What ESG means at BAT
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Important information

Forward-looking Statements (continued)

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Revision

For presentation purposes within this presentation, all prior periods have been revised to be consistent with the current reporting structure. All of the information in this presentation is in respect to continuing operations, revised for the fully retrospective adoption of IFRS 15.

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We are building A Better Tomorrow

OUR PURPOSE:
“TO REDUCE THE HEALTH IMPACT OF OUR BUSINESS”
Reducing the health impact of our business

1. COMMITTING TO PROVIDING ADULT CONSUMERS WITH A WIDE RANGE OF ENJOYABLE AND LESS RISKY PRODUCTS

2. CONTINUING TO BE CLEAR THAT COMBUSTIBLE CIGARETTES POSE SERIOUS HEALTH RISKS, AND

3. THE ONLY WAY TO AVOID THESE RISKS IS NOT TO START OR TO QUIT

4. ENCOURAGING THOSE WHO OTHERWISE CONTINUE TO SMOKE, TO SWITCH COMPLETELY TO SCIENTIFICALLY-SUBSTANTIATED, REDUCED-RISK ALTERNATIVES

5. TRACKING AND SHARING PROGRESS OF OUR TRANSFORMATION
Our Purpose drives our growth strategy

OUR MISSION
Stimulating the Senses of New Adult Generations

MUST WIN
High Growth Segments & Priority Markets

HOW TO WIN
- Inspirational Foresights
- Remarkable Innovation
- Powerful Brands
- Connected Organisation
- People & Partnerships
- US Focus

OUR PURPOSE

KEY STAKEHOLDER OUTCOMES
- Consumers
- Society
- Employees
- Shareholders

ETHOS
- Bold
- Fast
- Empowered
- Diverse
- Responsible
Creating value for all stakeholders

Our ESG Agenda

- **H**: Reducing the HEALTH impact of our business
- **E**: Excellence in ENVIRONMENTAL management
- **S**: Delivering a positive SOCIAL impact
- **G**: Robust corporate GOVERNANCE

"CREATING SHARED VALUE FOR OUR STAKEHOLDERS ISN'T JUST THE RIGHT THING TO DO, IT MAKES SOUND BUSINESS SENSE AND IS CENTRAL TO OUR STRATEGY TO DELIVER A BETTER TOMORROW" 
Jack Bowles, CEO
Driven by clear priorities

Reducing the **HEALTH** impact of our business

- Consumer choice
- World-class science
- Standards & regulation

**E**
Excellence in **ENVIRONMENTAL** management
- Climate change
- Water and waste
- Sustainable agriculture
- Circular economy

**S**
Delivering a positive **SOCIAL** impact
- Human rights
- Farmer livelihoods
- Health and safety
- People and culture

**G**
Robust corporate **GOVERNANCE**
- Business ethics
- Responsible marketing
- Regulation and policy engagement

ACCELERATING, MEASURING, REPORTING
With stretching targets

<table>
<thead>
<tr>
<th>H</th>
<th>Reducing the <strong>HEALTH</strong> impact of our business</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• 50 million consumers of our non-combustible products by 2030&lt;sup&gt;1&lt;/sup&gt;</td>
</tr>
<tr>
<td></td>
<td>• £5 billion in New Category revenues by 2025&lt;sup&gt;1&lt;/sup&gt;</td>
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</table>

<table>
<thead>
<tr>
<th>E</th>
<th>Excellence in <strong>ENVIRONMENTAL</strong> management</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>• Carbon neutral by 2030&lt;sup&gt;2&lt;/sup&gt;</td>
</tr>
<tr>
<td></td>
<td>• Reduce water withdrawn by 35% by 2025&lt;sup&gt;3&lt;/sup&gt;</td>
</tr>
<tr>
<td></td>
<td>• Eliminate use of unsustainable wood sources by our contracted farmers</td>
</tr>
<tr>
<td></td>
<td>• 100% of plastic packaging reusable, recyclable or compostable by 2025&lt;sup&gt;1&lt;/sup&gt;</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>S</th>
<th>Delivering a positive <strong>SOCIAL</strong> impact</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• 100% suppliers subject to human rights supply chain due diligence&lt;sup&gt;4&lt;/sup&gt;</td>
</tr>
<tr>
<td></td>
<td>• Enhance farmer livelihoods such as by increasing yields and productivity</td>
</tr>
<tr>
<td></td>
<td>• Zero accidents group-wide&lt;sup&gt;1&lt;/sup&gt;</td>
</tr>
<tr>
<td></td>
<td>• Increase women to 45% of management, and 40% in senior teams by 2025&lt;sup&gt;1&lt;/sup&gt;</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>G</th>
<th>Robust corporate <strong>GOVERNANCE</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• 100% adherence to our Standards of Business Conduct&lt;sup&gt;1&lt;/sup&gt;</td>
</tr>
<tr>
<td></td>
<td>• 100% adherence to our Youth Action Prevention Guidelines&lt;sup&gt;1&lt;/sup&gt;</td>
</tr>
<tr>
<td></td>
<td>• SoBC Lobbying and Engagement Policy</td>
</tr>
</tbody>
</table>

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1 Internal company targets. 2 CO2 neutral for our operations (Scope 1&2). 3 From 2017 baseline. 4 Non-agricultural suppliers.
Building on strong ESG foundations

2000-2005
ESTABLISHING

2006-2010
DEVELOPING

2011-2015
EMBEDDING

2016-2019
GROWING

2020
ACCELERATING

BRITISH AMERICAN TOBACCO
SOCIAL REPORT 2001/2002

SRTP
Social Responsibility in Tobacco Production

THE BRITISH AMERICAN TOBACCO
BIODIVERSITY PARTNERSHIP

MARKETING STANDARDS
2001

External Scientific Panel

Supply chain sustainability strategy

Diversity & Inclusion strategy

Named in Dow Jones Sustainability Indices for 19 consecutive years
In 2020 once again the only tobacco company in prestigious DJSI World Index
With ESG fully integrated in the business

Reducing the health impact of our business

- Climate change
- Water and waste
- Sustainable agriculture
- Leaf R&D
- Circular economy
- Human rights
- Data privacy
- Farmer livelihoods
- Health & safety
- KBP vaccines development
- People & culture
- Diversity & inclusion
- Gender pay gap
- Responsible marketing
- Executive remuneration
- Tax transparency
- IR/Shareholder/Insurer engagement
- Business ethics
- Cyber security/Data privacy
- Stakeholder engagement
We are making good progress: reducing the health impact of our business

**CONSUMER CHOICE**
- 50 million consumers of our non-combustible products by 2030\(^1\)
- £5 billion in New Category revenue by 2025\(^1\)

**WORLD-CLASS SCIENCE**
- Research and publish the relative risks of our new category products to smoking
- Invite independent scrutiny of our Science

**STANDARD & REGULATION**
- Follow strict standards for product safety
- Advocate for industry-wide standards and regulation

2019

- 11 million consumers
- New Category revenue +37% to £1.3 billion\(^2\)
- 59 peer reviewed papers on New Categories to date
- 32 scientific conferences and meetings presentations

We contribute to the development of international standards

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1 Internal company targets. 2 Growth in current rates.
Case Study: Reducing our health impact through a unique multi-category approach

- We can lower our health footprint while generating rapid growth by transitioning combustible consumers from both our own and our peer brands.

- Our multi-category portfolio is vital as consumer preferences and regulations vary between, and even within, countries.

- We have invested heavily in developing the capabilities to accelerate our growth in the NCs.

### Total Industry Consumers

<table>
<thead>
<tr>
<th>Description</th>
<th>Non-Combustibles</th>
<th>Combustibles</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Industry</td>
<td>69m</td>
<td>1.1bn</td>
</tr>
</tbody>
</table>

### Total Industry Non-Combustible Revenues

<table>
<thead>
<tr>
<th>Year</th>
<th>Non-Combustible Revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>18%</td>
</tr>
<tr>
<td>2024E</td>
<td>32%</td>
</tr>
</tbody>
</table>

"While we’re proud of how much we’ve already achieved, we need to accelerate progress to generate a greater proportion of our revenues from products other than cigarettes, thereby reducing the health impact of our business."

Jack Bowles, CEO

Powered by profits and capabilities from combustibles.
We are making good progress: excellence in environmental management

<table>
<thead>
<tr>
<th>Category</th>
<th>2017</th>
<th>2019</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>CLIMATE CHANGE</td>
<td>864</td>
<td>782</td>
<td>(- 9.5%)</td>
</tr>
<tr>
<td>Carbon neutral operations by 2030</td>
<td>864 ('000 tonnes)</td>
<td>782 ('000 tonnes)</td>
<td>(- 9.5%)</td>
</tr>
<tr>
<td>WATER &amp; WASTE</td>
<td>5.19</td>
<td>4.51</td>
<td>(- 13.1%)</td>
</tr>
<tr>
<td>Reduce water withdrawn -35% by 2025</td>
<td>5.19 (mn cubic metres)</td>
<td>4.51 (mn cubic metres)</td>
<td>(- 13.1%)</td>
</tr>
<tr>
<td>SUSTAINABLE AGRICULTURE</td>
<td>99%</td>
<td>99%</td>
<td>✔</td>
</tr>
<tr>
<td>100% use of sustainable wood sources for curing</td>
<td>99%</td>
<td>99%</td>
<td>✔</td>
</tr>
<tr>
<td>CIRCULAR ECONOMY</td>
<td>100%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>100% of plastic packaging to be reusable, recyclable or compostable by 2025</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
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</tbody>
</table>

1 CO2 neutral for Operations (Scope 1&2), 2 From 2017 baseline, 3 Internal target
Case Study: Helping the planet and generating competitive advantage with our Circular Economy strategy

A cross functional team, led by the Management Board, will drive our circular economy strategy through all categories

Reducing Waste Today

- Following trials, we plan to implement take-back schemes for all our New Category devices by 2021
- We plan to remove all unnecessary plastic from Vuse packaging by the end of 2021
- We’ve removed silicon caps from our Vype e-liquid pods, saving the equivalent of c.1,000 tonnes of CO2 per year²

Ambitious Goals for 2025¹

- Eliminate unnecessary single-use plastic packaging
- 100% of plastic packaging to be reusable, recyclable or compostable
- 30% average recycled content across all plastic packaging

¹ Internal target. ² From levels prior to change
We are making good progress: delivering a positive social impact

<table>
<thead>
<tr>
<th>Category</th>
<th>2017</th>
<th>2019</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>HUMAN RIGHTS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>100% of suppliers subject to human rights supply chain due diligence</td>
<td>46%</td>
<td>100%</td>
<td>✓</td>
</tr>
<tr>
<td><strong>FARMER LIVELIHOODS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Enhance farmer livelihoods such as by increasing yields and productivity</td>
<td>N/A</td>
<td>12–20% increase in tobacco crop yields</td>
<td></td>
</tr>
<tr>
<td><strong>HEALTH &amp; SAFETY</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Zero accidents group-wide²</td>
<td>284</td>
<td>194</td>
<td>(- 32%)</td>
</tr>
<tr>
<td><strong>PEOPLE &amp; CULTURE</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Significantly increase female representation in senior management²</td>
<td>21%</td>
<td>23%</td>
<td>(+2pp)</td>
</tr>
</tbody>
</table>

1 Non-agricultural suppliers. 2 Internal target.
Case Study: Increasing yields, cutting poverty & child labour and securing our leaf supply by supporting our farmers

- **Boosting farmers’ profits**
  - Developing new tobacco seed varieties that offer greater yields (12-20%) and resistance to diseases

- **New efficient technology**
  - Helping our farmers use technology to increase efficiency and productivity e.g. automated curing barns that use 30% less fuel and 50% less labour

- **Farm business management training**
  - Over 2,700 training sessions held in 2019 with more than 76,000 attendances covering topics such as human rights, and farm business management

- **Crop diversification**
  - Educating and supporting our farmers to diversify into crops such as vegetables, maize and soy, to enhance food security and provide additional income

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1 Internal data reported through Thrive programme and our Extension Services.
We are making good progress: robust corporate governance

<table>
<thead>
<tr>
<th>Category</th>
<th>2017</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>BUSINESS ETHICS</td>
<td>100% adherence to our Standards</td>
<td>100%</td>
</tr>
<tr>
<td></td>
<td>of Business Conduct¹</td>
<td>(employee training)</td>
</tr>
<tr>
<td>RESPONSIBLE MARKETING</td>
<td>100% adherence to our Youth Action</td>
<td>N/A</td>
</tr>
<tr>
<td></td>
<td>Prevention Guidelines¹</td>
<td>100% (markets aligned)</td>
</tr>
<tr>
<td>REGULATION &amp; POLICY ENGAGEMENT</td>
<td>Adherence to SoBC Lobbying and</td>
<td>Principles for Engagement</td>
</tr>
<tr>
<td></td>
<td>Engagement Policy</td>
<td>incorporated into a new Lobbying</td>
</tr>
<tr>
<td>DISCLOSURE FRAMEWORKS</td>
<td>• Working to map our disclosures</td>
<td>and Engagement Policy in our SoBC</td>
</tr>
<tr>
<td></td>
<td>to all main frameworks</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Fully align our disclosures with</td>
<td>GRI ✓</td>
</tr>
<tr>
<td></td>
<td>the TCFD by 2022¹</td>
<td>SASB ✓</td>
</tr>
</tbody>
</table>

¹ Internal target
Case Study: Ensuring consumers have access to less risky products with adequate regulation

We actively advocate for regulation that:

- **Recognise relative risk and specific attributes**
  Given the reduced-risk potential, this products should be regulated differently and separately from traditional combustible tobacco products.

- **Requires product quality and safety standards**
  Consumer and regulators should be confident that products placed on the market meet appropriate criteria for quality, safety and intended use.

- **Defines clear processes for science-based claims**
  With the objective to inform about the potential benefits, clear processes should be defined for product claims substantiation.

- **Demands responsible marketing and distribution**
  Regulation should provide sufficient marketing and distribution freedoms to facilitate smokers to switch but aimed at adult consumers only.

- **Considers appropriate fiscal policies**
  If and where fiscal policies are applied, they should be commensurate with the relative risk profile of each specific product.

- **Ensures that Laws are enforceable**
  We support regulation that is enforceable for the regulator, industry and consumers, avoiding the proliferation of illicit trade.

We believe regulation is critical to generate sustainable new category growth

We actively advocate for regulation that ensures product quality and safety standards, responsible marketing and fiscal policies commensurate with the relative risk profile

All the while preventing underage access, supporting minimum age legislations and applying our own Marketing principles
Building A Better Tomorrow

50 MILLION* NON-COMBUSTIBLE PRODUCT CONSUMERS BY 2030

CARBON NEUTRAL* BY 2030

TO REDUCE THE HEALTH IMPACT OF OUR BUSINESS

*Internal company targets, CO2 neutral for Operations (Scope 1&2)
More information

Available at: https://www.bat.com/reporting

GET IN TOUCH

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