2023

Reynolds American Sustainability Summary



REYNOLDS
A BETTER TOMORROW

“Reynolds American is dedicated to leading in sustainability as reflected in our ambitions, strategy, and commitments.”

COVER DESCRIPTION

Our approach to mitigating the effects of climate change is shaped by our climate strategy and backed by our sustainability targets. Our strategy and collective efforts to protect natural resources allow us to continue appreciating the natural beauty surrounding us, like the Smoky Mountains. This panoramic view, taken from the Blue Ridge Parkway, features some of the natural beauty of our home state of North Carolina.

Progressing on our sustainability journey

Dear All,

On behalf of Reynolds American Inc., I am pleased to share our 2023 Sustainability Summary, which highlights progress across our sustainability focus areas. Reynolds represents the global BAT Group's largest market, and we are focused on leading in sustainability as reflected in our ambitions, strategy, and commitments.

As you will see from the pages that follow, sustainability is core to our business. In 2023, Reynolds advanced the public conversation on Tobacco Harm Reduction, providing access to evidence-based information, advocating for more responsible regulation to prevent underage use of adult nicotine products, and continuing to prioritize innovation across our New Category products.

To support our environmental goals, we continued to reduce carbon emissions across our value chain while investing in energy efficient improvements such as upgrading our hybrid vehicle fleet. We also began construction on a water reclamation system at our Reynolds Operations Center in the fall of 2023, which is one of our most ambitious environmental projects to date, as its goal is to reclaim more than 60 million gallons of water annually once completed.

Our comprehensive approach to sustainability is also reflected in the work we have done to create a diverse, inclusive, and safe workplace. And, through employee volunteerism and philanthropy, we maintained our long-standing support of the communities in which our teams live and work. We achieved all of this with an unwavering commitment to operating with integrity and robust governance to promote transparency and accountability.

Of course, we could not have done any of this without the ongoing engagement and support of our stakeholders, including our employees, customers, and supplier partners. Thank you for helping to drive progress towards our sustainability goals in 2023 and taking action to build a future that is indeed A Better Tomorrow™ for all.



Shay Mustafa,

Senior Vice President, Business Communications and Sustainability within the Reynolds American organization



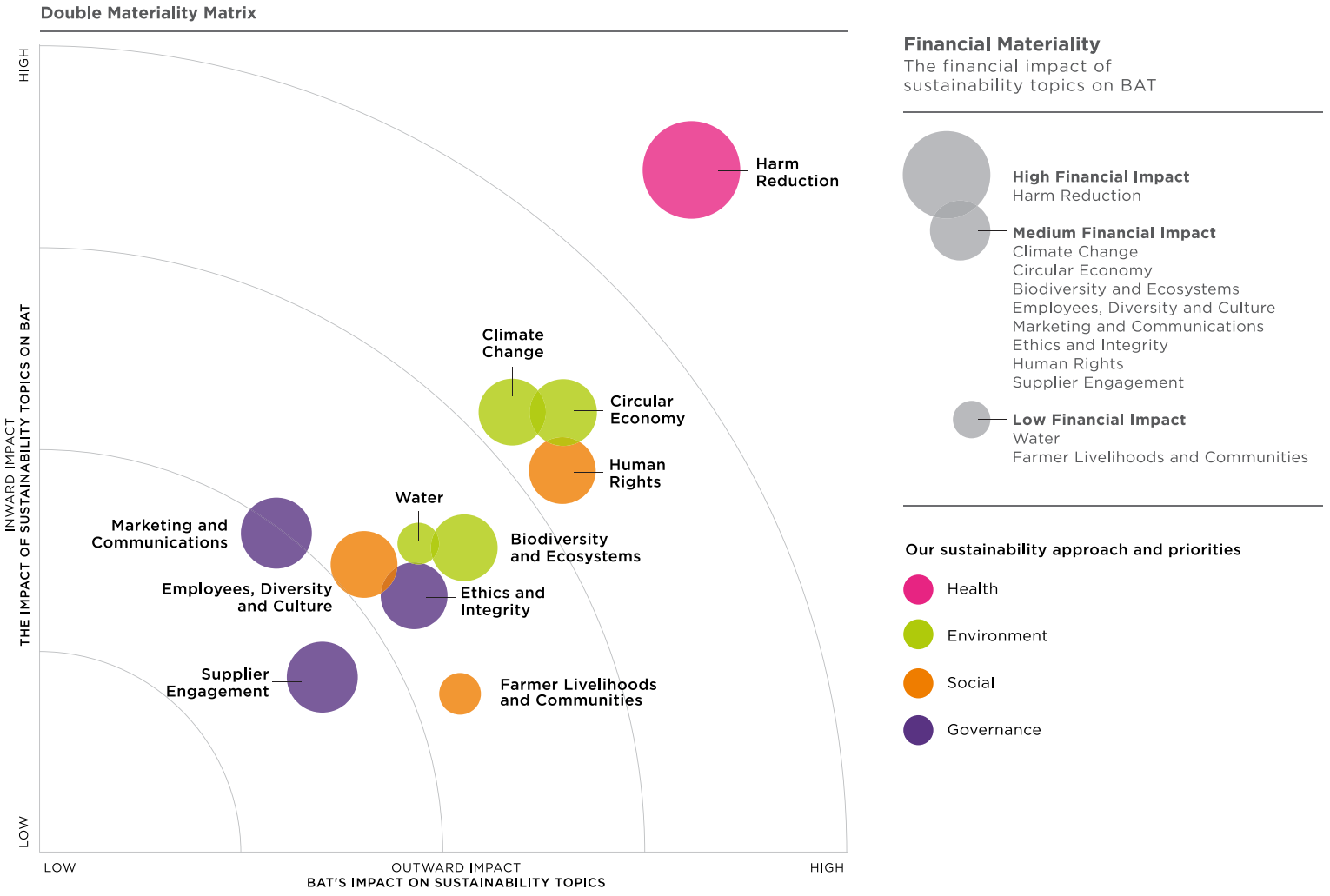
Reynolds American Inc. (RAI) is a wholly owned U.S. subsidiary of the global BAT Group and the U.S. parent company of, among others, R. J. Reynolds Tobacco Company; Santa Fe Natural Tobacco Company, Inc.; American Snuff Company, LLC; R. J. Reynolds Vapor Company; Modoral Brands Inc.; RAI Services Company; and Reynolds Marketing Services Company. References to "Reynolds," "Reynolds American," "we," "us," "our," and "organization" are for convenience and collectively refer to RAI and/or RAI's independent operating subsidiary companies.

Methodology

THE DOUBLE MATERIALITY ASSESSMENT

In 2023, the BAT Group updated its Double Materiality Assessment (DMA), building on its first assessment conducted in 2022. Reynolds American Inc. (Reynolds American), the global BAT Group's U.S. subsidiary, was included in the DMA to better understand the impact of sustainability topics on stakeholders and our business. Topics with the greatest impact form the basis of the Group's sustainability agenda and reporting.

For more information on BAT Group Double Materiality Assessment, see BAT Group Combined Annual and Sustainability Report with reference to pages 74-78.



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Our sustainability agenda is realized by our commitment to taking action. We are focused on providing solutions which improve public health outcomes, demonstrating excellence in environmental stewardship to protect our planet, helping our communities thrive, and operating our business with integrity. In 2023 we took steps forward and will continue that momentum in 2024 as we pursue A Better Tomorrow™.”

David Waterfield,

President and CEO of
Reynolds American Inc.



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2023 sustainability highlights

Our approach to sustainability helped us make great strides in 2023. From reductions in carbon emissions to reducing the health impact of our business, our efforts make our business stronger and more sustainable in the long term.

We're incredibly proud of the work done by all of our teammates in 2023, and we believe this is demonstrated by the milestones we've achieved and upheld throughout the year. Reynolds American goals and highlights in 2023 include:

HEALTH

We have a clear purpose to create A Better Tomorrow™ by Building a Smokeless World. To do this, we use **Tobacco Harm Reduction** (THR), a public health strategy aimed at lowering the health impacts of combustible tobacco product use.

Our aim is to increase awareness and educate adult smokers who are uninterested in quitting tobacco products altogether on alternative, non-combustible products.

HIGHLIGHTS



19 Publications on Tobacco Harm Reduction (THR)



35 Posters and talks presented by our scientists at key industry forums



Nearly **10% increase** in New Category revenue between 2022 and 2023



Approximately **44,000** users of ReynoldsHarmReduction.com

ENVIRONMENT

Across our value chain, we mitigate and adapt to **Climate Change** while reducing our carbon footprint, advance a **Circular Economy** through thoughtful product packaging design, support **Biodiversity and Ecosystems** where we operate and beyond, and manage **Water** resources with increasing efficiency.

By 2025, we aim to recycle 90% of waste generated and be deforestation- and conversion-free in our tobacco supply chain.

By 2030, we plan to reduce Scope 1 and 2 emissions by 50% (vs. 2020 baseline) and reduce water withdrawn by 35% (vs. 2017 baseline).

HIGHLIGHTS



Nearly **35%** reduction in Scope 1 and 2 CO_2e emissions vs. 2020 baseline



Reduced waste generated by **39%**



100% U.S. cigarette paperboard packaging is Program for the Endorsement of Forest Certification



31% Reduction in water withdrawn vs. 2017 baseline

SOCIAL

Investing time, talent, and resources into the communities where we live and work is integral to our success. To continue sustainable growth of our business, we prioritize **Employees, Diversity, and Culture** to build high-performing teams in a dynamic and inclusive workplace. We are committed to managing **Human Rights** across our value chain, and invest in **Farmer Livelihoods and Communities** to deliver positive societal impact.

By 2025, we aim to increase the proportion of women and minorities in management roles, maintain zero incidents of child labor in our tobacco supply chain, and reach zero work-related accidents across our operations.

HIGHLIGHTS

- **35%** Achieved **35%** women in management roles
- **23%** Achieved **23%** minorities in management roles
- **36%** Decreased work-related accidents by **36%** vs. 2020
- Identified **zero incidents** of child labor in our tobacco supply chain

GOVERNANCE

We are committed to maintaining **Ethics and Integrity** in everything we do and operating in a responsible, transparent, and accountable manner. We prioritize **Responsible Marketing and Communications**, with particular focus on underage access prevention to our products. **Supplier Engagement** is also crucial to our ability to meet our sustainability targets, and engaging our suppliers builds trust and drives progress.

We aim to continue supporting ongoing compliance to our Standards Business Conduct (SoBC) and proactively engage suppliers to influence how they manage environmental and social initiatives.

HIGHLIGHTS

- **100%** Completion of iCommit Underage Access Prevention training by employees
- **21+** **100%** Of adult nicotine consumers were third-party age verified before accessing online content
- **100%** Of employees completed the Standards of Business Conduct (SoBC) e-learning and sign-off
- **99%** Retailers selling our products had a **99.9%** no violation rate for prohibiting the sale and distribution of tobacco and nicotine products to minors



Health

Our commitment to reducing the health impact of our business

Reducing the health impact of our business is key to our sustainability commitment. To do this, we prioritize innovation among our New Category products so we can offer an increased variety of potentially reduced-risk[2,3] products for adult nicotine consumers.

[2] Based on the weight of evidence and assuming a complete transition from cigarette smoking. These products are not completely risk free and are addictive.
[3] Our Vapor product Vuse (including Alto, Solo, Ciro and Vibe) and certain products including Velo, Grizzly, Kodiak, and Camel Snus, 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.

Harm reduction

REYNOLDS AMERICAN 2023 HIGHLIGHTS

19 PUBLICATIONS
on Tobacco Harm Reduction, including our inaugural white paper

35 POSTERS AND TALKS
presented by our scientists at key industry forums

NEARLY 10% INCREASE
in New Category revenue between 2022 and 2023

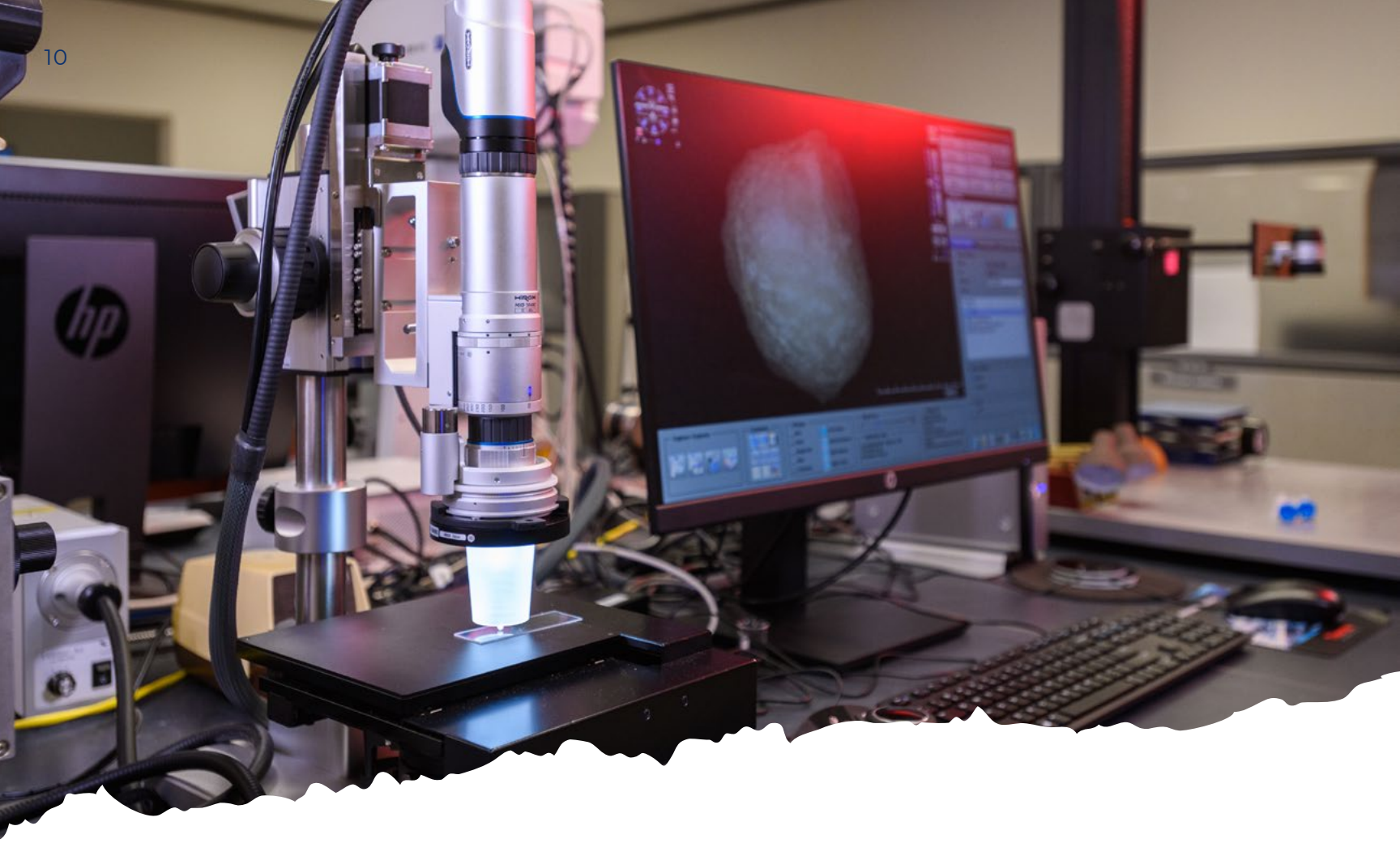
Approximately **44,000 USERS**
of ReynoldsHarmReduction.com

"Adult smokers deserve accurate, science-backed information about alternatives that could be less harmful than combustible cigarettes. By empowering adults with knowledge, they can make informed decisions about their smoking choices and informed decisions regarding their consumption of nicotine products."

Chris Junker

Scientific & Regulatory Affairs within the Reynolds American organization





Tobacco Harm Reduction (THR) basics — a science-first approach

THR is a public health strategy aimed at minimizing the health impacts of tobacco product use, including decreasing total mortality and morbidity associated with combustible tobacco products, without completely eliminating tobacco and nicotine use. Science-backed THR policies help educate adult tobacco consumers on alternative options to combustible products and reduce the use of combustible tobacco products.

EMPOWERING ADULT SMOKER CHOICE

The best choice any adult smoker can make will always be quitting tobacco products completely. Even with this in mind, all adult tobacco users deserve to understand their alternative options, from combustible to non-combustible. Because of this, we are working to reduce the health impact of our business by offering adult consumers a greater choice of enjoyable and potentially reduced-risk[4,5] products compared to cigarettes.

THE TOBACCO RISK CONTINUUM

Non-combustible tobacco products and moist products offer an alternative to combustible tobacco products. Nicotine pouches, Heated Products, and vapor products all present potentially lower levels of risk than combustible tobacco products. Adults who do not want to quit tobacco products altogether may instead opt to consume potentially reduced-risk[4,5] products like these.

[4] Based on the weight of evidence and assuming a complete transition from cigarette smoking. These products are not risk free and are addictive.

[5] Our Vapor product Vuse (including Alto, Solo, Ciro and Vibe) and certain products including Velo, Grizzly, Kodiak, and Camel Snus, 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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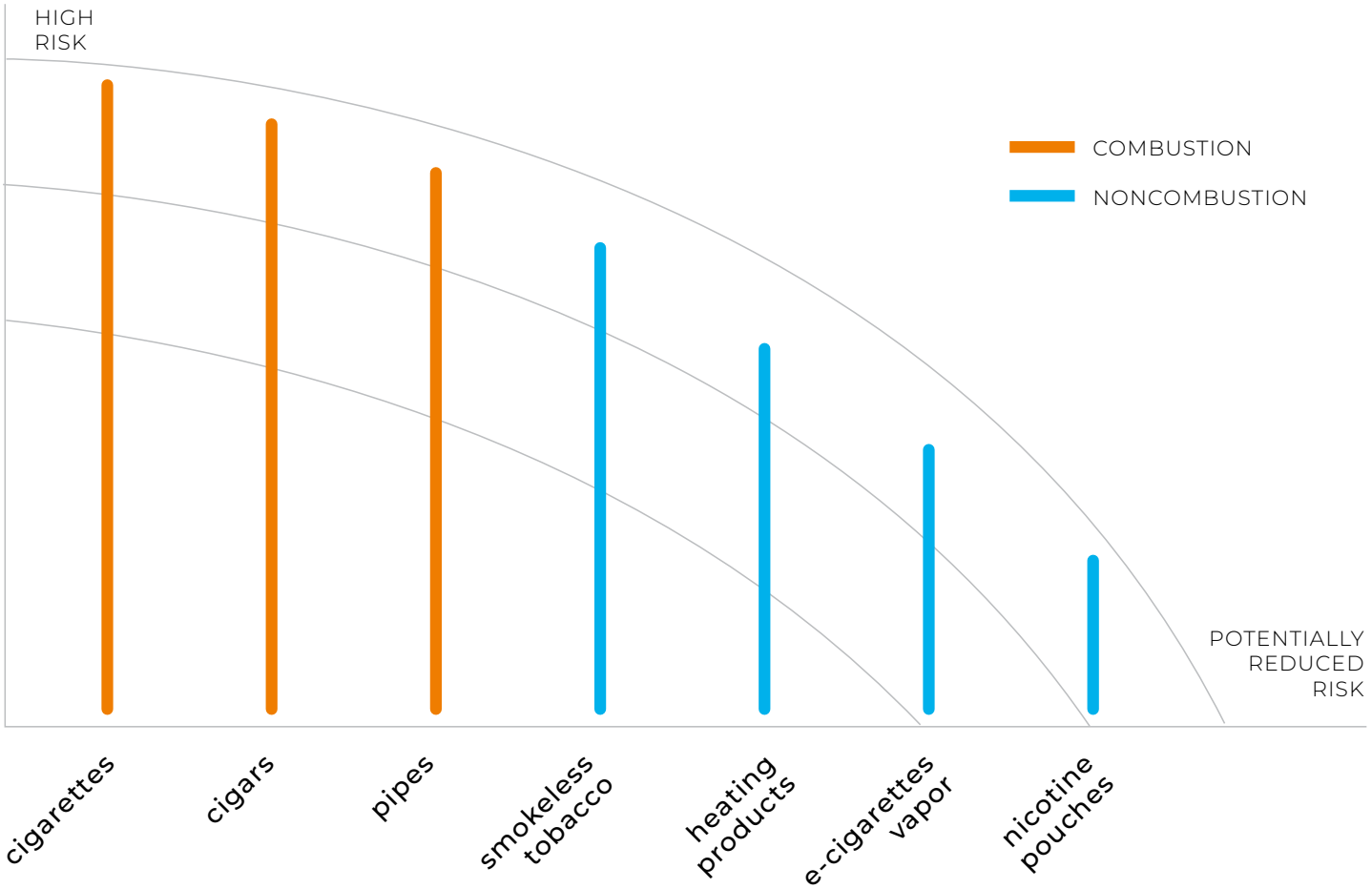
Our innovative new alternatives to combustible tobacco – such as vapor and nicotine pouches – represent a watershed moment supporting our organization’s mission of reducing the health impact of our business. Millions of adult smokers could benefit from choosing to transition away from cigarettes. I look forward to what the future holds for Tobacco Harm Reduction and its opportunity to benefit overall public health and individual health.”

Mary Elizabeth Tillman Barwick

Vice President, Strategic Engagement within the Reynolds American organization



The Risk Continuum



ACCESSIBLE SCIENCE-BASED RESOURCES

Reynolds American believes that a world without harm reduction options is one that harms our adult consumers and communities. That is why we maintain a dedicated THR website, ReynoldsHarmReduction.com, to provide resources and science-backed evidence. The website demonstrates a clear need for collective action and empowers adults to make the most informed decisions.

BUILDING A SMOKELESS WORLD FOR PUBLIC HEALTH IN AMERICA

In 2023, we released our inaugural white paper, Tobacco Harm Reduction: Creating A Better Tomorrow™ for Public Health in America. The report provides information about harm reduction and its scientific evidence. We encourage its use as a resource and guide for productive conversations about harm reduction and its benefits. It is available in written and audio versions on www.ReynoldsHarmReduction.com.



ADULT SMOKING RATES

FALLEN 70% SINCE 1970

Since 1970, the rate of **ADULT SMOKING** has **FALLEN MORE THAN 70% IN THE U.S**. However, of those adults that still use tobacco products, including non-combustible products, more than 79% smoke combustible cigarettes. That number will likely remain higher than it could be if there is a lack of access to potentially less risky product alternatives for adult smokers who are uninterested in quitting tobacco altogether[6].

[6] Current Cigarette Smoking among Adults in the United States." Centers for Disease Control and Prevention. https://www.cdc.gov/tobacco/data_statistics/fact_sheets/adult_data/cig_smoking/index.htm.



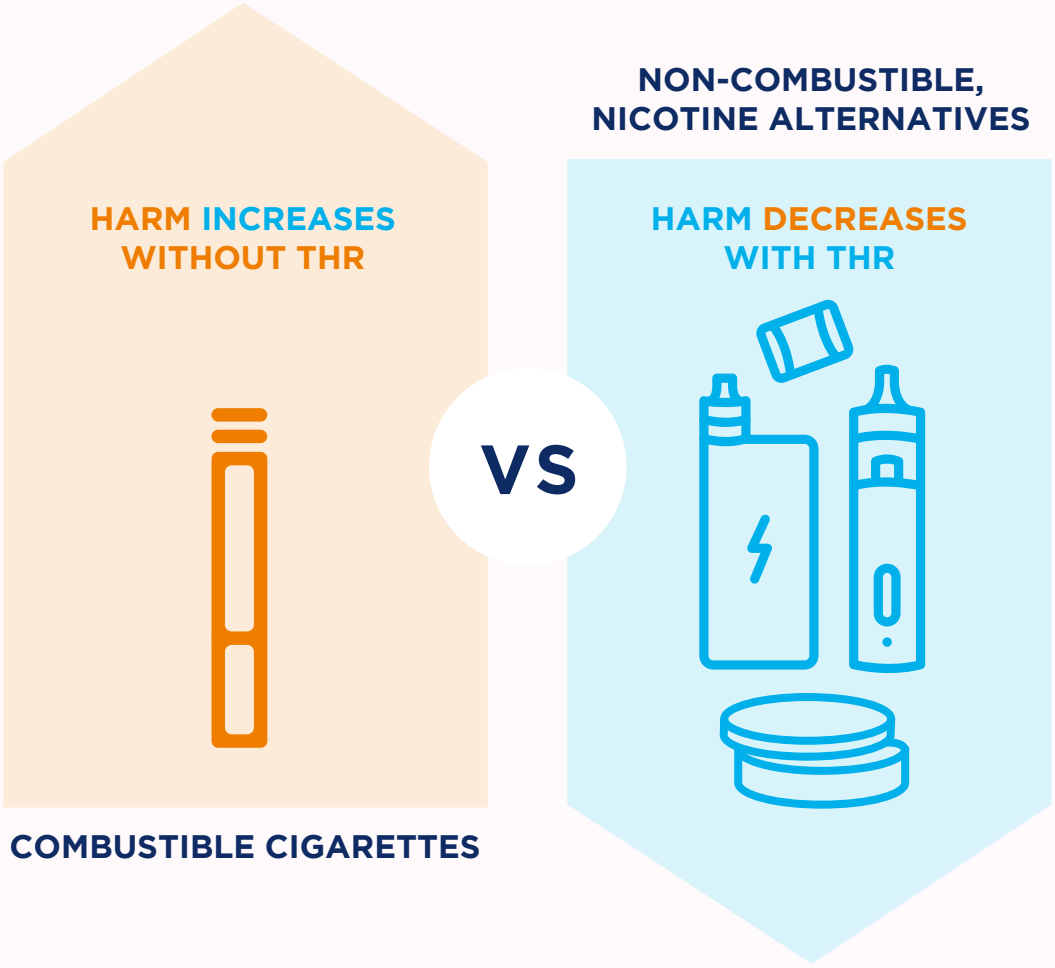
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At the Reynolds American organization, our science is the backbone of reducing the health impact of our business. Through innovative research to grow and assess our portfolio, we ensure our products deliver on our purpose to create A Better Tomorrow™ by Building a Smokeless World.”

Sarah Baxter-Wright

Head of Clinical and Behavioral Science within the Reynolds American organization







“Our work aims to build strong scientific foundations for our next generation products. This evidence will enhance regulatory engagement, potentially shaping a positive regulatory landscape as well as building investor trust. Ultimately, this will pave the way for achieving our purpose to create A Better Tomorrow™ by Building a Smokeless World.”

Patrudu Makena,

Director of Clinical Studies within the Reynolds American organization





OUR CONTINUED COMMITMENT TO SCIENTIFIC UNDERSTANDING OF THR

In 2023, Reynolds American companies initiated a 24-month study, *Longitudinal Tobacco Use and Transitions Survey (LTTS)*, as part of our Pre-Market Tobacco Product Application (PMTA) for Vuse Alto. The study measured the impact of Vuse vapor on certain adult populations across the country and how using Vuse may benefit adult consumers who do not want to quit tobacco use.

Scientific evidence is the number one driver of our THR strategy. We value constructive debate and transparency among all stakeholders in this effort to bolster THR and enable the transition to potentially less harmful products. This is why we released the findings of LTTS to the public. A full presentation on the study can be found at reynoldsscience.com.

MAKING STRIDES THROUGH WORLD-CLASS EMPLOYEE RESEARCH

Our team of world-class researchers and scientists provided robust evidence throughout the year to support our New Category products in THR. In 2023 alone, we produced 19 publications and 35 key presentations.

The key themes across these publications were THR and strengthening scientific positions for alternative products. Conferences attended by our team included the Food & Drug Law Institute Tobacco and Nicotine Product Regulatory Science Symposium, Next Generation Nicotine Delivery, and the Cooperation Centre for Scientific Research Relative to Tobacco.



ABOVE:

Dr. Ryan Potts receives the 2023 Richard Baker Lifetime Achievement Award

Dr. Ryan Potts (pictured), Senior Vice President of Scientific and Regulatory Affairs within the Reynolds American organization, was honored with our company's 2023 Richard Baker Lifetime Achievement Award for his 22 years of outstanding service to BAT Group's global Research and Development community, reflecting his sustained commitment to high quality science, leadership, and mentorship.

His research has improved the safety assessment of our non-combustible products, advanced THR science, and facilitated regulatory submissions. Additionally, his contributions have played a key role in introducing several new potentially reduced risk products.

Dr. Potts' work has significantly contributed to our vision of Building a Smokeless World.



Environment

Our commitment to excelling at environmental stewardship

Our approach to mitigating and adapting to climate change is shaped by our climate strategy and backed by our sustainability targets. Across our value chain, we aim to reduce our carbon footprint, including cutting our Scope 1, Scope 2, and Scope 3 greenhouse gas (GHG) emissions by 50% by 2030, which is central to achieving Net Zero GHG emissions across our value chain by 2050 at the latest.

Climate change

REYNOLDS AMERICAN TARGETS	REYNOLDS AMERICAN 2023 HIGHLIGHTS
50% Reduction in Scope 3 GHG emissions by 2030 (vs. 2020 baseline)	**35%** Nearly 35% reduction in Scope 1 and 2 CO_2e emissions (vs. 2020 baseline)
50% Renewable energy use by 2030	**60%** (3 out of 5) carbon neutral operation sites
50% Reduction in Scope 1 and 2 GHG emissions by 2030 (vs. 2020 baseline)[7,8]	**41%** Of total energy consumption from renewable sources

[7] Compared to 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, which collectively comprised >90% of Scope 3 emissions in 2020.

[8] Due to the complexity of consolidating and assuring.

“Being responsible and excellent environmental stewards is a central part of our sustainability strategy. We are focused on continuing to make progress reducing greenhouse gas emissions in our own operations and value chain, pushing ourselves to meet our targets, while also aiming to make a positive impact across our end-to-end supply chain.”

Bernd Meyer

Executive Vice President of Operations within the Reynolds American organization



Through **ENERGY MONITORING**, we can identify any abnormal equipment processes and in turn **MINIMIZE WASTED ENERGY**. Installing energy meters helped reduce Scope 1 and Scope 2 emissions by nearly 35% by the end of 2023 compared to our 2020 baseline.

SCOPE 1 AND SCOPE 2 EMISSIONS — **REDUCED BY NEARLY 35% BY THE END OF 2023**

SCOPE 1 AND 2 GHG EMISSION REDUCTION

We adopted BAT Group's Climate Change and Energy Standard to provide guidance and consistency for our approach to decarbonization and its implementation across our operations. We use site-specific decarbonization plans for our operations facilities and invest in energy efficiency projects and management systems.

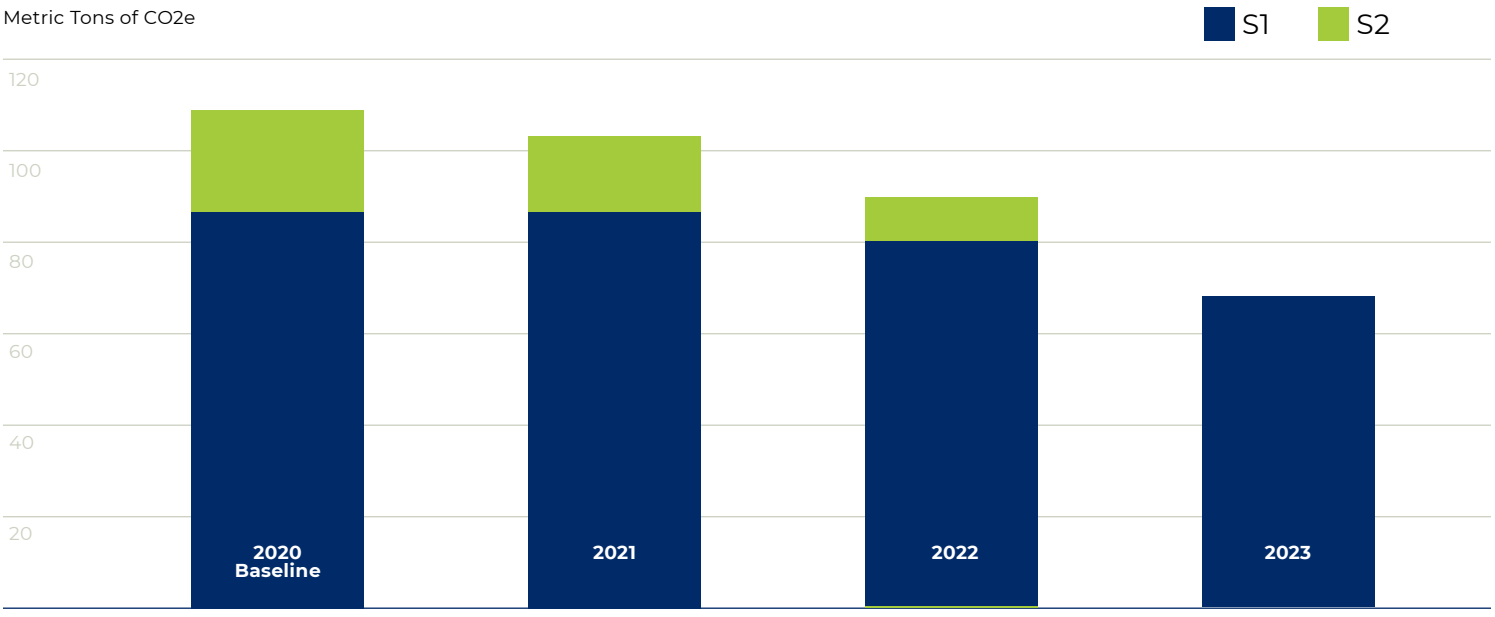
Additionally, we are rolling out electric and hybrid vehicles across our Industrial and Trade Marketing fleets.

INCREASING RENEWABLE ENERGY USE

By the end of 2023, we sourced 41% of our power from renewable energy sources as part of our goal to reduce our Scope 1 and 2 GHG emissions. Our factories continued to purchase 100% renewable electricity, which equals the annual electricity consumption of nearly 20,000 U.S. households.[9]

Electricity Use by Reynolds American

Reynolds American Scope 2 Emissions Were 100% Offset by Renewable Energy Certificates (RECs) in 2023



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

PRIORITIZING ENERGY EFFICIENCY

To manage our energy efficiency across operations sites, we independently implemented the BAT Group's 10 Golden Rules for manufacturing sites and conduct regular assessments, including actions such as powering down unused equipment and implementing leak detection and repair programs. Compressed air leaks impact energy consumption and costs and can lead the system to overload and reduce its lifespan. Reduction of compressed air leaks is part of our continuous improvement process.

MINIMIZING EMISSIONS IN TRANSPORTATION

Transportation is key to our business, but it also contributes to carbon emissions and the effects of climate change. To mitigate these impacts, we implemented multimodal transport methods. Since May 2023, we have used trains – rather than higher-carbon transport – to move stock from our North Carolina Main Distribution Center to regional distribution centers in California and Washington.

Since this project launched, we have reduced approximately 550 metric tons of CO_2e from our Scope 3 emissions, and we are continuing to expand the initiative into additional U.S. regions.

LEVERAGING HYBRID AND VEHICLES

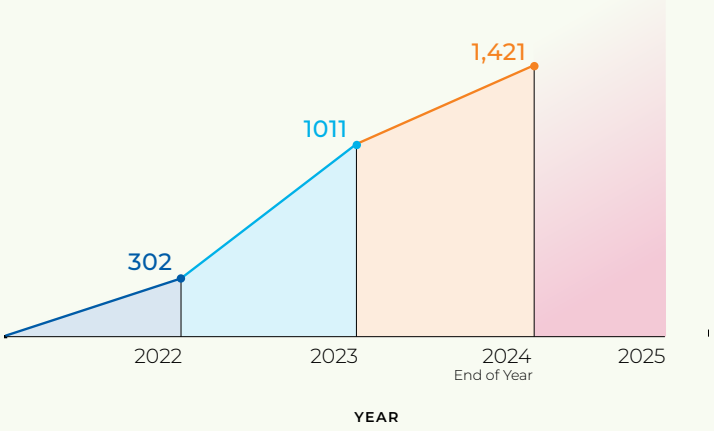
We are working to reduce GHG emissions from our vehicle fleet wherever possible. In 2023, we continued transitioning our 1,800+ sales and operations vehicles to hybrid and ended the year with 709 hybrids. This transition resulted in an annual reduction of more than 1,000 metric tons of CO_2e. Our goal is to phase out all combustible engines by 2025.

Our transition of vehicles started in 2022 with a three-year plan and 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. In 2023, we ordered 709 vehicles and continue to take delivery on a rolling basis.

UPGRADING the air conditioning system, **SWITCHING** to LED lighting, and **INSTALLING** occupancy sensors at our largest operations site reduced our Scope 2 GHG emissions by approximately 1,000 tons.



Number of Reynolds American Fleet Vehicles Replaced by Hybrids



Circular economy

REYNOLDS AMERICAN TARGETS	REYNOLDS AMERICAN 2023 HIGHLIGHTS
25% REDUCTION in waste generated in our own operations by 2025 (vs. 2017 baseline)	**90%** Of our packaging is recycle-ready[10]
<1% **WASTE** to landfill by 2025	**39%** **REDUCTION** in waste generated
>90% RECYCLING rate of waste generated by 2025	**83%** **RECYCLING RATE** of waste generated
	<2% **WASTE** to landfill

A circular economy means innovating to use fewer resources, create less waste, and reuse and recycle products to create a self-sustaining ecosystem of materials. While circularity is a long-term ambition, we have three pillars guiding our work today:

SIMPLIFY: Simplifying packaging to improve recyclability and to reduce our use of virgin materials and finite resources

MAXIMIZE: Maximizing the longevity of our next generation products to improve the experience for our consumers

RECOVER: Minimizing waste through increased product recovery and recycling

[10] *Recyclable where infrastructure is available.

"At Reynolds American, we understand the need for collective action to increase recycling. We are continuously seeking ways to improve plastic and paper packaging by being smarter in how we design packaging and being conscious of what happens to our packaging when the consumer is finished with it."

Wesley Jones

Senior Director Packaging and Materials within the Reynolds American organization



TRANSFORMING AND REDUCING WASTE

Waste is one of the greatest challenges facing our business and planet, and we take great care in reducing waste and the environmental impact of our operations. Since 2017, we have reduced waste in our own operations by nearly 40%, surpassing our 2025 waste reduction goal (25% reduction by 2025) three years ahead of schedule.

In 2023, we researched and implemented the following initiatives related to waste reduction:

Waste stream mapping: a fundamental tool to identify, reduce, and process waste. It is key to plan for the lifecycle of our waste to improve diversion and increase recycling rates.

Composting: engaging vendors to compost organic waste meant that 8,300 metric tons of organic waste was diverted from landfill.

Waste-to-energy: diverting landfill-bound waste and transforming it into energy.





EMPLOYEE SUPPORT FOR INCREASED RECYCLING

Employees within the Reynolds American organization support this initiative in several ways:

- Recycling plastic bottles, aluminum cans, and glass containers in the break area or in the blue recycling containers on each floor;
- Recycling all paper in the gray Iron Mountain shredding bins near the printers on each floor; and
- Properly disposing of all other items like food wrappers and used paper cups in a waste bin.

EMPOWERING RESPONSIBLE DISPOSAL

g2revolution® go green

We encourage the responsible disposal of our products and packaging. Notably, our Vuse take back program in the U.S. accepts Vuse Vapor pods, Vuse Vapor tanks, and Vuse Vapor cartridges. These efforts are part of our partnership with g2Revolution (a specialty recycling solutions organization), which provides a means to responsibly dispose of vapor devices in compliance with all local laws and regulations at no cost to the consumer. Our partnership with Call2Recycle, the U.S.'s largest battery recycling program, aims to optimize the collection and end-of-life management of vapor products power units. Consumers can drop off their used products at no cost to divert waste and prevent improper disposal.

"Our collaboration with Keep America Beautiful extends to include TerraCycle, a company that develops recycling solutions for waste streams that are not typically locally recyclable, such as cigarette butts to support a circular economy. This collaboration has led to the innovation of combining cigarette butts, with other recyclable materials to make valuable items such as lumber, furniture, containers, and more."

Kara Calderon

Senior Director, ESG and Community Engagement within the Reynolds American organization



THE CIGARETTE LITTER PREVENTION PROGRAM

We are aware of the impacts of cigarette litter on the environment. Reducing cigarette litter requires collaboration with all stakeholders and, in particular, enhancing public understanding of the issue and to encourage responsible disposal.

Our operating companies' partnership with Keep America Beautiful (KAB) is essential to raising public awareness through the Cigarette Litter Prevention Program (CLPP), which provides critical resources such as education, receptacle ashtrays, and pocket ashtrays. Communities implementing CLPP have reduced cigarette litter by half based on local measurements taken in the first four to six months after their respective programs began.

Santa Fe Natural Tobacco Company (SFNTC), a subsidiary of Reynolds American, has partnered with TerraCycle since 2012 on the Cigarette Waste Recycling Program, which provides adult volunteers across the country the opportunity to collect cigarette litter and send it to TerraCycle. Since 2009, our partnership with TerraCycle has invested more than $12.5 million in litter education, prevention, and cleanup.

BELOW: TerraCycle park bench



Biodiversity and ecosystem

REYNOLDS AMERICAN TARGETS BY 2025

DEFORESTATION AND CONVERSION FREE tobacco supply chain by 2025 (vs. 2021 baseline)

DEFORESTATION FREE pulp and paper supply chain by 2025

2025 **FOREST POSITIVE** in our tobacco supply chain by 2025 (vs. 2021 baseline)

REYNOLDS AMERICAN 2023 HIGHLIGHTS

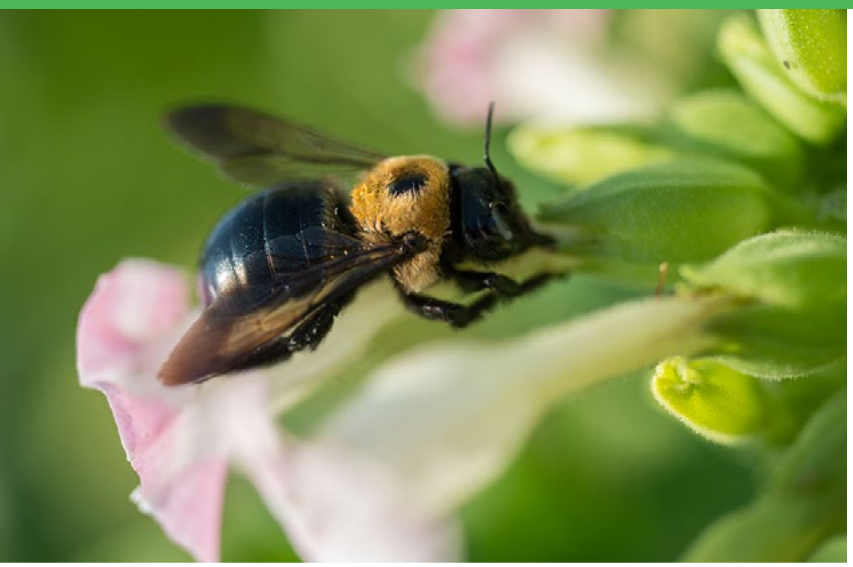
100% U.S. CIGARETTE PAPERBOARD PACKAGING is Program for the Endorsement of Forest Certification (PEFC).

"Planting trees is critical to our ecosystem by reducing storm water runoff which reduces erosion and pollution in our waterways. Trees also reduce the amount of carbon in the atmosphere. All of this provides a healthy habitat for animals, plants, and microorganisms to thrive. The Clarksville Team is committed to improving the health our ecosystem by doing our part to create a more sustainable future."

Lee Smith

Lead Manager of Environmental Health and Safety within the Reynolds American organization





Our business depends on and impacts biodiversity at a local and national level. Through our operations and use of ecosystems services such as forest products, soil, and water, we directly impact those ecosystems and communities, and must continually work to manage our impact. We continue to develop, advance, and implement tools and initiatives that preserve our natural resources and environments, enhance rural livelihoods, and increase resilience to climate change.



In 2023 alone, employees within the Reynolds American organization **PLANTED** white oaks, northern red oaks, persimmons, silky dogwoods, shagbark hickories, native sweet pecans, and loblolly pines.

Santa Fe Natural Tobacco Company (SFNTC), a subsidiary of Reynolds American, has **SOURCED ORGANICALLY-GROWN TOBACCO** since before the national organic certification standards were established by the USDA in 2002. Our contracted growers are inspected and recertified annually and rotate crops with other organic produce to support business year over year. In 2023, we had **46 ORGANIC CONTRACT GROWERS**, sourcing from over 1,300 acres of organic farmland.

We've adopted the BAT Group Biodiversity Operational Standard to our direct leaf operations as well as providing guidance to third party leaf suppliers by outlining policies under which we aim to protect biodiversity and explaining how to adhere to the principles of sustainable development, covering agricultural, manufacturing, and distribution operations. It is largely focused on avoiding, minimizing, and mitigating our impact on ecosystems. This standard applies to our use of wood as fuel for tobacco curing, new farmland development by tobacco farmers and leaf suppliers, and tobacco farming and its associated agricultural practices.

For our pulp and paper-based supply chain, we work with suppliers who can demonstrate that material is sourced with low risk of deforestation. This means they hold specific certifications (FSC, PEFC, SFI certificates) for cigarette paper, POSM materials (anything fiber-based), and cigarette paper corrugate cases.

ORGANIC FARMING

Organic farming offers several benefits that contribute to a healthier environment. This can include reduced pollution as organic farming practices minimize the use of synthetic pesticides and fertilizers, which helps reduce water and soil pollution. It can also reduce water requirements, promote healthy soil, and support biodiversity. Organic farms tend to support diverse ecosystems, including beneficial insects, birds, and soil organisms.

PLANTING OUR WAY TO A GREENER FUTURE

Trees not only make our communities more beautiful, but they also help to mitigate the effects of climate change. Employees at our American Snuff Company (ASC) facility in Clarksville, Tennessee, continue to help improve the local ecosystem and environment with an ongoing commitment to planting trees. Over the past two years, the ASC team has planted approximately 10,500 trees on the acreage of the Clarksville facility.

Water

REYNOLDS AMERICAN TARGETS

35% REDUCTION in water withdrawn by 2025 (vs. 2017 baseline)

100% operations sites Alliance for Water Stewardship (AWS) certified by 2025

30% Water recycled by 2025

REYNOLDS AMERICAN 2023 HIGHLIGHTS

31% REDUCTION in water withdrawn (vs. 2017 baseline)

Nearly **18%** of water recycled

100% Operations sites Alliance for Water Stewardship-certified (AWS)



"Good water management is vital to sustainable farming and running efficient operations. We recognize it is both our responsibility and a good business practice to use water efficiently and wisely. Our investment in projects such as the WaterHub™ and our Alliance for Water Stewardship certifications demonstrate our commitment to sustainable water use."

Daniel Tomazella
Director of Operations Sustainability – ESG within the Reynolds American organization



Water is a vital resource to our operations. The health of our planet and the continued success of our business rely on good water management. We are using less water by optimizing processes, eliminating losses, and increasing recycling across our operations.



ABOVE: Groundbreaking of the WaterHub™

WATER STEWARDSHIP ACROSS OUR OPERATIONS

Through our long-standing environmental management systems, we have been steadily decreasing water withdrawal and increasing our water recycling from our 2017 baseline. In 2023, we progressed even further on these goals by commencing construction on our WaterHub™, a water reclamation system at the Reynolds Operations Center (ROC) in Tobaccoville, North Carolina, designed to reclaim more than 60 million gallons of water each year. This is expected to drive a 6% water recycling contribution to the BAT Group worldwide, helping the Group achieve our global 30% water recycling target by 2025. We also expect to exceed our goals for water withdrawal from local water sources.

- We expect to reclaim more than 60 million gallons of water each year, which is equivalent to the annual water supply of approximately 550 average U.S. households[11].
- We expect to reduce the water withdrawn locally by over 40%, which equates to a 6% reduction across the BAT Group global operations footprint.
- This project is expected to result in notable conservation of our local community water resources. WaterHub™ will capture a combined wastewater stream from plants, treat it to North Carolina reclaimed water standards, and then reintroduce it as intake water for the factory utilities, reducing our dependence on potable water for operations and conserving community water resources.

ALLIANCE FOR WATER STEWARDSHIP

As members of the AWS, we are committed to 100% of our operations sites being certified against the AWS Standard by 2025. The AWS Standard is a globally recognized framework that allows water users to better understand their water use and impacts, and to work collaboratively and transparently toward sustainable water management within a catchment context.

[11] How We Use Water | US EPA



Social

Our commitment to delivering a positive societal impact

At Reynolds American, our people play an integral role in our success. Our Diversity, Equity, and Inclusion (DE&I) goals reflect our commitment to this belief, with targets to increase both women and ethnic minorities in management roles. Our Employee Resource Groups (ERGs) are helping lead the way, illustrating how to celebrate our differences. We are also passionate about giving and volunteerism in our local communities, continuing our legacy with organizations like United Way of Forsyth County. And, of course, we have an unwavering focus on safety in all our operations and upholding human rights for agricultural workers.

Employees, diversity, and culture

REYNOLDS AMERICAN TARGETS

50% Increase proportion of women in management roles to 50% by 2025

50% Achieve at least **50%** spread of distinct nationalities in all Key Leadership teams by 2025

0% Zero work-related accidents

REYNOLDS AMERICAN 2023 HIGHLIGHTS

35% **WOMEN** in management roles

23% **MINORITIES** in management roles

7 **SEVEN** Employee Resource Groups

36% Decrease in **WORK-RELATED ACCIDENTS** vs. 2020



"For us, achieving our diversity goals isn't just about data and numbers, it's about people, their ideas, and creating a sense of belonging that inspires us to thrive in our careers."

Borgia Walker

Senior Vice President of Human Resources and Inclusion within the Reynolds American organization



BUILDING ON OUR CULTURE OF WORKPLACE DIVERSITY

We value the fact that a diverse and inclusive workforce brings different ideas, knowledge, and experiences to the table. We focus on ensuring our employees can flourish regardless of their gender, ethnicity, culture, or sexual orientation.

AWARDS AND RECOGNITIONS

Attracting, developing, and retaining a talented workforce are important drivers for our vision to create A Better Tomorrow™ by Building a Smokeless World. Recognition and awards in 2023 include:

Bloomberg Gender-Equality Index 2023 Member

National Intern Day 2023 Top 100 Internship Programs We Made the List! Presented by Yello and WayUp

top EMPLOYER United States of America 2023 Certified Excellence in Employee Conditions

vault Top Internship 2023

top EMPLOYER Global 2023 Certified Excellence in Employee Conditions

"Women, and especially women of color, remain underrepresented throughout corporate pipelines. Driving inclusion for women across the business allows an environment for us to thrive and grow. Women are constantly taught to work on themselves and assimilate to the status quo. Practicing inclusion allows us to see the uniqueness in everyone and **CHANGE** the status quo."

Melissa McLean

Senior Manager of Product Data Management within the Reynolds American organization



ERG ACTIVITIES BRING OUR PEOPLE TOGETHER

Our seven executive-sponsored ERGs foster Diversity, Equity, and Inclusion.

Inclusion Week: Global Inclusion Week highlights the importance of DE&I in the workplace by educating business leaders and creating a community of cross-organizational learning and best practices sharing.

Veterans ERG hosted a Veterans Day event and discussion on the transferrable skills and unique experiences veterans bring to the workplace.

B.E. Y.O.U. ERG hosted a breakfast and shared resources on DE&I through the lens of Black Americans.

B United held a learning session on the importance of allyship and illuminated our headquarters in rainbow colors for Pride Month.

HOLA hosted an early holiday event with traditional Hispanic food and dance as well as a virtual, interactive cooking session to support Hispanic Heritage Month.

Asian American, for the third year, hosted a celebration to learn about the history of Diwali and enjoy food, educational games, music, and Bollywood dance.

Women brought together four female leaders across multiple industries to discuss “Navigating the Grays of Negotiation” in the workplace.

LINK hosted our popular community Camel City BBQ, bringing colleagues together, making new connections, and catching up with others while having a great time.





WORKPLACE SAFETY IS EVERYONE'S PRIORITY

We are committed to a safe working environment and, by extension, strive for zero accidents in all our facilities. As a team, we ask everyone to keep safety at the forefront, and our efforts decreased Reynolds American workplace accidents by 32%.

New safety initiatives:

- Reducing the weight of bobbins, or cylindrical spools for our materials, by decreasing size
- Acquiring 28 new lifting devices that are being installed across our operations to simplify handling and transport of our products
- Implemented additional safety tours for operations employees

PUTTING SAFETY FIRST – AWARDS FROM THE NORTH CAROLINA DEPARTMENT OF LABOR

In 2023, the North Carolina Department of Labor (NCDOL) recognized our unwavering efforts to prevent injuries and illnesses and promote safer working conditions across our sites. Leading by example are our Leaf Operations team, which received a Certificate of Safety Achievement for the 23rd consecutive year, the Reynolds Operations Center (ROC), which received the award for the 22nd consecutive year, and our Reynolds American headquarters, which received the award for the 14th consecutive year.

Additionally, Reynolds American headquarters was awarded two Certificates of Special Recognition for 100% prevention of injuries or illnesses that resulted in lost workdays across six million employee hours since 2016.





"We have a safety-first mindset and perform risk assessments to identify and quantify specific hazards for each task we perform, and implement countermeasures as appropriate for these hazards."

Jamie Willoughby

Lead Manager EHS within the Reynolds American organization





OUR GIVING APPROACH FOR THRIVING COMMUNITIES

Connecting with and contributing to our communities is a tradition for us, with a legacy dating to the 1800s of generously devoting time, talent, and resources. Coming together for the greatest impact, our companies and employees are on a mission to improve livelihoods and shape the communities where we live and work.

OUR VISION: Create positive societal impact to deliver a thriving community.

OUR MISSION AND FOCUS: Deliver meaningful change through focused community giving and engagement connecting People, Planet, and Prosperity:

- **People** - Meeting basic needs and ensuring all human beings can fulfill their potential;
- **Planet** - Protecting and restoring natural resources to improve the future of our environment; and
- **Prosperity** - Promoting equity through diversity, inclusion, and opportunities.



Through collaboration with a range of groups and nonprofit organizations in our local communities, and to make the biggest impact, we align our giving in three ways:

Employee volunteerism and giving

We value causes and initiatives that are important to our employees within the Reynolds American organization. That is why we offer various ways for them to increase their personal contributions to organizations they are most passionate about by providing full time employees with two days off annually to volunteer during regular work hours and matching donations up to $7,000 annually per employee to verified nonprofit organizations through the Reynolds American Foundation.

Corporate giving

Reynolds American makes monetary and in-kind donations to support local nonprofits, emergency needs including disaster relief, and economic development efforts in the communities in which our employees live and work.

Foundation giving

Two independent foundations and a charitable trust have been created, funded, and managed by three of our operating companies. Each foundation or trust supports programs that strengthen the communities of employees within the Reynolds American organization.

Reynolds American Foundation focuses on supporting communities where employees within the Reynolds American organization live and work through local community campaigns, scholarships, employee matching, capital campaigns, and health equity.



Santa Fe Natural Tobacco Company (SFNTC) Foundation focuses on preservation, promotion, and advancement of American Indian self-sufficiency and culture.

The American Snuff Co. (ASC) Charitable Trust focuses its contribution resources on communities where ASC employees live and work: Clarksville, Montgomery County, Tennessee and Winston-Salem, Forsyth County, North Carolina; and the surrounding areas through local community campaigns, education, scientific research, and prevention of cruelty to children.

Our employees give back with passion and purpose

Each year, employees within the Reynolds American organization come together to volunteer and raise funds for a range of causes that impact those in our community. Whether it is a late-night fun run, helping with renovation or beautification projects, or sorting food baskets, our teams work hard to make a meaningful difference for others.

$ for $ matching through the Reynolds American Foundation - up to $7,000 annually.

Two days off annually to volunteer during regular working hours.

In 2023, employees within the Reynolds American organization participated in a variety of volunteer efforts, including:

Second Harvest Food Bank: Throughout the year, employees within the Reynolds American organization give their time to assist Second Harvest Food Bank in combating food insecurity. In just one of this year's volunteer efforts, almost 70 colleagues prepared nearly 8,400 meals and food boxes as part of the "Stock the Shelves for Summer" program, which provides food for families and students to substitute for meals they normally receive during the school year.

In 2023, we contributed more than **150 VOLUNTEER HOURS** to Second Harvest Food Bank, helping sort shelves to provide almost 12,000 meals.

Meals on Wheels: Each week during their lunch break, a dedicated group of employees within the Reynolds American organization volunteer to deliver warm, nutritious meals to seniors through the Meals on Wheels program. Meals on Wheels helps aging individuals maintain their independence and well-being by addressing hunger and isolation.

Dream Center of Forsyth County: The Dream Center of Forsyth County is a safe place offering food assistance, clothing, and counseling for our community. Employees within the Reynolds American organization lend a hand in a variety of service areas, including preparing new clothing donations, assembling care packages with baby essentials, and packing food items. The Dream Center's services have a significant impact, providing those in need with 30,000 to 50,000 meals per month on average.

Red Cross Disaster Response Partner: We are a member of the American Red Cross Disaster Response program, which ensures the American Red Cross can prepare for, respond to, and help people recover from disasters large and small, including hurricanes, storms, home fires, and other crises.

90% OF EVERY DOLLAR DONATED to the Red Cross is directly invested in delivering essential services.

100-Year partnership of community giving with United Way of Forsyth County:
2023 marked the United Way of Forsyth County's 100th anniversary, and we are proud to have been a partner since the organization's founding. Over the past century, employees within the Reynolds American organization have worked to support their mission to uplift communities, improve student success, and further economic mobility. Since 2011, the Reynolds American Foundation and employees within the Reynolds American organization have donated nearly $25 million in support of United Way.

VOLUNTEERISM plays a big part in our support of United Way. Over one month in the fall of 2023, 86 employees within the Reynolds American organization logged more than **330 HOURS ACROSS 22 PROJECTS AND 11 LOCATIONS**.



"

The Reynolds American organization has a long history of giving back to the community, especially through the United Way, which it has partnered with for over a hundred years. This is exemplified during our annual Days of Giving and Days of Caring campaigns. The impact that employees' dollars and volunteer service make on local nonprofits, organizations, and schools is truly meaningful."

Walter Farabee

Senior Manager of Community Engagement within the Reynolds American organization



Human rights | Farmer livelihoods and communities

REYNOLDS AMERICAN TARGETS

ZERO INCIDENTS of child labor in our tobacco supply chain by 2025

REYNOLDS AMERICAN 2023 HIGHLIGHTS

Identified **ZERO INCIDENTS** of child labor in our tobacco supply chain

100% of farmers in our tobacco supply chain growing other crops

100% farmer participation in the GAP Connections certification program

$50,000 donated to farmworker housing fund



"As a business, we are invested in the sustainability of our tobacco growing communities. We take steps to certify that farming practices align with our environmental goals and that working conditions are independently audited. Additionally, all our U.S. farmers grow diverse crops, increasing resilience and supporting prosperous livelihoods."

Chris Dixon

Vice President of Leaf Operations within the Reynolds American organization



SUPPORTING FARMER HOUSING: Since 2006, we have been helping support the need for decent, safe, sanitary, and affordable housing for agricultural workers. In 2023, we provided $50,000 to Southeast Nonprofit Housing for its On-Farm Housing Program. The program provides incentives for growers to build new, better housing and is proven to increase both health and productivity.

$50,000 TO SOUTHEAST NONPROFIT HOUSING



OUR LONG-STANDING COMMITMENT TO HUMAN RIGHTS

Fundamental human rights are affirmed by the Universal Declaration of Human Rights, and our commitment to respect those fundamental rights are set out in the BAT Group's Standards of Business Conduct (SoBC) and Supplier Code of Conduct (SCoC), including the rights of employees within the Reynolds American organization, the people we work with, and the communities in which we operate across our supply chains and business operations. All of our leaf suppliers are expected to participate in the industry's Sustainable Tobacco Program (STP), which requires an annual self-assessment against priority themes, including human rights.

SUPPORTING FARMER LIVELIHOODS

While industry-wide standards help ensure high environmental, social, and agronomy protections, many of the challenges impacting the livelihoods of our farmers and sustainability of agriculture are aided by additional certifications.

The GAP Connections farmer certification program helps produce quality crops while protecting, sustaining, or enhancing the environment; ensuring the safety and rights of farm laborers; and recognizing producers committed to a higher standard.

Thrive assessments launched in 2016 by the BAT Group are part of our sustainable agriculture and farmer livelihoods program, which includes all BAT-owned and strategic third-party suppliers worldwide.

Intertek Working Conditions Assessments (WCA) help us manage our supply chains by requiring strategic and/or preferred suppliers mainly in direct materials and New Category products to undergo an independent due diligence audit aligned to international standards covering forced labor, child labor, wages and hours, health and safety, and environment and management systems.



Governance

Our commitment to corporate governance

We are committed to maintaining integrity in everything we do and operating in a responsible, transparent, and accountable manner, as outlined in our Guiding Principles. From prioritizing responsible marketing to maintaining ethics and integrity, corporate governance is a core component of our long-term sustainability goals.

Marketing and communication

REYNOLDS AMERICAN 2023 HIGHLIGHTS

100% completion of iCommit Underage Access Prevention training by employees

21+ **100%** of adult nicotine consumers were third-party age verified before accessing online content

Retailers selling our products had a **99.9%** no violation rate for prohibiting the sale and distribution of tobacco products to minors

0 **ZERO INCIDENTS** of Marketing non-compliance where Reynolds American was deemed at fault

"Our dedication to robust governance, through transparency and accountability, helps us maintain a culture of the utmost integrity."

Jeff Raborn

Executive Vice President of Law and External Affairs and General Counsel within the Reynolds American organization



OUR MARKETING GUIDELINES AND PRINCIPLES

Reynolds American supports responsible marketing practices by driving awareness and compliance, and mandating appropriate trainings. We employ strict guidelines with respect to mass media (print advertising, television, online advertising) to ensure that the audience viewership is overwhelmingly adult. In addition to restricting the dissemination of marketing communications, we also impose numerous restrictions on the content of those marketing messages. Our approach to marketing is governed the BAT Responsible Marketing Framework and our Marketing Policies and Practices, which are applied consistently and effectively across our product categories, and include:

- Responsible;
- Accurate and not misleading;
- Targeted at adult consumers only;
- Transparent; and
- Compliant with all applicable laws.

VERATAD THIRD-PARTY AGE VERIFICATION

Reynolds American companies use Veratad, a third-party age verification platform, to prevent unauthorized access to age-restricted marketing content across all brand websites.

"Responsible marketing means abiding by policies and procedures that have been designed to make sure our marketing content is reaching those who it is designed for – existing adult tobacco consumers who are 21 and older."

Anita Fields

Director of Marketing Compliance and Consumer Relations within the Reynolds American organization



STRENGTHENING UNDERAGE ACCESS PREVENTION

We believe those who are underage should not use tobacco or nicotine products of any kind under any circumstances, and we support programs focused on prevention, including iCommit Training, Right Decisions Right Now, TruAge™, and We Card, as well as businesses' retailer compliance programs.

ICOMMIT UNDERAGE ACCESS PREVENTION TRAINING

Our iCommit Training program supplies employees with best practices and guidelines to ensure our products are marketed to adults 25 and older. We are proud that 100% of our employees required to complete the training did so in 2023, helping us with our goal to further strengthen our commitment to Underage Access Prevention while effectively marketing our products to adult tobacco and nicotine consumers.

MAKING THE RIGHT DECISIONS RIGHT NOW

In 1991, we launched the Right Decisions Right Now (RDRN) underage tobacco prevention program to educate those who are underage about the dangers of tobacco and nicotine, including vapor products, and we continue to support the program.

We encourage our employees to offer the RDRN program to underage-focused groups, which are entitled to a grant of $500-$1,000.

The RDRN program was found to be successful on a national level based on:

- Smoking levels decreased significantly in test schools, particularly for grades eight and nine;
- The program decreased anticipated tobacco use among middle school-age students; and
- Students' susceptibility to peer pressure and perception of the popularity of tobacco-using peers significantly declined.

Key 2023 highlights from the program include:

- 55 employee-led events and two camps conducted;
- Over 2,000 students served across 13 states; and
- Students served were primarily ages 11-14, which is the peak time for intervention.



“

Reynolds American is proud to support TruAge™ to deliver innovative age-verification technology and help keep tobacco and nicotine products out of the hands of those underage.”

Matt Domingo

Senior Director of External Relations within the Reynolds American organization



TRUAGE™ PREVENTION PARTNERSHIP

We help prevent underage access to tobacco and nicotine products by sponsoring TruAge™, a digital solution for verifying adult tobacco and nicotine consumers’ ages that is more secure and reliable than traditional methods. In partnership with the National Association of Convenience Stores and Conexxus, our investment in TruAge™ reinforces our commitment to underage access prevention and pledge to operate responsibly.

SUPPORT OF THE WE CARD PROGRAM

Since 1995, Reynolds American has supported the We Card program, a national nonprofit organization aimed at helping retailers prevent the underage sale of tobacco and nicotine products through educational and training services. We require our retailers to participate in the program when signing a merchandising contract.



Ethics and integrity | Supplier engagement

REYNOLDS AMERICAN 2023 HIGHLIGHTS

100% of employees completed the Standards of Business Conduct (SoBC) e-learning and sign-off

100% of new joiners automatically enrolled in the SoBC e-learning and sign-off

Participated in **GLOBAL TRAININGS**, including on sanctions and supply chain compliance



Maintaining a culture of integrity and prioritizing ethical values is core to the success of our organization. We encourage employees, business partners, and suppliers to speak up if they have a concern about a wrongdoing, and we commit to treat all cases as serious matters. This is made clear in the BAT Group's Standards of Business Conduct (SoBC), which covers subjects such as such as anti-bribery and anticorruption (ABAC), political contributions and anti-illicit trade, and Supplier Code of Conduct (SCoC), which defines the minimum standards expected of our suppliers.

"Governance and compliance are fundamental elements of our values. Doing the right thing is all of our responsibilities, at every level of the organization, in all aspects of our businesses, and in each of our roles, every day. Our leaders set the right tone from the top, but we must ensure that we drive that message throughout the organization by setting the right 'tone from the middle'."

Mary Bennett

Managing Counsel within the Reynolds American organization



100% ANNUAL SOBC SIGN-OFF

Our annual SoBC sign-off is a key component of our compliance program. We have consistently achieved 100% sign-off completion, which is a hallmark of our strong compliance programs.

In 2023, Reynolds American was one of the **MOST TRUSTWORTHY COMPANIES IN AMERICA**, according to an independent survey facilitated by Newsweek and Statista.



PRIORITIZING INTEGRITY YEAR-ROUND

To ensure integrity is consistently top-of-mind, Reynolds American rolls out a broad program of compliance communications and trainings throughout the year focused on core topics, including Speak Up reporting and respect in the workplace.

BOLSTERING SUSTAINABILITY GOVERNANCE

Climate change and biodiversity loss have generated an increased focus on sustainability.

At Reynolds American, we believe that taking advantage of sustainability-related opportunities is essential for creating A Better Tomorrow™ by Building a Smokeless World and achieving long-term sustainable growth. To showcase that sustainability is a strategic priority for our businesses and companies, we created the following groups:

- The Reynolds Sustainability Steering Committee is focused on embedding sustainability in our businesses and companies; and
- The Environmental Working Group is comprised of employees across our companies and business functions and is focused on staying abreast of proposed environmental regulations and reporting requirements.

“

I am proud of Reynolds American and our dedicated team members who bring their expertise, strategies, and insights to advance a circular economy and reduce our impact on the environment.”

Stephanie Harper

Senior Director of Policy and Advocacy within the Reynolds American organization



INCREASING SUPPLIER ENGAGEMENT

The BAT Group’s approach to supplier engagement is set out in our SCoC. It defines the minimum standards we expect from our suppliers in supplying goods or services to Reynolds American companies and complements the BAT Group’s SoBC. Our suppliers’ environmental and social performance is critical to meeting our own targets. Proactively engaging with our suppliers and working with them to build capability contributes to our overall success.

After releasing a comprehensive rental car Request for Proposal in 2023, we made the strategic decision to switch our preferred provider to **ENHANCE EMPLOYEE SERVICES**, ensure safety, offer a diverse vehicle selection, and align with the organization’s sustainability targets.

In 2023, we implemented an updated Procurement Policy to enhance our procurement processes and new ways of working, **PROMOTE TRANSPARENCY**, and **GUIDE COMPLIANCE** with regulatory standards. The updates included enhanced compliance measures, a non-compliance justification form, and trainings and education.

Definitions

C

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.

CHILD LABOR: The definition of child labor used to identify child labor incidents is aligned to the International Labor Organization’s definition of child labor.

CIRCULAR ECONOMY: A circular economy is one in which waste is eliminated, pollution is prohibited, and recycling and reuse are the norm, hence creating a virtuous circle.

CONVERSION: Change of natural ecosystem to another land use or profound change in a natural ecosystem’s species composition, structure, or function.

D

DECARBONIZATION: The process by which CO_2e emissions associated with electricity, industry, and transport are reduced or eliminated.

DEFORESTATION: Loss of natural forest as a result of i) conversion to agricultural or other non-forest land use; ii) conversion to a tree plantation; or iii) severe or sustained degradation.

F

FOREST POSITIVE: To be considered ‘Forest Positive’ a forest should be planted for conservation purposes. Further, the area must be monitored at least one year after the planting date, to verify the survival rate quantification of the area planted and the number of trees that have become viable.

G

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.

K

KEY LEADERSHIP TEAMS: Categorized as the group of direct reports that report to a Management Board member.

M

MANAGEMENT: Management level employees include all employees at job grade 34 or above, as well as any global graduates. The gender of each employee is typically recorded at the point of hire.

R

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

S

SCOPE 1 EMISSIONS: Direct emissions occur from sources owned or controlled by an organization.

SCOPE 2 EMISSIONS: Indirect emissions generated from purchased electricity, heat, steam, or cooling. These can be 'location-based' – which use a quantification method based on average energy generation emission factors for defined locations, including local, subnational, or national boundaries; or 'market-based' – which use a quantification method based on GTG emissions emitted by the generators from which the reporter contractually purchases electricity bundled with instruments, or unbundled instruments on their own.

SCOPE 3 REPORTABLE (NON-BIOGENIC) EMISSIONS: Scope 3 emissions are all indirect emissions (not included in Scope 2) that occur in the value chain of the reporting organization, including both upstream and downstream emissions and excluding biogenic emissions.

%

% of WOMEN IN MANAGEMENT ROLES: The number of female management-grade employees, as a percentage of the total number of management-grade employees. Management-grade employees include all global graduates and all employees as job grade 34 to grade 41, being of the highest grade immediately prior to the Management Board. The gender of each employee is typically recorded at the point of hire.

Forward-looking statements

This report contains certain forward-looking statements, including “forward-looking” statements made within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. These statements are often, but not always, made through the use of words or phrases such as “believe,” “anticipate,” “could,” “may,” “would,” “should,” “intend,” “plan,” “potential,” “predict,” “will,” “expect,” “estimate,” “project,” “positioned,” “strategy,” “outlook,” “target” and similar expressions. These include statements regarding our ESG targets.

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 report 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. A review of the reasons why actual results and developments may differ materially from the expectations disclosed or implied within forward-looking statements can be found by referring to the information contained under the headings “Cautionary Statement” and “Group Principal Risks” in the 2023 Annual Report and Form 20-F of British American Tobacco p.l.c. (BAT).

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 BAT website www.bat.com.

Past performance is no guide to future performance. The forward-looking statements reflect knowledge and information available at the date of preparation of this report and BAT undertakes no obligation to update or revise these forward-looking statements, whether as a result of new information, future events or otherwise. Readers are cautioned not to place undue reliance on such forward-looking statements.

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A BETTER TOMORROW



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