securities are also described below.

The Issuer believes that the factors described below represent all the material risks known to them as of the date of this Prospectus inherent in investing in the Securities, and any prospective purchasers of the Securities should note that, should any of the circumstances discussed in this risk factors section arise, they may lose the value of their entire investment. Prospective purchasers of the Securities should note that the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Securities may occur for reasons other than those stated below and the Issuer does not represent that such statements below regarding the risks of holding the Securities are exhaustive. Prospective purchasers of the Securities should also read the detailed information set out elsewhere in this Prospectus (including the documents incorporated by reference herein) and reach their own views prior to making any investment decisions.

1. Risks relating to the Issuer and its business

A. Business execution and supply chain risks

Competition from illicit trade

Illicit trade in the form of counterfeit products, diversion of genuine Group products, products that are smuggled illegally across borders, and locally manufactured products, which do not comply with applicable regulations and/or in which applicable taxes are evaded, represent a significant and growing threat to the legitimate tobacco industry, including "**New Category"** or **"New Categories**" products (defined as including vapour products, heated products ("**HP**") and modern oral products). Factors such as increasing levels of taxation and inflation, economic downturn and increased cost of living, lack of law enforcement, appropriate penalties and weak border control are encouraging more adult tobacco and New Categories consumers to switch to illegal cheaper tobacco and New Categories products and are providing greater rewards for counterfeiters and smugglers. Regulatory restrictions such as plain packaging or graphic health warnings, display bans, flavour or ingredient restrictions and increased compliance costs further disadvantage legitimate industry participants by providing competitive advantages to illicit manufacturers and distributors of illicit tobacco and New Categories products.

Illicit trade has an overall negative impact on society, deprives governments of revenues and encourages various forms of crime such as terrorism, money laundering and human trafficking. Above all, illicit trade has an adverse effect on the Group's overall business and reputation. Illicit trade can damage brand equity, which could undermine the Group's investment in trade marketing and distribution, increase operational costs where products may become commoditised, make it more difficult to adhere to underage prevention and decrease volumes sold. Although the Group's anti-illicit trade policy is an integral part of the Group's Standards of Business Conduct ("**SoBC**"), representing the Group's internal commitment in the fight against illicit trade and sets out the controls all Group companies must have in place and adhere to, it cannot prevent all instances of illicit trade.

Furthermore, counterfeit products (especially New Categories products) and other illicit products could harm consumers, damage goodwill and/or the category (with lower volumes and reduced profits), and could potentially lead to misplaced claims against BAT, further regulation and a failure to deliver the Group's corporate harm reduction objective.

Finally, as the Group has contractual and legislative obligations to prevent the diversion of its products into illicit channels, actual breaches of the obligations to prevent product diversion into illicit channels can lead to

substantial fines in the forms of seizure payments and legislative penalties (including financial penalties). Additionally, actual and perceived breaches may result in the risk of reputational damage (including negative perceptions of the Group's governance and its environmental, social and governance ("**ESG**") credentials) from Group products being found in illicit channels. Although in practice, the proportion of illicit trade which can be traced back to BAT products is exceptionally low.

Geopolitical tensions that have the potential to disrupt the Group's business in multiple markets

The Group's operations and financial condition are influenced by the economic and political situations in the markets and regions in which it has operations, which are often unpredictable and outside of its control. Some markets in which the Group operates face the threat of civil unrest and can be subject to frequent changes in regime. In others, there is a risk of terrorism, conflict, global health crisis, war, organised crime or other criminal activity. The Group is also exposed to economic policy changes in jurisdictions in which it operates, for example state nationalisation of assets and withdrawal from international and/or bilateral trade agreements including the introduction of tariffs or trade embargoes. In addition, some markets maintain trade barriers or adopt policies that favour domestic producers, preventing or restricting the Group's sales.

Deterioration of socio-economic or political conditions could lead to injury or loss of life, restricted mobility, loss of assets and/or denial of access to BAT sites that reduce the Group's access to particular markets or may disrupt the Group's operations, such as supply chain, or manufacturing or distribution capabilities. Such disruptions, including attacks on shipping routes in the Red Sea, may result in increased taxes and/or other costs due to the requirement for more complex supply chain and security arrangements, the need to build new facilities or to maintain inefficient facilities, or in a reduction of the Group's sales volume. Further, there may be reputational damage, including negative perceptions of the Group's governance and protection of its people and its ESG credentials.

Injury, illness or death in the workplace

The Group considers the safety of its employees and other individuals working with it as of utmost importance and fundamental concern. Loss of life, serious injury, disability or illness to employees or individuals due to accident, geopolitical tension or other events may occur during the research, manufacturing, distribution or retail of the Group's products.

Past events have led, and future events may lead, to serious injuries, ill health, disability or loss of life to employees and individuals who work with the Group. This may result in reputational damage, difficulties in recruiting and retaining staff, exposure to civil and criminal liability, prosecution and fines and penalties. These impacts could have an adverse effect on the Group's results of operations and financial condition and have a negative impact on its ESG credentials.

Disruption to the Group's data and information technology ("IT") systems, including by cyber attack or the malicious manipulation or disclosure of confidential or sensitive information

The Group relies on information and digital technology ("**IDT**") systems and networks to conduct core activities, such as manufacturing, distribution, marketing, customer service, research and development and financial and management reporting, amongst other core activities. There is a risk that these systems (of the Group or of a third party within the Group's supply chain) may be disrupted by intentional or unintentional actions that may compromise the confidentiality, integrity or availability of information, result in the inappropriate disclosure of confidential information, disrupt the operations of the Group, or may lead to false or misleading statements being made about the Group.

The external threat levels continue to rise with attackers becoming increasingly sophisticated, equipped with artificial intelligence ("**AI**") powered tools, and collateral damage from nation state cyber-attacks becomes a leading cause of cyber incidents. The development and implementation of AI in the Group's products and/or

supply chain will have an impact on the cyber security threat landscape and may increase the exposure to cyber threats in general.

The management recognises that cyber security threats could pose significant risks to the Group's business, reputation, financial condition, and competitive position, and to the safety and privacy of its consumers, employees and other stakeholders.

Any disruption to IDT systems related to the Group's operations could adversely affect its business and result in financial, legal and reputational impacts. Any delays or failure to detect or respond to attempts to gain unauthorised access to the Group's IT systems can lead to a loss in confidentiality, integrity or availability of systems and/or data.

A security incident with respect to IDT systems may result in:

- Loss or theft of confidential business information: Unauthorised access to trade secrets and sensitive commercial data can dilute the Group's strategic influence, affecting investments and operations. This could materially impact regulatory compliance and lead to a loss of competitive edge.
- Personal data breach incidents: Exposure of personally identifiable data can lead to legal, reputational, and compliance issues, along with potential loss of sales, consumers, and market share.
- Operational disruption: Cyber incidents disrupting research and development, manufacturing, distribution, or technology services can cause business interruptions and health and safety risks, leading to production halts and revenue loss.
- Inappropriate use of IDT systems to enable fraud, or theft of product, technology, or monetary resources.
- Loss of digital trust: Cyber incidents compromising the Group's digital presence can damage the brand and diminish consumer trust, potentially affecting sales and strategic timelines.
- Third-party cyber risks: Cyber incidents within partner or supplier networks can lead to business interruptions, supply chain issues, data loss, or the spread of malicious activities to the Group, necessitating robust third-party risk management.

Failure to meet current or future New Categories demand

The New Categories supply chain is a multi-tiered and complex environment with reliance on multiple factors, such as third-party suppliers' ability to upscale production in order to meet demand while maintaining product quality, dependency on single suppliers at various points in the chain and the Group's ability to build adequate consumables production capacity in line with product demand. The geographical spread of suppliers and customers exposes the Group to political and economic issues such as trade wars which may compromise the New Categories supply chain. Given the developing nature of the New Categories portfolio, there is also an enhanced risk that some products may not meet product quality and safety standards or may be subject to regulatory changes, leading to product recalls, which the Group has experienced in the past, or bans of certain ingredients or products. In addition, the New Categories supply chain may be vulnerable to changes in local legislation related to liquid nicotine that could increase import duties. Furthermore, the New Categories supply chain includes the development of sensitive trade secrets jointly with external design partners, which carries the risk of exposure of innovations to competitors.

Vulnerabilities in the New Categories supply chain may impact the Group's ability to maintain supply and meet the current and future demand requirements across the New Categories portfolio, potentially resulting in significant reputational harm and financial impact that may negatively affect the Group's results of operations and financial condition and cause the Group to fail to deliver on its strategic growth plans. Over-forecasting may also lead to write-offs and negatively impact working capital. The design of New Categories devices may

also prevent the scaling of commercial manufacturing, which will either restrict supply or increase the costs of production.

Further, there may be loss of investors' confidence in sustainability performance, including failure to deliver the Group's corporate purpose of harm reduction.

In addition, changes in local legislation related to liquid nicotine import duties may increase New Categories production costs, which may increase end market pricing and reduce demand. Furthermore, the exposure of sensitive trade secrets can lead to competitive disadvantages and further negatively impact the Group's results of operations and financial condition and cause the Group to fail to deliver on its strategic growth plans.

Failure of a financial counterparty

The Group relies on transactions with a variety of financial counterparties to manage the Group's business and financial risks. In the event that any of these counterparties fails, payments due from such counterparties, such as under hedging or insurance contracts, may not be recovered. In addition, failure of a transactional banking party may lead to the loss of cash balances and disruption to payment systems involving such counterparty.

The inability to recover payments due from one or more failed financial counterparties or the loss of cash balances may cause significant financial loss and have an adverse impact on the Group's results of operations, financial condition and financial risk profile. In addition, the loss of cash balances or a disruption to payment systems may cause disruption to the Group's ongoing operations and ability to pay its creditors and suppliers.

Exposure to unavailability of, and price volatility in, raw materials and increased costs of employment

The availability and price of various commodities required in the manufacture of the Group's products fluctuate. Raw materials and other inputs used in the Group's business, such as wood pulp and energy, are commodities that are subject to price volatility caused by numerous factors, including inflation, political influence, introduction of new or higher tariffs or trade embargoes, market fluctuations and natural disasters.

Similarly, the Group is exposed to the risk of an increase above inflation in employment costs, including due to governmental action to introduce or increase minimum wages. Employment and health care law changes and the increase in inflation may also increase the cost of provided health care and other employment benefits expenses.

Restricted availability and price volatility of commodities may result in supply shortages and unexpected increases in costs for raw materials and packaging for the Group's products, which may affect the Group's results of operations and financial condition.

The Group has experienced some of these effects in the last several years, including higher cost of direct materials due to energy scarcity, increase in transportation rates and commodity prices, as well as increases in utility costs, all of which have led to increases in overall cost. While inflation also caused an increase in employment costs, this did not have a material adverse effect to the Group's profitability. However, the Group cannot assure that this will not be materially affecting the Group's profitability in the future.

The Group has not always been able to, and in the future may not be able to, increase prices to offset increased costs without suffering reduced sales volume and revenue. In the absence of compensating for increased costs through pricing, significant increases in raw material, packaging and employment costs above inflation will impact product margins, leading to lower profits and negatively affecting the Group's results of operations and financial condition and cause the Group to fail to deliver on its strategic growth plans.

Failure to retain key personnel or to attract and retain skilled talent

The Group relies on a number of highly experienced employees with detailed knowledge of the tobacco and nicotine industry, other areas of focus for the Group, including New Categories and Beyond Nicotine products

(defined as products offering wellbeing and stimulation) and the Group's business. Similarly, the Group is dependent on its ability to identify, attract, develop and retain such qualified personnel in the future. The Group is also dependent on external hires to ensure the Group is equipped with the right new business-critical capabilities and knowledge to accelerate transformation. BAT anticipates that this trend will continue and therefore the ability to continue to build awareness, increase reach and ultimately attract the new target audience remains a primary focus.

There are shifts in the career development expectations of employees, from a traditional one company long tenure approach to a much shorter tenure focused on critical experiences and challenges. Furthermore, broader economic and sustainability trends (e.g. the Group's delivery against sustainability related ambitions and volatility in remuneration outcomes linked to the Group's share price) may impact the Group's ability to retain key employees and may increase competition for highly talented employees. Whilst the Group is enhancing its effort on retaining critical capabilities and knowledge, building the right leadership behaviour and organisational culture, and focusing on employee development and engagement, the retention risk of experienced employees remains an area requiring management attention. Furthermore, the Group may fail to introduce appropriately leveraged and differentiated pay-for-performance for key employees, which exacerbates the risk of not retaining such key personnel and attracting appropriately skilled talent in the future. This also exposes the Group to the risk of not being able to conduct future succession planning successfully.

If the Group is unable to retain its existing key employees, fails to attract and retain skilled talent in the future, critical positions may be left vacant, resulting in a failure to retain and advance critical business knowledge required for its transformation, as well as adversely impacting the Group's results of operations, financial condition and ability to achieve its broader business objectives, such as its sustainability ambitions.

High voluntary employee turnover may also reduce organisational performance and productivity, leading to further adverse impact on the Group's results of operations and financial condition and cause the Group to fail to deliver on its strategic growth plans.

Disruption to the supply chain and distribution channels

The Group has adopted an increasingly global approach to managing its supply chain, including distribution channels. Disruption to the Group's supply chain may be caused by various factors, including, but not limited to, disruption to suppliers' operations or to distribution channels, and the deterioration in the financial condition of a trading partner. Such disruption may also be caused by a cyber event, a global health crisis, political tensions, strikes, riots, civil commotion, a major fire, severe weather conditions or other natural disasters which affect manufacturing or other facilities of the Group's operating subsidiaries or those of their suppliers and distributors. In certain geographic areas where the Group operates, insurance coverage may not be obtainable on commercially reasonable terms, if at all. Coverage may be subject to limitations, or the Group may be unable to recover damages from its insurers. The Group foresees a heightened level of risk of disruption in its New Categories supply chain because it is multi-tiered and complex in sourcing and distribution.

Disruption may also be caused by spread of infectious disease (such as the coronavirus ("**COVID-19**") pandemic) or by a deterioration/shortage in labour or union relations, disputes or work stoppages or other labour-related developments within the Group or its suppliers and distributors.

In addition, the Group's operating subsidiaries may not be able to establish or maintain relationships on favourable commercial terms with their suppliers and distributors, or at all. In some markets, distribution of the Group's products occurs through third-party monopoly channels, often licensed by governments. The Group may be unable to renew these third-party supplier and distribution agreements on satisfactory terms for many different reasons, including government regulations or sustainability considerations.

There are also some product categories for which the Group does not have surplus production capacity or where substitution between different production plants is impractical – this may cause further disruption to the Group's supply chain. Consolidation of global suppliers and certain distributors that control large geographies may reduce the Group's availability of alternatives and negatively impact the Group's negotiating power with key suppliers and distributors.

These risks are particularly relevant in jurisdictions where the Group's manufacturing facilities are more concentrated or for certain product categories where production is more centralised.

Any disruption to the Group's supply chain and distribution channels could have an adverse effect on the results of operations and financial conditions of the Group through failures to meet shipment demand, contract disputes, increased costs, loss of market share and inability to reinvest into New Category and support harm reduction agenda and cause the Group to fail to deliver on its strategic growth plans.

Failure to uphold the high standard of sustainability management, performance and reporting

Stakeholder expectations of, and regulatory requirements for, the Group's sustainability management, performance and reporting are continually evolving. For example, the EU Corporate Sustainability Reporting Directive has introduced new reporting obligations. The Group is exposed to risks arising from failure to have the appropriate internal standards, strategic plans and governance, compliance, monitoring and reporting mechanisms in place to ensure it can identify emerging issues, meet external expectations and comply with applicable requirements. In addition, the Group relies on third-parties for sustainability performance monitoring, measurement and other sustainability-related services. Such service providers may fail to perform these services to the specified or required standards or timeframes.

Failure to uphold high standards of sustainability management and performance or to provide transparent and consistent reporting, in line with applicable requirements, could significantly impact the Group's reputation or compliance position, and reduce investor confidence. Poor performance across any aspect of sustainability, such as a failure to sufficiently address climate change-related risks, expectations and requirements, or human rights impacts across the Group's own operations and supply chain, could result in increased costs and regulatory sanction, litigation, difficulty in attracting and retaining talent, or decrease in consumer demand for the Group's products. Poor performance could also result in a failure to achieve the Group's sustainability targets.

Allegations of greenwashing and healthwashing, as a result of failure to responsibly and transparently market the Group's products and communicate the Group's sustainability achievements and position, could result in reputational damage, litigation and regulatory sanction. In addition, the Group's association with any provider of sustainability-related services that fails to perform its services for the Group or third-parties to the specified or required standard (or is alleged to have done so) could also result in reputational damage and litigation impacts.

In addition, in order to meet its emission targets, the Group plans to rely in part on third-party technology, such as carbon capture, some of which has not yet been developed to the required scale. If such developments are not available on commercially reasonable terms within the Group's timeline for emission reduction, the Group may fail to meet those targets.

Failure to successfully design, implement and sustain an integrated framework and operating model for AI

Inability to effectively establish and maintain a cohesive and functional AI framework and operating model within the Group could result in suboptimal utilisation of available AI technology, reduced efficiency and effectiveness, missed opportunities for innovation and value creation, potentially harmful use of AI technology and violation of laws and regulations. Further, improper use of AI technology could cause potential exposure regarding consumer privacy breaches. Additionally, the Group may be non-compliant regarding the

implementation of new technologies, including as a result of ambiguous legal requirements. The Group may also fail to ensure that the design, implementation and ongoing management of the AI framework and operating model are well-planned, properly resourced and effectively executed.

The Group defines "AI Systems" under its 'Responsible & Ethical AI Framework' as a computer system that generates content, predictions, recommendations, decisions or other outputs, that functions with varying degrees of autonomy and that may exhibit adaptiveness after deployment. The Group has implemented, and intends to further expand the use of AI, including Generative AI.

Without a well-designed and properly functioning AI framework and operating model, the Group may not be able to fully leverage the potential of AI technology and improve operational efficiency and effectiveness, which could result in missed opportunities for innovation and value creation, potentially putting the Group at a competitive disadvantage. The lack of a cohesive and functional AI framework and operating model could result in increased costs associated with suboptimal utilisation of AI technology, as well as the potential need for additional resources to address issues and inefficiencies. Inability to adapt and adopt the technology in an effective and compliant manner could result in reputational damage if the Group is perceived as being unable to effectively leverage emerging technologies and using data in a manner inconsistent with consumers' ethical expectations and company values. In addition, use of discriminatory or unexplainable algorithms for decision making could potentially result in penalties for the Group and increased attention from regulatory authorities, consumers and other stakeholders.

Inability to obtain adequate supplies of tobacco leaf

The Group purchases significant volumes of packed leaf each year. Tobacco leaf, as any other agricultural commodity, can be impacted by a variety of external factors. Like any other agricultural supply chain, it can be particularly vulnerable to a range of challenges, including climate change, weather-related events, such as drought, flood and other natural disasters, increasing demand for land and natural resources, rural poverty, social inequality, child labour and ageing farmer populations. Tobacco production in certain countries is also subject to a variety of controls, including regulation affecting farming and production control programmes, and competition for land use from other agriculture commodities. Such controls and competition can further constrain the production of tobacco leaf, raising prices and reducing supply.

The Group recognises the above and any combination of those, including topics like child labour, as a risk to the Group's tobacco leaf supply chain.

Restricted availability of tobacco leaf may prevent the Group from accessing sufficient tobacco leaf that meets its volume, quality and sustainability requirements. This could lead to an impact on the quality of the Group's products to a level that may be perceptible by consumers and may impact the Group's ability to deliver on consumer needs. The Group's sustainability commitments may restrict the sources the Group can buy from, which would result in an imbalance in supply and demand potentially causing incremental tobacco prices. Higher tobacco leaf prices would result in increased raw material costs and have an adverse effect on the Group's financial condition. The Group may also experience reputational damage from not adequately managing its sustainability priorities like climate change, protection of natural resources, including forests, and human rights in the Group's leaf supply chain, which may restrict suppliers willing to do business with the Group.

Exposure to product contamination

The Group may experience product contamination, whether by accident or deliberate malicious intent, during supply chain or manufacturing processes, or may otherwise fail to comply with the Group's quality standards. The Group may also receive threats of malicious tampering.

Product contamination or threats of contamination may expose the Group to significant costs associated with recalling products from the market or temporarily ceasing production. In addition, adult tobacco consumers may lose confidence in the specific brand affected by the contamination, resulting in reputational damage and a loss of sales volume and market share. The Group could be subject to liability and costs associated with civil and criminal actions as well as regulatory sanctions brought in connection with a contamination of the Group's products. Each of these results may in turn have an adverse effect on the Group's results of operations, financial condition and reputation and cause the Group to fail to deliver on its strategic growth plans.

Failure to successfully design, implement and sustain an integrated technical landscape and Enterprise Resource Planning ("ERP") strategy

The Group aims to improve profitability and productivity through supply chain improvements and the continuous enhancements of an integrated operating model and organisational structure, including standardisation of processes, centralised back-office services and a common IT platform. The Group undertakes transformation initiatives periodically which aim to enhance the organisation and facilitate growth, including the Group's focus on New Categories and Beyond Nicotine. The Group's efforts to achieve these goals are driven and enabled through use of its Test Acceleration and Optimisation ("**TaO**") (central Systems, Applications and Products ("**SAP**") ERP system) global template — an integrated set of standardised process used by the Group within a central SAP instance common for the substantial majority of Group's subsidiaries. These processes include, among others, core back-office global processes, procurement, warehouse management, accounting and controlling.

Failure by the Group to successfully evolve the TaO global template to support a multi-category business model or not having a clear future-fit ERP strategy, could lead to the Group's inability to support BAT's strategy and transformation, and realise anticipated benefits. Additionally, this could lead to increased costs, disruption to operations, decreased trading performance, loss of institutional knowledge and reduced market share. These results could in turn reduce profitability and funds available for investment by the Group in long-term growth opportunities. Inability to develop governance process models in line with BAT's evolving business strategy may result in the failure to achieve sustainable multi-category growth including capturing additional productivity gains and achieving sustainability goals which may in turn have an adverse effect on the Group's results of operations and financial condition and cause the Group to underperform on the delivery of its strategic growth plans.

Failure to manage the Group's climate change-related risk

The Group is exposed to direct and indirect adverse impacts associated with physical climate change-related risks, across its global operations and supply chain. Climate change may cause acute physical risks (such as more frequent and severe weather events), or chronic risks (such as those related to longer-term shifts in climate patterns and temperatures). These, alongside their direct impact on Group operations, could lead to reductions in the supply and quality of tobacco leaf and other physical goods and cause transport and logistics disruptions in the Group's supply chains.

The Group may also experience adverse impacts associated with transition climate change risks, associated with the move to a low carbon economy (such as emissions-related regulations and additional taxes applicable to its operations and its supply chain, changing markets and emerging technologies). As climate change policy, legislation and reporting requirements further evolve, companies need to effectively identify, assess, monitor and mitigate associated risks. Failure to do so could lead to BAT scoring lower in sustainability ratings and indices used by the financial sector in making investment decisions.

As consumer and customer behaviours and expectations further evolve, the Group is exposed to the risk of failing to sufficiently adapt its product portfolio and marketing strategy in response to stakeholders' increasing

sustainability expectations. Inadequate response to climate change considerations may result in reduced demand for or rejection of the Group's products, as well as reputational damage.

Disruption to the Group's agricultural and/or non-agricultural supply chain or product distribution channels have had, and could have, an adverse effect on its operations and financial condition through failures to meet product demand, contract disputes, increased costs and loss of market share.

In recent periods, the Group experienced impacts from severe weather events. In 2023, a tornado in the US caused the destruction of a stock of tobacco leaves in a warehouse with a final loss of £8 million. The 2024 flood in the United Arab Emirates caused an £11 million loss in machinery.

Consumer and customer expectations may influence their purchasing decisions and lead them to seek alternative product offerings. As consumer behaviours evolve, the Group may fail to sufficiently adapt its product portfolio and market strategy in response to increasing expectations on climate change considerations, potentially resulting in reduced demand for, or rejection of its products.

Besides increased costs associated with climate change regulation and additional reporting obligations, non-compliance with climate change legislation (including reporting requirements) could reduce the Group's ability to attract investors, result in reputational damage and potentially regulatory sanctions. Poor results in ESG ratings and indices used by the financial sector may impact their investment decisions, and thereby increase the Group's cost of capital or negatively impact its share price.

Failure to meet current and future employees' expectations concerning the Group's actions to mitigate and adapt to climate change may negatively impact the retention and attraction of high-quality employees.

Failure to manage the Group's circular economy risk

The Group is exposed to risks associated with the move towards an increasingly circular business model, driven by internal and external factors. These include product-related regulatory risks, such as product design/disassembly requirements, market access, loss of market share, sourcing risk and extended producer responsibility ("**EPR**") requirements.

As circular economy-related policy, legislation and reporting requirements further evolve, companies need to effectively identify, assess, monitor and mitigate associated risks. Failure to do so could lead to the Group scoring lower in ESG ratings and indices used by the financial sector in making investment decisions.

As consumer and customer behaviours and expectations further evolve, the Group is exposed to the risk of failing to sufficiently adapt its product portfolio and marketing strategy in response to stakeholders' increasing sustainability expectations. Inadequate response to product circularity considerations may result in reduced demand for or rejection of the Group's products, as well as reputational damage.

Consumer and customer expectations may influence their purchasing decisions and lead them to seek alternative product offerings. An inability to develop and commercialise products, packaging or value chain sustainability innovations in line with demand or less well than competitors (including failures to adequately predict changes in consumer and societal behaviour and expectations and reflect them in the product portfolio) could lead to missed commercial opportunities, under- or over-supply, loss of competitive advantage, loss of market share, unrecoverable costs and the erosion of the Group's consumer base or brand equity. Consumers failing to engage in product recycling and/or Take-Back schemes could also have an impact on the Group's EPR risks and obligations.

Non-compliance with product circularity legislation (including reporting requirements) could reduce BAT's ability to attract investors, result in reputational damage, potentially regulatory sanctions and loss of market access. Poor results in ESG ratings and indices used by the financial sector may impact their investment decisions, and thereby increase the Group's cost of capital or negatively impact its share price.

Failure to meet current and future employees' expectations concerning the Group's actions to address product circularity matters may negatively impact the retention and/or attraction of high-quality employees.

Impact of a pandemic or other global health crises on the performance of the Group

The Group continues to closely monitor the potential for disruption arising from pandemics, the most recent having been COVID-19, or other global health crises. Consequences may include significant logistical challenges for employees and their ability to perform their duties, potential loss of lives or significant level of illness in the workforce, inability to deliver revenue stream and market share targets, impacting profits and cash flows, and disruption to the supply chain and third parties being unable to deliver contractual goods and services. In addition, some countries in which the Group operates have in the past, and may adopt in the future, regulations restricting the ability to manufacture, distribute, market and sell products.

The influence of COVID-19 was at that time, and the influence of future variants, other pandemics or other global health crises on the Group's operations and financial condition is, difficult to predict given the wide range of determining factors, not least the nature of the pandemic/virus, its speed of infection, geographical scope and duration.

The impact of a pandemic or other global health crises on global economic activity and the nature and severity of measures adopted by governments are numerous. The impact on the Group is not limited to:

- Reductions or volatility in consumer demand for one or more of the Group's products due to illness, retail closures, quarantine or other travel restrictions, health consciousness (quitting use of tobacco and nicotine products), government restrictions, the deterioration of socio-economic conditions, economic hardship and customer-downtrading (switching to a cheaper brand), which may impact the Group's market share.

- Disruptions to the Group's operations, such as its supply chain, or manufacturing or distribution capabilities, which may result in increased costs due to the need for more complex supply chain arrangements, the need to expand existing facilities or maintain inefficient facilities, a reduction of the Group's sales volumes or an increase in bad debts from customers.

- Disruption to the Group's operations resulting from a significant number of the Group's employees, including employees performing key functions, working remotely for extended periods of time or becoming ill, which may reduce the employees' efficiency and productivity and cause product development delays, hamper new product innovation and have other adverse effects on the Group's business.

- Significant volatility in financial markets (including exchange rate volatility) and measures adopted by governments and central banks that further restrict liquidity, which may limit the Group's access to funds, lead to shortages of cash and cash equivalents needed to operate the Group's business, and impact the Group's ability to refinance its existing debt.

- Regulations restricting the ability to manufacture, distribute, market and sell products, and potentially increasing illicit trade.

- Governments seeking to increase revenues through increased corporate taxes and excise on combustible and/or New Category products, increasing the cost and prices of the Group's products - which could reduce volumes and margins, and/or increase illicit trade.

While some negative effects caused by COVID-19 took place in several end markets over the last few years, including reduced demand due to temporary smoking bans, lockdown restrictions, increased border checks and change in consumer behaviours, none of these had a material effect on the Group's overall profitability.

However, all of the above factors may have material adverse effects on the Group's results of operations and financial condition and cause the Group to fail to deliver on its strategic growth plans. The difficulty in predicting future pandemics exacerbates this risk.

B. Legal, regulatory and compliance risks

Exposure to, the enactment of, proposals for, or rumours of regulation that significantly impairs the Group's ability to communicate, differentiate, market or launch its products and/or the lack of appropriate regulation for New Categories

The tobacco and nicotine industry is one of the most highly regulated in the world, with manufacturers required to comply with a variety of different regulatory regimes across the globe. Most of these regulations, whether already in place or proposed, can be categorised as follows:

- Category bans: Prohibitions on the sale, import, possession, or use of specific products, including New Categories;
- Product Regulations: On use of ingredients, product design and attributes (e.g. nicotine strength or flavours), as well as product safety standards and product disclosure requirements;
- Packaging and labelling: Requirements for health warnings and other government-mandated messages to be printed on packaging, as well as requirements around pack shape, size, weight and colour, plain packaging requirements or markings required for single-use plastics;
- Advertising and sponsorship: Partial or total bans on advertising, promotions and sponsorships for products, as well as brand stretching (the association between a tobacco and a non-tobacco product by using tobacco branding on the non-tobacco product);
- Retail: Restrictions on where tobacco and non-tobacco nicotine products can be sold, such as the types of outlets (e.g. supermarkets and vending machines), restrictions on how they can be sold (e.g. above-the-counter versus beneath, or online), and restrictions on adult purchase;
- Place: Bans on smoking or vaping in certain places;
- Price: Regulations which affect prices of tobacco and non-tobacco nicotine products, such as excise taxes and minimum pricing; and
- Responsibility: Obligations under EPR schemes (e.g. cigarette waste clean-up) and measures to combat illicit trade.

On top of legal requirements, the Group also operates a number of global policies which may impose additional obligations or standards beyond those required by local regulatory regimes. The Group recognises and supports the objectives of governments and policymakers in reducing smoking rates and the associated health impacts, as well as the role of regulation in achieving these goals. Accordingly, the Group endorses tobacco and nicotine regulations that are grounded in robust evidence, tailored to local circumstances, effectively achieve intended policy objectives, and avoid unintended consequences, such as the expansion of illegal markets. However, there is a risk that in some areas, the evolving regulatory environment may not follow these principles due to several key factors:

- Irresponsible behaviour or marketing practices by competitors, particularly in markets where appropriate regulation is lacking, or actions that violate existing regulations, may cause reputational harm to the industry as a whole and result in disproportionate regulation or bans.

- Pressure on governments from international organisations, agencies, tobacco control non-governmental organisations, influential national regulators, and the private sector including philanthropists, pharmaceutical companies, security technology firms, and social justice groups may drive the pursuit of regulatory policies intended to harm the tobacco and nicotine industry.

- Regulators may also have a limited understanding of New Category products and their potential role in tobacco harm reduction. Concerns about underage access and the environmental impact of these products can further increase the risk of inappropriate regulation.

From a compliance perspective, the Group may also fail to implement the appropriate level of control measures or maintain adequate compliance standards with regulatory requirements. For example, the Group's marketing activities may not fully comply with relevant laws, regulations, or the Group's Responsible Marketing Framework ("**RMF**").

Inadequate information, instruction, and training in relevant areas, along with a lack of awareness or understanding of applicable regulations including those not just related to tobacco and nicotine but also to batteries or environmental regulations may further increase these risks. Additionally, failure to monitor, assess, and implement new or updated regulatory requirements could exacerbate compliance challenges.

Finally, there may also be negative and disproportionate societal reactions to consumer misuse or abuse of tobacco and/or nicotine products, particularly in New Categories, or toward certain product types.

Combustible Products

With respect to combustible tobacco products, many of the measures outlined in the World Health Organisation's Framework Convention on Tobacco Control ("**FCTC**") have been or are in the process of being implemented through national legislation across numerous markets in which the Group operates. This includes the adoption of certain non-legally binding recommendations, such as plain packaging requirements and restrictions or bans on characterising flavours.

The Eleventh Session of the Conference of the Parties to the FCTC is scheduled to take place in Geneva in November 2025. Discussions are expected to include consideration of forward-looking tobacco control measures that extend beyond the current scope of the FCTC, potential approaches to industry liability, and the support of cigarette filter bans, among other topics.

In the US, the US Food and Drug Administration ("**FDA**") announced its intention to ban menthol as a characterising flavour in cigarettes. The Biden Administration's Fall 2023 Unified Agenda anticipated issuance in March 2024 of a final rule to ban menthol as a characterising flavour in cigarettes; however, in April 2024 the Biden Administration indicated that a final rule would take significantly more time. The new Trump Administration has withdrawn the rule from the Office of Management and Budget and it is currently held pending the new administration's reconsideration of regulations advanced by Biden. Further, the FDA may seek to require the reduction of nicotine levels in tobacco products. On 15 January 2025, in the final days of the outgoing Biden Administration, the FDA issued a proposed product standard whereby the agency would limit nicotine levels in cigarettes following a two-year effective date from publication of any final rule. The public comment period for the proposed rule closed on 15 September 2025, but may be deprioritised by the Trump Administration as it considers all proposed regulations advanced by the Biden Administration. Thus, it is not known whether or when this proposed rule will be finalised, and if adopted, whether the final rule will be the same as or similar to the proposed rule.

Traditional leaders in tobacco control, such as the UK, continue to advance stringent regulatory measures. The UK's Tobacco and Vapes Bill - currently under discussion in the House of Lords - includes provisions for a generational sales ban ("**GSB**"), which would prohibit the sale of tobacco products to individuals born after a

specified year. This concept was first introduced in New Zealand but was subsequently repealed before it took effect.

Preparations for a revised European Union Tobacco Products Directive ("**TPD**") are also progressing. Should the process for a third iteration be initiated, it is anticipated that discussions may encompass additional measures such as the introduction of plain packaging requirements for combustible tobacco products, among others.

Smokeless Products (including New Categories)

Progressive regulations, including forward-thinking policies for Smokeless products, are essential to 'Build a Smokeless World' and deliver governments' smoke free ambitions.

The Group believes that the development of regulations for Smokeless products should follow the below principles:

- Be based on science and evidence and proportionate to the product's risks compared with those of combustible tobacco;
- Facilitate adult awareness of smokeless alternatives and allowing adult-only access;
- Ensure product quality, environmental sustainability, and consumer relevance; and
- Enable effective enforcement.

From a global perspective, regulation is still evolving and frameworks for regulation vary from country to country. While some regulators have implemented progressive regulations aligned with the previously described principles, others are considering applying the same regulatory frameworks used for traditional tobacco products. Some jurisdictions have banned or are contemplating banning flavours (e.g. flavours banned since May 2020 in the EU, extended to HP in 2023) or imposing unsatisfying nicotine limits, or directly banning certain product categories (e.g. Modern Oral in Belgium).

The primary drivers behind many regulatory proposals targeting New Categories continue to be preventing youth appeal and addressing environmental issues. These concerns are made explicit in the reasoning justifying many legislative efforts to ban flavours in vapour products and, more recently, to ban disposables. Such regulatory proposals are particularly prevalent across Europe.

Regarding the US, and considering the risks associated with the FDA process, on 12 October 2021, the FDA issued its first Marketing Granted Orders ("**MGOs**") for tobacco-flavoured Vuse Solo and Vuse Solo power units. On the same date, Reynolds American Inc. ("**RAI**") and its subsidiary companies (together, the "**Reynolds American Companies**") received Marketing Denial Orders ("**MDOs**") for the flavoured (non-menthol and non-tobacco) Vuse Solo products. R.J. Reynolds Vapor Company ("**RJR Vapor**") has since filed an appeal against these MDOs, which remains pending. While a series of MGOs for tobacco-flavoured products have been granted, including recent MGOs for Vuse Alto 'Golden' and 'Rich' tobacco-flavoured vapour products, MDOs have also been issued (and may be issued in the future) for non-tobacco flavoured products, reflecting the risks associated with products that contain flavours outside of tobacco, which are currently subject to court challenges.

In the specific case of Modern Oral products, the Group's Velo and Grizzly synthetic pouch products remain available in the US, subject to FDA's enforcement policies, and there can be no assurance that these products' pending marketing authorisations will be granted or FDA's enforcement policies will remain unchanged. If the FDA denies a marketing authorisation or takes enforcement action, the relevant product(s) would need to be withdrawn from the market, unless a court or the FDA intervenes.

Beyond the different market approaches toward the regulation of smokeless products, the lack of harmonisation between markets also presents a risk in the New Categories space. The harmonisation of standards and a consensus behind certain regulatory measures will be critical from a business perspective, ensuring a more predictable and efficient operating environment.

Beyond Nicotine

As the Group also looks to Beyond Nicotine products including cannabidiol (CBD) and cannabis (in connection with its investments in Organigram Holdings Inc., Sanity Group GmbH and Charlotte's Web Holdings, Inc.) (from which, as at the date of this Prospectus and in compliance with the UK Proceeds of Crime Act 2022 ("**POCA**"), no distributions have been made to BAT or the Group), it may be subject to additional regulation and these products might not be scalable on a global basis given the varying degree of regulation.

Extreme regulatory measures, impacting one or more New Categories (smokeless) and/or combustible tobacco products and/or Beyond Nicotine products, could adversely affect volume, revenue and profits, as a result of: restrictions on the Group's ability to sell and differentiate its products or brands, leverage price, innovate, make scientific claims, and make new market entries. In addition, new regulations and lack of standards harmonisation among markets, could lead to greater complexity, as well as higher production and compliance costs.

As an example, through the acquisition of RAI, the Group acquired the Newport brand, the leading menthol cigarette brand in the US, the Group's largest single market. The sales of Newport, together with the other menthol brands of the Group's operating subsidiaries, represent a significant portion of the Group's total net sales. Any action by the FDA or any other governmental authority, including states and localities, banning or materially restricting the use of menthol in tobacco products (such as the proposed FDA ban on menthol cigarettes) could have a significant negative impact on sales volumes which would, in turn, have an adverse effect on the results of operations and financial position of the Group.

Disproportionate regulation of smokeless products could significantly hinder the Group's ability to deliver on its mission of 'Building a Smokeless World' as part of its transformative journey. Full category bans or regulations that jeopardise consumer acceptance would have a significant impact on the Group's strategy for smokeless products. These measures could both feed the illegal market (such as in the case of the increase in illicit single-use vapour devices in the US market) and undermine the Group's ability to compete and develop products profitably while encouraging consumers to switch. As the Group always intends to comply with regulations, such disproportionate regulation that lacks robust enforcement measures reduces the Group's ability to compete on equal terms with less responsible industry actors, who disregard or deliberately don't comply with local law and regulations.

California's 2022 flavour ban on all tobacco and nicotine products disrupted the market along with discouraging adult combustible consumers from switching to reduced-risk New Categories. Without heightened enforcement, illegal flavoured products will remain, and the ban has not reduced factory-made cigarette prevalence among youth and adults. Key findings from the 2022 Online CA Adult Tobacco Survey, CA Tobacco Prevention Programme, updated for 2024, showed that the adult smoking prevalence in California, pre-ban was 6.6 per cent. compared to post-ban 7.1 per cent. in 2023. Although a visible increase in the prevalence and even though the data is not likely to be statistically significant, it is clear that no decrease of the adult smoking prevalence has occurred following the introduction of the ban in 2022.

There is a risk that environmental and sustainability regulations, such as EPR schemes for cigarette manufacturers, will continue to impact New Category products, especially if the EU EPR schemes for New Category products are picked up by more countries outside of the EU.

Disproportionate regulation of the Group's combustible products not only impacts the Group's ability to execute its strategy for these products, but also influences investor sentiment in the sector and the residual value of BAT. Emerging issues such as filter bans, mandatory limits on nicotine products, and GSB can significantly affect both the Group's current business operations and future expectations.

As a reflection of the real or perceived impact of stricter regulation on the Group's business, the Group's share price has also experienced, and could in the future experience, shocks upon the announcement, expectation or enactment of restrictive regulation. All these effects may have an adverse effect on the Group's results of operations and financial conditions and cause the Group to fail to deliver on its strategic growth plans.

Finally, and, considering the significant number of regulations that may apply to the Group's businesses across the world, the Group is and may in the future be subject to claims for breach of such regulations. Government authorities (such as the FDA), organisations or even individuals may allege that the Group's marketing activities do not comply with the relevant laws and regulations, or with its RMF. As such, the Group could be subject to liability and costs associated with civil and criminal actions as well as regulatory sanctions, fines and penalties brought in connection with these allegations. Even when proven untrue, there are often financial costs and reputational impacts in defending against such claims and allegations, including potential adverse impact on the treatment by the FDA of the Group's premarket tobacco product applications in the US. Each of these results may in turn have an adverse effect on the Group's results of operations and financial condition and cause the Group to fail to deliver on its strategic growth plans.

Adverse implications of EU legislation on single-use plastics that will result in on-pack environmental warnings and financial implications relating to the EPR

The EU adopted a Directive on single-use plastics in July 2019 (the "**SUP Directive**") which, among other products, targets tobacco products with filters containing plastic. The Cellulose Acetate in the Group's filters is defined as a single-use plastic under the SUP Directive and, as such, the SUP Directive will have an impact on the Group's cigarettes, filters for other tobacco products and consumables for Tobacco Heated Products ("**THPs**") and heated herbal products (the latter, although not a tobacco product, has the same filter as THP, thus the Group's decision is to include it in the EPR scope).

Under the SUP Directive, the Group will be subject to (and in some cases already is subject to) EPR schemes, requiring the Group to cover the costs of collecting, transporting, treating and cleaning-up of filters containing plastic, data gathering and reporting. The SUP Directive also imposes on tobacco manufacturers the obligation to finance consumer awareness campaigns and to place environmental markings on packs of products with filters containing plastic.

Member States had to transpose the SUP Directive into national law by 3 July 2021, with an implementation deadline of 5 January 2023 for EPR schemes. In practice, some Member States are still late on transposition and implementation, with the practical consequence that EPR schemes will go live with several months delays in some Member States. The European Commission is also late in its issuance of guidelines on the criteria for the costs of cleaning up litter, which should have been issued prior to the anticipated implementation deadline for EPR schemes. This introduces further difficulties and uncertainty in the design and setting-up of EPR schemes. When transposing the SUP Directive into national law, Member States could decide to expand the scope of EPR systems under their respective national laws, which may expose the Group to additional regulations and financial obligations. This is the case in France, where EPR implementation has already occurred with an expansion of the scope to include non-plastic filters for Roll Your Own products. Proposed regulations are still being discussed in some countries, i.e. in Belgium, the Netherlands, and Romania. Notably, although the current SUP Directive has not yet been fully transposed, it will undergo an evaluation and public consultation in the fourth quarter of 2025. This process could ultimately lead to a revision of the directive, adding another layer of uncertainty and potential financial implications.

It is noted that there is a growing level of scrutiny on the use of single-use plastic across the world and a number of other markets in which the Group operates are considering ways to restrict (or ban) the use of filters made of plastic and/or introduce EPR schemes covering other plastic elements in the Group's products beyond filters for traditional products and/or New Categories products.

The financial implications of existing and future EPR schemes will increase administrative burdens and operating costs and may have an adverse effect on the Group's results of operations and financial condition and cause the Group to fail to deliver on its strategic growth plans. Failure to deliver appropriate EPR schemes may lead to imposition of the schemes by the local authorities at a higher cost to the Group, adversely impacting the Group's results of operations, financial condition and reputation.

Exposure to litigation, regulatory action or criminal investigations on tobacco, nicotine, New Categories and other issues

The Group is involved in litigation related to its tobacco and nicotine products, including legal, regulatory and patent actions, proceedings and claims, brought against it in a number of jurisdictions. Claims brought against the Group may be based on personal injury (both individual claims and class actions), economic loss arising from the treatment of smoking and health-related diseases (such as medical recoupment claims brought by local governments), patent infringement (please refer to the risk factor titled "*Exposure to risks associated with intellectual property rights, including the failure to identify, protect and prevent infringement of the Group's intellectual property rights and potential infringement of, or the failure to retain licences to use, third-party intellectual property rights*" below), negligence, strict tort liability, design defect, failure to warn, fraud, misrepresentation, deceptive/unfair trade practices, conspiracy, medical monitoring, securities law violations and violations of antitrust/racketeering laws. Sustainability-related litigation and regulatory action may also be brought against the Group.

Certain actions, such as those in the US and Canada, involve claims in the tens or hundreds of billions in Sterling. The Group is also involved in proceedings that are not directly related to its tobacco and nicotine products, including proceedings based on environmental pollution claims.

Additional legal and regulatory actions and investigations, proceedings and claims may be brought against the Group in the future. The Group investigates, and becomes aware of governmental authorities' investigations into, allegations of misconduct, including alleged breaches of sanctions and allegations of corruption at Group companies. Some of these allegations are currently being investigated. The Group cooperates with the authorities, where appropriate.

The Group's consolidated results of operations and financial position could be materially affected by any unfavourable outcome of certain pending or future litigation. The Group could be exposed to substantial liability, which may take the form of ongoing payments, such as is the case with the State Settlement Agreements (as defined below) in the US that require substantial ongoing payments by Group subsidiary, R.J. Reynolds Tobacco Company ("**RJRT**"). Whether successful or not, the costs of the Group's involvement in litigation could materially increase due to costs associated with bringing proceedings and defending claims, which may also cause operational and strategic disruption by diverting management time away from business matters. Liabilities and costs in connection with litigation could result in bankruptcy of one or more Group entities, for example, following a judgment in Canada, certain of the Group's Canadian subsidiaries filed for protection under the CCAA (as defined below). Any negative publicity resulting from these claims may also adversely affect the Group's reputation. The occurrence of any of the above effects could in turn have an adverse effect on the Group's results of operations and financial condition and cause the Group to fail to deliver on its strategic growth plans.

In connection with the case in the above paragraph, the court-appointed mediator and monitor filed a proposed plan of compromise and arrangement in the Ontario Superior Court of Justice in 2024, which was sanctioned

by the court on 6 March 2025, which will require substantial ongoing payments by the Group's Canada subsidiary. Please refer to the "*Contingent liabilities and financial commitments*" section on pages 100 to 139 for details of contingent liabilities applicable to the Group.

Significant and/or unexpected increases or structural changes in tobacco and nicotine-related taxes

Tobacco and nicotine products are subject to high levels of taxation, including excise taxes, sales taxes, import duties and levies in most markets in which the Group operates. In many of these markets, taxes are generally increasing, but the rate of increase varies between markets and between different types of tobacco and nicotine products. Increases in, or the introduction of new, tobacco and nicotine-related taxes may be caused by a number of factors, including fiscal pressures, health policy objectives and increased lobbying pressure from anti-tobacco advocates.

With respect to New Categories, although a common framework for regulation and taxation has yet to emerge, the manufacture, sale, packaging and advertising of such products are increasingly being regulated and taxed.

The EU Tobacco Excise Directive (the "**Excise Directive**") is in the process of being revised. The European Commission made its proposal in July 2025. However, amendments to the Excise Directive require unanimous agreement by Member States. In their first meeting to discuss the proposal on 10 October 2025, the majority of Member States' ministers of finance expressed concerns that the Commission's suggested revisions to the Excise Directive were excessive. This will now be followed by a process whereby the Member States must agree changes to the Commission's initial proposal. There is no set timetable for this process. Although the European Commission has targeted 2028 for the new Excise Directive to become active, it could potentially take longer than that.

Significant or unexpected increases in, or the introduction of new, tobacco-related taxes or minimum retail selling prices, changes in relative tax rates for different tobacco and nicotine products or adjustments to excise have in the past resulted, and may in the future result, in the need for the Group to absorb such tax increases due to limits in its ability to increase prices, an alteration in the sales mix in favour of value-for-money brands or products, or growth in illicit trade, each of which could impact pricing, sales volume and profit for the Group's products. Significant or unexpected increases of tobacco-related taxes could also impact the Group's ability to deliver the corporate purpose of harm reduction.

Failure to comply with health and safety and environmental laws

The Group is subject to a variety of laws, regulations and operational standards relating to health and safety and the environment.

The Group may fail to assess certain risks and implement the right level of control measures or to maintain adequate standards of health and safety or environmental compliance, which could cause injury, ill health, disability or loss of life to employees, contractors or members of the public, or harm to the natural environment and local communities in which the Group operates. As a result of the outcomes of the COP26, further future regulation is anticipated as governments look to meet their climate change ambitions.

Insufficient information, instruction and training in the relevant areas and a lack of knowledge of the existence and/or requirements of relevant regulations, or a failure to monitor, assess and implement the requirements of new or modified legislation, may increase these risks.

Any failure by the Group to comply with applicable health and safety or environmental laws, or the exposure to the consequences of a perceived failure, could result in business disruption, reputational damage, difficulties in recruiting and retaining staff, increased insurance costs, consequential losses, the obligation to install or upgrade costly pollution control equipment, loss of value of the Group's assets, remedial costs and damages, fines and penalties as well as civil or criminal liability. Each of these results could in turn adversely impact the

Group's results of operations and financial condition and cause the Group to fail to deliver on its strategic growth plans.

Exposure to unfavourable tax rulings

The Group is subject to tax laws in a variety of jurisdictions. The Group's interpretation and application of the tax laws could differ from those of the relevant tax authority, which may subject the Group to claims for breach of such laws, including for late or incorrect filings or for misinterpretation of rules. Tax authorities in a variety of jurisdictions, such as the Netherlands and Brazil, have assessed, and may in the future assess, the Group for historical tax claims, including interest and penalties, arising from disputed areas of tax law. The Group is currently party to tax disputes in a number of jurisdictions, some of which involve claims for amounts in the hundreds of millions in Sterling.

Please refer to the "*Contingent liabilities and financial commitments*" section on pages 100 to 139 for details of contingent liabilities applicable to the Group.

The Group's failure to comply with the relevant tax authority's interpretation and application of the tax laws could result in significant financial and legal penalties, including the payment of additional taxes, fines and interest in the event of an unfavourable ruling by a tax authority in a disputed area, as well as the payment of dispute costs, or in connection with settlements of such disputes. Disruption to the business could occur as a result of management's time being diverted away from business matters. Each of these results could negatively affect the Group's results of operations and financial condition and cause the Group to fail to deliver on its strategic growth plans.

Exposure to potential liability under competition or antitrust laws

According to the Group's internal estimates, the Group is a leader by volume and/or value in certain categories in a number of countries in which it operates and/or is one of a small number of tobacco and/or New Categories companies in certain other categories in which it operates. The Group has had antitrust infringement decisions imposed against it in the past and is subject to ongoing investigations (please refer to the "*Contingent liabilities and financial commitments*" section on pages 100 to 139 for details of contingent liabilities applicable to the Group). The Group may be subject to investigation, inquiry and/or litigation for alleged abuse of its position in categories in which it has significant presence, alleged collusion/anti-competitive arrangements with other market participants, and/or for other alleged competition law infringements and/or market features. Competition/antitrust laws continue to evolve globally with increasingly aggressive enforcement.

Investigations (and/or litigation) for alleged violation of competition or antitrust laws, and any adverse decision as a result of such investigations and/or litigation, may result in significant legal liability, fines, penalties, repayment orders and/or damages actions; criminal sanctions against the Group, its officers and employees; increased costs, prohibitions on conduct of the Group's business; forced changes in business practices, forced divestment of brands and businesses (or parts of businesses) to competitors or other buyers; director disqualifications; commercial agreements being held void; and operational and strategic disruption (including by diverting management time away from business matters). The Group may face increased public scrutiny and the investigation or imposition of sanctions by antitrust regulation agencies and/or courts for violations of competition regimes which may subject the Group to reputational damage and loss of goodwill, including negative perceptions of the Group's governance and its ESG credentials.

The occurrence of any of the above effects could in turn have an adverse effect on the Group's results of operations and financial condition and cause the Group to fail to deliver on its strategic growth plans.

Failure to establish and maintain adequate controls and procedures to comply with applicable securities, corporate governance and compliance regulations

The Group's operations are subject to a range of rules and regulations around the world. These include US securities, corporate governance and compliance laws and regulations, such as the Sarbanes-Oxley Act of 2002 and the US Foreign Corrupt Practices Act of 1977, and expanding sustainability reporting and disclosure requirements which apply to the Group's worldwide activities. While the Group continuously seeks to improve its systems of internal controls and to remedy any weaknesses identified, there can be no assurance that the policies and procedures will be followed at all times or effectively detect and prevent violations of applicable laws. In addition, the Group is subject to increasingly stringent reporting obligations under UK corporate reporting regulations.

The increased scope and complexity of applicable regulations to which the Group is subject may lead to higher costs for compliance. Failure to comply with laws and regulations may result in significant legal liability, fines, penalties, class action suits and/or damages actions, criminal sanctions against the Group, its officers and employees, and damage to the Group's reputation. Non-compliance with such regulations could also lead to a loss of the Group's listing on one or more stock exchanges or a loss of investor confidence with a subsequent reduction in share price.

Lack of external recognition and acceptance of the foundational science and inability to effectively communicate to stakeholders about the potential health impact of the Group's New Category products

Scientific evidence to support the harm reduction potential of New Category products is essential for demonstrating and communicating the risk reduction potential of these products to adult smokers. BAT conducts rigorous science to demonstrate the potential reduced-risk outcomes when smokers switch to New Category products, and in the longer-term, epidemiological data will be required to demonstrate the health impact at population levels. Consumer expectations and the rapid pace of innovation necessitate the evolution of the product portfolio, which requires the Group to regularly re-assess and update the associated scientific evidence base.

Long-term epidemiological data requires decades to acquire. Therefore, the scientific data available today is by necessity shorter-term data that provides a strong indication of the reduced-risk potential of New Category products relative to cigarettes. In terms of the wider tobacco harm reduction strategy, there is a risk that the long-term health impact of New Category products is not fully understood at this time. There is also a risk of failure to communicate the scientific findings in a timely or effective manner. Furthermore, there are challenges on the choice of standards, controls and/or experimental design and methodology used for demonstrating the robustness of scientific research, together with regulation limiting risk communication to consumers.

Inability to fully demonstrate and communicate the tobacco harm reduction abilities of New Category products in a timely manner may lead to greater regulatory restrictions or outright bans, market share reduction, fines and penalties, reputational damage, and inability to sustain the Group's quality growth and sustainability strategy. These potential impacts could cause the Group to fail to deliver on its strategic growth plans and objectives.

Insufficient product stewardship and failure to comply with product regulations

The Group is subject to risks of safety incidents in pre-market testing or in market due to, for example, a lack of due caution and appropriate response paid to pre-market product data, or toxicology information, inaccurate and unreliable information from suppliers and/or compromise of data or other information through cybersecurity attacks.

The interpretation and application of regulations concerning the Group's products, such as the current version of the TPD, may be subject to debate and uncertainty. This includes uncertainty over product classifications and

restrictions on advertising. In particular, with respect to the developing category of New Categories, which has grown in size and complexity in a relatively short period of time, a consensus framework for the interpretation and application of existing regulation has yet to emerge.

The continuously changing and evolving landscape of regulation concerning the Group's products contributes to the uncertainty surrounding interpretation and application and creates a risk that the Group may misinterpret or fail to comply with developing regulations in the various jurisdictions in which it operates, or becomes subject to enforcement actions from regulators. With the continuous changing of product cycle plans and expansion to new markets and innovations, there is a risk that such changes and launches fail to comply with the relevant regulations, including pre-approval and/or pre-registration requirements. For example, some governments have intentionally banned or are seeking to ban novel tobacco products and products containing nicotine, while others would need to amend their existing legislation to permit their sale. Even in countries where the sale of such products is currently permitted, some governments have adopted, or are seeking to adopt, bans on New Categories or restrictions on certain flavours.

The significant number of emerging regulations and the uncertainty surrounding their interpretation and application may subject the Group to claims for breach of such regulations. Financial costs of such enforcement actions include financial penalties, product recalls and litigation costs, and entail a significant risk of adverse publicity and damage to the Group's reputation and goodwill. In cases of consumer injury or fatality due to a consumer product safety issue, this could also cause significant Group reputational damage, leading to a negative impact on stakeholder confidence, including consumers, retailers, investors, and regulatory and public health organisations.

Failure to uphold high standards of corporate behaviour, including through unintended or malicious breach of anti-bribery and anti-corruption and other anti-financial crime laws

The Group is subject to various anti-corruption laws and regulations and other anti-financial crime laws including but not limited to those relating to tax evasion, money laundering, terrorist financing and bribery ("**Anti-Corruption Laws**", including the POCA). All employees of BAT, its subsidiaries and joint ventures which it controls are expected to uphold a high standard of corporate behaviour and comply with the Group's SoBC which includes a requirement to comply with Anti-Corruption Laws. Employees, associates, suppliers, distributors and agents are prohibited from engaging in improper conduct to obtain or retain business or to improperly influence (directly or indirectly) a person working in an official capacity to decide in the Group's favour. The Group's employees, contractors and service providers may fail to comply with the Group's SoBC and/or may violate applicable Anti-Corruption Laws.

The Group investigates, and becomes aware of governmental authorities' investigations into, allegations of misconduct, including allegations of corruption at Group companies. Some of these allegations are currently being investigated. The Group cooperates with the authorities, where appropriate.

Please refer to the "*Contingent liabilities and financial commitments*" section on pages 100 to 139 for details of contingent liabilities applicable to the Group.

Failure of the Group to comply with Anti-Corruption Laws, or to deploy and maintain robust internal policies, procedures and controls may and have resulted in significant fines and penalties (reducing the Group's ability to reinvest in the future), a share price impact, criminal and/or civil sanctions against the Group and its officers and employees, increased costs, prohibitions or other limitations or requirements (e.g. compliance requirements) on the conduct of the Group's business and reputational harm (including negative perceptions of the Group's governance and its ESG credentials), and may subject the Group to claims for breach of such regulations.

The occurrence of any of the above effects could in turn have an adverse effect on the Group's results of operations and financial condition and cause the Group to fail to deliver on its strategic growth plans.

Even when proven untrue, there are often financial costs, time demands and reputational impacts associated with investigating and defending against such claims.

Unexpected legislative changes to corporate income tax laws

The Group is subject to corporate income tax laws in the jurisdictions in which it operates. These laws frequently change on a prospective or retroactive basis.

Legislative changes to corporate income tax laws and regulations may have an adverse impact on the Group's corporate income tax liabilities and may lead to a material increase of the Group's overall tax rate – these include changes in international tax laws following the Organisation for Economic Co-operation and Development project on base erosion and profit shifting. This could, in turn, negatively affect the Group's results of operations and financial condition and cause the Group to fail to deliver on its strategic growth plans.

Imposition of sanctions under sanctions regimes or similar international, regional or national measures

National, international and supra-national sanctions regimes or similar international, regional or national measures are complex and dynamic and may affect territories in which the Group operates or third parties with which it may have commercial relationships. There may be unintended or malicious breaches of sanctions due to inappropriate or negligent behaviour by BAT employees, contractors, customers, suppliers or service providers.

Operations in countries and territories subject to sanctions expose the Group to the risk of significant financial costs and disruption in operations that may be difficult or impossible to predict or avoid or the activities could become commercially and/or operationally unviable. In particular, the Group has operations in Cuba, which is subject to various sanctions in the United States. Sanctions can be imposed quickly with the possibility of further territories the Group operates in becoming subject to sanctions at short notice.

The Group investigates, and becomes aware of governmental authorities' investigations into, allegations of misconduct, including alleged breaches of sanctions at Group companies. Some of these allegations are currently being investigated. The Group cooperates with the authorities, where appropriate.

In 2023, the Group reached settlement agreements with the US Department of Justice ("**DOJ**") and the United States Department of the Treasury's Office of Foreign Assets Control ("**OFAC**") in the United States related to breaches of sanctions related to North Korea, which resulted in the imposition of fines against the Group totalling US$635 million plus interest.

National, international and supra-national sanctions regimes may also affect third parties with which the Group has commercial relationships, e.g. through their banks (including possible risk aversion to being associated with a sanctioned territory) and could lead to supply and payment chain disruptions.

Please refer to the "*Contingent liabilities and financial commitments*" section on pages 100 to 139 for details of contingent liabilities applicable to the Group.

As a result of the limitations imposed by sanctions, it may become commercially and/or operationally unviable for the Group and/or its critical business partners to operate in certain territories or execute transactions related to them and the Group may be required to exit existing operations in such territories. The Group may also experience difficulty in sourcing materials or importing products, repatriating currency from a sanctioned country and finding financial institutions willing to transact with it, any of which may expose the Group to increased costs. In addition, the costs of complying with sanctions may increase as a result of new, or changes to existing, sanctions regimes.

In addition to the settlement agreements reached by the Group with the DOJ and OFAC in the United States, as detailed above, any other failure of the Group to comply with sanctions regimes or similar international, regional, national or supra-national measures, or to deploy and maintain robust internal policies, procedures and controls, could result in additional fines and penalties (reducing the Group's ability to reinvest in the future), a share price impact, criminal and/or civil sanctions against the Group and its officers and employees, increased costs, prohibitions or other limitations or requirements (e.g. compliance requirements) on the conduct of the Group's business, reputational harm (including negative perceptions of the Group's governance or the Group's ESG credentials), and damage to commercial or banking relationships, and may subject the Group to claims for breach of such regimes or measures. Reputational harm (including negative perceptions of the Group's governance and its ESG credentials) may result from the Group's operations in a sanctioned country regardless of whether the Group complies with imposed sanctions.

The occurrence of any of the above effects could in turn have an adverse effect on the Group's results of operations and financial condition and cause the Group to fail to deliver on its strategic growth plans. Even when proven untrue, there are often financial costs, time demands and reputational impacts associated with investigating and defending against such claims.

Failure to uphold New Categories marketing practices

The regulatory landscape is constantly evolving with marketing practices being regulated differently in key New Categories markets. The Group's marketing activities may be found to be, or alleged (including in the media) to be, non-compliant with laws and regulations, or with the RMF on the marketing and sale of tobacco and nicotine products to consumers e.g. in relation to age verification measures. On-line activities can also be found to be, or alleged to be, aimed at consumers in a country where such activities are not permitted.

The Group is and may in the future be subject to claims for breach of marketing practices. In particular, national authorities (such as the FDA), organisations or even individuals may allege that the Group's marketing activities do not comply with the relevant laws and regulations, or with the Group's RMF. As such, the Group could be subject to litigation, regulatory sanctions, fines and penalties brought in connection with these allegations. Even when proven untrue, there are often financial costs and reputational impacts in defending against such claims and allegations which may ultimately also lead to stricter regulations impacting the Group's business.

Future breaches may lead to a loss of investor confidence in sustainability performance and inability to meet the Group's responsible marketing focus area if its RMF are not followed, impacting the Group's corporate purpose of delivering harm reduction.

Loss or misuse of personal data through a failure to comply with the European General Data Protection Regulation, the UK Data Protection Act 2018, e-Privacy laws and other privacy legislation governing the processing of personal data

Personal data is a subset of data which attracts different risks and treatment under applicable law. Breaches of data privacy laws include misuse of information which may not be confidential in nature. These include, for example, unsolicited marketing calls to a publicly available number, or using an individual's personal data in a way which was not authorised or in a way that the individual did not reasonably expect through technologies such as online tracking or monitoring.

Various privacy laws, including the European General Data Protection Regulation ("**EU GDPR**"), UK Data Protection Act 2018 and e-Privacy laws, govern the way in which organisations handle personal data of individuals (such as consumers, employees, contractors, service providers and other authorised persons) including tracking or monitoring their online behaviour.

Unintended or malicious breaches of data privacy laws may occur through system vulnerabilities, cyber-attacks, and by inappropriate or negligent behaviour by BAT employees, contractors, service providers or others.

Depending on the risk of harm to the individuals concerned, such breaches of data privacy laws (including mass personal data unavailability) could trigger a formal notification to a local data protection supervisory authority. This, in turn, could subject Group companies to not only regulatory scrutiny but also individual claims or even class action suits; and e-Privacy laws state that any misuse of consumer personal data or lack of transparency provided to consumers on how the Group uses their data or tracks their online behaviours are subject to regulatory scrutiny.

Legal requirements relating to the collection, storage, handling, and transfer of personal data continue to evolve. Following the entry into force of the EU GDPR in May 2018, other jurisdictions in which the Group operates have enacted similar local legislation such as the California Consumer Privacy Act US and the "LGPD" in Brazil which further increases the risks surrounding the processing of personal data especially in the consumer space. As part of the Group's digital transformation, and move towards a more consumer centric approach, in particular related to New Categories, this could further increase these risks as the expectation is that the exposure to consumer data volumes will increase as well. With the emergence of new technologies, including AI, these risks (particularly, personal data misuse in the context of automated decision making by leveraging AI) may be exacerbated.

Failure to comply with existing or future e-Privacy laws and privacy legislation governing the processing of personal data may adversely impact the Group's results of operations and financial condition.

Loss or unlawful use of personal data may result in civil or criminal legal liability and prosecution by enforcement bodies, which may subject the Group to the imposition of material fines and/or penalties and/or claims and costs associated with defending these claims (which could include class action suits brought by consumers). The fine under the GDPR and UK data privacy laws for the most severe infringements can be up to €20 million or 4 per cent. of the Group's worldwide annual revenue from the preceding financial year, whichever is higher. In the event of a plurality of actions, with separate sanctionable conducts not caught by the principle of concurrence of conduct, fines can be applied alongside each other, without there being a single legal maximum applicable to the sum. The Group's officers and employees may also be subject to personal criminal sanctions in certain jurisdictions. Non-compliance with the EU Artificial Intelligence Act can result in fines up to €35 million or 7 per cent. of a company's annual turnover. The Brazilian General Data Protection Law provides for fines up to 2 per cent. of a company's revenue in Brazil, capped at BRL50 million per violation. Under the California Consumer Privacy Act, the fines for non-compliance include up to US$7,500 per violation for intentional breaches.

Reputational damage could also potentially cause significant harm to the Group, including negative perceptions of the Group's governance and its ESG credentials.

Relevant data protection supervisory authority could also order certain Group legal entities to cease processing activities, which could result in a significant operational disruption. Regulatory interest may also prompt interest from other compliance authorities/ governments, leading to further regulation or proceedings.

The occurrence of any of the above effects could in turn have an adverse effect on the Group's results of operations and financial condition and cause the Group to fail to deliver on its strategic growth plans.

C. Economic and financial risks

Foreign exchange rate exposures

The Group's reporting currency is the Sterling. The Group is exposed to the risk of fluctuations in exchange rates affecting the translation of net assets and earned profits of overseas subsidiaries into the Group's reporting currency. These translational exposures are not normally hedged.

Exposures also arise from the foreign currency denominated trading transactions undertaken by subsidiaries and dividend flows. Where not offset by opposing flows, these exposures are generally hedged according to internal policies, but hedging of exposure to certain currencies might not be possible due to exchange controls, limited currency availability or prohibitive costs, and errors in hedging may occur. Monetary policy divergence in relation to interest rates between top markets may also increase these risks.

During periods of exchange rate volatility, the impact of exchange rates on the Group's results of operations and financial condition can be significant. Fluctuations in exchange rates of key currencies against the Sterling may result in volatility in the Group's reported earnings per share, cash flow and balance sheet. Furthermore, the dividend paid by the Group may be impacted if the payout ratio is not adjusted. Differences in translation between earnings and net debt may also affect key ratios used by credit rating agencies, which may have an adverse effect on the Group's credit ratings.

In addition, volatility and/or increased costs in the Group's business due to transactional foreign exchange rate exposures may adversely affect operating margins and profitability and attempts to increase prices to offset such increases could adversely impact sales volumes.

The increased volatility observed in recent years in commodity prices has contributed to additional volatility of exchange rates, impacting the financial performance of the Group's subsidiaries. The global dynamic backdrop of monetary policy actions, the inflation cycle, as well as the economic performance may also increase the exchange rate risk in the short term.

Inability to obtain price increases and exposure to risks from excessive price increases and value chain erosion

Annual price increases by the Group are among the key drivers in increasing market profitability. However, the Group has in the past been, and may in the future be, unable to obtain such price increases as a result of increased regulation; increased competition from illicit trade; stretched consumer affordability arising from deteriorating political and economic conditions and rising prices; sharp increases or changes in excise structures; and competitors' pricing.

As the New Categories market continues to develop, the Group may face erosion in the value chain for New Categories through lower market prices, excise taxes, high retail trade margins or high production costs that make New Categories less competitive versus combustible tobacco products.

In addition, the Group faces the risk that price increases it has conducted in the past, and may conduct in the future, may be excessive and not find adequate adult tobacco consumer acceptance.

If the Group is unable to obtain price increases or is adversely affected by impacts of excessive price increases, it may be unable to achieve its strategic growth metrics, have fewer funds to invest in growth opportunities, and, in the case of excessive price increases, be faced with quicker reductions in sales volumes than anticipated due to accelerated market decline, down-trading (switching to a cheaper brand) and increased illicit trade. These in turn may impact the Group's market share, results of operations and financial condition and cause the Group to fail to deliver on its strategic growth plans.

In addition, erosion in the value chain for New Categories could have a negative impact on the Group's sales volume or pricing for these products. High excise could dampen demand for New Categories or result in lower profit margins. Lower market prices, high retail trade margins or increases in production costs could also negatively impact profit margins or lead to uncompetitive pricing.

Effects of declining consumption of legitimate tobacco products and a tough competitive environment

Evidence of market contraction and the growth of illicit trade of tobacco products are apparent in several key global markets in which the Group operates. This decline is due to multiple factors, including increases in excise

taxes leading to continuous above-inflation price rises, changes in the regulatory environment, the continuing difficult economic environment in many countries impacting consumers' disposable incomes, the increase in the trade of illicit tobacco products, rising health concerns, a decline in the social acceptability of smoking and an increase in New Category uptake.

The Group competes based on the strength of its strategic brand portfolio, product quality and taste, brand recognition loyalty, innovation, trade marketing distribution activities and price. The Group is subject to highly competitive environments in all aspects of its business, and its competitive position can be significantly influenced by the prevailing economic climate, consumers' disposable income, regulation, competitors' introduction of lower-price or innovative products, higher tobacco and nicotine product taxes, higher absolute prices, governmental action to increase minimum wages, employment costs, interest rates and increase in raw material costs.

Furthermore, the Group is subject to substantial payment obligations under the State Settlement Agreements (as defined below), which adversely affect the ability of the Group to compete in the US with manufacturers of deep-discount cigarettes that are not subject to such substantial obligations.

Any future decline in the demand for legitimate tobacco products could have an adverse effect on the Group's results of operations and financial conditions and cause the Group to fail to deliver on its strategic growth plans.

In a tough competitive environment, factors such as market size reduction, customer down-trading, illicit trade and competitors aggressively taking market share through price re-positioning or price wars generally reduce the overall profit pool of the market and may impact delivery of the Group's profits. This may also lead to a decline in sales volume, loss of market share, impact delivery of the Group's sustainability agenda, erosion of its portfolio mix and reduction of funds available for investment in growth opportunities.

Funding, liquidity and interest rate risks

The Group cannot be certain that it will have access to bank financing or to the debt and equity capital markets at all times and is therefore subject to funding and liquidity risks. In addition, the Group's access to funding may be affected by restrictive covenants to which it is subject under some of its credit facilities. Furthermore, failure to appropriately engage with investors' and lenders' sustainability criteria and concerns may impact BAT's credit ratings, access to funding, or may result in an increase in the cost of funding.

The Group is also exposed to increases in interest rates in connection with both existing floating rate debt and future debt refinancings. Although, interest rates have started to be cut by main central banks, having reached their peak after few years of intense hikes, in the attempt to tame inflation, further changes are strictly data dependent, with inflation and labour market trends playing an important role in central banks' future actions.

Furthermore, the Group operates in several markets closely regulated by governmental bodies that intervene in foreign exchange markets by imposing limitations on the ability to convert local currency into foreign currency and introducing other currency and capital controls that expose cash balances to devaluation risks, increase costs to obtain hard currency, or are a barrier to the repatriation of earnings. As a result, the Group's operational entities in these markets may be restricted from using end market cash resources to pay for imported goods, dividend remittances, interest payments and royalties. The inability to access end market cash resources in certain markets contributes to the Group's funding and liquidity risks.

Compliance with sanctions and the restrictive policies of banks to facilitate transactions that are sanctions sensitive, can also restrict the ability to transfer and use cash that is sanctions sensitive. Anti-money laundering legislation can lead to additional restrictions relating to the payment and receipt of funds for both BAT as well as its business partners.

In addition, the Group's further development into the cannabis sector may lead to inaccessible proceeds from this activity, and such activity may expose the Group to further regulatory and legal risks due to different local and international laws. The Group may also face reputation and compliance issues due to various levels of acceptance of the cannabis sector by stakeholders which may restrict bank and/or investor access.

Adverse developments in the Group's funding, liquidity and interest rate environment may lead to shortages of cash and cash equivalents needed to operate the Group's business and to refinance its existing debt. Inability to fund the business under the Group's current capital structure, failure to access funding and foreign exchange or increases in interest rates may also have an adverse effect on the Group's credit rating, which would in turn result in further increased funding costs and may require the Group to issue equity or seek new sources of capital. Although the Group currently benefits from investment grade ratings from Moody's, S&P and Fitch, any adverse impact in the activity may trigger a rating revision. Any downgrade of the Group's credit ratings or loss of investment grade status could materially increase the Group's financing costs. Non-compliance with the Group's covenants under certain credit facilities could lead to an acceleration of its debt.

All these factors may have material adverse effects on the Group's results of operations and financial conditions and cause the Group to fail to deliver on its strategic growth plans. These conditions could also lead to underperforming bond prices and increased yields.

In the case of funding or liquidity constraints, the Group may also suffer reputational damage due to its perceived failure to manage the financial risk profile of its business, which may result in an erosion of shareholder value reflected in an underperforming share price, and/ or underperforming bond prices and higher yields. In addition, the Group's ability to finance strategic opportunities or respond to threats may be impacted by limited access to funds.

Failure to achieve growth through mergers, acquisitions, joint ventures, investments and other transactions

The Group's growth strategy includes a combination of organic growth as well as mergers, acquisitions, joint ventures and investments. The Group may be unable to acquire or invest in attractive businesses on favourable terms and may inappropriately value or otherwise fail to identify or capitalise on growth opportunities. The Group may not be able to deliver strategic objectives and revenue improvements from business combinations, successfully integrate businesses it acquires or establishes, or obtain appropriate regulatory approvals for business combinations. Risks from integration of businesses also include the risk that the integration may divert the Group's focus and resources from its other strategic goals. Furthermore, transactions may include risks associated with an unpredictable regulatory landscape, such as bans or more restrictive regulations which come into force after the acquisition.

Additionally, the Group could be exposed to financial, legal or reputational risks if it fails to appropriately consider and address any compliance, antitrust or sustainability aspects of a transaction or planned transaction. Further, the Group has certain uncapped indemnification obligations in connection with divestitures and could incur similar obligations in the future.

Any of the foregoing risks could result in increased costs, decreased revenues or a loss of opportunities and have an adverse effect on the Group's results of operations and financial condition, and in the case of a breach of compliance, product regulation or antitrust regulation, could lead to reputational damage, fines and potentially criminal sanctions and an adverse impact on the Group's sustainability priorities. This may impact the Group's ability to compete in the long-term.

Inability to execute planned divestments, or poorly executed divestments, may not deliver fair value, or may result in loss of potential sale proceeds resulting in fewer resources to drive quality growth or meet other corporate targets.

The Group may become liable for claims arising in respect of conduct prior to any merger or acquisition of businesses if deemed to be a successor to the liabilities of the acquired company or indemnification claims relating to divestitures, and any resulting adverse judgment against the Group may adversely affect its results of operations and financial condition and cause the Group to fail to deliver on its strategic growth plans.

Please refer to the "*Contingent liabilities and financial commitments*" section on pages 100 to 139 for details of contingent liabilities applicable to the Group.

Unforeseen underperformance in key global markets

A substantial majority of the Group's profit from operations is based on its operations in certain top markets, including the US. A number of these markets are declining for a variety of factors, including price increases, restrictions on marketing activities and promotions, smoking prevention campaigns, increased pressure from anti-tobacco groups, accelerated migration to reduced-risk products and increasing prevalence of non-compliant New Categories competitors.

Economic and political factors affecting the Group's key markets include the prevailing economic climate, governmental austerity measures, levels of employment, inflation, governmental action to increase minimum wages, employment costs, interest rates, raw material costs, consumer confidence and consumer pricing.

Change to the economic and political factors in any of the top markets in which the Group operates often affect consumer behaviour and have an impact on the Group's results of operations and financial condition. These could cause the Group to fail to deliver on its strategic growth plans.

Increases in net liabilities under the Group's retirement benefit schemes

The Group currently maintains and contributes to defined benefit pension plans and other post-retirement benefit plans that cover various categories of employees and retirees worldwide. The Group's obligations to make contributions under these arrangements may increase in the case of increases in pension liabilities, decreases in asset returns, salary increases, inflation, decreases in long-term interest rates, increases in life expectancies, changes in population trends and other actuarial assumptions.

Higher contributions to the Group's retirement benefit schemes could have an adverse impact on the Group's results of operations, financial condition and ability to raise funds and cause the Group to fail to deliver on its strategic growth plans.

D. Product pipeline, commercialisation and intellectual property risks

Inability to predict consumers' changing behaviours and launch innovative products that offer adult tobacco and nicotine consumers meaningful value-added differentiation

The Group focuses its research and development activities on both creating new products, including New Categories and Beyond Nicotine products, whilst maintaining and improving the quality of its existing products. In a competitive market, the Group believes that innovation is key to growth. The Group considers that one of its key challenges in the medium and long term is to provide adult tobacco and nicotine consumers with high-quality products that take into account their changing preferences and expectations, including those in relation to sustainability, while complying with evolving regulation.

Predicting consumers' changing needs and behaviours across categories is a critical requirement for the Group's development. The Group is exposed to the risk it may fail to predict consumers' changing needs and behaviours across categories and fail to deliver its strategy effectively.

The Group continues to develop and roll-out its New Categories portfolio which requires significant investment. The Group is exposed to the risk that it may be unsuccessful in developing and launching innovative products or maintaining and improving the quality of existing products across combustibles, New Categories and Beyond

Nicotine that offer consumers meaningful value-added differentiation. The Group must keep pace with innovation in its sector and changes in consumer expectations. The Group is also exposed to the risk of an inability to build sufficiently strong brand equity through social media and other digital tools to successfully compete. There are potential bans and restrictions in key markets on using social media to advertise and communicate. Competitors may be more successful in predicting changing consumer behaviour or better able to develop and roll-out consumer-relevant products and may be able to do so more quickly and at a lower cost.

In addition, the Group devotes considerable resources to the research and development of innovative products that may have the potential to reduce the risks of smoking-related diseases. The complex nature of research and development programmes necessary to satisfy emerging regulatory and scientific requirements creates a substantial risk that these programmes will fail to demonstrate health-related claims regarding New Categories and Beyond Nicotine or to achieve adult tobacco consumer, regulatory and scientific acceptance.

Furthermore, the regulatory environment impacting non-combustible tobacco products, vapour products and other non-tobacco nicotine products and Beyond Nicotine, including classification of products for regulatory and excise purposes, is still developing and it cannot be predicted whether regulations will permit the marketing of such products in any given market in the future. Categorisation as medicines, for example, and restrictions on advertising could stifle innovation, increase complexity and costs and significantly undermine the commercial viability of these products.

Alternatively, categorisation of any New Categories, as tobacco products for instance, could result in the application of onerous regulation, which could further stifle uptake.

The inability to timely develop and roll out innovations or products in line with consumer demand, including any failure to predict changes in adult tobacco consumer and societal behaviour and expectations and to fill gaps in the product portfolio, as well as the risk of poor product quality, could lead to missed opportunities, under- or over-supply, loss of competitive advantage, unrecoverable costs and/or the erosion of the Group's consumer base or brand equity.

Restrictions on packaging and labelling or on promotion and advertising could impact the Group's ability to communicate its innovations and product differences to adult tobacco consumers, leading to unsuccessful product launches. An inability to provide robust scientific results sufficient to substantiate health-related product claims poses a significant threat to the ability to launch innovative products and comply with emerging regulatory and legal regimes.

The occurrence of any of the above effects could in turn have an adverse effect on the Group's results of operations and financial condition and cause the Group to fail to deliver on its strategic growth plans.

In addition, there may be loss of investors' confidence in sustainability performance, including failure to deliver the Group's corporate purpose of harm reduction.

Exposure to risks associated with intellectual property rights, including the failure to identify, protect and prevent infringement of the Group's intellectual property rights and potential infringement of, or the failure to retain licences to use, third-party intellectual property rights

The Group relies on trade marks, patents, registered designs, copyrights, domain names and trade secrets. The brand names under which the Group's products are sold are key assets of its business. The protection and maintenance of these brand names and of the reputation of these brands is important to the Group's success. Protection of intellectual property rights is also important in connection with the Group's innovative products, including New Categories.

The Group is exposed to the risk of infringements of its intellectual property rights by third parties due to limitations in judicial protection, failure to identify, protect and register its innovations and/or inadequate enforceability of these rights in some markets in which the Group operates.

The Group currently is involved in various patent infringement litigation proceedings in the US related to the Group's vapour products. In February 2024, a Group subsidiary entered into a settlement agreement with an indirect wholly-owned subsidiary of Philip Morris International Inc. ("**PMI**"). Pursuant to this agreement (the "**Settlement Agreement**"), among other things, both parties agreed to dismiss certain pending legal proceedings between the parties and certain of their affiliates concerning certain vapour and HP with prejudice and without admission of liability, to fully and finally discharge without admission of liability any injunctions granted to the parties and their respective affiliates in such proceedings, and mutually release each other from presently known and past, present and future claims arising out of or relating to, among other things, such proceedings, the infringement of the patents at issue in the proceedings and certain intellectual property rights relating to certain products existing on or before a specified date. The parties also agreed to covenants not to sue, on a perpetual, royalty-bearing or royalty-free basis, as the case may be, in respect of patents associated with certain existing or changed vapour products or HP. The parties also agreed to covenants not to sue on a perpetual, royalty free basis and in respect of, among other things, the manufacture of products, accessories, replacement parts and upgrade parts, or their respective components, and research and development of such products, accessories and parts, or their respective components. Please refer to the "*Contingent liabilities and financial commitments*" section on pages 100 to 139 for details of contingent liabilities relating to patent litigation and related settlements applicable to the Group.

Some brands and trade marks under which the Group's products are sold are licensed for a fixed period of time in certain markets. If any of these licences are terminated or not renewed after the end of the applicable term, the Group would no longer have the right to use, and to sell products under, those brand(s) and trade mark(s).

In addition, as third party rights are not always identifiable, the Group may be subject to claims for infringement of third party intellectual property rights.

Any erosion in the value of the Group's brands or innovations, or failure to obtain or maintain adequate protection of intellectual property rights for any reason, or the loss of brands, trade marks or other intellectual property rights under licence to Group companies, may have a material adverse effect on the Group's market share, results of operations and financial condition. Any inability to appropriately protect the Group's products and key innovations will also limit its growth and affect competitiveness and return on innovation investment.

Any infringement of third-party intellectual property rights could result in interim or final injunctions, product recalls, legal liability and the payment of damages, any of which may disrupt operations, negatively impact the Group's reputation and have an adverse effect on its results of operations and financial condition and cause the Group to fail to deliver on its strategic growth plan. Litigation (even where successful) results in an intensive use of resources and management time leading to potential disruption. In addition, although intellectual property-related settlements, such as the Settlement Agreement, allow the Group to focus on developing innovative product solutions, they could also have an adverse effect on the Group's results of operations and financial condition. For example, the payment of royalties would create higher costs for the Group, whereas the grant of licenses and/or covenants not to sue could result in a competitive advantage of the Group's competitors which, in turn, could result in lower demand for the Group's own products and cause the Group to fail to deliver on its strategic growth plans.

2. Risks related to the Securities generally

Set out below is a brief description of the material risks relating to the Securities generally:

The Issuer's obligations in respect of the Securities are subordinated

The Issuer's obligations under the Securities will be unsecured and subordinated. In the event that an order is made, or an effective resolution is passed, for the winding-up of the Issuer (otherwise than for the purposes of a solvent winding-up or substitution in place of the Issuer of a "successor in business" of the Issuer) or an administrator of the Issuer has been appointed and such administrator gives notice that it intends to declare and distribute a dividend, the claims of the Holders will rank (i) junior to the claims of Holders of all Senior Obligations, (ii) *pari passu* with the claims of Holders of all Parity Obligations and (iii) in priority to the claims of Holders of all Junior Obligations.

See "*Terms and Conditions of the NC5.25 Securities — Status of the Securities and the Coupons*", "*Terms and Conditions of the NC5.25 Securities — Subordination of the Securities and the Coupons*", "*Terms and Conditions of the NC8 Securities — Status of the Securities and the Coupons*" and "*Terms and Conditions of the NC8 Securities — Subordination of the Securities and the Coupons*".

By virtue of such subordination, the claims of Holders of all Senior Obligations will first have to be satisfied in any winding-up or analogous proceedings of the Issuer before the relevant Holders or relevant Couponholders may expect to receive from the Issuer any recovery in respect of their Securities or matured but unpaid Coupons. A Holder may therefore recover less than the Holders of unsubordinated or other subordinated liabilities of the Issuer. Furthermore, the relevant Conditions will not limit the amount of the liabilities ranking senior to, or *pari passu* with, the relevant Securities, which may be incurred or assumed by the Issuer from time to time, whether before or after the Issue Date. Subject to applicable law, no Holder may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with, the relevant Securities and each Holder shall, by virtue of their holding, be deemed to have waived all such rights of set-off, compensation or retention.

Although subordinated debt securities may pay a higher rate of interest than comparable debt securities which are not subordinated, there is a real risk that an investor in subordinated securities such as the Securities will lose all or some of their investment should the Issuer become insolvent.

The Issuer has the right to defer interest payments on the Securities

The Issuer may, at its discretion, elect to defer all or part of any payment of interest on the Securities, subject to limited exceptions. See "*Terms and Conditions of the NC5.25 Securities — Optional Interest Deferral*" and "*Terms and Conditions of the NC8 Securities — Optional Interest Deferral*".

Any such deferral of interest payments shall not constitute a default under the Securities or for any other purpose unless such payments are required to be made in accordance with the relevant Condition 5(c) of the relevant Tranche and are not so paid within the applicable grace period.

Any deferral of interest payments or perceived likelihood of a future deferral of interest payments will likely have an adverse effect on the market price of the Securities of the relevant Tranche. In addition, as a result of the interest deferral provisions of the Securities, the market price of the Securities may be more volatile than the market prices of other debt securities on which original issue discount or interest accrues that are not subject to such deferrals and may be more sensitive generally to adverse changes in the Issuer's financial condition.

Limited Remedies

The only event of default in the relevant Conditions is if a default is made by the Issuer for a period of 14 days or more in relation to the payment of any principal or for a period of 21 days or more in the payment of any interest (including Deferred Interest) in respect of the relevant Tranche, which is due and payable. In the event of such a default the Trustee may institute actions, steps or proceedings for the winding-up of the Issuer and/or prove in the winding-up or administration of the Issuer and/or claim in the liquidation or administration of the Issuer for such payment.

In addition, in the event that an order is made, or an effective resolution is passed, for the winding-up of the Issuer (otherwise than for the purposes of a solvent winding-up or substitution in place of the Issuer of a "successor in business" of the Issuer) or an administrator of the Issuer is appointed and such administrator gives notice that it intends to declare and distribute a dividend, the rights and claims of the Holders and the Couponholders against the Issuer will be subordinated in the case of each Tranche in accordance with the relevant Condition 3(a) thereof. Accordingly, the claims of Holders of all Senior Obligations will first have to be satisfied in any winding-up or analogous proceedings before the relevant Holders or relevant Couponholders may expect to obtain any recovery in respect of their Securities or matured but unpaid Coupons and prior thereto the relevant Holders and Couponholders will have only limited ability to influence the conduct of such winding-up or analogous proceedings.

The Securities will be subject to optional redemption by the Issuer including upon the occurrence of Special Events

The Securities are perpetual securities of which there is no fixed redemption date. However, the Securities of each Tranche may be redeemed, at the option of the Issuer and subject to the relevant provisions in the relevant Conditions 6 and 8, in whole but not in part on any relevant Optional Redemption Date (being (i) any Business Day from (and including) 30 October 2030 in respect of the NC5.25 Securities and 30 July 2033 in respect of the NC8 Securities to (and including) the relevant First Reset Date and (ii) each relevant Interest Payment Date thereafter), at 100 per cent. of their principal amount together with any accrued and unpaid interest up to (but excluding) the redemption date (including any accrued but unpaid Deferred Interest).

In addition, upon the occurrence of a Rating Capital Event, a Substantial Repurchase Event, a Tax Deductibility Event, a Tax Law Change Event, an Accounting Event or a Withholding Tax Event, and subject to the relevant provisions in the relevant Conditions 6 and 8, the Issuer shall have the option to redeem, in whole but not in part, the Securities of the relevant Tranche (i) in the case of a Substantial Repurchase Event, at 100 per cent. of their principal amount, together with any accrued and unpaid interest up to (but excluding) the redemption date (including any accrued but unpaid Deferred Interest) or (ii) in the case of a Rating Capital Event, a Tax Deductibility Event, a Tax Law Change Event, an Accounting Event or a Withholding Tax Event, at their Early Redemption Amount, as applicable.

Furthermore, if a Rating Capital Event, an Accounting Event, a Tax Deductibility Event, a Tax Law Change Event or a Withholding Tax Event occurs, then, subject to the provisions of the relevant Conditions 7 and 8, the Issuer may (without any requirement for the consent or approval of the relevant Holders or Couponholders) at any time, instead of giving notice to redeem the Securities of the relevant Tranche, substitute all, but not some only, of the Securities of such Tranche for, or vary the terms of the Securities of such Tranche so that the Securities of such Tranche remain or become, as the case may be, Qualifying Securities. Whilst Qualifying Securities are required to have terms not otherwise materially less favourable to Holders than the terms of the relevant Securities, there can be no assurance that the variation to Qualifying Securities will not have a significant adverse impact on the price of, and/or market for, the relevant Securities or the circumstances of relevant individual Holders. For example, it is possible that the Qualifying Securities will contain conditions that are contrary to the investment criteria of certain investors and the tax and stamp duty consequences of holding the Qualifying Securities could be different for some categories of Holders from the tax and stamp duty consequences for them of holding the relevant Securities prior to such substitution or variation.

The Issuer may be expected to redeem the Securities of the relevant Tranche when its cost of borrowing is lower than the interest payable on the relevant Securities. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest payable on the Securities of the relevant Tranche being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

The current IFRS accounting classification of financial instruments such as the Securities as equity instruments may change, which may result in the occurrence of an Accounting Event.

Following the publication in June 2018 by the International Accounting Standards Board ("**IASB**") of the discussion paper DP/2018/1 on "Financial Instruments with Characteristics of Equity" (the "**DP/2018/1 Paper**") and in subsequent discussions, the IASB decided in February 2021 not to implement the changes to the classification of financial obligations that only arise on liquidation of the entity that were contemplated in the DP/2018/1 Paper. These changes were not included in the related exposure draft published by the IASB in November 2023, although the exposure draft does suggest changing certain aspects of IAS 32 including the meaning of the term "liquidation" in connection with contingent settlement provisions. The IASB met in September 2025 to continue discussing the proposed requirements set out in the exposure draft. If similar proposals to those contemplated by the DP/2018/1 Paper are implemented or put forward in the future, or changes are introduced as a result of the ongoing discussions on the exposure draft, the current IFRS accounting classification of financial instruments such as the Securities as equity instruments may change and this may result in the occurrence of an Accounting Event. In such an event, the Issuer will have the option to redeem, in whole but not in part, the Securities pursuant to the relevant Condition 6(e) or substitute or vary the terms of the Securities as described in the relevant Condition 7.

The implementation of any of the proposals set out in the DP/2018/1 Paper, the exposure draft or any other similar such proposals that may be made in the future, including the extent and timing of any such implementation, if at all, is uncertain. Accordingly, no assurance can be given as to the future classification of the Securities from an accounting perspective or whether any such change may result in the occurrence of an Accounting Event.

For further description of risks related to early redemption or to substitution or variation of the Securities see also "*Modification, Waiver and Substitution*" and "*The Securities will be subject to optional redemption by the Issuer including upon the occurrence of Special Events*".

An optional redemption feature is likely to limit the market value of the Securities

During any period when the Issuer may elect to redeem or is perceived to be able to elect to redeem the Securities of the relevant Tranche, the market value of the Securities of the relevant Tranche generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

Modification, Waiver and Substitution

The Conditions of each Tranche will contain provisions for calling meetings of Holders of the Securities of the relevant Tranche (including by way of audio or video conference call) to consider matters affecting their interests generally or those of Couponholders. These provisions will permit defined majorities to bind all Holders of the Securities of the relevant Tranche including Holders who did not attend and vote at the relevant meetings and Holders who voted in a manner contrary to the majority.

The Conditions of each Tranche will provide that the Trustee may, without the consent of the relevant Holders or Couponholders, agree to (i) any modification of the relevant Conditions or of any other provisions of the relevant Trust Deed or the relevant Paying Agency Agreement which is, in the opinion of the Trustee, of a formal, minor or technical nature or is made to correct a manifest error, (ii) any other modification to (except as mentioned in the relevant Trust Deed), and any waiver or authorisation of any breach or proposed breach by the Issuer of, any of the relevant Conditions or of the provisions of the relevant Trust Deed or the relevant Paying Agency Agreement which is, in the opinion of the Trustee, not materially prejudicial to the interests of the relevant Holders and Couponholders (which will not include, for the avoidance of doubt, any provision entitling the relevant Holders to institute actions, steps or proceedings for the winding-up of the Issuer in circumstances which are more extensive than those set out in the relevant Condition 11), (iii) subject, *inter alia*,

to the Trustee being satisfied that the interests of the relevant Holders and Couponholders will not be materially prejudiced by the substitution, the substitution in place of the Issuer as the principal debtor under the relevant Securities and the relevant Trust Deed of any successor in business or Holding Company of the Issuer or any other subsidiary of the Issuer, and (iv) any Benchmark Amendments (as defined in the relevant Conditions) required by the Issuer pursuant to the relevant Condition 4(i).

The Conditions of each Tranche will also provide that the Issuer may either (i) substitute all, but not some only, of the Securities for, or (ii) vary the terms of the Securities with the effect that they remain or become, as the case may be, Qualifying Securities, and the Trustee shall agree to such substitution or variation but without further responsibility or liability on the part of the Trustee, in each case upon the occurrence of a Rating Capital Event, a Tax Deductibility Event, a Tax Law Change Event, an Accounting Event or a Withholding Tax Event and subject to the receipt by the Trustee of the certificate of a director of the Issuer referred to in the relevant Condition 8 thereof.

Any such modification, waiver, and/or substitution may have a significant adverse impact on the price of, and/or the market for, the relevant Securities.

Future discontinuance of EURIBOR or the occurrence of a Benchmark Event may adversely affect the value of the Securities

Future discontinuance of EURIBOR and benchmark reforms

EURIBOR and any other interest rate or other types of rates and indices which are deemed to be "benchmarks" are the subject of national and international regulatory guidance and reform aimed at supporting the transition to robust benchmarks. Most reforms have now reached their planned conclusion and "benchmarks" remain subject to ongoing monitoring.

Following the implementation of any reforms, the manner of administration of benchmarks may change, with the result that they may perform differently than in the past, or the benchmark could be eliminated entirely, or there could be other consequences that cannot be predicted. The elimination of the EURIBOR benchmark, or changes in the manner of its administration, could require or result in an adjustment to the interest calculation provisions of the relevant Conditions, or result in adverse consequences to Holders of the relevant Securities. Furthermore, even prior to the implementation of any changes, uncertainty as to the nature of alternative reference rates and as to potential changes to such benchmark may adversely affect such benchmark during the term of the relevant Securities, the return on the relevant Securities and the trading market for securities (including the relevant Securities) based on the same benchmark.

Potential for a fixed rate return

Investors should be aware that, if EURIBOR were discontinued or otherwise unavailable, the rate of interest on the Securities for the period from (and including) the relevant Reset Date, which is based on a reset mid-swap rate, may be affected. If such rate is not available, the rate of interest on the Securities will be determined by the fall-back provisions applicable to the Securities. This may in certain circumstances result in the effective application of a fixed rate based on the rate which was last observed on the relevant Screen Page.

In addition, any changes to the administration of the applicable annualised mid-swap rate for swap transactions in euro with a term of five years as referred to in the relevant Conditions or the emergence of alternatives to such mid-swap rate as a result of these potential reforms, may cause such rate to perform differently than in the past or to be discontinued, or there could be other consequences which cannot be predicted. The potential discontinuation of such rate or changes to its administration could require changes to the way in which the relevant Reset Interest Rate is calculated on the Securities from (and including) the relevant Reset Date. Uncertainty as to the nature of alternative reference rates and as to potential changes to the relevant mid-swap rate may adversely affect the relevant Reset Interest Rate, the return on the Securities and the trading market

for securities (such as the Securities) based on the same mid-swap rate. The development of alternatives to the relevant mid-swap rate may result in the Securities performing differently than would otherwise have been the case if such alternatives to the relevant mid-swap rate had not developed. Any such consequence could have a material adverse effect on the value of, and return on, the Securities.

Benchmark Events

The Conditions of each Tranche also provide for certain fall-back arrangements in the event that the Issuer determines that a Benchmark Event has occurred. The Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to advise the Issuer in determining a Successor Rate, failing which an Alternative Rate (in accordance with the relevant Condition 4(i)(ii)(b)) and, in either case, an Adjustment Spread (in accordance with the relevant Condition 4(i)(iii)) and any Benchmark Amendments (in accordance with and subject to the relevant Condition 4(i)(iv)). The use of any such Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread, to determine the relevant Reset Interest Rate may result in the Securities performing differently (including paying a lower Reset Interest Rate than they would do if the relevant mid-swap rate were to continue to apply in its current form).

Furthermore, if a Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread is determined by the Issuer, the Conditions of each Tranche provide that the Issuer may vary the relevant Conditions, the relevant Paying Agency Agreement and/or the relevant Trust Deed, as necessary, to ensure the proper operation of such Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread, without any requirement for consent or approval of the relevant Holders or the Couponholders.

If a Successor Rate or Alternative Rate is determined by the Issuer, the Conditions of each Tranche also provide that an Adjustment Spread will be determined by the Issuer to be applied to such Successor Rate or Alternative Rate. Accordingly, while any Adjustment Spread may be expected to be designed to eliminate or minimise any potential transfer of value between counterparties, the application of the Adjustment Spread to the Securities may not do so and may result in the relevant Securities performing differently (which may include payment of a lower interest rate) than they would do if sub-paragraph (i) of the definition of 5-year Swap Rate in the NC5.25 Conditions and 5-year Swap Rate in the NC8 Conditions were to apply. Any of the foregoing could have an adverse effect on the value or liquidity of, and return on, the relevant Securities. However, no Successor Rate or Alternative Rate will be adopted, nor any Adjustment Spread applied, nor will any Benchmark Amendments be made, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to (i) result in a reduction of the amount of equity credit (as defined in the relevant Conditions) assigned by any Rating Agency to the relevant Securities immediately prior to the occurrence of the relevant Benchmark Event, or otherwise prejudice the eligibility of the relevant Securities for equity credit from any Rating Agency and/or (ii) result in the relevant Securities no longer being recorded as “equity” in the audited annual or the semi-annual consolidated financial statements of the Issuer.

Due to the uncertainty concerning the availability of Successor Rates and Alternative Rates, the involvement of an Independent Adviser, the potential for further regulatory developments and the fact that the provisions of the relevant Condition 4(i) will not be applied if the same could reasonably be expected to (i) result in a reduction of the amount of equity credit assigned by any Rating Agency to the relevant Securities immediately prior to the occurrence of the relevant Benchmark Event, or otherwise prejudice the eligibility of the relevant Securities for equity credit from any Rating Agency and/or (ii) result in the relevant Securities no longer being recorded as “equity” in the audited annual or the semi-annual consolidated financial statements of the Issuer, there is a risk that the relevant fallback provisions may not operate as intended at the relevant time. Moreover, any of the above matters or any other significant change to the setting or existence of the relevant mid-swap rate could adversely affect the ability of the Issuer to meet its obligations under the Securities and could have a material adverse effect on the value or liquidity of, and the amount payable under, the Securities.

Integral multiples of less than the specified denomination

The denominations of the Securities are €100,000 and integral multiples of €1,000 in excess thereof, up to and including €199,000. Therefore, it is possible that the Securities may be traded in amounts in excess of €100,000 that are not integral multiples of €100,000. In such a case, a Holder who, as a result of trading such amounts, holds a principal amount of less than €100,000 of the Securities will not receive a Definitive Security in respect of such holding (should Definitive Securities be printed) and would need to purchase a principal amount of Securities such that it holds an amount equal to one or more denominations. If Definitive Securities are issued, relevant Holders should be aware that Definitive Securities which have a denomination that is not an integral multiple of €100,000 may be illiquid and difficult to trade. Except in circumstances set out in the relevant Global Security, investors will not be entitled to receive Definitive Securities.

Change of law

The relevant Conditions will be based on English law in effect as at the Issue Date. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of the issue of the Securities.

3. Risks related to the market generally

Set out below is a brief description of certain market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk which are specifically relevant to the Securities:

The secondary market generally

Although application will be made to admit the Securities of each Tranche to trading on the Market, the Securities of each Tranche may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. If the Securities of either Tranche are issued to a single investor or a limited number of investors, this may result in an even more illiquid or volatile market in such Securities. Therefore, investors may not be able to sell their Securities easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Securities that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been prepared to meet the investment requirements of limited categories of investors. These types of Securities generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Securities.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Securities in euro. This presents certain risks relating to currency or currency unit conversions if an investor's financial activities are denominated principally in a currency or a currency unit (the "**Investor's Currency**") other than euro. These include the risk that exchange rates may significantly change (including changes due to devaluation of euro or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to euro would decrease (1) the Investor's Currency equivalent yield on the relevant Securities, (2) the Investor's Currency equivalent value of the principal payable on the relevant Securities and (3) the Investor's Currency equivalent market value of the relevant Securities.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Interest rate risks

Investment in the Securities involves the risk that changes in market interest rates during the life of the Securities (for example, if the prevailing bank interest rate in the relevant investor's jurisdiction were to increase) could result in the rate of interest for the time being payable under the terms of the Securities becoming relatively less attractive which may in turn adversely affect the value of the Securities.

Credit ratings may not reflect all risks

The credit ratings assigned to the Securities may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Securities. A credit rating is not a recommendation to buy, sell or hold Securities and may be revised or withdrawn by the rating agency at any time.

TERMS AND CONDITIONS OF THE NC5.25 SECURITIES

The following, except for paragraphs in italics, are the terms and conditions of the NC5.25 Securities which will be endorsed on each NC5.25 Security in definitive form (if issued).

The issue of the €600,000,000 Perpetual Subordinated Fixed-to-Reset Rate Non-Call 5.25 Year Securities (the "**Securities**", which expression shall, unless the context otherwise requires, include any further securities issued pursuant to Condition 18 and forming a single series with the Securities) of British American Tobacco p.l.c. (the "**Issuer**") was authorised by a resolution of the transactions committee of the board of directors of the Issuer passed on 16 October 2025. The Securities are constituted by a trust deed (as amended and/or supplemented and/or restated from time to time, the "**Trust Deed**") dated 30 October 2025 between the Issuer and The Law Debenture Trust Corporation p.l.c. (the "**Trustee**", which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the holders of the Securities (the "**Holders**"). These terms and conditions (the "**Conditions**") include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the forms of the Securities, of the interest coupons (the "**Coupons**", which expression includes, where the context so permits, talons for further Coupons (the "**Talons**")), and of the Talons appertaining to Securities in definitive form. Copies of (i) the Trust Deed and (ii) the paying agency agreement (as amended and/or supplemented and/or restated from time to time, the "**Paying Agency Agreement**") dated 30 October 2025 relating to the Securities between the Issuer, Citibank, N.A., London Branch as the initial principal paying agent and calculation agent (the "**Principal Paying Agent**" and the "**Calculation Agent**", which expressions shall include any successors thereto) and the other initial paying agent named therein (together with the Principal Paying Agent, the "**Paying Agents**", which expression shall include the Paying Agents for the time being) and the Trustee are available for inspection by prior arrangement during usual business hours at the principal office of the Trustee and at the specified offices of each of the Paying Agents. The Holders and the holders of the Coupons (whether or not attached to the Securities) (the "**Couponholders**") are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed, and are deemed to have notice of those provisions applicable to them of the Paying Agency Agreement.

All capitalised terms that are not defined in these Conditions have the meanings given to them in the Trust Deed.

1 Form, Denomination and Title

(a) Form and Denomination

The Securities are serially numbered and in bearer form in the denominations of €100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000, each with Coupons and one Talon attached on issue. No definitive Securities will be issued with a denomination above €199,000. Securities of one denomination may not be exchanged for Securities of any other denomination.

(b) Title

Title to the Securities, Coupons and each Talon passes by delivery. The holder of any Security, Coupon or Talon will (except as ordered by a court of competent jurisdiction or as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on it, or its theft or loss) and no person will be liable for so treating the holder.

2 Status of the Securities and the Coupons

The Securities and Coupons constitute direct, unsecured and subordinated obligations of the Issuer and rank *pari passu* and without any preference or priority among themselves and *pari passu* with any Parity Obligations. The rights and claims of the Holders in respect of the Securities and the Couponholders in respect of the Coupons, in each case against the Issuer, are subordinated as described in Condition 3 and the Trust Deed.

3 Subordination of the Securities and the Coupons

(a) General

In the event of:

(i) an order being made, or an effective resolution being passed, for the winding-up of the Issuer (except, in any such case, a solvent winding-up solely for the purposes of a reorganisation, reconstruction or amalgamation or the substitution in place of the Issuer of a "successor in business" (as defined in Condition 22) of the Issuer, (A) (x) the terms of which reorganisation, reconstruction, amalgamation or substitution have previously been approved in writing by the Trustee or by an Extraordinary Resolution (as defined in the Trust Deed) or (y) which substitution will be effected in accordance with Condition 14; and (B) in each case the terms of which do not provide that the Securities shall thereby become redeemable or repayable in accordance with these Conditions); or

(ii) an administrator of the Issuer being appointed and such administrator giving notice that it intends to declare and distribute a dividend,

there shall be payable by the Issuer in respect of each Security and matured but unpaid Coupon (including any accrued but unpaid Deferred Interest in respect of such Coupon), in lieu of any other payment by the Issuer, such amounts, if any, as would have been payable to the Holder of such Security and to such Couponholder if, on the day prior to the commencement of the winding-up or such administration, as the case may be, and thereafter, such Holder and Couponholder were the holder of one of a class of preference shares in the capital of the Issuer ("**Notional Preference Shares**") having an equal right to a return of assets in the winding-up or such administration, as the case may be, and so ranking *pari passu* with, the holders of that class or classes of preference shares (if any) which have a preferential right to a return of assets in the winding-up over, and so rank ahead of, the holders of all Junior Obligations, but ranking junior to the claims of holders of all Senior Obligations (except as otherwise provided by mandatory provisions of law), on the assumption that the amounts that such Holder and Couponholder were entitled to receive in respect of each Notional Preference Share on a return of assets in such winding-up or such administration, as the case may be, were, in the case of a Security and its Holder, an amount equal to the principal amount of the relevant Security and, in the case of a Coupon and its Couponholder, any accrued and unpaid interest represented by such Coupon (including any accrued but unpaid Deferred Interest in respect of such Coupon) (and, in the case of an administration, on the assumption that shareholders were entitled to claim and recover in respect of their shares to the same degree as in a winding-up).

Accordingly, the claims of holders of all Senior Obligations will first have to be satisfied in any winding-up or analogous proceedings of the Issuer before the Holders or Couponholders may expect to obtain from the Issuer any recovery in respect of their Securities or matured but unpaid Coupons (including any accrued but unpaid Deferred Interest in respect of such Coupons), as the case may be, and prior thereto any Holder or Couponholder will have only limited ability to influence the conduct of such

winding-up or analogous proceedings. See "Risk Factors – Risks related to the Securities generally – Limited Remedies".

(b) Set-off

Subject to applicable law, no Holder or Couponholder may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with the Securities or the Coupons and each Holder and Couponholder shall, by virtue of their holding of any Security or Coupon, be deemed to have waived all such rights of set-off, compensation or retention.

4 Interest Payments

(a) Interest Payment Dates

The Securities bear interest on their principal amount at the applicable Interest Rate from (and including) 30 October 2025 (the "**Issue Date**") in accordance with the provisions of this Condition 4.

Subject to Condition 5, interest shall be payable on the Securities annually in arrear on 30 January in each year (each an "**Interest Payment Date**"), as provided in this Condition 4, except that the first payment of interest, to be made on 30 January 2026, will be in respect of the period from (and including) the Issue Date to (but excluding) 30 January 2026.

(b) Interest Accrual

The Securities (and any unpaid amounts thereon) will cease to bear interest from (and including) the date of redemption thereof pursuant to the relevant paragraph of Condition 6 or the date of substitution or variation thereof pursuant to Condition 7, as the case may be, unless, upon due presentation, payment of all unpaid amounts in respect of the Securities is not made, in which event interest shall continue to accrue in respect of the principal amount of, and any other unpaid amounts on, the Securities, both before and after judgment, and shall be payable, as provided in these Conditions up to (but excluding) the Relevant Date.

Save as provided in Condition 4(c), where it is necessary to compute an amount of interest in respect of any Security for a period which is less than or equal to a complete year, such interest shall be calculated on the basis of the actual number of days in the period from (and including) the most recent Interest Payment Date (or if none, the Issue Date) to (but excluding) the relevant payment date divided by the actual number of days in the Interest Period in which the relevant period falls (including the first such day but excluding the last) (or, in respect of interest accruing during the first Interest Period, by the actual number of days in the period from (and including) 30 January 2025 to (but excluding) 30 January 2026) (the "**day-count fraction**").

Interest in respect of any Security shall be calculated per €1,000 in principal amount thereof (the "**Calculation Amount**"). The amount of interest calculated per Calculation Amount for any period shall, save as provided in Condition 4(c), be equal to the product of the relevant Interest Rate, the Calculation Amount and the day-count fraction, rounding the resulting figure to the nearest cent (half a cent being rounded upwards). The amount of interest payable in respect of each Security shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the denomination of such Security without any further rounding.

(c) Initial Interest Rate

The Interest Rate in respect of each Interest Period ending on or before the First Reset Date is 4.200 per cent. per annum (the "**Initial Interest Rate**"). Subject to the following sentence and to Condition 5, the Interest Payment in respect of each such Interest Period will amount to €42.00 per Calculation Amount. Subject to Condition 5, the first payment of interest, to be made on 30 January 2026, will be in respect of the period from (and including) the Issue Date to (but excluding) 30 January 2026 and will amount to €10.59 per Calculation Amount.

(d) Reset Interest Rates

The Interest Rate in respect of each Interest Period falling in a Reset Period shall be the aggregate of the relevant Margin and the relevant 5-year Swap Rate for such Reset Period, all as determined by the Calculation Agent (each a "**Reset Interest Rate**").

(e) Determination of Reset Interest Rates and Calculation of Interest Amounts

The Calculation Agent will, as soon as practicable after 11.00 hours (Frankfurt time) on each Reset Interest Determination Date, determine the Reset Interest Rate in respect of the relevant Reset Period and calculate the amount of interest payable in respect of a Calculation Amount on each Interest Payment Date falling in the period from (but excluding) such relevant Reset Date to (and including) the next Reset Date (the "**Interest Amount**").

(f) Publication of Reset Interest Rates and Interest Amounts

Unless the Securities are to be redeemed on or prior to the First Reset Date, the Issuer shall cause notice of each Reset Interest Rate and the related Interest Amount per Calculation Amount to be given to the Trustee, the Paying Agents, any stock exchange on which the Securities are for the time being listed or admitted to trading and, in accordance with Condition 17, the Holders, in each case as soon as practicable after its determination but in any event not later than the fourth Business Day thereafter.

(g) Calculation Agent and Reference Banks

Unless the Securities are to be redeemed on or prior to the First Reset Date, the Issuer will, no later than fourteen days before the first Reset Interest Determination Date, appoint and thereafter maintain a Calculation Agent.

The Issuer may, with the prior written approval of the Trustee, from time to time replace the Calculation Agent with another independent financial institution. If the Calculation Agent is unable or unwilling to continue to act as the Calculation Agent or fails to determine a Reset Interest Rate or calculate the related Interest Amount or effect the required publication thereof (in each case as required pursuant to these Conditions), the Issuer shall forthwith appoint another independent financial institution approved in writing by the Trustee to act as such in its place. The Calculation Agent may not resign its duties or be removed without a successor having been appointed as aforesaid.

(h) Determinations of Calculation Agent Binding

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 4 by the Calculation Agent shall (in the absence of manifest error) be binding on the Issuer, the Calculation Agent, the Trustee, the Paying Agents and all Holders and Couponholders and (in the absence of wilful default, bad faith or manifest error) no liability to the Holders, the Couponholders or the Issuer shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of any of its powers, duties and discretions.

(i) Benchmark Event

(i) Independent Adviser

Notwithstanding the provisions above in this Condition 4, if the Issuer determines that a Benchmark Event occurs in relation to the Original Reference Rate when any Reset Interest Rate (or any component part thereof) remains to be determined by reference to the Original Reference Rate, the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to advise the Issuer in determining a Successor Rate, failing which an Alternative Rate (in accordance with Condition 4(i)(ii)(b)) and, in either case, an Adjustment Spread (in accordance with and subject to Condition 4(i)(iii)) and any Benchmark Amendments (in accordance with Condition 4(i)(iv)).

In advising the Issuer, the Independent Adviser appointed pursuant to this Condition 4(i)(i) shall act in good faith as an expert. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Trustee, the Paying Agents, the Holders or the Couponholders for any determination made by it or for any advice given to the Issuer in connection with any determination made by the Issuer pursuant to this Condition 4(i).

If, following the occurrence of a Benchmark Event (x) the Issuer is unable to appoint an Independent Adviser; or (y) the Issuer fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this Condition 4(i), in each case prior to the Reset Interest Determination Date in respect of a Reset Period, the 5-year Swap Rate applicable to each Interest Period ending during that Reset Period shall be equal to the last annualised mid-swap rate with a term of five years displayed on the Reset Screen Page as determined by the Calculation Agent. For the avoidance of doubt, this paragraph shall apply to the next succeeding Reset Period only, and any subsequent Reset Periods are subject to the subsequent operation of, and to adjustment as provided in, the first paragraph of this Condition 4(i).

(ii) Successor Rate or Alternative Rate

If the Issuer, following consultation with the Independent Adviser, determines that:

(a) there is a Successor Rate, then such Successor Rate and (subject to Condition 4(i)(iii)) the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Reset Interest Rate (or the relevant component part thereof) for all relevant future payments of interest on the Securities from the end of the then current Reset Period onwards (subject to the subsequent operation of this Condition 4(i)); or

(b) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate and (subject to Condition 4(i)(iii)) the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Reset Interest Rate (or the relevant component part thereof) for all relevant future payments of interest on the Securities from the end of the then current Reset Period onwards (subject to the subsequent operation of this Condition 4(i)).

(iii) Adjustment Spread

The Adjustment Spread (or the formula or methodology for determining the Adjustment Spread) shall be applied (subject to the proviso in the following sentence) to the Successor Rate or the Alternative Rate (as the case may be). If the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, is unable to determine

the quantum of, or a formula or methodology for determining, such Adjustment Spread, then the Successor Rate or Alternative Reference Rate (as applicable) will apply without an Adjustment Spread.

(iv) *Benchmark Amendments*

If any Successor Rate or Alternative Rate and, in either case (subject to Condition 4(i)(iii)), the applicable Adjustment Spread is determined in accordance with this Condition 4(i) and the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines (a) that amendments to these Conditions, the Paying Agency Agreement and/or the Trust Deed are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and/or (in either case) the applicable Adjustment Spread (such amendments, the "**Benchmark Amendments**") and (b) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 4(i)(v), without any requirement for the consent or approval of Holders or the Couponholders, vary these Conditions, the Paying Agency Agreement and/or the Trust Deed to give effect to such Benchmark Amendments with effect from the date specified in such notice.

At the request of the Issuer, but subject to receipt by the Trustee of a certificate signed by one director of the Issuer pursuant to Condition 4(i)(v), the Trustee shall (at the request and expense of the Issuer), without any requirement for the consent or approval of the Holders or the Couponholders, be obliged to concur with the Issuer in effecting any Benchmark Amendments (including, *inter alia*, by the execution of a supplement to or document amending the Paying Agency Agreement and/or the Trust Deed) and the Trustee shall not be liable to any person for any consequence thereof, provided that the Trustee shall not be obliged so to concur if in the opinion of the Trustee doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the rights and/or the protective provisions afforded to the Trustee in these Conditions, the Paying Agency Agreement or the Trust Deed (including, for the avoidance of doubt, any supplemental agency agreement or supplemental trust deed) in any way.

In connection with any such variation in accordance with this Condition 4(i)(iv), the Issuer shall comply with the rules of any stock exchange on which the Securities are for the time being listed or admitted to trading.

Notwithstanding any other provision of this Condition 4(i), no Successor Rate or Alternative Rate will be adopted, nor any Adjustment Spread applied, nor will any Benchmark Amendments be made, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to (a) result in a reduction of the amount of equity credit assigned by any Rating Agency to the Securities immediately prior to the occurrence of the relevant Benchmark Event, or otherwise prejudice the eligibility of the Securities for equity credit from any Rating Agency and/or (b) result in the Securities no longer being recorded as "equity" in the audited annual or the semi-annual consolidated financial statements of the Issuer pursuant to the UK-IFRS or any other accounting standards that may replace UK-IFRS.

(v) *Notices, etc.*

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments determined under this Condition 4(i) will be notified promptly by the Issuer to the Trustee, the Agents and, in accordance with Condition 17, the Holders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Trustee of the same, the Issuer shall deliver to the Trustee and the Agents a certificate signed by one director of the Issuer:

(I) confirming (a) that a Benchmark Event has occurred, (b) the Successor Rate or, as the case may be, the Alternative Rate, (c) the applicable Adjustment Spread and (d) the specific terms of the Benchmark Amendments (if any), in each case as determined in accordance with the provisions of this Condition 4(i); and

(II) certifying that the Benchmark Amendments (if any) are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread.

The Trustee and the Agents shall be entitled to rely on such certificate (without liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) and without prejudice to the Trustee's ability to rely on such certificate as aforesaid) be binding on the Issuer, the Trustee, the Agents, the Holders and the Couponholders.

(vi) Survival of Original Reference Rate

Without prejudice to the obligations of the Issuer under Conditions 4(i)(i), (ii), (iii) and (iv), the Original Reference Rate and the fallback provisions provided for in Condition 4(d) and the related definitions will continue to apply unless and until the Issuer determines that a Benchmark Event has occurred and the Trustee and Agents have been notified of the Successor Rate or the Alternative Rate (as the case may be) and the Adjustment Spread and any Benchmark Amendments in accordance with this Condition 4(i).

(vii) Definitions

As used in this Condition 4(i):

"**Adjustment Spread**" means either (x) a spread (which may be positive, negative or zero), or (y) a formula or methodology for calculating a spread, in each case to be applied (subject to Condition 4(i)(iii)) to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

(I) in the case of a Successor Rate, is formally recommended, or formally provided as an option for parties to adopt, in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or

(II) if no such recommendation or provision has been made, or in the case of an Alternative Rate, the Issuer, following consultation with the Independent Adviser, determines, is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or

(III) if neither (I) nor (II) above applies, the Issuer, following consultation with the Independent Adviser, determines, is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); or

(IV) if no industry standard as referred to in (III) above is recognised or acknowledged, the Issuer determines to be appropriate to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Holders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be).

"**Alternative Rate**" means an alternative benchmark or screen rate which the Issuer, following consultation with the Independent Adviser, determines in accordance with Condition 4(i)(ii) is customarily applied in international debt capital markets transactions for the purposes of determining resettable rates of interest (or the relevant component part thereof) for a reset period of comparable duration and in euro or, if the Issuer (following consultation with the Independent Adviser) determines that there is no such rate, such other rate as the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines in its discretion is most comparable to the Original Reference Rate.

"**Benchmark Amendments**" has the meaning given to it in Condition 4(i)(iv).

"**Benchmark Event**" means:

(I) the Original Reference Rate ceasing to be published for a period of at least five Business Days or ceasing to exist; or

(II) a public statement by the administrator of the Original Reference Rate that it has ceased or that it will cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or

(III) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been or will be permanently or indefinitely discontinued; or

(IV) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the Securities; or

(V) a public statement by the supervisor of the administrator of the Original Reference Rate that, in the view of such supervisor, the Original Reference Rate is no longer representative of an underlying market; or

(VI) it has become unlawful for any Agent or the Issuer to calculate any payments due to be made to any Holder or Couponholder using the Original Reference Rate,

provided that the Benchmark Event shall be deemed to occur (a) in the case of sub-paragraphs (II) and (III) above, on the date of the cessation of publication of the Original Reference Rate or the discontinuation of the Original Reference Rate, as the case may be, (b) in the case of sub-paragraph (IV) above, on the date of the prohibition of use of the Original Reference Rate and (c) in the case of sub-paragraph (V) above, on the date with effect from which the Original Reference Rate will no longer be (or will be deemed by the relevant supervisor to no longer be) representative of its relevant underlying market and which is specified in the relevant public statement, and, in each case, not the date of the relevant public statement.

"**Independent Adviser**" means an independent financial institution of international repute or an independent financial adviser, in each case, with appropriate expertise in capital markets

appointed by the Issuer at its own expense under Condition 4(i)(i) and notified in writing to the Trustee and the Agents.

"**Original Reference Rate**" means the 5-year Swap Rate (or any component part thereof).

"**Relevant Nominating Body**" means, in respect of a benchmark or screen rate (as applicable):

(I) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or

(II) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof.

"**Successor Rate**" means a successor to or replacement of the Original Reference Rate which is formally recommended, or formally provided as an option for parties to adopt, by any Relevant Nominating Body.

5 Optional Interest Deferral

(a) Deferral of Interest Payments

The Issuer may, at its discretion, elect to defer all or part of any Interest Payment (any such deferred Interest Payment, a "**Deferred Interest Payment**") which is otherwise scheduled to be paid on an Interest Payment Date by giving notice (a "**Deferral Notice**") of such election to the Holders in accordance with Condition 17, the Trustee and the Principal Paying Agent not more than 30 nor less than 5 Business Days prior to the relevant Interest Payment Date. Subject to Condition 5(c), if the Issuer elects not to make all or part of any Interest Payment on an Interest Payment Date in accordance with this Condition 5(a), then it will not have any obligation to pay such interest on the relevant Interest Payment Date and any such non-payment of interest will not constitute a default or any other breach by the Issuer of its obligations under the Securities or for any other purpose.

Any Deferred Interest Payment shall itself bear interest (such further interest, together with the Deferred Interest Payment, being "**Deferred Interest**"), at the Interest Rate prevailing from time to time, from (and including) the date on which (but for such deferral) the relevant Deferred Interest Payment would otherwise have been due to be made to (but excluding) the relevant Deferred Interest Settlement Date (as defined below) or, as appropriate, such other date on which such Deferred Interest Payment is paid in accordance with Condition 5(c), in each case such further interest being compounded on each Interest Payment Date.

Non-payment of Deferred Interest (or part thereof) shall not constitute a default by the Issuer under the Securities or for any other purpose, unless such payment is required in accordance with Condition 5(c).

(b) Optional payment of Deferred Interest

Deferred Interest may be paid at the option of the Issuer in whole or in part at any time (the "**Deferred Interest Settlement Date**") following delivery of a notice to such effect given by the Issuer to the Holders in accordance with Condition 17, the Trustee and the Principal Paying Agent not more than 30 nor less than 5 Business Days prior to the relevant Deferred Interest Settlement Date informing them of

its election to so settle such Deferred Interest (or part thereof) and specifying the relevant Deferred Interest Settlement Date.

(c) Mandatory payment of Deferred Interest

Notwithstanding the preceding provisions of this Condition 5, the Issuer shall pay any accrued but unpaid Deferred Interest, in whole but not in part, on the first occurring Mandatory Settlement Date following the Interest Payment Date on which a Deferred Interest Payment first arose.

6 Redemption

(a) No Fixed Redemption Date

The Securities are perpetual securities in respect of which there is no fixed redemption date and the Issuer shall only have the right to redeem or repurchase them in accordance with this Condition 6.

(b) Issuer's Call Option

The Issuer may, having given not less than 10 nor more than 60 days' notice to the Trustee, the Principal Paying Agent and, in accordance with Condition 17, the Holders (which notice shall be irrevocable), redeem all, but not some only, of the Securities on any Optional Redemption Date at 100 per cent. of their principal amount together with any accrued and unpaid interest up to (but excluding) the redemption date (including any accrued but unpaid Deferred Interest). Upon the expiry of such notice, the Issuer shall redeem the Securities.

(c) Redemption following a Tax Deductibility Event, a Withholding Tax Event or a Tax Law Change Event

If a Tax Deductibility Event or a Withholding Tax Event has occurred and is continuing, or the Issuer suffers or would suffer any other material adverse tax consequences in connection with the Securities in the United Kingdom as a result of a Tax Law Change (and the Issuer cannot avoid the foregoing in connection with the Securities by taking measures reasonably available to it) (a "**Tax Law Change Event**"), then the Issuer may, having given not less than 10 nor more than 60 days' notice to the Trustee, the Principal Paying Agent and, in accordance with Condition 17, the Holders (which notice shall be irrevocable) and subject to Condition 8, redeem all, but not some only, of the Securities at any time at their Early Redemption Amount; provided, however, that, in the case of a Withholding Tax Event, (1) no such notice of redemption will be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay any Additional Amounts were a payment in respect of the Securities then due and (2) at the time such notice of redemption is given, such obligation to pay such Additional Amounts remains in effect. Upon the expiry of such notice, the Issuer shall redeem the Securities.

(d) Redemption following a Rating Capital Event

If a Rating Capital Event has occurred and is continuing, then the Issuer may, having given not less than 10 nor more than 60 days' notice to the Trustee, the Principal Paying Agent and, in accordance with Condition 17, the Holders (which notice shall be irrevocable) and subject to Condition 8, redeem all, but not some only, of the Securities at any time at their Early Redemption Amount. Upon the expiry of such notice, the Issuer shall redeem the Securities.

(e) Redemption following an Accounting Event

If an Accounting Event has occurred and is continuing, then the Issuer may, subject to having given not less than 10 nor more than 60 days' notice to the Trustee, the Principal Paying Agent and, in accordance with Condition 17, the Holders (which notice shall be irrevocable) and subject to Condition 8, redeem

in accordance with these Conditions all, but not some only, of the Securities at any time at their Early Redemption Amount. Upon the expiry of such notice, the Issuer shall redeem the Securities.

(f) Redemption following a Substantial Repurchase Event

If a Substantial Repurchase Event has occurred, then the Issuer may, having given not less than 10 nor more than 60 days' notice to the Trustee, the Principal Paying Agent and, in accordance with Condition 17, the Holders (which notice shall be irrevocable) and subject to Condition 8, redeem all, but not some only, of the Securities at any time at 100 per cent. of their principal amount, together with any accrued and unpaid interest up to (but excluding) the redemption date (including any accrued but unpaid Deferred Interest). Upon the expiry of such notice, the Issuer shall redeem the Securities.

7 Substitution or Variation

If a Rating Capital Event, an Accounting Event, a Tax Deductibility Event, a Tax Law Change Event or a Withholding Tax Event has occurred and is continuing, then the Issuer may, subject to Condition 8 (without any requirement for the consent or approval of the Holders or Couponholders) and subject to its having satisfied the Trustee immediately prior to the giving of any notice referred to herein that the provisions of this Condition 7 have been complied with, and having given not less than 10 nor more than 60 days' notice to the Trustee, the Principal Paying Agent and, in accordance with Condition 17, the Holders (which notice shall be irrevocable), at any time either (i) substitute all, but not some only, of the Securities for, or (ii) vary the terms of the Securities with the effect that they remain or become, as the case may be, Qualifying Securities, and the Trustee shall (subject to the following provisions of this Condition 7 and subject to the receipt by it of the certificate of a director of the Issuer referred to in Condition 8 below) agree to such substitution or variation but without further responsibility or liability on the part of the Trustee.

Upon expiry of such notice, the Issuer shall either vary the terms of or, as the case may be, substitute the Securities in accordance with this Condition 7.

The Trustee shall, subject to the provisions of this Condition 7 and subject to the receipt by it of the certificate of a director of the Issuer referred to in Condition 8 below, without any requirement for the consent or approval of the Holders or Couponholders, execute any documents necessary to effect the substitution of the Securities for, or the variation of the terms of the Securities so that they remain, or as the case may be, become, Qualifying Securities, provided that the Trustee shall not be obliged to execute such documents if, in the Trustee's opinion, doing so would impose more onerous obligations upon it or would expose it to additional duties, responsibilities or liabilities or reduce or amend its rights and/or protections. If the Trustee does not execute any necessary documents as provided above, the Issuer may redeem the Securities as provided in Condition 6.

In connection with any substitution or variation in accordance with this Condition 7, the Issuer shall comply with the rules of any stock exchange on which the Securities are for the time being listed or admitted to trading.

Any such substitution or variation in accordance with the foregoing provisions shall not be permitted if (a) following any such substitution or variation (i) a Tax Deductibility Event; (ii) a Tax Law Change Event; or (iii) a Withholding Tax Event is occurring with respect to the Qualifying Securities, or (b) any such substitution or variation could reasonably be expected to (i) result in a reduction of the amount of equity credit assigned by any Rating Agency to the Securities immediately prior to such substitution or variation, or (ii) otherwise prejudice the eligibility of the Securities for equity credit from any Rating Agency and/or (iii) result in the Securities (or the Qualifying Securities) no longer being recorded as "equity" in the audited annual or the semi-annual consolidated financial statements of the Issuer pursuant to the UK-IFRS or any other accounting standards that may replace UK-IFRS.

8 Preconditions to Special Event Redemption, Substitution and Variation

Prior to the publication of any notice of redemption pursuant to Condition 6 (other than redemption pursuant to Condition 6(b)) or any notice of substitution or variation pursuant to Condition 7, the Issuer shall deliver to the Trustee a certificate signed by one director of the Issuer stating that the relevant requirement or circumstance giving rise to the right to redeem, substitute or vary is satisfied, and where the relevant Special Event requires measures reasonably available to the Issuer to be taken, the relevant Special Event cannot be avoided by the Issuer taking such measures.

In relation to a substitution or variation pursuant to Condition 7, such certificate shall also include further certifications that the terms of the Qualifying Securities are not materially less favourable to Holders than the terms of the Securities, that such determination was reached by the Issuer in consultation with an independent financial institution of international repute or an independent financial adviser or a counsel of international standing, in each case, with appropriate expertise in capital markets appointed by the Issuer at its own expense and that the criteria specified in paragraphs (a) to (i) of the definition of Qualifying Securities will be satisfied by the Qualifying Securities upon issue. The Trustee shall be entitled to accept such certificate without any inquiry or liability as sufficient evidence of the satisfaction of the conditions precedent set out in such paragraphs, in which event it shall be conclusive and binding on the Holders and the Couponholders.

Any redemption of the Securities in accordance with Condition 6 shall be conditional on all accrued but unpaid Deferred Interest being paid in full in accordance with the provisions of Condition 5 on or prior to the date of such redemption, together with any accrued and unpaid interest up to (but excluding) such date of redemption.

The Trustee is under no obligation to ascertain whether any Special Event or any event which could lead to the occurrence of, or could constitute, any such Special Event has occurred, and will not be responsible to Holders for any loss arising from any failure by the Trustee to so ascertain the occurrence of such an event, and unless and until it shall have express written notice pursuant to the Trust Deed to the contrary, the Trustee may assume that no such Special Event or such other event has occurred.

9 Purchases and Cancellation

(a) Purchases

Each of the Issuer and its Subsidiaries may at any time purchase or procure others to purchase beneficially for its account Securities in any manner and at any price. In each case, purchases will be made together with all unmatured Coupons and Talons appertaining thereto.

(b) Cancellation

All Securities redeemed or substituted by the Issuer pursuant to Condition 6 or 7, as the case may be, (together with all unmatured Coupons and unexchanged Talons relating thereto) will forthwith be cancelled. All Securities purchased by or on behalf of the Issuer or any of its Subsidiaries may, at the option of the Issuer, be held, reissued, resold or surrendered for cancellation (together with all unmatured Coupons and all unexchanged Talons attached to them) to a Paying Agent. Securities held by the Issuer and/or any of its Subsidiaries shall not entitle the holder to vote at any meeting of Holders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of Holders or for any other purpose specified in Condition 14.

10 Payments

(a) Method of Payment

(i) Payments of principal and interest will be made against presentation and surrender of Securities or the appropriate Coupons (as the case may be) at the specified office of any of the Paying Agents except that payments of interest in respect of any period not ending on an Interest Payment Date will only be made against presentation and either surrender or endorsement (as appropriate) of the Securities. Such payments will be made by transfer to a euro account maintained by the payee with a bank in a city in which banks have access to T2.

(ii) Upon the due date for redemption of any Security, unmatured Coupons relating to such Security (whether or not attached) shall become void and no payment shall be made in respect of them. Where any Security is presented for redemption without all unmatured Coupons relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.

(iii) On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Securities, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Principal Paying Agent in exchange for a further Coupon sheet (and another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 13).

(b) Payments Subject to Fiscal Laws

Without prejudice to the terms of Condition 12, all payments made in accordance with these Conditions shall be made subject to any fiscal or other laws and regulations applicable in the place of payment. No commissions or expenses shall be charged to the Holders or Couponholders in respect of such payments.

(c) Days for Payments

A Security or Coupon may only be presented for payment on a day on which commercial banks and foreign exchange markets are open in the place of presentation and London (and, in the case of payment by transfer to a euro account, a day on which T2 is operating). No further interest or other payment will be made as a consequence of the day on which the relevant Security or Coupon may be presented for payment under this paragraph falling after the due date.

11 Enforcement Events

(a) Proceedings

If a default is made by the Issuer for a period of 14 days or more in the payment of any principal or for a period of 21 days or more in the payment of any interest (including any Deferred Interest) in respect of the Securities which is due and payable, then the Issuer shall without notice from the Trustee be deemed to be in default under the Trust Deed, the Securities and the Coupons and the Trustee at its sole discretion may (subject to Condition 11(c)), and if so requested in writing by the Holders of at least one-quarter in principal amount of the Securities then outstanding or if so directed by an Extraordinary Resolution shall (subject to Condition 11(c)), institute actions, steps or proceedings for the winding-up of the Issuer and/or prove in the winding-up or administration of the Issuer and/or claim in the liquidation or administration of the Issuer for such payment, such claim being as contemplated in Condition 3(a).

(b) Enforcement

The Trustee may at its discretion (subject to Condition 11(c)) and without further notice institute such actions, steps or proceedings against the Issuer as it may think fit to enforce any term or condition

binding on the Issuer under the Trust Deed, the Securities or the Coupons but in no event shall the Issuer, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

(c) Entitlement of Trustee

The Trustee shall not be bound to take any of the actions referred to in Condition 11(a) or 11(b) above against the Issuer to enforce the terms of the Trust Deed, the Securities or the Coupons or any other action, step or proceedings unless (i) it shall have been so directed by an Extraordinary Resolution of the Holders or requested in writing by the Holders of at least one-quarter in principal amount of the Securities then outstanding and (ii) it shall have been indemnified and/or secured and/or prefunded to its satisfaction.

(d) Right of Holders

No Holder or Couponholder shall be entitled to proceed directly against the Issuer or to institute actions, steps or proceedings for the winding-up of the Issuer and/or prove in the winding-up or administration of the Issuer and/or claim in the liquidation or administration of the Issuer unless the Trustee, having become so bound to proceed or being able to prove in such winding-up or administration or claim in such liquidation or administration, fails or is unable to do so within 60 days and such failure or inability shall be continuing, in which case the Holder or Couponholder shall have only such rights against the Issuer as those which the Trustee is entitled to exercise as set out in this Condition 11.

(e) Extent of Holders' remedy

No remedy against the Issuer, other than as referred to in this Condition 11, shall be available to the Trustee (on behalf of the Holders) or the Holders or Couponholders, whether for the recovery of amounts owing in respect of the Securities, the Coupons or under the Trust Deed or in respect of any breach by the Issuer of any of its other obligations under or in respect of the Securities, the Coupons or the Trust Deed.

12 Taxation

All payments of principal and interest by the Issuer will be made without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges (together, "**Taxes**") of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the United Kingdom or any political subdivision thereof or any authority thereof or therein having power to levy the same unless such withholding or deduction is required by law. In that event, the Issuer shall pay such amounts (the "**Additional Amounts**") as will result in the receipt by the Holders and the Couponholders of such amounts as would have been received by them had no such Taxes been required to be withheld or deducted; provided that no such Additional Amounts will be payable in respect of any Security or Coupon:

(i) to, or to a third party on behalf of, a Holder or Couponholder who is liable for such withheld or deducted Taxes by reason of its having some connection with the United Kingdom other than the mere holding of a Security or Coupon; or

(ii) to, or to a third party on behalf of, a Holder or Couponholder if such withholding or deduction may be avoided by complying with any statutory requirement or by making a declaration of non-residence or other similar claim for exemption to any authority of or in the United Kingdom, unless such Holder or Couponholder proves that it is not entitled so to comply or to make such declaration or claim; or

(iii) presented for payment more than 30 days after the Relevant Date except to the extent that a Holder or Couponholder would have been entitled to payment of such Additional Amounts if it had presented its Security or Coupon for payment on the thirtieth day after the Relevant Date.

Notwithstanding any other provision of these Conditions, any amounts to be paid on any Security or Coupon by or on behalf of the Issuer will be paid net of any deduction or withholding imposed under Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**") (or any amended or successor provisions), including any regulations thereunder or official interpretations thereof, or required pursuant to an agreement described in Section 1471(b) of the Code or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation of any of the foregoing (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a "**FATCA Withholding**"). Neither the Issuer nor any other person will be required to pay any Additional Amounts in respect of FATCA Withholding.

References in these Conditions to principal, Interest Payments, Deferred Interest and/or any other amount in respect of interest shall be deemed to include any Additional Amounts which may become payable pursuant to the foregoing provisions or any undertakings given in addition thereto or in substitution therefor pursuant to the Trust Deed.

13 Prescription

Claims against the Issuer in respect of Securities and Coupons (which for this purpose shall not include Talons) will become void unless presented for payment or made, as the case may be, within a period of 10 years in the case of Securities and five years in the case of Coupons from the Relevant Date relating thereto. There shall be no prescription period for Talons but there shall not be included in any Coupon sheet issued in exchange for a Talon any Coupon the claim in respect of which would be void pursuant to this Condition 13 or Condition 10(a)(iii).

14 Meetings of Holders, Modification, Waiver and Substitution

The Trust Deed contains provisions for convening meetings of Holders (including by way of audio or video conference call) to consider any matter affecting their interests or those of Couponholders, including the sanctioning by Extraordinary Resolution (as defined in the Trust Deed) of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by Holders holding not less than 10 per cent. in principal amount of the Securities for the time being outstanding.

The quorum at any such meeting for passing an Extraordinary Resolution shall be one or more persons holding or representing not less than a clear majority in principal amount of the Securities for the time being outstanding, or at any adjourned meeting one or more persons being or representing Holders whatever the principal amount of the Securities so held or represented, except that at any meeting the business of which includes the modification of certain of these Conditions (including, *inter alia*, the provisions regarding subordination referred to in Condition 3, the terms concerning currency and due dates for payment of principal or Interest Payments in respect of the Securities and reducing or cancelling the principal amount of any Securities or the Interest Rate) and certain other provisions of the Trust Deed, the quorum shall be one or more persons holding or representing not less than three-fourths in principal amount of the Securities for the time being outstanding, or at any adjourned such meeting not less than one-fourth, in principal amount of the Securities for the time being outstanding.

The agreement or approval of the Holders shall not be required in the case of any Benchmark Amendments required by the Issuer pursuant to Condition 4(i), any variation of these Conditions and/or the Trust Deed required to be made in the circumstances described in Condition 7 in connection with the substitution or

variation of the terms of the Securities so that they remain or become Qualifying Securities to which the Trustee has agreed pursuant to the relevant provisions of Condition 7.

An Extraordinary Resolution passed at any meeting of Holders will be binding on all Holders, whether or not they are present at the meeting, and on all Couponholders.

The Trust Deed provides that a resolution by way of electronic consents or in writing signed by or on behalf of the holders of not less than 75 per cent. in principal amount of the Securities outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Holders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Holders.

The Trustee may agree, without the consent of the Holders or Couponholders, to (i) any modification of these Conditions or of any other provisions of the Trust Deed or the Paying Agency Agreement which is, in the opinion of the Trustee, of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification to (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach by the Issuer of, any of these Conditions or of the provisions of the Trust Deed or the Paying Agency Agreement which is, in the opinion of the Trustee, not materially prejudicial to the interests of the Holders and Couponholders (which will not include, for the avoidance of doubt, any provision entitling the Holders to institute actions, steps or proceedings for the winding-up of the Issuer in circumstances which are more extensive than those set out in Condition 11). In addition, the Trustee shall be obliged to concur with the Issuer in effecting any Benchmark Amendments in the circumstances and as otherwise set out in Condition 4(i) without the consent or approval of the Holders or Couponholders.

The Trustee may also agree without the consent of the Holders or Couponholders, to the substitution in place of the Issuer as the principal debtor under the Securities and the Trust Deed of any successor in business or Holding Company of the Issuer or any other subsidiary of the Issuer provided that (i) (in the case of any substitution by any other subsidiary of the Issuer or such Holding Company) all payments in respect of the Securities continue to be unconditionally and irrevocably guaranteed by the Issuer or the successor in business of the Issuer in the manner provided in the Trust Deed and (ii) that such substitution would not, in the opinion of the Trustee, be materially prejudicial to the interests of the Holders and Couponholders and subject to the other conditions set out in the Trust Deed. In the case of any proposed substitution, the Trustee may agree, without the consent of the Holders or Couponholders, to a change of the law governing the Securities, the Coupons and/or the Trust Deed, provided that such change would not, in the opinion of the Trustee, be materially prejudicial to the interests of the Holders or the Couponholders.

In connection with any proposed substitution as aforesaid and in connection with the exercise of its trusts, powers, authorities and discretions (including but not limited to those referred to in this Condition 14), the Trustee shall have regard to the general interests of the Holders and Couponholders as a class but shall not have regard to the consequences of such substitution or such exercise for individual Holders or Couponholders. In connection with any substitution or such exercise as aforesaid, no Holder or Couponholder shall be entitled to claim, whether from the Issuer, the Trustee or any other person, any indemnification or payment in respect of any tax consequence of any such substitution or any such exercise upon any individual Holders or Couponholders, except to the extent already provided in Condition 12 and/or any undertaking given in addition thereto or in substitution therefor pursuant to the Trust Deed.

Any such modification, waiver, authorisation, determination or substitution effected in accordance with this Condition 14 shall be binding on all Holders and all Couponholders and, unless the Trustee agrees otherwise, any such modification, waiver, authorisation, determination or substitution shall be notified to the Holders in accordance with Condition 17 as soon as practicable thereafter.

15 Replacement of the Securities, Coupons and Talons

If any Security, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Principal Paying Agent as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Holders in accordance with Condition 17, on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Security, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Securities, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Securities, Coupons or Talons must be surrendered before any replacement Securities, Coupons or Talons will be issued.

16 Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification or prefunding of the Trustee, and/or provision of security for the Trustee, and for its relief from responsibility. The Trustee is entitled to enter into business transactions with the Issuer or any of its subsidiary undertakings, parent undertakings, joint ventures or associated undertakings without accounting for any profit resulting from these transactions and to act as trustee for the holders of any other securities issued by the Issuer or any of its subsidiary undertakings, parent undertakings, joint ventures or associated undertakings. The Trustee may rely without liability to Holders or Couponholders on a report, confirmation or certificate or any advice of any accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or any other person or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, confirmation or certificate or advice and, if the Trustee does so, such report, confirmation or certificate or advice shall be binding on the Issuer, the Trustee and the Holders.

17 Notices

All notices regarding the Securities will be deemed to be validly given if published in a leading English language daily newspaper of general circulation in London. It is expected that such publication will be made in the Financial Times in London. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or any other relevant authority on which the Securities are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

18 Further Issues

The Issuer may from time to time without the consent of the Holders or the Couponholders create and issue further securities ranking *pari passu* in all respects (or in all respects save for the date from which interest thereon accrues and the amount of the first payment of interest on such further securities) and so that such further issue shall be consolidated and form a single series with the outstanding Securities. Any such further securities shall be constituted by a deed supplemental to the Trust Deed.

19 Paying Agents

The initial Paying Agents and their initial specified offices are listed below. The Issuer reserves the right, subject to the approval of the Trustee, at any time to vary or terminate the appointment of any Paying Agent and to appoint additional or other Paying Agents, provided that the Issuer will:

(a) at all times maintain a Principal Paying Agent; and

(b) so long as the Securities are listed on any stock exchange or admitted to trading by any other relevant authority, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or any other relevant authority.

Notice of any such termination or appointment and of any change in the specified offices of the Paying Agents will be given to the Holders in accordance with Condition 17.

If the Principal Paying Agent is unable or unwilling to act as such or if it fails to make a determination or calculation or otherwise fails to perform its duties under these Conditions or the Paying Agency Agreement (as the case may be), the Issuer shall appoint, on terms acceptable to the Trustee, an independent financial institution acceptable to the Trustee to act as such in its place.

20 Governing Law and Jurisdiction

The Trust Deed, the Securities and the Coupons, and any non-contractual obligations arising out of or in connection with them, are governed by, and shall be construed in accordance with, English law.

Each of the parties to the Trust Deed has in the Trust Deed irrevocably agreed that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed, the Securities and/or the Coupons (including a dispute relating to any non-contractual obligations arising out of or in connection with them) and that accordingly any suit, action or proceedings (together referred to as "**Proceedings**") arising out of or in connection with the Trust Deed, the Securities and the Coupons (including any proceedings relating to any non-contractual obligations arising out of or in connection with them) may be brought in such courts.

Each of the parties to the Trust Deed has in the Trust Deed irrevocably and unconditionally waived any objection which it may have now or hereafter to the laying of the venue of any such Proceedings in any such court and any claim that any such Proceedings have been brought in an inconvenient forum and further irrevocably and unconditionally agreed that a judgment in any such Proceedings brought in the English courts shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction.

Nothing contained in this Condition shall limit any right to take Proceedings against any of the parties to the Trust Deed in any other court of competent jurisdiction (outside the Contracting States, as defined in Section 1(3) of the Civil Jurisdiction and Judgments Act 1982, as amended), nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

21 Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Securities by virtue of the Contracts (Rights of Third Parties) Act 1999.

22 Definitions

In these Conditions:

"**5-year Swap Rate**" means (i) the annualised mid-swap rate with a term of five years as displayed on the Reset Screen Page as at approximately 11:00 a.m. (Frankfurt time) on the relevant Reset Interest Determination Date or, (ii) if the 5-year Swap Rate does not appear on such screen page at such time on the relevant Reset Interest Determination Date, the 5-year Swap Rate will be the Reset Reference Bank Rate on such Reset Interest Determination Date, unless a Benchmark Event has occurred, in which case the 5-year Swap Rate will be determined pursuant to and in accordance with Condition 4(i);

the "**5-year Swap Rate Quotations**" means the arithmetic mean of the bid and offered rates for the annual fixed leg (calculated on a 30/360 day count basis) of a fixed-for-floating euro interest rate swap which:

(a) has a term of five years commencing on the relevant Reset Date;

(b) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market; and

(c) has a floating leg based on the 6-month EURIBOR rate (calculated on an Act/360 day count basis);

an "**Accounting Event**" shall be deemed to occur if a recognised accountancy firm, acting upon instructions of the Issuer, has delivered a letter or report to the Issuer, stating that, as a result of a change in accounting principles (or the application thereof) which has been officially adopted after the Issue Date (such date, the "**Accounting Event Adoption Date**"), the Securities may not or may no longer be recorded as "equity" in the audited annual or the semi-annual consolidated financial statements of the Issuer pursuant to the UK-IFRS or any other accounting standards that may replace UK-IFRS; the Accounting Event shall be deemed to have occurred on the Accounting Event Adoption Date notwithstanding any later effective date;

"**Additional Amounts**" has the meaning given in Condition 12;

"**Agents**" means the Paying Agents and the Calculation Agent;

"**Business Day**" means a day, other than a Saturday, Sunday or public holiday, on which commercial banks and foreign exchange markets are open for general business in London and on which T2 is open for settlement of payments in euro;

"**Calculation Agent**" has the meaning given to it in the preamble to these Conditions;

"**Calculation Amount**" has the meaning given to it in Condition 4(b);

a "**Compulsory Arrears of Interest Settlement Event**" shall have occurred if:

(i) a Declaration or Payment is made in respect of any Junior Obligations or any Parity Obligations (other than any dividend, distribution or payment which is paid or made exclusively in ordinary shares of the Issuer); or

(ii) the Issuer or any of its Subsidiaries has repurchased, redeemed or otherwise acquired any Junior Obligations or any Parity Obligations,

other than (a) any such Declaration or Payment or such redemption, repurchase or acquisition that is contractually required under the terms of any Junior Obligations or Parity Obligations or required by mandatory operation of law; (b) in relation to sub-paragraph (i) above, any *pro rata* payment of deferred interest on any Parity Obligations which is made simultaneously with a *pro rata* payment of any Deferred Interest provided that such *pro rata* payment on the relevant Parity Obligations is not proportionately more than the *pro rata* settlement of any such Deferred Interest; (c) any such Declaration or Payment in respect of any Junior Obligations or Parity Obligations or any redemption, repurchase or acquisition which is undertaken in connection with any share option, or any free share allocation plan in each case reserved for directors, officers and/or employees of the Issuer or any of its affiliates or any associated liquidity agreements or any associated

hedging transactions; (d) any repurchase or acquisition of ordinary shares of the Issuer by or on behalf of the Issuer as part of an intra-day transaction that does not result in an increase in the aggregate number of ordinary shares of the Issuer compared with the ordinary shares held by or on behalf of the Issuer as treasury shares at 8:30 a.m. London time on the Interest Payment Date on which any outstanding Deferred Interest Payment first arose; (e) any redemption, repurchase or acquisition of Parity Obligations that is made for a consideration less than the aggregate nominal or par value of such Parity Obligations that are purchased or acquired; (f) any redemption, repurchase or acquisition of ordinary shares of the Issuer resulting from mandatory obligations or hedging of any convertible securities issued by the Issuer; or (g) any repurchase or acquisition of ordinary shares of the Issuer resulting from the settlement of existing equity derivatives after the Interest Payment Date on which any outstanding Deferred Interest Payment first arose;

"**Conditions**" means these terms and conditions of the Securities, as amended from time to time;

"**Coupon**" has the meaning given in the preamble to these Conditions;

"**Couponholder**" has the meaning given in the preamble to these Conditions;

"**Declaration or Payment**" means the authorisation by resolution of the general meeting of shareholders or the board of directors or other competent corporate body, as the case may be, of the Issuer of the payment, or the making of, a dividend or other distribution or payment, or, if no such authorisation is required, the payment, or the making of, a dividend or other distribution or payment;

"**Deferral Notice**" has the meaning given in Condition 5(a);

"**Deferred Interest**" has the meaning given in Condition 5(a);

"**Deferred Interest Settlement Date**" has the meaning given in Condition 5(b);

"**Early Redemption Amount**" means, in respect of each Security:

(i) in the case of a Tax Deductibility Event, a Tax Law Change Event, a Rating Capital Event or an Accounting Event where the relevant date fixed for redemption falls prior to the First Optional Redemption Date, an amount equal to the sum of (x) 100 per cent. of the principal amount of the relevant Security and (y) 1 per cent. of the principal amount of the relevant Security (which amount shall represent a fixed interest amount for the period from (and including) the Issue Date up to (but excluding) the relevant date fixed for redemption payable in addition to any accrued and unpaid interest up to (but excluding) the relevant date fixed for redemption and any accrued and unpaid Deferred Interest);

(ii) in the case of a Tax Deductibility Event, a Tax Law Change Event, a Rating Capital Event or an Accounting Event where the relevant date fixed for redemption falls on or after the First Optional Redemption Date, an amount equal to 100 per cent. of the principal amount of the relevant Security; and

(iii) in case of a Withholding Tax Event at any time, an amount equal to 100 per cent. of the principal amount of the relevant Security,

in each case (i), (ii) and (iii), together with any accrued and unpaid interest up to (but excluding) the relevant date fixed for redemption (including any accrued but unpaid Deferred Interest) (without double counting);

"**equity credit**" means "equity credit" or such other nomenclature that a Rating Agency may then use to describe the degree to which an instrument exhibits the characteristics of an ordinary share;

"**EURIBOR**" means, in respect of any specified period, the interest rate benchmark known as the Euro zone interbank offered rate;

"**Euro zone**" means the zone comprising the Member States of the European Union which adopt or have adopted the Euro as their lawful currency in accordance with the Treaty establishing the European Community, as amended;

"**euro**" or "**€**" means the lawful currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty on the Functioning of the European Union, as amended;

"**First Optional Redemption Date**" means 30 October 2030;

"**First Reset Date**" means 30 January 2031;

"**First Step-up Date**" means 30 January 2036;

"**Group**" means the Issuer and its Subsidiaries taken as a whole;

"**Holder**" has the meaning given in the preamble to these Conditions;

"**Holding Company**" means a holding company within the meaning of Section 1159 of the Companies Act 2006;

"**Initial Interest Rate**" has the meaning given in Condition 4(c);

"**Interest Amount**" has the meaning given in Condition 4(e);

"**Interest Payment**" means, in respect the payment of interest on an Interest Payment Date, the amount of interest payable on the presentation and surrender of the Coupon for the relevant Interest Period in accordance with Condition 4;

"**Interest Payment Date**" has the meaning given in Condition 4(a);

"**Interest Period**" means the period beginning on (and including) the Issue Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date;

"**Interest Rate**" means the Initial Interest Rate or the relevant Reset Interest Rate, as the case may be;

"**Issue Date**" has the meaning given in Condition 4(a);

"**Issuer**" means British American Tobacco p.l.c.;

"**Junior Obligations**" means ordinary shares in the capital of the Issuer and other securities or obligations issued or owed by the Issuer (including guarantees or indemnities or support arrangements given by the Issuer in respect of securities or obligations owed by other persons) which rank, or are expressed to rank *pari passu* with such ordinary shares;

"**Mandatory Settlement Date**" means each of the following:

(i) the date which is 10 Business Days following the occurrence of a Compulsory Arrears of Interest Settlement Event;

(ii) the next scheduled Interest Payment Date on which interest on the Securities is paid; and

(iii) the date on which the Securities are redeemed or repaid in accordance with Condition 3, any paragraph of Condition 6 or Condition 11;

"**Margin**" means (i) 1.961 per cent. per annum from and including the First Reset Date to (but excluding) the First Step-up Date, (ii) 2.211 per cent. per annum from (and including) the First Step-up Date to (but excluding) the Second Step-up Date and (iii) 2.961 per cent. per annum from (and including) the Second Step-up Date;

"**Market**" means the London Stock Exchange plc's main market;

"**Notional Preference Shares**" has the meaning given in Condition 3(a);

"**Official List**" means the Official List of the Financial Conduct Authority in its capacity as competent authority under the Financial Services and Markets Act 2000 (as amended or superseded);

"**Optional Redemption Date**" means (i) any Business Day from (and including) 30 October 2030 to (and including) the First Reset Date and (ii) each Interest Payment Date thereafter;

"**Parity Obligations**" means (if any) the most junior class of preference share capital in the Issuer ranking ahead of the ordinary shares in the capital of the Issuer and any other obligations of (i) the Issuer, issued directly or indirectly by it, which rank, or are expressed to rank, *pari passu* with the Securities or such preference shares (including, without limitation and for so long as they remain outstanding, the Issuer's Perpetual Subordinated Fixed-to-Reset Rate Non-Call 5.25 Year Securities (ISIN: XS2391779134) and the Issuer's Perpetual Subordinated Fixed-to-Reset Rate Non-Call 8 Year Securities (ISIN: XS2391790610)) or (ii) any Subsidiary of the Issuer having the benefit of a guarantee or support agreement from the Issuer which ranks or is expressed to rank *pari passu* with the Securities or such preference shares;

"**Paying Agency Agreement**" has the meaning given to it in the preamble to these Conditions;

"**Paying Agents**" has the meaning given to it in the preamble to these Conditions;

"**Principal Paying Agent**" has the meaning given to it in the preamble to these Conditions;

"**Qualifying Securities**" means securities that contain terms not materially less favourable to Holders than the terms of the Securities (as reasonably determined by the Issuer (in consultation with an independent investment bank or counsel of international standing)) and provided that a certification to such effect (and confirming that the conditions set out in (a) to (i) below have been satisfied) of one director of the Issuer shall have been delivered to the Trustee prior to the substitution or variation of the Securities upon which certificate the Trustee shall rely absolutely without enquiry or liability to any person), provided that:

(a) they shall be issued by the Issuer or any wholly-owned direct or indirect finance subsidiary of the Issuer, in each case with a guarantee by the Issuer (other than when the Issuer is the issuer of such securities, if applicable); and

(b) they (and/or, as appropriate, the guarantee as aforesaid) shall rank *pari passu* on a winding-up or administration (in circumstances where the administrator has given notice of its intention to declare and distribute a dividend) of the Issuer with the Securities; and

(c) they shall contain terms which provide for the same Interest Rate from time to time applying to the Securities and preserve the same Interest Payment Dates; and

(d) they shall preserve the obligations (including the obligations arising from the exercise of any right) of the Issuer as to redemption of the Securities, including (without limitation) as to timing of, and amounts payable upon, such redemption; and

(e) they shall preserve any existing rights under these Conditions to any accrued interest which has accrued to Holders and not been paid (including without limitation any Deferred Interest); and

(f) they shall not contain terms providing for loss absorption through principal write-down or conversion to ordinary shares; and

(g) they shall otherwise contain substantially identical terms (as reasonably determined by the Issuer) to the Securities, save where (without prejudice to the requirement that the terms are not materially less

favourable to Holders than the terms of the Securities as described above) any modifications to such terms are required to be made to avoid the occurrence or effect of a Rating Capital Event, an Accounting Event, a Tax Deductibility Event, a Tax Law Change Event or, as the case may be, a Withholding Tax Event; and

(h) if the Securities were publicly rated by a Rating Agency which has provided a solicited rating at the invitation or with the consent of the Issuer immediately prior to such substitution or variation, they shall have at least the same credit rating immediately after such substitution or variation by each such Rating Agency, as compared with the relevant solicited rating(s) immediately prior to such substitution or variation (as determined by the Issuer using reasonable measures available to it including discussions with the Rating Agencies to the extent practicable); and

(i) they shall be (i) listed on the Official List and admitted to trading on the Market or (ii) listed on such other stock exchange as is a Recognised Stock Exchange at that time as selected by the Issuer;

"**Rating Agency**" means Moody's Investors Service Limited, S&P Global Ratings UK Limited or Fitch Ratings Ltd or any of their respective subsidiaries or successors or any rating agency substituted for any of them (or any permitted substitute of them) by the Issuer from time to time with the prior written approval of the Trustee;

a "**Rating Capital Event**" shall be deemed to occur if the Issuer has received, and confirmed in writing to the Trustee that it has so received, confirmation from any Rating Agency then providing a solicited rating of the Issuer and/or the Group and/or the Securities at the invitation of, or with the consent of, the Issuer and in connection with which the Securities are assigned an equity credit, either directly or via a publication by such Rating Agency, that an amendment to, clarification of or change in its equity credit criteria has occurred which becomes effective on or after the Issue Date (or, if later, effective after the date on which any or all of the Securities are assigned equity credit by such Rating Agency for the first time) and as a result of which, but not otherwise, (a) the Securities are no longer eligible or will no longer be eligible in full or in part for the same, or a higher amount of, equity credit as was attributed to the Securities at the Issue Date (or if equity credit is not assigned to the Securities by the relevant Rating Agency on the Issue Date, at the date on which equity credit is assigned by such Rating Agency for the first time) or (b) the length of time the Securities are assigned a particular level of equity credit, after being assigned such equity credit for the first time, by that Rating Agency is shortened as compared to the length of time they would have been assigned that level of equity credit by that Rating Agency under its prevailing methodology on the Issue Date (or if equity credit was not assigned to the Securities by the relevant Rating Agency on the Issue Date, at the date on which equity credit is assigned by such Rating Agency for the first time);

"**Recognised Stock Exchange**" means a recognised stock exchange as defined in section 1005 of the Income Tax Act 2007 as the same may be amended from time to time and any provision, statute or statutory instrument replacing the same from time to time;

"**Relevant Date**" means:

(a) in respect of any payment other than a sum to be paid by the Issuer in a winding-up or administration of the Issuer the date on which such payment first becomes due and payable but, if the full amount of the moneys payable on such date has not been received by the Principal Paying Agent or the Trustee on or prior to such date, the Relevant Date means the date on which such moneys shall have been so received and notice to that effect shall have been given to the Holders in accordance with Condition 17; and

(b) in respect of any sum (i) to be paid by or on behalf of the Issuer in a winding-up of the Issuer or (ii) if following the appointment of an administrator of the Issuer the administrator gives notice of an intention to declare and distribute a dividend, to be paid by the administrator by way of such dividend, the date

which is one day prior to the date on which an order is made or a resolution is passed for the winding-up or, in the case of an administration, one day prior to the date on which any dividend is distributed;

"**Reset Date**" means each of the First Reset Date and each fifth anniversary thereof;

"**Reset Interest Determination Date**" means, in respect of a Reset Period, the day falling two Business Days prior to the first day of that Reset Period;

"**Reset Interest Rate**" has the meaning given in Condition 4(d);

"**Reset Period**" means each period beginning on (and including) a Reset Date and ending on (but excluding) the next succeeding Reset Date thereafter and "**relevant Reset Period**" shall be construed accordingly;

"**Reset Reference Bank Rate**" means the percentage rate determined on the basis of the 5-year Swap Rate Quotations provided by the Reset Reference Banks to the Calculation Agent at approximately 11:00 a.m. (Frankfurt time) on the relevant Reset Interest Determination Date. If at least three quotations are provided, the Reset Reference Bank Rate will be the arithmetic mean of the quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two quotations are provided, the applicable Reset Reference Bank Rate will be the arithmetic mean of the quotations. If only one quotation is provided, the applicable Reset Reference Bank Rate will be the quotation provided. If no quotations are provided, the applicable Reset Reference Bank Rate shall be equal to the last annualised mid-swap rate with a term of five years displayed on the Reset Screen Page as determined by the Calculation Agent;

"**Reset Reference Banks**" means five leading swap dealers in the interbank market selected by the Issuer;

"**Reset Screen Page**" means Reuters screen "ICESWAP2" or such other page as may replace it on that information service, or on such other equivalent information service as determined by the Issuer, for the purpose of displaying the annual swap rates for euro swap transactions with a five-year maturity;

"**Second Step-up Date**" means 30 January 2051;

"**Securities**" has the meaning given in the preamble to these Conditions;

"**Senior Obligations**" means all obligations of the Issuer issued directly or indirectly by it other than Parity Obligations and Junior Obligations;

"**Special Event**" means any of a Rating Capital Event, an Accounting Event, a Substantial Repurchase Event, a Tax Deductibility Event, a Tax Law Change Event or a Withholding Tax Event or any combination of the foregoing;

"**Subsidiary**" means a subsidiary within the meaning of Section 1159 of the Companies Act 2006 and "**Subsidiaries**" shall be construed accordingly;

"**Substantial Repurchase Event**" shall be deemed to occur if prior to the giving of the relevant notice of redemption the Issuer or any of its Subsidiaries repurchases (and effects corresponding cancellations) or redeems Securities in respect of 75 per cent. or more in the principal amount of the Securities initially issued (which shall for this purpose include any further securities issued pursuant to Condition 18);

"**successor in business**" means a company which has acquired as a going concern all or substantially all of the undertaking, assets and liabilities of the Issuer;

"**T2**" means the real time gross settlement system operated by the Eurosystem, or any successor system;

"**Talons**" has the meaning given in the preamble to these Conditions;

"**Taxes**" has the meaning given in Condition 12;

a "**Tax Deductibility Event**" shall be deemed to have occurred if as a result of a Tax Law Change:

(a) the Issuer is not or would no longer be entitled to claim a deduction in respect of any payments of interest in respect of the Securities in computing its taxation liabilities or such entitlement is materially delayed or reduced in the United Kingdom (a "**disallowance**"); or

(b) the Securities are prevented from being treated as loan relationships for United Kingdom tax purposes;

(c) in respect of the Issuer's obligation to make any Interest Payment on the next following Interest Payment Date, where a deduction arises in respect of such Interest Payment the Issuer would not to any material extent be entitled to have any loss attributable to, or resulting from, such deduction set against the profits of companies with which it is grouped for applicable United Kingdom tax purposes (whether under the group relief system current as at the Issue Date or any similar system or systems having like effect as may from time to time exist) otherwise than as a result of a disallowance in (a);

and, in each case, the Issuer cannot avoid the foregoing in connection with the Securities by taking measures reasonably available to it, provided that measures reasonably available to the Issuer shall not include allocating a disallowance provided for in (a) above to any other company or security;

"**Tax Law Change**" means a change in or proposed change in, or amendment or proposed amendment to, the laws or regulations of the United Kingdom or any political subdivision or any authority thereof or therein having the power to tax, including any treaty or convention to which the United Kingdom is a party, or any change in the application or interpretation of such laws or regulations or any such treaty or convention, including a decision of any court or tribunal, or any interpretation or pronouncement by any relevant tax authority that provides for a position with respect to such laws or regulations or interpretation thereof that differs from the previously generally accepted position in relation to similar transactions, which change or amendment becomes, or would become, effective on or after the Issue Date;

"**Trust Deed**" has the meaning given in the preamble to these Conditions;

"**Trustee**" has the meaning given in the preamble to these Conditions;

"**UK-IFRS**" means the International Financial Reporting Standards as adopted by the United Kingdom;

"**United Kingdom**" means the United Kingdom of Great Britain and Northern Ireland; and

a "**Withholding Tax Event**" shall be deemed to occur if as a result of a Tax Law Change, in making any payments on the Securities, the Issuer has paid or will or would on the next Interest Payment Date be required to pay Additional Amounts on the Securities and the Issuer cannot avoid the foregoing in connection with the Securities by taking reasonable measures available to it.

The following paragraph does not form part of the terms and conditions of the Securities.

The Issuer intends (without thereby assuming a legal obligation) that it will (but is not obliged to) redeem or repurchase the Securities only to the extent that the Securities are replaced with instrument(s) which provide at least an equivalent quantum of "equity credit" (or such other nomenclature used from time to time), unless:

(i) the Securities are redeemed pursuant to a Rating Capital Event, a Tax Deductibility Event, a Tax Law Change Event, an Accounting Event or a Withholding Tax Event having occurred; or

(ii) such redemption or repurchase is made in any other circumstance where redemption or repurchase without replacement is consistent with rating agencies' assessment criteria.

TERMS AND CONDITIONS OF THE NC8 SECURITIES

The following, except for paragraphs in italics, are the terms and conditions of the NC8 Securities which will be endorsed on each NC8 Security in definitive form (if issued).

The issue of the €600,000,000 Perpetual Subordinated Fixed-to-Reset Rate Non-Call 8 Year Securities (the "**Securities**", which expression shall, unless the context otherwise requires, include any further securities issued pursuant to Condition 18 and forming a single series with the Securities) of British American Tobacco p.l.c. (the "**Issuer**") was authorised by a resolution of the transactions committee of the board of directors of the Issuer passed on 16 October 2025. The Securities are constituted by a trust deed (as amended and/or supplemented and/or restated from time to time, the "**Trust Deed**") dated 30 October 2025 between the Issuer and The Law Debenture Trust Corporation p.l.c. (the "**Trustee**", which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the holders of the Securities (the "**Holders**"). These terms and conditions (the "**Conditions**") include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the forms of the Securities, of the interest coupons (the "**Coupons**", which expression includes, where the context so permits, talons for further Coupons (the "**Talons**")), and of the Talons appertaining to Securities in definitive form. Copies of (i) the Trust Deed and (ii) the paying agency agreement (as amended and/or supplemented and/or restated from time to time, the "**Paying Agency Agreement**") dated 30 October 2025 relating to the Securities between the Issuer, Citibank, N.A., London Branch as the initial principal paying agent and calculation agent (the "**Principal Paying Agent**" and the "**Calculation Agent**", which expressions shall include any successors thereto) and the other initial paying agent named therein (together with the Principal Paying Agent, the "**Paying Agents**", which expression shall include the Paying Agents for the time being) and the Trustee are available for inspection by prior arrangement during usual business hours at the principal office of the Trustee and at the specified offices of each of the Paying Agents. The Holders and the holders of the Coupons (whether or not attached to the Securities) (the "**Couponholders**") are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed, and are deemed to have notice of those provisions applicable to them of the Paying Agency Agreement.

All capitalised terms that are not defined in these Conditions have the meanings given to them in the Trust Deed.

1 Form, Denomination and Title

(a) Form and Denomination

The Securities are serially numbered and in bearer form in the denominations of €100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000, each with Coupons and one Talon attached on issue. No definitive Securities will be issued with a denomination above €199,000. Securities of one denomination may not be exchanged for Securities of any other denomination.

(b) Title

Title to the Securities, Coupons and each Talon passes by delivery. The holder of any Security, Coupon or Talon will (except as ordered by a court of competent jurisdiction or as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on it, or its theft or loss) and no person will be liable for so treating the holder.

2 Status of the Securities and the Coupons

The Securities and Coupons constitute direct, unsecured and subordinated obligations of the Issuer and rank *pari passu* and without any preference or priority among themselves and *pari passu* with any Parity Obligations. The rights and claims of the Holders in respect of the Securities and the Couponholders in respect of the Coupons, in each case against the Issuer, are subordinated as described in Condition 3 and the Trust Deed.

3 Subordination of the Securities and the Coupons

(a) General

In the event of:

(i) an order being made, or an effective resolution being passed, for the winding-up of the Issuer (except, in any such case, a solvent winding-up solely for the purposes of a reorganisation, reconstruction or amalgamation or the substitution in place of the Issuer of a "successor in business" (as defined in Condition 22) of the Issuer, (A) (x) the terms of which reorganisation, reconstruction, amalgamation or substitution have previously been approved in writing by the Trustee or by an Extraordinary Resolution (as defined in the Trust Deed) or (y) which substitution will be effected in accordance with Condition 14; and (B) in each case the terms of which do not provide that the Securities shall thereby become redeemable or repayable in accordance with these Conditions); or

(ii) an administrator of the Issuer being appointed and such administrator giving notice that it intends to declare and distribute a dividend,

there shall be payable by the Issuer in respect of each Security and matured but unpaid Coupon (including any accrued but unpaid Deferred Interest in respect of such Coupon), in lieu of any other payment by the Issuer, such amounts, if any, as would have been payable to the Holder of such Security and to such Couponholder if, on the day prior to the commencement of the winding-up or such administration, as the case may be, and thereafter, such Holder and Couponholder were the holder of one of a class of preference shares in the capital of the Issuer ("**Notional Preference Shares**") having an equal right to a return of assets in the winding-up or such administration, as the case may be, and so ranking *pari passu* with, the holders of that class or classes of preference shares (if any) which have a preferential right to a return of assets in the winding-up over, and so rank ahead of, the holders of all Junior Obligations, but ranking junior to the claims of holders of all Senior Obligations (except as otherwise provided by mandatory provisions of law), on the assumption that the amounts that such Holder and Couponholder were entitled to receive in respect of each Notional Preference Share on a return of assets in such winding-up or such administration, as the case may be, were, in the case of a Security and its Holder, an amount equal to the principal amount of the relevant Security and, in the case of a Coupon and its Couponholder, any accrued and unpaid interest represented by such Coupon (including any accrued but unpaid Deferred Interest in respect of such Coupon) (and, in the case of an administration, on the assumption that shareholders were entitled to claim and recover in respect of their shares to the same degree as in a winding-up).

Accordingly, the claims of holders of all Senior Obligations will first have to be satisfied in any winding-up or analogous proceedings of the Issuer before the Holders or Couponholders may expect to obtain from the Issuer any recovery in respect of their Securities or matured but unpaid Coupons (including any accrued but unpaid Deferred Interest in respect of such Coupons), as the case may be, and prior thereto any Holder or Couponholder will have only limited ability to influence the conduct of such

winding-up or analogous proceedings. See "Risk Factors – Risks related to the Securities generally – Limited Remedies".

(b) Set-off

Subject to applicable law, no Holder or Couponholder may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with the Securities or the Coupons and each Holder and Couponholder shall, by virtue of their holding of any Security or Coupon, be deemed to have waived all such rights of set-off, compensation or retention.

4 Interest Payments

(a) Interest Payment Dates

The Securities bear interest on their principal amount at the applicable Interest Rate from (and including) 30 October 2025 (the "**Issue Date**") in accordance with the provisions of this Condition 4.

Subject to Condition 5, interest shall be payable on the Securities annually in arrear on 30 October in each year (each an "**Interest Payment Date**"), as provided in this Condition 4.

(b) Interest Accrual

The Securities (and any unpaid amounts thereon) will cease to bear interest from (and including) the date of redemption thereof pursuant to the relevant paragraph of Condition 6 or the date of substitution or variation thereof pursuant to Condition 7, as the case may be, unless, upon due presentation, payment of all unpaid amounts in respect of the Securities is not made, in which event interest shall continue to accrue in respect of the principal amount of, and any other unpaid amounts on, the Securities, both before and after judgment, and shall be payable, as provided in these Conditions up to (but excluding) the Relevant Date.

Save as provided in Condition 4(c), where it is necessary to compute an amount of interest in respect of any Security for a period which is less than or equal to a complete year, such interest shall be calculated on the basis of the actual number of days in the period from (and including) the most recent Interest Payment Date (or if none, the Issue Date) to (but excluding) the relevant payment date divided by the actual number of days in the Interest Period in which the relevant period falls (including the first such day but excluding the last) (the "**day-count fraction**").

Interest in respect of any Security shall be calculated per €1,000 in principal amount thereof (the "**Calculation Amount**"). The amount of interest calculated per Calculation Amount for any period shall, save as provided in Condition 4(c), be equal to the product of the relevant Interest Rate, the Calculation Amount and the day-count fraction, rounding the resulting figure to the nearest cent (half a cent being rounded upwards). The amount of interest payable in respect of each Security shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the denomination of such Security without any further rounding.

(c) Initial Interest Rate

The Interest Rate in respect of each Interest Period ending on or before the First Reset Date is 4.750 per cent. per annum (the "**Initial Interest Rate**"). Subject to Condition 5, the Interest Payment in respect of each such Interest Period will amount to €47.50 per Calculation Amount.

(d) Reset Interest Rates

The Interest Rate in respect of each Interest Period falling in a Reset Period shall be the aggregate of the relevant Margin and the relevant 5-year Swap Rate for such Reset Period, all as determined by the Calculation Agent (each a "**Reset Interest Rate**").

(e) Determination of Reset Interest Rates and Calculation of Interest Amounts

The Calculation Agent will, as soon as practicable after 11.00 hours (Frankfurt time) on each Reset Interest Determination Date, determine the Reset Interest Rate in respect of the relevant Reset Period and calculate the amount of interest payable in respect of a Calculation Amount on each Interest Payment Date falling in the period from (but excluding) such relevant Reset Date to (and including) the next Reset Date (the "**Interest Amount**").

(f) Publication of Reset Interest Rates and Interest Amounts

Unless the Securities are to be redeemed on or prior to the First Reset Date, the Issuer shall cause notice of each Reset Interest Rate and the related Interest Amount per Calculation Amount to be given to the Trustee, the Paying Agents, any stock exchange on which the Securities are for the time being listed or admitted to trading and, in accordance with Condition 17, the Holders, in each case as soon as practicable after its determination but in any event not later than the fourth Business Day thereafter.

(g) Calculation Agent and Reference Banks

Unless the Securities are to be redeemed on or prior to the First Reset Date, the Issuer will, no later than fourteen days before the first Reset Interest Determination Date, appoint and thereafter maintain a Calculation Agent.

The Issuer may, with the prior written approval of the Trustee, from time to time replace the Calculation Agent with another independent financial institution. If the Calculation Agent is unable or unwilling to continue to act as the Calculation Agent or fails to determine a Reset Interest Rate or calculate the related Interest Amount or effect the required publication thereof (in each case as required pursuant to these Conditions), the Issuer shall forthwith appoint another independent financial institution approved in writing by the Trustee to act as such in its place. The Calculation Agent may not resign its duties or be removed without a successor having been appointed as aforesaid.

(h) Determinations of Calculation Agent Binding

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 4 by the Calculation Agent shall (in the absence of manifest error) be binding on the Issuer, the Calculation Agent, the Trustee, the Paying Agents and all Holders and Couponholders and (in the absence of wilful default, bad faith or manifest error) no liability to the Holders, the Couponholders or the Issuer shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of any of its powers, duties and discretions.

(i) Benchmark Event

(i) Independent Adviser

Notwithstanding the provisions above in this Condition 4, if the Issuer determines that a Benchmark Event occurs in relation to the Original Reference Rate when any Reset Interest Rate (or any component part thereof) remains to be determined by reference to the Original Reference Rate, the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to advise the Issuer in determining a Successor Rate, failing which an

Alternative Rate (in accordance with Condition 4(i)(ii)(b)) and, in either case, an Adjustment Spread (in accordance with and subject to Condition 4(i)(iii)) and any Benchmark Amendments (in accordance with Condition 4(i)(iv)).

In advising the Issuer, the Independent Adviser appointed pursuant to this Condition 4(i)(i) shall act in good faith as an expert. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Trustee, the Paying Agents, the Holders or the Couponholders for any determination made by it or for any advice given to the Issuer in connection with any determination made by the Issuer pursuant to this Condition 4(i).

If, following the occurrence of a Benchmark Event (x) the Issuer is unable to appoint an Independent Adviser; or (y) the Issuer fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this Condition 4(i), in each case prior to the Reset Interest Determination Date in respect of a Reset Period, the 5-year Swap Rate applicable to each Interest Period ending during that Reset Period shall be equal to the last annualised mid-swap rate with a term of five years displayed on the Reset Screen Page as determined by the Calculation Agent. For the avoidance of doubt, this paragraph shall apply to the next succeeding Reset Period only, and any subsequent Reset Periods are subject to the subsequent operation of, and to adjustment as provided in, the first paragraph of this Condition 4(i).

(ii) Successor Rate or Alternative Rate

If the Issuer, following consultation with the Independent Adviser, determines that:

(a) there is a Successor Rate, then such Successor Rate and (subject to Condition 4(i)(iii)) the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Reset Interest Rate (or the relevant component part thereof) for all relevant future payments of interest on the Securities from the end of the then current Reset Period onwards (subject to the subsequent operation of this Condition 4(i)); or

(b) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate and (subject to Condition 4(i)(iii)) the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Reset Interest Rate (or the relevant component part thereof) for all relevant future payments of interest on the Securities from the end of the then current Reset Period onwards (subject to the subsequent operation of this Condition 4(i)).

(iii) Adjustment Spread

The Adjustment Spread (or the formula or methodology for determining the Adjustment Spread) shall be applied (subject to the proviso in the following sentence) to the Successor Rate or the Alternative Rate (as the case may be). If the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then the Successor Rate or Alternative Reference Rate (as applicable) will apply without an Adjustment Spread.

(iv) Benchmark Amendments

If any Successor Rate or Alternative Rate and, in either case (subject to Condition 4(i)(iii)), the applicable Adjustment Spread is determined in accordance with this Condition 4(i) and the Issuer, following consultation with the Independent Adviser and acting in good faith and in a

commercially reasonable manner, determines (a) that amendments to these Conditions, the Paying Agency Agreement and/or the Trust Deed are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and/or (in either case) the applicable Adjustment Spread (such amendments, the "**Benchmark Amendments**") and (b) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 4(i)(v), without any requirement for the consent or approval of Holders or the Couponholders, vary these Conditions, the Paying Agency Agreement and/or the Trust Deed to give effect to such Benchmark Amendments with effect from the date specified in such notice.

At the request of the Issuer, but subject to receipt by the Trustee of a certificate signed by one director of the Issuer pursuant to Condition 4(i)(v), the Trustee shall (at the request and expense of the Issuer), without any requirement for the consent or approval of the Holders or the Couponholders, be obliged to concur with the Issuer in effecting any Benchmark Amendments (including, *inter alia*, by the execution of a supplement to or document amending the Paying Agency Agreement and/or the Trust Deed) and the Trustee shall not be liable to any person for any consequence thereof, provided that the Trustee shall not be obliged so to concur if in the opinion of the Trustee doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the rights and/or the protective provisions afforded to the Trustee in these Conditions, the Paying Agency Agreement or the Trust Deed (including, for the avoidance of doubt, any supplemental agency agreement or supplemental trust deed) in any way.

In connection with any such variation in accordance with this Condition 4(i)(iv), the Issuer shall comply with the rules of any stock exchange on which the Securities are for the time being listed or admitted to trading.

Notwithstanding any other provision of this Condition 4(i), no Successor Rate or Alternative Rate will be adopted, nor any Adjustment Spread applied, nor will any Benchmark Amendments be made, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to (a) result in a reduction of the amount of equity credit assigned by any Rating Agency to the Securities immediately prior to the occurrence of the relevant Benchmark Event, or otherwise prejudice the eligibility of the Securities for equity credit from any Rating Agency and/or (b) result in the Securities no longer being recorded as "equity" in the audited annual or the semi-annual consolidated financial statements of the Issuer pursuant to the UK-IFRS or any other accounting standards that may replace UK-IFRS.

(v) Notices, etc.

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments determined under this Condition 4(i) will be notified promptly by the Issuer to the Trustee, the Agents and, in accordance with Condition 17, the Holders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Trustee of the same, the Issuer shall deliver to the Trustee and the Agents a certificate signed by one director of the Issuer:

(I) confirming (a) that a Benchmark Event has occurred, (b) the Successor Rate or, as the case may be, the Alternative Rate, (c) the applicable Adjustment Spread and (d) the specific terms of the Benchmark Amendments (if any), in each case as determined in accordance with the provisions of this Condition 4(i); and

(II) certifying that the Benchmark Amendments (if any) are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread.

The Trustee and the Agents shall be entitled to rely on such certificate (without liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) and without prejudice to the Trustee's ability to rely on such certificate as aforesaid) be binding on the Issuer, the Trustee, the Agents, the Holders and the Couponholders.

(vi) Survival of Original Reference Rate

Without prejudice to the obligations of the Issuer under Conditions 4(i)(i), (ii), (iii) and (iv), the Original Reference Rate and the fallback provisions provided for in Condition 4(d) and the related definitions will continue to apply unless and until the Issuer determines that a Benchmark Event has occurred and the Trustee and Agents have been notified of the Successor Rate or the Alternative Rate (as the case may be) and the Adjustment Spread and any Benchmark Amendments in accordance with this Condition 4(i).

(vii) Definitions

As used in this Condition 4(i):

"**Adjustment Spread**" means either (x) a spread (which may be positive, negative or zero), or (y) a formula or methodology for calculating a spread, in each case to be applied (subject to Condition 4(i)(iii)) to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

(I) in the case of a Successor Rate, is formally recommended, or formally provided as an option for parties to adopt, in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or

(II) if no such recommendation or provision has been made, or in the case of an Alternative Rate, the Issuer, following consultation with the Independent Adviser, determines, is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or

(III) if neither (I) nor (II) above applies, the Issuer, following consultation with the Independent Adviser, determines, is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); or

(IV) if no industry standard as referred to in (III) above is recognised or acknowledged, the Issuer determines to be appropriate to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Holders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be).

"**Alternative Rate**" means an alternative benchmark or screen rate which the Issuer, following consultation with the Independent Adviser, determines in accordance with Condition 4(i)(ii) is

customarily applied in international debt capital markets transactions for the purposes of determining resettable rates of interest (or the relevant component part thereof) for a reset period of comparable duration and in euro or, if the Issuer (following consultation with the Independent Adviser) determines that there is no such rate, such other rate as the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines in its discretion is most comparable to the Original Reference Rate.

"**Benchmark Amendments**" has the meaning given to it in Condition 4(i)(iv).

"**Benchmark Event**" means:

(I) the Original Reference Rate ceasing to be published for a period of at least five Business Days or ceasing to exist; or

(II) a public statement by the administrator of the Original Reference Rate that it has ceased or that it will cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or

(III) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been or will be permanently or indefinitely discontinued; or

(IV) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the Securities; or

(V) a public statement by the supervisor of the administrator of the Original Reference Rate that, in the view of such supervisor, the Original Reference Rate is no longer representative of an underlying market; or

(VI) it has become unlawful for any Agent or the Issuer to calculate any payments due to be made to any Holder or Couponholder using the Original Reference Rate,

provided that the Benchmark Event shall be deemed to occur (a) in the case of sub-paragraphs (II) and (III) above, on the date of the cessation of publication of the Original Reference Rate or the discontinuation of the Original Reference Rate, as the case may be, (b) in the case of sub-paragraph (IV) above, on the date of the prohibition of use of the Original Reference Rate and (c) in the case of sub-paragraph (V) above, on the date with effect from which the Original Reference Rate will no longer be (or will be deemed by the relevant supervisor to no longer be) representative of its relevant underlying market and which is specified in the relevant public statement, and, in each case, not the date of the relevant public statement.

"**Independent Adviser**" means an independent financial institution of international repute or an independent financial adviser, in each case, with appropriate expertise in capital markets appointed by the Issuer at its own expense under Condition 4(i)(i) and notified in writing to the Trustee and the Agents.

"**Original Reference Rate**" means the 5-year Swap Rate (or any component part thereof).

"**Relevant Nominating Body**" means, in respect of a benchmark or screen rate (as applicable):

(I) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or

(II) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof.

"**Successor Rate**" means a successor to or replacement of the Original Reference Rate which is formally recommended, or formally provided as an option for parties to adopt, by any Relevant Nominating Body.

5 Optional Interest Deferral

(a) Deferral of Interest Payments

The Issuer may, at its discretion, elect to defer all or part of any Interest Payment (any such deferred Interest Payment, a "**Deferred Interest Payment**") which is otherwise scheduled to be paid on an Interest Payment Date by giving notice (a "**Deferral Notice**") of such election to the Holders in accordance with Condition 17, the Trustee and the Principal Paying Agent not more than 30 nor less than 5 Business Days prior to the relevant Interest Payment Date. Subject to Condition 5(c), if the Issuer elects not to make all or part of any Interest Payment on an Interest Payment Date in accordance with this Condition 5(a), then it will not have any obligation to pay such interest on the relevant Interest Payment Date and any such non-payment of interest will not constitute a default or any other breach by the Issuer of its obligations under the Securities or for any other purpose.

Any Deferred Interest Payment shall itself bear interest (such further interest, together with the Deferred Interest Payment, being "**Deferred Interest**"), at the Interest Rate prevailing from time to time, from (and including) the date on which (but for such deferral) the relevant Deferred Interest Payment would otherwise have been due to be made to (but excluding) the relevant Deferred Interest Settlement Date (as defined below) or, as appropriate, such other date on which such Deferred Interest Payment is paid in accordance with Condition 5(c), in each case such further interest being compounded on each Interest Payment Date.

Non-payment of Deferred Interest (or part thereof) shall not constitute a default by the Issuer under the Securities or for any other purpose, unless such payment is required in accordance with Condition 5(c).

(b) Optional payment of Deferred Interest

Deferred Interest may be paid at the option of the Issuer in whole or in part at any time (the "**Deferred Interest Settlement Date**") following delivery of a notice to such effect given by the Issuer to the Holders in accordance with Condition 17, the Trustee and the Principal Paying Agent not more than 30 nor less than 5 Business Days prior to the relevant Deferred Interest Settlement Date informing them of its election to so settle such Deferred Interest (or part thereof) and specifying the relevant Deferred Interest Settlement Date.

(c) Mandatory payment of Deferred Interest

Notwithstanding the preceding provisions of this Condition 5, the Issuer shall pay any accrued but unpaid Deferred Interest, in whole but not in part, on the first occurring Mandatory Settlement Date following the Interest Payment Date on which a Deferred Interest Payment first arose.

6 Redemption

(a) No Fixed Redemption Date

The Securities are perpetual securities in respect of which there is no fixed redemption date and the Issuer shall only have the right to redeem or repurchase them in accordance with this Condition 6.

(b) Issuer's Call Option

The Issuer may, having given not less than 10 nor more than 60 days' notice to the Trustee, the Principal Paying Agent and, in accordance with Condition 17, the Holders (which notice shall be irrevocable), redeem all, but not some only, of the Securities on any Optional Redemption Date at 100 per cent. of their principal amount together with any accrued and unpaid interest up to (but excluding) the redemption date (including any accrued but unpaid Deferred Interest). Upon the expiry of such notice, the Issuer shall redeem the Securities.

(c) Redemption following a Tax Deductibility Event, a Withholding Tax Event or a Tax Law Change Event

If a Tax Deductibility Event or a Withholding Tax Event has occurred and is continuing, or the Issuer suffers or would suffer any other material adverse tax consequences in connection with the Securities in the United Kingdom as a result of a Tax Law Change (and the Issuer cannot avoid the foregoing in connection with the Securities by taking measures reasonably available to it) (a "**Tax Law Change Event**"), then the Issuer may, having given not less than 10 nor more than 60 days' notice to the Trustee, the Principal Paying Agent and, in accordance with Condition 17, the Holders (which notice shall be irrevocable) and subject to Condition 8, redeem all, but not some only, of the Securities at any time at their Early Redemption Amount; provided, however, that, in the case of a Withholding Tax Event, (1) no such notice of redemption will be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay any Additional Amounts were a payment in respect of the Securities then due and (2) at the time such notice of redemption is given, such obligation to pay such Additional Amounts remains in effect. Upon the expiry of such notice, the Issuer shall redeem the Securities.

(d) Redemption following a Rating Capital Event

If a Rating Capital Event has occurred and is continuing, then the Issuer may, having given not less than 10 nor more than 60 days' notice to the Trustee, the Principal Paying Agent and, in accordance with Condition 17, the Holders (which notice shall be irrevocable) and subject to Condition 8, redeem all, but not some only, of the Securities at any time at their Early Redemption Amount. Upon the expiry of such notice, the Issuer shall redeem the Securities.

(e) Redemption following an Accounting Event

If an Accounting Event has occurred and is continuing, then the Issuer may, subject to having given not less than 10 nor more than 60 days' notice to the Trustee, the Principal Paying Agent and, in accordance with Condition 17, the Holders (which notice shall be irrevocable) and subject to Condition 8, redeem in accordance with these Conditions all, but not some only, of the Securities at any time at their Early Redemption Amount. Upon the expiry of such notice, the Issuer shall redeem the Securities.

(f) Redemption following a Substantial Repurchase Event

If a Substantial Repurchase Event has occurred, then the Issuer may, having given not less than 10 nor more than 60 days' notice to the Trustee, the Principal Paying Agent and, in accordance with Condition 17, the Holders (which notice shall be irrevocable) and subject to Condition 8, redeem all, but not some only, of the Securities at any time at 100 per cent. of their principal amount, together with any accrued and unpaid interest up to (but excluding) the redemption date (including any accrued but unpaid Deferred Interest). Upon the expiry of such notice, the Issuer shall redeem the Securities.

7 Substitution or Variation

If a Rating Capital Event, an Accounting Event, a Tax Deductibility Event, a Tax Law Change Event or a Withholding Tax Event has occurred and is continuing, then the Issuer may, subject to Condition 8 (without any requirement for the consent or approval of the Holders or Couponholders) and subject to its having satisfied the Trustee immediately prior to the giving of any notice referred to herein that the provisions of this Condition 7 have been complied with, and having given not less than 10 nor more than 60 days' notice to the Trustee, the Principal Paying Agent and, in accordance with Condition 17, the Holders (which notice shall be irrevocable), at any time either (i) substitute all, but not some only, of the Securities for, or (ii) vary the terms of the Securities with the effect that they remain or become, as the case may be, Qualifying Securities, and the Trustee shall (subject to the following provisions of this Condition 7 and subject to the receipt by it of the certificate of a director of the Issuer referred to in Condition 8 below) agree to such substitution or variation but without further responsibility or liability on the part of the Trustee.

Upon expiry of such notice, the Issuer shall either vary the terms of or, as the case may be, substitute the Securities in accordance with this Condition 7.

The Trustee shall, subject to the provisions of this Condition 7 and subject to the receipt by it of the certificate of a director of the Issuer referred to in Condition 8 below, without any requirement for the consent or approval of the Holders or Couponholders, execute any documents necessary to effect the substitution of the Securities for, or the variation of the terms of the Securities so that they remain, or as the case may be, become, Qualifying Securities, provided that the Trustee shall not be obliged to execute such documents if, in the Trustee's opinion, doing so would impose more onerous obligations upon it or would expose it to additional duties, responsibilities or liabilities or reduce or amend its rights and/or protections. If the Trustee does not execute any necessary documents as provided above, the Issuer may redeem the Securities as provided in Condition 6.

In connection with any substitution or variation in accordance with this Condition 7, the Issuer shall comply with the rules of any stock exchange on which the Securities are for the time being listed or admitted to trading.

Any such substitution or variation in accordance with the foregoing provisions shall not be permitted if (a) following any such substitution or variation (i) a Tax Deductibility Event; (ii) a Tax Law Change Event; or (iii) a Withholding Tax Event is occurring with respect to the Qualifying Securities, or (b) any such substitution or variation could reasonably be expected to (i) result in a reduction of the amount of equity credit assigned by any Rating Agency to the Securities immediately prior to such substitution or variation, or (ii) otherwise prejudice the eligibility of the Securities for equity credit from any Rating Agency and/or (iii) result in the Securities (or the Qualifying Securities) no longer being recorded as "equity" in the audited annual or the semi-annual consolidated financial statements of the Issuer pursuant to the UK-IFRS or any other accounting standards that may replace UK-IFRS.

8 Preconditions to Special Event Redemption, Substitution and Variation

Prior to the publication of any notice of redemption pursuant to Condition 6 (other than redemption pursuant to Condition 6(b)) or any notice of substitution or variation pursuant to Condition 7, the Issuer shall deliver to the Trustee a certificate signed by one director of the Issuer stating that the relevant requirement or circumstance giving rise to the right to redeem, substitute or vary is satisfied, and where the relevant Special Event requires measures reasonably available to the Issuer to be taken, the relevant Special Event cannot be avoided by the Issuer taking such measures.

In relation to a substitution or variation pursuant to Condition 7, such certificate shall also include further certifications that the terms of the Qualifying Securities are not materially less favourable to Holders than the terms of the Securities, that such determination was reached by the Issuer in consultation with an independent financial institution of international repute or an independent financial adviser or a counsel of international standing, in each case, with appropriate expertise in capital markets appointed by the Issuer at its own expense and that the criteria specified in paragraphs (a) to (i) of the definition of Qualifying Securities will be satisfied by the Qualifying Securities upon issue. The Trustee shall be entitled to accept such certificate without any inquiry or liability as sufficient evidence of the satisfaction of the conditions precedent set out in such paragraphs, in which event it shall be conclusive and binding on the Holders and the Couponholders.

Any redemption of the Securities in accordance with Condition 6 shall be conditional on all accrued but unpaid Deferred Interest being paid in full in accordance with the provisions of Condition 5 on or prior to the date of such redemption, together with any accrued and unpaid interest up to (but excluding) such date of redemption.

The Trustee is under no obligation to ascertain whether any Special Event or any event which could lead to the occurrence of, or could constitute, any such Special Event has occurred, and will not be responsible to Holders for any loss arising from any failure by the Trustee to so ascertain the occurrence of such an event, and unless and until it shall have express written notice pursuant to the Trust Deed to the contrary, the Trustee may assume that no such Special Event or such other event has occurred.

9 Purchases and Cancellation

(a) Purchases

Each of the Issuer and its Subsidiaries may at any time purchase or procure others to purchase beneficially for its account Securities in any manner and at any price. In each case, purchases will be made together with all unmatured Coupons and Talons appertaining thereto.

(b) Cancellation

All Securities redeemed or substituted by the Issuer pursuant to Condition 6 or 7, as the case may be, (together with all unmatured Coupons and unexchanged Talons relating thereto) will forthwith be cancelled. All Securities purchased by or on behalf of the Issuer or any of its Subsidiaries may, at the option of the Issuer, be held, reissued, resold or surrendered for cancellation (together with all unmatured Coupons and all unexchanged Talons attached to them) to a Paying Agent. Securities held by the Issuer and/or any of its Subsidiaries shall not entitle the holder to vote at any meeting of Holders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of Holders or for any other purpose specified in Condition 14.

10 Payments

(a) Method of Payment

(i) Payments of principal and interest will be made against presentation and surrender of Securities or the appropriate Coupons (as the case may be) at the specified office of any of the Paying Agents except that payments of interest in respect of any period not ending on an Interest Payment Date will only be made against presentation and either surrender or endorsement (as appropriate) of the Securities. Such payments will be made by transfer to a euro account maintained by the payee with a bank in a city in which banks have access to T2.

(ii) Upon the due date for redemption of any Security, unmatured Coupons relating to such Security (whether or not attached) shall become void and no payment shall be made in respect of them. Where any Security is presented for redemption without all unmatured Coupons relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.

(iii) On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Securities, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Principal Paying Agent in exchange for a further Coupon sheet (and another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 13).

(b) Payments Subject to Fiscal Laws

Without prejudice to the terms of Condition 12, all payments made in accordance with these Conditions shall be made subject to any fiscal or other laws and regulations applicable in the place of payment. No commissions or expenses shall be charged to the Holders or Couponholders in respect of such payments.

(c) Days for Payments

A Security or Coupon may only be presented for payment on a day on which commercial banks and foreign exchange markets are open in the place of presentation and London (and, in the case of payment by transfer to a euro account, a day on which T2 is operating). No further interest or other payment will be made as a consequence of the day on which the relevant Security or Coupon may be presented for payment under this paragraph falling after the due date.

11 Enforcement Events

(a) Proceedings

If a default is made by the Issuer for a period of 14 days or more in the payment of any principal or for a period of 21 days or more in the payment of any interest (including any Deferred Interest) in respect of the Securities which is due and payable, then the Issuer shall without notice from the Trustee be deemed to be in default under the Trust Deed, the Securities and the Coupons and the Trustee at its sole discretion may (subject to Condition 11(c)), and if so requested in writing by the Holders of at least one-quarter in principal amount of the Securities then outstanding or if so directed by an Extraordinary Resolution shall (subject to Condition 11(c)), institute actions, steps or proceedings for the winding-up of the Issuer and/or prove in the winding-up or administration of the Issuer and/or claim in the liquidation or administration of the Issuer for such payment, such claim being as contemplated in Condition 3(a).

(b) Enforcement

The Trustee may at its discretion (subject to Condition 11(c)) and without further notice institute such actions, steps or proceedings against the Issuer as it may think fit to enforce any term or condition

binding on the Issuer under the Trust Deed, the Securities or the Coupons but in no event shall the Issuer, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

(c) Entitlement of Trustee

The Trustee shall not be bound to take any of the actions referred to in Condition 11(a) or 11(b) above against the Issuer to enforce the terms of the Trust Deed, the Securities or the Coupons or any other action, step or proceedings unless (i) it shall have been so directed by an Extraordinary Resolution of the Holders or requested in writing by the Holders of at least one-quarter in principal amount of the Securities then outstanding and (ii) it shall have been indemnified and/or secured and/or prefunded to its satisfaction.

(d) Right of Holders

No Holder or Couponholder shall be entitled to proceed directly against the Issuer or to institute actions, steps or proceedings for the winding-up of the Issuer and/or prove in the winding-up or administration of the Issuer and/or claim in the liquidation or administration of the Issuer unless the Trustee, having become so bound to proceed or being able to prove in such winding-up or administration or claim in such liquidation or administration, fails or is unable to do so within 60 days and such failure or inability shall be continuing, in which case the Holder or Couponholder shall have only such rights against the Issuer as those which the Trustee is entitled to exercise as set out in this Condition 11.

(e) Extent of Holders' remedy

No remedy against the Issuer, other than as referred to in this Condition 11, shall be available to the Trustee (on behalf of the Holders) or the Holders or Couponholders, whether for the recovery of amounts owing in respect of the Securities, the Coupons or under the Trust Deed or in respect of any breach by the Issuer of any of its other obligations under or in respect of the Securities, the Coupons or the Trust Deed.

12 Taxation

All payments of principal and interest by the Issuer will be made without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges (together, "**Taxes**") of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the United Kingdom or any political subdivision thereof or any authority thereof or therein having power to levy the same unless such withholding or deduction is required by law. In that event, the Issuer shall pay such amounts (the "**Additional Amounts**") as will result in the receipt by the Holders and the Couponholders of such amounts as would have been received by them had no such Taxes been required to be withheld or deducted; provided that no such Additional Amounts will be payable in respect of any Security or Coupon:

(i) to, or to a third party on behalf of, a Holder or Couponholder who is liable for such withheld or deducted Taxes by reason of its having some connection with the United Kingdom other than the mere holding of a Security or Coupon; or

(ii) to, or to a third party on behalf of, a Holder or Couponholder if such withholding or deduction may be avoided by complying with any statutory requirement or by making a declaration of non-residence or other similar claim for exemption to any authority of or in the United Kingdom, unless such Holder or Couponholder proves that it is not entitled so to comply or to make such declaration or claim; or

(iii) presented for payment more than 30 days after the Relevant Date except to the extent that a Holder or Couponholder would have been entitled to payment of such Additional Amounts if it had presented its Security or Coupon for payment on the thirtieth day after the Relevant Date.

Notwithstanding any other provision of these Conditions, any amounts to be paid on any Security or Coupon by or on behalf of the Issuer will be paid net of any deduction or withholding imposed under Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**") (or any amended or successor provisions), including any regulations thereunder or official interpretations thereof, or required pursuant to an agreement described in Section 1471(b) of the Code or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation of any of the foregoing (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a "**FATCA Withholding**"). Neither the Issuer nor any other person will be required to pay any Additional Amounts in respect of FATCA Withholding.

References in these Conditions to principal, Interest Payments, Deferred Interest and/or any other amount in respect of interest shall be deemed to include any Additional Amounts which may become payable pursuant to the foregoing provisions or any undertakings given in addition thereto or in substitution therefor pursuant to the Trust Deed.

13 Prescription

Claims against the Issuer in respect of Securities and Coupons (which for this purpose shall not include Talons) will become void unless presented for payment or made, as the case may be, within a period of 10 years in the case of Securities and five years in the case of Coupons from the Relevant Date relating thereto. There shall be no prescription period for Talons but there shall not be included in any Coupon sheet issued in exchange for a Talon any Coupon the claim in respect of which would be void pursuant to this Condition 13 or Condition 10(a)(iii).

14 Meetings of Holders, Modification, Waiver and Substitution

The Trust Deed contains provisions for convening meetings of Holders (including by way of audio or video conference call) to consider any matter affecting their interests or those of Couponholders, including the sanctioning by Extraordinary Resolution (as defined in the Trust Deed) of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by Holders holding not less than 10 per cent. in principal amount of the Securities for the time being outstanding.

The quorum at any such meeting for passing an Extraordinary Resolution shall be one or more persons holding or representing not less than a clear majority in principal amount of the Securities for the time being outstanding, or at any adjourned meeting one or more persons being or representing Holders whatever the principal amount of the Securities so held or represented, except that at any meeting the business of which includes the modification of certain of these Conditions (including, *inter alia*, the provisions regarding subordination referred to in Condition 3, the terms concerning currency and due dates for payment of principal or Interest Payments in respect of the Securities and reducing or cancelling the principal amount of any Securities or the Interest Rate) and certain other provisions of the Trust Deed, the quorum shall be one or more persons holding or representing not less than three-fourths in principal amount of the Securities for the time being outstanding, or at any adjourned such meeting not less than one-fourth, in principal amount of the Securities for the time being outstanding.

The agreement or approval of the Holders shall not be required in the case of any Benchmark Amendments required by the Issuer pursuant to Condition 4(i), any variation of these Conditions and/or the Trust Deed required to be made in the circumstances described in Condition 7 in connection with the substitution or

variation of the terms of the Securities so that they remain or become Qualifying Securities to which the Trustee has agreed pursuant to the relevant provisions of Condition 7.

An Extraordinary Resolution passed at any meeting of Holders will be binding on all Holders, whether or not they are present at the meeting, and on all Couponholders.

The Trust Deed provides that a resolution by way of electronic consents or in writing signed by or on behalf of the holders of not less than 75 per cent. in principal amount of the Securities outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Holders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Holders.

The Trustee may agree, without the consent of the Holders or Couponholders, to (i) any modification of these Conditions or of any other provisions of the Trust Deed or the Paying Agency Agreement which is, in the opinion of the Trustee, of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification to (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach by the Issuer of, any of these Conditions or of the provisions of the Trust Deed or the Paying Agency Agreement which is, in the opinion of the Trustee, not materially prejudicial to the interests of the Holders and Couponholders (which will not include, for the avoidance of doubt, any provision entitling the Holders to institute actions, steps or proceedings for the winding-up of the Issuer in circumstances which are more extensive than those set out in Condition 11). In addition, the Trustee shall be obliged to concur with the Issuer in effecting any Benchmark Amendments in the circumstances and as otherwise set out in Condition 4(i) without the consent or approval of the Holders or Couponholders.

The Trustee may also agree without the consent of the Holders or Couponholders, to the substitution in place of the Issuer as the principal debtor under the Securities and the Trust Deed of any successor in business or Holding Company of the Issuer or any other subsidiary of the Issuer provided that (i) (in the case of any substitution by any other subsidiary of the Issuer or such Holding Company) all payments in respect of the Securities continue to be unconditionally and irrevocably guaranteed by the Issuer or the successor in business of the Issuer in the manner provided in the Trust Deed and (ii) that such substitution would not, in the opinion of the Trustee, be materially prejudicial to the interests of the Holders and Couponholders and subject to the other conditions set out in the Trust Deed. In the case of any proposed substitution, the Trustee may agree, without the consent of the Holders or Couponholders, to a change of the law governing the Securities, the Coupons and/or the Trust Deed, provided that such change would not, in the opinion of the Trustee, be materially prejudicial to the interests of the Holders or the Couponholders.

In connection with any proposed substitution as aforesaid and in connection with the exercise of its trusts, powers, authorities and discretions (including but not limited to those referred to in this Condition 14), the Trustee shall have regard to the general interests of the Holders and Couponholders as a class but shall not have regard to the consequences of such substitution or such exercise for individual Holders or Couponholders. In connection with any substitution or such exercise as aforesaid, no Holder or Couponholder shall be entitled to claim, whether from the Issuer, the Trustee or any other person, any indemnification or payment in respect of any tax consequence of any such substitution or any such exercise upon any individual Holders or Couponholders, except to the extent already provided in Condition 12 and/or any undertaking given in addition thereto or in substitution therefor pursuant to the Trust Deed.

Any such modification, waiver, authorisation, determination or substitution effected in accordance with this Condition 14 shall be binding on all Holders and all Couponholders and, unless the Trustee agrees otherwise, any such modification, waiver, authorisation, determination or substitution shall be notified to the Holders in accordance with Condition 17 as soon as practicable thereafter.

15 Replacement of the Securities, Coupons and Talons

If any Security, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Principal Paying Agent as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Holders in accordance with Condition 17, on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Security, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Securities, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Securities, Coupons or Talons must be surrendered before any replacement Securities, Coupons or Talons will be issued.

16 Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification or prefunding of the Trustee, and/or provision of security for the Trustee, and for its relief from responsibility. The Trustee is entitled to enter into business transactions with the Issuer or any of its subsidiary undertakings, parent undertakings, joint ventures or associated undertakings without accounting for any profit resulting from these transactions and to act as trustee for the holders of any other securities issued by the Issuer or any of its subsidiary undertakings, parent undertakings, joint ventures or associated undertakings. The Trustee may rely without liability to Holders or Couponholders on a report, confirmation or certificate or any advice of any accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or any other person or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, confirmation or certificate or advice and, if the Trustee does so, such report, confirmation or certificate or advice shall be binding on the Issuer, the Trustee and the Holders.

17 Notices

All notices regarding the Securities will be deemed to be validly given if published in a leading English language daily newspaper of general circulation in London. It is expected that such publication will be made in the Financial Times in London. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or any other relevant authority on which the Securities are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

18 Further Issues

The Issuer may from time to time without the consent of the Holders or the Couponholders create and issue further securities ranking *pari passu* in all respects (or in all respects save for the date from which interest thereon accrues and the amount of the first payment of interest on such further securities) and so that such further issue shall be consolidated and form a single series with the outstanding Securities. Any such further securities shall be constituted by a deed supplemental to the Trust Deed.

19 Paying Agents

The initial Paying Agents and their initial specified offices are listed below. The Issuer reserves the right, subject to the approval of the Trustee, at any time to vary or terminate the appointment of any Paying Agent and to appoint additional or other Paying Agents, provided that the Issuer will:

(a) at all times maintain a Principal Paying Agent; and

(b) so long as the Securities are listed on any stock exchange or admitted to trading by any other relevant authority, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or any other relevant authority.

Notice of any such termination or appointment and of any change in the specified offices of the Paying Agents will be given to the Holders in accordance with Condition 17.

If the Principal Paying Agent is unable or unwilling to act as such or if it fails to make a determination or calculation or otherwise fails to perform its duties under these Conditions or the Paying Agency Agreement (as the case may be), the Issuer shall appoint, on terms acceptable to the Trustee, an independent financial institution acceptable to the Trustee to act as such in its place.

20 Governing Law and Jurisdiction

The Trust Deed, the Securities and the Coupons, and any non-contractual obligations arising out of or in connection with them, are governed by, and shall be construed in accordance with, English law.

Each of the parties to the Trust Deed has in the Trust Deed irrevocably agreed that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed, the Securities and/or the Coupons (including a dispute relating to any non-contractual obligations arising out of or in connection with them) and that accordingly any suit, action or proceedings (together referred to as "**Proceedings**") arising out of or in connection with the Trust Deed, the Securities and the Coupons (including any proceedings relating to any non-contractual obligations arising out of or in connection with them) may be brought in such courts.

Each of the parties to the Trust Deed has in the Trust Deed irrevocably and unconditionally waived any objection which it may have now or hereafter to the laying of the venue of any such Proceedings in any such court and any claim that any such Proceedings have been brought in an inconvenient forum and further irrevocably and unconditionally agreed that a judgment in any such Proceedings brought in the English courts shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction.

Nothing contained in this Condition shall limit any right to take Proceedings against any of the parties to the Trust Deed in any other court of competent jurisdiction (outside the Contracting States, as defined in Section 1(3) of the Civil Jurisdiction and Judgments Act 1982, as amended), nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

21 Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Securities by virtue of the Contracts (Rights of Third Parties) Act 1999.

22 Definitions

In these Conditions:

"**5-year Swap Rate**" means (i) the annualised mid-swap rate with a term of five years as displayed on the Reset Screen Page as at approximately 11:00 a.m. (Frankfurt time) on the relevant Reset Interest Determination Date or, (ii) if the 5-year Swap Rate does not appear on such screen page at such time on the relevant Reset Interest Determination Date, the 5-year Swap Rate will be the Reset Reference Bank Rate on such Reset Interest Determination Date, unless a Benchmark Event has occurred, in which case the 5-year Swap Rate will be determined pursuant to and in accordance with Condition 4(i);

the "**5-year Swap Rate Quotations**" means the arithmetic mean of the bid and offered rates for the annual fixed leg (calculated on a 30/360 day count basis) of a fixed-for-floating euro interest rate swap which:

(a) has a term of five years commencing on the relevant Reset Date;

(b) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market; and

(c) has a floating leg based on the 6-month EURIBOR rate (calculated on an Act/360 day count basis);

an "**Accounting Event**" shall be deemed to occur if a recognised accountancy firm, acting upon instructions of the Issuer, has delivered a letter or report to the Issuer, stating that, as a result of a change in accounting principles (or the application thereof) which has been officially adopted after the Issue Date (such date, the "**Accounting Event Adoption Date**"), the Securities may not or may no longer be recorded as "equity" in the audited annual or the semi-annual consolidated financial statements of the Issuer pursuant to the UK-IFRS or any other accounting standards that may replace UK-IFRS; the Accounting Event shall be deemed to have occurred on the Accounting Event Adoption Date notwithstanding any later effective date;

"**Additional Amounts**" has the meaning given in Condition 12;

"**Agents**" means the Paying Agents and the Calculation Agent;

"**Business Day**" means a day, other than a Saturday, Sunday or public holiday, on which commercial banks and foreign exchange markets are open for general business in London and on which T2 is open for settlement of payments in euro;

"**Calculation Agent**" has the meaning given to it in the preamble to these Conditions;

"**Calculation Amount**" has the meaning given to it in Condition 4(b);

a "**Compulsory Arrears of Interest Settlement Event**" shall have occurred if:

(i) a Declaration or Payment is made in respect of any Junior Obligations or any Parity Obligations (other than any dividend, distribution or payment which is paid or made exclusively in ordinary shares of the Issuer); or

(ii) the Issuer or any of its Subsidiaries has repurchased, redeemed or otherwise acquired any Junior Obligations or any Parity Obligations,

other than (a) any such Declaration or Payment or such redemption, repurchase or acquisition that is contractually required under the terms of any Junior Obligations or Parity Obligations or required by mandatory operation of law; (b) in relation to sub-paragraph (i) above, any *pro rata* payment of deferred interest on any Parity Obligations which is made simultaneously with a *pro rata* payment of any Deferred Interest provided that such *pro rata* payment on the relevant Parity Obligations is not proportionately more than the *pro rata* settlement of any such Deferred Interest; (c) any such Declaration or Payment in respect of any Junior

Obligations or Parity Obligations or any redemption, repurchase or acquisition which is undertaken in connection with any share option, or any free share allocation plan in each case reserved for directors, officers and/or employees of the Issuer or any of its affiliates or any associated liquidity agreements or any associated hedging transactions; (d) any repurchase or acquisition of ordinary shares of the Issuer by or on behalf of the Issuer as part of an intra-day transaction that does not result in an increase in the aggregate number of ordinary shares of the Issuer compared with the ordinary shares held by or on behalf of the Issuer as treasury shares at 8:30 a.m. London time on the Interest Payment Date on which any outstanding Deferred Interest Payment first arose; (e) any redemption, repurchase or acquisition of Parity Obligations that is made for a consideration less than the aggregate nominal or par value of such Parity Obligations that are purchased or acquired; (f) any redemption, repurchase or acquisition of ordinary shares of the Issuer resulting from mandatory obligations or hedging of any convertible securities issued by the Issuer; or (g) any repurchase or acquisition of ordinary shares of the Issuer resulting from the settlement of existing equity derivatives after the Interest Payment Date on which any outstanding Deferred Interest Payment first arose;

"**Conditions**" means these terms and conditions of the Securities, as amended from time to time;

"**Coupon**" has the meaning given in the preamble to these Conditions;

"**Couponholder**" has the meaning given in the preamble to these Conditions;

"**Declaration or Payment**" means the authorisation by resolution of the general meeting of shareholders or the board of directors or other competent corporate body, as the case may be, of the Issuer of the payment, or the making of, a dividend or other distribution or payment, or, if no such authorisation is required, the payment, or the making of, a dividend or other distribution or payment;

"**Deferral Notice**" has the meaning given in Condition 5(a);

"**Deferred Interest**" has the meaning given in Condition 5(a);

"**Deferred Interest Settlement Date**" has the meaning given in Condition 5(b);

"**Early Redemption Amount**" means, in respect of each Security:

(i) in the case of a Tax Deductibility Event, a Tax Law Change Event, a Rating Capital Event or an Accounting Event where the relevant date fixed for redemption falls prior to the First Optional Redemption Date, an amount equal to the sum of (x) 100 per cent. of the principal amount of the relevant Security and (y) 1 per cent. of the principal amount of the relevant Security (which amount shall represent a fixed interest amount for the period from (and including) the Issue Date up to (but excluding) the relevant date fixed for redemption payable in addition to any accrued and unpaid interest up to (but excluding) the relevant date fixed for redemption and any accrued and unpaid Deferred Interest);

(ii) in the case of a Tax Deductibility Event, a Tax Law Change Event, a Rating Capital Event or an Accounting Event where the relevant date fixed for redemption falls on or after the First Optional Redemption Date, an amount equal to 100 per cent. of the principal amount of the relevant Security; and

(iii) in case of a Withholding Tax Event at any time, an amount equal to 100 per cent. of the principal amount of the relevant Security,

in each case (i), (ii) and (iii), together with any accrued and unpaid interest up to (but excluding) the relevant date fixed for redemption (including any accrued but unpaid Deferred Interest) (without double counting);

"**equity credit**" means "equity credit" or such other nomenclature that a Rating Agency may then use to describe the degree to which an instrument exhibits the characteristics of an ordinary share;

"**EURIBOR**" means, in respect of any specified period, the interest rate benchmark known as the Euro zone interbank offered rate;

"**Euro zone**" means the zone comprising the Member States of the European Union which adopt or have adopted the Euro as their lawful currency in accordance with the Treaty establishing the European Community, as amended;

"**euro**" or "**€**" means the lawful currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty on the Functioning of the European Union, as amended;

"**First Optional Redemption Date**" means 30 July 2033;

"**First Reset Date**" means 30 October 2033;

"**First Step-up Date**" means 30 October 2038;

"**Group**" means the Issuer and its Subsidiaries taken as a whole;

"**Holder**" has the meaning given in the preamble to these Conditions;

"**Holding Company**" means a holding company within the meaning of Section 1159 of the Companies Act 2006;

"**Initial Interest Rate**" has the meaning given in Condition 4(c);

"**Interest Amount**" has the meaning given in Condition 4(e);

"**Interest Payment**" means, in respect the payment of interest on an Interest Payment Date, the amount of interest payable on the presentation and surrender of the Coupon for the relevant Interest Period in accordance with Condition 4;

"**Interest Payment Date**" has the meaning given in Condition 4(a);

"**Interest Period**" means the period beginning on (and including) the Issue Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date;

"**Interest Rate**" means the Initial Interest Rate or the relevant Reset Interest Rate, as the case may be;

"**Issue Date**" has the meaning given in Condition 4(a);

"**Issuer**" means British American Tobacco p.l.c.;

"**Junior Obligations**" means ordinary shares in the capital of the Issuer and other securities or obligations issued or owed by the Issuer (including guarantees or indemnities or support arrangements given by the Issuer in respect of securities or obligations owed by other persons) which rank, or are expressed to rank *pari passu* with such ordinary shares;

"**Mandatory Settlement Date**" means each of the following:

(i) the date which is 10 Business Days following the occurrence of a Compulsory Arrears of Interest Settlement Event;

(ii) the next scheduled Interest Payment Date on which interest on the Securities is paid; and

(iii) the date on which the Securities are redeemed or repaid in accordance with Condition 3, any paragraph of Condition 6 or Condition 11;

"**Margin**" means (i) 2.284 per cent. per annum from and including the First Reset Date to (but excluding) the First Step-up Date, (ii) 2.534 per cent. per annum from (and including) the First Step-up Date to (but excluding) the Second Step-up Date and (iii) 3.284 per cent. per annum from (and including) the Second Step-up Date;

"**Market**" means the London Stock Exchange plc's main market;

"**Notional Preference Shares**" has the meaning given in Condition 3(a);

"**Official List**" means the Official List of the Financial Conduct Authority in its capacity as competent authority under the Financial Services and Markets Act 2000 (as amended or superseded);

"**Optional Redemption Date**" means (i) any Business Day from (and including) 30 July 2033 to (and including) the First Reset Date and (ii) each Interest Payment Date thereafter;

"**Parity Obligations**" means (if any) the most junior class of preference share capital in the Issuer ranking ahead of the ordinary shares in the capital of the Issuer and any other obligations of (i) the Issuer, issued directly or indirectly by it, which rank, or are expressed to rank, *pari passu* with the Securities or such preference shares (including, without limitation and for so long as they remain outstanding, the Issuer's Perpetual Subordinated Fixed-to-Reset Rate Non-Call 5.25 Year Securities (ISIN: XS2391779134) and the Issuer's Perpetual Subordinated Fixed-to-Reset Rate Non-Call 8 Year Securities (ISIN: XS2391790610)) or (ii) any Subsidiary of the Issuer having the benefit of a guarantee or support agreement from the Issuer which ranks or is expressed to rank *pari passu* with the Securities or such preference shares;

"**Paying Agency Agreement**" has the meaning given to it in the preamble to these Conditions;

"**Paying Agents**" has the meaning given to it in the preamble to these Conditions;

"**Principal Paying Agent**" has the meaning given to it in the preamble to these Conditions;

"**Qualifying Securities**" means securities that contain terms not materially less favourable to Holders than the terms of the Securities (as reasonably determined by the Issuer (in consultation with an independent investment bank or counsel of international standing)) and provided that a certification to such effect (and confirming that the conditions set out in (a) to (i) below have been satisfied) of one director of the Issuer shall have been delivered to the Trustee prior to the substitution or variation of the Securities upon which certificate the Trustee shall rely absolutely without enquiry or liability to any person), provided that:

(a) they shall be issued by the Issuer or any wholly-owned direct or indirect finance subsidiary of the Issuer, in each case with a guarantee by the Issuer (other than when the Issuer is the issuer of such securities, if applicable); and

(b) they (and/or, as appropriate, the guarantee as aforesaid) shall rank *pari passu* on a winding-up or administration (in circumstances where the administrator has given notice of its intention to declare and distribute a dividend) of the Issuer with the Securities; and

(c) they shall contain terms which provide for the same Interest Rate from time to time applying to the Securities and preserve the same Interest Payment Dates; and

(d) they shall preserve the obligations (including the obligations arising from the exercise of any right) of the Issuer as to redemption of the Securities, including (without limitation) as to timing of, and amounts payable upon, such redemption; and

(e) they shall preserve any existing rights under these Conditions to any accrued interest which has accrued to Holders and not been paid (including without limitation any Deferred Interest); and

(f) they shall not contain terms providing for loss absorption through principal write-down or conversion to ordinary shares; and

(g) they shall otherwise contain substantially identical terms (as reasonably determined by the Issuer) to the Securities, save where (without prejudice to the requirement that the terms are not materially less favourable to Holders than the terms of the Securities as described above) any modifications to such terms are required to be made to avoid the occurrence or effect of a Rating Capital Event, an Accounting Event, a Tax Deductibility Event, a Tax Law Change Event or, as the case may be, a Withholding Tax Event; and

(h) if the Securities were publicly rated by a Rating Agency which has provided a solicited rating at the invitation or with the consent of the Issuer immediately prior to such substitution or variation, they shall have at least the same credit rating immediately after such substitution or variation by each such Rating Agency, as compared with the relevant solicited rating(s) immediately prior to such substitution or variation (as determined by the Issuer using reasonable measures available to it including discussions with the Rating Agencies to the extent practicable); and

(i) they shall be (i) listed on the Official List and admitted to trading on the Market or (ii) listed on such other stock exchange as is a Recognised Stock Exchange at that time as selected by the Issuer;

"**Rating Agency**" means Moody's Investors Service Limited, S&P Global Ratings UK Limited or Fitch Ratings Ltd or any of their respective subsidiaries or successors or any rating agency substituted for any of them (or any permitted substitute of them) by the Issuer from time to time with the prior written approval of the Trustee;

a "**Rating Capital Event**" shall be deemed to occur if the Issuer has received, and confirmed in writing to the Trustee that it has so received, confirmation from any Rating Agency then providing a solicited rating of the Issuer and/or the Group and/or the Securities at the invitation of, or with the consent of, the Issuer and in connection with which the Securities are assigned an equity credit, either directly or via a publication by such Rating Agency, that an amendment to, clarification of or change in its equity credit criteria has occurred which becomes effective on or after the Issue Date (or, if later, effective after the date on which any or all of the Securities are assigned equity credit by such Rating Agency for the first time) and as a result of which, but not otherwise, (a) the Securities are no longer eligible or will no longer be eligible in full or in part for the same, or a higher amount of, equity credit as was attributed to the Securities at the Issue Date (or if equity credit is not assigned to the Securities by the relevant Rating Agency on the Issue Date, at the date on which equity credit is assigned by such Rating Agency for the first time) or (b) the length of time the Securities are assigned a particular level of equity credit, after being assigned such equity credit for the first time, by that Rating Agency is shortened as compared to the length of time they would have been assigned that level of equity credit by that Rating Agency under its prevailing methodology on the Issue Date (or if equity credit was not assigned to the Securities by the relevant Rating Agency on the Issue Date, at the date on which equity credit is assigned by such Rating Agency for the first time);

"**Recognised Stock Exchange**" means a recognised stock exchange as defined in section 1005 of the Income Tax Act 2007 as the same may be amended from time to time and any provision, statute or statutory instrument replacing the same from time to time;

"**Relevant Date**" means:

(a) in respect of any payment other than a sum to be paid by the Issuer in a winding-up or administration of the Issuer the date on which such payment first becomes due and payable but, if the full amount of the moneys payable on such date has not been received by the Principal Paying Agent or the Trustee on or prior to such date, the Relevant Date means the date on which such moneys shall have been so received and notice to that effect shall have been given to the Holders in accordance with Condition 17; and

(b) in respect of any sum (i) to be paid by or on behalf of the Issuer in a winding-up of the Issuer or (ii) if following the appointment of an administrator of the Issuer the administrator gives notice of an intention to declare and distribute a dividend, to be paid by the administrator by way of such dividend, the date which is one day prior to the date on which an order is made or a resolution is passed for the winding-up or, in the case of an administration, one day prior to the date on which any dividend is distributed;

"**Reset Date**" means each of the First Reset Date and each fifth anniversary thereof;

"**Reset Interest Determination Date**" means, in respect of a Reset Period, the day falling two Business Days prior to the first day of that Reset Period;

"**Reset Interest Rate**" has the meaning given in Condition 4(d);

"**Reset Period**" means each period beginning on (and including) a Reset Date and ending on (but excluding) the next succeeding Reset Date thereafter and "**relevant Reset Period**" shall be construed accordingly;

"**Reset Reference Bank Rate**" means the percentage rate determined on the basis of the 5-year Swap Rate Quotations provided by the Reset Reference Banks to the Calculation Agent at approximately 11:00 a.m. (Frankfurt time) on the relevant Reset Interest Determination Date. If at least three quotations are provided, the Reset Reference Bank Rate will be the arithmetic mean of the quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two quotations are provided, the applicable Reset Reference Bank Rate will be the arithmetic mean of the quotations. If only one quotation is provided, the applicable Reset Reference Bank Rate will be the quotation provided. If no quotations are provided, the applicable Reset Reference Bank Rate shall be equal to the last annualised mid-swap rate with a term of five years displayed on the Reset Screen Page as determined by the Calculation Agent;

"**Reset Reference Banks**" means five leading swap dealers in the interbank market selected by the Issuer;

"**Reset Screen Page**" means Reuters screen "ICESWAP2" or such other page as may replace it on that information service, or on such other equivalent information service as determined by the Issuer, for the purpose of displaying the annual swap rates for euro swap transactions with a five-year maturity;

"**Second Step-up Date**" means 30 October 2053;

"**Securities**" has the meaning given in the preamble to these Conditions;

"**Senior Obligations**" means all obligations of the Issuer issued directly or indirectly by it other than Parity Obligations and Junior Obligations;

"**Special Event**" means any of a Rating Capital Event, an Accounting Event, a Substantial Repurchase Event, a Tax Deductibility Event, a Tax Law Change Event or a Withholding Tax Event or any combination of the foregoing;

"**Subsidiary**" means a subsidiary within the meaning of Section 1159 of the Companies Act 2006 and "**Subsidiaries**" shall be construed accordingly;

"**Substantial Repurchase Event**" shall be deemed to occur if prior to the giving of the relevant notice of redemption the Issuer or any of its Subsidiaries repurchases (and effects corresponding cancellations) or redeems Securities in respect of 75 per cent. or more in the principal amount of the Securities initially issued (which shall for this purpose include any further securities issued pursuant to Condition 18);

"**successor in business**" means a company which has acquired as a going concern all or substantially all of the undertaking, assets and liabilities of the Issuer;

"**T2**" means the real time gross settlement system operated by the Eurosystem, or any successor system;

"**Talons**" has the meaning given in the preamble to these Conditions;

"**Taxes**" has the meaning given in Condition 12;

a "**Tax Deductibility Event**" shall be deemed to have occurred if as a result of a Tax Law Change:

(a) the Issuer is not or would no longer be entitled to claim a deduction in respect of any payments of interest in respect of the Securities in computing its taxation liabilities or such entitlement is materially delayed or reduced in the United Kingdom (a "**disallowance**"); or

(b) the Securities are prevented from being treated as loan relationships for United Kingdom tax purposes;

(c) in respect of the Issuer's obligation to make any Interest Payment on the next following Interest Payment Date, where a deduction arises in respect of such Interest Payment the Issuer would not to any material extent be entitled to have any loss attributable to, or resulting from, such deduction set against the profits of companies with which it is grouped for applicable United Kingdom tax purposes (whether under the group relief system current as at the Issue Date or any similar system or systems having like effect as may from time to time exist) otherwise than as a result of a disallowance in (a);

and, in each case, the Issuer cannot avoid the foregoing in connection with the Securities by taking measures reasonably available to it, provided that measures reasonably available to the Issuer shall not include allocating a disallowance provided for in (a) above to any other company or security;

"**Tax Law Change**" means a change in or proposed change in, or amendment or proposed amendment to, the laws or regulations of the United Kingdom or any political subdivision or any authority thereof or therein having the power to tax, including any treaty or convention to which the United Kingdom is a party, or any change in the application or interpretation of such laws or regulations or any such treaty or convention, including a decision of any court or tribunal, or any interpretation or pronouncement by any relevant tax authority that provides for a position with respect to such laws or regulations or interpretation thereof that differs from the previously generally accepted position in relation to similar transactions, which change or amendment becomes, or would become, effective on or after the Issue Date;

"**Trust Deed**" has the meaning given in the preamble to these Conditions;

"**Trustee**" has the meaning given in the preamble to these Conditions;

"**UK-IFRS**" means the International Financial Reporting Standards as adopted by the United Kingdom;

"**United Kingdom**" means the United Kingdom of Great Britain and Northern Ireland; and

a "**Withholding Tax Event**" shall be deemed to occur if as a result of a Tax Law Change, in making any payments on the Securities, the Issuer has paid or will or would on the next Interest Payment Date be required to pay Additional Amounts on the Securities and the Issuer cannot avoid the foregoing in connection with the Securities by taking reasonable measures available to it.

The following paragraph does not form part of the terms and conditions of the Securities.

The Issuer intends (without thereby assuming a legal obligation) that it will (but is not obliged to) redeem or repurchase the Securities only to the extent that the Securities are replaced with instrument(s) which provide at least an equivalent quantum of "equity credit" (or such other nomenclature used from time to time), unless:

(i) the Securities are redeemed pursuant to a Rating Capital Event, a Tax Deductibility Event, a Tax Law Change Event, an Accounting Event or a Withholding Tax Event having occurred; or

(ii) such redemption or repurchase is made in any other circumstance where redemption or repurchase without replacement is consistent with rating agencies' assessment criteria.

SUMMARY OF PROVISIONS RELATING TO THE SECURITIES WHILE IN GLOBAL FORM

Initial Issue of Securities

Upon the initial deposit of a Temporary Global Security with a common depositary for Euroclear and Clearstream, Luxembourg, as the case may be, will credit each subscriber with a principal amount of the relevant Securities equal to the principal amount of those Securities for which it has subscribed and paid.

The records of such clearing system shall be conclusive evidence of the principal amount of the relevant Securities represented by each Temporary Global Security and a statement issued by such clearing system at any time shall be conclusive evidence of the records of the relevant clearing system at that time.

Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a Security represented by a Global Security must look solely to Euroclear or Clearstream, Luxembourg (as the case may be) for its share of each payment made by the Issuer to the bearer of such Global Security and in relation to all other rights arising under the Global Securities, subject to and in accordance with the respective rules and procedures of Euroclear or Clearstream, Luxembourg. Such persons shall have no claim directly against the Issuer in respect of payments due on the relevant Securities for so long as the relevant Securities are represented by such Global Security and such obligations of the Issuer will be discharged by payment to the bearer of such Global Security in respect of each amount so paid.

The Trustee may call for any certificate or other document to be issued by Euroclear or Clearstream, Luxembourg as to the principal amount of relevant Securities represented by a Global Security standing to the account of any person. Any such certificate or other document shall, in the absence of manifest error, be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear's EasyWay system or Clearstream, Luxembourg's Xact Web Portal system) in accordance with its usual procedures and in which the holder of a particular principal amount of relevant Securities is clearly identified together with the amount of such holding. The Trustee shall not be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by Euroclear or Clearstream, Luxembourg and subsequently found to be forged or not authentic.

Because the Global Securities will be held by or on behalf of Euroclear and Clearstream, Luxembourg, investors will have to rely on their procedures for transfer, payment and communication with the Issuer.

The Global Securities will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in the relevant Global Security, investors will not be entitled to receive Definitive Securities. Euroclear and Clearstream, Luxembourg will maintain records of the interests in the Global Securities. While the Securities are represented by one or more Global Securities, investors will be able to trade their interests only through Euroclear or Clearstream, Luxembourg.

While Securities are represented by one or more Global Securities, the Issuer will discharge its payment obligations under such Securities by making payments to the common depositary for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A Holder of an interest in a Global Security must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the relevant Securities. The Issuer does not have any responsibility or liability for the records relating to, or payments made in respect of, interests in the Global Securities.

Holders of interests in the Global Securities will not have a direct right to vote in respect of the relevant Securities. Instead, such Holders will be permitted to act only to the extent that they are enabled by Euroclear or Clearstream, Luxembourg.

Exchange

1 Temporary Global Securities

Each Temporary Global Security will be exchangeable, free of charge to the Holder, on or after its Exchange Date, in whole or in part upon certification as to non-U.S. beneficial ownership for interests in a Permanent Global Security.

2 Permanent Global Securities

Each Permanent Global Security will be exchangeable, free of charge to the Holder, on or after its Exchange Date in whole but not in part for Definitive Securities if the relevant Permanent Global Security is held on behalf of Euroclear or Clearstream, Luxembourg or any other clearing system and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so.

In the event that a Permanent Global Security is exchanged for Definitive Securities, such Definitive Securities shall be issued in the denomination(s) specified in the relevant Conditions only. A Holder who holds a principal amount of less than the minimum so specified denomination will not receive a Definitive Security in respect of such holding and would need to purchase a principal amount of the relevant Securities such that it holds an amount equal to one or more such specified denominations.

3 Delivery of Securities

On or after any due date for exchange, the Holder of a Global Security may surrender such Global Security or, in the case of a partial exchange, present it for endorsement to or to the order of the Principal Paying Agent. In exchange for any Global Security, or the part of that Global Security to be exchanged, the Issuer will (a) in the case of a Temporary Global Security exchangeable for a Permanent Global Security, deliver, or procure the delivery of, the relevant Permanent Global Security in an aggregate principal amount equal to that of the whole or that part of the relevant Temporary Global Security that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, the relevant Permanent Global Security to reflect such exchange or (b) in the case of a Permanent Global Security exchangeable for Definitive Securities, deliver, or procure the delivery of, an equal aggregate principal amount of duly executed and authenticated Definitive Securities. In this Prospectus, "**Definitive Securities**" means, in relation to any Permanent Global Security, the Definitive Securities for which such Permanent Global Security may be exchanged (if appropriate, having attached to them all Coupons that have not already been paid on the Global Security and a Talon). Definitive Securities will be security printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the relevant Trust Deed. On exchange in full of each Permanent Global Security, the Issuer will, if the Holder so requests, procure that it is cancelled and returned to the Holder together with the relevant Definitive Securities.

4 Exchange Date

"**Exchange Date**" means, in relation to a Temporary Global Security, the day falling after the expiry of 40 days after its issue date which is expected to be 10 December 2025 and, in relation to a Permanent Global Security, a day falling not less than 60 days, after that day on which the notice requiring exchange is given and on which

banks are open for business in the city in which the specified office of the Principal Paying Agent is located and in the city in which the relevant clearing system is located.

Amendment to Conditions

The Temporary Global Securities and the Permanent Global Securities contain provisions that apply to the Securities which they represent, some of which modify the effect of the terms and conditions of the Securities set out in this Prospectus. The following is a summary of certain of those provisions:

1 Payments

No payment falling due after the Exchange Date will be made on any Temporary Global Security unless exchange for an interest in the relevant Permanent Global Security is improperly withheld or refused. Payments on any Temporary Global Security will only be made against presentation of certification as to non-U.S. beneficial ownership. All payments in respect of Securities represented by a Global Security will be made against presentation for endorsement and, if no further payment falls to be made in respect of the relevant Securities, surrender of such Global Security to or to the order of the Principal Paying Agent or such other Paying Agent as shall have been notified to the Holders for such purpose. A record of each payment so made will be endorsed on each Global Security, which endorsement will be *prima facie* evidence that such payment has been made in respect of the relevant Securities. Each payment so made will discharge the Issuer's obligations in respect thereof. Any failure to make the entries in the records of the relevant clearing system shall not affect such discharge.

For the purpose of any payments made in respect of a Global Security, the relevant place of presentation shall be disregarded for the Securities in the relevant Condition 10(c) (*Days for Payments*).

The records of the relevant clearing systems which reflect the amount of the Holders' interests in the relevant Securities shall be conclusive evidence of the principal amount of relevant Securities represented by the relevant Global Securities.

2 Prescription

Claims against the Issuer in respect of Securities which are represented by a Permanent Global Security will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in the relevant Condition 22 (*Definitions*)).

3 Meetings

The Holder of a Permanent Global Security shall (unless such Permanent Global Security represents only one Security) be treated as being two persons for the purposes of any quorum requirements of a meeting of Holders and, at any such meeting, as having one vote in respect of each €1,000 in principal amount of the relevant Securities.

4 Cancellation

Cancellation of any Security represented by a Permanent Global Security which is required by the relevant Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the principal amount of the relevant Permanent Global Security.

5 Purchase

Securities represented by a Permanent Global Security may only be purchased by the Issuer or any of its Subsidiaries if they are purchased together with the right to receive all future payments of interest on those Securities.

6 Issuer's Call Option and Redemption following a Special Event

The option of the Issuer provided for in the relevant Condition 6(b) or 6(c) or 6(d) or 6(e) or 6(f) while Securities of a Tranche are represented by a Permanent Global Security shall be exercised by the Issuer giving notice to the Holders within the time limits set out in and containing the information required by the relevant Conditions.

7 Trustee's Powers

In considering the interests of Holders while any Global Security is held on behalf of a clearing system, the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to such Global Security and may consider such interests as if such accountholders were the Holders of the Securities represented by such Global Security.

8 Notices

So long as any Securities are represented by a Global Security and such Global Security is held on behalf of a clearing system, notices to the Holders of Securities of that Tranche may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the relevant Conditions or by delivery of the relevant notice to the Holder of the Global Security. Any such notice shall be deemed to have been given to the Holders on the day on which such notice is delivered to the relevant clearing system or to the Holder of the Global Security.

DESCRIPTION OF THE ISSUER

History and development

BAT was incorporated on 23 July 1997 under the laws of England and Wales with registration number 03407696 as a public limited company. BAT was registered as an external company in the Republic of South Africa on 13 October 2008 with the registration number 2008/023963/10 and its representative office in South Africa is located at Waterway House South, No 3 Dock Road, V&A Waterfront, Cape Town 8000, South Africa (P.O. Box 631, Cape Town 8000, South Africa). BAT is domiciled in the United Kingdom. BAT is the parent holding company for the Group. The website of BAT is *https://www.bat.com/*. No information on such website forms part of this Prospectus except as specifically incorporated by reference, see "*Documents Incorporated by Reference*".

The financial information set out in the section below headed "*British American Tobacco*" has been extracted without material adjustment from the annual report and consolidated financial statements of BAT for the financial year ended 31 December 2024 prepared in accordance with IFRS as issued by the International Accounting Standards Board ("**IASB**"), UK-adopted international accounting standards and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. UK-adopted international accounting standards differ in certain respects from IFRS as issued by the IASB. The differences have no impact on the Group's consolidated financial statements for the periods presented.

British American Tobacco

BAT is a global multi-category consumer goods business that provides combustible and smokeless products to millions of adult tobacco and nicotine consumers around the world.

While the Group's heritage – and the foundation of its success – is in cigarettes, its purpose into the future is to create 'A Better Tomorrow' by 'Building a Smokeless World'. While addictive and not risk free, the Group encourages those who would otherwise continue to smoke to switch completely to the Group's smokeless alternatives, which includes vapour products, HP, modern oral products and traditional oral products.

This commitment is underpinned by world-leading science and demonstrated by the Group's ambition to have 50 million consumers of its smokeless products by 2030.

In parallel, the Group continues to be clear that combustible cigarettes pose serious health risks, and the only way to avoid these risks is not to start or to quit.

The Group, excluding the Group's associated undertakings, is organised into three regions: the United States of America (RAI); Americas and Europe (AME); and Asia-Pacific, the Middle East and Africa (APMEA).

The Group's strategic portfolio is made up of its global cigarette brands and a growing range of smokeless nicotine and tobacco products. These include the vapour product brand 'Vuse', the HP product brand 'glo', and 'Velo', the Group's modern oral (nicotine pouch) brand.

The Group manages a globally-integrated supply chain and its products are distributed to retail outlets worldwide.

The Group also continues to seek to reduce its use of natural resources, enhance livelihoods of those in its supply chain and make progress towards its sustainability targets, including its climate goal to be net zero across its value chain by 2050.

Adjusted profit from operations for 2024 declined to £11,890 million, compared with £12,465 million in 2023 at current rates of exchange. This was due to impairment charges recognised in 2023 of £27.3 billion, of which

£4.3 billion related to the impairment of US goodwill and £23.0 billion related to the impairment of the carrying value of some of the Group's US acquired brands. The Group profit for the year 2024 was £3,181 million, compared with a loss of £14,189 million in 2023 at current rates of exchange.

Contingent liabilities and financial commitments

The Group is subject to contingencies pursuant to requirements that it complies with relevant laws, regulations and standards.

Failure to comply could result in restrictions in operations, damages, fines, increased tax, increased cost of compliance, interest charges, reputational damage or other sanctions. These matters are inherently difficult to quantify. In cases where the Group has an obligation as a result of a past event existing at the balance sheet date, if it is probable that an outflow of economic resources will be required to settle the obligation and if the amount of the obligation can be reliably estimated, a provision will be recognised based on best estimates and management judgement.

There are, however, contingent liabilities in respect of litigation, taxes in some countries and guarantees for which no provisions have been made.

General Litigation Overview

There are a number of legal and regulatory actions, proceedings and claims against Group companies related to tobacco and New Category products that are pending in a number of jurisdictions. These proceedings include, among other things, claims for personal injury (both individual claims and class actions) and claims for economic loss arising from the treatment of smoking- and health-related diseases (such as medical recoupment claims brought by local governments).

The plaintiffs in these cases seek recovery on a variety of legal theories, including negligence, strict liability in tort, design defect, failure to warn, fraud, misrepresentation, violations of unfair and deceptive trade practices statutes, conspiracy, public nuisance, medical monitoring and violations of competition and antitrust laws. The plaintiffs seek various forms of relief, including compensatory and, where available, punitive damages, treble or multiple damages and statutory damages and penalties, creation of medical monitoring and smoking cessation funds, disgorgement of profits, attorneys' fees, and injunctive and other equitable relief.

Although alleged damages often are not determinable from a complaint, and the law governing the pleading and calculation of damages varies from jurisdiction to jurisdiction, compensatory and punitive damages have been specifically pleaded in a number of cases, sometimes in amounts ranging into the hundreds of millions and even hundreds of billions of Sterling.

The Group has successfully managed tobacco-related litigation, and a very high percentage of the tobacco-related litigation claims brought against Group companies, including *Engle* progeny cases, continue to be dismissed at or before trial. Based on their experience in tobacco-related litigation and the strength of the defences available to them in such litigation, the Group's companies believe that their successful defence of tobacco-related litigation in the past will continue in the future.

It is the policy of the Group to defend tobacco-related litigation claims vigorously; generally, Group companies do not settle such claims. However, Group companies may enter into settlement discussions in certain cases, if they believe it is in their best interests to do so. Exceptions to this approach include, but are not limited to, actions taken pursuant to 'offer of judgment' statutes and Filter Cases, as described below. An 'offer of judgment', if rejected by the plaintiff, preserves the Group's right to recover attorneys' fees under certain statutes in the event of a verdict favourable to the Group. Such offers are sometimes made through court-ordered

mediations. Other settlements by Group companies include the State Settlement Agreements (as defined below), the funding by various tobacco companies of a US$5.2 billion (£4.2 billion) trust fund contemplated by the Master Settlement Agreement ("**MSA**") to benefit tobacco growers, the original *Broin* flight attendant case, and most of the *Engle* progeny cases pending in US federal court, after the initial docket of over 4,000 such cases was reduced to approximately 400 cases. The Group believes that the circumstances surrounding these claims are readily distinguishable from the current categories of tobacco-related litigation claims involving Group companies.

Although the Group intends to defend all pending cases vigorously and believes that the Group's companies have valid bases for appeals of adverse verdicts, valid defences to all actions, and that an outflow of resources related to any individual case is not considered probable, litigation is subject to many uncertainties, and generally, it is not possible to predict the outcome of any particular litigation pending against Group companies or to reasonably estimate the amount or range of any possible loss. Furthermore, a number of political, legislative, regulatory and other developments relating to the tobacco industry and cigarette smoking have received wide media attention. These developments may negatively affect the outcomes of tobacco-related legal actions and encourage the commencement of additional similar litigation. Therefore, the Group does not provide estimates of the financial effect of the contingent liabilities represented by such litigation, as such estimates are not practicable.

The following table lists the categories of the tobacco-related actions pending against Group companies as at 31 December 2024 and the increase or decrease from the number of cases pending against Group companies as at 31 December 2023. Details of the quantum of past judgments awarded against Group companies, the majority of which are under appeal, are also identified along with any settlements reached during the relevant period. Given the volume and more active nature of the *Engle* progeny cases and the Filter Cases in the US described below, and the fluctuation in the number of such cases and amounts awarded from year to year, the Group presents judgment or settlement figures for these cases on a three-year basis. Where no quantum is identified, either no judgment has been awarded against a Group company, or where a verdict has been reached no quantification of damages has been given, or no settlement has been entered into. Further details on the judgments, damages quantification and settlements are included within the case narratives below. For a discussion of the non-tobacco related litigation pending against the Group, see further below.

Case Type	Case Numbers as at 31 December 2024 (Note 1)	Case Numbers as at 31 December 2023 (Note 1)	Change in Number Increase/ (decrease)
US tobacco-related actions			
Medical reimbursement cases (Note 2)	2	2	No change
Class actions (Note 3)	19	19	No change
Individual smoking and health cases (Note 4)	197	202	(5)
Engle Progeny Cases (Note 5)	91	305	(214)
Broin II Cases (Note 6)	69	1,171	(1,102)
Filter Cases (Note 7)	29	35	(6)
State Settlement Agreements – Enforcement and Validity (Note 8)	5	4	1
Non-US tobacco-related actions			
Medical reimbursement cases	18	18	No change
Class actions (Note 9)	12	12	No change
Individual smoking and health cases (Note 10)	50	54	(4)

(Note 1) This includes cases to which the RAI group companies were a party at such date.

(Note 2) This category of cases includes the DOJ action (see below).

(Note 3) See below.

(Note 4) See below.

(Note 5) See below.

(Note 6) See below.

(Note 7) See below.

(Note 8) See below.

(Note 9) Outside the United States, there were 12 class actions being brought against Group companies as at 31 December 2024. These include class actions in the following jurisdictions: Canada (11) and Venezuela (one). For a description of the Group companies' non-US class actions, see below. For a description of the Quebec Class Actions, see below. All of the class actions in Canada are currently stayed pursuant to a court order (see below).

(Note 10) As at 31 December 2024, the jurisdictions with the most active individual cases against Group companies were, in descending order: Chile (18), Brazil (12), Italy (six), Canada (five), Argentina (five) and Ireland (two). There were a further two jurisdictions with one active case only. For further information, see below.

Certain terms and phrases used in this section may require some explanation.

(i) "**Judgment**" or "**final judgment**" refers to the final decision of the court resolving the dispute and determining the rights and obligations of the parties. At the trial court level, for example, a final judgment generally is entered by the court after a jury verdict and after post-verdict motions have been decided. In most cases, the losing party can appeal a verdict only after a final judgment has been entered by the trial court.

(ii) "**Damages**" refers to the amount of money sought by a plaintiff in a complaint, or awarded to a party by a jury or, in some cases, by a judge. "**Compensatory damages**" are awarded to compensate the prevailing party for actual losses suffered, if liability is proved. In cases in which there is a finding that a defendant has acted wilfully, maliciously or fraudulently, generally based on a higher burden of proof than is required for a finding of liability for compensatory damages, a plaintiff also may be awarded "**punitive damages**". Although damages may be awarded at the trial court stage, a losing party may be protected from paying any damages until all appellate avenues have been exhausted by posting a supersedeas bond. The amount of such a bond is governed by the law of the relevant jurisdiction and generally is set at the amount of damages plus some measure of statutory interest, modified at the discretion of the appropriate court or subject to limits set by a court or statute.

(iii) "**Settlement**" refers to certain types of cases in which cigarette manufacturers, including RJRT, Brown & Williamson Tobacco Corporation (now known as Brown & Williamson Holdings, Inc.) ("**B&W**"), and Lorillard Tobacco Company ("**Lorillard Tobacco**"), have agreed to resolve disputes with certain plaintiffs without resolving the cases through trial and/or appeal.

(iv) Unless stated to be as at 30 June 2025, all sums set out in this section have been converted to GBP and US$ using the following end closing rates applicable for 31 December 2024, which differ from the rates

at the time any related provision was recorded on the balance sheet: GBP 1 to US$ 1.2524, GBP 1 to CAD$ 1.8012, GBP 1 to EUR 1.2095, GBP 1 to BDT 149.6618 (Bangladeshi Taka), GBP 1 to BRL 7.7371 (Brazilian Real), GBP 1 to AOA 1,155.5237 (Angolan Kwanza), GBP 1 to ARS 1,291.2244 (Argentine Peso), GBP 1 to MZN 80.0346 (Mozambican Metical), GBP 1 to NGN 1,933.7056 (Nigerian Naira), GBP 1 to KRW 1,843.7200 (South Korean Won), GBP 1 to JPY 196.8272 (Japanese Yen), GBP 1 to SAR 4.7058 (Saudi Riyal), and GBP 1 to TRY 44.2855 (Turkish Lira). In addition, due to the adoption of the euro by the Croatian State, the European Central Bank has set a conversion rate of EUR to HRK on 1 January 2023 as 1 EUR to HRK 7.5345 (Croatian Kuna).

US Tobacco Litigation

Group companies, notably RJRT (individually and as successor by merger to Lorillard Tobacco) and B&W as well as other leading cigarette manufacturers, are defendants in a number of product liability cases. In a number of these cases, the amounts of compensatory and punitive damages sought are significant.

The total number of US tobacco product liability cases pending as at 31 December 2024 involving RJRT, B&W, Santa Fe Natural Tobacco Company, Inc. ("**SFNTC**") and/or Lorillard Tobacco was approximately 423.

Since many of these pending cases seek unspecified damages, it is not possible to quantify the total amounts being claimed, but the aggregate amounts involved in such litigation are significant, possibly totalling billions of US dollars. The cases fall into four broad categories: medical reimbursement cases; class actions; individual cases; and other claims.

RJRT (individually and as successor by merger to Lorillard Tobacco), American Snuff Company, LLC ("**American Snuff Co.**"), SFNTC, RJR Vapor, RAI, Lorillard Inc., other RAI affiliates and indemnitees, including but not limited to B&W (collectively, the "**Reynolds Defendants**"), believe that they have valid defences to the tobacco-related litigation claims against them, as well as valid bases for appeal of adverse verdicts against them. The Reynolds Defendants have, through their counsel, filed pleadings and memoranda in pending tobacco-related litigation that set forth and discuss a number of grounds and defences that they and their counsel believe have a valid basis in law and fact.

Scheduled trials. Trial schedules are subject to change, and many cases are dismissed before trial. In the US, as at 31 December 2024, there are 42 cases, exclusive of *Engle* progeny cases, scheduled for trial through 31 December 2025, for the Reynolds Defendants: 31 individual smoking and health cases, eight Filter Cases and three other cases. There are also approximately 26 *Engle* progeny cases against RJRT (individually and as successor to Lorillard Tobacco) and B&W scheduled for trial through 31 December 2025. It is not known how many of these cases will actually be tried.

Trial results. From 1 January 2022 through 31 December 2024, 60 trials occurred in individual smoking and health, *Engle* progeny, and patent cases in which the Reynolds Defendants were defendants, including 14 where mistrials were declared. Verdicts in favour of the Reynolds Defendants and, in some cases, other defendants, were returned in 17 cases, tried in Florida (nine), Oregon (one), Massachusetts (five), Illinois (one) and New Mexico (one). Verdicts in favour of the plaintiffs were returned in 25 cases, tried in Florida (17), Massachusetts (four), New Mexico (one), Oregon (two) and North Carolina (one). Two of the cases (in Florida) were dismissed during trial. Two of the cases (in Florida) were punitive damages re-trials that were retried twice (the first retrials resulted in plaintiff verdicts; the second retrials resulted in defence verdicts).

(a) Medical Reimbursement Cases

These civil actions seek to recover amounts spent by government entities and other third-party providers on healthcare and welfare costs claimed to result from illnesses associated with smoking.

As at 31 December 2024, one US medical reimbursement suit (*Crow Creek Sioux Tribe v. American Tobacco Co*., filed in 1997) was pending against RJRT, B&W and Lorillard Tobacco in a Native American tribal court in South Dakota. The plaintiffs seek to recover actual and punitive damages, restitution, funding of a clinical cessation programme, funding of a corrective public education programme, and disgorgement of unjust profits from sales to minors. There has been no recent activity in this case, and no other medical reimbursement suits are pending against these companies by county or other political subdivisions of the states.

US Department of Justice Action

On 22 September 1999, the DOJ brought an action in the US District Court for the District of Columbia against various industry members, including RJRT, B&W, Lorillard Tobacco, B.A.T Industries p.l.c. ("**Industries**") and British American Tobacco (Investments) Limited ("**Investments**") (*United States v. Philip Morris USA Inc.)*. The DOJ initially sought (i) recovery of certain federal funds expended in providing health care to smokers who developed alleged smoking-related diseases and (ii) equitable relief under the civil provisions of the Racketeer Influenced and Corrupt Organizations Act ("**RICO**"), including (a) disgorgement of roughly US$280 billion (£223.6 billion) in profits allegedly earned from a purported racketeering 'enterprise' - a remedy the US Court of Appeals for the DC Circuit (the "**DC Circuit**") ruled in February 2005 was not available and (b) certain 'corrective communications'. In September 2000, the district court dismissed Industries for lack of personal jurisdiction and dismissed the health care cost recovery claims.

After a roughly nine-month non-jury trial of the remaining RICO claims, the district court issued its final judgment and Remedial Order (the "**Remedial Order**") on 17 August 2006. That order found certain defendants, including RJRT, B&W, Lorillard Tobacco and Investments, had violated RICO, imposed financial penalties and enjoined the defendants from committing future racketeering acts, participating in certain trade organisations, making misrepresentations concerning smoking and health and youth marketing, and using certain brand descriptors such as 'low tar', 'light', 'ultra-light', 'mild' and 'natural'. The Remedial Order also required the defendants to issue 'corrective communications' on five subjects, including smoking and health and addiction, and to comply with further undertakings, including maintaining websites of historical corporate documents and disseminating certain marketing information on a confidential basis to the government. In addition, the district court placed restrictions on the defendants' ability to dispose of certain assets for use in the United States, unless the transferee agrees to abide by the terms of the district court's order.

The parties appealed and cross-appealed and, on 22 May 2009, the DC Circuit affirmed the district court's RICO liability judgment but vacated the Remedial Order in part and remanded for further factual findings and clarification as to whether liability should be imposed against B&W, based on changes in the nature of B&W's business operations (including the extent of B&W's control over tobacco operations). The DC Circuit also remanded three other discrete issues relating to the injunctive remedies, including for the district court 'to reformulate' the injunction on the use of low-tar descriptors 'to exempt foreign activities that have no substantial, direct, and foreseeable domestic effects', and for the district court to evaluate whether corrective communications could be required at point-of-sale displays (which requirement the DC Circuit vacated). On 28 June 2010, the US Supreme Court denied the parties' petitions for further review.

On 22 December 2010, the district court dismissed B&W from the litigation. Due to intervening changes in controlling law, on 28 March 2011, the district court ruled that the Remedial Order no longer applied to Investments prospectively, and for this reason, Investments would not have to comply with any of the remaining injunctive remedies. In November 2012, the district court entered an order setting forth the text of the corrective statements and directed the parties to engage in discussions with the Special Master to implement them. After various proceedings and appeals, the district court in October 2017 ordered RJRT and the other US tobacco company defendants to fund the publication of compelled public statements in various US media outlets, including in newspapers, on television, on the companies' websites, and in inserts on cigarette packaging. The compelled public statements in newspapers and on television were completed in 2018 and in package inserts in

mid-2020. The compelled public statements now also appear on RJRT websites. The final issue regarding corrective statements was their display at retail point of sale. On 6 December 2022, the district court entered a consent order requiring the tobacco company defendants to have the compelled public statements posted at retail point of sale. Installation of the statements began in July 2023. The implementation requirement ended on 30 June 2025.

(b) Class Actions

As at 31 December 2024, (1) RJRT, B&W and Lorillard Tobacco were named as defendants in one action asserting claims on behalf of putative classes of persons allegedly injured or financially impacted by their smoking, and (2) as detailed in the next paragraph, RJRT and SFNTC (a subsidiary of RAI) were named in 17 putative class actions relating to the use of the words 'natural', '100 per cent. additive-free' or 'organic' in NAS brand advertising and promotional materials. If the classes are or remain certified, separate trials may be needed to assess individual plaintiffs' damages. Among the pending class actions, 16 specified the amount of the claim in the complaint and alleged that the plaintiffs were seeking in excess of US$5 million (£4.0 million) and one alleged that the plaintiffs were seeking less than US$75,000 (£59,885) per class member plus unspecified punitive damages.

No Additive/Natural/Organic Claim Cases

A total of 17 pending putative class actions were filed in nine US federal district courts against RAI, RJRT and SFNTC, which cases generally allege, in various combinations, violations of state deceptive and unfair trade practice statutes, and claim state common law fraud, negligent misrepresentation, and unjust enrichment based on the use of descriptors such as 'natural', 'organic' and '100 per cent. additive-free' in the marketing, labelling, advertising, and promotion of SFNTC's NAS brand cigarettes. In these actions, the plaintiffs allege that the use of these terms suggests that NAS brand cigarettes are less harmful than other cigarettes and, for that reason, violated state consumer protection statutes or amounted to fraud or a negligent or intentional misrepresentation. The actions seek various categories of recovery, including economic damages, injunctive relief (including medical monitoring and cessation programmes), interest, restitution, disgorgement, treble and punitive damages, and attorneys' fees and costs. In April 2016, the US Judicial Panel on Multidistrict Litigation (JPML) consolidated the 16 cases pending at that time for pre-trial purposes before a federal district court in New Mexico, and a later-filed case was transferred there for pre-trial purposes in 2018. On 21 December 2017, that court granted the defendants' motion to dismiss in part, dismissing a number of claims with prejudice, and denied it in part. The district court conducted a five-day hearing on the motion for class certification and on the motion challenging the admissibility of expert opinion testimony in December 2020. On 1 September 2023, the district court entered an order certifying a subset of the plaintiffs' proposed classes covering purchasers of NAS menthol cigarettes in six states and declining to certify the other proposed classes. The defendants and plaintiffs both appealed from that order to the US Court of Appeals for the Tenth Circuit. Briefing is complete and oral argument occurred on 16 July 2025, with a decision expected in late 2025 or early 2026.

Other Putative Class Actions

Young v. American Tobacco Co. is a putative class action filed in November 1997 in the Circuit Court, Orleans Parish, Louisiana against various US cigarette manufacturers, including RJRT, B&W, Lorillard Tobacco and certain parent companies. This action was brought on behalf of a putative class of Louisiana residents who, though not themselves cigarette smokers, have been exposed to second-hand smoke from cigarettes manufactured by the defendants, and who allegedly suffered injury as a result of that exposure. The action seeks an unspecified amount of compensatory and punitive damages. In March 2016, the court entered an order staying the case, including all discovery, pending the completion of an ongoing smoking cessation programme ordered by the court in a now-concluded Louisiana state court certified class action, *Scott v. American Tobacco Co*.

Engle Class Action and Engle Progeny Cases (Florida)

In July 1998, trial began in *Engle v. R.J. Reynolds Tobacco Co.*, a then-certified class action filed in Circuit Court, Miami-Dade County, Florida, against US cigarette manufacturers, including RJRT, B&W, Lorillard Tobacco and Lorillard Inc. The then-certified class consisted of Florida citizens and residents, and their survivors, who suffered from smoking-related diseases that first manifested between 5 May 1990 and 21 November 1996, and were caused by an addiction to cigarettes. In July 1999, the jury in this Phase I found against RJRT, B&W, Lorillard Tobacco, Lorillard Inc. and the other defendants on common issues relating to the defendants' conduct, general causation, the addictiveness of cigarettes, and entitlement to punitive damages.

In July 2000, the jury in Phase II awarded the class a total of approximately US$145 billion (approximately £115.8 billion) in punitive damages, apportioned US$36.3 billion (£29.0 billion) to RJRT, US$17.6 billion (£14.1 billion) to B&W, and US$16.3 billion (£13.0 billion) to Lorillard Tobacco and Lorillard Inc. The three class representatives in the *Engle* class action were awarded US$13 million (£10.4 million) in compensatory damages.

This decision was appealed and ultimately resulted in the Florida Supreme Court in December 2006 decertifying the class and allowing judgments entered for only two of the three *Engle* class representatives to stand and setting aside the punitive damages award. The court preserved certain of the jury's Phase I findings, including that cigarettes can cause certain diseases, nicotine is addictive, and defendants placed defective cigarettes on the market, breached duties of care, concealed health-related information and conspired. Putative *Engle* class members were permitted to file individual lawsuits, deemed '*Engle* progeny cases', against the *Engle* defendants, within one year of the Supreme Court's decision (subsequently extended to 11 January 2008).

During 2015, RJRT and Lorillard Tobacco, together with Philip Morris USA Inc. ("**PM USA**"), settled virtually all of the *Engle* progeny cases then pending against them in federal district court. The total amount of the settlement was US$100 million (approximately £79.8 million) divided as follows: RJRT US$42.5 million (£33.9 million); PM USA US$42.5 million (£33.9 million); and Lorillard Tobacco US$15 million (£12.0 million). The settlement covered more than 400 federal *Engle* progeny cases but did not cover 12 federal progeny cases previously tried to verdict and then pending on post-trial motions or appeal, and two federal progeny cases filed by different lawyers from the ones who negotiated the settlement for the plaintiffs.

As at 31 December 2024, there were approximately 91 *Engle* progeny cases pending in which RJRT, B&W and/or Lorillard Tobacco have all been named as defendants and served. These cases include claims by or on behalf of 125 plaintiffs. In addition, as at 31 December 2024, RJRT was aware of two additional *Engle* progeny cases that have been filed but not served. The number of pending cases fluctuates for a variety of reasons, including voluntary and involuntary dismissals. Voluntary dismissals include cases in which a plaintiff accepts an 'offer of judgment' from RJRT and/or RJRT's affiliates and indemnitees. An offer of judgment, if rejected by the plaintiff, preserves the offering party's right to seek attorneys' fees under Florida law in the event of a favourable verdict. Such offers are sometimes made through court-ordered mediations.

32 trials occurred in *Engle* progeny cases in Florida state courts against RJRT, B&W and/or Lorillard Tobacco from 1 January 2022 through 31 December 2024, and additional state court trials are scheduled for 2025.

The following chart identifies the number of trials in *Engle* progeny cases as at 31 December 2024 and additional information about the adverse judgments entered:

Trials/verdicts/judgments of individual *Engle* progeny cases from 1 January 2022 through 31 December 2024:	
Total number of trials	32

Number of trials resulting in plaintiffs' verdicts	16*
Total damages awarded in final judgments against RJRT	US$102,900,000 (£82 million)
Amount of overall damages comprising 'compensatory damages' (approximately)	US$63,700,000 (of overall US$102,900,000) (£51 million of £82 million)
Amount of overall damages comprising 'punitive damages' (approximately)	US$39,200,000 (of overall US$102,900,000) (£31 million of £82 million)

Note:

*Of the 16 trials resulting in plaintiffs' verdicts 1 January 2022 to 31 December 2024 (Note 11):

Number of adverse judgments appealed by RJRT (Note 12)	10
Number of adverse judgments, in which RJRT still has time to file an appeal	0
Number of adverse judgments in which an appeal was not, and can no longer be, sought	6

(Note 11) The 32 trials include one case that was tried twice (*Miller v R.J. Reynolds Tobacco Co.*). The first trial resulted in mistrial, while the second resulted in a verdict for the plaintiff. The 32 trials also include two cases with two punitive damages retrials, both within the time period and both prior to the time period (*Ledo v R.J. Reynolds Tobacco Co.*, *Spurlock v. R.J. Reynolds Tobacco Co.*).

(Note 12) Of the 10 adverse verdicts appealed by RJRT as a result of judgments arising in the period 1 January 2022 to 31 December 2024:

(a) 5 appeals remain undecided in the District Courts of Appeal; and

(b) 5 judgments were affirmed and paid.

By statute, Florida applies a US$200 million (£159.7 million) bond cap to all *Engle* progeny cases in the aggregate. Individual bond caps for any given *Engle* progeny case vary depending on the number of judgments in effect at a given time. Judicial attempts by several plaintiffs in the *Engle* progeny cases to challenge the bond cap as violating the Florida Constitution have failed. In addition, bills have been introduced in sessions of the Florida legislature that would eliminate the *Engle* progeny bond cap, but those bills have not been enacted as at 31 December 2024.

In the first half of 2025, RJRT paid judgments in three *Engle* progeny cases. Those payments totalled approximately US$16 million (as at 30 June 2025 approximately £11.7 million) in compensatory or punitive damages. Additional costs were paid in respect of attorneys' fees and statutory interest.

In addition, accruals for two pre-trial case resolutions, three resolution bundles and the remaining amounts of two resolution bundles were recorded in RAI's consolidated balance sheet as at 30 June 2025 to the value of approximately US$31.7 million (as at 30 June 2025 approximately £22.9 million).

(c) Individual Cases

As at 31 December 2024, 197 individual cases were pending in the United States against RJRT, B&W and/or Lorillard Tobacco. This category of cases includes smoking and health cases alleging personal injuries caused by tobacco use or exposure brought by or on behalf of individual plaintiffs based on theories of negligence, strict liability in tort, design defect, failure to warn, fraud, misrepresentation, breach of express or implied

warranty, violations of state deceptive trade practices or consumer protection statutes, and conspiracy. The plaintiffs seek to recover compensatory damages, attorneys' fees and costs, and punitive damages. The category does not include the *Engle* progeny cases, *Broin* II cases, and Filter Cases discussed above and below. Three of the individual cases are brought by or on behalf of an individual or his/her survivors alleging personal injury as a result of exposure to Environmental Tobacco Smoke ("**ETS**").

The following chart identifies the number of individual cases pending as at 31 December 2024 as against the number pending as at 31 December 2023, along with the number of *Engle* progeny cases, *Broin* II cases, and Filter Cases, which are discussed further below.

Case Type	US Case Numbers 31 December 2024	US Case Numbers 31 December 2023	Change in Number Increase/(Decrease)
Individual Smoking and Health Cases (Note 13)	197	202	(5)
Engle Progeny Cases (Number of Plaintiffs) (Note 14)	91 (125)	305 (380)	(214) ((255))
Broin II Cases (Note 15)	69	1,171	(1,102)
Filter Cases (Note 16)	29	35	(6)

(Note 13) Out of the 197 pending individual smoking and health cases, four have received adverse verdicts or judgments in the court of first instance or on appeal, and the total amount of those verdicts or judgments is approximately US$140.5 million (approximately £112.2 million), of which US$85 million (£67.9 million) is the result of the jury's verdict in the *Marvin Manious v. R.J. Reynolds Tobacco Co.* case.

(Note 14) The number of *Engle* progeny cases will fluctuate as cases are dismissed or if any of the dismissed cases are appealed. Please see earlier table above.

(Note 15) *Broin v. Philip Morris, Inc*. was a class action filed in Circuit Court in Miami-Dade County, Florida in 1991 and brought on behalf of flight attendants alleged to have suffered from diseases or ailments caused by exposure to ETS in airplane cabins. In October 1997, RJRT, B&W, Lorillard Tobacco and other cigarette manufacturer defendants settled *Broin*, agreeing to pay a total of US$300 million (£239.5 million) in three annual US$100 million (£79.8 million) instalments, allocated among the companies by market share, to fund research on the early detection and cure of diseases associated with tobacco smoke. It also required those companies to pay a total of US$49 million (£39.1 million) for the plaintiffs' counsel's fees and expenses. RJRT's portion of these payments was approximately US$86 million (approximately £68.7 million); B&W's was approximately US$57 million (approximately £45.5 million); and Lorillard Tobacco's was approximately US$31 million (approximately £24.8 million). The settlement agreement, among other things, limits the types of claims class members may bring and eliminates claims for punitive damages. The settlement agreement also provides that, in individual cases by class members that are referred to as *Broin* II lawsuits, the defendants will bear the burden of proof with respect to whether ETS can cause certain specifically enumerated diseases, referred to as 'general causation'. With respect to all other liability issues, including whether an individual plaintiff's disease was caused by his or her exposure to ETS in airplane cabins, referred to as 'specific causation', individual plaintiffs will bear the burden of proof. On 7 September 1999, the Florida Supreme Court approved the settlement. There have been no *Broin* II trials since 2007. There have been periodic efforts to activate cases and the Group expects this to continue over time. In 2024, RJRT resolved approximately half of the remaining *Broin* II cases. RJRT sought and obtained dismissal of nearly all of the remaining cases due to inactivity on the files, leaving 69 cases pending as of 31 December 2024.

(Note 16) Includes claims brought against Lorillard Tobacco and Lorillard Inc. by individuals who seek damages resulting from their alleged exposure to asbestos fibres that were incorporated into filter material used in one brand of cigarettes manufactured by a predecessor to Lorillard Tobacco for a limited period of time ending more than 60 years ago. Pursuant to a 1952 agreement between P. Lorillard Company and H&V Specialties Co., Inc. (the manufacturer of the filter material), Lorillard Tobacco is required to indemnify Hollingsworth & Vose for legal fees, expenses, judgments and resolutions in cases and claims alleging injury from finished products sold by P. Lorillard Company that contained the filter material. As of 31 December 2024, Lorillard Tobacco and/or Lorillard Inc. was a defendant in 29 Filter Cases. Since 1 January 2022, Lorillard Tobacco and RJRT have paid, or have reached agreement to pay, a total of approximately US$19.4 million (approximately £15.5 million) in settlements to resolve 87 Filter Cases.

(d) State Settlement Agreements

In November 1998, the major US cigarette manufacturers, including RJRT, B&W and Lorillard Tobacco, entered into the MSA with attorneys general representing 46 US states, the District of Columbia and certain US territories and possessions. These cigarette manufacturers previously settled four other cases, brought on behalf of Mississippi, Florida, Texas and Minnesota, by separate agreements with each state (collectively and with the MSA, the "**State Settlement Agreements**").

These State Settlement Agreements settled all health care cost recovery actions brought by, or on behalf of, the settling jurisdictions; released the defending major US cigarette manufacturers from various additional present and potential future claims; imposed future payment obligations in perpetuity on RJRT, B&W, Lorillard Tobacco and other major US cigarette manufacturers; and placed significant restrictions on their ability to market and sell cigarettes and smokeless tobacco products. In accordance with the MSA, various tobacco companies agreed to fund a US$5.2 billion (£4.2 billion) trust fund to be used to address the possible adverse economic impact of the MSA on tobacco growers.

RJRT and SFNTC are subject to the substantial payment obligations under the State Settlement Agreements. Payments under the State Settlement Agreements are subject to various adjustments for, among other things, the volume of cigarettes sold, relative market share, operating profit, net operating profit and inflation. RAI's operating subsidiaries' expenses and payments under the State Settlement Agreements for 2021, 2022, 2023 and 2024 and the projected expenses and payments for 2025 and onwards are set forth below (in millions of US dollars)*:

	2021	2022	2023	2024	2025	2026 and thereafter
Settlement expenses	$3,420	$2,951	$2,516	$2,160		
Settlement cash payments	$3,744	$3,129	$2,874	$2,535		
Projected settlement expenses					>$2,000	>$1,900
Projected settlement cash payments					>$2,200	>$1,900

Note:

* Subject to adjustments for changes in sales volume, inflation, operating profit and other factors. Payments are allocated among the companies on the basis of relative market share or other methods.

The State Settlement Agreements have materially adversely affected RJRT's shipment volumes. RAI believes that these settlement obligations may materially adversely affect the results of operations, cash flows or financial position of RAI and RJRT in future periods. The degree of the adverse impact will depend, among other things, on the rate of decline in US cigarette sales in the premium and value categories, RJRT's share of

the domestic premium and value cigarette categories, and the effect of any resulting cost advantage of manufacturers not subject to the State Settlement Agreements.

In addition, the MSA includes an adjustment that potentially reduces the annual payment obligations of RJRT, Lorillard Tobacco and the other signatories to the MSA, known as 'Participating Manufacturers' ("**PMs**"). Certain requirements, collectively referred to as the 'Adjustment Requirements', must be satisfied before the NPMs adjustment for a given year is available: (i) an independent auditor must determine that the PMs have experienced a market share loss, beyond a triggering threshold, to those manufacturers that do not participate in the MSA (such non-participating manufacturers being referred to as "**NPMs**"); and (ii) in a binding arbitration proceeding, a firm of independent economic consultants must find that the disadvantages of the MSA were a significant factor contributing to the loss of market share. This finding is known as a significant factor determination.

When the Adjustment Requirements are satisfied, the MSA provides that the NPM adjustment applies to reduce the annual payment obligation of the PMs. However, an individual settling state may avoid its share of the NPM adjustment if it had in place and diligently enforced during the entirety of the relevant year a 'Qualifying Statute' that imposes escrow obligations on NPMs that are comparable to what the NPMs would have owed if they had joined the MSA. In such event, the state's share of the NPM adjustment is reallocated to other settling states, if any, that did not have in place and diligently enforce a Qualifying Statute.

RJRT, Lorillard Tobacco and SFNTC are or were involved in the NPM adjustment proceedings concerning the years 2003 to 2024. In 2012, RJRT, Lorillard Tobacco, and SFNTC entered into an agreement (the "**Term Sheet**") with certain settling states that resolved accrued and future NPM adjustments. After an arbitration panel ruled in September 2013 that six states had not diligently enforced their qualifying statutes in the year 2003, additional states joined the Term Sheet. RJRT executed the NPM adjustment Settlement Agreement on 25 September 2017 (which incorporated the Term Sheet). Since the NPM adjustment Settlement Agreement was executed, an additional 13 states have joined. In 2024, an additional state, Massachusetts, entered a separate settlement of the NPM adjustment dispute covering the years 2005-2011. The arbitration panels ruled in September 2021 that two states, Washington and Missouri, had not diligently enforced their qualifying statutes in the year 2004. On 30 November 2021, Missouri moved to vacate the 2004 NPM adjustment Arbitration Panel's (the "**Panel**") award finding in favour of RJRT. A hearing was held on 27 February 2024. On 30 September 2024, the Missouri Circuit Court denied Missouri's motion to vacate the 2004 award and the PMs' motion to vacate the Panel's order regarding reallocation. On 14 January 2025, the Missouri Circuit Court revised its 30 September 2024 order to denominate the order a judgment and to confirm the 2004 award. The State filed a notice of appeal on 21 January 2025. Briefing has not yet commenced. In September 2022, a panel ruled that an additional state, New Mexico, had not diligently enforced its qualifying statute in the year 2004. On 30 August 2023, the New Mexico District Court vacated this decision. A notice of appeal was filed on 27 September 2023; briefing is complete and oral argument was held on 28 January 2025. A ruling on the appeal has not yet been issued. In December 2023, a panel ruled that Washington had also not diligently enforced its qualifying statute in the years 2005, 2006 and 2007. On 28 March 2024, Washington filed a motion to vacate the arbitration panel's award determining it was non-diligent in 2005, 2006, and 2007. RJRT filed its opposition brief on 10 May 2024. Washington filed its reply brief on 31 May 2024. A hearing was held on 26 July 2024 and the court issued an order denying Washington's motion to vacate on the same date. On 23 August 2024, Washington filed a notice of appeal from the order denying vacatur. On 9 September 2024, Washington requested direct review of its appeal by the Washington Supreme Court. RJRT filed its opposition to Supreme Court review on 23 September 2024. On 6 November 2024, the Supreme Court rejected Washington's request for direct review and transferred the appeal to the Court of Appeals. Washington filed its opening appeal brief on 30 January 2025. RJRT filed its answer brief on 2 April 2025. On 7 April 2025, Washington, RJRT and other PMs settled the NPM adjustment dispute for 2005 through 2023. Pursuant to that settlement, Washington agreed to dismiss its appeal as to RJRT and those other PMs, but preserved its right to continue the appeal as to PM

USA. On 2 May 2025, Washington, RJRT and the other PMs filed a joint motion to dismiss the appeal, which was granted on 27 May 2025. PM USA objected to the settlement, but the independent auditor implemented the settlement in April 2025. On 21 April 2025, PM USA served on RJRT an arbitration demand seeking to arbitrate the validity of the settlement. On 4 June 2025, RJRT and the other settling PMs filed a complaint in Washington's MSA court requesting a declaration that PM USA's arbitration demand is invalid and fails to raise an arbitrable dispute. On 24 June 2025, PM USA filed a motion to compel arbitration and to dismiss the complaint. RJRT filed an opposition to PM USA's motion to compel arbitration on 21 July 2025.

On 18 January 2017, the State of Florida filed a motion to join Imperial Tobacco Group, PLC ("**ITG**") as a defendant and to enforce the Florida State Settlement Agreement, which motion sought payment under the Florida State Settlement Agreement of approximately US$45 million (approximately £35.9 million) with respect to the four brands (Winston, Salem, Kool and Maverick) that were sold to ITG in the divestiture of certain assets, on 12 June 2015, by subsidiaries or affiliates of RAI and Lorillard, to a wholly-owned subsidiary of Imperial Brands plc (the "**Divestiture**"), referred to as the 'Acquired Brands'. The motion also claimed future annual losses of approximately US$30 million per year (approximately £24.0 million) absent the court's enforcement of the Florida State Settlement Agreement. The State's motion sought, among other things, an order declaring that RJRT and ITG are in breach of the Florida State Settlement Agreement and are required, jointly and severally, to make annual payments to the State under the Florida State Settlement Agreement with respect to the Acquired Brands. By an order dated 30 March 2017, ITG was joined into the enforcement action. In addition, on 18 January 2017, PM USA filed a motion to enforce the Florida State Settlement Agreement asserting, among other things, that RJRT and ITG breached that agreement by failing to make settlement payments as to the Acquired Brands, which PM USA asserts improperly shifted settlement payment obligations to PM USA.

After a bench trial, on 27 December 2017 the court entered an order holding RJRT (not ITG) liable for annual settlement payments for the Acquired Brands, finding that ITG did not assume liability for annual settlement payments related to the Acquired Brands under the terms of the asset purchase agreement relating to the Divestiture. The court declined to enter final judgment until after resolution of the dispute between RJRT and PM USA regarding PM USA's assertion that the settlement payment obligations have been improperly shifted to PM USA. On 15 August 2018, the court entered a final judgment in the action (the "**Final Judgment**"). As a result of the Final Judgment, PM USA's challenge to RJRT's accounting assumptions related to the Acquired Brands was rendered moot, subject to reinstatement if ITG joins the Florida State Settlement Agreement or if the Final Judgment is reversed. On 29 August 2018, RJRT filed a notice of appeal on the Final Judgment. On 7 September 2018, PM USA filed a notice of appeal with respect to the court's ruling as to ITG. These appeals were consolidated pursuant to RJRT's motion on 1 October 2018. On 29 July 2020, Florida's Fourth District Court of Appeal affirmed the Final Judgment. On 12 August 2020, RJRT filed a motion for rehearing or for certification to the Florida Supreme Court of the 29 July 2020 decision. RJRT posted a total bond in the amount of US$187.8 million (£149.9 million) for its appeal. RJRT's motion for rehearing or certification to the Florida Supreme Court was denied on 18 September 2020 and its motion for review was denied by the Florida Supreme Court on 18 December 2020. On 5 October 2020, RJRT satisfied the Final Judgment (approximately US$193 million (approximately £154 million) and paid approximately US$3.2 million (approximately £2.6 million) of Florida's attorneys' fees. RJRT's appellate bonds were released to RJRT by an order dated 5 November 2020. As explained below, RJRT has secured an order in the Delaware action requiring ITG to indemnify it for amounts paid under the Final Judgment.

On 17 February 2017, ITG filed an action in the Delaware Court of Chancery seeking declaratory relief against RAI and RJRT on various matters related to its rights and obligations under the asset purchase agreement (and related documents) relating to the Divestiture with respect to the subject of the Florida enforcement litigation described above. RAI and RJRT filed counterclaims on the same issues. As a result of multiple rounds of cross-motions for judgment on the pleadings, the Delaware court ruled (1) that ITG's obligation to use its reasonable

best efforts to join the Florida Settlement Agreement did not terminate due to the closing of the asset purchase agreement relating to the Divestiture; (2) that the asset purchase agreement does not entitle ITG to a unique protection from an equity-fee law that does not yet exist in a previously settled State; and (3) that it would defer until after it received evidence related to the parties' intent in the asset purchase agreement, its determination of whether, to the extent RJRT is held liable for any settlement payments based on ITG's post-closing sales of the Acquired Brands, ITG assumed this liability. After discovery was completed in March 2022, the parties briefed cross-motions for summary judgment on that third issue. On 30 September 2022, the court granted summary judgment for RAI and RJRT, holding that ITG assumed the liability that the Final Judgment imposed on RJRT for settlement payments to the State of Florida based on ITG's post-closing sales of the Acquired Brands. The parties then engaged in a second round of summary judgment briefing on the amount of indemnifiable damages. On 2 October 2023, the court partially granted summary judgment for RAI and RJRT, holding that they are entitled to indemnification of the principal amounts that RJRT paid to Florida and the interest it paid to Florida on those payments. The court deferred to trial the question whether ITG's indemnification obligation should be reduced to account for how net operating profit adjustment payments would have been allocated if ITG had joined the Florida State Settlement Agreement. Trial was held on 8 to 9 July 2024, and the court held a post-trial hearing on 6 November 2024. The judge entered an order on 3 March 2025 and a final order and judgment on 9 April 2025 awarding RAI and RJRT approximately US$370 million for prior settlement payments with interest. On 23 April 2025, PM USA filed a notice of appeal to the Delaware Supreme Court. On 8 May 2025, ITG filed a notice of appeal to the Delaware Supreme Court. On 10 June 2025, PM USA filed its opening brief. On 27 June 2025, ITG filed its opening brief. On 10 July 2025, RJRT filed its answering brief to PM USA. On 25 July 2025, PM USA moved to dismiss its appeal. On 5 August 2025, the court granted PM USA's motion for voluntary dismissal. RAI's and ITG's briefings are complete. The Delaware Supreme Court will set a date for oral argument.

In June 2015, ITG joined the Mississippi State Settlement Agreement. On 26 December 2018, PM USA filed a motion to enforce the settlement agreement against RJRT and ITG alleging RJRT and ITG failed to act in good faith in calculating the base year net operating profits for the Acquired Brands, claiming damages of approximately US$6 million (approximately £4.8 million) through 2017. On 21 February 2019, the Chancery Court of Jackson County, Mississippi held a scheduling conference and issued a discovery schedule order. A hearing on PM USA's motion to enforce, originally scheduled for 3-6 May 2021, was adjourned on consent of the parties to 11-12 August 2021. On 8 June 2021, PM USA and RJRT entered into a settlement agreement resolving the outstanding payment calculation issues. On 11 June 2021, the Mississippi Chancery Court entered an order withdrawing PM USA's motion to enforce. On 14 June 2021, RJRT made a payment of US$5.1 million (£4.1 million) to PM USA. On 3 December 2019, the State of Mississippi filed a notice of violation and motion to enforce the settlement agreement in the Chancery Court of Jackson County, Mississippi against RJRT, PM USA and ITG, seeking a declaration that the base year 1997 net operating profit to be used in calculating the net operating profit adjustment was not affected by the change in the federal corporate tax rate in 2018 from 35 per cent. to 21 per cent., and an order requiring RJRT to pay the approximately US$5 million (approximately £4.0 million) difference in its 2018 payment because of this issue.

Determination of this issue may affect RJRT's annual payment thereafter. A hearing on Mississippi's motion to enforce occurred on 6-7 October 2021. On 10 June 2022, the Mississippi Chancery Court granted the State's motion to enforce, finding that the base year 1997 net operating profit to be used in calculating the net operating profit adjustment was not affected by the change in the federal corporate tax rate in 2018. RJRT appealed the motion to enforce. On 29 July 2022, the parties each submitted a supplemental briefing on damages, including interest and attorneys' fees. A hearing on damages, originally scheduled for 7 December 2022, took place on 14 March 2023. On 13 February 2024, the Chancery Court awarded the State attorneys' fees of approximately US$1.3 million (approximately £1 million). On 7 May 2024, the court entered a final judgment awarding the State compensatory damages of approximately US$23.5 million (approximately £18.8 million) plus 8 per cent.

prejudgment interest, and approximately US$1 million (approximately £798,467) in additional attorneys' fees against RJRT. On 17 May 2024, the court entered an amended final judgment correcting a scrivener's error. On 5 June 2024, RJRT filed a notice of appeal. On 6 June 2024, PM USA filed a notice of appeal. On 19 June 2024, the State filed a notice of appeal from the amount of attorneys' fees awarded and post-judgment interest on the prejudgment interest awarded. On 3 October 2024, following a settlement between PM USA and the State, the Mississippi Supreme Court dismissed PM USA's appeal and the State's appeal as it relates to PM USA. RJRT continues to appeal the final judgment.

In January 2021, RJRT reached an agreement with several MSA states to waive RJRT's claims under the MSA in connection with a settlement between those MSA states and a NPM, S&M Brands, Inc. ("**S&M Brands**"), under which the states released certain claims against S&M Brands in exchange for receiving a portion of the funds S&M Brands had deposited into escrow accounts in those states pursuant to the states' escrow statutes. In consideration for waiving claims, RJRT, together with SFNTC, received approximately US$55.4 million (approximately £44.2 million) from the escrow funds paid to those MSA states under their settlement with S&M Brands.

On 27 May 2022, PM USA filed a motion to compel arbitration under the MSA against RJRT and ITG in North Carolina Superior Court claiming RJRT and ITG inaccurately calculated the base year net operating profits for the Acquired Brands and this improperly shifted approximately US$80 million (approximately £63.9 million) in MSA payment obligations from RJRT to PM USA, to date. On 7 June 2022, RJRT and PM USA negotiated a resolution of the MSA claims, in which RJRT agreed to, among other things, pay PM USA the sum of approximately US$37 million (approximately £29.5 million).

On 28 July 2022, the State of Iowa filed a motion to enforce the consent decree and MSA against the PMs asserting, among other things, claims for breach of contract and violations of the Iowa False Claims Act. Iowa sought over US$130 million (£103.8 million) in damages, as well as treble damages. The PMs filed their resistance to Iowa's motion and a motion to compel arbitration on 26 September 2022. Iowa filed its resistance to the PMs' motion to compel arbitration on 6 October 2022, and the PMs filed their reply on 31 October 2022. A hearing on the motion was held on 21 December 2022. On 9 February 2023, the Iowa District Court granted the PMs' motion to compel arbitration, stayed the State's motion to enforce pending the arbitration, and ordered a status conference for 9 February 2024. On 7 March 2023, Iowa filed a withdrawal of its motion to enforce, mooting the need for a status conference.

On 29 November 2022, the State of New Mexico filed a complaint, or in the alternative, a motion to enforce the consent decree and MSA against the PMs asserting, among other things, claims for breach of contract and violations of New Mexico's Unfair Practices Act. New Mexico seeks compensatory damages in an amount to be determined at trial, as well as treble damages, punitive damages, and declaratory and injunctive relief. The PMs' deadline to answer or respond was 29 December 2022. On 15 December 2022, the PMs filed an opposed motion for an extension of deadlines and pages to file their response on 10 February 2023. New Mexico filed its response to the motion on 20 December 2022 and the PMs filed their reply on 30 December 2022. On 13 January 2023, the court granted the PMs' motion to extend their deadline to file their response to 10 February 2023. On 10 February 2023, the PMs filed a motion to compel arbitration or, in the alternative, motion to dismiss New Mexico's complaint and alternative motion to enforce. The State's response to the PMs' motion to compel was filed on 27 March 2023, and the PMs' reply was filed on 14 April 2023; a hearing was held on 30 October 2023. On 29 December 2023, the New Mexico District Court granted the PMs' motion to compel arbitration. On 29 January 2024, New Mexico filed a notice of appeal. Briefing is complete. On 29 March 2024, RJRT filed a motion to dismiss New Mexico's appeal. On 28 August 2024, RJRT filed a motion to stay briefing on the appeal while its motion to dismiss the appeal is pending. On 12 September 2024, New Mexico opposed RJRT's motion to stay. The motion was denied on 24 September 2024, with RJRT's motion to dismiss held in abeyance pending submission of the appeal to a panel of judges.

On 21 February 2024, New Mexico provided the PMs with a 30-day notice of its intent to initiate proceedings to seek from the New Mexico District Court a declaratory judgment interpreting the term 'diligently enforce' as that term is to be applied to New Mexico. On 22 March 2024, New Mexico filed a complaint with the New Mexico District Court seeking a declaratory judgment interpreting the term 'diligently enforce'. RJRT filed a motion to compel arbitration and to dismiss the complaint on 19 April 2024. New Mexico filed its response brief on 21 May 2024, and RJRT filed its reply brief on 10 June 2024. The New Mexico District Court set a hearing date of 23 September 2024. On 20 June 2024, New Mexico filed a motion for leave to file a sur-reply to RJRT's motion to compel arbitration and to dismiss the complaint. RJRT filed its opposition on 8 July 2024. New Mexico filed its reply on 26 July 2024. A hearing occurred on 23 September 2024, at which the New Mexico District Court granted RJRT's motion to compel arbitration and dismissed the complaint from the bench. The New Mexico District Court issued an order to that effect on 13 November 2024. New Mexico filed a notice of appeal on 9 December 2024 and a docking statement on 8 January 2025. New Mexico filed its opening appeal brief on 9 June 2025, and RJRT filed its response appeal on 24 July 2025. New Mexico filed its reply brief on 13 August 2025. On 23 February 2024, PM USA sent New Mexico a 30-day notice of intent to initiate a proceeding against New Mexico, giving notice that it intends to bring an action in the New Mexico District Court seeking an enforcement order compelling New Mexico to participate in a proceeding before a firm to resolve a dispute over whether New Mexico's statutes requiring escrow deposits on certain cigarettes sold in New Mexico constitute a 'Qualifying Statute' as required by the MSA.

On 2 March 2023, the State of Texas issued a demand letter to RJRT, PM USA and ITG, pursuant to the Texas Tobacco Settlement Agreement, for underpaid sums owed to Texas for years 2019 through 2022 and a change in the calculation going forward, asserting that RJRT, PM USA and ITG issued payments to Texas that were based on unauthorised changes to the base year 1997 net operating profit by incorporating into their calculations the lower federal corporate tax rate enacted in 2018. The State seeks damages in the amount of at least US$114 million (£91 million) cumulative for 2019 through 2022 (the last year for which there was a calculation at the time of the demand). In addition, in a letter to the independent accounting firm retained by the parties to calculate settlement payments due under the previously settled State Settlement Agreements, PricewaterhouseCoopers LLC ("**PwC LLC**") dated 3 March 2023, Texas requested that PwC LLC's calculation of the net operating profit adjustment due to Texas for 2022 be based on the value fixed in the Mississippi decision (discussed above) that found the base year 1997 net operating profit to be used in calculating the net operating profit adjustment was not affected by the change in the federal corporate tax rate in 2018. On 13 March 2023, the parties entered into an agreement tolling the statute of limitations for the State to file a motion to enforce on these issues until 15 May 2023. On 24 March 2023, PwC LLC's calculation of the net operating profit adjustment due to Texas for 2022 did not use the value fixed in the Mississippi decision. On 8 May 2023, PM USA and RJRT filed a motion to enforce the settlement agreement. On 22 May 2023, Texas filed its opposition and cross-motion to enforce the settlement agreement. On 30 May 2023, PM USA and RJRT filed a combined opposition to the cross-motion and reply in further support of the motion. On 6 June 2023, Texas filed a reply in support of its cross motion to enforce the settlement agreement. On 13 June 2023, PM USA and RJRT filed a sur-reply in response to the State's reply in support of cross-motion to enforce the settlement agreement. On 15 March 2024, the court granted the State's cross-motion to enforce and denied the motion to enforce filed by PM USA and RJRT. The court ordered that each party shall have thirty (30) days to present a respective memorandum on damages and interest. The parties filed their briefs on damages and interest on 15 April 2024. The parties also filed supplemental briefs. The court held a hearing on 17 July 2024.

On 16 March 2023, the State of Minnesota sent a letter to PwC LLC, joining in the positions taken by the States of Texas and Florida that PwC LLC's calculation of the net operating profit adjustment due to Minnesota for the years 2018 and after be based on the value fixed in the Mississippi decision that found the base year 1997 net operating profit to be used in calculating the net operating profit adjustment was not affected by the change in the federal corporate tax rate in 2018. On 24 March 2023, PwC LLC's calculation of the net operating profit

adjustment due to Minnesota for 2022 did not use the value fixed in the Mississippi decision. On 2 July 2024, the State filed a motion to enforce the settlement agreement. A hearing was held on 26 September 2024. On 9 December 2024, the Minnesota court granted the State of Minnesota's motion to enforce the settlement agreement and granted the parties 30 days (until 8 January 2025) to meet and confer on the issue of damages, interest, and civil penalties including attorneys' fees. The Minnesota court also directed that within 30 days, PwC LLC shall calculate all future Minnesota net operating profit adjustments using US$3,115.1 million as the base net operating profit. On 8 January 2025, the parties informed the court that they have not resolved all remaining issues and will need to brief them. On 16 January 2025, the court directed the parties to mediation of the remaining issues.

Tobacco-Related Litigation Outside the US

As at 31 December 2024:

(i) medical reimbursement actions are being brought in Angola, Brazil, Canada, Nigeria and South Korea;

(ii) class actions are being brought in Canada and Venezuela; and

(iii) active tobacco product liability claims against the Group's companies existed in 12 markets outside the US. The only markets with five or more claims were Argentina, Brazil, Canada, Chile, Nigeria and Italy.

(a) Medical reimbursement cases

Angola

In November 2016, BAT Angola affiliate Sociedade Unificada de Tabacos de Angola ("**SUT**") was served with a collective action filed in the Provincial Court of Luanda, 2nd Civil Section, by the consumer association Associação Angolana dos Direitos do Consumidor. The lawsuit seeks damages of AOA800 million (£692,327) allegedly incurred by the Angolan Instituto Nacional do Controlo do Cancro ("**INCC**") for the cost of treating tobacco-related disease, non-material damages allegedly suffered by certain individual smokers on the rolls of INCC, and the mandating of certain cigarette package warnings. SUT filed its answer to the claim on 5 December 2016. The case remains pending.

Canada

On 1 March 2019, the Quebec Court of Appeal handed down a judgment which largely upheld and endorsed the lower court's previous decision in two Quebec class actions (the "**Quebec Class Actions**"), as further described below. The share of the judgment for Imperial Tobacco Canada Limited ("**Imperial**"), the Group's operating company in Canada, is approximately CAD$9.2 billion (approximately £5.1 billion). As a result of this judgment, there were attempts by the Quebec plaintiffs to obtain payment out of the CAD$758 million (£420.8 million) on deposit with the court. JTI-MacDonald Corp ("**JTIM**") (a subsidiary of Japan Tobacco International and a co-defendant in the cases) filed for creditor protection under the Companies' Creditors Arrangement Act (the "**CCAA**") on 8 March 2019. A court order to stay all tobacco litigation in Canada against all defendants (including RJRT and its affiliate, R.J. Reynolds Tobacco International Inc. (collectively, the "**RJR Companies**")) until 4 April 2019 was obtained, and the need for a mediation process to resolve all the outstanding litigation across the country was recognised. On 12 March 2019, Imperial filed for creditor protection under the CCAA. In its application, Imperial asked the Ontario Superior Court to stay all pending or contemplated litigation against Imperial, certain of its subsidiaries and all other Group companies that were defendants in the Canadian tobacco litigation, including BAT, Investments, Industries and Carreras Rothmans Limited (collectively, the "**UK Companies**"). On 22 March 2019, Rothmans, Benson & Hedges Inc. ("**RBH**"), a subsidiary of PMI, also filed for CCAA protection and obtained a stay of proceedings (together with the other two stays, the "**Stays**").

On 17 October 2024, the court-appointed mediator and monitor filed a proposed plan of compromise and arrangement for Imperial in the Ontario Superior Court of Justice. Substantially similar proposed plans were also filed for RBH and JTIM (collectively, the "**Plans**").

On 12 December 2024, the Plans were approved by the requisite majorities of the creditors. A sanction hearing took place between 29 and 31 January 2025.

On 6 March 2025, the Ontario Superior Court issued an order finding the Plans fair, reasonable and in the public interest, and sanctioned the Plans as amended on 3 March 2025. Under the terms of the Plans, Imperial, RBH and JTIM (the "**Tobacco Companies**") will be required to pay an aggregate settlement amount of CAD$32.5 billion (£18.0 billion) to settle all claims and litigation relating to tobacco in Canada including, the Quebec Class Actions, the Provincial Actions (as described below), outstanding Class Actions (as set out in more detail below) and individual actions. This amount will be funded by:

(a) an upfront payment equal to all the Tobacco Companies' cash and cash equivalents on hand (including investments held at fair value) plus certain court deposits (subject to an aggregate industry withholding of CAD$750 million (£416 million)), plus 85 per cent. of any cash tax refunds that may be received by the Tobacco Companies on account of the upfront payments; and

(b) annual payments based on a percentage (initially 85 per cent., reducing over time) of each of the Tobacco Companies' net income after taxes, based on amounts generated from all sources, excluding New Categories, until the aggregate settlement amount is paid. The performance of Imperial's New Categories (including vapour products and nicotine pouches) is not included in the basis for calculating the annual payments.

On 29 August 2025, the Tobacco Companies formally implemented the Plans pursuant to various orders of the Ontario Superior Court dated 27 August 2025. Following implementation, Imperial was required to pay into the settlement fund cash and cash equivalents on hand (including investments held at fair value) plus certain court deposits. Imperial and the other Tobacco Companies will be required to make annual payments based on a percentage of net income after tax based on amounts generated from all sources, excluding New Categories, until they settle the liability (CAD$32.5 billion) in full. The Stays have now been lifted, and the releases under the Plans are effective. The parties are in the process of formally dismissing the underlying proceedings (as further described below).

The below represents the status of the referenced litigation as at the advent of the Stays, all of which are subject to release under the Plans.

Following the implementation of legislation enabling provincial governments to recover health-care costs directly from tobacco manufacturers, 10 actions for recovery of health-care costs arising from the treatment of smoking- and health-related diseases have been brought. These proceedings name various Group companies as defendants, including the UK Companies and Imperial as well as the RJR Companies (the "**Provincial Actions**"). Pursuant to the terms of the 1999 sale of RJRT's international tobacco business to Japan Tobacco Incorporated ("**JTI**"), JTI has agreed to indemnify RJRT for all liabilities and obligations (including litigation costs) arising in respect of the Canadian recoupment actions. Subject to a reservation of rights, JTI has assumed the defence of the RJR Companies in these actions.

The 10 cases were proceeding in the provinces of British Columbia, New Brunswick, Newfoundland and Labrador, Ontario, Quebec, Manitoba, Alberta, Saskatchewan, Nova Scotia and Prince Edward Island. The enabling legislation is in force in all 10 provinces. In addition, legislation has received Royal Assent in two of the three territories in Canada but has yet to be proclaimed into force.

Canadian province	Act pursuant to which Claim was brought	Companies named as Defendants	Current stage
British Columbia	Tobacco Damages and Health Care Costs Recovery Act 2000	Imperial, Investments, Industries, Carreras Rothmans Limited, the RJR Companies and other former Rothmans Group companies have been named as defendants and served.	The defences of Imperial, Investments, Industries, Carreras Rothmans Limited and the RJR Companies have been filed, and document production and discoveries were ongoing. On 13 February 2017, the province delivered an expert report dated October 2016, quantifying its damages in the amount of CAD$118 billion (£65.5 billion). No trial date has been set. The federal government is seeking CAD$5 million (£2.8 million) jointly from all the defendants in respect of costs pertaining to the third-party claim, now dismissed.
New Brunswick	Tobacco Damages and Health Care Costs Recovery Act 2006	Imperial, the UK Companies and the RJR Companies have been named as defendants and served.	The defences of Imperial, the UK Companies and the RJR Companies have been filed and document production and discoveries are substantially complete. The most recent expert report filed by the province estimated a range of damages between CAD$11.1 billion (£6.2 billion) and CAD$23.2 billion (£12.9 billion), including expected future costs. Following a motion to set a trial date, the New Brunswick Court of Queen's Bench ordered that the trial commence on 4 November 2019. On 7 March 2019, the New Brunswick Court of Queen's Bench released a decision which requires the province to produce a substantial amount of additional documentation and data to the defendants. As a result, the

Canadian province	Act pursuant to which Claim was brought	Companies named as Defendants	Current stage
			original trial date of 4 November 2019 would have been delayed. No new trial date has been set.
Ontario	Tobacco Damages and Health Care Costs Recovery Act 2009	Imperial, the UK Companies and the RJR Companies have been named as defendants and served.	The defences of Imperial, the UK Companies and the RJR Companies have been filed. The parties completed significant document production in the summer of 2017 and discoveries commenced in the autumn of 2018. On 15 June 2018, the province delivered an expert report quantifying its damages in the range of CAD$280 billion (£155 billion) – CAD$630 billion (£350 billion) in 2016/2017 dollars for the period 1954 – 2060, and the province amended the damages sought in its Statement of Claim to CAD$330 billion (£183.2 billion). On 31 January 2019, the province delivered a further expert report claiming an additional amount between CAD$9.4 billion (£5.2 billion) and CAD$10.9 billion (£6.1 billion) in damages in respect of ETS. No trial date has been set.
Newfoundland and Labrador	Tobacco Health Care Costs Recovery Act 2001	Imperial, the UK Companies and the RJR Companies have been named as defendants and served.	This case is at an early case management stage. The defences of Imperial, the UK Companies and the RJR Companies have been filed and the province began its document production in March 2018. Damages have not been quantified by the province. No trial date has been set.
Saskatchewan	Tobacco Damages and Health Care Costs Recovery Act 2007	Imperial, the UK Companies and the RJR Companies have	This case is at an early case management stage. The defences of Imperial, the UK Companies and the RJR Companies have

Canadian province	Act pursuant to which Claim was brought	Companies named as Defendants	Current stage
		been named as defendants and served.	been filed and the province has delivered a test shipment of documents. Damages have not been quantified by the province. No trial date has been set.
Manitoba	Tobacco Damages Health Care Costs Recovery Act 2006	Imperial, the UK Companies and the RJR Companies have been named as defendants and served.	This case is at an early case management stage. The defences of Imperial, the UK Companies and the RJR Companies have been filed and document production commenced. Damages have not been quantified by the province. No trial date has been set.
Alberta	Crown's Right of Recovery Act 2009	Imperial, the UK Companies and the RJR Companies have been named as defendants and served.	This case is at an early case management stage. The defences of Imperial, the UK Companies and the RJR Companies have been filed and the province commenced its document production. The province has stated its claim to be worth CAD$10 billion (£5.6 billion). No trial date has been set.
Quebec	Tobacco Related Damages and Health Care Costs Recovery Act 2009	Imperial, Investments, Industries, the RJR Companies and Carreras Rothmans Limited have been named as defendants and served.	This case is at an early case management stage. The defences of Imperial, Investments, Industries, Carreras Rothmans Limited and the RJR Companies have been filed. Motions over admissibility of documents and damages discovery have been filed but not heard. The province is seeking CAD$60 billion (£33.3 billion). No trial date has been set.
Prince Edward Island	Tobacco Damages and Health Care Costs Recovery Act 2009	Imperial, the UK Companies and the RJR Companies have been named as defendants and served.	This case is at an early case management stage. The defences of Imperial, the UK Companies and the RJR Companies have been filed and the next step was expected to be document production, which the parties

Canadian province	Act pursuant to which Claim was brought	Companies named as Defendants	Current stage
			deferred for the time being. Damages have not been quantified by the province. No trial date has been set.
Nova Scotia	Tobacco Health Care Costs Recovery Act 2005	Imperial, the UK Companies and the RJR Companies have been named as defendants and served.	This case is at an early case management stage. The defences of Imperial, the UK Companies and the RJR Companies have been filed. The province provided a test document production in March 2018. Damages have not been quantified by the province. No trial date has been set.

Nigeria

British American Tobacco (Nigeria) Limited ("**BAT Nigeria**"), BAT and Investments have been named as defendants in a medical reimbursement action by the federal government of Nigeria, filed on 6 November 2007 in the Federal High Court, and in similar actions filed by the Nigerian states of Kano (9 May 2007), Oyo (30 May 2007), Lagos (13 March 2008), Ogun (26 February 2008), and Gombe (17 October 2008) commenced in their respective High Courts. In the five cases that remain active, the plaintiffs seek a total of approximately NGN10.6 trillion (approximately £5.5 billion) in damages, including special, anticipatory and punitive damages, restitution and disgorgement of profits, as well as declaratory and injunctive relief.

The suits claim that the state and federal government plaintiffs incurred costs related to the treatment of smoking-related illnesses resulting from allegedly tortious conduct by the defendants in the manufacture, marketing, and sale of tobacco products in Nigeria, and assert that the plaintiffs are entitled to reimbursement for such costs. The plaintiffs assert causes of action for negligence, negligent design, fraud and deceit, fraudulent concealment, breach of express and implied warranty, public nuisance, conspiracy, strict liability, indemnity, restitution, unjust enrichment, voluntary assumption of a special undertaking, and performance of another's duty to the public.

BAT and Investments have made a number of challenges to the jurisdiction of the Nigerian courts. Such challenges are still pending (on appeal) against the federal government and the states of Lagos, Kano, Gombe and Ogun. The underlying cases are stayed or adjourned pending the final outcome of these jurisdictional challenges. In the state of Oyo, on 13 November 2015, and 24 February 2017, respectively, BAT's and Investments' jurisdictional challenges were successful in the Court of Appeal and the issuance of the writ of summons was set aside.

South Korea

In April 2014, Korea's National Health Insurance Service ("**NHIS**") filed a healthcare recoupment action against KT&G (a Korean tobacco company), PM Korea and BAT Korea (including BAT Korea Manufacturing). The NHIS is seeking damages of roughly KRW54 billion (approximately £29.3 million) in respect of health care costs allegedly incurred by the NHIS treating patients with lung (small cell and squamous cell) and

laryngeal (squamous cell) cancer between 2003 and 2012. Court hearings in the case, which constitute the trial, commenced in September 2014. On 20 November 2020, the court issued a judgment in favour of the defendants and dismissing all of the plaintiff's claims. The NHIS filed an appeal of the judgment on 11 December 2020. Appellate proceedings commenced in June 2021 and remain ongoing.

Brazil

On 21 May 2019, the Federal Attorney's Office ("**AGU**") in Brazil filed an action in the Federal Court of Rio Grande do Sul against BAT, the BAT Group's Brazilian subsidiary Souza Cruz LTDA ("**Souza Cruz**"), PMI, Philip Morris Brazil Indústria e Comércio LTDA and Philip Morris Brasil S/A (collectively, "**PMB**"), asserting claims for medical reimbursement for funds allegedly expended by the federal government as public health care expenses to treat 26 tobacco-related diseases over the last five years from the filing date and that will be expended in perpetuity during future years, including diseases allegedly caused both by cigarette smoking and exposure to ETS. The action includes a claim for moral damages allegedly suffered by Brazilian society to be paid into a public welfare fund. The action is for an unspecified amount of monetary compensation, as the AGU seeks a bifurcated action in which liability would be determined in the first phase followed by an evidentiary phase to ascertain damages.

On 19 July 2019, the trial court ordered that service of the action on BAT be effected via service on Souza Cruz. On 6 August 2019, Souza Cruz refused to receive service on behalf of BAT due to Souza Cruz's lack of power to do so. On 7 August 2019, Souza Cruz was served with the complaint. Following further proceedings in 2019 and 2020 in both the trial and appellate courts challenging the issue of service on BAT, the court ruled that service of BAT via its Brazilian subsidiary Souza Cruz constituted proper service, and ordered that defences be filed. Souza Cruz and BAT filed their respective defences on 12 May 2020.

On 19 February 2021, the Associação de Controle do Tabagismo, Promoção da Saúde ("**ACT**") filed a petition seeking to intervene in the case as *amicus curiae*. Souza Cruz, PMB and BAT filed responses (on 25 March 2021, 26 March 2021 and 20 August 2021, respectively) asserting that ACT's request should be rejected and/or in the alternative that the scope of ACT's intervention rights should be limited. On 13 May 2022, the trial court ordered the AGU to reply to the defences within 30 business days, and also permitted ACT to intervene, limiting ACT's rights as *amicus curiae* to presenting technical and scientific opinions and participating in court hearings. The AGU submitted its reply on 5 July 2022. Souza Cruz, PMB and BAT submitted responses to the AGU's reply on 26 August 2022. On 19 May 2020, notice was sent to the Public Prosecutor's Office ("**MPF**") regarding the AGU's request that the MPF join the action as a plaintiff. The MPF, via its response filed on 10 July 2020, declined to join the action as party, but would act as an 'inspector of the law', which enabled MPF to express its opinion on case matters. On 10 October 2022, the MPF submitted an opinion on preliminary issues and evidence, which called for rejection of the defendants' preliminary defences and the majority of the evidence requested by the AGU and defendants. Defendants PMI, PMB, BAT and Souza Cruz filed responses to the MPF's opinion on 14 November 2022, 18 November 2022, 2 March 2023 and 3 March 2023, respectively. On 6 December 2023, the Fundação Oswaldo Cruz ("**FIOCRUZ**"), a research and development arm of the Brazilian Ministry of Health, filed a petition seeking to intervene in the case as *amicus curiae*. PMB and Souza Cruz filed responses on 8 January 2024 and 24 January 2024, respectively, asserting that the FIOCRUZ petition should be rejected or in the alternative that any intervention rights should be limited.

(b) Class Actions

Canada

The below represents the status of the referenced class action litigation in Canada as at the advent of the Stays, all of which are subject to release under the Plans (with the exception of the *Maynard* claim regarding Zonnic, described below, which is captured by the Plan exclusion relating to New Categories).

There are 11 class actions being brought in Canada against Group companies.

Knight Class Action: the Supreme Court of British Columbia certified a class of all consumers who purchased Imperial cigarettes in British Columbia bearing 'light' or 'mild' descriptors since 1974. The plaintiff is seeking compensation for amounts spent on 'light and mild' products and a disgorgement of profits from Imperial on the basis that the marketing of light and mild cigarettes was deceptive because it conveyed a false and misleading message that those cigarettes are less harmful than regular cigarettes.

On appeal, the appellate court confirmed the certification of the class, but limited any financial liability, if proven, to 1997 onward. Imperial's third-party claim against the federal government was dismissed by the Supreme Court of Canada. The federal government is seeking a cost order of CAD$5 million (£2.8 million) from Imperial relating to its now dismissed third-party claim. After being dormant for several years, the plaintiff delivered a Notice of Intention to Proceed, and Imperial delivered an application to dismiss the action for delay. The application was heard on 23 June 2017 and was dismissed on 23 August 2017. Notice to class members of certification was provided on 14 February 2018. As at the date of the Stays, the next steps were expected to include discovery-related ones.

Growers' Class Action: in December 2009, Imperial was served with a proposed class action filed by Ontario tobacco farmers and the Ontario Flue-Cured Tobacco Growers' Marketing Board. The plaintiffs allege that Imperial and the Canadian subsidiaries of PMI and JTI failed to pay the agreed domestic contract price to the growers used in products manufactured for the export market and which were ultimately smuggled back into Canada. JTI has sought indemnification pursuant to the JTI Indemnities (discussed below). The plaintiffs seek damages in the amount of CAD$50 million (£27.8 million). Various preliminary challenges have been heard, the last being a motion for summary judgment on a limitation period. The motion was dismissed and ultimately, leave to appeal to the Ontario Court of Appeal was dismissed in November 2016. In December 2017, the plaintiffs proposed that the action proceed by way of individual actions as opposed to a class action. The defendants did not consent. As at the date of the Stays, the claim was in abeyance pending further action from the plaintiffs.

Quebec Class Actions: there are currently two smoking and health class actions in Quebec, certified by the Quebec Superior Court on 21 February 2005 against Imperial and two other domestic manufacturers. Judgment was rendered against the defendants on 27 May 2015. Pursuant to the judgment, the plaintiffs were awarded damages and interest against Imperial and the Canadian subsidiaries of PMI and JTI in the amount of CAD$15.6 billion (£8.7 billion), most of which was on a joint and several basis, of which Imperial's share was CAD$10.4 billion (£5.8 billion). An appeal of the judgment was filed on 26 June 2015. The court also awarded provisional execution pending appeal of CAD$1,131 million (£628 million), of which Imperial's share was approximately CAD$742 million (£412 million). This order was subsequently overturned by the Court of Appeal. Following the cancellation of the order for provisional execution, the plaintiffs filed a motion against Imperial and one other manufacturer seeking security in the amount of CAD$5 billion (£2.8 billion) to guarantee, in whole or in part, the payment of costs of the appeal and the judgment. On 27 October 2015, the Court of Appeal ordered the parties to post security for the judgment in the amount of CAD$984 million (£546 million), of which Imperial's share was CAD$758 million (£421 million) which amounts have been paid into court. Imperial's share was later recalculated by the Court of Appeal as CAD$759 million (£421 million). On 1 March 2019, the trial judgment was upheld by a unanimous decision of the five-member panel of the Court of Appeal, with one exception being an amendment to the original interest calculation applied to certain portions of the judgment. The interest adjustment has resulted in the reduction of the total maximum award in the two cases to CAD$13.7 billion (£7.6 billion) as at 1 March 2019, with Imperial's share being reduced to approximately CAD$9.2 billion (approximately £5.1 billion).

Other Canadian Smoking and Health Class Actions: seven putative class actions, described below, have been filed against various Canadian and non-Canadian tobacco-related entities, including the UK Companies,

Imperial and the RJR Companies, in various Canadian provinces. In these cases, none of which have quantified their asserted damages, the plaintiffs allege claims based on fraud, fraudulent concealment, breach of warranty of merchantability, and of fitness for a particular purpose, failure to warn, design defects, negligence, breach of a 'special duty' to children and adolescents, conspiracy, concert of action, unjust enrichment, market share liability and violations of various trade practices and competition statutes. Pursuant to the terms of the 1999 sale of RJRT's international tobacco business, and subject to a reservation of rights, JTI has assumed the defence of the RJR Companies in these seven actions (Semple, Kunka, Adams, Dorion, Bourassa, McDermid and Jacklin, discussed below).

In June 2009, four smoking and health class actions were filed in Nova Scotia (Semple), Manitoba (Kunka), Saskatchewan (Adams) and Alberta (Dorion) against various Canadian and non-Canadian tobacco-related entities, including the UK Companies, Imperial and the RJR Companies. In Saskatchewan, BAT, Carreras Rothmans Limited and Ryesekks p.l.c. have been released from Adams, and the RJR Companies have brought a motion challenging the jurisdiction of the court. There are service issues in relation to Imperial and the UK Companies in Alberta and in relation to the UK Companies in Manitoba. The plaintiffs did not serve their certification motion materials and no dates for certification motions were set.

In June 2010, two further smoking and health class actions were filed in British Columbia (Bourassa and McDermid) against various Canadian and non-Canadian tobacco-related entities, including Imperial, the UK Companies and the RJR Companies. The UK Companies, Imperial, the RJR Companies and other defendants objected to jurisdiction. Subsequently, BAT, Carreras Rothmans Limited and Ryesekks p.l.c. were released from the actions. Imperial, Industries, Investments and the RJR Companies remain as defendants in both actions. The plaintiffs did not serve their certification motion materials and no dates for certification motions were set.

In June 2012, a smoking and health class action was filed in Ontario (Jacklin) against various Canadian and non-Canadian tobacco-related entities, including the UK Companies, Imperial and the RJR Companies. The claim has been in abeyance.

A proposed national class action was filed in the British Columbia Supreme Court by Danver Bauman (via his litigation guardian) on 21 December 2023 against Imperial Tobacco Company Ltd., Imperial, and Nicoventures Trading Limited ("**Nicoventures**") alleging numerous statutory and common law causes of action in connection with the design, marketing and sale of 'Zonnic'. The action was issued in violation of the Stays, is subject to the Stays, and was not served. Following the implementation of the Plans and the lifting of the Stays, counsel in the *Bauman* action issued a fresh claim on 26 September 2025 with a new proposed class representative, Daniel Maynard. The substance of the *Maynard* claim is substantially similar to the (unserved) *Bauman* action. The named Imperial defendants were served with the action on 2 October 2025, and Nicoventures was served on 9 October 2025.

The *Maynard* action seeks certification of a national class of Canadian consumers who purchased Zonnic for "primarily personal, family or household use", and alleges that the defendants engaged in "deceptive and misleading design, regulatory approval, labelling, advertising, marketing, promotion, distribution, and sale" of its Zonnic products. The plaintiffs seek an unspecified quantum of damages for unjust enrichment, common law breaches (including failure to warn and negligence), and breaches of various provincial and federal statutes related to advertising and promotion, as well as punitive damages.

Venezuela

In April 2008, the Venezuelan Federation of Associations of Users and Consumers (FEVACU) and Wolfang Cardozo Espinel and Giorgio Di Muro Di Nunno, acting as individuals, filed a class action against the Venezuelan government. The class action seeks regulatory controls on tobacco and recovery of medical expenses for future expenses of treating smoking-related illnesses in Venezuela. Both C.A Cigarrera Bigott Sucs. (Cigarrera Bigott), a Group subsidiary, and ASUELECTRIC, represented by its president Giorgio Di Muro Di

Nunno (who had previously filed as an individual), have been admitted as third parties by the Constitutional Chamber of the Supreme Court of Justice. A hearing date for the action is yet to be scheduled. On 25 April 2017 and on 23 January 2018, Cigarrera Bigott requested the court to declare the lapsing of the class action due to no proceedings taking place in the case in over a year. A ruling on the matter is yet to be issued.

(c) Individual Tobacco-Related Personal Injury Claims

As at 31 December 2024, the jurisdictions with the most active individual cases against Group companies were, in descending order: Chile (18), Brazil (12), Italy (six), Canada (five), Argentina (five) and Ireland (two). There were a further two jurisdictions with one active case only. Out of these 50 active individual cases, as at 31 December 2024 there were two cases in Argentina that have resulted in pending unfavourable judgments. In one case, damages were awarded totalling ARS685,976 (£531) in compensatory damages and ARS2,500,000 (£1,936) in punitive damages, plus post-judgment interest. This judgment was reversed via an appellate court ruling issued on 19 September 2023. The plaintiff's petition for leave to appeal to the Argentina Supreme Court was denied on 29 November 2023. The plaintiff filed an extraordinary appeal to the Argentina Supreme Court on 7 December 2023, which appeal remains pending. In the other case, compensatory damages were awarded totalling ARS2,850,000 (£2,207), with post-judgment interest totalling approximately ARS285,842,620 (£221,373). This judgment is currently on appeal. In addition, on 25 August 2023, an adverse written judgment was served in an individual action in Türkiye awarding TRY10,000 (£226) in compensatory damages against British American Tobacco Tütün Mam. San. ve Tic. A.Ş ("**BAT Türkiye**") and Philip Morris Sabancı Pazarlama ve Satış A.Ş., now known as Philip Morris Pazarlama ve Satış A.Ş. ("**PMPS**"). The judgment was reversed against BAT Türkiye via an appellate court ruling served on 7 January 2025, on the basis that BAT Türkiye does not have standing to be sued. The judgment was upheld against PMPS, with the amount of the award increased to TRY500,000 (£11,290). PMPS has appealed the judgment against it, and the plaintiff has appealed both rulings. The appeals remain pending.

Croatian Distributor Dispute

BAT Hrvatska d.o.o u likvidaciji and British American Tobacco Investments (Central and Eastern Europe) Limited are named as defendants in a claim by Mr Perica received on 22 August 2017 and brought before the commercial court of Zagreb, Croatia. Mr Perica seeks damages of HRK408 million (€54 million/£45 million) relating to a BAT Standard Distribution Agreement dating from 2005. BAT Hrvatska d.o.o and British American Tobacco Investments (Central and Eastern Europe) Ltd filed a reply to the statement of claim on 6 October 2017. A hearing had been scheduled to take place on 10 May 2018, but it was postponed due to a change of the judge hearing the case. The Commercial Court in Zagreb declared they do not have jurisdiction and that the competent court to hear this case is the Municipal Court in Zagreb. TDR d.o.o. is also named as the defendant in a claim by Mr Perica received on 30 April 2018 and brought before the commercial court of Zagreb, Croatia. Mr. Perica seeks payment in the amount of HRK408 million (€54 million/£45 million) claiming that BAT Hrvatska d.o.o. transferred a business unit to TDR d.o.o, thus giving rise to a liability of TDR d.o.o. for the debts incurred by BAT Hrvatska d.o.o, on the basis of the provisions of Croatian civil obligations law. A response to the statement of claim was filed on 30 May 2018. The Commercial Court in Zagreb declared they do not have jurisdiction and that the competent court to hear this case is the Municipal Court in Pula. Mr Perica filed an appeal against this decision which was rejected by the High Commercial Court of The Republic of Croatia confirming therewith that the competent court to hear this case is the Municipal Court in Pula. The Municipal Court in Zagreb decided that the claims by Mr Perica initiated on 22 August 2017 and 30 April 2018 shall be heard as one case in front of the Municipal Court of Zagreb. After the two hearings were held, the Municipal Court of Zagreb appointed the court financial and auditing appraisal to determine the value of Mr Perica's claim, which it determined in the amount of €15,850,579 (£13 million). BAT Hrvatska d.o.o, British American Tobacco Investments (Central and Eastern Europe) Ltd and TDR d.o.o, are able to challenge this valuation as part of the legal proceedings.

Florence Proceedings

British American Tobacco Italia SpA has been charged with administrative offences in Florence, Italy in a case against a large number of individual and corporate defendants. This relates to potential allegations of failure to supervise or take appropriate steps to prevent alleged corruption by two (now former) employees. The charges have been dismissed at the preliminary hearing, concluded in December 2024, along with the charges against all other defendants. This is subject to any appeal by the prosecutor, the time limit for which has not yet passed.

Patents and Trade mark Litigation

Certain Group companies are party to a number of patent litigation cases and procedural challenges concerning the validity of patents owned by or licensed to them and/or the alleged infringement of third parties' patents.

1. On 28 May 2020, Altria Client Services LLC ("**Altria**") and US Smokeless Tobacco Company LLC commenced proceedings against RJR Vapor before the US District Court for the Middle District of North Carolina against the vapour products Vuse Vibe and Vuse Alto, and the tin used in the modern oral product Velo. Nine patents in total were asserted: two against Vibe, four against Alto and three against Velo. On 5 January 2021, Altria filed an Amended Complaint adding Modoral Brands Inc. ("**Modoral**") as a defendant with respect to the Velo product claims. A claim construction hearing was held on 28 April 2021, and the court issued its claim construction ruling on 12 May 2021. All asserted patent claims against Vibe and Velo as well as one of the four patents asserted against Alto were dropped prior to trial, leaving three patents asserted against Alto for trial. Trial was held from 29 August 2022 to 7 September 2022. The jury found infringement by all accused products and awarded approximately US$95 million (approximately £75.9 million) in damages. On 27 January 2023, the court rejected Altria's request to double the jury's awarded royalty rate for post-trial sales and set the royalty rate applicable to post-trial sales to the jury's awarded rate of 5.25 per cent. Altria did not request entry of an injunction and has stipulated it will not enforce the monetary judgment until appeals are exhausted. On 10 February 2023, RJR Vapor noticed its appeal to the United States Court of Appeals for the Federal Circuit. On 19 December 2024, the Federal Circuit affirmed the lower court's judgment.

2. On 20 September 2023, Healthier Choices Management Corp. ("**HCMC**") commenced proceedings against RJR Vapor before the US District Court for the Middle District of North Carolina against the vapour product Vuse Alto alleging infringement of US Patent 9,538,788. On 17 November 2023, RJR Vapor filed a motion to dismiss the action in its entirety. RJR Vapor filed an Inter Partes Review (**"IPR**") petition challenging the validity of the HCMC patent with the United States Patent Office Patent Trial and Appeal Board ("**PTAB**") on 18 September 2024. On 12 March 2025, the PTAB instituted an IPR of the '788 Patent'. A final written decision on the IPR is expected in March 2026.

Mozambican IP Litigation

On 19 April 2017, Sociedade Agrícola de Tabacos, Limitada ("**SAT**") (a BAT Group company in Mozambique) filed a complaint to the National Inspectorate for Economic Activities ("**INAE**"), the government body under the Ministry of Industry and Trade, regarding alleged infringements of its registered trade mark (GT) by GS Tobacco SA ("**GST**"). INAE subsequently seized the allegedly infringing products (GS cigarettes) and fined and ordered GST to discontinue manufacturing products that could infringe SAT's intellectual property rights. Following INAE's decision, in July 2017 and March 2018, SAT sought damages via the Judicial Court of Nampula, from GST in the amount of MZN46,811,700 (£584,893) as well as a permanent restraint order in connection with the manufacturing and selling of the allegedly infringing products. The Judicial Court of Nampula (Tribunal Judicial de Nampula) granted the order on an interim basis on 7 August 2017. After hearing the parties, on 5 September 2017, the court found that no alleged infringement by GST had occurred and removed the interim restraint order, and rejected the damages claim. This decision was appealed by SAT (the

"**Infringement Appeal**"). GST filed an application for review against INAE's initial decision directly to the Minister of Trade and Industry, which reversed the decision of INAE. On 31 December 2018, SAT was notified of GST's counterclaim against SAT at the Judicial Court of Nampula for damages allegedly sustained as a result of SAT's complaint to INAE (and INAE's decision). GST was seeking damages in the amount of approximately MZN14.5 billion (approximately £181 million). On 31 January 2019, SAT filed a formal response to the counterclaim. A preliminary hearing was held on 2 April 2019, when the court heard arguments on the validity of GST's counterclaim. On 2 September 2019, SAT received notification of an order which provided that (i) SAT's invalidity arguments had been dismissed by the court; and (ii) the GST counterclaim would proceed to trial. On 9 September 2019, SAT responded to the order by appealing the dismissal of the SAT invalidity arguments (the "**Invalidity Appeal**"). SAT was notified in December 2021 that the trial of the counterclaim was to take place on 24 February 2022. SAT subsequently submitted a complaint related to that trial to the court, on the basis that prior to any further step being taken in relation to the trial the process should be submitted to the superior court for analysis, as per the appeals previously submitted in the proceedings. SAT's complaint had been appreciated favourably and the process was remitted to the High Court of Appeal for Nampula. The Court of Appeal handed down its judgment in respect of SAT's Infringement Appeal and SAT's Invalidity Appeal. In respect of the Invalidity Appeal, the court found that the requirements for GST's counterclaim had not been met, and accordingly found that the counterclaim could not proceed. In respect of the Infringement Appeal, the court partially upheld the main appeal brought by SAT, finding that there had been a partial reproduction of SAT's trade marks by GST. Consequently, it ordered GST to abstain from producing and commercialising products using packaging similar to that of SAT. However, as regards SAT's claim for compensation for damage caused by the conduct of GST, the court found that this loss had not been proven. SAT did not appeal the judgment and has not yet been made aware of an appeal by GST.

Malawi Group Action

In December 2020, BAT and British American Tobacco (GLP) Limited ("**GLP**") were named as defendants in a claim made in the English High Court by around 7,500 Malawian tobacco farmers and their family members. The claim also names Imperial Brands plc and five affiliates as defendants. The claimants allege they were subjected to unlawful and exploitative working conditions on tobacco farms from which it is alleged that the defendants indirectly acquire tobacco. They seek unquantified damages (including aggravated and exemplary damages) for the torts of negligence and conversion and unquantified personal and proprietary remedies for restitution of unjust enrichment. They also seek an injunction to restrain the commission of further torts of conversion or negligence by the defendants. The defendants had an application to strike out the claims dismissed in a judgment dated 25 June 2021. In January 2022, BAT and GLP were served with a similar claim by around a further 3,500 claimants. BAT and GLP intend to vigorously defend the claims.

Middle East Litigation

On 6 November 2023, Walid Ahmed Mohammed Al Naghi for Trading Establishment ("**Al Naghi**"), a former distributor for the Group's operating companies in the Middle East, filed a claim in the Commercial Court in Jeddah, Saudi Arabia, seeking SAR2,105,356,121 (£447 million) for reimbursement of funds allegedly due under contract. The claim named British American Tobacco Middle East W.L.L. as the defendant. At a hearing on 13 May 2024, the Court of First Instance gave an oral decision dismissing Al Naghi's claim on the merits. That decision was confirmed in a written judgment issued on 24 May 2024. On 23 June 2024, Al Naghi filed an appeal against the Court of First Instance judgment. At a hearing on 17 July 2024, the Appellate Court gave an oral decision dismissing Al Naghi's appeal and upholding the Court of First Instance's judgment. Al Naghi appealed to the Saudi Supreme Court, and on 12 November 2024, the Supreme Court dismissed the appeal.

In late December 2023, B.A.T (U.K. and Export) Limited ("**BAT UKE**") received a request for arbitration proceedings from a customer/distributor in the Middle East. In February 2024, the claimants joined British American Tobacco ME DMCC ("**BAT ME DMCC**") to the arbitration proceedings. The claimants filed their

Statement of Claim in August 2023, seeking damages of approximately US$118 million (approximately £94 million). BAT UKE and BAT ME DMCC filed their statement of defence in February 2025 and the proceedings are continuing.

Asbestos Litigation

As of 31 December 2024, there were five active asbestos personal injury cases served and pending against BATUS Holdings Inc. (*Lowis*, *Weber*, *Hardaway*, *Horsfield*, and *Harshberger*). During the financial year 2024, BATUS Holdings Inc. was served with four new asbestos personal injury cases, and was dismissed from 12 asbestos personal injury cases (*Phillips, Cooke, Dove, Gibbs, Westropp, Knight, Steggles, Doonan, Oakenfold, Redgewell, Caswell*, and *Adams*). On 30 January 2025, BATUS Holdings Inc. was dismissed from Harshberger, filed in the Court of Common Pleas, Philadelphia County, Pennsylvania. The plaintiffs in each case allege exposure to the defendants' asbestos and asbestos-containing talcum powder and cosmetics products, and assert claims under state law, including for negligence, breach of warranty, strict liability, conspiracy, fraud and wrongful death. The plaintiffs seek unspecified compensatory and punitive damages. Of the four active cases, one case (*Lowis*) is filed in the Supreme Court of the State of New York (New York County), another (*Weber*) is filed in the Circuit Court of the 17th Judicial Circuit in and for Broward County, Florida, another (*Hardaway*) was filed in the District Court for Bexar County, Texas, and subsequently transferred to the District Court for Harris County, Texas, and another (*Horsfield*) is filed in the Circuit Court of the 11th Judicial Circuit in and for Miami-Dade, Florida. In each of these cases, BATUS Holdings Inc. has filed motions to dismiss for lack of personal jurisdiction, which remain pending.

Cigarette Filter Litter Litigation

On 21 November 2022, the Mayor and City Council of Baltimore, Maryland, filed a lawsuit in the Circuit Court for Baltimore City naming BAT and RJRT, as well as PM USA, Altria Group, Liggett Group LLC and a Maryland-based distributor, as defendants. RJRT was served on 13 December 2022, and BAT received the complaint on 18 January 2023. The plaintiff, a municipality, alleges that the defendants manufactured, distributed and sold non-biodegradable cigarette filters with knowledge that consumers would discard used filters on public property owned by the plaintiff, and further alleges that the defendants failed to warn consumers of the alleged environmental impacts of littered filters. The plaintiff asserts causes of action for alleged violation of state and municipal civil and criminal anti-littering and dumping laws, trespass, strict liability and negligent design defect, public nuisance, and strict liability and negligent failure to warn. The plaintiff seeks, among other relief, unspecified damages (including punitive damages) for costs allegedly incurred removing discarded cigarette filters from public property, and for alleged damage to land and natural resources and property value diminution, along with fines under state and municipal laws. On 3 February 2023, PM USA filed a notice of removal of the litigation to the Federal District Court in Baltimore, Maryland. The plaintiff moved to remand the action back to the Circuit Court for Baltimore City on 20 March 2023. The federal court, following briefing on the motion, issued an order on 19 January 2024 remanding the action back to the Circuit Court for Baltimore City. On 19 March 2024, BAT filed a motion to dismiss the complaint for lack of personal jurisdiction and for failure to state a legal claim. That same date, defendants RJRT, PM USA, Liggett Group LLC, and a Maryland-based distributor moved to dismiss the complaint for failure to state a legal claim. BAT was voluntarily dismissed from the action without prejudice via a stipulation of dismissal filed on 2 May 2024. On 21 July 2025, the trial court granted the defendants' motion to dismiss in part, dismissing a number of claims with prejudice, and denied it in part. The Circuit Court dismissed the five criminal counts for various procedural and substantive deficiencies. The Circuit Court additionally determined that the plaintiff failed to sufficiently allege a continuing trespass under Maryland law and dismissed that claim as well. The Circuit Court allowed the plaintiff's design defect (strict liability and negligence), public nuisance, and failure to warn (strict liability and negligence) claims to proceed. On 5 August 2025, the defendants filed a joint motion to stay the Baltimore litigation pending the Maryland Supreme Court's decision in an appeal in an unrelated climate change litigation

relating to the scope of Maryland's common law of public nuisance. The Supreme Court's decision is expected in the first quarter of 2026. In the alternative, the defendants requested entry of the previously agreed-to schedule, which envisioned a two-year fact and expert discovery schedule with trial to begin eight months after discovery closes. The plaintiff filed an opposition to the motion to stay on 20 August 2025. The plaintiff instead requested entry of a scheduling order which sets an 18-month fact and expert discovery schedule with trial to begin six months after discovery closes. On 12 September 2025, the Circuit Court denied defendants' motion for a stay and ordered (as BAT requested) a two-year fact and expert discovery schedule. BAT will continue to monitor the Maryland Supreme Court and its pending decision in the unrelated climate change litigation relating to the scope of the state's public nuisance law and its potential impact on the nuisance claim in the aforementioned litigation.

Fox River

Background to environmental liabilities arising out of contamination of the Fox River

US authorities identified potentially responsible parties ("**PRPs**"), including NCR Corporation, now called NCR Voyix Corporation ("**NCR**"), to fund the clean-up of polluted sediments in the Lower Fox River, Wisconsin. Discharges of Polychlorinated Biphenyls ("**PCBs**") from paper mills and other facilities operating close to the river caused that pollution. Industries' involvement with the environmental liabilities arises out of (i) indemnity arrangements which it became party to due to various transactions that took place from the late-1970s onwards and (ii) subsequent litigation brought by NCR against Industries and Appvion Inc. ("**Appvion**") (a former Group subsidiary) in relation to those arrangements.

Following substantial litigation in the United States regarding the responsibility for the costs of the clean-up operations, and enforcement proceedings brought by the US Government against NCR and Appvion to ensure compliance with regulatory orders made relating to the Fox River clean-up, the District Court of Wisconsin approved (on 23 August 2017) a form of settlement with the US Government known as a Consent Decree.

A key term of that Consent Decree is that NCR was obliged to perform and fund all of the remaining Fox River remediation work by itself.

A cost breakdown filed in support of the motion to approve the Consent Decree estimates the total Fox River clean-up costs (including natural resource damages) to be US$1,346 million (£1,075 million).

A further Consent Decree between the US Government, P.H. Glatfelter Company and Georgia-Pacific Consumer Products LP ("**Georgia-Pacific**"), approved by the Wisconsin District Court on 14 March 2019, concluded all remaining litigation relating to the Fox River. In November 2019, an arbitral tribunal awarded approximately US$10 million (approximately £8.0 million) to the remediation contractor engaged by a limited liability company formed by NCR and Appvion to perform the Fox River clean-up operation. NCR has stated (in its 2021 Annual Report on Form 10-K) that its indemnitors and co-obligors were responsible for the majority of the award, with its own share being approximately 25 per cent.

On 3 October 2022, the United States Environmental Protection Agency issued a Certificate of Completion in respect of remedial action for the Lower Fox River.

Industries' involvement with environmental liabilities arising out of the contamination of the Fox River

NCR's position is that, under the terms of a 1998 Confidential Settlement Agreement ("**CSA**") between it, Appvion and Industries, and a 2005 arbitration award, Industries and Appvion had a joint and several obligation to bear 60 per cent. of the Fox River environmental remediation costs imposed on NCR and of any amounts NCR has to pay in respect of other Fox River PRPs' contribution claims. BAT has not acknowledged any such liability to NCR and has defences to such claims.

Until May 2012, Appvion and Windward Prospects Limited ("**Windward**") (another former Group subsidiary) which indemnified Industries, paid a 60 per cent. share of the clean-up costs incurred by NCR. Industries was never required to contribute. Around that time, Appvion refused to continue to pay clean-up costs, NCR therefore demanded that Industries pay a 60 per cent. share of those costs. Industries resisted NCR's demand and commenced proceedings against Windward and Appvion seeking confirmation of indemnities provided to Industries in respect of any liability it might have to NCR (the "**English Indemnity Proceedings**") pursuant to a 1990 de-merger agreement between those parties.

Funding Agreement of 30 September 2014

On 30 September 2014, Industries entered into a funding agreement (the "**Funding Agreement**") with Windward, Appvion, NCR and BTI 2014 LLC ("**BTI**") (a wholly-owned subsidiary of Industries). Pursuant to the Funding Agreement:

(i) the English Indemnity Proceedings (and a related counterclaim) and NCR-Appvion arbitration were discontinued;

(ii) the parties agreed a framework through which they would together fund the ongoing costs of the Fox River clean-up; and

(iii) NCR agreed to accept funding by Industries at the level of 50 per cent. of NCR's share of the ongoing clean-up related costs of the Fox River (rather than the 60 per cent. referenced above). This remains subject to an ability to litigate at a later stage the extent of Industries' liability (if any) in relation to Fox River clean-up-related costs (including in respect of the 50 per cent. of costs that Industries has paid with express reservation under the Funding Agreement to date).

Additionally, Windward has contributed US$10 million (£8.0 million) of funding. Appvion has contributed US$25 million (£20.0 million) for Fox River and agreed to contribute US$25 million (£20.0 million) for the Kalamazoo River (see further below). Appvion entered Chapter 11 bankruptcy protection on 1 October 2017.

The parties also agreed to cooperate in order to maximise recoveries from certain claims made against third parties, including (i) a claim commenced by Windward in the High Court of England & Wales (the "**High Court**") against Sequana S.A. ("**Sequana**") and the former Windward directors (the "**Windward Dividend Claim**"), assigned to BTI under the Funding Agreement, and which relates to dividend payments made by Windward to Sequana of around €443 million (approximately £366 million) in 2008 and €135 million (£112 million) in 2009 (the "**Dividend Payments**") and (ii) a claim commenced by Industries directly against Sequana to recover the value of the Dividend Payments alleging that the dividends were paid for the purpose of putting assets beyond the reach of Windward's creditors (including Industries) (the "**BAT section 423 Claim**").

Pursuant to a judgment of the High Court handed down on 11 July 2016, the High Court upheld the BAT section 423 Claim. By way of a consequential judgment dated 10 February 2017, the High Court ordered that Sequana pay to BTI an amount up to the full value of the 2009 dividend plus interest, equating to around US$185 million (approximately £147.7 million). The High Court dismissed the Windward Dividend Claim (the "**Windward Judgment**").

The parties pursued cross-appeals on the Windward Judgment and payments in respect of the Windward Judgment were stayed. On 6 February 2019, the Court of Appeal gave a judgment upholding the High Court's findings, with one immaterial change to the method of calculating the damages awarded. Sequana remains liable to make some payment in respect of the Windward Judgment.

On 15 May 2019, the Nanterre Commercial Court made an order placing Sequana into formal liquidation proceedings. To date, Sequana has made no payments to Industries. Because of Sequana's ongoing insolvency process, execution of the Windward Judgment has been and is stayed.

BTI subsequently appealed to the Supreme Court in respect of the Windward Dividend Claims against the former Windward Directors. On 5 October 2022, the Supreme Court handed down its judgment, dismissing BTI's appeal.

BTI brought claims against Windward's former auditors and advisers (which claims were also assigned to BTI under the Funding Agreement). BTI commenced a claim against PricewaterhouseCoopers LLP ("**PwC LLP**") in the High Court in respect of its role as Windward's auditor at the time of the dividend payments. Trial commenced on 4 June 2024. The claims were settled on 21 June 2024, pursuant to the terms set out in a confidential settlement agreement entered into by BTI, PwC LLP and the joint administrators of Windward (who were a nominal party to the proceedings). An agreed stay is in place in respect of BTI's separate assigned claim against Freshfields Bruckhaus Deringer.

The sums Industries has paid under the Funding Agreement are subject to the reservation as set out above and ongoing adjustment. Clean-up costs can only be estimated in advance of the work being carried out and certain sums payable are the subject of ongoing US litigation. In 2019, Industries paid £32 million in respect of clean-up costs. In 2020, Industries paid £2 million in respect of clean-up costs. In 2021, Industries paid a further £2 million in respect of clean-up costs. In 2022, Industries has paid an additional £1 million in respect of clean-up costs. Industries is potentially liable for further costs associated with the clean-up. Industries has a provision of £44 million which represents the current best estimate of its exposure.

Kalamazoo

Georgia-Pacific, a designated PRP in respect of the Kalamazoo River in Michigan, also pursued NCR in relation to remediation costs caused by PCBs released into that river.

On 26 September 2013, the United States District Court, Michigan held that NCR was liable as a PRP on the basis that it had arranged for the disposal of hazardous material for the purposes of the Comprehensive Environmental Response, Compensation and Liability Act ("**CERCLA**").

Following further litigation, on 11 December 2019, NCR announced that it had entered into a Consent Decree with the US Government and the State of Michigan (subsequently approved by the Michigan Court on 2 December 2020), pursuant to which it assumed liability for certain remediation work at the Kalamazoo River. The payments to be made on the face of the Consent Decree in respect of such work total approximately US$245 million (approximately £195.6 million). The Consent Decree also provides for the payment by NCR of an outstanding judgment against it of approximately US$20 million (approximately £16.0 million) to Georgia-Pacific.

The quantum of the clean-up costs for the Kalamazoo River is presently unclear. It seems likely to exceed the amounts payable on the face of the Consent Decree.

On 10 February 2023, NCR filed a complaint in the United States District Court for the Southern District of New York against Industries, seeking a declaration that Industries must compensate NCR for 60 per cent. of costs NCR incurred and incurs relating to the Kalamazoo River site on the asserted basis that the Kalamazoo River constitutes a 'Future Site' for the purposes of the CSA. The Funding Agreement described above does not resolve the claims. On 23 June 2023, Industries filed its defence and counterclaims in the proceedings. On 2 October 2023, NCR filed a motion for declaratory judgment on its complaint and to strike out Industries' affirmative defences and dismiss Industries' counterclaims. Industries opposed this motion. On 14 September 2024, the court issued a judgment in respect of the motion, striking out one of Industries' eight affirmative defences and dismissing three of Industries' five counterclaims. A pre-trial conference occurred on 30 October 2024, following which a case management order was issued. The parties are scheduled to complete all fact discovery by 19 December 2025.

In summary, in respect of Fox River and Kalamazoo River, Industries is and has been taking active steps to protect its interests. These include preparation of all its defences and counterclaims, seeking to obtain the repayment of sums representing the Windward dividends, pursuing the other valuable claims that are now within its control, obtaining settlement in respect of some of those and working with the other parties to the Funding Agreement to obtain and maximise recoveries from third parties. This has been done to ensure amounts funded by Industries towards clean-up related costs are later recouped under the agreed repayment mechanisms under the Funding Agreement.

Other environmental matters

RAI and its subsidiaries are subject to federal, state and local environmental laws and regulations concerning the discharge, storage, handling and disposal of hazardous or toxic substances. Such laws and regulations provide for significant fines, penalties and liabilities, sometimes without regard to whether the owner or operator of the property or facility knew of, or was responsible for, the release or presence of hazardous or toxic substances. In addition, third parties may make claims against owners or operators of properties for personal injuries and property damage associated with releases of hazardous or toxic substances. In the past, RJRT has been named a PRP with third parties under CERCLA with respect to several superfund sites. RAI and its subsidiaries are not aware of any current environmental matters that are expected to have a material adverse effect on the business, results of operations or financial position of RAI or its subsidiaries.

Investigations

The Group investigates, and becomes aware of governmental authorities' investigations into, allegations of misconduct, including alleged breaches of sanctions and allegations of corruption at Group companies. Some of these allegations are currently being investigated. The Group cooperates with the authorities, where appropriate.

Competition Investigations

There are instances where the Group investigates or where Group companies are cooperating with relevant national competition authorities in relation to competition law investigations and/or engaged in legal proceedings at the appellate level, including (amongst others) in the Netherlands. In regards to the previously disclosed consent order entered into with the Nigerian Federal Competition and Consumer Protection Commission by British American Tobacco (Holdings) Limited, British American Tobacco (Nigeria) Limited and British American Tobacco Marketing (Nigeria) Limited in December 2022, the two-year monitorship remains ongoing following its formal commencement in 2023.

On 25 April 2023, the Group announced that it had reached agreement with DOJ and OFAC to resolve previously disclosed investigations into suspicions of sanctions breaches. These concerned business activities relating to the Democratic People's Republic of Korea between 2007 and 2017. BAT entered into a three-year deferred prosecution agreement ("**DPA**") with DOJ and a civil settlement agreement with OFAC. DOJ's charges against BAT—one count of conspiring to commit bank fraud and one count of conspiring to violate sanctions laws—were filed and will later be dismissed if BAT abides by the terms of the DPA. In addition, a BAT subsidiary in Singapore, British-American Tobacco Marketing (Singapore) Private Limited, pleaded guilty to the same charges. The total amount payable to the US authorities is approximately US$635 million plus interest, which has been paid by BAT.

Closed litigation matters

The following matters on which BAT reported in the contingent liabilities and financial commitments note 31 to the Group's 2023 financial statements have been dismissed, concluded or resolved as noted below and shall not be included in future reports:

Matter	Jurisdiction	Companies named as Defendants	Description	Disposition
Middle Eastern Litigation	Saudi Arabia	British American Tobacco Middle East W.L.L.	Commercial Litigation	Court judgment in favour of Defendants
Middle Eastern Litigation	Saudi Arabia	B.A.T (U.K. and Export) Limited	Commercial Litigation	Court judgment in favour of Defendants
Stuck, Mannooch, Phillips, Cooke, Dove, Gibbs, Westropp, Knight, Steggles, Doonan, Oakenfold, Redgewell, Caswell, Adams, and Harshberger (asbestos litigation)	US	BATUS Holdings Inc	Personal Injury	Court judgment dismissing Defendant (Stuck and Manooch) / Voluntary dismissal by plaintiffs
Bernston	US	Reynolds American, RJR Vapor	Vuse litigation	Voluntary dismissal by plaintiffs
Chastain	US	RJR Vapor	Vuse litigation	Voluntary dismissal by plaintiffs
US Securities Putative Class Action	US	BAT	Class action	Voluntary dismissal by plaintiffs
Modoral / Swedish Match	US	Modoral Brands Inc	Patent litigation	Joint stipulation of dismissal
US PM patent counterclaim (Alto and Solo)	US	RAI Strategic Holdings, Inc., RJR Vapor	Patent litigation	Joint stipulation of dismissal

Matter	Jurisdiction	Companies named as Defendants	Description	Disposition
Philip Morris Products S.A. counterclaim (2-part heater)	England and Wales	Nicoventures Trading Limited, British American Tobacco (Investments) Limited	Patent litigation	Joint stipulation of dismissal
Vype Epod litigation	Germany	British American Tobacco (Germany) GmbH	Patent litigation	Joint stipulation of dismissal (Klagerücknahme)
Glo litigation	Germany	British American Tobacco (Germany) GmbH	Patent litigation	Joint stipulation of dismissal (Klagerücknahme)
Glo litigation	Japan	British American Tobacco Japan, Ltd.	Patent litigation	Joint stipulation of dismissal

General Litigation Conclusion

While it is impossible to be certain of the outcome of any particular case or of the amount of any possible adverse verdict, the Group believes that the defences of the Group's companies to all these various claims are meritorious on both the law and the facts, and a vigorous defence is being made everywhere.

If adverse judgments are entered against any of the Group's companies in any case, avenues of appeal will be pursued. Such appeals could require the appellants to post appeal bonds or substitute security in amounts which could in some cases equal or exceed the amount of the judgment. At least in the aggregate, and despite the quality of defences available to the Group, it is possible that the Group's results of operations or cash flows in any particular period could be materially adversely affected by the impact of a significant increase in litigation, difficulties in obtaining the bonding required to stay execution of judgments on appeal, or any final outcome of any particular litigation, or governmental investigation.

Having regard to all these matters, with the exception of the Plans and Fox River, the Group does not consider it appropriate to make any provision in respect of any pending litigation because the likelihood of any resulting material loss, on an individual case basis, is not considered probable and/or the amount of any such loss cannot be reasonably estimated. In addition, the Group accrues for damages, attorneys' fees and/or statutory interest, including in respect of certain *Engle* Progeny cases, certain US individual smoking and health cases and the DOJ medical reimbursement/corrective statement case.

Other contingencies

JTI Indemnities. By a purchase agreement dated 9 March 1999, amended and restated as at 11 May 1999, referred to as the 1999 Purchase Agreement, R.J. Reynolds Tobacco Holdings, Inc. ("**RJR**") and RJRT sold their international tobacco business to JTI. Under the 1999 Purchase Agreement, RJR and RJRT retained certain liabilities relating to the international tobacco business sold to JTI, and agreed to indemnify JTI against: (i) any liabilities, costs and expenses arising out of the imposition or assessment of any tax with respect to the international tobacco business arising prior to the sale, other than as reflected on the closing balance sheet; (ii) any liabilities, costs and expenses that JTI or any of its affiliates, including the acquired entities, may incur after the sale with respect to any of RJR's or RJRT's employee benefit and welfare plans; and (iii) any liabilities, costs and expenses incurred by JTI or any of its affiliates arising out of certain activities of Northern Brands.

RJRT has received claims for indemnification from JTI, and several of these have been resolved. Although RJR and RJRT recognise that, under certain circumstances, they may have other unresolved indemnification obligations to JTI under the 1999 Purchase Agreement, RJR and RJRT disagree what circumstances described in such claims give rise to any indemnification obligations by RJR and RJRT and the nature and extent of any such obligation. RJR and RJRT have conveyed their position to JTI, and the parties have agreed to resolve their differences at a later date.

ITG Indemnity. In the purchase agreement relating to the Divestiture, as amended, RAI agreed to defend and indemnify, subject to certain conditions and limitations, ITG in connection with claims relating to the purchase or use of one or more of the Winston, Kool, Salem or Maverick cigarette brands on or before 12 June 2015, as well as in actions filed before 13 June 2025, relating to the purchase or use of one or more of the Winston, Kool, Salem or Maverick cigarette brands. In the purchase agreement relating to the Divestiture, ITG agreed to defend and indemnify, subject to certain conditions and limitations, RAI and its affiliates in connection with claims relating to the purchase or use of 'blu' brand e-cigarettes. ITG also agreed to defend and indemnify, subject to certain conditions and limitations, RAI and its affiliates in actions filed after 12 June 2025, relating to the purchase or use of one or more of the Winston, Kool, Salem or Maverick cigarette brands after 12 June 2015. ITG has tendered a number of actions to RAI under the terms of this indemnity, and RAI has, subject to a reservation of rights, agreed to defend and indemnify ITG pursuant to the terms of the indemnity. RAI has tendered an action to ITG under the terms of this indemnity, and ITG has, subject to a reservation of rights, agreed to defend and indemnify RAI and its affiliates pursuant to the terms of the indemnity. These claims are substantially similar in nature and extent to claims asserted directly against RJRT in similar actions.

Loews Indemnity. In 2008, Loews Corporation ("**Loews**"), entered into an agreement with Lorillard Inc., Lorillard Tobacco, and certain of their affiliates, which agreement is referred to as the "**Separation Agreement**". In the Separation Agreement, Lorillard agreed to indemnify Loews and its officers, directors, employees and agents against all costs and expenses arising out of third-party claims (including, without limitation, attorneys' fees, interest, penalties and costs of investigation or preparation of defence), judgments, fines, losses, claims, damages, liabilities, taxes, demands, assessments, and amounts paid in settlement based on, arising out of or resulting from, among other things, Loews' ownership of or the operation of Lorillard and its assets and properties, and its operation or conduct of its businesses at any time prior to or following the separation of Lorillard and Loews (including with respect to any product liability claims). Loews is a defendant in three pending product liability actions, each of which is a putative class action. Pursuant to the Separation Agreement, Lorillard is required to indemnify Loews for the amount of any losses and any legal or other fees with respect to such cases. Following the closing of the Lorillard merger, RJRT assumed Lorillard's obligations under the Separation Agreement as was required under the Separation Agreement.

SFRTI Indemnity. In connection with the 13 January 2016 sale by RAI of the international rights to the NAS brand name and associated trade marks, along with SFR Tobacco International GmbH ("**SFRTI**") and other international companies that distributed and marketed the brand outside the United States, to JT International

Holding BV ("**JTI Holding**"), each of SFNTC, R.J. Reynolds Global Products, Inc., and R.J. Reynolds Tobacco B.V. agreed to indemnify JTI Holding against, among other things, any liabilities, costs, and expenses relating to actions (i) commenced on or before (a) 13 January 2019, to the extent relating to alleged personal injuries, and (b) in all other cases, 13 January 2021; (ii) brought by (a) a governmental authority to enforce legislation implementing European Union Directive 2001/37/EC or European Directive 2014/40/EU or (b) consumers or a consumer association; and (iii) arising out of any statement or claim (a) made on or before 13 January 2016, (b) by any company sold to JTI Holding in the transaction, (c) concerning NAS brand products consumed or intended to be consumed outside of the United States and (d) that the NAS brand product is natural, organic, or additive-free.

Indemnification of Distributors and Retailers. RJRT, Lorillard Tobacco, SFNTC, American Snuff Co. and RJR Vapor have entered into agreements to indemnify certain distributors and retailers from liability and related defence costs arising out of the sale or distribution of their products. Additionally, SFNTC has entered into an agreement to indemnify a supplier from liability and related defence costs arising out of the sale or use of SFNTC's products. The cost has been, and is expected to be, insignificant. RJRT, SFNTC, American Snuff Co. and RJR Vapor believe that the indemnified claims are substantially similar in nature and extent to the claims that they are already exposed to by virtue of them having manufactured those products.

Except as otherwise noted above, RAI is not able to estimate the maximum potential of future payments, if any, related to these indemnification obligations.

Tax disputes

The Group has exposures in respect of the payment or recovery of a number of taxes. The Group is and has been subject to a number of tax audits covering, amongst others, excise tax, value added taxes, sales taxes, corporate taxes, withholding taxes and payroll taxes.

The estimated costs of known tax obligations have been provided in the Group's accounts in accordance with the Group's accounting policies. In some countries, tax law requires that full or part payment of disputed tax assessments be made pending resolution of the dispute. To the extent that such payments exceed the estimated obligation, they would not be recognised as an expense. While the amounts that may be payable or receivable in relation to tax disputes could be material to the results or cash flows of the Group in the period in which they are recognised, the Board does not expect these amounts to have a material effect on the Group's financial condition.

The following matters are in, or may proceed to, litigation:

Corporate taxes

Brazil

Profits of overseas subsidiaries. The Brazilian Federal Tax Authority has filed claims against Souza Cruz seeking to reassess the profits of overseas subsidiaries to corporate income tax and social contribution tax. The reassessments are for the years 2004 until and including 2012 for a total amount of BRL1,858 million (£240 million) to cover tax, interest and penalties.

Souza Cruz appealed all reassessments. Regarding the first assessments (2004-2006), Souza Cruz's appeals were rejected by the ultimate Administrative Court after which Souza Cruz filed two lawsuits with the Judicial Court to appeal the reassessments. The judgment in respect of the reassessment of corporate income tax has been decided in favour of Souza Cruz by the first level of the Judicial Court and Souza Cruz is waiting to see whether the Brazilian Tax Authorities will appeal the judgment. The lawsuit appealing the social contribution tax is pending judgment in the first level of the Judicial Court. The appeal against the second assessments (2007

and 2008) was upheld at the second tier tribunal and was closed. In 2015, a further reassessment for the same period (2007 and 2008) was raised after the five-year statute of limitation which has been appealed against.

Souza Cruz received further reassessments in 2014 for the 2009 calendar year and in 2015 an assessment for the 2010 calendar year. Souza Cruz appealed both the reassessments in full. In December 2016, assessments were received for the calendar years 2011 and 2012 which have also been appealed. In October 2023, the administrative courts issued their judgments on all of the remaining cases from 2007 to 2012. In three of the four cases (2009-2012) the court's decision was tied, with five judges each siding for the tax authority and for the taxpayer. In these circumstances the tax authorities are presumed to prevail but potential penalties are reduced. The procedural appeal regarding 2007 and 2008 was rejected. All judgments have been appealed to the judicial courts.

Rio de Janeiro VAT Incentives. The Brazilian Federal Tax authority has challenged the treatment of Rio de Janeiro VAT incentives. In October 2021, in respect of the 2016-2021 calendar years, the authorities' position was upheld at the lower Judicial Court. Souza Cruz has appealed in full against the judgment. In June 2024, the Brazilian tax authorities initiated a tax audit specifically focused on the exclusion of the VAT incentives from corporate income tax. Consideration of the defence strategy led management to file a petition to withdraw its judicial claims in order to be able to defend Souza Cruz's position in the administrative courts. The Brazilian Federal Tax authority filed an appeal challenging the withdrawal of the judicial claim. The Brazil Tax Authorities' appeal was unsuccessful and they have confirmed that they do not intend to appeal further. This has resulted in a reversal of the benefit recognised for Souza Cruz's claim for the period 2016-2019 of BRL327 million (£42 million) and a provision for potential exposure to tax, interest and penalties of BRL969 million (£125 million) for the 2020-2023 period, reflecting the tax assessment received and a binding Supreme Court decision which reduces the value of these incentives by 10 per cent.

Indonesia

Indonesia's Directorate General of Taxes has filed assessments against Bentoel group companies mainly relating to domestic and other intra-group transactions during the years 2016-2021. Provisions totalling IDR 2,151 billion (£107 million) have been made in respect of claims totalling IDR 6,641 billion (£329 million) including interest and penalties. Objection letters have been filed with the tax office and these assessments are being challenged at various levels in court.

Netherlands

The Dutch tax authority has issued a number of assessments on various issues across the years 2003-2016 in relation to various intra-group transactions. The assessments amount to an aggregate net potential liability across these periods of £1,140 million covering tax, interest and penalties. The Group appealed against the assessments in full. In relation to the periods from 2003-2007 (with an aggregate potential net liability of £7 million), the Court of Appeal Amsterdam issued judgments on 8 October 2024. The appeal against the assessments was upheld, with the court finding for the Group. The Dutch tax authority have appealed to the Supreme Court.

In relation to the periods from 2008-2013 (with an aggregate potential net liability of £183 million), the District Court of North Holland issued judgments on 17 October 2022, resulting in findings against the Group on a number of issues. These judgments have been appealed to the Court of Appeal.

On 15 December 2023, the Dutch District Court issued its judgment covering the period 2014-2016 (with an aggregate potential net liability of £950 million). On the issue of mark to market losses on external bonds of British American Tobacco Holdings (The Netherlands) B.V., the appeal against the assessments was upheld in full, with the court finding for the Group. In relation to other intra-group transactions, including the termination

of licence rights, the court found against the Group. Both the Group and Dutch tax authorities have appealed against items lost to the Court of Appeal.

The Dutch Court of Appeal heard the appeals to the two District Court judgments in November 2024 and December 2024 and on 11 September 2025, handed down its judgment in respect of these appeals. The issues that BAT had won in the District Court were upheld and additionally the fine of £92 million in relation to the termination of licence rights for filing of an intentionally incorrect tax return was rescinded. Furthermore, the Court of Appeal reduced the amount of the adjustments that the District Court had determined in relation to the termination of licence rights. In relation to the other intra-group transactions which BAT had lost at the District Court, the Court of Appeal upheld the items found against the Group.

BAT and its lawyers are considering the judgment, the Dutch judicial and international proceedings available to it, and what defences are available in law to pursue an appeal through the judicial system as necessary as well as whether further adjusting provisions are required.

The Group has recognised a total provision of £144 million as at 31 December 2024.

The Group believes that its companies have meritorious defences in law and fact in each of the above matters and intends to pursue each dispute through the judicial system as necessary.

Indirect and other taxes

Bangladesh

In January 2019, a competitor filed a writ petition against the Bangladesh government and the National Board of Revenue ("**NBR**") by which it initially challenged the failure of government to implement the closing budget speech of the Honourable Finance Minister dated 27 June 2018 and reserving low segment for local brands. Thereafter, the competitor instead challenged the exclusion of protection given to local brands of cigarette manufactured by local manufacturers and sought a direction to continue the protection so granted to the local manufacturers of cigarettes in pursuance of a 2017 Special Order. The competitor further challenged the legality of a 2018 Special Order of the NBR through which the said protection was revoked. British American Tobacco Bangladesh Company Limited ("**BAT Bangladesh**") was initially not a party to the writ petition, subsequently it became a party through an addition of party application. Upon hearing on multiple occasions, the High Court passed judgment in the matter on 21 September 2020. BAT Bangladesh filed an appeal against the High Court order and obtained a stay on 4 October 2020. By holding the prospective portion of the 2018 Special Order legal, the court did not allow the discriminatory regime to continue. However, by holding illegal the retrospective portion of the 2018 Special Order, the court revived the discriminatory regime for only one year, that is from 1 June 2017 to 6 June 2018 and held that any shortfall of revenue under the 2017 Special Order may be recovered from any party or manufacturer during the period of 1 June 2017 to 6 June 2018. Subsequently, the Large Taxpayers' Unit ("**LTU**") VAT issued a show cause notice dated 24 September 2020 following the High Court judgment claiming unpaid VAT and Supplementary Duty ("**SD**") of BDT24,371 million (£163 million) from 1 June 2017 to 6 June 2018. BAT Bangladesh appealed against the High Court judgment before the Appellate Division and obtained an order of stay. Since the High Court judgment is stayed, the LTU proceeding shall also be deemed to have been stayed.

In addition, BAT Bangladesh has received a memo from the NBR claiming BDT20,540 million (£137 million). This claim is related to VAT and SD allegedly owed by BAT Bangladesh due to the production of an extra 18 billion cigarettes. The allegation is based on an undisclosed purchase of local leaf, which is apparently inferred from a discrepancy found in BAT Bangladesh's 2016 Annual Report and VAT-1 records. NBR has reopened the matter and sent a memo to LTU cancelling the earlier order of the LTU Commissioner which was in favour of BAT Bangladesh and directing LTU to make the demand to BAT Bangladesh claiming the above-mentioned VAT and SD. Subsequently, BAT Bangladesh has received an official demand for payment related to this claim

from LTU. BAT Bangladesh has challenged the memo of NBR and obtained a rule in this regard. It has also challenged the demand letter of LTU and prayed for issuance of a supplementary rule and stayed the demand letter. The matter is currently pending before the High Court.

BAT Bangladesh has also received show cause notices from the NBR alleging that the company has avoided excise payment amounting to BDT3,794 million (£25 million) during 2020 to 2024. The notices claimed that the excise avoidance occurred due to the supply of cigarettes stored in BAT Bangladesh's warehouse to its distributors at increased prices. BAT Bangladesh formally responded to the show cause notices, asserting that it has always acted within the law and hence the basis of the allegation and claim is unfounded. A hearing took place regarding the first show cause notice for BDT1,687 million (£11 million) on 13 November 2024 following which the NBR has issued a demand for £11 million. Subsequently, on 13 January 2025, BAT Bangladesh filed a writ in the High Court, challenging the demand on point of law. The remaining show cause notices are currently pending hearing.

South Korea

In 2016, the Board of Audit and Inspection of Korea (BAI) concluded its tax assessment in relation to the 2014 year-end tobacco inventory, and imposed additional national excise, local excise, VAT taxes and penalties. This resulted in the recognition of a KRW80.7 billion (£44 million) charge by Group subsidiaries, Rothmans Far East B.V. Korea Branch Office and BAT Korea Manufacturing Ltd. Management deems the tax to be unfounded and has appealed to the tax tribunal against the assessment. On grounds of materiality and the likelihood of the tax being reversed in future, the Group classified the tax and penalties charge as an adjusting item in 2016.

For the VAT portion of the assessments of KRW6.7 billion (£4 million), the trial court ruled in favour of Rothmans Far East B.V. Korea Branch Office in 2019. The Korean government appealed the ruling immediately thereafter but the appellate court affirmed the ruling of the trial court. The decision was finally affirmed by the Supreme Court in 2021 and Rothmans Far East B.V. Korea Branch Office duly received the amount litigated (VAT portion) including statutory interests shortly thereafter in 2021.

For the local and national excise portion of the assessments, the trial court ruled in favour of the Korean government in June 2020 and the decision was affirmed by the appellate court in September 2023. British American Tobacco Korea Manufacturing Ltd. appealed to the Supreme Court in October 2023. The Supreme Court has not set a hearing date yet and the case is currently pending at the Supreme Court.

Romania

On 5 November 2024, British-American Tobacco (Romania) Investment S.R.L. ("**BATRI**") was issued with a final assessment by the Romanian tax authority in respect of an excise audit of activities undertaken in the Ploiesti factory during the period of January 2017 to February 2023. On 12 November 2024, BATRI paid the assessed amount under the provisions of Ordinance 107/2024, which provides for cancellation of past and ongoing penalties, interest, and surcharges (ancillary obligations) if the principal amount is paid in full. The ancillary obligations have been duly cancelled. BATRI has filed an administrative appeal with the Romanian tax authority in respect of the findings of the audit. In June 2025, BATRI received a negative decision on its administrative appeal with the Romanian tax authority in respect of the findings of the excise audit and is considering further judicial appeal.

Commitments in relation to service contracts, non-capitalised leases

The total future minimum payments under non-cancellable service contracts based on when payments fall due:

	2024 £m	2023 £m
Service contracts		
Within one year	63	41
Between one and five years	30	46
Beyond five years	—	—
	93	87

Financial commitments arising from short-term leases and leases of low-value assets that are not capitalised under IFRS 16 Leases are £10 million (2023: £26 million) for property and £2 million (2023: £9 million) for plant, equipment and other assets.

MANAGEMENT

Administrative, management and supervisory bodies

Directors

The Directors of BAT and their functions within the Group and their principal activities outside the Group are as follows:

Executive Directors	Principal Activities outside the Group
Tadeu Marroco (Chief Executive)	N/A

Chair	Principal Activities outside the Group
Luc Jobin	N/A

Non-Executive Directors	Principal Activities outside the Group
Krishnan 'Kandy' Anand	Wingstop Inc. (Non-Executive Director) Igniting Business Growth L.L.C. (Chief Executive Officer) Igniting Consumer Growth Acquisitions Co. (Chairman and Chief Executive Officer)
Véronique Laury	Société Bic S.A. (Board Member) Sodexo S.A. (Board Member) Inter Ikea Holding B.V. (Board Member) Eczacıbaşı Holding Company (Board Member)
Karen Guerra	N/A
Holly Keller Koeppel (Senior Independent Director)	Flutter Entertainment plc (Senior Independent Director and Chair of Audit Committee) AES Corporation (Director and Chair of the Financial Audit Committee) Core Natural Resources Inc. (Director and Member of the Governance, HS&E Committee)
Uta Kemmerich-Keil	Beiersdorf AG (Non-Executive Director) Karo Healthcare AB (Non-Executive Director) Klosterfrau Healthcare Group (Non-Executive Director) Schott AG (Non-Executive Director) Farco Pharma GmbH (Director) Röchling SE & Co KG (Advisory Board Member)
Darrell Thomas	Sojourner Family Peace Center, Inc. (Member of the Finance Committee) Dorman Products Inc. (Independent Director)

Non-Executive Directors	Principal Activities outside the Group
	Scotia Holdings (US) Inc. (Non-Executive Director)
	Vontier Corporation (Non-Executive Director)
Serpil Timuray.....	Change of the Face Alliance (Founding Chair)
	World Economic Forum's Digital Leaders of Europe (Board Member)
	World Turkish Business Council (Board Member)

Management Board

The Executive Directors of BAT together with the following executives:

Jerome Abelman
(Director, Legal and General Counsel)

James Barrett
(Director, Business Development)

Luciano Comin
(Chief Marketing Officer)

Mihovil (Michael) Dijanosic
(Regional Director, Asia-Pacific, Middle East and Africa)

Javed Iqbal
(Interim Chief Financial Officer and Director, Digital and Information)

Zafar Khan
(Director, Operations)

Dr Cora Koppe-Stahrenberg
(Chief People Officer)

Paul McCrory
(Director, Legal and General Counsel Designate)

Fred Monteiro
(Regional Director, Americas and Europe)

Dr James Murphy
(Director, Research and Science)

Johan Vandermeulen
(Chief Operating Officer)

David Waterfield
(President and CEO, Reynolds American Inc.)

Kingsley Wheaton
(Chief Corporate Officer)

The business address of the Directors and the Management Board of BAT is Globe House, 4 Temple Place, London WC2R 2PG, save for the business address of David Waterfield which is 401 N. Main Street, PO Box 2990, Winston Salem, North Carolina 27101-2990, USA.

Administrative, Management and Supervisory bodies conflicts of interest

Other than as described above, there are no potential conflicts of interest between any duties to BAT of the Directors and the members of the Management Board listed above and/or their private interests and other duties.

USE OF PROCEEDS

The net proceeds of the issue of the Securities is expected to be approximately €1,191,510,000. Such proceeds will be used for the general corporate purposes of the Issuer and its group, which may include (i) the repurchase via a tender offer of the Issuer's outstanding Perpetual Subordinated Fixed-to-Reset Rate Non-Call 5.25 Year Securities (ISIN: XS2391779134) and (ii) the repayment of debt.

TAXATION

The comments below are of a general nature and are not intended to be exhaustive. They assume that there will be no substitution of the Issuer and do not address the consequences of any such substitution or variation (notwithstanding that such substitution or variation may be permitted by the relevant Conditions). Any Holders who are in doubt as to their own tax position should consult their professional advisers. In particular, Holders should be aware that the tax legislation of any jurisdiction where a Holder is resident or otherwise subject to taxation (as well as the United Kingdom) may have an impact on the tax consequences of an investment in the Securities including in respect of any income received from the Securities.

United Kingdom Taxation

*The following applies only to persons who are the absolute beneficial owners of Securities and is a non-exhaustive summary of the Issuer's understanding of current United Kingdom tax law as applied in England & Wales and published HM Revenue and Customs ("**HMRC**") practice (which may not be binding on HMRC), in each case as at the latest practicable date before the publication of this Prospectus, relating to the United Kingdom withholding tax treatment of payments in respect of the Securities. Some aspects do not apply to certain classes of person (such as dealers and persons connected with the Issuer) to whom special rules may apply. The United Kingdom tax treatment of prospective Holders depends on their individual circumstances and may be subject to change in the future. Prospective Holders who may be subject to tax in a jurisdiction other than the United Kingdom or who may be unsure as to their tax position should seek their own professional advice.*

1. A payment of principal other than premium or discount in respect of any Securities will be payable without withholding or deduction for or on account of United Kingdom tax. No withholding or deduction for or on account of United Kingdom tax will arise in respect of a premium or discount unless it is regarded as interest, in which case paragraphs 2 to 4 below (as appropriate) will apply.

2. So long as the Securities carry a right to interest and are and continue to be listed on a "recognised stock exchange" within the meaning of section 1005 of the Income Tax Act 2007 (the London Stock Exchange being such a recognised stock exchange for these purposes), payments of interest may be made without withholding or deduction for or on account of United Kingdom income tax. Securities will be treated as listed on the London Stock Exchange if they are included in the Official List (within the meaning of and in accordance with the provisions of Part 6 of the FSMA) and admitted to trading on the London Stock Exchange.

3. In all other cases, interest on the Securities that has a United Kingdom source will generally be paid under deduction of United Kingdom income tax at the basic rate (currently 20 per cent.) subject to the availability of other reliefs under domestic law, including an exemption for certain payments of interest to which a company within the charge to United Kingdom corporation tax is beneficially entitled, or to any notice to the contrary from HMRC in respect of such relief as may be available pursuant to the provisions of any applicable double taxation treaty.

4. Any interest on any Securities is expected to have a United Kingdom source and accordingly may be chargeable to United Kingdom tax by direct assessment irrespective of the residence of a Holder. Where the interest is paid without withholding or deduction, the interest will not be assessed to United Kingdom tax in the hands of Holders of the Securities who are not resident for tax purposes in the United Kingdom (other than certain trustees), except where such persons carry on a trade, profession or vocation through a United Kingdom branch or agency or, in the case of a corporate Holder, carries on a trade through a permanent establishment in the United Kingdom in connection with which the interest is received or to

which the Securities are attributable, in which case (subject to exemptions for interest received by certain categories of agent) tax may be levied on the United Kingdom branch or agency or permanent establishment. Holders should note that the provisions relating to "Additional Amounts" referred to in the relevant Condition 12 would not apply if HMRC sought to assess directly the person entitled to the relevant interest to United Kingdom tax. The provisions of an applicable double taxation treaty may also be relevant for such Holders of the Securities.

5. Notwithstanding the fact that interest is received subject to deduction of income tax at source, Holders of Securities may, however, be liable to pay further United Kingdom tax on the interest received or be entitled to a refund of all or part of the tax deducted at source depending on their individual circumstances.

Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, as amended, commonly known as FATCA, a "**foreign financial institution**" (including an intermediary through which Securities are held) may be required to withhold at a rate of 30 per cent. on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting or related requirements. A number of jurisdictions (including the United Kingdom) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Securities, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Securities, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Securities, proposed regulations have been issued that provide that such withholding would not apply prior to the date that is two years after the date on which final regulations defining "foreign passthru payments" are published in the U.S. Federal Register. In the preamble to the proposed regulations, the U.S. Treasury Department indicated that taxpayers may rely on these proposed regulations until the issuance of final regulations. Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Securities. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Securities, no person will be required to pay additional amounts as a result of the withholding.

SUBSCRIPTION AND SALE

HSBC Bank plc, Merrill Lynch International, Mizuho International plc, NatWest Markets Plc, Standard Chartered Bank, Barclays Bank PLC, Commerzbank Aktiengesellschaft, Lloyds Bank Corporate Markets plc, SMBC Bank International plc, Bank of China Limited, London Branch and The Standard Bank of South Africa Limited (together, the "**Managers**") have, pursuant to the Subscription Agreement dated 28 October 2025, jointly and severally agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe the NC5.25 Securities at an issue price of 99.785 per cent. of their principal amount and the NC8 Securities at an issue price of 100.000 per cent. of their principal amount. The Issuer has agreed to pay to the Managers a combined selling, management and underwriting commission. In addition, the Issuer has agreed to reimburse the Managers for certain of their expenses in connection with the issue of the Securities. The Subscription Agreement entitles the Managers to terminate it in certain circumstances prior to payment in respect of the Securities being made to the Issuer.

United States

The Securities have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

The Securities are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder.

Each Manager has represented, warranted and agreed that, except as permitted by the Subscription Agreement, it has not offered, sold or delivered and will not offer, sell or deliver the Securities, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date (as defined in the Subscription Agreement) (the "**distribution compliance period**"), within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Securities from it during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Securities within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

In addition, until 40 days after the commencement of the offering of the Securities, an offer or sale of Securities within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

Prohibition of Sales to EEA Retail Investors

Each Manager has represented, warranted and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Securities to any retail investor in the EEA. For the purposes of this provision, the expression "**retail investor**" means a person who is one (or both) of the following: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

United Kingdom

Prohibition of Sales to UK Retail Investors

Each Manager has represented, warranted and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Securities to any retail investor in the UK. For the purposes of this provision, the expression "**retail investor**" means a person who is one (or both) of the following: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (8) of Article 2(1) of UK MiFIR.

Other Regulatory Restrictions

Each Manager has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Securities in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Securities in, from or otherwise involving the UK.

Republic of Italy

An offering of the Securities has not been registered with the *Commissione Nazionale per le Società e la Borsa* ("**CONSOB**") pursuant to Italian securities legislation and, accordingly, each Manager has represented and agreed that no Securities may be offered, sold or delivered, nor may copies of this Prospectus or of any other document relating to the Securities be distributed in the Republic of Italy, except:

(i) to qualified investors (*investitori qualificati*) as defined pursuant to Article 2 of Regulation (EU) 2017/1129, as amended (the "**Prospectus Regulation**") and any applicable provision of Legislative Decree No. 58 of 24 February 1998, as amended (the "**Financial Services Act**") and Italian CONSOB regulations; or

(ii) in any other circumstances which are exempted from the rules on public offerings pursuant to Article 1 of the Prospectus Regulation, Article 100 of the Financial Services Act, Article 34-*ter* of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time, and the applicable Italian laws.

In any event, any offer, sale or delivery of the Securities or distribution of copies of this Prospectus or any other document relating to the Securities in the Republic of Italy under paragraphs (i) or (ii) above must:

(a) be made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, Legislative Decree No. 385 of 1 September 1993, as amended from time to time (the "**Banking Act**") and CONSOB Regulation No. 20307 of 15 February 2018, as amended from time to time; and

(b) comply with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy (including the reporting requirements, where applicable, pursuant to Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time) and/or any other Italian authority.

Singapore

Each Manager has acknowledged that this Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Manager has represented, warranted and agreed that it has not offered or sold any Securities or caused the Securities to be made the subject of an invitation for subscription or purchase and will not offer or sell any Securities or cause the Securities to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of any Securities, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

Japan

Each Manager has acknowledged that the Securities have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "**Financial Instruments and Exchange Act**"). Accordingly, each Manager has represented, warranted and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Securities in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

Belgium

Each Manager has represented, warranted and agreed that an offering of Securities may not be advertised to any individual in Belgium qualifying as a consumer within the meaning of Article I.1, 2º of the Belgian Code of Economic Law, as amended from time to time (a "**Belgian Consumer**") and that it has not offered, sold or resold, transferred or delivered, and will not offer, sell, resell, transfer or deliver, the Securities, and that it has not distributed, and will not distribute, any prospectus, memorandum, information circular, brochure or any similar documents in relation to the Securities, directly or indirectly, to any Belgian Consumer.

General

No action has been or will be taken in any country or jurisdiction by the Issuer or the Managers that would permit a public offering of the Securities, or possession or distribution of any offering or publicity material in relation thereto, in any country or jurisdiction where action for that purpose is required. Persons into whose hands this Prospectus comes are required by the Issuer and the Managers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver the Securities or have in their possession or distribute such offering material, in all cases at their own expense.

Each Manager has agreed that it will not, directly or indirectly, offer or sell any Securities or have in its possession, distribute or publish any offering circular, prospectus, form of application, advertisement or other document or information in any country or jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with any applicable laws and regulations and all offers and sales of Securities by it will be made on the same terms.

GENERAL INFORMATION

1. The listing of the Securities of each Tranche on the Official List will be expressed as a percentage of their principal amount (exclusive of accrued interest). It is expected that listing of the Securities of each Tranche on the Official List and admission of the Securities of each Tranche to trading on the Market will be granted on or about 31 October 2025, subject in each case only to the issue of the relevant Temporary Global Security. Prior to official listing and admission to trading, dealings will be permitted by the Market in accordance with its rules. Transactions will normally be effected for delivery on the third working day in London after the day of the transaction.

2. The issue of the Securities was authorised by a resolution of the Transactions Committee of the Board of Directors of the Issuer on 16 October 2025.

3. Save as disclosed in the section "*Description of the Issuer – Contingent liabilities and financial commitments*" of this Prospectus (pages 100 to 139 inclusive), there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which any of the Issuer and its subsidiaries taken as a whole is aware) during the period covering at least the 12 months prior to the date of this Prospectus which may have, or have had in the recent past, significant effects on the financial position or profitability of the Issuer and its subsidiaries taken as a whole. Since many of the pending cases seek unspecified damages it is not possible to quantify the total amount being claimed.

4. There has been no significant change in the financial performance or financial position of the Issuer or its subsidiaries since 30 June 2025 to the date of this Prospectus and no material adverse change in the prospects of the Issuer or its subsidiaries since 31 December 2024.

5. The auditors of the Issuer are KPMG LLP (members of the Institute of Chartered Accountants in England and Wales, whose registered office is at 15 Canada Square, London, E14 5GL) who have audited the accounts of the Issuer in accordance with applicable law and International Standards on Auditing (UK and Ireland) for each of the two financial years ended 31 December 2023 and 31 December 2024.

6. The auditors of BAT issued reports under section 495 of the Companies Act 2006 (the "**Companies Act**") in respect of the statutory accounts, and each report in respect of the 12 months ended 31 December 2023 and 31 December 2024 was an unqualified report and did not contain a statement under sections 498(2) and (4) of the Companies Act.

7. Each Security, Coupon and Talon will bear the following legend: "Any United States person who holds this obligation will be subject to the limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code".

8. The Securities have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records).

   (a) In respect of the NC5.25 Securities, the ISIN is XS3216166663 and the Common Code is 321616666.

   (b) In respect of the NC8 Securities, the ISIN is XS3216167638 and the Common Code is 321616763.

   The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy L-1855 Luxembourg.

9. For the term of this Prospectus, starting on the date on which this Prospectus is made available to the public, copies of the following documents will be available on the website of the Issuer at *https://www.bat.com/*:

   (a) a copy of this Prospectus together with any supplement to this Prospectus or further prospectus;

   (b) the Memorandum and Articles of Association of the Issuer;

   (c) the Trust Deed and the Paying Agency Agreement relating to the NC5.25 Securities; and

   (d) the Trust Deed and the Paying Agency Agreement relating to the NC8 Securities.

10. In addition, this Prospectus will be available on the website of the Regulatory News Service operated by the London Stock Exchange at *http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html*.

11. The total expenses related to the admission of the Securities of each Tranche to the Official List and to trading on the Market are estimated to amount to £12,050.

12. Certain of the Managers and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Issuer or its affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions.

    In addition, in the ordinary course of their business activities, the Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or its affiliates. Certain of the Managers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the Issuer's securities, including potentially the Securities offered hereby. Any such short positions could adversely affect future trading prices of the Securities offered hereby. The Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

13. Save for the fees payable to the Managers, the Trustee and the Paying Agents, so far as the Issuer is aware, no person, natural or legal, involved in the issue of the Securities has an interest that is material to the issue of the Securities.

14. The Legal Entity Identifier of the Issuer is 213800FKA5MF17RJKT63.

REGISTERED OFFICE OF

BRITISH AMERICAN TOBACCO P.L.C.

Globe House
4 Temple Place
London WC2R 2PG
United Kingdom

SOLE STRUCTURING AGENT

Merrill Lynch International
2 King Edward Street
London EC1A 1HQ
United Kingdom

ACTIVE JOINT LEAD MANAGERS

HSBC Bank plc
8 Canada Square
London E14 5HQ
United Kingdom

Merrill Lynch International
2 King Edward Street
London EC1A 1HQ
United Kingdom

Mizuho International plc
30 Old Bailey
London EC4M 7AU
United Kingdom

NatWest Markets Plc
250 Bishopsgate
London EC2M 4AA
United Kingdom

Standard Chartered Bank
1 Basinghall Avenue
London EC2V 5DD
United Kingdom

PASSIVE JOINT LEAD MANAGERS

Barclays Bank PLC
1 Churchill Place
London E14 5HP
United Kingdom

Commerzbank Aktiengesellschaft
Kaiserstraße 16 (Kaiserplatz)
60311 Frankfurt am Main
Federal Republic of Germany

Lloyds Bank Corporate Markets plc
33 Old Broad Street
London EC2N 1HZ
United Kingdom

SMBC Bank International plc
100 Liverpool Street
London EC2M 2AT
United Kingdom

CO-MANAGERS

Bank of China Limited, London Branch
1 Lothbury
London EC2R 7DB
United Kingdom

The Standard Bank of South Africa Limited
30 Baker Street
Rosebank
Johannesburg
2196 South Africa

AUDITORS OF BRITISH AMERICAN TOBACCO P.L.C

KPMG LLP
15 Canada Square
London E14 5GL
United Kingdom

TRUSTEE

The Law Debenture Trust Corporation p.l.c.
8th Floor
100 Bishopsgate
London EC2N 4AG
United Kingdom

PRINCIPAL PAYING AGENT AND CALCULATION AGENT

Citibank, N.A., London Branch
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB
United Kingdom

LEGAL ADVISORS

To the Issuer as to English law

Linklaters LLP
One Silk Street
London EC2Y 8HQ
United Kingdom

To the Managers and the Trustee as to English law

Allen Overy Shearman Sterling LLP
One Bishops Square
London E1 6AD
United Kingdom