



# What Sustainability means at BAT

IR & Sustainability Teams

# Important Information



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## Forward-looking Statements

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All such forward-looking statements involve estimates and assumptions that are subject to risks, uncertainties and other factors. It is believed that the expectations reflected in this presentation are reasonable but they may be affected by a wide range of variables that could cause actual results to differ materially from those currently anticipated.

In particular, among other statements: (i) certain statements in the opening section (slides 4, 5, 6, 8, 10 and 12); (ii) certain statements in the second section (slides 15 and 23); (iii) certain statements in the third section (slides 25 and 28-30); (iv) certain statements in the fourth section (slides 32 and 35-37); and (v) certain statements in the fifth section (slides 39-41).

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; 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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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.

# 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](http://www.bat.com).

## **Additional Information**

Our vapour product Vuse (including Alto, Solo, Ciro and Vibe), and certain oral products including Velo, Grizzly, Kodiak, and Camel Snus, which are sold in the US, are subject to the Food and Drug Administration (FDA) regulation and no reduced-risk claims will be made to these products without agency clearance.

## **No Profit or Earnings Per Share Forecasts**

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# Committed to building A Better Tomorrow™



## Our Purpose

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To **reduce the health impact of our business**



## Our Commitment

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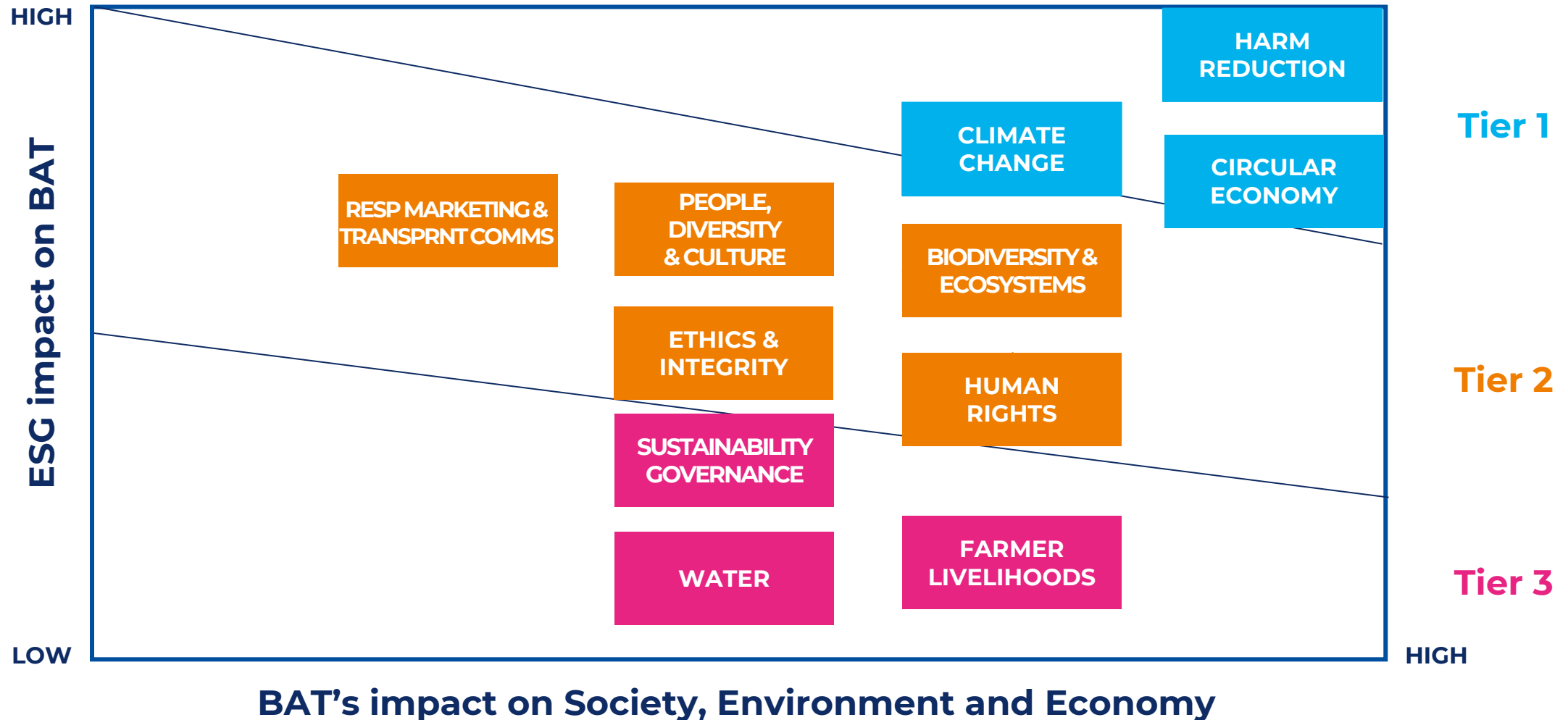
To provide **adult consumers** with a wide range of enjoyable and **less risky\*†** products

To encourage **adult 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.

† Our products as sold in the US, including Vuse, Velo, Grizzly, Kodiak, and Camel Snus, are subject to FDA regulation and no reduced-risk claims will be made as to these products without agency clearance.

# Guided by our Double Materiality approach\*



\* Double Materiality Assessment as conducted in Q4 2022

# Overview



# 1 Sustainability is central to our strategy: Creating value for all our stakeholders

## Our Sustainability Agenda



<p>50 million consumers of non-combustible* products by 2030</p>	<p>£5bn New Category Revenue by 2025</p>	<p>Carbon neutral Scopes 1 &amp; 2 by 2030**</p>	<p>Net zero value chain emissions by 2050**</p>	<p>&lt;1% waste from direct operations to landfill by 2025^</p>
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\* Non-combustible consumer definition. See Appendix A6. \*\* Environmental targets, net zero across scopes 1, 2 and 3. See Appendix A5. ^ Capable of being reusable, recyclable or compostable.

# Materiality led ESG Roadmap, goals and targets\*



## Reducing the HEALTH impact of our business

- **£5 billion by 2025** in revenue from New Categories
- **50 million by 2030** of consumers of our non-combustible products



## Excellence in ENVIRONMENTAL management

- Climate Change
- Circular Economy
- Biodiversity and Ecosystems
- Water

- **Net Zero by 2050** across our value chain - comprising Scope 1, 2 & 3 greenhouse gas (GHG) emissions<sup>1</sup>
- **50% CO<sub>2</sub>e emissions reduction by 2030** across our value chain - comprising Scope 1, 2 & 3 GHG emissions
- **Carbon neutral direct operations by 2030** comprising Scope 1 & 2 GHG emissions
- **100% packaging** reusable, recyclable or compostable by 2025
- **<1% waste to landfill** by 2025
- **No gross deforestation** of primary native forests in our tobacco, paper and pulp supply chains
- **Net Zero deforestation by 2025** of managed natural forests in our tobacco, paper and pulp supply chains
- **35% less water** use by 2025 (vs 2017 baseline)
- **100% operations** sites Alliance for Water Stewardship certified by 2025



## Delivering a positive SOCIAL impact

- Human Rights
- Farmer Livelihoods
- People, Diversity and Culture
- Health and Safety

- **Zero child labour** - aiming for zero incidents in our Tobacco Supply Chain<sup>2</sup> by 2025
- **Monitoring** of supply chains – across Tobacco Supply Chain<sup>2</sup> and product material and indirect suppliers
- **Crop diversification** - supporting prosperous livelihoods
- **Increase to 45% by 2025** - proportion of women in management roles
- **Zero accidents** - aiming for zero accidents Group-wide each year



## Robust corporate GOVERNANCE

- Ethics and Integrity
- Responsible Marketing

- **100% SoBC compliance** - aiming for full adherence to our Standards of Business Conduct (SoBC)
- **Full compliance** - aiming for full compliance with marketing regulations

\* For more detail on goals and targets, see Appendix A5. 1.Compared to a 2020 baseline. Comprises 50% reduction in Scope 1, 2 and 50% reduction in Scope 3 GHG emissions. Scope 3 emissions target includes purchased goods and services, upstream transportation and distribution, use of sold products and end-of life treatment of sold products. 2. 'Tobacco Supply Chain' refers to the tobacco supplied by our directly contracted farmers and those of our strategic third party suppliers, who participate in our annual Thrive assessment, representing over 80% of the tobacco purchased by volume in 2022.



# Our reduced risk\*† portfolio - Strong, global, scientifically-substantiated brands

## Vapour products



**Vuse #1 Global value share\*\***



## Tobacco heating products



**glo™ Continued innovation & growth^**



## Modern oral products

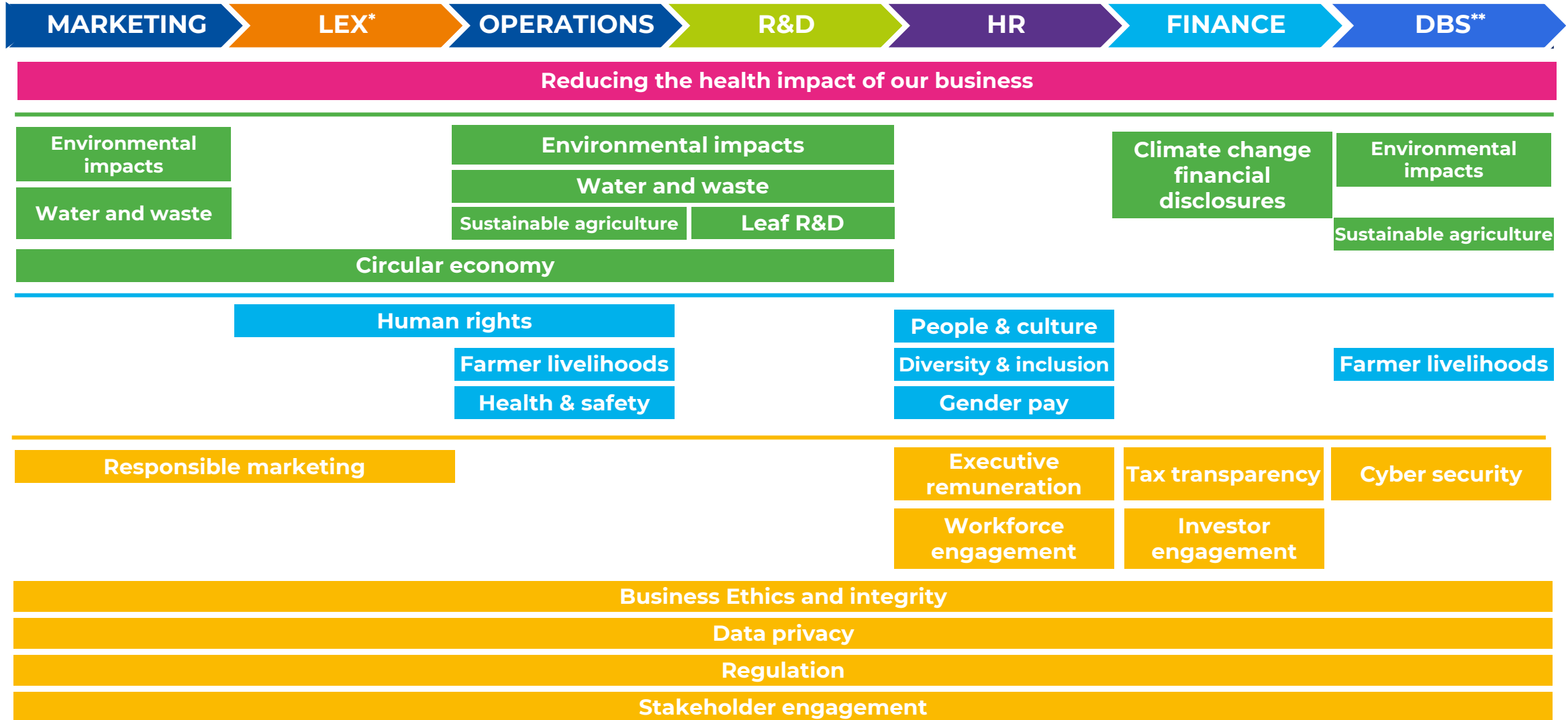


**Velo #1 in 15 markets in Europe^^**



\* Based on the weight of evidence and assuming a complete switch from cigarette smoking. These products are not risk free and are addictive.† Our products as sold in the US, including Vuse, Velo, Grizzly, Kodiak, and Camel Snus, are subject to FDA regulation and no reduced-risk claims will be made as to these products without agency clearance \*\* Vapour value share across Top 5 markets : US, Canada, UK, France, Germany. T5 represent 80% of global Vapour industry revenue (rechargeables and disposables). See Appendix A3. ^ Volume growth across Top 12 THP markets: : Japan, South Korea, Italy, Greece, Hungary, Kazakhstan, Ukraine, Poland, Switzerland, Romania, Malaysia, Czech Republic. Top 12 represent 70% of THP industry revenue. ^^Volume share of Modern Oral category. See Vuse advertisement disclaimer in Appendix A11.

# ...and across our business



# Embedding sustainability in our brands...



IMPROVING  
PACKAGING  
RECYCLABILITY

REDUCING  
CARBON IN OUR  
VALUE CHAIN

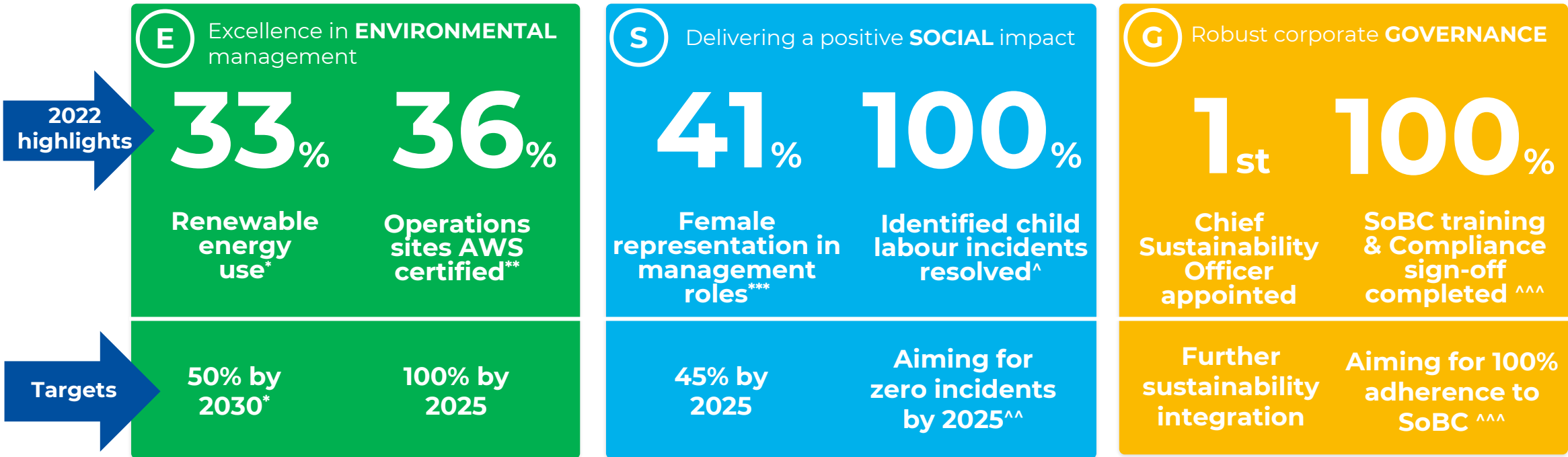
DEVICE TAKE-BACK  
SCHEME

OPTIMISING  
PRODUCT DESIGN  
FOR CIRCULARITY

DON'T  
DUMP ME.  
REDUCING  
PLASTIC

SUPPORTED BY  
SCIENCE

# Accelerating our ESG performance



**Continued External Recognition**

Member of **Dow Jones Sustainability Indices**  
Powered by the S&P Global CSA



\* Renewable energy target restated from 30% by 2025 to 50% by 2030. See Appendix A5. \*\* Alliance for Water Stewardship. \*\*\*See Appendix A9. ^ Reported as resolved by end of growing season. ^^ In our tobacco supply chain (incl. directly contracted farmers and those of our strategic third-party suppliers, representing over 80% of the tobacco purchased by volume in 2022). ^^^ Standards of Business Conduct employee sign-off. ^ A rating and award is not a recommendation to buy, sell or hold securities. A rating and award may be subject to withdrawal or revision at any time. Each rating and award should be evaluated separately of any other rating. The methodologies of any rating or award presented here may not be the same as those of other ratings, awards or methodologies that may be used by our stakeholders and may emphasize different aspects of ESG practices and performance, and, thus, may not be representative of our ESG performance in all respects.

2

H

# Reducing the HEALTH impact of our business



# Multi-category offers the greatest opportunity to deliver tobacco harm reduction



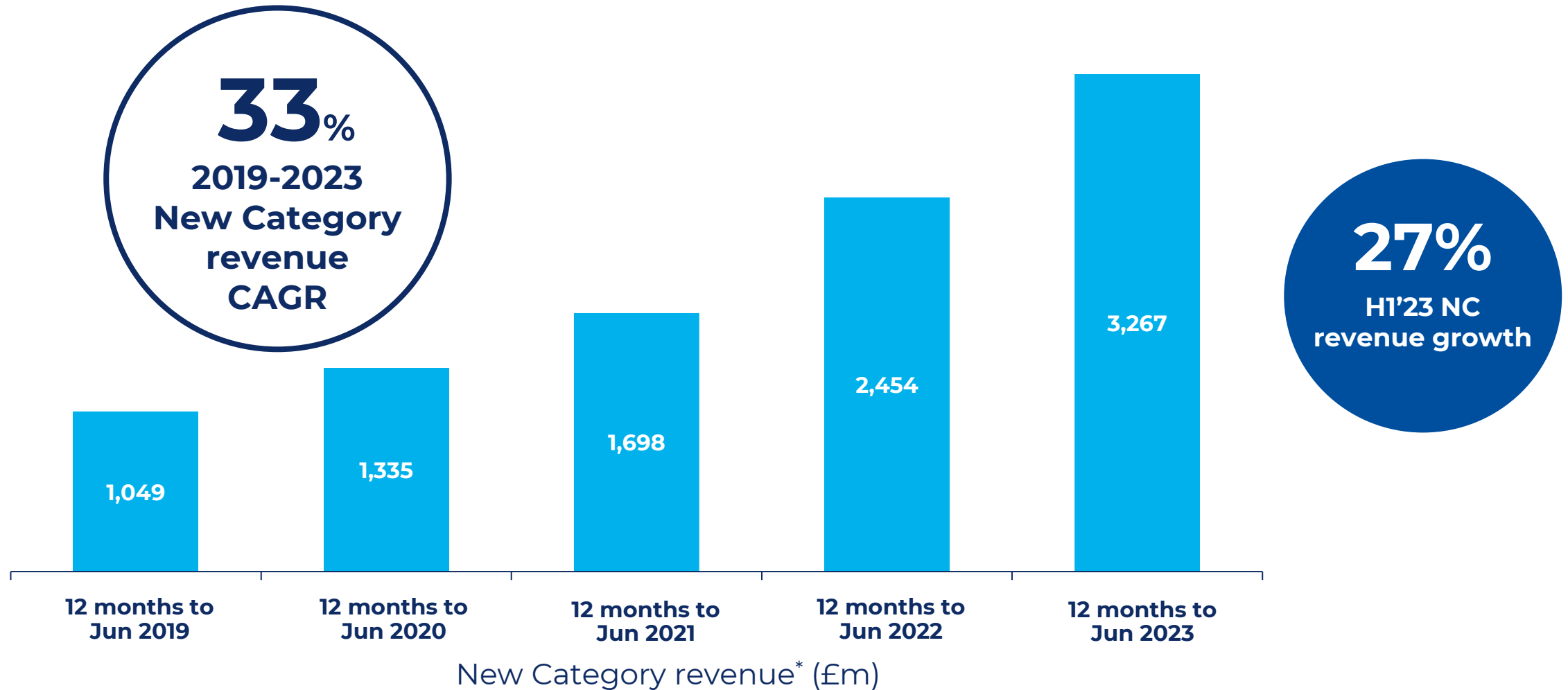
**Maximises ability to switch smokers, deliver tobacco harm reduction and create value**

\* Based on the weight of evidence and assuming a complete switch from cigarette smoking. These products are not risk free and are addictive.

† Our products as sold in the US, including Vuse, Velo, Grizzly, Kodiak, and Camel Snus, are subject to FDA regulation and no reduced-risk claims will be made as to these products without agency clearance.



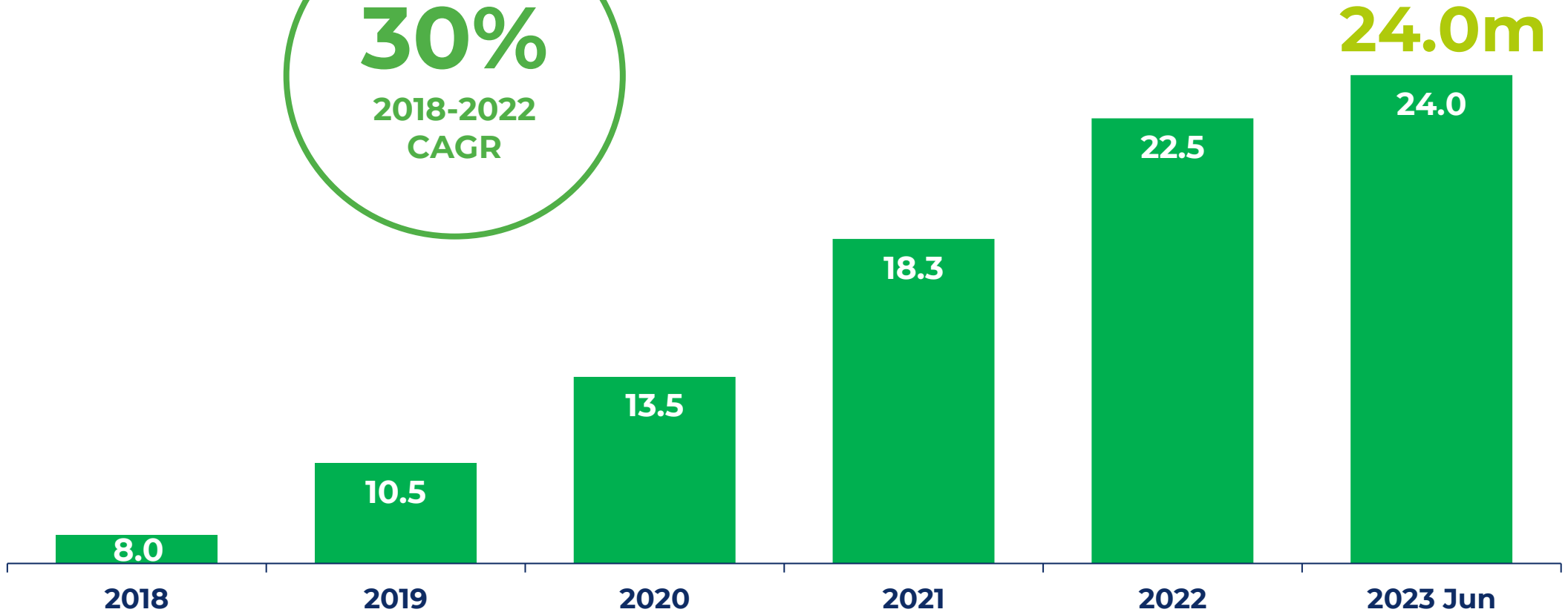
# Confident in delivering £5bn New Category revenue in 2025





# Strong adult consumer acquisition\* continues

**30%**  
2018-2022  
CAGR



Consumers of Non-Combustible products\*

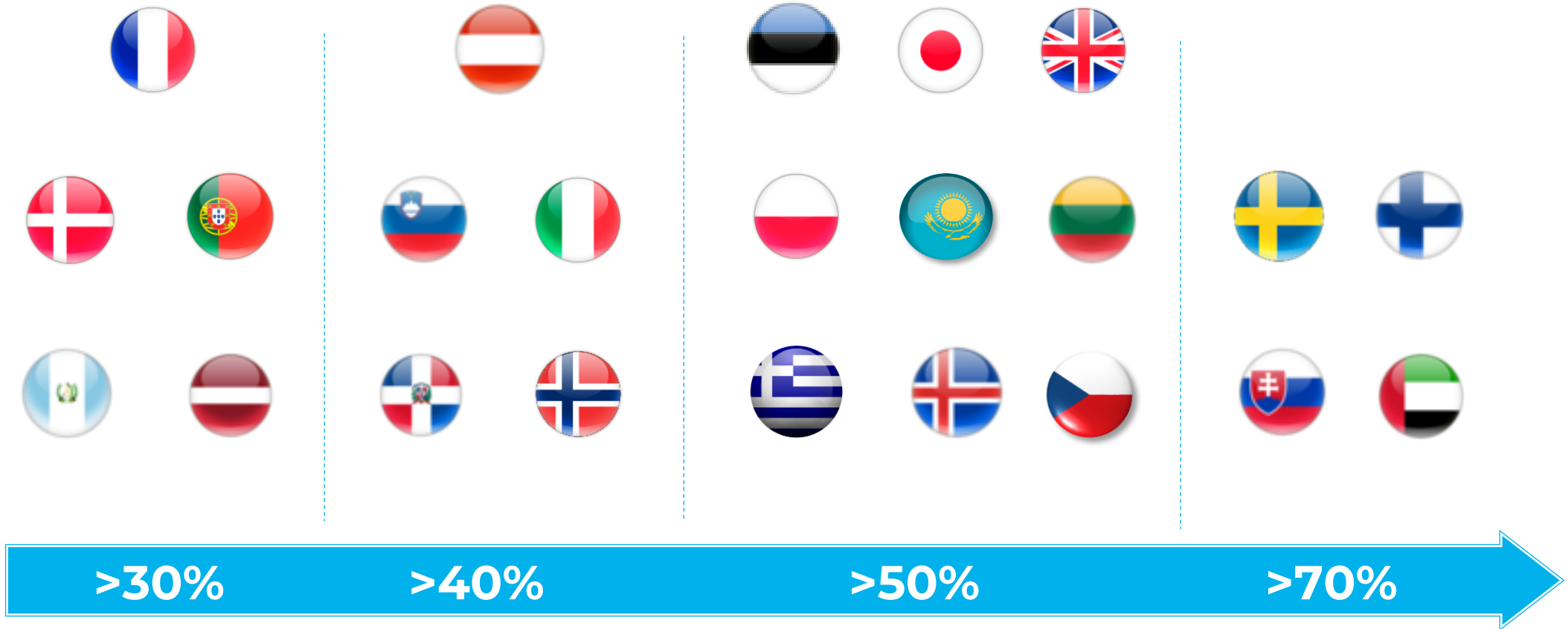
Source: Company data. \* See Appendix A6.





# With Non-Combustibles revenue significantly higher than 30% in many markets

Our Non-Combustible products revenue % H1'23\*



\* Revenue from Non-Combustible products as a % of total revenue in each respective market.



# Our views of Reduced Risk\*† Products Regulation



A general regulatory framework, to maximise the harm reduction potential, should be in line with the following **four regulatory principles:**

We believe that **each reduced risk\*† product category should have its own regulatory definition/categorisation** and that science should guide the development of **evidence-based and risk proportionate regulation** for each category.

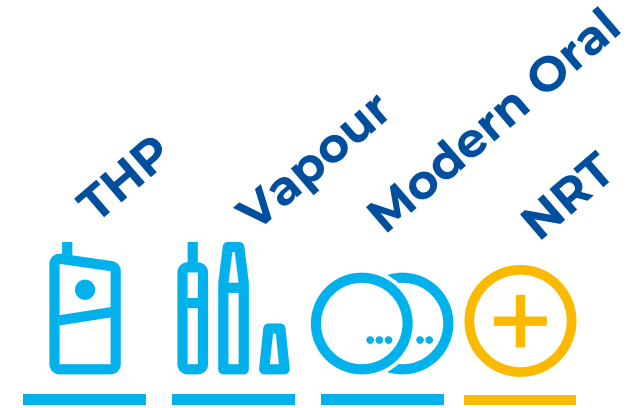


\* Based on the weight of evidence and assuming a complete switch from cigarette smoking. These products are not risk free and are addictive.

† Our products as sold in the US, including Vuse, Velo, Grizzly, Kodiak, and Camel Snus, are subject to FDA regulation and no reduced-risk claims will be made as to these products without agency clearance.

# H A portfolio of Non-Combustible solutions

## Combustibles



**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



# Underpinned by world-class capabilities in science and innovation



**NEW**

talent to help accelerate our transformation



**1,600+**

R&D specialists



**£+300m**

Invested in New Categories R&D in 2022



**55+**

Nationalities across R&D teams

**7**

Global sites



**NEW**

R&D Centre in China



For more on Science at BAT see: [BAT Science \(bat-science.com\)](http://bat-science.com)



# Extensive scientific substantiation supports our products as Reduced Risk\*†



**vuse**

**Emissions : - 99%<sup>1</sup>**

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**Toxicology : - 99%<sup>1</sup>**

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**Our data is published in 81 peer-reviewed manuscripts**

**glo**

**Emissions : - 90% to - 95%<sup>2</sup>**

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**Toxicology : - 95%<sup>2</sup>**

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**Our data is published in 75 peer-reviewed manuscripts**

**VELO**

**>30 yrs of studies show Snus is much less risky than smoking**

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**Toxicology : even less harmful than Snus<sup>3</sup>**

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**We believe Modern Oral products are reduced risk as toxicant levels are lower than in snus\***

\* Based on the weight of evidence and assuming a complete switch from cigarette smoking. These products are not risk free and are addictive. † Our products as sold in the US, including Vuse, Velo, Grizzly, Kodiak, and Camel Snus, are subject to FDA regulation and no reduced-risk claims will be made as to these products without agency clearance. 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. See Appendix B for further details.



# More governments & institutions recognising the role of THR in regulation

Science is informing Policy and Regulation globally...

...Understanding most of the harm from Tobacco is caused by combustion not nicotine

**Food and Drug Administration**

**The UK Health Security Agency**

**MINISTRY OF HEALTH**  
MANATŪ HAUORA

**epp**  
group  
in the european parliament

**GOVERNEMENT**  
Liberté  
Égalité  
Fraternité

**INSTITUT NATIONAL DU CANCER**

“ 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)



# Transforming into a multi-category consumer company



**From**

**Cigarettes**

**And**

**Declining Volume  
Growing Value**



**To**

**Multi-category CPG  
Nicotine & Beyond\***

**And**

**Growing Volume  
& Value**

**Building A Better Tomorrow™**

\*Beyond refers to Wellbeing & Stimulation Beyond Nicotine. Expected target market for consumer acquisition is existing adult smokers/nicotine/beyond nicotine users.

3

E

# Excellence in ENVIRONMENTAL management





# E Climate Change



## Our Goals\*



- **50% reduction** in Scope 1, 2 & 3 CO<sub>2</sub>e emissions by 2030<sup>1</sup>
- **Net Zero GHG emissions** across our value chain by 2050 at the latest
- **Carbon neutral** direct operations (Scope 1 & 2 emissions) by 2030
- **50% renewable** energy use by 2030

## Overview

By addressing climate risks and opportunities across our value chain, we can better support the long-term sustainability of our business, our planet and wider society.

By 2030, we aim to achieve a 50% reduction in our Scope 1, 2 and 3 emissions and to be Net Zero GHG emissions across our value chain by 2050 at the latest.

## 2022 Performance Highlights

**22.3%**

Reduction in Scope 1 & 2 CO<sub>2</sub>e emissions (vs 2020 baseline)

**7%**

Reduction in Scope 3 CO<sub>2</sub>e emissions in 2021 (vs 2020 baseline)

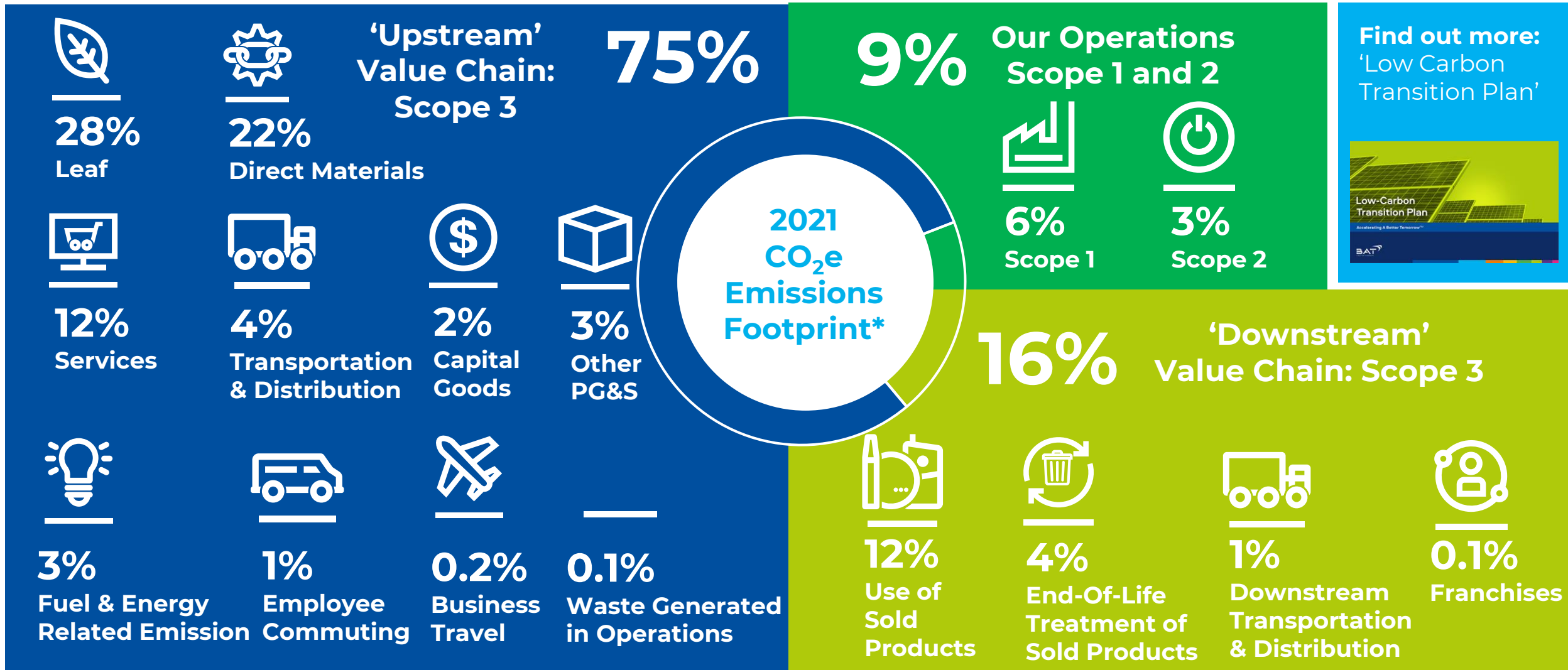
**33%**

Renewable energy use: (achieving our 30% 2025 target three years early)

**For more on Climate Change at BAT see:**  
[Climate change \(bat.com\)](https://www.bat.com/climate-change)

\* For more detail on goals and targets, see Appendix A5. 1. Compared to a 2020 baseline. Comprises 50% reduction in Scope 1, 2 and 50% reduction in Scope 3 GHG emissions. Scope 3 emissions target includes purchased goods and services, upstream transportation and distribution, use of sold products and end-of life treatment of sold products.

# E Our value chain emissions breakdown\*



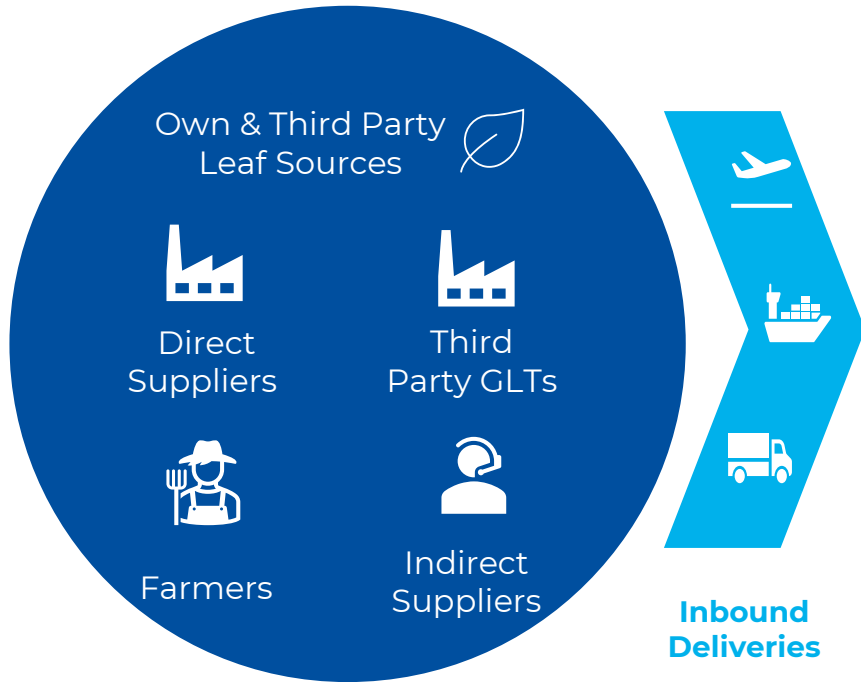
**Find out more:**  
 'Low Carbon Transition Plan'

Low-Carbon Transition Plan  
 Accelerating A Better Tomorrow™  
 BAT

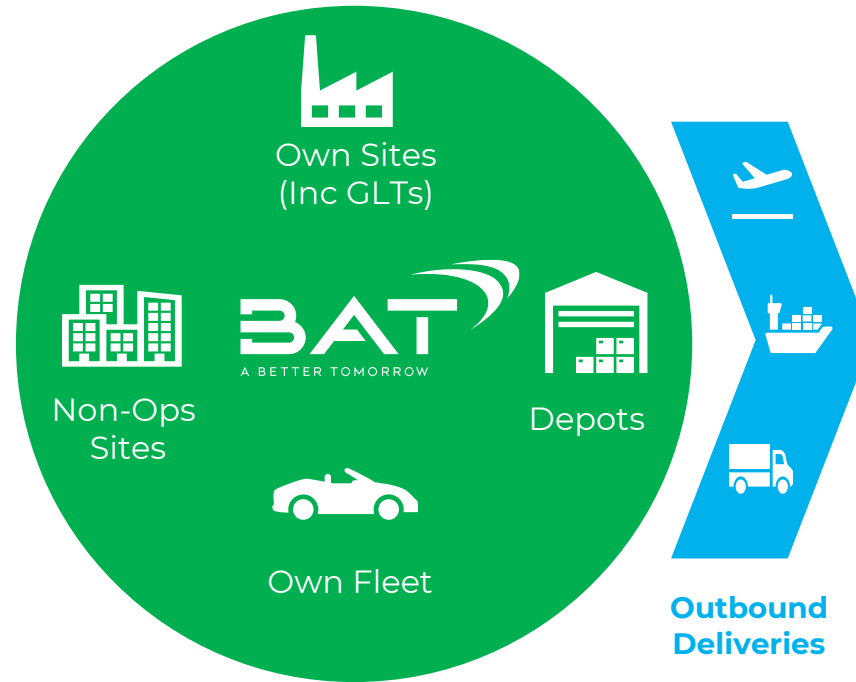
\* Scope 3 2021 figures – Latest available. Limited assurance by KPMG. All numbers subject to rounding up to nearest % point.

# E Taking an holistic view of our value chain

## 'Upstream' value chain



## Own operations



## 'Downstream' value chain



# E

## Circular Economy



### Our Goals\*



- **100%** of or packaging to be reusable, recyclable or compostable by 2025
- **100%** of Vuse and glo markets with device Take-Back schemes in place
- **30%** average recycled content in plastic packaging by 2025
- **-25%** reduction in waste generated by 2025
- **90%** recycling rate of waste generated by 2025
- **<1%** waste going to landfill by 2025

### Overview

Circularity is at the heart of how we seek to manage resources. From minimising operational waste to innovative New Category product designs, we are working to address a growing global concern about plastic and other waste.

By 2025, we aim for 100% of our packaging to be reusable, recyclable or compostable.

### 2022 Performance Highlights

**92%**

of packaging was reusable, recyclable or compostable

**84.3%**

waste recycling rate

**48%**

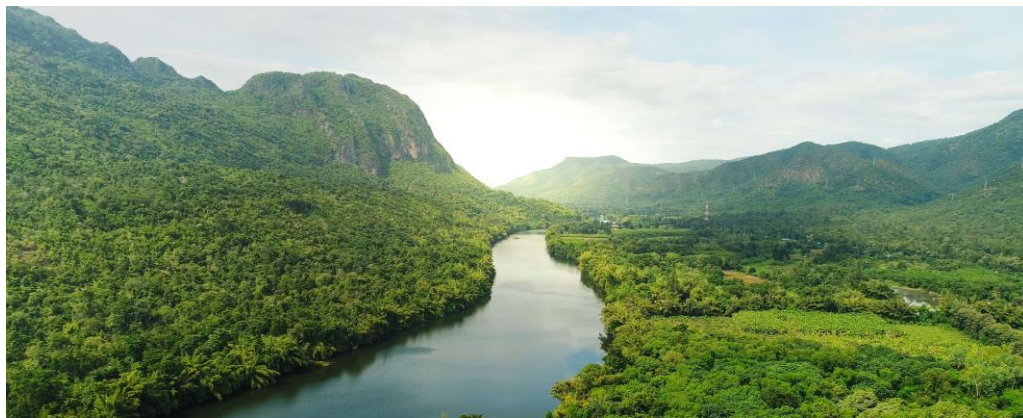
reduction in waste to landfill vs 2021

**For more on Circular Economy at BAT see:**  
[Circular Economy \(bat.com\)](https://www.bat.com/circular-economy)

\* For more detail on goals and targets, see Appendix A5.



# Biodiversity and Ecosystems



## Our Goals\*



- **100%** of wood used by our contracted farmers for tobacco curing to be from sustainable sources
- **Zero** gross deforestation of primary native forests in our paper, pulp and Tobacco Supply Chain<sup>1</sup>
- **Net Zero** deforestation of managed natural forests in our paper, pulp and Tobacco Supply Chain<sup>1</sup>
- **Net positive impact** in our Tobacco Supply Chain<sup>1</sup> on forests by 2025
- **Zero** conversion of natural ecosystems in our Tobacco Supply Chain<sup>1</sup> by 2025 (updated)

## Overview

Sustainable agricultural practices help farming communities thrive and defend against deforestation and other loss of the natural environment.

We aim for Net Zero deforestation of managed natural forests in our tobacco, paper and pulp supply chains by 2025.

## 2022 Performance Highlights

### 100%

of tobacco purchased free of gross deforestation of primary native forest

### 98%

of tobacco purchased at no risk of net deforestation of natural forest and no conversion of ecosystems

**For more on Biodiversity & Ecosystems at BAT see:**  
[Biodiversity and Ecosystems \(bat.com\)](https://www.bat.com/biodiversity-and-ecosystems)




**Overview**

As water scarcity risks may increase with a changing climate, we are working to drive water efficiencies in the supply chain. By 2025, we aim to reduce the total amount of water we withdraw for our own operations by 35% (vs a 2017 baseline).

### 2022 Performance Highlights

<p><b>33%</b></p> <p>reduction in water withdrawn vs 2017 baseline</p>	<p><b>36%</b></p> <p>of operations sites AWS certified in 2022</p>	<p><b>22.6%</b></p> <p>of water recycled in 2022</p>
<p><b>7%</b></p> <p>reduction in water withdrawn vs 2017 baseline</p>	<p><b>82%</b></p> <p>of tobacco hectares in our Tobacco Supply Chain have best practice soil and water management plans in place</p>	

### Our Goals\*



- **35%** reduction in water withdrawn by 2025 (vs 2017 baseline)
- **100%** reduction in water withdrawn by 2025 (vs 2017 baseline)
- **30%** of water recycled by 2025

**For more on Water at BAT see:**  
[Water \(bat.com\)](https://www.bat.com)

\* For more detail on goals and targets, see Appendix A5

4

S

# Delivering a positive SOCIAL impact



# Human Rights



## Overview

We are committed to respecting the human rights of our employees, the people we work with and the communities in which we operate.

We continue to aim for zero child labour and zero forced labour in our tobacco supply chain by 2025.

## 2022 Performance Highlights

**100%**

of farms monitored in our Tobacco Supply Chain<sup>1</sup> for child labour

**0.38%**

of farms with incidents of child labour identified vs 0.7% in 2021

**10**

HRIAs completed in our tobacco sourcing countries

**96.4%**

of farmers received training / capacity building on child labour issues

**348,257**

attendances via farmer human rights training / capacity building

**33.6%**

of product material & higher-risk indirect suppliers having an independent labour audit within a 3-year cycle

**For more on Human Rights at BAT see:**  
[Human Rights and modern slavery \(bat.com\)](https://www.bat.com)

## Our Goals\*



- Aiming for **zero child and forced labour** in our Tobacco Supply Chain<sup>1</sup> by 2025
- **100%** of product materials and high-risk indirect suppliers to have undergone at least one independent labour audit within a three-year cycle

\* Our goals cover all tobacco used in our combustibles & THP products ('tobacco supply chain'). Our metrics, however, derive data from our annual Thrive assessment, which includes our directly contracted farmers and those of our strategic third party suppliers, representing over 80% of the tobacco purchased by volume in 2022 ('Tobacco Supply Chain'). 1. 'Tobacco Supply Chain' refers to the tobacco supplied by our directly contracted farmers and those of our strategic third party suppliers, who participate in our annual Thrive assessment. For more detail see Appendix A5.



# S Our strategic approach to Human Rights

## Our approach to addressing the root causes of Child Labour



### Human rights assessments

Conducted in line with UN Guiding Principles for Business and Human Rights (UNGPs) by independent Human Rights experts

Completed in ten of our tobacco sourcing countries - engagement with over 5,000 rights holders

Targeted Actions Plans developed to address specific points identified



### Partnerships and communities

Country specific community-based programmes in areas such as school attendance, women's empowerment and clean water and sanitation

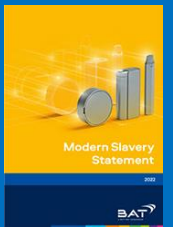
Industry collaboration via Sustainable Tobacco Programme and Eliminating Child Labour in Tobacco Foundation (ECLT)



### Enhancing livelihoods

Farmer training and capacity building through agronomy support and crop diversification schemes

**Read more:**  
See our 'Modern Slavery Statement'





# Our rigorous approach to tackling Child Labour



## Our monitoring and due diligence process to tackle Child Labour

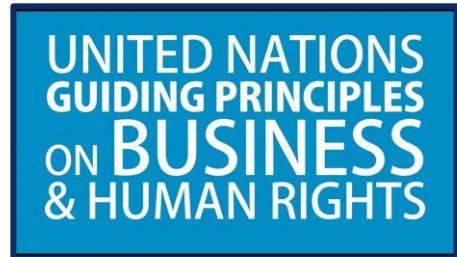
- 1 Policies and standards
- 2 Risk Mapping
- 3 Farm Visits
- 4 Identification
- 5 Remediation
- 6 Follow-up

**All**  
farmers visited  
monthly<sup>1</sup>

**0.38%**  
incidence<sup>2</sup>

**100%**  
incidents  
resolved<sup>3</sup>

Our strategy is aligned to



1. Our field technicians visit our contracted farmers approximately once a month during the growing season. 2. % of farms with incidents of child labour 3. based on number of child labour incidents identified (proportion reported as resolved)



# Farmer Livelihoods



## Our Goal\*



### • Prosperous Livelihoods

We are committed to working to enable prosperous livelihoods for all farmers in our tobacco supply chain

## Overview

We invest in farmer and community amenities to seek to enable prosperous livelihoods.

We continue to promote occupational health and safety, as well as fair working practices - including access to grievance mechanisms.

## 2022 Performance Highlights

**87,206**

people engaged in crop diversification training

**92.8%**

crop diversification: % of farmers in our Tobacco Supply Chain<sup>1</sup> growing other crops

**29,366**

people engaged in women empowerment training

**317,000**

people with access to clean water and sanitation programmes

**For more on Farmer Livelihoods at BAT see:**  
[Farmer Livelihoods and sustainable agriculture \(bat.com\)](https://www.bat.com)

# S People, Diversity and Culture



## Our Goals\*



- Increase the proportion of **women in management<sup>1</sup> roles to 45%**
- Increase the proportion of **women on senior leadership<sup>2</sup> teams to 40%**
- Achieve at least **50% spread of distinct nationalities** in all key Regional / Functional leadership teams\*

## Overview

Attracting and retaining a diverse workforce and providing a welcoming, inclusive working environment are key drivers in BAT's transformation.

By 2025, we aim to increase the proportion of women in management roles to 45%.

## 2022 Performance Highlights

**41%**

proportion of women in management roles<sup>1</sup> (compared to 39%: 2021)

**30%**

proportion of women on senior leadership teams<sup>2</sup> (compared to 27%: 2021)

**100%**

all key Regional/Functional leadership teams\* achieved +50% spread of distinct nationalities

**79%**

Engagement Index score in Your Voice 2021 employee survey, 1 ppt higher than our FMCG comparator group

**78%**

High Performance Index score in Your Voice 2021 employee survey, 4 pts higher than our FMCG comparator group

**64%**

ethnically diverse groups\* in total workforce

**For more on People, Diversity and Culture at BAT see: [Our people \(bat.com\)](https://www.bat.com)**

\* For more detail on goals and targets, see Appendix A5.1. Management-grade employees include all employees at job grade 34 or above, as well as any global graduates 2. Members of senior leadership teams are defined as any employee who is either a direct report of a Management Board member or a direct report of a Management Board's direct report.

# S Health and Safety



## Our Goals\*



- **Zero accidents** Group-wide each year
- **100% of farmers and workers** each year with sufficient PPE for agrochemical use and tobacco harvesting

## Overview

We are committed to providing a safe and healthy working environment for our employees, and those in our supply chain. Our ambition is for zero accidents Group-wide and we audit Health & Safety across the higher-risk areas of our supply chain.

## 2022 Performance Highlights

<p><b>6%</b> reduction in total Group-wide accidents vs 2021</p>	<p><b>0.19</b> Lost Time Incident Rate (LTIR) (vs 0.20 in 2021)</p>	<p><b>99.6%</b> farmers and workers in our Tobacco Supply Chain<sup>1</sup> with sufficient PPE for tobacco harvesting</p>
<p><b>83</b> Lost Time Incidents (vs 95 in 2021)</p>	<p><b>82%</b> of our sites achieved zero accidents in 2022</p>	<p><b>99.9%</b> farmers and workers in our Tobacco Supply Chain<sup>1</sup> with sufficient PPE for agro-chemical use</p>

**For more on Health and Safety at BAT see:**  
[Health and Safety \(bat.com\)](https://www.bat.com/Health-and-Safety)

5

G

# Robust Corporate GOVERNANCE





# Ethics and Integrity



## Our Goal\*



- **100%** - each year aiming for full adherence to our Standards of Business Conduct (SoBC)

## Overview

We are guided by a robust, global set of principles and policies in everything we do, in all our markets.

We aim for 100% adherence to our Standards of Business Conduct (SoBC) in our own operations, and with our Supplier Code of Conduct (SCoC) in our supply chain.

## 2022 Performance Highlights

**100%**

of Group employees completed SoBC training and compliance sign-off procedure

**84**

Number of established SoBC breaches

**58**

Number of disciplinary actions resulting in people leaving BAT

**For more on Ethics and Integrity at BAT see:**  
[Governance and Ethics \(bat.com\)](https://www.bat.com/governance-and-ethics)

\* For more detail on goals and targets, see Appendix A5



# Responsible Marketing and Transparency in Communications



## Overview

Responsible marketing practices are crucial for ensuring only adult consumers use our tobacco and nicotine products. We have strict marketing requirements, and support our employees, partners and customers in effectively applying them.

We aim to have 100% adherence to our International Marketing Principles and our Youth Access Prevention Guidelines across our global operations.

## Our Goal\*



- **Full compliance** – each year aiming for full compliance with marketing regulations

## 2022 Performance

**3**

Incidents of non-compliance with regulations resulting in a fine or penalty

**2**

Incidents of non-compliance with regulations resulting in a regulatory warning

**For more on Responsible Marketing at BAT see:**  
[Responsible Marketing \(bat.com\)](https://www.bat.com/responsible-marketing)

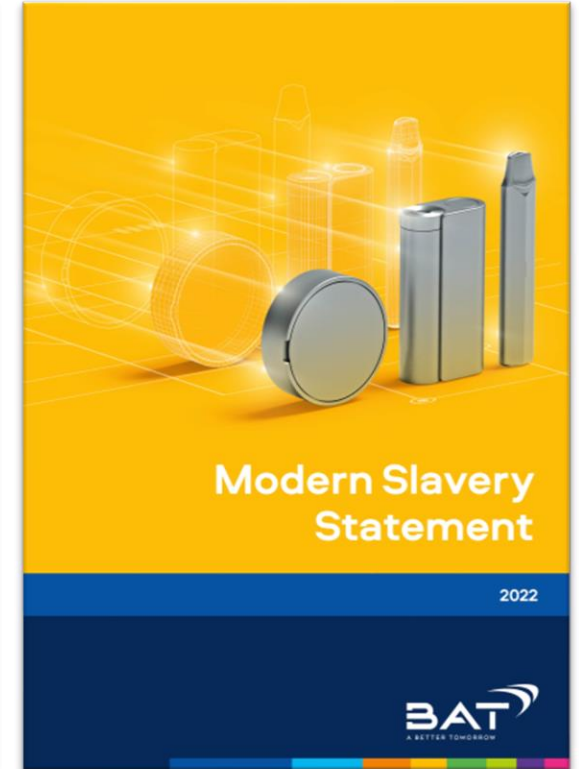
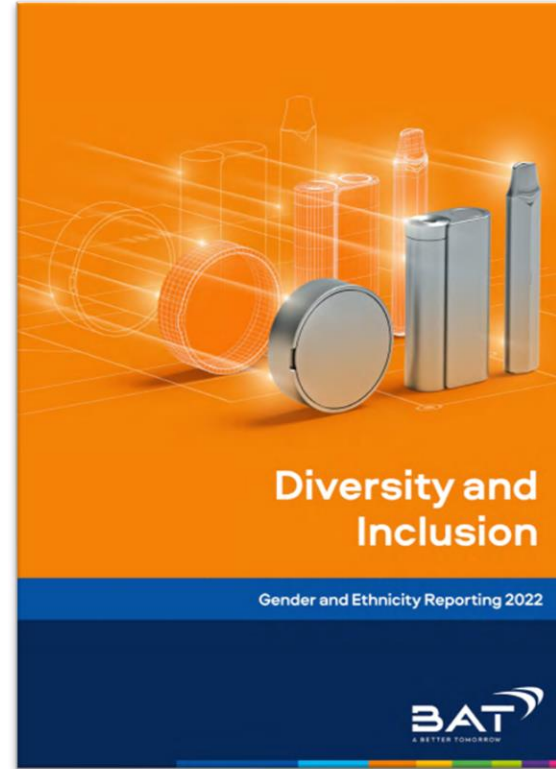
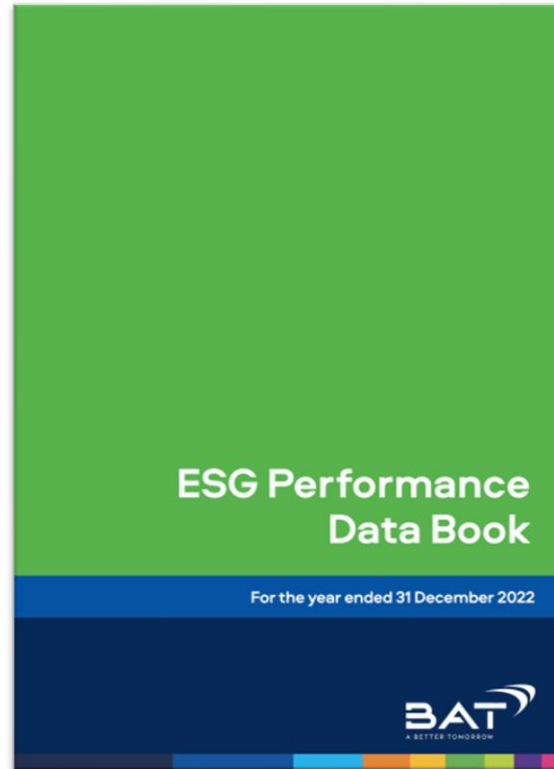
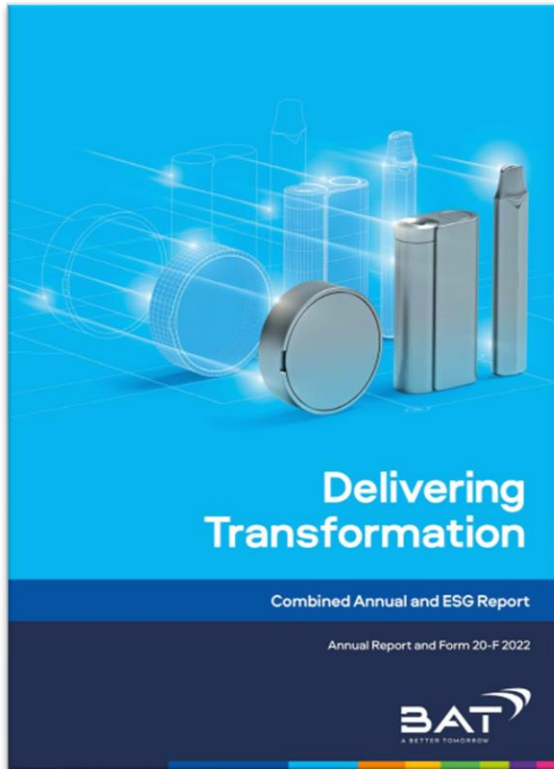


# Sustainability is central to our strategy

## Our Sustainability Agenda



# For more see our ESG Reporting Suite



[www.bat.com/sustainability](http://www.bat.com/sustainability)

# APPENDICES



# Appendix A



## **A1: Adjusting (Adj.)**

Adjusting items represent certain items which the Group considers distinctive based upon their size, nature or incidence.

## **A2: Constant currency**

Constant currency – measures are calculated based on the prior year's exchange rate, removing the potentially distorting effect of translational foreign exchange on the Group's results. The Group does not adjust for normal transactional gains or losses in profit from operations which are generated by exchange rate movements.

## **A3: 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). Except when referencing particular markets, volume share is based on our key markets (representing over 80% of the Group's cigarette volume).

Value share: The retail value of units bought by consumers of a particular brand or combination of brands, as a proportion of the total retail value of units bought by consumers in the industry, category or other sub-categorisation in discussion.

Nicotine share: The retail sales volume/value of the nicotine product sold as a proportion of total specified nicotine product volume/value in that market. In the US covers: Combustibles, vapour and total oral.

## **A4: Price/Mix**

Price mix is a term used by management and investors to explain the movement in revenue between periods. Revenue is affected by the volume (how many units are sold) and the value (how much is each unit sold for). Price mix is used to explain the value component of the sales as the Group sells each unit for a value (price) but may also achieve a movement in revenue due to the relative proportions of higher value volume sold compared to lower value volume sold (mix).

## **A5: Environmental Targets**

Targets include climate change, water and waste, sustainable agriculture. Full details are available from the latest ESG Report [British American Tobacco - Sustainability reporting \(bat.com\)](https://www.bat.com/sustainability-reporting)

## **A6: Consumers of Non-Combustible Products**

The number of consumers of Non-Combustible products is defined as the estimated number of Legal Age (minimum 18 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 adult consumer tracking (utilising studies conducted by third parties including Kantar). The number of consumers is adjusted for those identified (as part of the consumer tracking studies undertaken) as using more than one BAT Brand - referred to as "poly users".

The number of consumers of Non-Combustible products is used by management to assess the number of consumers using the Group's New Categories 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.

## **A7: Free Cash Flow**

Net cash generated from operating activities before the impact of trading loans provided to a third party and after dividends paid to non-controlling interests, net interest paid and net capital expenditure.

## **A8: Operating Cash Conversion**

Net cash generated from operating activities before the impact of adjusting items and dividends from associates and excluding trading loans to third parties, pension short fall funding, taxes paid and net capital expenditure, as a proportion of adjusted profit from operations.

**A9 Employee Definitions: Female representation in Management:** Management grade employees at grade 34 or above, as well as global graduates. **Senior hire turnover:** Grade 37 and above.

**Senior Management:** An employee who is either a direct report of a Management Board member or a direct report of a Management Board's direct report.

## **A10: Poly-usage**

Refers to an adult consumer using more than one type of New Category product.

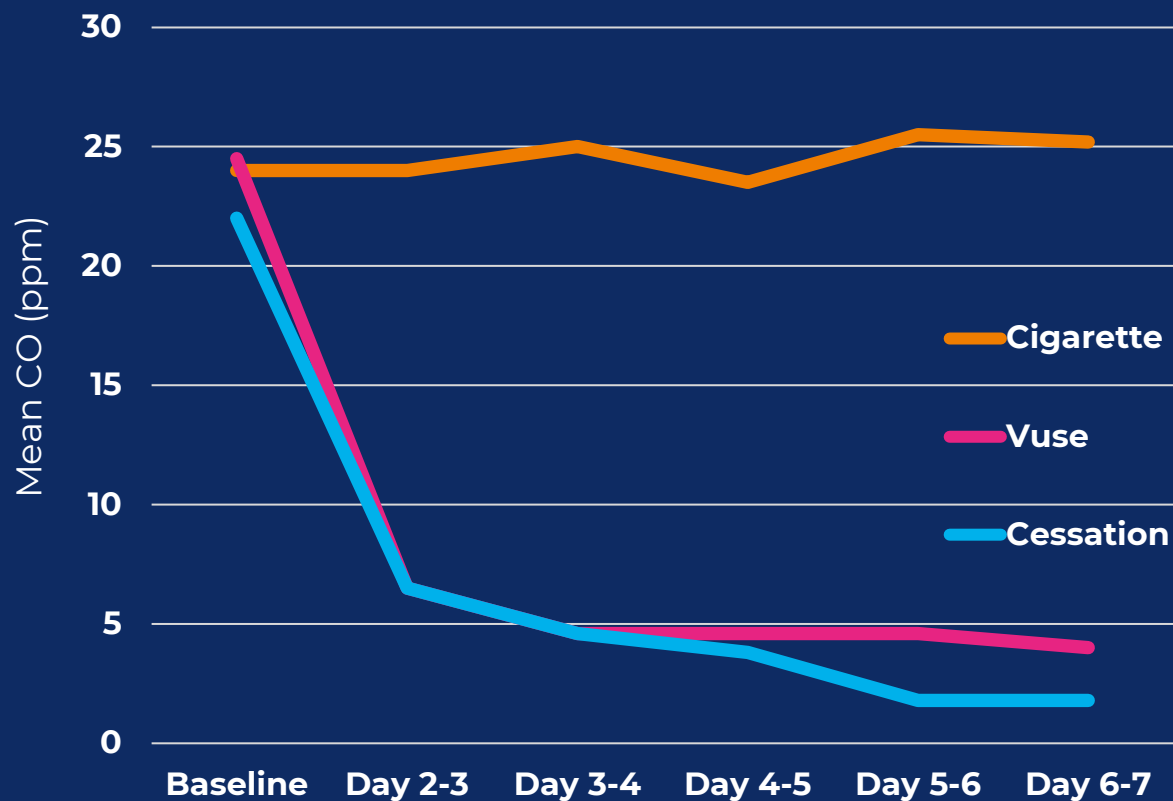
## **A11: Vuse advertisement disclaimer (slide 9)**

Vuse Go: Disposable up to 500 puffs base don laboratory testing of newly manufactured product and may vary depending on individuals' usage behaviour. This product contains nicotine and is addictive. Comparison based on an assessment of smoke from a Vuse Vuse #1 vaping brand: Based on Vype/Vuse estimated value share from RRP in measured retail for vapour (i.e. total vapour category value in retail sales) in the US, CAN, FRA, UK, GER as of Dec 2021. These 5 markets cover an estimated 77% of global vapour closed systems revenue, calculated in July 2021. 18+ only. This product contains nicotine and is addictive.. Read wallet in pack.

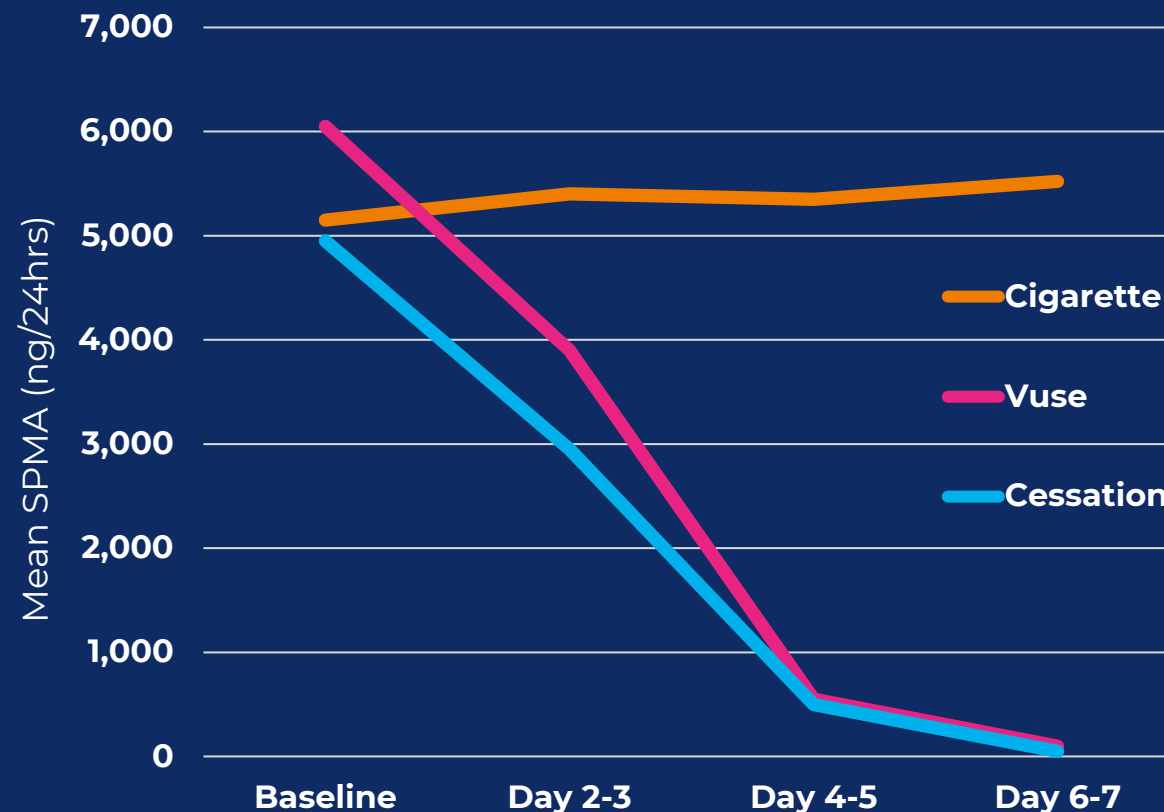


# Appendix B: Reduction in toxicant exposure similar to cessation\*

### Carbon Monoxide



### Benzene

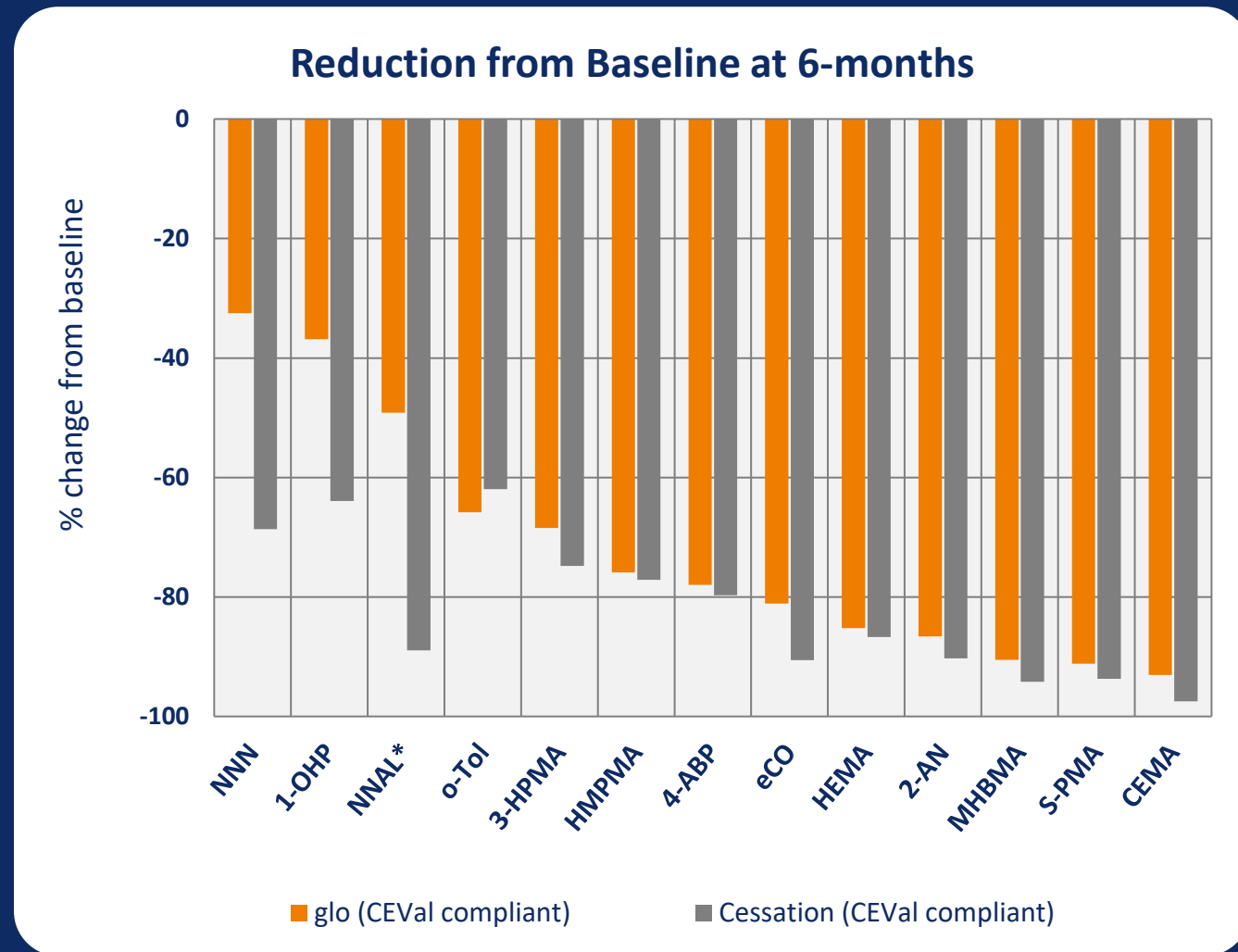


Cooney S. The Science of Potentially Reduced Risk Tobacco and Nicotine Products. Asian College of Neuropsychopharmacology 12 October 2019

\*Vuse/Vtype is not risk-free and contains nicotine, an addictive substance.

# glo Appendix B: Biomarker of exposure responses similar to cessation

- Switching to glo completely resulted in a statistically significant reduction in toxicant exposure compared to continuing to smoking\*
- Most of these markers assessed reached levels similar to complete cessation
- Reductions were rapid and sustained for the 6-month period
- We believe that these data support glo as a reduced-exposure tobacco product\*



\*Based on the weight of evidence and assuming a complete switch from cigarette smoking. These products are not risk free and are addictive.



# Appendix B: Biomarker of potential harm responses similar to cessation

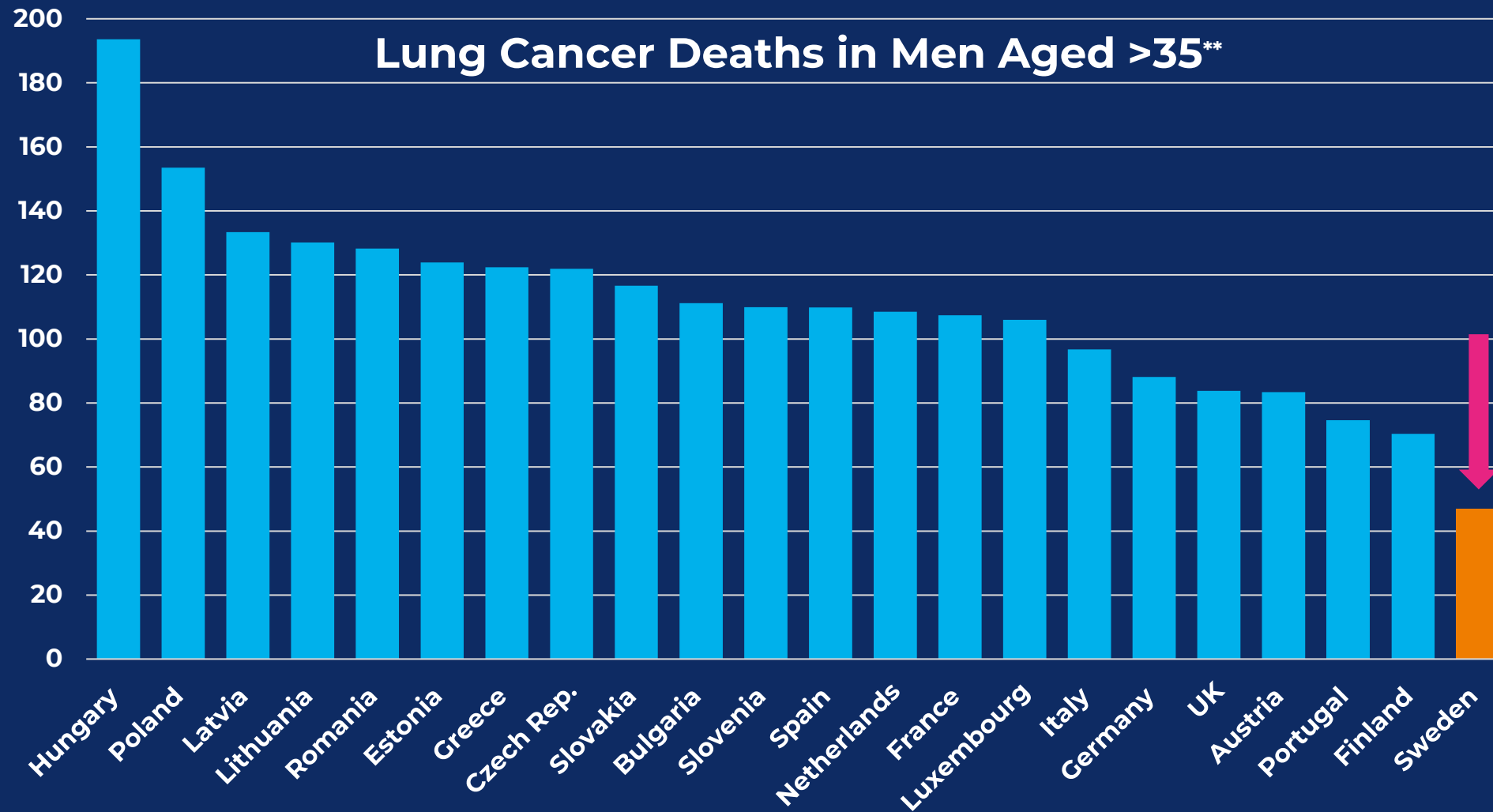
- Switching completely to glo resulted in statistically significant changes in several BoPHs compared to continuing to smoking\*
- For the majority of the markers the effect size was similar to that seen for smoking cessation
- Favorable directional trends in sICAM-1, HDL and FEV1 were also seen in solus glo users, with unfavorable trends in continued smokers

BoPH	Favourable change vs smoking	Change comparable to cessation?
Cardiovascular Disease (CVD) – HDL	✓	✓
CVD, Chronic Obstructive Pulmonary Disease (COPD), cancers – WBC	✓	✓
Respiratory disease – FEV1%pred	✓	✓
Respiratory disease, CVD – FeNO	✓	
CVD – Sicam	✓	✓
CVD – 11-dTx B2	✓	✓
CVD, COPD, cancers – 8-epi-PGF	✓	✓
Lung cancer – NNAL	✓	

**Conclusion** Collectively these data on BoPH and BoE strongly suggest that the negative health impacts of cigarette smoking may be reduced in smokers who completely switch to using glo\*

\*Based on the weight of evidence and assuming a complete switch from cigarette smoking. These products are not risk free and are addictive.

# Appendix B: Snus is much lower risk than smoking\*



\* Use of Swedish Snus is not a risk factor for oral cancer and no association has been established with neck, oesophagus and gastric cancer.  
\*\*WHO-International Agency for Research on Cancer's World Cancer Mortality Database, Age standardised mortality rate per 100,000, extracted 2013.





## Appendix B: Velo has toxicant levels comparable to Cessation Products (NRT) and lower than snus\*



**-99%**  
**Toxicants vs.**  
**Cigarettes<sup>1</sup>**

**-76%**  
**Toxicants vs.**  
**Snus<sup>2</sup>**

**Comparable**  
**toxicant profile**  
**to NRT<sup>3</sup>**

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.  
3. Cessation products refer to NRT. Azzopardi D, Liu C, Murphy J. (2021). Chemical characterization of tobacco-free “modern” oral nicotine pouches and their position on the toxicant and risk continuums. Drug and Chemical Toxicology

\* 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.