

Independent Assurance report to British American Tobacco Management

We have performed a limited assurance engagement on selected sustainability data presented in the British-American Tobacco p.l.c. (“BAT”) 2018 Sustainability Report (“the Report”)¹.

Respective responsibilities

BAT management is responsible for the collection and presentation of the information within the Report. BAT management are also responsible for the design, implementation and maintenance of internal controls relevant to the preparation of the Report, so that it is free from material misstatement, whether due to fraud or error.

Our responsibility, in accordance with our engagement terms with BAT management, is to carry out a ‘limited level’ assurance engagement on selected data in the Report (“the subject matter information”). We do not accept or assume any responsibility for any other purpose or to any other person or organisation. Any reliance any such third party may place on the Report is entirely at its own risk.

Our assurance engagement has been planned and performed in accordance with the International Standard for Assurance Engagements (ISAE 3000 Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*. The criteria we have used to evaluate the Report (“the Criteria”) include BAT’s own criteria as set out in the Report and the scope documentation found at bat.com/sustainability (at [Scope of Sustainable Agriculture and Farmer Livelihoods data](#); [Scope of Corporate Behaviour data](#); and [Scope of Environment and People data](#)).

Summary of work performed

The procedures we performed were based on our professional judgement and included the steps outlined below:

1. **Conducted interviews with management** to understand sustainability priorities and performance during the reporting period.
2. **Reviewed selected documents** relating to sustainability management, to understand progress made across the organisation.
3. **Assessed performance data** through the following work-steps:
 - Interviewed data owners and reviewed guidance documents to understand reporting processes and controls;
 - Reviewed disaggregated data and tested source documentation for a sample of data points;
 - Performed analytical procedures and made enquiries of management in relation to year-on-year performance; and
 - Assessed whether the data has been collected, consolidated and reported appropriately at Group-level in line with the reporting scope set out at bat.com/sustainability (at [Scope of Sustainable Agriculture and Farmer Livelihoods data](#); [Scope of Corporate Behaviour data](#); and [Scope of Environment and People data](#)).
4. **Reviewed the presentation of the sustainability data in the Report**, including descriptions of performance, limitations and assumptions.

Our review of the sustainability data was limited to the following metrics for the 2018 reporting period.

Category	Metric
Environment	Scope 1; scope 2 location-based and market-based; and scope 3 greenhouse gas emissions in tones carbon dioxide equivalent (CO ₂ e)
	Direct energy consumption (mmGJ)
	Renewable energy consumption (mmGJ)
	Renewable energy as a % of total direct energy use
	Total water withdrawn (mnM ³) Water recycled (mnM ³) % of total water recycled
Sustainable agriculture	Waste generated (‘000 tonnes)
	Waste to landfill (‘000 tonnes)
	% of manufacturing sites reporting zero waste to landfill
	% of waste recycled
Health and safety	Number of fatalities to employees
	Number of fatalities to contractors
	Number of fatalities to members of the public involving BAT vehicles

	Number of serious injuries to employees Number of serious injuries to contractors
	Lost workday cases Lost workday case incident rate (LWCIR)
	Occupational illness rate
Employee diversity	% of women: <ul style="list-style-type: none"> • All employees Group-wide • All non-management employees • All management employees • Senior management (G38+) • Main Board
	% of focus nationalities in senior management
Marketing practices	% of markets aligned with our YAP Guidelines, where our cigarette brands are sold % of markets aligned with our YAP Guidelines, where our PRRPs are sold % sales volume represented by markets granted a YAP exemption in 2018.
Corporate social investment (CSI)	Investment (£) in CSI projects

Limitations of our review

We conducted our work to express a limited assurance conclusion. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement and we do not therefore express a reasonable assurance opinion.

The scope of our engagement was limited to the reporting period, and therefore 2018 performance only. We only reviewed data and descriptions of performance in relation to the metrics identified in the summary of work performed above.

Our work was limited to headquarters activities. We did not visit any local companies.

We have only reviewed narrative content within the Report that relates to sustainability metrics identified in the table above. We have not provided assurance over claims made by BAT that are statements of belief or forward looking in nature.

The responsibility for the prevention and detection of fraud, error and non-compliance with laws or regulations rests with BAT management. Our work should not be relied upon to disclose all such material misstatements, frauds, errors or instances of non-compliance that may exist.

Our conclusions

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

Completeness and accuracy of performance information

How complete and accurate is the select sustainability data presented in the Report?

- With the exception of the limitations identified in the Report, we are not aware of any material reporting units (as defined by BAT) that have been excluded from the Group-level data relating to the metrics identified above.
- Nothing has come to our attention that causes us to believe that the data relating to the metrics identified above has not been collated properly at Group level.
- We are not aware of any errors that would materially affect the data for the metrics identified above as presented in the Report.

Our independence and competence

We have not provided any services to BAT to prepare, measure or report information in relation to sustainability performance throughout 2018.

We have implemented measures to ensure that we are in compliance with the applicable independence and professional competence rules as articulated by the IFAC Code of Ethics for Professional Accountants and ISQC². Our assurance team has been drawn from our UK Climate Change and Sustainability Services team, which undertakes engagements similar to this with a number of significant UK and international businesses.

Ernst & Young LLP

London, March 2019

¹ The 2018 Sustainability Report includes the print Sustainability Report, as well as selected data contained within the online Sustainability Performance Centre, indicated by the Ernst & Young stamp.

² Parts A and B of the IESBA Code; and the International Standard on Quality Control 1 (ISQC1)