Delivering Multi-Stakeholder Value through The Enterprise of the Future
Important information

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Among the key factors that could cause actual results to differ materially from those projected in the forward-looking statements are uncertainties related to the following: the impact of competition from illicit trade; the impact of adverse domestic or international legislation and regulation; the inability to develop, commercialise and deliver the Group’s New Categories strategy; the impact of market size reduction and consumer down-trading; adverse litigation and dispute outcomes and the effect of such outcomes on the Group’s financial condition; the impact of significant increases or structural changes in tobacco, nicotine and New Categories related taxes; translational and transactional foreign exchange rate exposure; changes or differences in domestic or international economic or political conditions; the ability to maintain credit ratings and to fund the business under the current capital structure; the impact of serious injury, illness or death in the workplace; adverse decisions by domestic or international regulatory bodies; and changes in the market position, businesses, financial condition, results of operations or prospects of the Group.

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Important information

Forward-looking Statements (continued)
Additional information concerning these and other factors can be found in BAT’s filings with the U.S. Securities and Exchange Commission (“SEC”), including the Annual Report on Form 20-F and Current Reports on Form 6-K, which may be obtained free of charge at the SEC’s website, http://www.sec.gov, and BAT’s Annual Reports, which may be obtained free of charge from the British American Tobacco website www.bat.com.

No Profit or Earnings Per Share Forecasts
No statement in this presentation is intended to be a profit forecast and no statement in this presentation should be interpreted to mean that earnings per share of BAT for the current or future financial years would necessarily match or exceed the historical published earnings per share of BAT.

Additional information
Our vapour product Vuse (including Alto and Vibe), and certain products including Grizzly, Granit, Camel Snus, Velo and Kodiak, which are sold in the U.S., are subject to FDA regulation and no reduced-risk claims will be made as to these products without agency clearance.

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Transforming to Create Value for All Stakeholders

Kingsley Wheaton | Chief Marketing Officer  
Dr David O'Reilly | Director of Scientific Research  
Jennie Galbraith | Head of ESG
Committed to transforming and reducing our health impact

Multi-Category – the greatest potential to reduce harm and create value

Building strong consumer-led global brands with purpose

World-Class science substantiates our reduced risk portfolio*

Building on strong ESG foundations to create shared value for all stakeholders

*Based on the weight of evidence and assuming a complete switch from cigarette smoking. These products are not risk free and are addictive
Committed to transforming and reducing our health impact
Committed to Building A Better Tomorrow™

Our Purpose

To reduce the health impact of our business

Our Commitment

To provide adult consumers with a wide range of enjoyable and less risky products

To encourage smokers to switch completely to scientifically-substantiated reduced-risk alternatives*

*Based on the weight of evidence and assuming a complete switch from cigarette smoking. These products are not risk free and are addictive.
Harm Reduction and ESG central to our Strategy

Reducing the HEALTH impact of our business

Excellence in ENVIRONMENTAL management

Delivering a positive SOCIAL impact

Robust corporate GOVERNANCE

Creating value for all our stakeholders

- 50 million consumers of non-combustible* products by 2030
- £5bn New Category Revenue by 2025
- Carbon neutral by 2030**
- Eliminate unnecessary single-use plastic & all plastic packaging recyclable^ by 2025**

*Non-combustible consumer definition. See Appendix A2. ** Environmental targets, carbon neutral is scope 1 & 2. See Appendix A1. ^ Reusable, recyclable or compostable
Delivering Our Purpose is Transforming BAT

From

- Cigarettes
- Declining Volume
- Growing Value

To

- Multi-category CPG
- Nicotine & Beyond*
- Growing Volume
- & Value

*Beyond refers to Wellbeing & Stimulation Beyond Nicotine. Target market for consumer acquisition is existing adult smokers/nicotine/beyond nicotine users.
A Strategy that Starts with the Consumer

A Unique Consumer-Centric Multi-Category model

* Revenue Growth Management
Clear Ambitions for each New Category Brand

**Vapour**
- Global leader
- with a clear pathway to profitability

**THP**
- Fastest growing
- THP brand powered by innovation

**Modern Oral**
- Global leader
- leveraging our superior products

* Value share basis. ** Volume share basis.
Vuse brand represents c. 80% of FY20 vapour revenue. Continue to migrate remaining Vype brands during 2021. Velo brand represents over 50% of FY20 Modern Oral markets. Continue to migrate remaining EPOK, LYFT brands during 2021.
Confident in Delivering Shared Stakeholder & Shareholder Value

- **Medium-term growth targets.** On a constant rate basis. See Appendix A3. **Non-Combustible consumer definition: see Appendix A2.**

- **Market contribution basis:** Profit from the sales of brands after deduction of directly attributable costs (including marketing) and before allocation of overheads.

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**Growth and Transformation Towards A Better Tomorrow™**

- 50mn Non-Combustible Consumers** by 2030
- £5bn New Categories Revenue by 2025
- 3-5% Revenue Growth
- Profit From New Categories by 2025
- High Single Figure EPS growth
  - Adjusted diluted (post COVID)

---

*Medium-term growth targets. On a constant rate basis. See Appendix A3. ** Non-Combustible consumer definition: see Appendix A2. **Market contribution basis: Profit from the sales of brands after deduction of directly attributable costs (including marketing) and before allocation of overheads.
Multi-Category – the greatest potential to reduce harm and create value
Strategic Rationale for Multi-Category Approach

Consumers

Market taste profiles

Regulation

MULTI-CATEGORY STRATEGY

Opportunity to reduce harm

Commercial opportunity

Resilience to regulation

Maximises Ability to Switch Smokers, Reduce Harm and Create Value
A Large, Growing Multi-Category Opportunity

2015

~33mn Net Consumers**
~£4bn Industry revenue

2020

~79mn Net Consumers**
~£16bn Industry revenue

2025*

~123mn Net Consumers**
~£29bn Industry revenue

Our Multi-Category Strategy is Accelerating our Tobacco Consumer Acquisition

+3.8m Non-Combustible* Consumers over last 4 Quarters

Growth in Non-Combustible* Consumers

1Q20: +0.6m
2Q20: +0.5m
3Q20: +0.8m
4Q20: +1.1m
1Q21: +1.4m

Growth versus same period last year (SPLY). Source: Company data. * Non-Combustible consumer definition. See Appendix A2.

14.9m Consumers of Non-Combustibles* Q1 2021
50m Consumers of Non-Combustibles* by 2030
In Pioneer New Category Markets Progress is Accelerating

**c.15%**

of our Developed Market* Revenue

<table>
<thead>
<tr>
<th>Country</th>
<th>Revenue %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sweden</td>
<td>63%</td>
</tr>
<tr>
<td>Japan</td>
<td>42%</td>
</tr>
<tr>
<td>UK</td>
<td>28%</td>
</tr>
<tr>
<td>Norway</td>
<td>27%</td>
</tr>
<tr>
<td>USA</td>
<td>13%</td>
</tr>
</tbody>
</table>

Non-Combustible products revenue %

Our Transformation is Well Underway

Note: % Revenue by market FY2020 *OECD excluding Australia and Turkey where Non-Combustible products are unavailable
3

Building strong consumer-led global brands with purpose
Leveraging our Insights, Strengths & Capabilities to Encourage Smokers to Switch

3 Key Consumer Motivations

- Satisfaction
- Reduced Risk*
- Image & Identity

Drive 75% of the decision to switch from Cigarettes

Multi-Category Portfolio

Science & R&D

Global Brands

* Reduced Risk Products: Assuming a complete switch from cigarette smoking. These products are not risk free and are addictive.

Source: New Categories Track, KANTAR Category Conversion Modelling
Driving Strong Share Growth across all New Categories

**Table:**

<table>
<thead>
<tr>
<th>Country</th>
<th>Category</th>
<th>YTD Apr</th>
<th>YTD vs. FY 20</th>
</tr>
</thead>
<tbody>
<tr>
<td>US (Vapour)</td>
<td>Apr</td>
<td>29.8%</td>
<td>+4.9pp</td>
</tr>
<tr>
<td>US (MO)</td>
<td>Apr</td>
<td>74.7%</td>
<td>+28.5pp</td>
</tr>
<tr>
<td>UK</td>
<td>Apr</td>
<td>19.1%</td>
<td>+4.3pp</td>
</tr>
<tr>
<td>Germany</td>
<td>Apr</td>
<td>43.2%</td>
<td>+11.7pp</td>
</tr>
<tr>
<td>Japan</td>
<td>Apr</td>
<td>59.0%</td>
<td>+9.3pp</td>
</tr>
<tr>
<td>Canada</td>
<td>Apr</td>
<td>YTD Apr</td>
<td>YTD vs. FY 20</td>
</tr>
<tr>
<td>Canada</td>
<td>Apr</td>
<td>6.2%</td>
<td>+0.8pp</td>
</tr>
<tr>
<td>Russia</td>
<td>Apr</td>
<td>1.7%</td>
<td>+1.1pp</td>
</tr>
<tr>
<td>Italy</td>
<td>Apr</td>
<td>2.7%</td>
<td>+1.0pp</td>
</tr>
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<td>Ukraine</td>
<td>Apr</td>
<td>1.5%</td>
<td>+1.8pp</td>
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<td>Sweden</td>
<td>Apr</td>
<td>16.9%</td>
<td>+9.3pp</td>
</tr>
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<td>Norway</td>
<td>Apr</td>
<td>17.2%</td>
<td>+2.0pp</td>
</tr>
<tr>
<td>Denmark</td>
<td>Apr</td>
<td>79.5%</td>
<td>+5.1pp</td>
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<td>Switzerland</td>
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<td>54.9%</td>
<td>+4.1pp</td>
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<td>1.7%</td>
<td>+1.8pp</td>
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<tr>
<td>Germany</td>
<td>Apr</td>
<td>79.5%</td>
<td>+5.1pp</td>
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<tr>
<td>Russia</td>
<td>Apr</td>
<td>17.2%</td>
<td>+2.0pp</td>
</tr>
</tbody>
</table>

Building powerful Global Brands

Indexed Brand Power Scores in Top 5 Markets

<table>
<thead>
<tr>
<th>Brand</th>
<th>Q1'20</th>
<th>Q1'21</th>
</tr>
</thead>
<tbody>
<tr>
<td>V</td>
<td>100</td>
<td>108</td>
</tr>
<tr>
<td>glo</td>
<td>100</td>
<td>118</td>
</tr>
<tr>
<td>VELO</td>
<td>100</td>
<td>113</td>
</tr>
</tbody>
</table>

Brand Power =

- PURPOSE: Makes lives better / adds genuine value
- EXPERIENCE: Brand delivers on its product promise
- INNOVATION: Leads the way, creative & disruptive
- COMMUNICATION: Great ads, cut through & salience
- LOVE: Pride, loyalty & advocacy

Source: New Categories Track, KANTAR Brand Equity Modelling
Driving Significant Vuse Growth and Brand Power

**Purpose:** Carbon Neutral

**Innovation:** Superior Products

**Communication:** Engagement

**Experience:** Activation

**Love:** Brand Scale
First to World with THP Induction Heating

Improved Device Appeal

Device Personalization
(+50 options / combinations)

Sensorial Customization
(Base & Intense Boost modes)

½ time to first puff

Our best THP product yet
Continued International Leadership and Strong US Momentum

HYPER-LOCAL MARKETING
- Miami Wall scape
- Portland Online Advertising

DELIVERY IN EVERY CONSUMER MOMENT
- ‘On-Demand’ Education
- Retail Transformation
- 1:1 Engagement

USA Brand Awareness at Parity with Market Leader*

* Source: Company data Brand Equity Analysis (NC Track – Q1'21)
New Category Growth Driven by Rapid Innovation

2013

Built in < 8 years

2021

Global Brands
Superior Products
Retail Experience & Online

2025/30

Continued innovation

New Categories Revenue +43% 3-year CAGR*
We are exploring Beyond Nicotine: Leveraging Strengths in “On The Go Wellbeing & Stimulation”

* Indicative assessment – assessment of Social Acceptance will be product specific
Building an Ecosystem Beyond Nicotine

12 investments closed to date

Target areas:
- Health and Wellness
- Functional products - e.g. Focus, Energize & Relax
- Science
- Sustainability
- Technology

- R&D collaboration
- c. 20% associate investment

Vuse CBD Test
- UK city pilot underway
- Test and learn
Confident in Delivering Shared Stakeholder & Shareholder Value

- **50mn** Non-Combustible Consumers** by 2030
- **£5bn** New Categories Revenue by 2025
- **3-5%** Revenue Growth*
- **Profit** From New Categories by 2025
- **High Single Figure EPS growth** Adjusted diluted (post COVID)

*Medium-term growth targets. On a constant rate basis. See Appendix A3. **Non-Combustible consumer definition: see Appendix A2.

Growth and Transformation Towards A Better Tomorrow™
4

World-Class Science substantiates our reduced risk portfolio*

*Based on the weight of evidence and assuming a complete switch from cigarette smoking. These products are not risk free and are addictive.
Most of the Harm from Tobacco is caused by Combustion Not Nicotine

It’s the other chemical compounds in tobacco, and in the smoke created by setting tobacco on fire, that directly and primarily cause the illness and death, not the nicotine.

DR. SCOTT GOTTLIEB
US FDA COMMISSIONER (JULY 2017)

Nicotine is not...a highly hazardous drug. The main culprit is smoke and, if nicotine could be delivered effectively and acceptably...without smoke, most, if not all, of the harm of smoking could probably be avoided

UK ROYAL COLLEGE OF PHYSICIANS
Nicotine without smoke: Tobacco harm reduction (2016)
Understanding Nicotine

- Naturally present in tobacco plants
- Extracted and purified to pharmaceutical grade
- Widely studied in clinical trials
- Scientific consensus recognises that nicotine is highly addictive but does not cause cancer\textsuperscript{1,2,3}

\textit{“Its effect is to make tobacco addictive rather than to cause cancer directly”} \textsuperscript{WHO\textsuperscript{1}}

\textit{“Current evidence does not support that nicotine is a human carcinogen”} \textsuperscript{National Academies of Sciences, Engineering and Medicines\textsuperscript{4}}

\textit{“There is insufficient data to conclude that nicotine causes or contributes to cancer in humans”} \textsuperscript{Surgeon General\textsuperscript{5}}

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Tobacco Harm Reduction recognised in Policy and Regulation in a number of countries

“The closer the risks and exposures from the Reduced Risk Products are to cessation ...the more confident a regulator can be in the chances for net public health benefit”*

Science is informing Policy and Regulation globally

Food and Drug Administration
Public Health England
National institute for Public Health & the Environment
& others

Evaluated Using a Multi-Disciplinary Risk Assessment Framework

Emissions
What is in the vapour/aerosol?

Exposure
What happens when exposed to these emissions?

Risk
What is the long-term health risk?

Behavioural Sciences → Chemistry → Biological Sciences → Clinical Studies → Population Studies
A Portfolio of Non-Combustible solutions

Most of the Harm from Tobacco is caused by Combustion Not Nicotine*

*As stated by: Dr. Scott Gottlieb, US FDA Commissioner (July 2017), and UK Royal College of Physicians, Nicotine without smoke: Tobacco harm reduction (2016)

+ Nicotine is an addictive substance. We do not make health claims (express or implied) about our products in the US unless authorized by FDA to do so.
Reduction in Toxicant Exposure Similar to Cessation*

Cooney S. The Science of Potentially Reduced Risk Tobacco and Nicotine Products. Asian College of Neuropsychopharmacology 12 October 2019

*Vuse/Vype is not risk-free and contains nicotine, an addictive substance.
Biomarker of Potential Harm Responses Similar to Cessation in 90 day study*

Magnitude of change relative to cessation

-100% -90% -80% -75% -50% -25% 0% 25% 50% 75% 100%

Inflammation, Oxidative Stress, Cardio Function 1, Cardio Function 2, Cardio Function 3, Lung Function 1, Lung Function 2, Lung Function 3, Carcinogenesis

Target zone

Biologically Significant

100% = Equivalent To Cessation

Nathan Gale, BSc, Michael McEwan, PhD, Oscar M Camacho, MSc, George Hardie, MSc, James Murphy, PhD, Christopher J Proctor, PhD. Changes in Biomarkers of Exposure on Switching From a Conventional Cigarette to the glo Tobacco Heating Product: A Randomized, Controlled Ambulatory Study. Nicotine & Tobacco Research, Volume 23, Issue 3, March 2021, Pages 584–59.

*glo™ is not risk-free and contains nicotine, an addictive substance.
Velo* has Toxicant Levels comparable to Cessation Products (NRT) and lower than Snus

-99% Toxicants vs. Cigarettes¹

-76% Toxicants vs. Snus²

Comparable toxicant profile to NRT³

¹. D.M. Burns et al.; Tob. Control, 17 (2008), pp. 132-141; 2 Approximate reduction. Comparison based on an assessment of smoke from a scientific standard reference cigarette (approximately 9mg tar) and components released during use of a commercial Snus pouch and a Velo pouch, in terms of the average of the 9 harmful components the World Health Organization recommends to reduce in cigarette smoke.

* Velo is not risk-free and contains nicotine, an addictive substance. Velo is not a medically licensed cessation device and is not necessarily effective in supporting smoking cessation.
### Extensive Scientific Substantiation support our products as Reduced Risk*

<table>
<thead>
<tr>
<th>Product</th>
<th>Emissions</th>
<th>Toxicology</th>
<th>References</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vuse</td>
<td>- 99%¹</td>
<td>- 99%¹</td>
<td>71 peer-reviewed manuscripts</td>
</tr>
<tr>
<td>Glo</td>
<td>- 90% to - 95%²</td>
<td>- 95%²</td>
<td>65 peer-reviewed manuscripts</td>
</tr>
<tr>
<td>Velo</td>
<td>&gt;30 yrs of studies shown Snus is much less risky than smoking</td>
<td>Toxicology: even less harmful than Snus³</td>
<td>We believe Modern Oral products are reduced risk as toxicant levels are lower than in snus*</td>
</tr>
</tbody>
</table>

1. ePod and ePen3 compared to a reference cigarette. 2. Compared to a reference cigarette. 3. Approximate reduction. Comparison based on an assessment of smoke from a scientific standard reference cigarette (approximately 9mg tar) and components released during use of a commercial Snus pouch and a Velo pouch, in terms of the average of the 9 harmful components the World Health Organization recommends to reduce in cigarette smoke. *Based on the weight of evidence and assuming a complete switch from cigarette smoking. These products are not risk free and are addictive.
Key External Bodies also Support Reduced Risk* / Exposure Nature of all Three New Categories

### Vapour

- **ASH (Action on Smoking & Health)**
  - Public health charity
  - “Compared to tobacco products, electronic cigarettes are significantly safer”

- **GOVT. OF CANADA**
  - “Switching from tobacco cigarettes to vaping products will reduce a person’s exposure to many toxic and cancer-causing chemicals”

- **NEW ZEALAND MINISTRY OF HEALTH**
  - “Smokers switching to vaping products are highly likely to reduce their health risks and for those around them”

### THP

- **FOOD AND DRUG ADMINISTRATION**
  - These particular products could help addicted adult smokers transition away from combusted cigarettes and reduce their exposure to harmful chemicals

- **NATIONAL INSTITUTE FOR PUBLIC HEALTH & THE ENVIRONMENT**
  - The use of Heated Tobacco Products is harmful to health, but probably less harmful than smoking tobacco cigarettes

- **FEDERAL INSTITUTE FOR RISK ASSESSMENT**
  - The herein confirmed reductions of relevant toxicants by about 80-99% are substantial

### Modern Oral

- **BfR GERMANY**
  - The herein confirmed reductions of relevant toxicants by about 80-99% are substantial

- **FOOD AND DRUG ADMINISTRATION**
  - Using Snus instead of cigarettes puts you at a lower risk of mouth cancer, heart disease, lung cancer, stroke, emphysema, and chronic bronchitis.

- **US EXPERT**
  - SNUS products are much cleaner and less hazardous than cigarettes. Their use could only reduce harm to smokers if they switch entirely to these products

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* Based on the weight of evidence and assuming a complete switch from cigarette smoking. These products are not risk free and are addictive.
Beyond Nicotine: Industry Leading Safety Science for CBD

**In vitro studies**

- **CBD Genotoxicity**
  - CBD considered non-genotoxic

**In vivo studies**

- **CBD Inhalation Study**
  - Foundational inhalation study completed

**CBD consumption Study**

- Completed two x clinical studies of consumption
- Delivered new data and insights on consumer usage

**Liver Damage Study**

- Designed to address FDA question
- Showed no difference between oral CBD & non-CBD users in US

Creating a new, higher standard for recreational consumer products
Underpinned by World-Class Capabilities in Science and Innovation

Accelerating our transformation through attracting new talent from a wide range of industries

- 60+ Years of R&D
- 1500 R&D specialists
- 2x R&D spend since 2017*
- 114 Peer-reviewed articles and manuscripts published in New Categories
- 12 BTVentures investments adding new capabilities

* Representative 2017 basis with a full 12 months of US acquisition, Reynolds
Building on strong ESG foundations to create shared value for all stakeholders
Creating Shared Value through ESG

Our Sustainability Agenda

Deep-dive into ESG issues

How we manage ESG
Harm Reduction is the Cornerstone

Reducing the **HEALTH** impact of our business

- **CONSUMER CHOICE**
- **WORLD-CLASS SCIENCE**
- **STANDARDS & REGULATION**

**E**

**Excellence in ENVIRONMENTAL management**
- Climate change
- Water
- Biodiversity & Afforestation
- Waste

**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

Creating value for all our stakeholders

- 50 million consumers of non-combustible* products by 2030
- £5bn New Category Revenue by 2025
- Carbon neutral by 2030**
- Eliminate unnecessary single-use plastic & all plastic packaging recyclable^ by 2025**

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*Non-combustible consumer definition. See Appendix A2. ** Environmental targets, carbon neutral is scope 1 & 2. See Appendix A1. ^ Reusable, recyclable or compostable
## ESG: Strong Progress and Commitment to Transparent Reporting on our Journey

<table>
<thead>
<tr>
<th>Excellence in ENVIRONMENTAL management</th>
<th>Target</th>
<th>2020 Progress</th>
</tr>
</thead>
</table>
|                                       | • Carbon neutral for Scope 1 & 2 by 2030  
• 100% of plastic packaging reusable, recyclable or compostable by 2025 | • -37% vs 2017 baseline  
• 82% in 2020 |

<table>
<thead>
<tr>
<th>Delivering a positive SOCIAL impact</th>
<th>Target</th>
<th>2020 Progress</th>
</tr>
</thead>
</table>
|                                     | • Zero child labour and forced labour by 2025*  
• 100% suppliers subject to human rights due diligence** | • 99.7% farms monitored for child labour  
• ✔ |

<table>
<thead>
<tr>
<th>Robust corporate GOVERNANCE</th>
<th>Target</th>
<th>2020 Progress</th>
</tr>
</thead>
</table>
|                             | • 100% Standards of Business Conduct (SoBC) adherence  
• 100% Youth Access Prevention (YAP) Guidelines adherence | • 100% employees completed SoBC training  
• 100% markets aligned with YAP Guidelines |

*In our tobacco supply chain; child labour definition based on ILO definition.
**All our product materials and high-risk indirect service suppliers (non-agricultural suppliers) to have undergone at least one independent labour audit within a three-year cycle by 2025.
Deep Dive into Four Key Areas

- Tackling climate change
- Eliminating child labour
- Robust compliance
- Responsible marketing
We are Building our Capabilities to ensure we Succeed in Reducing our **Scope 1 & 2 emissions**

1. Reduce emissions

2. On-site renewables

3. Renewable energy certificates & Long term power agreements

4. Carbon offset credits to close gaps

**37%** reduction in scope 1 & 2 emissions v 2017

8 countries have factories with solar energy generation*

**All** sites incorporate green power purchases

Carbon Neutral Scope 1 & 2 by 2030

*On-site solar energy generation added in 2020*
We are Building our Capabilities to ensure we Succeed in Reducing our **Scope 3** emissions

Top 30 suppliers engaged with to improve delivery against scope 3 targets, representing over 66% of our direct spend

>30% reduction in fuel use with upgraded curing barns**

Carbon Neutral Scope 3 by 2050

All new product developments include life-cycle analysis

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*Other Scope 3 includes capital goods, use and disposal of sold products, end of life treatment, and other categories including transportation, business travel and commuting

**Upgrading curing barns to automated ‘loose leaf’ models can enable at least a 30% reduction in fuel use. These innovative curing technologies have now been introduced to our contracted farmers in five countries.
We are Building our Capabilities to ensure we Succeed in Tackling Child Labour

ROBUST MONITORING AND REMEDIATION PROCESS

1. Strong Policies
2. Risk Mapping
3. Farm Visits
4. Identification
5. Remediation
6. Follow-up

Our strategy is aligned to

All farmers visited monthly\(^1\)

0.5% incidence\(^2\)

98.5% incidents resolved\(^3\)

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1. Our field technicians visit our contracted farmers approximately once a month during the growing season.
2. % of farms with incidents of child labour. Based on number of child labour incidents identified (proportion reported as resolved).
3. Based on number of child labour incidents identified (proportion reported as resolved).
We are Building our Capabilities to ensure we Succeed in Tackling Child Labour

LONGER-TERM FOCUS ON ROOT CAUSES

- Human rights assessments
- Training and awareness raising
- Enhancing livelihoods
- Partnerships and communities

390,000+ attendances at human rights farmer training

Up to 20% yield increase with new seed varieties

‘Leader’

9.2/10 score vs. Industry Average of 5.6

The Global Child Forum’s Overall Children’s Rights Benchmark Score

1 2019 Corporate Sector and Children’s Rights Benchmark
We have a Rigorous Approach to responding to reports of Potential Human Rights breaches

- Engage to understand and gather information
- Assess facts and develop action plan at highest levels of BAT
- Thorough internal audit or external review
- Review of lessons learnt and in depth evaluation of policies

3 strikes policy for farms identified with child labour

1. Work with and educate farmers
2. Formal written warning
3. Cease working with farmer

Outcomes include:

- Six contracts ceased with farmers in 2020 after three strikes for child labour
- Independent review of supply chain in Bangladesh
- Unannounced visits to farms in Italy and Zimbabwe
- Human rights impact assessments in India, Indonesia and Mozambique with two more planned by end 2021
- Risk mitigation enhanced farmer training & monitoring, worker interviews, community-based programmes etc.
Continuously Strengthening Our Business Conduct & Compliance

2016
- **RENEWED BOARD COMMITMENT**
  - Policies & Procedures
  - Top mgmt. focus

2017
- **BUSINESS CONDUCT & COMPLIANCE TEAM FORMED**
  - Oversight, autonomy & resources
  - Whistleblowing hotline

2018
- **STRENGTHENED COMPLIANCE PROGRAMME**
  - Risk management
  - Anti-Bribery & Corruption focus
  - Training & Comms

2019
- **EMBED IN ORGANISATION**
  - Commitment from middle mgmt.
  - 3rd Parties focus
  - Global Integrity Pledge

2020
- **DIGITAL, AUTOMATION, 3RD PARTY RISKS**
  - Investigations & case mgmt.
  - Incentives, discipline & enforcement
  - M&A

2021/22
- **AUDIT, ASSURANCE & HARNESING DATA**
  - Data analytics
  - Automation & Integration
  - 3rd Party life-cycle mgmt.
Responsible Marketing to Adult Tobacco/Nicotine Consumers

**International Marketing Principles (IMP)**
- Responsible
- Accurate
- Targeted at adults
- Transparent
- Compliant with law

- Introduced in **2001**
- Refreshed again in **2020**

- Global, even when **strict**er than local laws
- **All marketing materials** subject to **review** and approval by **internal legal** or against applicable guidance

**Youth Access Prevention (YAP)**
- **Strengthened** YAP approach
- Mandatory provision of **point-of-sale materials**
- Monitored through **internal audit**, and overseen by **Audit Committee**
- Only partner with **3rd parties** where vast majority of **audience** is **adult**

**H1 ’21 Vuse Age-**
**Verification Pilots**

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*Unless a government ban is in place*
2021: Strong ESG recognition

REFINITIV 91 /100

WDi Top 10%

FT CLIMATE LEADERS 2021

FT LEADER IN DIVERSITY 2021

Top EMPLOYER GLOBAL 2021

SOCIAL QUALITYSCORE 1

Sustainability Award Gold Class 2021 S&P Global

BEST PLACES TO WORK 2021 for LGBTQ Equality 100% CORPORATE EQUALITY INDEX
ESG is Embedded across our Business

- Climate change
- Water and waste
- Sustainable agriculture
- Leaf R&D

- Circular economy

- Human rights
- Farmer livelihoods
- Health & safety

- Responsible marketing
- Regulation
- Data privacy

- Stakeholder engagement

- Executive remuneration
- Tax transparency

- We have a fully costed glide path to meet our targets
Strong Pipeline of ESG Focused Innovation

- **Vuse**
  - Carbon Neutral
  - Validated by Vertis
- **Vuse**
  - Pod Return
- **Vuse Glo**
  - ‘No Plastic’ Packaging
- **Glo**
  - Device Recycling
- **Velo**
  - Widely Recyclable Can
ESG is a Value Add activity

Value Add

- Efficiencies and removals will result in savings
- Brands with purpose
- Employee attraction and retention

We expect to see efficiencies of scale

Costs are absorbed in existing ways of working
See our ESG Reporting Suite for more information

https://www.bat.com/sustainability
We have put Sustainability Front and Centre with Strong Ambitions

- **Health**: Reducing the Health impact of our business
- **Excellence in Environmental management**: 50 million consumers of non-combustible* products by 2030
- **Delivering a positive Social impact**: £5bn New Category Revenue by 2025
- **Robust corporate Governance**: Carbon neutral by 2030**
- **Create Shared Value for Consumers, Society, Employees, Shareholders**

Eliminate unnecessary single-use plastic & all plastic packaging recyclable* by 2025**

*Non-combustible consumer definition. See Appendix A2. ** Environmental targets, carbon neutral is scope 1 & 2. See Appendix A1. * Reusable, recyclable or compostable
Appendix

A1: Environmental Targets

A2: Non-Combustible consumers
The number of consumers of Non-Combustible products is defined as the estimated number of Legal Age (minimum 18 years, US: 21 years) consumers of the Group's Non-Combustible products. In markets where regular consumer tracking is in place, this estimate is obtained from adult consumer tracking studies conducted by third parties (including Kantar). In markets where regular consumer tracking is not in place, the number of consumers of Non-Combustible products is derived from volume sales of consumables and devices in such markets, using consumption patterns obtained from other similar markets with consumer tracking (utilising studies conducted by third parties including Kantar).

The number of Non-Combustible products consumers is used by management to assess the number of consumers regularly using the Group's New Category products as the increase in Non-Combustible products is a key pillar of the Group's ESG Ambition and is integral to the sustainability of our business.

The Group's management believes that this measure is useful to investors given the Group's ESG ambition and alignment to the sustainability of the business with respect to the Non-Combustibles portfolio.

A3: Constant currency
Constant currency measures are calculated based on a re-translation, at the prior year's exchange rates, of the current year's results of the Group and, where applicable, its segments.

A4: Share metrics
Volume share: The number of units bought by consumers of a specific brand or combination of brands, as a proportion of the total units bought by consumers in the industry, category or other sub-categorisation. Sub-categories include, but are not limited to, the total nicotine category, modern oral, vapour, traditional oral or cigarette. Corporate volume share is the share held by BAT Group/Reynolds (US region).
Value share: The retail sales value of the product sold as a proportion of total retail sales value in that category.