



# Reynolds Sustainability 2022 SUMMARY



# Commitment TO SUSTAINABILITY



**Dear All,**

Welcome to the Reynolds American\* 2022 Sustainability Summary highlighting our U.S. progress and achievements towards our ESG ambitions. Reynolds represents the largest market in the BAT Group and plays an important role in ensuring our sustainable future. We made significant strides and our dedication to ESG is embedded across all areas of the business.

2022 was a milestone year in our Tobacco Harm Reduction efforts, as evidenced by the receipt of Marketing Authorization from the U.S. Food and Drug Administration for certain next-generation products. In addition, we reduced our environmental impact by achieving zero waste to landfill at most of our facilities, receiving an Alliance for Water Stewardship certification at our largest operations facility and launching a multi-year plan to transition our fleet of trade and operations vehicles to hybrid and electric models.

Through our philanthropic efforts, employee volunteerism and sustained focus on diversity, equity and inclusion, we earned recognition as an outstanding workplace, while advancing our mission to improve the

communities where we work and live. Furthermore, and equally important, we continued to implement governance initiatives to deliver on our commitment to operating with integrity.

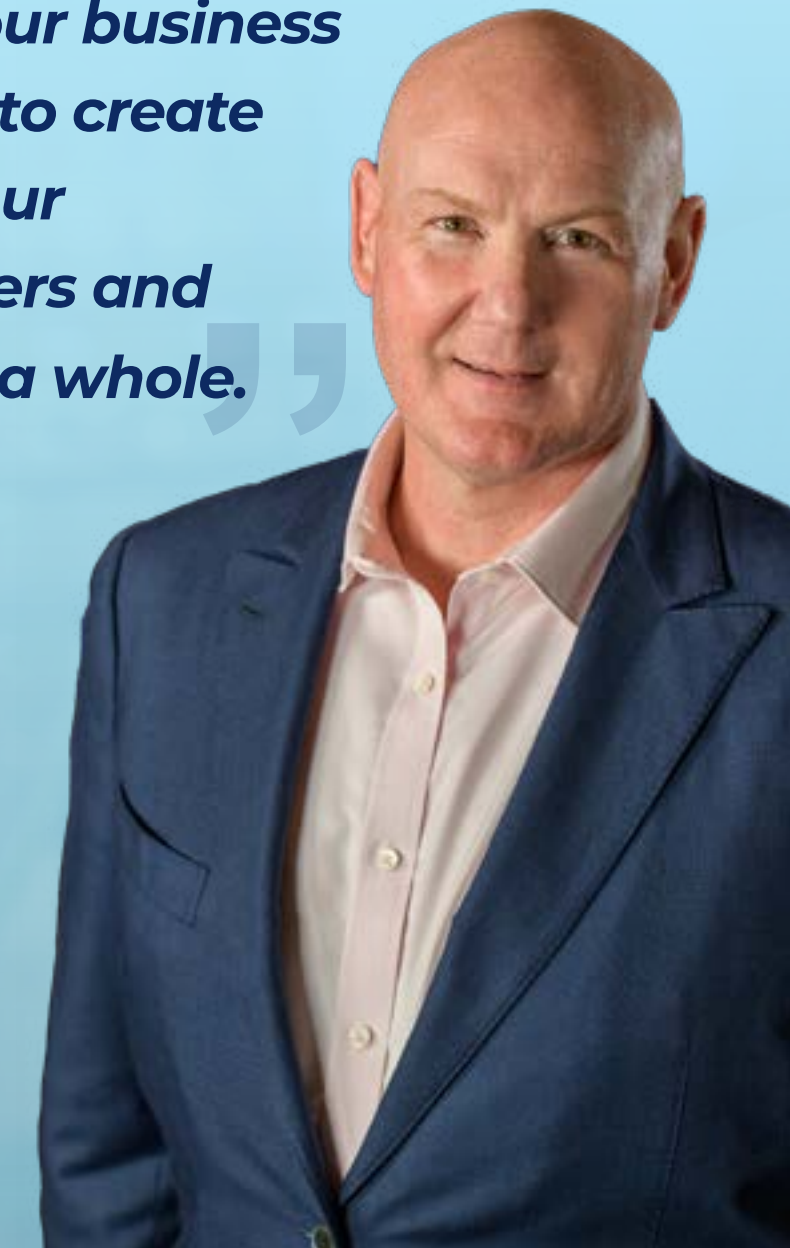
At the conclusion of this summary, you will find a link to the first-ever combined BAT Annual and ESG report, which provides a comprehensive review of our collective 2022 ESG achievements. While we are encouraged by our momentum, we recognize that there is still work to be done. We take our responsibility to operate a sustainable enterprise seriously and remain committed to creating long-term value for all stakeholders as we build A Better Tomorrow™ for all.

In closing, I want to extend my gratitude to our employees, customers, partners and other stakeholders for your continued support and engagement in our sustainability journey.

**Shay Mustafa**  
SVP, Business Communications  
& Sustainability

\*Reynolds American Inc. is the U.S. parent company of, among others, R. J. Reynolds Tobacco Company; Santa Fe Natural Tobacco Company, Inc.; American Snuff Company, LLC; R. J. Reynolds Vapor Company; Modoral Brands Inc.; RAI Services Company; and Reynolds Marketing Services Company. All subsidiaries operate and conduct separate, distinct businesses. References to "Reynolds," "the group," "the company," "we," "us" and "our" are simply for convenience and are not intended to imply or suggest that the subsidiaries' businesses are operated other than as separate, distinct businesses. Activities among affiliate companies are covered through intercompany services agreements with arm's-length terms and conditions.

“Our transformation journey is well under way and embracing sustainability principles is fundamental to how we shape and operate our business. Our focus on sustainability is the right thing to do and a strategic necessity for long-term success, ensuring our business continues to create value for our shareholders and society as a whole.”



**Guy Meldrum**  
President &  
CEO



# Our ESG FRAMEWORK

Our ESG framework is driven by our purpose to deliver **A Better Tomorrow™ for all** by reducing the health and environmental impact of our business.

For years we have invested in the tenets of ESG, maintaining a strong focus on excellence in environmental stewardship, supporting our communities to deliver a positive social impact and of course, adhering to robust corporate governance.

Our sustainability agenda is unique in that we lead with “H” which reflects our commitment to reducing the health impact of our business. Combined with our focus on excellence in environmental stewardship (E), supporting our communities to deliver a positive societal impact (S) and adhering to robust corporate governance (G), our ESG framework reflects our commitment to leading our industry well into the future, delivering on our purpose of A Better Tomorrow™ for all stakeholders.





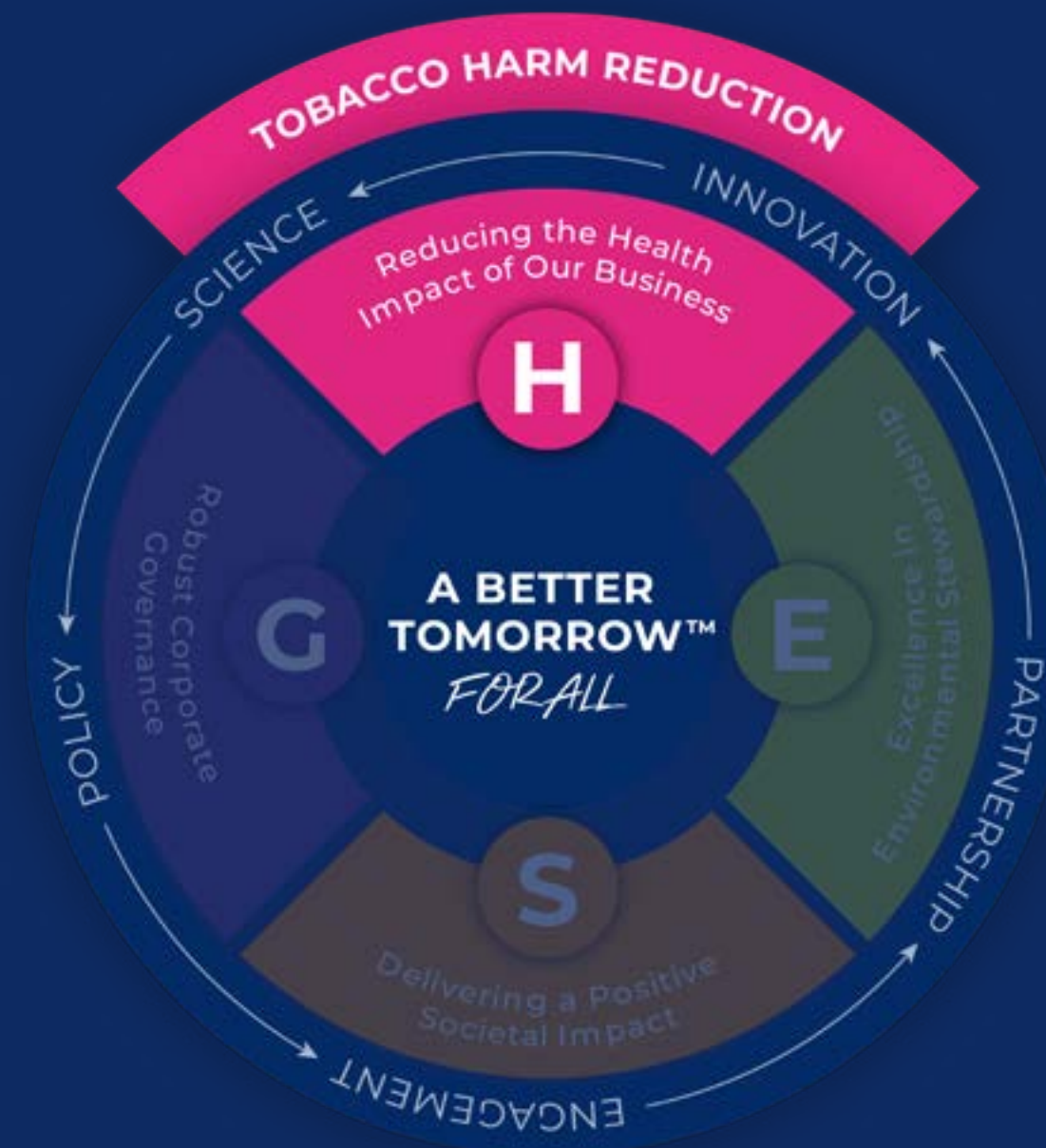
# H HEALTH

## REDUCING THE HEALTH IMPACT OF OUR BUSINESS

To build A Better Tomorrow™ for all, we must reduce the negative health impact of our business. We do this by investing in and innovating our New Category products, offering a greater choice of potentially reduced-risk products.

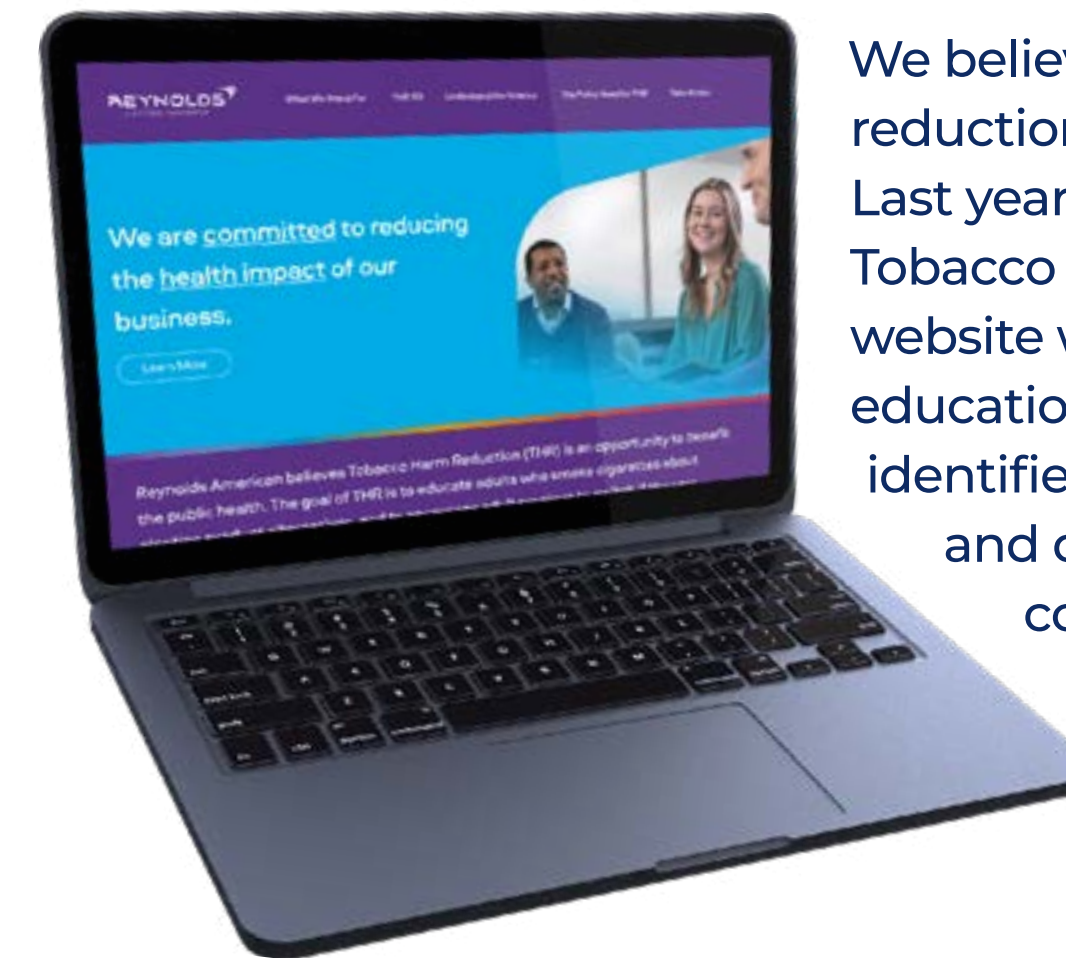
“Tobacco Harm Reduction is one of the greatest public health opportunities we have worldwide because it is about reduced risk to the individual adult smoker and negative impact on the community and society.”

**Priscilla Samuel, PhD**  
EVP, Scientific Research & Development



## Accessible SCIENCE-BASED INFORMATION

[ReynoldsHarmReduction.com](https://ReynoldsHarmReduction.com)



We believe a world without harm reduction options does more harm. Last year, we launched a dedicated Tobacco Harm Reduction (THR) website which provides an educational overview of THR, identifies key scientific studies and demonstrates the need for collective action.

### What is Tobacco Harm Reduction (THR)?

THR is an evidence-based public health strategy intended to lower the health risks associated with using combustible tobacco products.

**CLICK HERE** to see how our scientists are sharing their work on Tobacco Harm Reduction



# *Received* FDA MARKETING AUTHORIZATIONS **VUSE VIBE & VUSE CIRO**



In May 2022, the U.S. Food and Drug Administration (FDA) issued Marketing Granted Orders for several of our Vuse Vibe and Vuse Ciro products, building on the prior Marketing Authorizations granted by the FDA in October 2021 for Vuse Solo products in original flavor. These authorizations mean the FDA has determined that the marketing of these vapor products is appropriate for the protection of public health, and they are able to remain on the U.S. market.

**With these Market Authorizations through Premarket Tobacco Product Applications (PMTA) process, we have one of the broadest portfolios of authorizations provided to any company in the U.S. to date.**

Our company's continued focus on science and innovation has supported these robust PMTA submissions which have enabled the FDA to evaluate and provide marketing authorizations for these products.

**This is an important milestone on our transformation journey and demonstrates continued momentum as we work together to build A Better Tomorrow™ for all by reducing the health impact of our business.**

Vuse Alto's PMTA remains under review and Vuse Alto remains available for adult nicotine consumers.



# PUTTING *Science First* AT KEY INDUSTRY FORUMS



The annual Global Tobacco & Nicotine Forum (GTNF) in Washington, DC has been a global exchange of views since it was founded in 2008. It attracts high-profile scientists, public health experts, government officials and investors. In 2022, our colleagues participated in several panel events, speeches and engagements focused on Tobacco Harm Reduction.



**James Murphy, PhD**  
EVP, Scientific Research  
and Development

**Elaine Round, PhD**  
VP, Scientific  
and Regulatory Affairs

**Shay Mustafa**  
SVP, Business Communications  
and Sustainability

## 75TH TOBACCO SCIENCE RESEARCH CONFERENCE

At Reynolds, we put science first, focusing our research efforts on potentially reduced risk products as we accelerate our Tobacco Harm Reduction efforts to reduce the health impact of our business.

World-class science is crucial to providing a robust evidence base to substantiate the role of New Category products in Tobacco Harm Reduction. In September 2022, over 15 Reynolds scientists presented their scientific research at the 75th Tobacco Science Research Conference (TSRC) in New Orleans, LA.



**Sarah Baxter-Wright, PhD**  
VP, Scientific & Regulatory  
Affairs Science.

*“ Science brings a wealth of information to help transform the industry. We have the potential to impact the future products for the organization as well as provide the science to support those products in the context of regulatory reviews and applications. ”*





# ENVIRONMENT

## EXCELLING AT ENVIRONMENTAL STEWARDSHIP

We rely on natural resources to run our business. Making efficient use of them and minimizing the environmental impact of our operations is critical to delivering our strategy. That is why we are driving environmental excellence for a sustainable tomorrow.



*Collectively, the actions any of us can take to be better stewards of natural resources, like water, will benefit the communities where we work and live as well as the local economy.*

Bernd Meyer  
EVP, Operations



## REYNOLDS OPERATION CENTER EARNS ALLIANCE FOR WATER STEWARDSHIP CERTIFICATION

Good water stewardship is vital to running efficient operations. In 2022, the Reynolds Operations Center (ROC) in Tobaccoville, NC earned the internationally recognized Alliance for Water Stewardship (AWS) certification, becoming the 17th BAT Group facility globally to receive the certification and one of only 250 organizations worldwide to earn the respected designation.



Since 2017, we have reduced water withdrawn by **21%**



Last year, more than **75 Million Gallons** were recycled. That is an amount of water equivalent to the annual water supply of more than **680 U.S. Households\***

\* According to the U.S. Environmental Protection Agency's "How We Use Water" calculations.



# Accelerating OUR PROGRESS WITH RENEWABLE ENERGY & ELECTRICITY

We avoided the emissions of more than 80,000 tons of CO<sub>2</sub>, equivalent to the energy use of approximately



**20,000 HOMES** for one year.

We are working to reduce our greenhouse gas emissions and energy consumption to minimize our impact on the environment and increase business resilience to climate change risks. Our approach is shaped by our climate strategy, which is supported by ambitious goals and targets.

**In 2022, we achieved our 30% renewable energy target—three years ahead of schedule.**

Our U.S. factories purchased 100% renewable electricity, an amount equivalent to the annual electricity consumption of about 20,000 U.S. households.\* Through the use of renewable electricity, more than 80,000 tons of CO<sub>2</sub> were avoided.

\* According to the U.S. Energy Information Administration, the average U.S. household consumes 11,000 kilowatt hours (kWh) per year.

## Did You Know?

We harness natural sunlight at our Reynolds Operation Center (ROC). We've installed more than 90 Solatubes that operate using solar energy to brighten interior areas.



ON THE NEXT PAGES

are some more examples of how we are reducing our impact on the environment



# Reducing & RECYCLING WASTE

We are committed to using fewer resources, creating less waste and enabling reuse and recycling.

**Our efforts to generate less waste resulted in achieving our 2025 target, reducing waste generation by 15%\*, three years ahead of schedule.**

At the same time, by improving the segregation of waste streams, we increased the recycling of our waste from 64% in December 2021 to 84% in November 2022 - the annual waste reporting period. This increase included more than 32 million pounds of materials like cardboard, plastics, aluminum cans and organic materials to make compost.

Additionally, in 2022, our waste to landfill was reduced by 96% compared to 2021. During the fourth quarter, most of our facilities were zero waste to landfill including the Reynolds Operation Center (ROC), Whitaker Park, ASC Facilities in Clarksville and Memphis TN, ASC Taylor Brothers and our headquarters – both in Winston-Salem, NC.

\* 15% reduction in waste generation from 2017 to 2025



We have been making changes, both big and small, to reduce our waste. For example, we have eliminated unnecessary waste at our headquarters by

**REPLACING COFFEE CUPS,  
LUNCH TRAYS AND UTENSILS**

with reusable alternatives.



# DECARBONIZING *our* OPERATIONS

Achieving carbon neutrality requires an effective strategy driven by reducing emissions and supplemented by offsetting remaining emissions that cannot be avoided or absorbed.

**We are proud that we've achieved Carbon Neutral Certification\* at four of our manufacturing locations and are on track to certify all of our factories as carbon neutral by 2025.**

As a part of our strategy, we offset remaining emissions through investments in high-quality, verified U.S. projects, like the Kite Hammock Improve Forest Management Project in Levy County, FL. This project allows the bottomland hardwood

forest within the project boundaries to grow towards a mature, intact ecosystem that will enhance the carbon stock and achieve greenhouse gas reductions. This growth will further support the watershed and nesting habitat for the migratory Swallow-Tailed Kite, after which the project is named.

We are helping protect the **NESTING HABITAT**

of the **SWALLOW TAILED KITE** in Levy County, Florida



**“We are focused on reducing our environmental impact in all areas of Operations and have embedded this mantra throughout manufacturing.”**

**Kelly Wilson**  
Director, Santa Fe Natural Tobacco Company Manufacturing

\* Carbon Neutral sites are externally verified as adhering to internationally recognized standards / carbon neutrality methodologies such as PAS 2060 and purchase carbon credits verified by third parties, to offset residual emissions for which immediate plans do not offer financially viable and/or real emission reductions.







Sadie Zitta, Senior Territory Manager  
 Alex Fredwall, Lead Manager Account Planning

# Transitioning to **HYBRID & ELECTRIC VEHICLE FLEET**

**In 2022, we replaced more than 280 internal combustion engine vehicles with hybrid vehicles organization wide as our first phase to transition our 1,800+ sales and operations vehicle fleet to a mix of Ford hybrid and electric models.**

This move will replace aging vehicles on a rolling basis over the next three years, resulting in a projected annual reduction of more than 1,000 tons of carbon emissions.



We will reduce emissions by approximately  
**1,000 TONS PER YEAR**

We are collaborating with Ford Pro to transition our current vehicle fleet to a mix of models, including the Escape SEL Hybrid, Explorer Limited Hybrid, Ford E-Transit and Ford-150 Lightning. Included in the 1,800+ fleet are nearly 50 light-duty Operations vehicles used across our manufacturing facilities, which will be transitioned to a combination of hybrid and electric models as part of this initiative.

“Our sales representatives average nearly 27,000 miles a year in their territories across the fifty states—that’s a lot of time on the road,” said Ed Mirana, SVP, National Sales and Strategic Accounts.



“**With this move to hybrid vehicles, our sales and operations teams are driving progress on our sustainability ambitions.**”

**Ed Mirana**  
 SVP, National Sales and Strategic Accounts.



# *Working Together* **TO PLANT 7,500 TREES**

Clarksville, TN employees made a positive impact on the environment and the community last Arbor Day by working together **to plant 7,500 trees on the grounds of our ASC Clarksville facility**. The massive project, led by the ASC Clarksville ESG and Sustainability teams, ensured all 130 employees across all shifts had an opportunity to participate in the week's planting activities.

Employees got their hands dirty planting a wide variety of mixed hardwood species, including Oak, Ash, Poplar and some fast-growing pine species, to provide protection from the wind for the young hardwoods and add even more biological diversity to the forest. The Clarksville team hopes their planting creates a thriving forest ecosystem that will serve as erosion control and support future endeavors such as habitats for bees, an employee garden and composting initiatives.





# *Working Together* TO CLEAN OUR COMMUNITIES

Community outreach efforts are an important part of our sustainable business practices and our commitment to being a positive, connected contributor to the community. We have partnered with Keep America Beautiful for 40 years and are an active sponsor of the Cigarette Litter Prevention Program (CLPP). Each year, employees from across the country work together to clean and beautify their communities.



**REYNOLDS BOULEVARD**



**MILL CREEK**



We are proud to continue our partnership with the Keep America Beautiful Cigarette Litter Prevention Program (CLPP).





# S SOCIAL

## DELIVERING A POSITIVE SOCIETAL IMPACT

Connecting with and contributing to our communities is a tradition and point of pride at the Reynolds American group, where our legacy of community support dates back to the 1800s. Generously investing time, talent and resources, our companies and employees are on a mission to improve lives and shape the communities where we live and work.

*Delivering a positive social impact is essential to our success — from enhancing farmer livelihoods, supporting thriving communities and respecting human rights to creating a diverse, inclusive culture.*

**Kara Calderon**  
Senior Director, ESG and Community Engagement



## OUR EXTERNAL RECOGNITION

Attracting, developing and retaining a talented workforce are key drivers in our transformation journey to build A Better Tomorrow™ for all. Last year, for the third year in a row, we received a 100% in the Human Rights Campaign Foundation’s Corporate Equality Index (CEI), which qualifies us as a Best Place to Work for LGBTQ+ Equality. Our hard work throughout 2022 also awarded us inclusion on Bloomberg’s Gender-Equality Index (GEI) and recognition as a Top Employer by the Top Employer Institute for 2023.

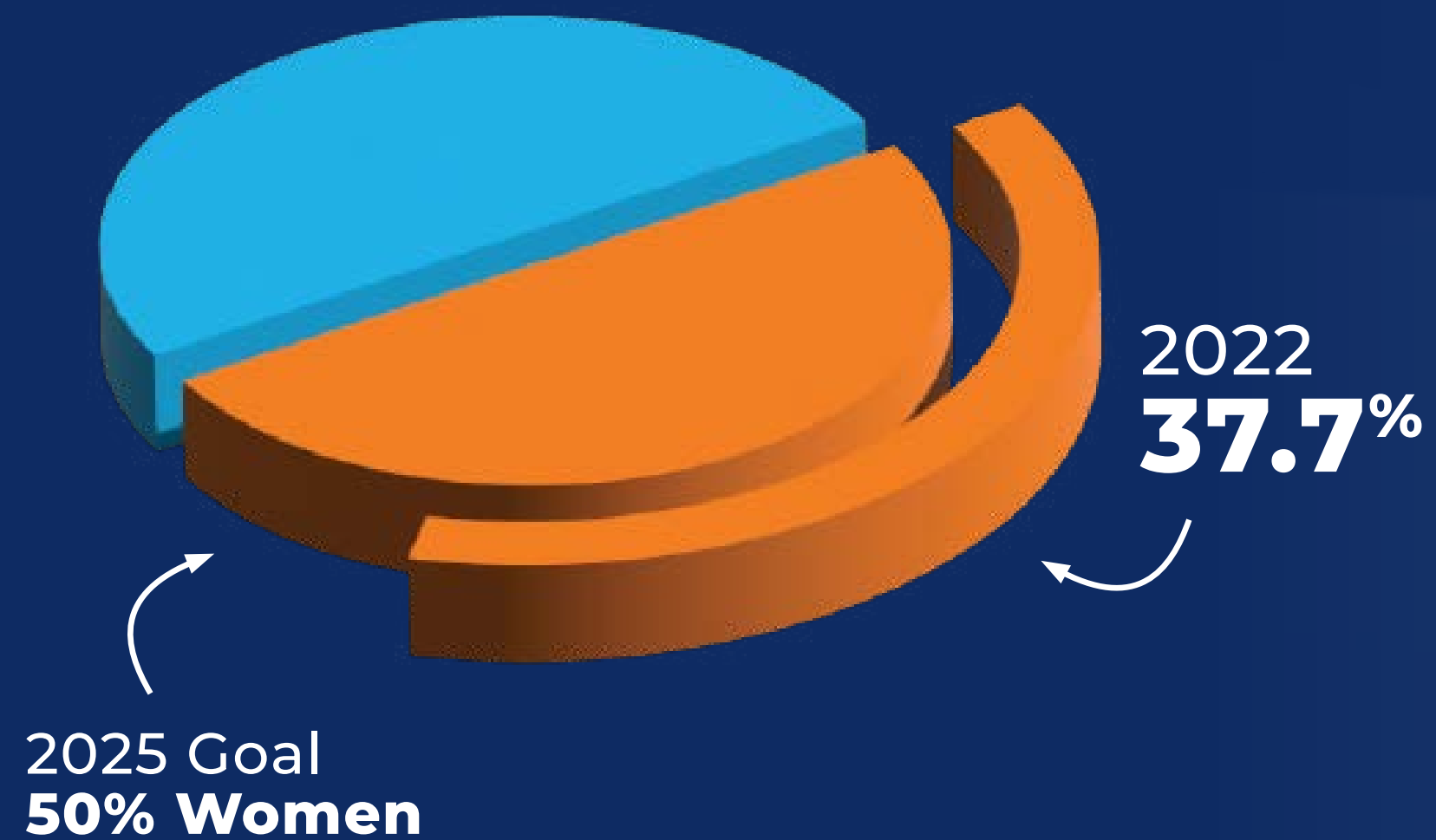




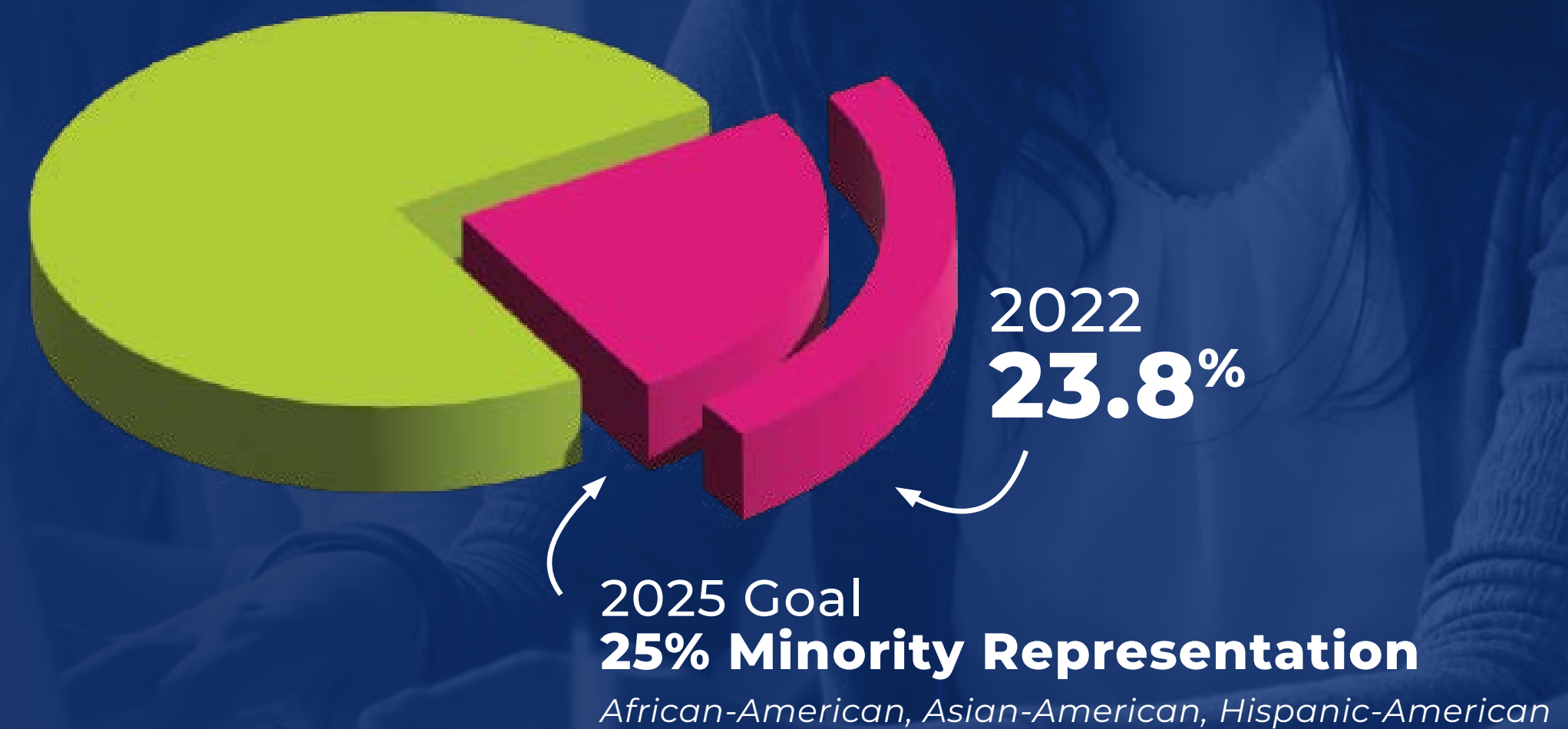
# FOSTERING INCLUSION

We know a diverse and inclusive workforce brings different perspectives to the table and increases collaboration, and our strategy focuses on **ensuring our employees can flourish regardless of their gender, ethnicity, culture or sexual orientation**. That is why we have set ambitions to increase the proportion of women and minorities in management roles and in senior leadership.

## WOMEN IN MANAGEMENT



## MINORITIES IN MANAGEMENT



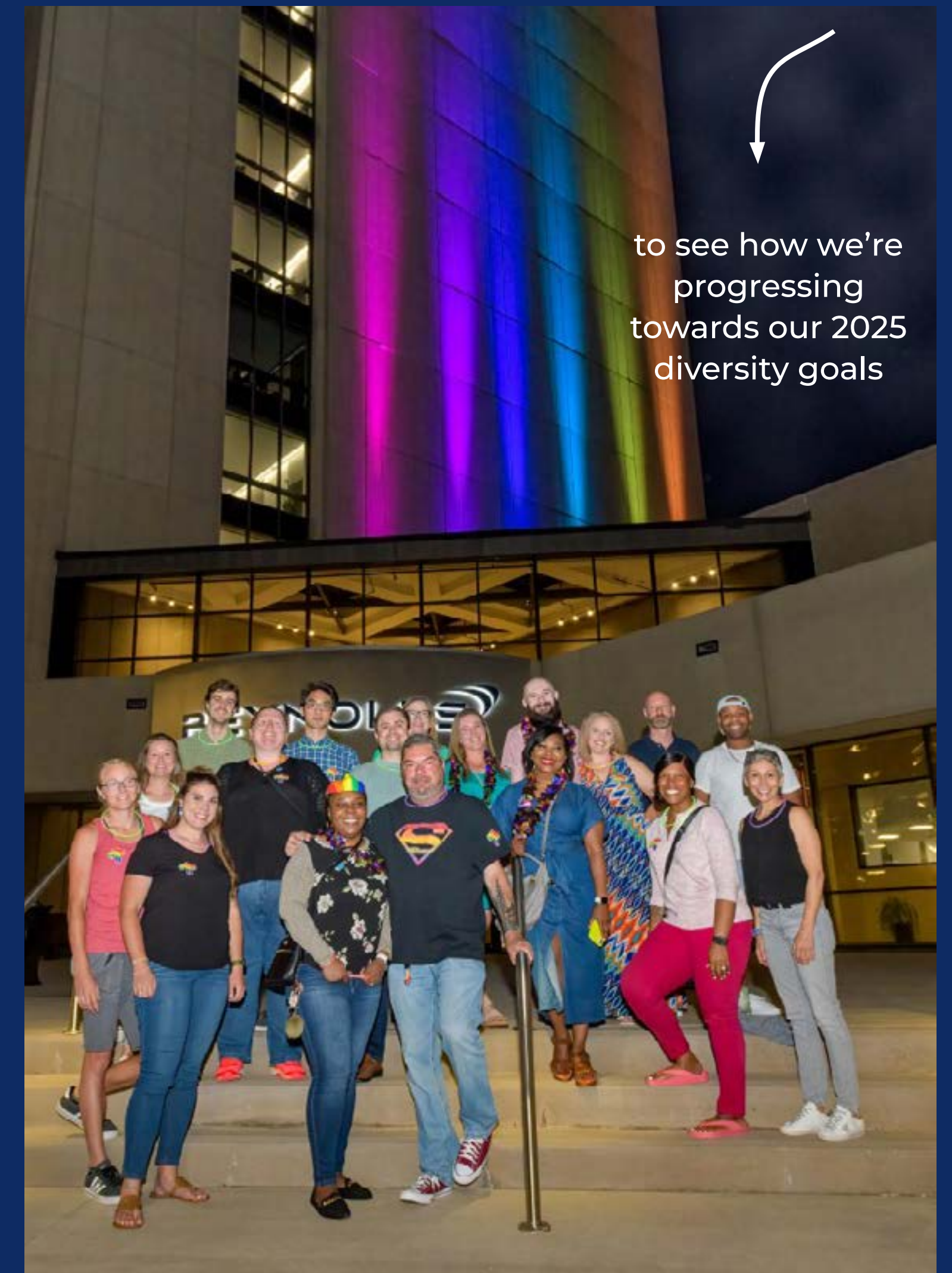
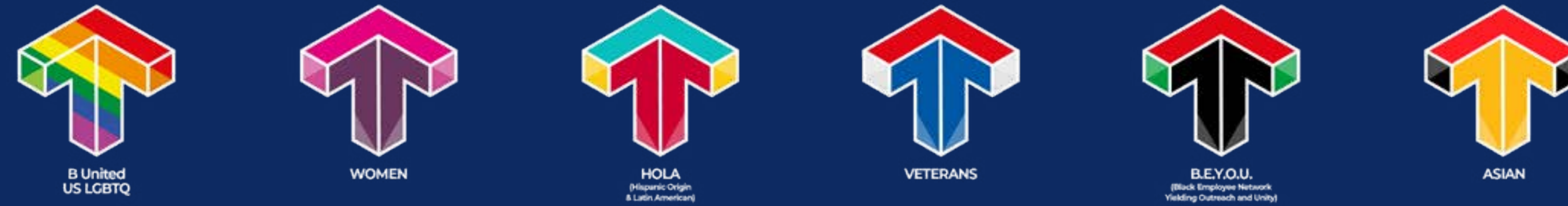


# Our EMPLOYEE COMMUNITY

Employee Resource Groups (ERGs) are one of the ways we foster inclusivity for our teams. Our executive-sponsored ERGs (B United - LGBTQ+, Women, HOLA – Hispanic Origin & Latin American, Veterans, B.E. Y.O.U. – Black Employee Network Yielding Outreach and Unity, Asian American) play a critical role in building the culture at Reynolds as we strengthen diversity, equity and inclusion (DE&I). **DE&I is an important part of our ESG strategy, and we are committed to building a culture where everyone has a voice.**

In June, we illuminated our Winston-Salem, NC headquarters in rainbow colors in celebration of Pride month. No matter your gender, race, sexual orientation, background or beliefs, you are celebrated here.

Reynolds was a proud sponsor of the 2022 Winston-Salem Pride Parade. Members and allies of our B United ERG joined in the procession to show their support for the LGBTQ+ community.



to see how we're progressing towards our 2025 diversity goals



# Achieving SAFETY MILESTONES

We are committed to providing a safe working environment for all our employees and contractors. Providing safe working conditions and continuing to strive for zero accidents enables our people to thrive.

Our ASC team at our Taylor Brothers facility in Winston-Salem, NC celebrated hitting the milestone of two years without a Lost Time Incident (LTI). **That is over 740,000 hours over two years without missed work!**



Our teams at the Reynolds Operations Center (ROC) and ASC Clarksville achieved one full year without an LTI.

In May, several of our facilities received gold awards from the North Carolina Department of Labor (NCDOL) including Bowman Gray Technical Center, RJRT Main Office, Leaf, the Reynolds Operation Center (ROC), RAI Main Office, Shorefair and ASC Taylor Brothers.



## Did You Know?

The shirts worn by our Operations employees are made from eco-conscious fabric sourced from recycled water bottles. Each polo saves nearly 19 plastic bottles from going into a landfill.





# Our PHILANTHROPIC GIVING

Our companies and employees generously invest their time, talent and funds to help improve lives and shape the communities where we live and work. In 2022, we evolved our philanthropic approach, further defining the **Thriving Communities** pillar of our ESG Strategy. By focusing on People, Planet and Prosperity, we deliver a focused mix of programs that honor our history of philanthropy while reflecting current community priorities.



**PEOPLE:**

meeting basic human needs.



**PLANET:**

protecting & restoring natural resources.



**PROSPERITY:**

promoting equity through diversity, inclusion and opportunities.

In 2022, \$7,375,120 was gifted through Reynolds American Inc., the Reynolds American Foundation, The Santa Fe Natural Tobacco Company (SFNTC) Foundation and the American Snuff Co. (ASC) Charitable Trust.



to learn more about some of the nonprofits we support.



# Giving IN ACTION

## \$1M to Social Justice Causes

In 2020, we pledged to give \$3 million over three years to organizations and groups that combat racism and inequity in the pursuit of social justice. This year, we continued our commitment by donating \$1 million to organizations that are dedicated to causes and initiatives important to our Employee Resource Groups (ERGs).

## Second Harvest Food Bank Northwest North Carolina

With 15.5% of NC residents being food insecure, the support of organizations like Second Harvest is critical for our community. Second Harvest is dedicated to helping make peoples' lives better and building healthy, hunger-free communities and our donation supported the Providence Culinary program to help train people for jobs in food service.

## National Black Theatre Festival

We have supported the North Carolina Black Repertory Company since its inception in 1979 as they aim to engage, enrich and entertain with innovative programming that resonates across the community and challenges social perceptions. The NCBRC is responsible for the National Black Theatre Festival (NBTF), which we donated tickets to underserved Winston-Salem residents.

## American Red Cross Disaster Relief

Following the devastation caused by Hurricanes Fiona and Ian in Puerto Rico, Florida and throughout the Southeastern U.S., the Reynolds American Foundation and ASC Charitable Trust joined forces to donate to the American Red Cross disaster relief efforts. Our donation went to assist those in the hardest hit areas and to support people still recovering from disasters such as the 2021 devastating floods in the Waverly, TN area.

## Crossnore

Reynolds American Foundation donated to "Bridge Scholarships" to help 'bridge the gap' for supportive services for residential students. Bridge Scholarships make things like, spiritual life, recreation and travel possible.

## Senior Services

Reynolds American Foundation is collaborating with other community partners to build a 61,000 sqft Intergenerational Center for Arts & Wellness including expanded adult day care.

## Big Brothers Big Sisters

Since 1983, Reynolds has participated in the Big Brothers Big Sisters (BBBS) Bowl for Kids' Sake event. This helps support the service of 500 children in our community through BBBS mentoring program.

## Kaleideum

Reynolds American Foundation is supporting STEM related programs that cultivate a pervasive culture of confident problem-solvers in the greater Winston-Salem area.





# Employee GIVING AND VOLUNTEERISM

We value causes and initiatives that are important to our employees. That is why we offer various ways for employees to increase their personal commitments to organizations they're most passionate about.



**\$ for \$ employee matching** up to **\$7000 annually**—through the Reynolds American Foundation.



**TWO days off** annually to volunteer during regular working hours



Wish for Wheels



Second Harvest Food Bank of NWNC



The Shepherd's Center of Greater Winston-Salem



Family Services of Forsyth County Silent Witnesses Exhibit



# G GOVERNANCE

## ADHERING TO ROBUST CORPORATE GOVERNANCE

We operate in an honest, transparent and accountable way, and maintain integrity in everything we do. Our Ethos and Guiding Principles set out how we do this consistently at Reynolds.



*“Robust governance is critical to our sustainable long-term goals. We consistently review and update our policies and standards to ensure we manage our business with the highest level of integrity.”*

**Jeff Raborn**  
EVP, Law & External Affairs and RAI  
General Counsel



## 100% SoBC SIGN-OFF COMPLETION



During our 2022 Integrity Week campaign, we highlighted our Commitment to Integrity and asked our employees to sign a pledge that related to them most.

We are always committed to maintaining a culture of integrity in the workplace. Our Standards of Business Conduct (SoBC) cover areas such as anti-bribery and anti-corruption (ABAC), political contributions, anti-money laundering and tax evasion. Our annual SoBC sign-off is a key component of the Delivery with Integrity compliance program. **We have consistently achieved 100% sign-off completion, which is one of the hallmarks of our strong compliance program.**



# Strengthening YOUTH ACCESS PREVENTION

## iCOMMIT YOUTH ACCESS PREVENTION TRAINING

In 2022, we launched a training module covering various marketing practices and guidelines to help ensure that our marketing aims to appeal to individuals aged 25 and up across all marketing channels.

We are proud to say that 100% of our salaried employees completed this training, educating them on effective ways of marketing our products while delivering on our commitment to youth access prevention.



*“We remain committed to operating responsibly and working collaboratively with regulators and policymakers to prevent youth access. We do not want our products in the hands of minors. Period.”*

Luis Pinto  
VP, Corporate Communications

## REYNOLDS ANNOUNCED AS SPONSOR OF TruAge™

In February 2022, we announced our partnership with the National Association of Convenience Stores (NACS) and Conexus to serve as a sponsor of TruAge™, a new digital solution to help make the process of verifying an adult-tobacco consumer’s age more secure and reliable.

Our investment with TruAge™ helps further our commitment to keeping youth tobacco prevention at the forefront of our efforts and continued commitment to operate responsibly as we transform to reduce the health impact of our business.



## Did You Know?



Reynolds has supported the industry program **We Card** since 1995, and we contractually require our retailers to commit to participating in the program.





# CLOSING

We continue challenging ourselves to take a forward-looking approach to our ESG initiatives. In 2023, we will focus on the following:

### INCREASING OUR RENEWABLE ENERGY TARGET

We achieved our target to use 30% renewable energy by 2025. In 2023 we are increasing our commitment to using 50% renewable energy by 2023.

### DRIVING PROGRESS ON OUR FLEET COMMITMENT

Over three years, we have committed to replacing our aging internal combustion engine trade and operations vehicles. In 2023, we plan to double the number of vehicles replaced throughout 2022.

### PURSUING ALLIANCE FOR WATER STEWARDSHIP CERTIFICATION AT ADDITIONAL SITES

We achieved Alliance for Water Stewardship (AWS) Certification at the Reynolds Operation Center (ROC), and we will continue to pursue AWS Certification for our ASC Clarksville and Whitaker Park facilities in 2023.

### CONTINUED PHILANTHROPIC GIVING

In 2023, we will celebrate 100 years of partnership with the United Way of Forsyth County. We anticipate increased volunteer opportunities and employee interest as we celebrate this milestone.

### AND MUCH MORE ...



# DEFINITIONS\*

**CARBON NEUTRAL:**

Carbon neutrality is the balance between emitting carbon and absorbing carbon emissions from carbon sinks. The term “neutral” accounts for that balance; the GHG released into the atmosphere is offset by an equivalent amount being removed.

**CARBON OFFSETS:**

GHG reductions or removals used to compensate for GHG emissions made elsewhere.

**DECARBONIZATION:**

The process by which CO<sub>2</sub> emissions associated with electricity, industry and transport are reduced or eliminated.

**EMISSIONS OR CARBON REMOVALS:**

Carbon dioxide removal (CDR) refers to the process of removing CO<sub>2</sub> from the atmosphere. There are two main types of CDR: either enhancing existing natural processes that remove carbon from the atmosphere (e.g., by increasing its uptake by trees, soil or other carbon sinks) or using chemical processes to, for example, capture CO<sub>2</sub> directly from the ambient air and store it elsewhere (e.g., underground).

**GREENHOUSE GASES (GHG):**

Greenhouse gases are gases in the atmosphere such as water vapor, carbon dioxide, methane and nitrous oxide that can absorb infrared radiation, trapping heat in the atmosphere. This greenhouse effect means that emissions of greenhouse gases due to human activity cause global warming.

**NEUTRALIZATION:**

Measures that companies take to remove carbon from the atmosphere and permanently store it to counterbalance the impact of emissions that remain unabated.

**RENEWABLE ENERGY:**

Energy that is produced from sources that naturally replenish and do not run out, like the sun and wind. Adversely, non-renewable energy is produced from finite sources that could get used up, such as fossil fuel-derived oil and coal.

**RESIDUAL EMISSIONS:**

Emissions sources that remain unabated in a specific year of a mitigation scenario. Long-term SBTs are consistent with the level of residual emissions in the year of global or sector net zero in 1.5°C-aligned mitigation pathways with low or no overshoot.

**SCOPE 1 EMISSIONS:**

All direct emissions within the operational control of an organization.

**SCOPE 2 EMISSIONS:**

Indirect emissions generated from purchased electricity, heat, steam or cooling.

**SCOPE 3 EMISSIONS:**

All other indirect emissions from sources such as business travel, waste management and the value chain.

**BAT Combined Annual and ESG Report**



The Reynolds Sustainability 2022 Summary presents data for Reynolds American Inc. that further demonstrates our sustainability commitment. Reynolds American Inc. is a wholly owned subsidiary of the global BAT Group and the U.S. parent company of R.J. Reynolds Tobacco Company, Santa Fe Natural Tobacco Company, Inc., American Snuff Company, LLC, R.J. Reynolds Vapor Company and Modoral Brands Inc. To learn more about the British American Tobacco p.l.c., Group Companies and read the Combined Annual and ESG Report [click here](#).

\* Reynolds definitions are aligned with the BAT Group's and include terms defined in BAT's Low-Carbon Transition Plan which are sourced from Gold Standard, International Union for Conservation of Nature, IPCC, SBTi Net Zero Standard, the U.S. Environmental Protection Agency, World Bank and the World Economic Forum. Additional sources include the U.S. Office of Energy Efficiency & Renewable Energy.

BAT Group engaged an independent assurer to provide limited assurance of selected, Group-level ESG metrics reported in its [2022 Combined Annual and ESG Report](#). This (Reynolds America) report includes selected Reynolds American-specific metrics that formed a part of those assured Group-level metrics, although Reynolds's metrics were not specifically assured as stand-alone data.