

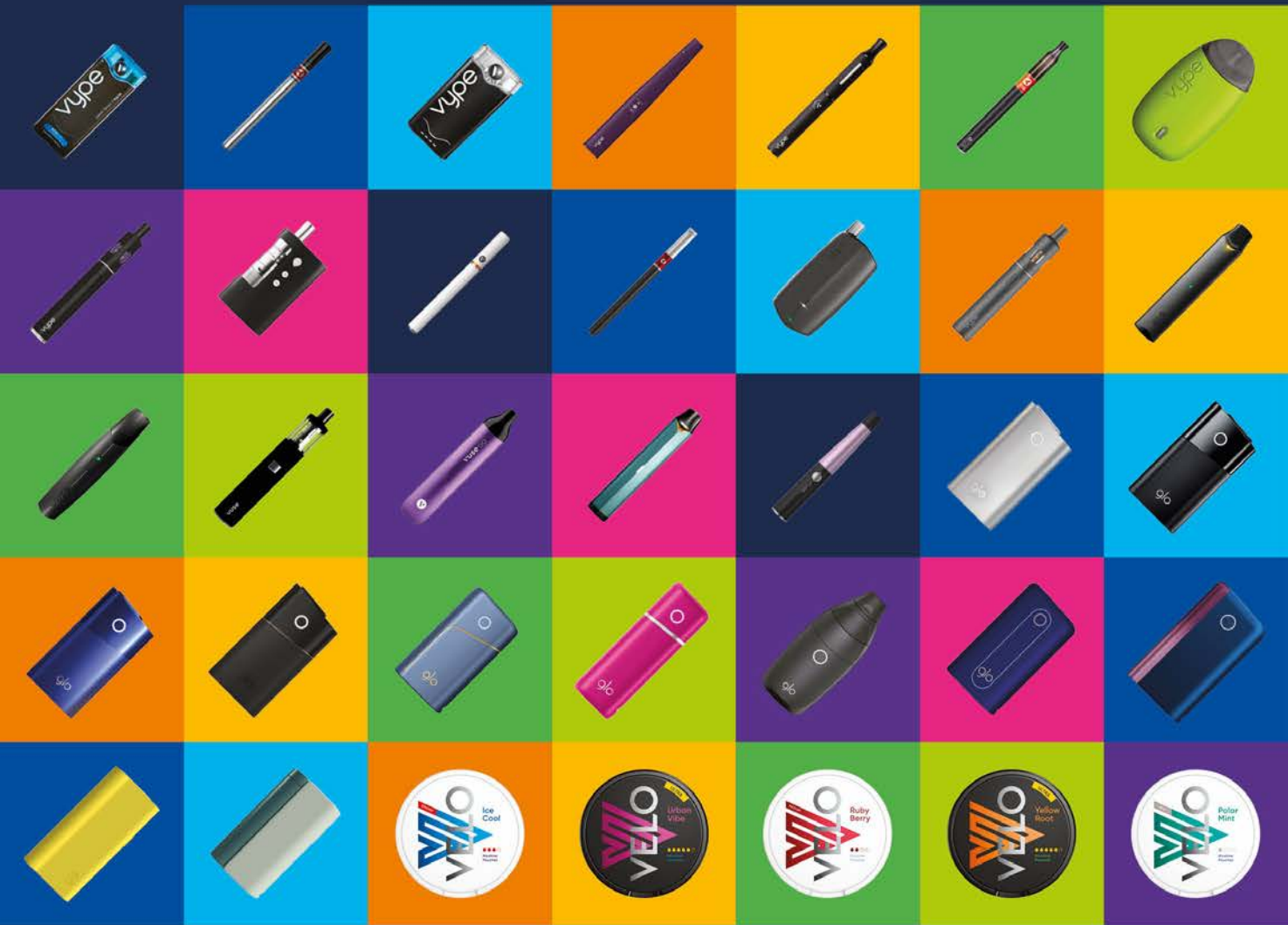


Delivering Transformation

Combined Performance and ESG Summary 2022

A Decade of Portfolio

Transformation



2013

Our first Vapour product launched in the UK



2016

Our first Tobacco Heating Product launched in Japan



2017

Our Modern Oral nicotine pouches are launched



2019

Our New Category portfolio is consolidated under three global brands – Vuse, Velo and glo



2020

Our evolved strategy to deliver A BetterTomorrow™ by reducing the health-impact of our business is launched



2021

Vuse becomes number one global vaping brand by value share and the first global carbon neutral vape brand



New Categories

Since launching our first Vapour device in 2013, we have made real and lasting progress.

Over the past 10 years we have been transforming into a truly multi-category consumer products business, with a mission to stimulate the senses of new adult generations. We are changing. We are building A Better Tomorrow™. Today, we are creating new products that encourage adult smokers to switch to scientifically-substantiated less risky alternatives.†

Across three product categories – Vapour products, Modern Oral products and Tobacco Heating Products – we are creating the brands of the future. Brands with purpose.

As we look to the future to expand our portfolio beyond nicotine, we are becoming a business that defines itself, not by the product it sells, but by the consumer needs that it meets.

Notes:

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

† Our vapour 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.



Our purpose is to reduce the **health impact** of our business by offering a **greater choice** of enjoyable and **less risky***† **products** for our consumers.

We are clear that combustible cigarettes pose serious health risks. The only way to avoid these risks is not to start or to quit. However, we encourage those who would otherwise continue to smoke to switch completely to scientifically-substantiated, reduced-risk alternatives.*†

To deliver this, BAT is transforming into a truly multi-category consumer products business, with a mission to stimulate the senses of new adult generations.

ESG Front and Centre

Our corporate purpose puts ESG front and centre, with a principal focus on reducing the health impact of our global business in order to build A Better Tomorrow™. In 2022, we conducted a Double Materiality Assessment ahead of EU regulatory changes on sustainability reporting. Our new Combined Annual and ESG Report integrates our business and sustainability strategy like never before and is designed to provide stakeholders with a more holistic view of our approach. For more details, see page 22.

This Report is prepared with reference to current and future sustainability reporting requirements and frameworks, including:

- UK Taskforce on Climate-related Financial Disclosures (TCFD)
- EU Sustainable Finance Disclosure Regulation (SFDR)
- EU Sustainability Reporting Standards (ESRS) of the EU Corporate Sustainability Reporting Directive (CSRD)
- Global Reporting Initiative (GRI)
- Sustainable Accounting Standards Board (SASB)
- Sustainable Development Goals (SDGs)

For more information, please visit bat.com/sustainabilityreporting

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Notes:

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British American Tobacco p.l.c. (No. 3407696)

Combined Performance and ESG Summary 2022: Cautionary statement and other information

This Combined Performance and ESG Summary is extracted (without material adjustment) from, and should be read as an introduction to and in conjunction with, the 2022 Annual Report and Accounts and Form 20-F of British American Tobacco p.l.c. (the Company) and the British American Tobacco Group (the "Group") prepared in accordance with UK requirements. It has been drawn up and is presented in accordance with, and reliance upon, applicable English company law and the liabilities of the Directors in connection with the report shall be subject to the limitations and restrictions provided by such law.

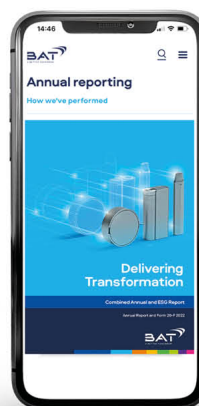
This Combined Performance and ESG Summary contains certain forward-looking statements, including "forward-looking" statements made within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. These statements are often, but not always, made through the use of words or phrases such 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 intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the economic and business circumstances occurring from time to time in the countries and markets in which the Group operates, including the projected future financial and operating impacts of the COVID-19 pandemic.

All such forward-looking statements involve estimates and assumptions that are subject to risks, uncertainties and other factors that could cause actual future financial condition, performance and results to differ materially from the plans, goals, expectations and results expressed in the forward-looking statements and other financial and/or statistical data within this Combined Performance and ESG Summary. Among the key factors that could cause actual results to differ materially from those projected in the forward-looking statements are uncertainties related to the following: the impact of competition from illicit trade; the impact of adverse domestic or international legislation and regulation; the inability to develop, commercialise and deliver the Group's New Categories strategy; adverse litigation and dispute outcomes and the effect of such outcomes on the Group's financial condition; the impact of significant increases or structural changes in tobacco, nicotine and New Categories related taxes; translational and transactional foreign exchange rate exposure; changes or differences in domestic or international economic or political conditions; the ability to maintain credit ratings and to fund the business under the current capital structure; the impact of serious injury, illness or death in the workplace; adverse decisions by domestic or international regulatory bodies; changes in the market position, businesses, financial condition, results of operations or prospects of the Group; and direct and indirect adverse impacts associated with Climate Change and the move towards a Circular Economy.

Further details on the principal risks that may affect the Group can be found in the 'Group Principal Risks' section of the Strategic Report of the 2022 Annual Report and Accounts and Form 20-F. A summary of all the risk factors (including the principal risks) which are monitored by the Board through the Group's risk register is set out in the section under the heading 'Group Risk Factors' in the Additional Disclosures section of the 2022 Annual report and Accounts and Form 20-F. It is believed that the expectations reflected in this Combined Performance and ESG Summary 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.

Past performance is no guide to future performance and persons needing advice should consult an independent financial adviser.

The forward-looking statements reflect knowledge and information available at the date of preparation of this Combined Performance and ESG Summary and the



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Group 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. This Combined Performance and ESG Summary is provided for information only and is not intended to be a substitute for reading the 2022 Annual Report and Accounts and Form 20-F. In particular, this Combined Performance and ESG Summary does not comprise the Company's Strategic Report or any supplementary materials and it does not contain sufficient information to allow for as full an understanding of the results of the Group and the state of affairs of the Group, and the principal risks facing the Group, as would be provided by the 2022 Annual Report and Accounts and Form 20-F.

Shareholders may view a copy of the 2022 Annual Report and Accounts and Form 20-F on www.bat.com or obtain a hard copy free of charge (contact details can be located on page 36 of this Combined Performance and ESG Summary). Specific local mailing and/or notification requirements will apply to shareholders on the South Africa branch register. If you have sold or transferred all your shares in British American Tobacco p.l.c., you should send this Combined Performance and ESG Summary to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This Combined Performance and ESG Summary provides alternative performance measures (APMs) which are not defined or specified under the requirements of International Financial Reporting Standards (IFRS). We believe these APMs provide readers with important additional information on our business. A comprehensive list of the APMs that we use, an explanation of how they are calculated, why we use them and a reconciliation to the most directly comparable IFRS measure where relevant is set out under the heading 'Non-GAAP measures' in the Additional Disclosures section of the 2022 Annual Report and Accounts and Form 20-F.

BAT has shares listed on the London Stock Exchange (BATS) and the Johannesburg Stock Exchange (BTJ), and, as American Depositary Shares (ADSs), on the New York Stock Exchange (BTI). References in this Combined Performance and ESG Summary to 'British American Tobacco', 'BAT', 'Group', 'we', 'us' and 'our' when denoting opinion refer to British American Tobacco p.l.c. and when denoting business activity refer to British American Tobacco Group operating, collectively or individually as the case may be. The material in this Combined Performance and ESG Summary is provided for the purpose of giving information about the Company to investors only and is not intended for general consumers. The Company, its Directors, employees, agents or advisers do not accept or assume responsibility to any other person to whom this material is shown or into whose hands it may come and any such responsibility or liability is expressly disclaimed. The material in this Combined Performance and ESG Summary is not provided for product advertising, promotional or marketing purposes. This material does not constitute and should not be construed as constituting an offer to sell, or a solicitation of an offer to buy, any of our products. Our products are sold only in compliance with the laws of the particular jurisdictions in which they are sold. References in this Combined Performance and ESG Summary to information on websites, including the web address of BAT, have been included as inactive textual references only. The websites and the information contained therein or connected there to are not intended to be incorporated into or to form part of this Combined Performance and ESG Summary.

Chair's Introduction

Transforming for A Better Tomorrow™

In an increasingly complex world, BAT's North Star remains its purpose – to build A Better Tomorrow™. To succeed in delivering this, we must continue to win and nurture the trust of all our stakeholders, including shareholders.

Luc Jobin
Chair

Dear Fellow Shareholders

2022 marks a year of great progress against the strategy at BAT, given the backdrop of an increasingly complex external environment. I am proud of the delivery of the business in 2022.

Navigating a new economic cycle, characterised by rising inflation, higher interest rates and a tight labour market, has required the business to be more adaptable than ever.

Such complexities have been exacerbated by international conflict, political instability and supply chain constraints. In response, BAT has increased its focus on driving both a step change in New Categories and value from the combustibles business.

I believe BAT's strategy gets the balance right between these two drivers of value. On top of that, pursuing greater synergies and simplification across the business has delivered further savings for re-investment.

Over the last year, the business has demonstrated the agility required to adapt to a changing external environment.

One tool at our disposal is our active capital allocation framework, introduced in 2021, which allows us the flexibility to take into account macro and fiscal developments to deliver long-term value.

Progressing With Purpose

As a Board, our role is to work to ensure BAT continues to deliver for the consumer, investors and our wider stakeholders.

With international travel possible once again, I have been delighted to see first-hand how our A Better Tomorrow™ corporate purpose has become embedded across so many levels of the organisation.

As the business transforms, the goal of everyone across BAT is to maintain the high performance and rapid progress we have demonstrated since our A Better Tomorrow™ journey began in 2020.

With our New Category revenue and consumers of Non-Combustible products targets approaching, now is the time to keep our momentum and focus.

We must provide even more adult smokers with a portfolio of products that are a better choice than cigarettes†.

As we have said before, reducing the health impact of our business by offering consumers a greater choice of reduced risk† products is a multi-year endeavour. It is unlikely to always proceed smoothly and may involve periods of turbulence owing to factors outside of our control. However, what is clear to me is that every level of the business is committed to delivering sustainable growth.

Driving ESG Progress

This year, we have taken the opportunity to embed sustainability reporting more extensively into our Annual Report. Ahead of forthcoming EU reporting requirements, we believe this new 'Combined Annual and ESG Report' provides a more holistic view of our business performance.

Sustainability and ESG have long been an intrinsic part of BAT's DNA. We published our first Sustainability Report in 2001. Since then, the business has been repeatedly recognised for its sustainability achievements. This year alone, we received the highest award - gold class - in the S&P Global Sustainability Yearbook 2022, and were named a Climate Leader by the Financial Times.

As part of our commitment to the UN-backed Race to Zero campaign, BAT published its Low-Carbon Transition Plan in 2022. This important document outlines the actions the business will take to reach its climate targets. This includes halving absolute emissions across its value chain by 2030, from a 2020 baseline, and to be Net Zero across its value chain by 2050 at the latest.

This is the latest milestone in BAT's journey to tackle climate change and to build A Better Tomorrow™. Crucially, targets and actions included in the Low-Carbon Transition Plan are in line with BAT's ambitious 1.5°C-aligned trajectory, approved by the Science Based Targets initiative in July 2022.

BAT is equally committed to protecting biodiversity. The COP-15 UN Biodiversity Conference took place in Canada in December 2022 and BAT joined more than 300 leading companies in signing Business for Nature's call to protect and restore biodiversity.

The need for mandatory requirements for businesses and financial institutions to disclose biodiversity impacts has never been clearer. Biodiversity and climate are inextricably linked and it is only through creating a level playing field for businesses that we hope to see meaningful progress on protecting biodiversity.

Ethos & Culture

I would also like to reflect on how important BAT's ethos and culture is to delivering BAT's future. After all, our people are a key stakeholder group; explicitly called out when we talk about creating sustainable, multi-pronged value.

In many ways BAT has a remarkable and unique culture: truly global, immensely diverse and marked out by a blend of new talent and capabilities, alongside long-standing experience. Of course, that culture needs nurturing and cherishing.



2022 marks a year of great progress against the strategy at BAT, given the backdrop of an increasingly complex external environment. I am proud of the delivery of the business in 2022.

During uncertain times, our role is to ensure BAT continues to deliver for the consumer and our wider stakeholders.

We must provide even more adult smokers with a portfolio of products that are a better choice than cigarettes^{*†}.

Sustainability and ESG have long been an intrinsic part of BAT's DNA. We published our first Sustainability Report in 2001.

As part of our commitment to the UN-backed Race to Zero campaign, BAT published its Low-Carbon Transition Plan in 2022.

Each and every one of the people across BAT deserves huge credit for the achievements of 2022.

As the business transforms, the goal of everyone across BAT is to maintain the high performance and rapid progress we have demonstrated since our transformation journey began in 2020.

My Board colleagues and I have dedicated significant time this year to understanding that culture better and fostering its development with management. We are committed to making sure it develops through building on its provenance while also being contemporaneous and 'fit' for the challenges of the world today. We will continue to reflect further on that as part of the Board's programme through 2023.

Dividends

The Board has declared a dividend of 230.9p per ordinary share, payable in four equal instalments of 57.72p per ordinary share, to shareholders registered on the UK main register or the South Africa branch register and to American Depository Shares (ADS) holders, each on the applicable record dates.

The dividends receivable by ADS holders in US dollars will be calculated based on the exchange rate on the applicable payment dates.

Further information on dividends can be found on pages 34 and 35.

Board Changes

I was pleased to welcome Véronique Laury to the Board in September 2022. Véronique joined as an independent Non-Executive Director and member of the Nominations and Audit Committees.

With an extensive career in consumer goods, including Kingfisher plc for over 15 years where she was Group CEO between 2014 and 2019, Véronique brings with her impressive international, strategic, transformation and digital experience.

I look forward to her contribution as we accelerate our strategy to build A Better Tomorrow™.

Confidence in BAT's Team

I have full confidence in the Management Board of BAT and in the leadership of Jack. I know that, as a team, they will continue to lead the accelerated transformation of BAT at pace.

Each and every one of the people across BAT deserves huge credit for the achievements of 2022. In testing circumstances, they have demonstrated resilience, dedication and an ability to adapt to change. On behalf of the Board, I offer them my thanks.

My Thanks

In an increasingly complex world, BAT's North Star remains its purpose – to build A Better Tomorrow™. To succeed in delivering this, we must continue to win and nurture the trust of all our stakeholders, including shareholders.

I am grateful to everyone who has shared in our transformation journey so far – equally so to those new shareholders who have joined us on the journey ahead.

Developments over the last few years have shown that it will not always be straightforward. However, with your support, I am confident that BAT will continue to transform at pace while delivering multi-stakeholder value long into the future.

Notes:

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

† Our Vapour 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.



Colleagues meeting at our global headquarters in London, UK

Chief Executive's Review

Transforming and Delivering

2022 shows that our strategy is working. We have strong, global New Category brands, targeted geographic expansion plans and an unwavering commitment to innovation that means we are delivering for the consumer.

Jack Bowles
Chief Executive



Dear Stakeholders,

During 2022, the business demonstrated once again that it can transform while also delivering strong results.

Our people have always been one of our greatest strengths and this year that has never been more evident. Their focus and resolve in the face of global economic and political upheaval have delivered excellent progress against our three strategic priorities to:

- Generate a step change in New Categories performance;
- Drive value from combustibles; and
- Simplify the business.

As Tadeu highlights on page 8, Group revenue was up 7.7% on 2021. New Categories have become a significant contributor to this, delivering £2,894 million in 2022 (up 40.9%). We remain on track to meet our New Category revenue target of £5 billion by 2025, and now expect profitability (on a category contribution basis) by 2024, one year ahead of plan.

Combined with a resilient performance across our combustibles business during the year, we believe we are well placed to navigate an increasingly challenging external environment.

On 11 March 2022, we announced our intention to transfer our businesses in Russia and Belarus while remaining compliant with all local and international regulations. I can now confirm that we are in advanced discussions with a joint management-distributor consortium with a view to completing the transaction in 2023, albeit that process remains unprecedented, complicated and complex.

A Purpose-Driven Strategy

At the centre of our strategy is our corporate purpose to build A Better Tomorrow™. This means offering a greater choice of enjoyable and less risky products† for our consumers.

2022 shows that our strategy is working. We have strong, global New Category brands, targeted geographic expansion plans and an unwavering commitment to innovation that means we are delivering for the consumer.

We now have 22.5 million consumers of Non-Combustible products and revenue from these products now accounts for 14.8% of Group revenue.

Across our three global New Category brands, we are seeing the benefits of our investments, driving sustainable growth while reducing operating losses.

In the Vapour category:

- Revenue was up 55% (from 2021), with our global brand, Vuse, extending its global value share leadership position; and
- Our recently launched Vuse Go product has achieved No.2 value share in the modern disposables segment in the UK and France and is now available in 24 markets.

In the Tobacco Heating Product category:

- Our flagship THP, glo, continued to make category volume share gains while also increasing revenue (up 24%) in 2022; and
- We are seeing encouraging early results from our Hyper X2 launch in Japan, following the national rollout in October 2022. Hyper X2 is now available in 21 markets around the world.

In the Modern Oral category:

- Velo continued its strong volume share leadership in Europe (now 69%), largely driven by innovations including Velo Mini pouches and Velo Max ranges; and
- Revenue in the Modern Oral category, predominantly through Velo, was up 45%.

Driving value from combustibles:

Of course, our continuing drive for value from the combustibles business is what powers our investment in New Categories. As such, the performance of that part of the business remains an important driver of growth.

We have a targeted portfolio of brands across price tiers which have delivered a robust performance across our APME, AmSSA and Europe regions, driven by resilient volumes.

With U.S. volumes continuing to face pressure as a result of macro-economic factors, we have activated commercial plans across specific brands, channels and states.

Beyond Nicotine

Our aspirations in the Beyond Nicotine space have also evolved in 2022:

- In September, we invested in one of Germany's leading cannabis companies, Sanity Group, with a non-controlling minority stake;
- In November, we invested via a loan in Charlotte's Web, an independent leading U.S. producer of hemp extract wellness products; and
- At the start of the year, we created a new biotech company, KBio, to accelerate the development of our existing plant-based technology capabilities.

Together, these exciting developments represent another step in our exploration beyond tobacco and nicotine.

Embedding Sustainability

I was delighted with the appointment of our first Chief Sustainability Officer (CSO) in August 2022, further embedding our decades-long commitment to sustainability.

On page 22, Mike, our new CSO, and Kingsley, our Chief Growth Officer, discuss:

- The ESG and sustainability landscape;
- Our strategic approach; and
- How our reporting on this critical area of the business is evolving.



During 2022, the business demonstrated once again that it can transform while also delivering strong results.

Our people have always been one of our greatest strengths and this year that has never been more evident.

Their focus and resolve in the face of global economic and political upheaval have ensured excellent progress against our three strategic priorities.

At the centre of our strategy is our corporate purpose to build A Better Tomorrow™.

We remain on track to meet our New Category revenue target of £5 billion by 2025 and now expect profitability by 2024, one year ahead of plan.

Across our three global New Category brands, we are seeing the benefits of our investments; driving sustainable growth while reducing operating losses.

We have also made great progress on our existing ESG commitments this year.

With the external environment becoming ever more complex, I am confident that BAT's proven resilience will ensure we can capitalise on the opportunities that will emerge.

One important development in this area in 2022 has been the application of a Double Materiality Assessment approach to inform our strategy. We took the opportunity during 2022 to be among the first companies globally to conduct and disclose results from a Double Materiality Assessment.

Such an approach looks not only at how our business impacts ESG issues but also how ESG-related matters impact our business.

Key to understanding this has been an extensive stakeholder consultation process.

The results of the Double Materiality Assessment have already helped inform my management team and me on strategy and will continue to do so as we guide the business through 2023 and beyond.

We also made great progress on our existing ESG commitments this year:

- Our new Low-Carbon Transition Plan charts a course for how we will halve absolute emissions across our value chain by 2030;
- We now have 28 certified carbon neutral manufacturing and commercial facilities[†]; and
- As we progress towards 100% Group certification by 2025, we achieved Alliance for Water Stewardship certification at our largest U.S. manufacturing facility.

Notes:

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

† Our Vapour 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.

More details on our ESG Roadmap, which is pivotal to our building A Better Tomorrow™, can be found on page 6.

Opportunities and Resilience

With the external environment becoming ever more complex, I am confident that BAT's proven resilience will ensure we can capitalise on the opportunities that will emerge.

One key to this is our Group-wide transformation programme, QUEST. Quantum, our business simplification and efficacy programme, is the first pillar of QUEST and has delivered £1.9 billion annualised cost savings over the last three years. The other pillars are described in detail on page 24 and highlight how we are becoming the Enterprise of the Future.

As BAT, and the world around us evolves, we need to make sure we are fit for the future. QUEST is one way that we are becoming more responsive, transformational and resilient in the face of change.

Of course, our people remain at the heart of the transformation we are undertaking.

As they have proven time and again, it is through their hard work and determination that we will continue to deliver for stakeholders now and in the future.

** BAT's carbon neutral sites are externally verified as adhering to internationally recognised standards / carbon neutrality methodologies such as PAS 2060 and purchase carbon credits verified by third parties, such as VCS, Gold Standard and American Carbon Registry, to offset residual emissions for which immediate plans do not offer financially viable and/or real emission reductions.



Some of our employees at our office in Sacheon, South Korea

Our ESG Roadmap

Our ESG Roadmap contains key goals and targets, metrics, current performance and prior-year comparatives for our material sustainability topics.

● On track/target met ● Ongoing focus area ● Not an indicator of performance/No material change

Topic	Goals and targets	Metrics	Performance tracking			
			2022	2021	2020	Trend
H Harm reduction	£5bn by 2025 in revenue from New Categories	New Category revenues (€bn)	2.9	2.1	1.4	●
	50m by 2030 consumers of our Non-Combustible products	No. of consumers (millions) [♦]	22.5	18.3	13.5	●
E Climate change	Net Zero by 2050 across our value chain - comprising Scope 1, 2 & 3 greenhouse gas (GHG) emissions 50% CO₂e emissions reduction by 2030 across our value chain - comprising Scope 1, 2 & 3 GHG emissions ¹ Carbon neutral operations by 2030 comprising Scope 1 & 2 GHG emissions	Scope 1 & 2 (market based) CO ₂ e emissions (thousand tonnes) [♦]	420	495	541	●
		Scope 1 & 2 CO ₂ e emissions intensity (tonnes per £m revenue) [♦]	15.2	19.3	20.0	●
		% Scope 1 & 2 CO ₂ e emissions reduction vs 2020 baseline	22.3	8.4	N/A	●
		Scope 3 CO ₂ e emissions (thousand tonnes), including biogenic emissions and removals [♦]	– ²	5,243	5,614	●
Circular economy	<1% waste to landfill by 2025	% waste sent to landfill from direct operations	4.9	8.70	8.90	●
	100% packaging reusable, recyclable or compostable by 2025	% packaging reusable, recyclable or compostable	92	92	80	●
		% markets selling Vuse and glo with Take-Back schemes	100	100	–	●
Biodiversity & ecosystems	No gross deforestation of primary native forests in our tobacco, paper and pulp supply chains	% sources of wood used by our contracted farmers for curing fuels that are from sustainable sources [♦]	99.99	99.89	99.70	●
	Net Zero deforestation by 2025 of managed natural forests in our tobacco, paper and pulp supply chains	% paper and pulp volumes that is certified as sourced sustainably [♦]	94	89	–	●
Water	35% less water use by 2025	% reduction in water withdrawn vs 2017 baseline	33	28	23	●
	100% operations sites Alliance for Water Stewardship certified by 2025	% operations sites Alliance for Water Stewardship (AWS) certified	36	15	–	●
S Human rights ³	Zero child labour aiming for zero incidents in our Tobacco Supply Chain by 2025	% farms with incidents of child labour identified [♦]	0.38	0.70	0.50	●
		% incidents of child labour reported as resolved by the end of the growing season [♦]	100	100	98.5	●
	Monitoring of supply chains	% farms monitored for child labour in our Tobacco Supply Chain [♦]	99.99	99.91	99.70	●
		% product material and higher-risk indirect service suppliers having an independent labour audit within a three-year cycle [♦]	36.6	22	–	●
Farmer livelihoods ³	Crop diversification supporting prosperous livelihoods	% farmers in our Tobacco Supply Chain reported to grow other crops for food or as additional sources of income [♦]	92.8	95.6	93.4	●
People, Diversity & Culture	Increase to 45% by 2025 proportion of women in management roles	% female representation in management roles [♦]	41	39	38	●
		Zero accidents aiming for zero accidents Group-wide each year	Number of work-related accidents (including assaults) resulting in injury, causing absence of one shift or more	83	95	114
	Lost Time Incident Rate (LTIR) [♦]		0.19	0.20	0.22	●
	Number of serious injuries and fatalities to employees and contractors [♦]		36	31	39	●
G Ethics & Integrity	100% SoBC compliance aiming for full adherence to our Standards of Business Conduct (SoBC)	Number of established SoBC breaches ^{♦♦}	84	99	116	●
		Number of disciplinary actions taken as a result of established SoBC breaches that resulted in people leaving BAT [♦]	58	46	54	●
Responsible marketing	Full compliance aiming for full compliance with marketing regulations	Incidents of non-compliance with marketing regulations resulting in a fine or penalty [♦]	3	–	–	–

Notes: ♦ 2022 (2021 for Scope 3) metrics with independent limited assurance by KPMG in accordance with ISAE 3000; see page 94 of the Annual Report and Form 20-F 2022 for a full list of assured metrics. See BAT 'Reporting Criteria' for key terms and definitions, on bat.com/sustainabilityreport. Environmental and Health & Safety data is reported for the period 1 December 2021 to 30 November 2022. In 2022, BAT changed its CO₂e emissions reduction baseline from 2017 to 2020, following SBTi approval of its near-term, 1.5°C-aligned, 2030 reduction target. See page 80 of the Annual Report and Form 20-F 2022 for CO₂e emissions reporting methodology. 1) Compared to 2020 baseline. Comprises 50% reduction in Scope 1, 2 and 50% reduction in Scope 3 GHG (CO₂e) 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. 2) Due to the complexity of consolidating and assuring Scope 3 data from our suppliers and value chain, Scope 3 data is reported one year later. 3) Our goals cover all tobacco used in our combustibles & THP products ('tobacco supply chain'). Our metrics, however, derive data from our annual Thrive assessment, which includes our directly contracted farmers and those of our strategic third party suppliers, representing over 80% of the tobacco purchased by volume in 2022 ('Tobacco Supply Chain'). 4) Consistent with previous years' reporting, cases are not included in the above if they were not resolved at year-end. 5) This is a new GRI-aligned metric for FY2022, with a new reporting system. Although similar data exists for FY2021 & 2020, because the reporting methodology has changed, prior data is not directly comparable.

Our Year in Numbers

Our Performance Metrics	2022		2021		2020	IFRS GAAP KPI	NON GAAP
		%		%			
Consumer							
Number of Non-Combustible Product Consumers	22.5m		18.3m		13.5m		
Market Share							
Cigarette and THP volume share growth (bps)	-10 bps		+10 bps		+30 bps	●	
Cigarette and THP value share growth (bps)	flat		+20 bps		+20 bps		
Volume							
Vapour (mn 10ml units/pods)	612	+14%	535	+56%	344		
THP (bn sticks)	24	+26%	19	+79%	11		
Modern Oral (mn pouches)	4,010	+22%	3,296	+70%	1,934		
Traditional Oral (bn stick equivalents)	7	-8%	8	-4%	8		
Cigarettes (bn sticks)	605	-5%	637	0%	638		
Other Tobacco Products (bn stick equivalents)	16	-10%	18	-9%	20		
Financial							
Revenue (£m)	27,655	+7.7%	25,684	-0.4%	25,776	●	
Revenue at cc (%) ^{1,2}		+2.3%		+6.9%			● ●
Revenue from New Categories (£m)	2,894	+40.9%	2,054	+42.4%	1,443	●	
Revenue from New Categories at cc (%) ¹		+37.0%		+50.9%			● ●
Profit from Operations (£m)	10,523	+2.8%	10,234	+2.7%	9,962	●	
Adjusted Profit from Operations at cc (%) ^{1,2}		+4.3%		+5.2%			● ●
Operating Margin (%)	38.1%		39.8%		38.6%	●	
Adjusted Operating Margin (%) ²	44.9%		43.4%		44.1%		●
Diluted Earnings per Share (p)	291.9	-1.3%	295.6	+6.0%	278.9	●	
Adjusted Diluted Earnings per Share (p) ²	371.4	+12.9%	329.0	-0.8%	331.7	● ●	
Adjusted Diluted Earnings per Share at cc (%) ^{1,2}		+5.8%		+6.6%			● ●
Dividends per Share (p)	230.9	+6.0%	217.8	+1.0%	215.6		
Dividend Pay-Out Ratio (%)	62%		66%		65%		
Net Cash Generated from Operating Activities (£m)	10,394	+7.0%	9,717	-0.7%	9,786	●	
Free Cash Flow after Dividends (£m)	3,134	+23.2%	2,543	-0.3%	2,550		●
Cash Conversion (%)	99%		95%		98%	●	
Operating Cash Conversion (%)	100%		104%		103%		● ●
Borrowings, including Lease Liabilities (£m)	43,139	+8.8%	39,658	-9.8%	43,968	●	
Adjusted Net Debt to Adjusted EBITDA (ratio) ²	2.9x		3.0x		3.3x		● ●
Adjusted Return on Capital Employed (%) ²	10%		9%		10%		
Total Shareholder Return (rank)	4 of 24		17 of 24		20 of 23	●	

 Find our key ESG goals, targets and metrics in our ESG Roadmap on [page 6](#)

Please refer to the Non-GAAP section from page 324 of the Annual Report and Form 20-F 2022 for the Non-GAAP measures definitions. See the section 'Non-Financial Measures' on page 322 of the Annual Report and Form 20-F 2022 for more information on these non-financial KPIs.

Notes:

- Where measures are presented 'at constant rates' or 'at cc', the measures are calculated based on a re-translation, at the prior year's exchange rates, of the current year results of the Group and, where applicable, its segments. See page 107 of the Annual Report and Form 20-F 2022 for the major foreign exchange rates used for Group reporting.
- Where measures are presented as 'adjusted', they are presented before the impact of adjusting items. Adjusting items represent certain items of income and expense which the Group considers distinctive based on their size, nature or incidence.

Finance and Transformation

Director's Overview

We are committed to our active capital allocation framework, which will deliver long-term value to our shareholders, driven by our cash flow generation and deleverage plans.

Tadeu Marroco
Finance & Transformation Director



2022 was another successful year in our transformational journey.

With value delivered from combustibles and improving financial delivery from New Categories, we believe we are well placed to navigate the turbulent macro-economic environment.

Furthermore, while translational foreign exchange has negatively impacted the value of our borrowings (in sterling terms), we believe our continued cash generation places the Group in a strong position for future growth.

Revenue Higher Driven by New Categories

Revenue increased 7.7% to £27,655 million compared to 2021 (while 2021 was marginally lower than 2020, down 0.4% to £25,684 million).

Revenue from New Categories was up 40.9% in 2022 and 42.4% in 2021.

Combustibles pricing remained strong, with Group price/mix of 4.6% in 2022 compared to 4.3% in 2021.

Foreign exchange movements affected the Group's reported results in both periods, being a tailwind of 5.4% in 2022 and a headwind of 7.3% in 2021.

On a constant currency basis, revenue was up 2.3% in 2022 and 6.9% in 2021.

Improving Financial Performance from New Categories Drives Growth

Profit from operations increased 2.8% to £10,523 million, with 2021 up 2.7% to £10,234 million. In 2022, higher revenue, a further reduction in losses from New Categories and a translational foreign exchange tailwind of 7.0% were offset by higher adjusting items, which were largely due to:

- The charges recognised related to the proposed transfer of the Russian (and Belarusian) business of £612 million;
- Restructuring and integration charges, including in respect of Quantum, of £771 million (2021: £150 million), as we streamline our business to drive agility, and further enhance organisational capabilities as we move forward into the next phase of our transformation;
- A charge of £450 million recognised in respect of the investigations by the United States Department of Justice (DOJ) and the United States Department of the Treasury's Office of Foreign Assets Control (OFAC) into alleged historical breaches of sanctions; and
- A charge of £79 million related to the conclusion of the investigation into alleged violations of the Nigerian Competition and Consumer Protection Act and National Tobacco Control Act.

These were partly offset by a net credit of £460 million in Brazil related to the calculation of VAT on social contributions in prior periods (as the Group's litigation was

successfully concluded in the year). Such adjusting items were higher than those recognised in 2021, which included a charge of £358 million related to the disposal of the Group's Iranian business. Our operating margin was consequently 170 bps lower at 38.1% in 2022 (2021: up 120 bps to 39.8%).

On an adjusted constant currency basis, profit from operations grew by 4.3% (2021: up 5.2%). This was driven by higher revenue, a reduction in losses of £578 million from New Categories and efficiencies delivered in both 2022 and 2021 as part of Project Quantum (which has delivered £1.9 billion of annualised savings since 2020).

Adjusted operating margin (at current rates) increased 150 bps to 44.9% (2021: down 70 bps to 43.4%), largely driven by the reduction in New Categories losses.

EPS Impacted by Substantial Adjusting Items, Partly Offset by FX Tailwind

On a reported basis, basic EPS was down 1.2% at 293.3p (2021: up 6.0% at 296.9p) with diluted EPS down 1.3% to 291.9p (2021: up 6.0% to 295.6p), as the impact of higher adjusting charges in 2022 more than offset the improved operational delivery and a translational foreign exchange tailwind.

Excluding the adjusting items and the effect of foreign exchange on the Group's results, adjusted diluted earnings per share, at constant rates, increased by 5.8% to 348.1p, building on the 6.6% growth in 2021.

Strong Cash Generation But Currency Negatively Impacts Net Debt

We continue to focus on a balanced approach to deleveraging, while investing for the future and providing a return via dividends to shareholders.

The Group's cash conversion ratio, based upon net cash generated from operations, was 99% (2021: 95%) and the operating cash conversion ratio was 100% (2021: 104%). The Group realised £10.4 billion (2021: £9.7 billion) of net cash generated from operating activities, or £3.1 billion (2021: £2.5 billion) of free cash flow after dividends – which is a measure the Group uses to assess total cash generated by the Group with which to repay borrowings.

Due to the relative weakness of sterling against the US dollar (currency headwind of £3,911 million), which more than offset the net repayment of borrowings in the year, in 2022, total borrowings (including lease liabilities) have increased from £39,658 million in 2021 to £43,139 million in 2022.

Despite the currency headwind on borrowings, we continue to deleverage, with an adjusted net debt to adjusted EBITDA ratio decreasing from 2.99 times to 2.89 times.



The Group continues to deliver against its financial objectives. This has allowed the Group to continue to reward shareholders with growth in dividends (up a further 6.0%).

Strong, sustainable, cash flow generation underpins confidence in the future.

We remain committed to our medium-term targets of 3-5% revenue growth (excluding currency), high single figure adjusted diluted EPS growth and growth in dividends.

Profit from operations was up 2.8% (2021: up 2.7%), being growth of 4.3%, excluding adjusting items and translational FX.

Strong cash generation has enabled us to return £6.9 billion of cash to shareholders in 2022, while still deleveraging to 2.89x adjusted net debt to adjusted EBITDA.

Our liquidity profile remains strong, with average debt maturity close to 9.9 years and maximum debt maturities in any one calendar year of around £4 billion. Our medium-term rating target remains BBB+/Baa1, with a current rating of BBB+/Baa2*.

Net finance costs in 2022 were £1,641 million, an increase of 10.5% on 2021, which had declined to £1,486 million from £1,745 million in 2020. The increase in 2022 was partly driven by a foreign exchange headwind. On an adjusted, constant rate basis, net finance costs increased 2.5% in 2022 (2021: down 4.5%), driven by higher interest costs on debt issued in the year.

As part of the Group's de-risking of future funding, during 2020, gross interest cover ceased to be a covenant in the Group's debt facilities.

The Group has debt maturities of around £4 billion annually in the next two years. Due to higher interest rates, net finance costs are expected to increase as debts are refinanced.

Active Capital Allocation Framework

We are committed to our active capital allocation framework, which will deliver long-term value to our shareholders, driven by our cash flow generation and leverage plans.

These include:

- Continuing to grow the dividend;
- Maintaining our target leverage corridor of 2-3x adjusted net debt / adjusted EBITDA;
- Potential bolt-on M&A opportunities; and
- Share buy-backs to enhance shareholder returns.

The Board will prioritise capital allocation opportunities each year in line with this new longer-term active capital allocation framework, while continuing to take into account macro-economic influences and potential regulatory and litigation outcomes.

At this time, the Board has decided to take a pragmatic approach. Given our incremental investment plans in 2023 to further accelerate our transformation, and in light of the uncertain macro-environment, higher interest rates, outstanding litigation and regulatory matters, the Board has decided to prioritise strengthening the balance sheet. This will provide greater business resilience while continuing to support future financial agility, as we aim to reduce leverage more quickly towards the middle of our target 2-3x corridor.

We have announced a dividend increase of 6.0% to 230.9p (with a dividend pay-out ratio of 62.2%).

Navigating the Near Term Challenges With Confidence

Our business is extremely well placed for the future.

With a diversified geographic and product portfolio, and a track record of delivering robust and consistent cash generation, we believe the Group is well positioned to continue to invest for future growth while navigating the near-term macro-economic uncertainties and challenges.

Notes:

* A credit rating is not a recommendation to buy, sell or hold securities. A credit rating may be subject to withdrawal or revision at any time. Each rating should be evaluated separately of any other rating.



Colleagues at BAT Mexico having a discussion over coffee

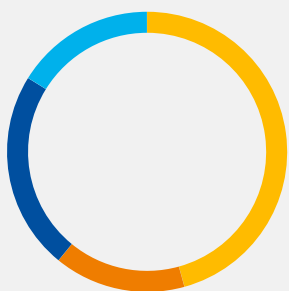
Our Global Business

To build A Better Tomorrow™, our marketplace analysis delivers insights regarding consumer trends and segmentation. This facilitates our geographic brand prioritisation across our regions and markets.

To achieve a step change in New Categories, we are creating the Enterprise of the Future – building new capabilities around the world focused on science, innovation and digital information.

Consumer preferences and technology are evolving rapidly, and we are staying ahead of the curve with our digital hubs, the creation of innovation hubs and further development of our world-class R&D laboratories. We are also leveraging the expertise of our external partners and are looking forward to exciting results from our venturing initiative, Btomorrow Ventures.

Revenue by Region



£27,655m

Total revenue

U.S.	£12,639m
AmSSA	£4,203m
Europe	£6,346m
APME	£4,467m

Effective from 2023, the Group will revise its regional structure and report on three regions, being;

- the United States of America;
- Asia-Pacific, Middle East and Africa (APMEA); and
- Americas and Europe (AME).

Our four complementary regions

Map is accurate as at 31 Dec 2022 and is representative of general geographic regions and does not suggest that the Group operates in each country of every region.



Our business is divided into four complementary regions, with a balanced presence in both high-growth emerging markets and highly profitable developed markets.



4

regions



5

major product categories



138

employee nationalities



50,000+

employees



United State of America (U.S.)

Key Markets:
United States of America

Americas and Sub-Saharan Africa (AmSSA)

Key Markets:
Argentina, Brazil, Canada, Chile, Colombia, Nigeria, Mexico, South Africa

Europe

Key Markets:
Belgium, Bulgaria, Czech Republic, Denmark, France, Germany, Greece, Hungary, Italy, Kazakhstan, Netherlands, Poland, Romania, Russia, Spain, Switzerland, Turkey, Ukraine, United Kingdom.

Russia will remain in the list of key markets until the transfer of the Russian business is complete.

Asia-Pacific and Middle East (APME)

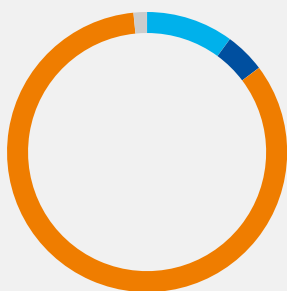
Key Markets:
Algeria, Australia, Bangladesh, Egypt, Gulf Cooperation Council (including Saudi Arabia), Japan, Malaysia, Morocco, New Zealand, Pakistan, South Korea, Taiwan, Vietnam.

From 1 January 2022, Algeria, Sudan, Morocco, Libya, Tunisia and Egypt moved from Europe and North Africa (now Europe) to APME. No restatement of prior year figures has been made as the impact was not material to either Europe or APME.

Our Consumer-Centric Multi-Category Portfolio

BAT is a leading consumer-centric, multi-category consumer goods business dedicated to stimulating the senses of adult consumers worldwide. Our portfolio reflects our commitment to meeting the evolving and varied needs of today’s adult consumer who seeks sensorial enjoyment for different moods and moments.

Revenue by product category



New Categories	£2,894m	10.4%
Traditional Oral	£1,209m	4.4%
Combustibles	£23,030m	83.3%
Other	£522m	1.9%

£27,655m
Total revenue

Strategic Portfolio

These are our key brands in both the combustible and Non-Combustible categories. This ensures focus and investment on the brands and categories that will underpin the Group’s future performance.

The strategic portfolio is:

Non-Combustibles

All brands within New Categories and the strategic Traditional Oral brands in moist and snus.

Combustibles






Dunhill, Kent, Lucky Strike, Pall Mall, Rothmans, Newport (U.S.), Natural American Spirit (U.S.), Camel (U.S.).



Notes:

BAT’s New Category products are not smoking cessation devices and are not marketed for that purpose.

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

† Our Vapour 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.

Category		
Our Reduced-Risk Portfolio (Non-Combustibles) [†]	Vapour 	Vapour products are handheld, battery-powered devices that heat a liquid (called an e-liquid) to produce an inhalable aerosol, commonly known as vapour. These products can be either open or closed systems. Open systems offer a customised vaping experience – using a refillable tank. Closed systems work with disposable, pre-filled cartridges, offering greater convenience.
	THP 	Tobacco Heating Products (THPs) are a new category of tobacco product designed to heat rather than burn tobacco. They create an inhalable aerosol that contains nicotine and are also known as 'heat-not-burn' products.
	Modern Oral 	Modern Oral products are our smoke-free oral nicotine products, sometimes called nicotine pouches, designed for use in the mouth. Consumers place a disposable nicotine pouch between their gum and upper lip where nicotine and flavours are released and nicotine is absorbed through the tissues lining the mouth.
	Traditional Oral 	Traditional oral products include snus and snuff. Snus is a moist form of oral tobacco originating from Sweden. It is available in loose form or as pouches. The tobacco is typically mixed with water, salt and aromas.
	Combustibles 	The Group sold 605 billion cigarette sticks and 16 billion OTP (stick equivalents) in 2022. The Group operates in over 170 markets, with 41 fully integrated cigarette manufacturing facilities in 39 markets.

Global Drive Brands		Market Footprint
		<p>33 markets where our Vapour products are currently available</p>
		<p>28 markets where our THPs are currently available</p>
		<p>28 markets where our Modern Oral products are currently available</p>
		<p>3 markets where our Traditional Oral products are currently available</p>
		<p>U.S. Specific</p> 


Our Business Model

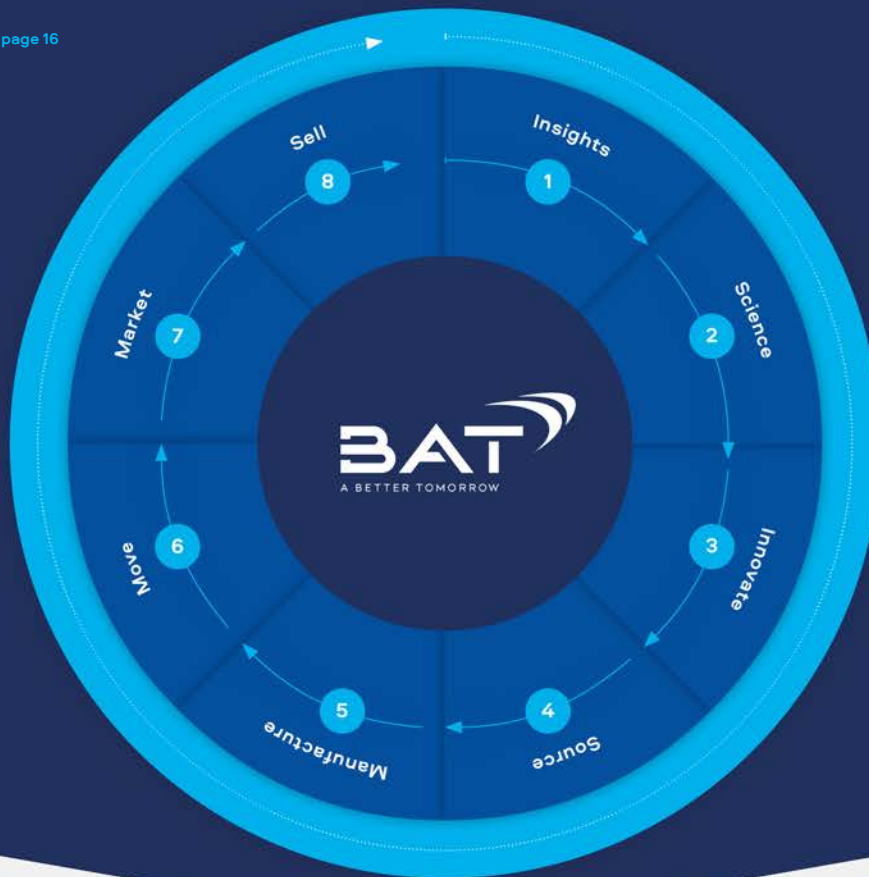
As a global business, we strive to understand our diverse consumers, develop products to satisfy their preferences and ultimately distribute them across 170+ markets. Taking into account feedback from stakeholders also enables us to refine our strategy, deliver sustainable value and build A Better Tomorrow™.

Our eight-step business model

Our business model begins and ends with the consumer. The insights we gather from adult consumers, underpinned by robust science, unlocks value by ensuring we offer the right product choices to meet their preferences. Our product portfolio is constantly being enhanced through innovations designed to better serve adult consumers and build A Better Tomorrow™.

Following the responsible sourcing of raw materials and components, we utilise our global footprint to manufacture at speed and scale. We use our global distribution capabilities to ensure our products are where they need to be, when they are needed. Through our responsible marketing practices and powerful portfolio, we market and sell our products which, in turn, generate further insights.

 Read more about our stakeholders on [page 16](#)



A Better Tomorrow™ for:



1

Seeing over the horizon

As one of the most long-standing and established consumer goods businesses in the world, we have a unique view of the consumer across our product categories, which is increasingly driven by powerful data and analytics. These insights ensure that the development and responsible marketing of our products are fit to satisfy consumer needs.

Driven by our unique and data-driven consumer insight platform (PRISM), we focus on product categories and consumer segments across our global business that have the best potential for long-term sustainable growth.

Link to risks

Tobacco, New Categories and other regulation interrupts growth strategy

Inability to develop, commercialise and deliver the New Categories strategy

Climate and circularity

2

Accelerating tobacco harm reduction

World-class science is needed to substantiate the quality, product safety and reduced-risk potential of our New Category products. This is crucial for building consumer trust and encouraging adult smokers to completely switch to less risky alternatives[†].

We have an extensive scientific research programme in a broad spectrum of scientific fields, including molecular biology, toxicology and chemistry. We are transparent about our science and publish details of our research programmes on our dedicated website, www.bat-science.com, and the results of our studies in peer-reviewed journals.

Link to risks

Inability to develop, commercialise and deliver the New Categories strategy

3

Staying ahead of the curve

As consumer preferences and technology rapidly evolve, we rely on our growing global network of digital hubs, innovation hubs, world-class R&D laboratories, external partnerships and our corporate venturing initiative, Btomorrow Ventures, to stay ahead of the curve.

Driving sustainable growth is at the core of our innovation. We make significant investments in research and development to deliver innovations that satisfy or anticipate consumer preferences and generate growth for the business.

Led by our strength in developing consumer insights, each innovation helps us on our journey to build A Better Tomorrow™ by reducing the health impact of our business.

Link to risks

Inability to develop, commercialise and deliver the New Categories strategy

4

Sourcing materials responsibly

The majority of our tobacco is sourced by BAT Group's vertically integrated Leaf Operations through direct contracts with c.81,000 farmers. The remainder is from third-party suppliers that, in turn, contract with an estimated 195,000 farmers. The vast majority of tobacco farms in our supply chain are smallholder family farms.

Beyond tobacco, we source product materials like paper and filters for cigarettes and, for our New Category products, we have a growing supply chain in consumer electronics and e-liquids. We also have a vast number of suppliers of indirect goods and services that are not related to our products, such as for IT services and facilities management.

Link to risks

Geopolitical tensions

Injury, illness or death in the workplace

Solvency and liquidity

Climate and circularity

5

Utilising our global manufacturing footprint

We manufacture high-quality products in facilities all over the world. We also ensure that these products and the tobacco leaf we purchase are in the right place at the right time.

Our New Category products are manufactured in a mix of our own and third-party factories. We work to ensure that our costs are globally competitive and that we use our resources as effectively as possible.

Link to risks

Geopolitical tensions Injury, illness or death in the workplace

Disputed taxes, interest and penalties

Foreign exchange rate exposures

Solvency and liquidity

Climate and circularity

6

Moving our products seamlessly everywhere

By applying modern technologies, including AI and machine learning, we ensure our products are where they are needed when they are needed.

Our products are sold around the world and we distribute them effectively and efficiently using a variety of distribution models suited to local circumstances and conditions. These distribution models include retailers, supplied through our direct distribution capability or exclusive distributors, and our Direct-to-Consumer business – which has been accelerated through the deployment of owned e-commerce sites.

Link to risks

Tobacco, New Categories and other regulation interrupts growth strategy

Inability to develop, commercialise and deliver the New Categories strategy

Litigation

Foreign exchange rate exposures

Climate and circularity

7

Marketing our products responsibly

Tobacco and nicotine products should be marketed responsibly to adults only and not designed to appeal to youth.

Through a globally responsible approach to marketing, we help to raise standards and prevent underage access, while growing our market share by encouraging adult consumers to choose our products over those of our competitors.

Our International Marketing Principles (IMP) govern our marketing across all product categories. They include strict requirements to be responsible, accurate and targeted at adult consumers only. Our IMP are applied even when they are stricter than local laws.

Link to risks

Tobacco, New Categories and other regulation interrupts growth strategy

Inability to develop, commercialise and deliver the New Categories strategy

Litigation

8

Offering the consumer choice

We have a powerful brand portfolio that we are proud of. Our global brands are well positioned, with leading-edge insights, science and innovation behind our product pipeline.

We offer adult consumers a range of products, including combustible products, Vapour, Modern Oral and THPs, in markets around the world. Our range of high-quality products covers all segments, from value-for-money to premium.

Link to risks

Competition from illicit trade

Geopolitical tensions

Significant increases or structural changes in tobacco, nicotine and New Categories related taxes

Inability to develop, commercialise and deliver the New Categories strategy

Foreign exchange rate exposures

Disputed taxes, interest and penalties

Climate and circularity

Our Business Model

Continued

A Better Tomorrow™ for:

 Read more about these Stakeholders pages 18 and 19

 **Consumers**

Our consumers are at the core of everything we do and our success is underpinned by addressing their preferences, offering them a choice of enjoyable, innovative and less risky products.**

Measured by


- 33 countries where Vapour products are available
- 28 countries where Tobacco Heating Products are available
- 28 countries where Modern Oral products are available

 **Suppliers**

Across the BAT Group, we work with thousands of different suppliers worldwide. Our suppliers are valued business partners and we believe, by working together, we can raise standards, drive sustainable practices, create shared value and build A Better Tomorrow™ for all.

 **Customers**

Our customers include retailers, distributors and wholesalers who are essential for driving growth and embedding responsible marketing practices.

 **Society**


The greatest contribution we can make to society is by reducing the health impact of our business. We will do this by encouraging those smokers who would otherwise continue to smoke to switch completely to scientifically-substantiated, reduced-risk alternatives.** Achieving this, while working to reduce our impact on the environment, is central to delivering A Better Tomorrow™.

Measured by

- 22.5m consumers of Non-Combustible products
- 84.3% of operating waste recycled
- 22% reduction in Scope 1 & 2 emissions from our new 2020 baseline

Notes:

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

 **Our People**

We employ 50,000+ people worldwide. Attracting and retaining an increasingly diverse workforce and providing a welcoming, inclusive working environment are key drivers in BAT's transformation journey to build A Better Tomorrow™. Our focus is on providing a dynamic, inspiring and purposeful place to work.

Measured by

- accredited as Global Top Employer by the Top Employers Institute
- 79% Engagement Index score in our Your Voice employee survey
- 0.19 Lost Time Incident Rate (LTIR) vs 0.20 in 2021
- proportion of women in management roles grew to 41%

 **Shareholders & Investors**

We are committed to delivering sustainable and superior returns to our shareholders and investors. It is essential that we maintain the support of our shareholders and investors to enable access to capital. This allows us to implement our strategy and achieve our business objectives.




Measured by

- 3-5% revenue growth over the medium-term
- high-single digit adjusted EPS growth at constant rates of exchange over the medium-term
- 65% dividend payout ratio over the long-term
- deleveraging the balance sheet to within our 2-3x adjusted net debt/adjusted EBITDA range





Engaging with Our Stakeholders

We work with, take into account and respond to the views and concerns of our stakeholders. This enables us to adapt to emerging risks and work to meet the expectations placed upon us as a multinational business.

	 Consumers	 Shareholders & Investors	 Our People
Why this stakeholder is important to us	As preferences and attitudes change in an evolving industry, understanding our consumers is essential to both successful portfolio and business growth.	It is essential that we maintain the support of our shareholders and bondholders to maintain access to capital. This allows us to implement our strategy and achieve our business objectives.	The quality of our people is a major reason why our Group continues to perform well. We understand the value of listening and responding to feedback from our people to maintain a fulfilling, rewarding and responsible work environment.
Examples of how we engaged in 2022	<ul style="list-style-type: none"> - Consumer panels, focus groups and interviews - Consumer care helplines - Responsible marketing and transparent communication - Real-time digital platforms 	<ul style="list-style-type: none"> - Annual General Meeting - Investor relations programme and shareholder engagement on our Directors' Remuneration Policy - Institutional shareholder meetings - Capital Markets Days - Investor roadshows - Results announcements - Annual Report and Form 20-F - Suite of focused ESG reports and wider disclosures - Stock exchange announcements - Shareholder information on website 	<ul style="list-style-type: none"> - Director market and site visits - Virtual forums - Employee town halls - Global and regional webcasts - Your Voice employee survey - Works councils and European Employee Council meetings - Graduate and management trainee events - Individual performance reviews - Speak Up channels
What matters to our stakeholders	<ul style="list-style-type: none"> - Health impact of our products and other social considerations - Product quality - Affordability and price - Ingredients/nicotine levels - Plastics/post-consumption product waste 	<ul style="list-style-type: none"> - Business performance - ESG agenda - Corporate governance - Strength of Group leadership - Board succession planning 	<ul style="list-style-type: none"> - Reward - Career development - Diversity and inclusion - Corporate responsibility - Health and safety - Business ethics
How we respond	<ul style="list-style-type: none"> - Development of innovative products - Product stewardship, quality and safety standards - Clear and accurate product information - International Marketing Principles - Circular economy strategy and initiatives 	<ul style="list-style-type: none"> - Regular dialogue and communications with shareholders and investors - Robust corporate governance - Double Materiality Assessment and review of reporting landscape - Continual improvement of our Delivery with Integrity programme - Our range of enjoyable and innovative products - Product quality and safety standards - International Marketing Principles 	<ul style="list-style-type: none"> - Extensive communications and engagement with our people worldwide during and following the pandemic - Board review of and feedback on workforce engagement - Training and development programme - Diversity & Inclusion Strategy - Delivery with Integrity programme
Principal risk impact	<ul style="list-style-type: none"> - Competition from illicit trade - Tobacco, New Categories and other regulation interrupts growth strategy - Significant increases or structural changes in tobacco, nicotine and New Categories related taxes - Inability to develop, commercialise and deliver the New Categories strategy - Climate and circularity 	<ul style="list-style-type: none"> - Competition from illicit trade - Geopolitical tensions - Tobacco, New Categories and other regulation interrupts growth strategy - Litigation - Significant increases or structural changes in tobacco, nicotine and New Categories related taxes - Inability to develop, commercialise and deliver the New Categories strategy - Disputed taxes, interest and penalties - Foreign exchange rate exposures - Solvency and liquidity 	<ul style="list-style-type: none"> - Geopolitical tensions - Injury, illness or death in the workplace

Listening to our stakeholders helps us better understand their views and concerns, and enables us to respond to them appropriately. It gives us valuable inputs to, and feedback on, our strategic approach, as well as our policies, procedures and ways of working.

	 Suppliers	 Customers	 Government & Wider Society
	Effective relationships with farmers and suppliers of tobacco leaf, product materials and indirect services are essential to an efficient, productive and secure supply chain.	Our customers include retailers, global and local key accounts, distributors and wholesalers that are essential for driving growth and embedding responsible marketing practices.	We seek to be part of the debate that shapes the regulatory environment in which we operate, and to work collaboratively to develop joint solutions to common challenges.
	<ul style="list-style-type: none"> - Extension Services farmer support - Ongoing dialogue and relationship management - 'Supplier Voice' survey, events and supplier summits - Strategic partnerships 	<ul style="list-style-type: none"> - Ongoing dialogue and account management - 'Customer Voice' survey - Audits/performance reviews - Sales calls and visits by trade representatives - B2B programmes - Digital B2B eCommerce platforms 	<ul style="list-style-type: none"> - Meetings and ongoing dialogue - Submissions to government and advisory committees - Multi-stakeholder partnerships and working groups, such as the ECLT Foundation - External Scientific Panel - Peer-reviewed research - Biodiversity action and pledges ahead of COP 15 summit - Community investment programmes and NGO partnerships - Double Materiality Assessment related engagements
	<ul style="list-style-type: none"> - Productivity/quality/cost - Sustainable agriculture - Farmer livelihoods - Human rights - Health and safety - Climate change impacts - Impact of conflict in Ukraine - Ongoing impacts of COVID-19 	<ul style="list-style-type: none"> - Route-to-market planning - Contingency planning - Cost, price and quality - Stock availability - Consumer buying behaviour - Youth access prevention - Ongoing impacts of COVID-19 	<ul style="list-style-type: none"> - Product regulation - Tax/excise/illicit trade - Responsible marketing - Public health impacts - Human rights - Climate change impacts - Ongoing impacts of COVID-19
	<ul style="list-style-type: none"> - Supplier Code of Conduct - Thrive sustainable agriculture and farmer livelihoods programme - Leaf operational standards for PPE and child labour prevention - Farmer Extension Services support and training - Ongoing COVID-19 support 	<ul style="list-style-type: none"> - Customer loyalty programmes and incentives - Global Youth Access Prevention (YAP) Guidelines and initiatives - Ongoing COVID-19 support 	<ul style="list-style-type: none"> - Standards of Business Conduct (SoBC) - Delivery with Integrity programme - Carbon neutrality target for 2030 and Net Zero target for 2050 - Human rights and climate impact assessments - Community investment programmes and charitable donations - Ongoing COVID-19 support
	<ul style="list-style-type: none"> - Geopolitical tensions - Inability to develop, commercialise and deliver the New Categories strategy - Solvency and liquidity - Climate and circularity 	<ul style="list-style-type: none"> - Competition from illicit trade - Geopolitical tensions - Significant increases or structural changes in tobacco, nicotine and New Categories related taxes - Inability to develop, commercialise and deliver the New Categories strategy - Climate and circularity 	<ul style="list-style-type: none"> - Competition from illicit trade - Geopolitical tensions - Tobacco, New Categories and other regulation interrupts growth strategy - Significant increases or structural changes in tobacco, nicotine and New Categories related taxes - Inability to develop, commercialise and deliver the New Categories Strategy

A Strategy for Accelerated Growth

In 2022, 15% of Group revenue was from non-combustible products. This was achieved through a multi-category approach which is the very essence of our purpose to build A Better Tomorrow™ – providing adult consumers with a range of enjoyable and less risky*† choices for every mood and moment.



Our Mission

Stimulating the Senses of New Adult Generations

Today, we see opportunities to capture consumer moments which have, over time, become limited by societal and regulatory shifts, and to satisfy evolving consumer needs and preferences.

Our mission is to anticipate and satisfy this ever-evolving consumer: provide pleasure, reduce risk, increase choice and stimulate the senses of adult consumers worldwide.



We made great progress on our strategic targets in 2022. As part of our growth strategy, New Category revenue grew 41% and we now have a total of 22.5 million consumers of our Non-Combustible products (up 4.2 million).

Kingsley Wheaton
Chief Growth Officer

Must Wins

High Growth Segments

Driven by our unique and data-driven consumer insight platform (PRISM), we will focus on product categories and consumer segments across our global business that have the best potential for long-term sustainable growth.

Priority Markets

By relying on a rigorous market prioritisation system (MAPS), we will focus the strengths of our unparalleled retail and marketing reach, as well as our regulatory and scientific expertise, on those markets and marketplaces with the greatest opportunities for growth.

How We Win

Inspirational Foresights

Built on our successful history, we have a unique view of the consumer across all of our product categories, which is increasingly driven by powerful data and analytics. These insights ensure that the development and responsible marketing of our products are fit to satisfy consumer needs.

Remarkable Innovation

As consumer preferences and technology evolve rapidly, we rely on our growing global network of digital hubs, innovation super centres, world-class R&D laboratories, external partnerships and our corporate venturing initiative to stay ahead of the curve.

Powerful Brands

For over a century, we have built trusted and powerful brands that satisfy our consumers and serve as a promise for quality and enjoyment. We will build the brands of the future by focusing on fewer, stronger and global brands across all our product categories, delivered through our deep understanding and segmenting of our consumers.

Notes:

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

† Our Vapour product Vuse (including Alto, Solo, Giro 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.

The model below outlines the key components of how we are building A Better Tomorrow™, from our mission to stimulate the senses of adult consumers worldwide and the outcomes this will deliver for stakeholders, to the ethos that guides our decision-making.



Connected Organisation

Few companies can claim the global reach that we have. Cultivating an ecosystem that directly connects us with consumers and stakeholders, especially through the power of digital technology, ensures we can build the brands of the future, deliver access to markets and foster innovations that offer sensorial enjoyment and satisfy consumer needs.

People and Partnerships

Our highly-motivated people are being empowered through a new ethos that is responsive to constant change, embodies a learning culture and is dedicated to continuous improvement. But we cannot succeed on our own, and our partnerships with farmers, suppliers and customers are also key for ensuring sustainable future growth.

U.S. Focus

The United States comprises nearly half of our global business. It is also the single largest economy in the world, the largest single centre for technology and the key driver of global consumer trends, and is where we have the deep consumer understanding and financial strength to support the delivery of our mission to stimulate consumer senses around the rest of the world.

Our Purpose

By stimulating the senses of new adult generations, our purpose is to create A Better Tomorrow™ for all our stakeholders. We will create A Better Tomorrow™ for:



Consumers

By responsibly offering enjoyable and stimulating choices for every mood and every moment, today and tomorrow;



Society

By reducing the health impact of our business by offering a range of alternative products, as well as by reducing our environmental and social impacts;



Employees

By creating a dynamic, inspiring and purposeful place to work; and



Shareholders & Investors

By delivering sustainable and superior returns.

For more information about our purpose see [inside front cover](#)

Short-Term Deliverables to Fuel A Better Tomorrow™



Simplify the Business

Our ongoing simplification programme, Project Quantum, which had realised £1.9 billion of annualised savings through simplification and efficiencies by the end of 2022.



Ensure a Step Change in New Categories Performance

With our unique cross-category consumer understanding, we are clear there is a huge opportunity for our New Categories.



Drive Value From Combustibles

We drive value from combustibles to fuel our investment in, and transition revenue to, New Categories.

Integrating SustainabilityTM for A Better TomorrowTM



Our purpose to build A Better TomorrowTM, by reducing the health impact of our business, while also driving excellence across ESG matters, is well-aligned to the attitudes and expectations of our stakeholders.

Kingsley Wheaton
Chief Growth Officer



Dear Stakeholders,

We are delighted to share details of our first 'Combined Annual and ESG Report': incorporating our Sustainability reporting into our Annual Report more extensively, and in an integrated way. The full report is available at bat.com/reporting.

Sustainability at our Core, Underpinned by Double Materiality Assessment**

Our purpose to build A Better TomorrowTM, by reducing the health impact of our business, while also driving excellence across ESG matters, is well-aligned to the attitudes and expectations of our stakeholders.

Recognising the importance of further integrating sustainability into our business strategy, in 2022, Mike Nightingale was appointed as our first Chief Sustainability Officer (CSO).

We also implemented a new Double Materiality Assessment (DMA)-led approach to inform our Sustainability Agenda (see below). This updated approach reflects how we are seeking to put sustainability at the core of everything we do, and is increasingly embedded in every business function.

Taking a Double Materiality Approach

The forthcoming EU Corporate Sustainability Reporting Directive (CSRD) requires reporting on a Double Materiality basis and, we have taken the opportunity to be among the first companies globally to conduct and disclose the results of our Double Materiality Assessment (DMA).

We have used the outputs of this new DMA to better inform our understanding of, and reporting on, those sustainability issues which are most important for BAT and to our stakeholders. This analysis considers both BAT's impact on ESG matters, and the impact of ESG matters on BAT.

We have used the output to guide our reporting on sustainability in this new Combined Annual and ESG Report.

Stakeholder engagement

Strong engagement with our stakeholders has always been important to us. Our approach to the DMA has allowed us to further deepen and widen this engagement.

External assurance

Recognising the importance of confidence in our disclosures and transparency, we engaged KPMG to conduct external assurance of key ESG metrics in this report, in accordance with international standard ISAE 3000. Their independent limited assurance report for ESG metrics is available on page 95 of our Combined Annual and ESG report 2022.

This is in addition to their audit of ESG-related financial metrics, such as New Category product sales.

Tobacco Harm Reduction at the Forefront of our Strategy

At the centre of our strategy is our corporate purpose to build A Better TomorrowTM, and reduce the health impact of our business. Over the last 10 years we have built a multi-category portfolio of reduced-risk products[†], tailored to meet the evolving preferences of adult consumers.

As Luc, Jack and Tadeu have highlighted, we continue to make strong progress on our journey and are confident in generating £5 billion revenue from the New Category business by 2025, with 50 million consumers of our Non-Combustible products by 2030.

Our core purpose of harm reduction is of paramount importance to us. Its importance to stakeholders was made clear through the DMA we conducted, which identified it as our primary issue.

As we deliver A Better TomorrowTM, and reduce our health impact, we must also drive progress across all our other material ESG areas to ensure BAT's transformation is complete.

Achieving Excellence in Environmental Management

Alongside affirming the utmost importance of Harm Reduction, our DMA demonstrated an elevated importance for Climate Change, Circularity and Biodiversity, while recognising continued relevance of other material issues in our strategy.

Climate Change: By addressing climate risks and opportunities across our value chain, we can better support the long-term sustainability of our business, our planet and wider society. By 2030, we aim to achieve a 50% reduction in our Scope 1, 2 & 3 emissions and to be Net Zero across our value chain by 2050 at the latest.

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

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

While the Vuse Go format in the Vapour category provides flexibility and convenience, which makes it a compelling alternative to cigarettes, we recognise that the rapid growth of the Modern Disposable segment presents additional environmental challenges.

Reducing the environmental impact of the Modern Disposable segment is a key focus of our efforts, alongside our product Take-Back schemes and efforts to transition consumers to our pod-based products.

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

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

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

Delivering a Positive Social Impact

From enhancing farmer livelihoods and respecting human rights – to creating a diverse, inclusive culture – we are working to contribute to a more socially sustainable world.

Human Rights: We are committed to respecting the human rights of our employees, the people we work with and the communities in which we operate. We continue to aim for zero child labour and zero forced labour in our tobacco supply chain by 2025.

Farmer Livelihoods: Enhancing farmer livelihoods helps tackle rural poverty and strengthens our supply chain. We are committed to working to enable prosperous livelihoods for all farmers in our tobacco supply chain.

People, Diversity and Culture: Attracting and retaining a diverse workforce and providing a welcoming, inclusive working environment are key drivers in BAT's transformation. By 2025, we aim to increase the proportion of women in management roles to 45%.

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

Robust Corporate Governance

Our global principles and policies set out how we work to promote consistent and robust corporate governance, in every market we operate in.

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

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

Ethics and Integrity: We are guided by a robust, global set of principles and policies in everything we do, in all our markets. We aim for 100% adherence to our Standards of Business Conduct (SoBC) in our own operations, and with our Supplier Code of Conduct (SCoC) in our supply chain.

Sustainability Governance: We have leveraged our 2022 DMA process to review sustainability governance at BAT. We already had strong governance structures and arrangements in place. However, we are focused on continual improvement.

We also identified 'climate and circularity' as a principal risk for the first time in 2022, further recognising their significance to both society and BAT.

Going forward, we will continue to review our arrangements in this area to help ensure that they are fit for the future.

Our Approach to Sustainability Reporting
Our forward-looking view

BAT has continuously updated its reporting over the years, and this year marks another step forward. For example:

- we are reporting on the Principal Adverse Impact (PAI) indicators of the EU Sustainable Finance Disclosure Regulation (SFDR), within this report and on bat.com; and
- we are starting to align to draft standards for the CSRD, notably with respect to Double Materiality, and looking towards the US Securities and Exchange Commission (SEC) plans on climate-related reporting.

Our Sustainability Journey

We challenge ourselves to take a forward-looking, future-oriented approach: in our products, our governance, our stakeholder engagement, our ESG goals and targets, and in our reporting.

Whilst we recognise that there remains much to be done to achieve a truly sustainable business and society, we are encouraged by our progress so far, working in partnership with others, and welcome feedback to sustainability@bat.com.



We challenge ourselves to take a forward-looking, future-oriented approach: in our products, our governance, our stakeholder engagement, our ESG goals and targets, and in our reporting.

Mike Nightingale
Chief Sustainability Officer



Notes:

- * Based on the weight of evidence and assuming a complete switch from cigarette smoking. These products are not risk free and are addictive.
- † Our Vapour 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.
- ** Our Double Materiality Assessment and any related conclusions as to the materiality of sustainability or ESG matters do not necessarily refer to the evaluation of factors, results or other considerations that are financially material to our business taken as a whole, except where specified. In particular, the consideration of BAT's impact on the sustainability of society and the environment may not be financially material and may not significantly alter the total mix of information available about our securities.

QUEST: Simplify the Business

QUEST is our Group-wide programme designed to accelerate our transformation into the Enterprise of the Future: a global, consumer-centric, multi-category company, with sustainability at its core.

Quantum

has achieved annualised savings of £1.9bn whilst we continue simplifying the organisation.

Unleash Innovation

is transforming our capabilities to win as a multi-category business.

Empowered Organisation

is strengthening our talent pool.

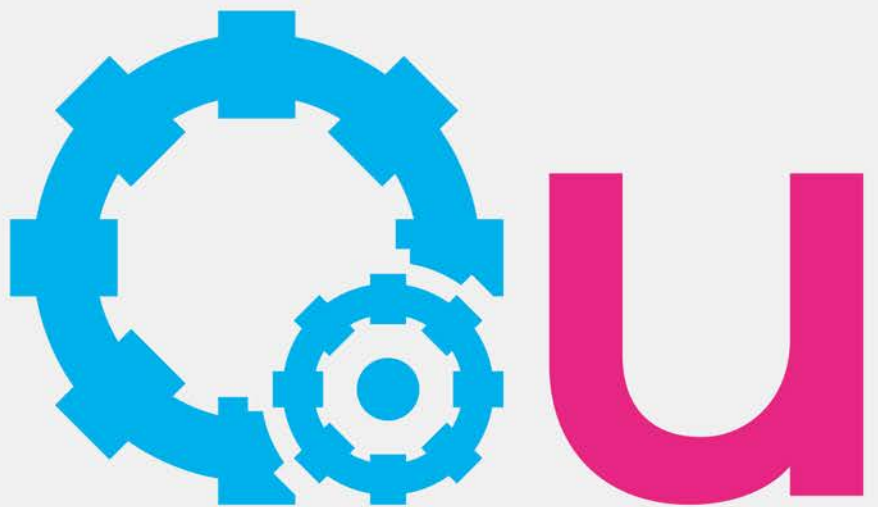
Shaping Sustainability

continues to put sustainability front and centre of everything we do.

Technology & Digital

is creating new channels to connect with our consumers and enabling the simplification of our organisation.

Five 'Accelerators' to enable the Enterprise of the Future



Deliver
Quantum

Unleash
Innovation

£600m+

productivity savings in 2022

New

global device development centre in Shenzhen, China

3

new Global Business Services (GBS) Hubs embedded in Mexico, Poland and Pakistan

150+

engineers, scientists and product developers recruited

15+

new capabilities added to our GBS Hubs, such as our Customer & Consumer Engagement Centres

~2x

New Categories R&D spend vs 2021

Each letter of QUEST represents one of the five priority areas we are focused on to re-define our business and re-shape our product portfolio – driven by digital transformation and underpinned by our ethos.

est

Empowered Organisation

Shaping Sustainability

Technology & Digital

3,000+

new capability hires since 2019

2

ground-breaking studies with New Category product consumers¹

22m

consumers in our contactable consumer database (2021: 14.2m)

214

global graduates from 39 markets at our graduate academy for future leaders

16

key environmental metrics tracked as part of our new, dynamic Green Impact Analytics tool

53.6%

increase in Active Subscriptions – delivering 31.8% of total e-commerce revenue

5

consecutive years as a certified Global Top Employer

95+

stakeholder dialogues undertaken as part of our first Double Materiality Assessment

250k

hours saved via 290 new Robotic Process Automation bots

Notes:

1. indicating that consumers, who switched completely to Velo or to glo, had better results for several biomarkers linked to early developmental processes of smoking-related diseases compared with smokers.



**A BETTER
TOMORROW™**
For Consumers



A Better Tomorrow™ For Consumers



We are enabling consumer choice

Multi-Category

portfolio of less risky products^{††} tailored to meet the evolving preferences of adult consumers

22.5 Million

adult consumers who have already chosen our reduced-risk^{††} products

New

Global Device Development Centre in Shenzhen, China, to generate further consumer insights

60 Markets

where our New Category products are available, offering adult smokers greater choice



We prioritise product quality

+150 Peer-Reviewed Papers

published to date on our cutting-edge research into New Category products

High Product Standards

based on decades of product stewardship experience, which we hope will become industry benchmarks and a basis for future regulation

Thousands of Hours of Testing

undertaken before our products reach the consumer, in line with our Group Quality Policy Statement

Quality

ingredients and clear and accurate product information



We market and communicate responsibly

Adult Only

consumers targeted for all our product marketing, enshrined in our International Marketing Principles (IMP)

Digital Confidence Unit

conducting 24/7 monitoring of all BAT digital channels globally for responsible marketing using cutting-edge technology

iCommit Training

to drive IMP and YAP compliance across our digital channels

Responsible Flavour

descriptors for our e-liquids that do not appeal to youth, or are not associated with youth culture



We are building brands with purpose

100% Markets

glo and Vuse markets with Take-Back schemes in place

92% of Packaging

capable of being reused, recyclable or compostable in 2022

30% Recycled Plastic

target for average recycled content in plastic packaging by 2025

<1% to Landfill

target for operating waste going to landfill by 2025



Having launched our first Vapour product in 2013, 2022 marked a decade of portfolio transformation.

Kingsley Wheaton
Chief Growth Officer

Notes:

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

† Our Vapour 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.



A BETTER TOMORROW™

For Society and the Environment



A Better Tomorrow™ For Society and the Environment



We are reducing our environmental impact

Net Zero by 2050

We have reduced our Scope 1 & 2 CO₂e emissions by 22% since 2020; and our Scope 3 emissions by 7% since 2020¹.

SBTi-Aligned targets

Our science-based targets for 50% Scope 1, 2 & 3 CO₂e emissions reduction by 2030 vs 2020 have been approved by the Science Based Targets initiative (SBTi)².

Greater Circularity

We have increased our operations' waste recycling rate to 84% (2021: 79%). In 2022, we reduced our total waste sent to landfill by 48%.

Water Stewardship

23% of our total water use was recycled in 2022, and 24 sites achieved Alliance for Water Stewardship (AWS) certification in 2022.



We are protecting biodiversity

Net Positive

In our Tobacco Supply Chain³, we aim to have a net positive impact on forests by 2025 and we are advocating to strengthen legislation to protect biodiversity.

Risk Assessment

We undertook biodiversity risk assessments for our directly contracted farmers in 2022 to better understand and evaluate their potential impacts.

Sustainably Sourced

99.99% of wood used by our contracted farmers for tobacco curing in 2022 was from sustainable sources. 94% of paper & pulp volumes were certified sustainably sourced.

Soil Management

We have best practice soil management plans implemented across 82% of farm hectares in our Tobacco Supply Chain³.



We respect human rights and help farmers to thrive

Farmers Thrive

We support our farmers to thrive through rigorous monitoring and by developing best practice and varieties via our Global Leaf Agronomy Development Centre.

Community-Focused

We are building community resilience through improving access to healthcare and supporting women's empowerment programmes.

Human Rights

We are assessing human rights across our supply chain through on-going due diligence, Human Rights Impact Assessments (HRIAs) and supplier audits.

Providing a Voice

Grievance mechanisms and supplier assessments help ensure that wherever we source tobacco, people always have a voice.



We act with integrity and market responsibly

100%

Of our employees completed training and compliance sign-off on our Standards of Business Conduct (SoBC) in 2022.

Speak Up

Channels are available for any employee to report concerns in confidence, by phone, email or online.

SoBC App

Available in 14 languages, providing easy access to our SoBC, Supplier Code of Conduct and Speak Up channels.

Responsible

In our marketing to consumers and transparent across our communications.



We strive to add value to society by taking a long-term, collaborative approach to protecting the environment, enhancing farmer livelihoods, respecting human rights and supporting local communities.

Zafar Khan
Director, Operations

Notes:

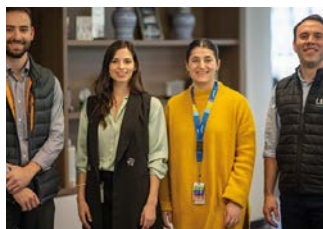
1. Due to the complexity of consolidating and assuring Scope 3 data from our suppliers and value chain, we report Scope 3 data one year behind other metrics.
2. Compared to a 2020 baseline. Comprises 50% reduction in Scope 1, 2 and 50% reduction in Scope 3 GHG emissions. Scope 3 emissions target includes purchased goods and services, upstream transportation and distribution, use of sold products and end-of-life treatment of sold products.
3. Tobacco Supply Chain³ refers to the tobacco supplied by our directly contracted farmers and those of our strategic third party suppliers, who participate in our annual Thrive assessment, representing over 80% of the tobacco purchased by volume in 2022.



A BETTER
TOMORROW™
For Employees



A Better Tomorrow™ For Employees



We embrace Diversity

Championing Inclusion

we have established mentoring programmes for female employees globally and ethnic minority talent in the UK.

41% Women in Management Roles*

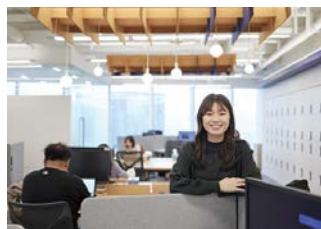
overall representation in 2022, compared to 39% in 2021.

64% Ethnically Diverse Groups*

in our total workforce, with 138 nationalities at management level globally.

BUnited

global network for our LGBT+ employees and allies.



We invest in Talent

Global Careers Site

our careers site leverages the latest technologies to personalise a candidate's experience, and is supported across 13 languages.

100% of Employees

in management roles with access to our award-winning digital learning platform, The Grid, providing personalised learning anytime, anywhere.

Women in Leadership

training, Women in STEM programme and Global Graduate Academy all focused on developing future diverse leaders.

3,000+ New Capability Hires

includes data analytics, ESG, digital, innovation, IP and sciences, of which 47% are women.



We reward our employees equitably

Fit for Purpose

we reward high levels of sustainable, long-term performance in an appropriate and competitive way.

Close, Long-Term Links

between Group company employees and shareholders established through reward offerings – c.17,000 employees participate in our Global IEIS or corporate bonus schemes.

Globally Certified

across 44 markets, covering approximately 40,000 employees, we are globally certified as providing equal pay for work of equal value.

Reimagining Benefits

we continue to evolve our benefits portfolio to meet the changing needs of our global population.



We provide a safe workplace

6% Reduction

in total work-related accidents and incidents across the Group (vs 2021).

Mental Health

support and wellbeing programmes across the Group and dedicated 'healthy minds champions' in many markets.

COVID-19 Secure

workplace measures in place for all employees returning to their workplace.

Focused on Driver Safety

our ongoing focus has seen vehicle-related accidents, attacks and assaults decline by 11% in 2022 (vs 2021).

* Refer to BAT Reporting Criteria in the Annual Report and Form 20-F 2022 for a full description of key terms and definitions used throughout.



Our ongoing commitment to fostering a diverse and inclusive culture at BAT is underpinned by our Ethos, which encourages employees to be Bold, Fast, Empowered, Responsible and Diverse. By combining existing and new capabilities, we are radically redefining our organisation. Together, we will build A Better Tomorrow™.

Hae In Kim

Talent, Culture and Inclusion Director



A BETTER
TOMORROW™
For Shareholders and Investors



A Better Tomorrow™ For Shareholders and Investors



We have strong foundations

Founded in 1902

and first listed on the London Stock Exchange in 1912 – a constituent of the FTSE 100 since its creation in 1984

6.0%

dividend growth, to 230.9p per share

200+

brands in our portfolio specifically positioned in each target consumer segment

Long History

of delivering returns and cash flow to our shareholders with £6.9 billion paid in 2022



We have a strategy for accelerated growth

Consumer-Centric

multi-category strategy focused on being a high-growth, consumer goods business

Driving Value

from our combustibles business to generate the funds for investment

Accelerated growth

in New Categories supported by continuous investment

Simplifying

the business to create the Enterprise of the Future



We are transforming our business

Investing

in New Category products and expanding our portfolio 'beyond nicotine'

14.8% of Group Revenues

in Non-Combustible, reduced-risk products[†]

£629m Savings

in 2022 (annualised), with £1.9 billion realised over 3 years, in excess of original £1.0 billion target

New Capabilities

combined with our existing skills and experience are helping to radically redefine our organisation



We are building a sustainable enterprise of the future

Brands With Purpose

to satisfy the evolving preferences of adult consumers

21 Years

in the Dow Jones Sustainability Indices, as well as open and transparent ESG reporting aligned to best practice frameworks

Sustainability

front and centre in all that we do, focused on reducing the health impact of our business, underpinned by excellence across our ESG priorities

60 Markets

where our New Category products are available



Our 2022 full year performance demonstrates that we are delivering and transforming at speed, driven by the strength of our multi-category portfolio of global brands.

Tadeu Marroco
Finance and Transformation Director

Notes:

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

† Our Vapour 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.

Dividends

Policy

The Group's policy is to pay dividends of 65% of long-term sustainable earnings, calculated with reference to adjusted diluted earnings per share, as defined on page 328, and reconciled from earnings per share in note 11 in the Notes on the Accounts, of the Annual Report and Form 20-F 2022. Please see page 103 of the Annual Report and Form 20-F 2022 for further discussion on the Group's dividend.

Currencies and Exchange Rates

Details of foreign exchange rates are set out in the Financial Review section of the Strategic Report on page 107 of the Annual Report and Form 20-F 2022. There are currently no UK foreign exchange controls or restrictions on remittance of dividends on the ordinary shares other than restrictions applicable to certain countries and persons subject to UK economic sanctions.

American Depositary Shares – Dividends

The following table shows the dividends paid by British American Tobacco p.l.c. in the years ended 31 December 2022 to 31 December 2020 inclusive.

Announcement Year	Payment	Dividend Period	Dividend Per BAT Ordinary Share GBP	Dividend Per BAT ADS ADS ratio 1:1 USD ¹
2022	May	Quarterly Interim 2022	0.5445	0.680434
	August	Quarterly Interim 2022	0.5445	0.655523
	November	Quarterly Interim 2022	0.5445	0.635540
	February 2023	Quarterly Interim 2022	0.5445	0.669190
		Total	2.1780	2.640687
2021	May	Quarterly Interim 2021	0.5390	0.757618
	August	Quarterly Interim 2021	0.5390	0.734530
	November	Quarterly Interim 2021	0.5390	0.721721
	February 2022	Quarterly Interim 2021	0.5390	0.729886
		Total	2.1560	2.943755
2020	May	Quarterly Interim 2020	0.5260	0.642403
	August	Quarterly Interim 2020	0.5260	0.688902
	November	Quarterly Interim 2020	0.5260	0.689586
	February 2021	Quarterly Interim 2020	0.5260	0.717832
		Total	2.1040	2.738723

Note:

1. **Holders of BAT ADSs:** dividends are receivable in US dollars based on the £ sterling/US dollar exchange rate on the applicable ADS payment date, being three business days after the payment date for the BAT ordinary shares.

Quarterly Dividends for the Year Ended 31 December 2022

The Group pays quarterly dividends. The Board has declared an interim dividend of 230.90p per ordinary share of 25p which is payable in four equal quarterly instalments of 57.72p per ordinary share in May 2023, August 2023, November 2023 and February 2024. This represents an increase of 6.0% on 2021 (2021: 217.8p per share), and a payout ratio, on 2022 adjusted diluted earnings per share, of 62.2%.

The quarterly dividends will be paid to shareholders registered on either the UK main register or the South Africa branch register and to ADS holders, each on the applicable record dates set out under the heading 'Key dates' below.

Holders of American Depositary Shares (ADSs)

For holders of ADSs listed on the NYSE, the record dates and payment dates are set out below. The equivalent quarterly dividends receivable by holders of ADSs in US dollars will be calculated based on the exchange rate on the applicable payment date.

South Africa branch register

In accordance with the JSE Listing Requirements, the finalisation information relating to shareholders registered on the South Africa branch register (comprising the amount of the dividend in South African rand, the exchange rate and the associated conversion date) will be published on the dates stated below, together with South Africa dividends tax information.

The quarterly dividends are regarded as 'foreign dividends' for the purposes of the South Africa Dividends Tax. For the purposes of South Africa Dividends Tax reporting, the source of income for the payment of the quarterly dividends is the United Kingdom.

Key dates				
In compliance with the requirements of the LSE, the NYSE and Strate, the electronic settlement and custody system used by the JSE, the following are the salient dates for the quarterly dividend payments. All dates are 2023 unless otherwise stated.				
Event	Payment No. 1	Payment No. 2	Payment No. 3	Payment No. 4
Preliminary announcement (includes declaration data required for JSE purposes)		9 February		
Publication of finalisation information (JSE)	13 March	4 July	18 September	12 December
No removal requests permitted (in either direction) between the UK main register and the South Africa branch register	13 March–27 March	4 July - 17 July	18 September–2 October	12 December–27 December
Last Day to Trade (LDT) cum-dividend (JSE)	20 March	11 July	26 September	19 December
Shares commence trading ex-dividend (JSE)	22 March	12 July	27 September	20 December
No transfers permitted between the UK main register and the South Africa branch register	22 March–27 March	12 July–17 July	27 September–2 October	20 December–27 December
No shares may be dematerialised or rematerialised on the South Africa branch register	22 March–27 March	12 July–17 July	27 September–2 October	20 December–27 December
Shares commence trading ex-dividend (LSE)	23 March	13 July	28 September	21 December
Shares commence trading ex-dividend (NYSE)	23 March	13 July	28 September	21 December
Record date (JSE, LSE and NYSE)	24 March	14 July	29 September	22 December
Last date for receipt of Dividend Reinvestment Plan (DRIP) elections (LSE)	11 April	28 July	13 October	11 January 2024
Payment date (LSE and JSE)	3 May	18 August	3 November	1 February 2024
ADS payment date (NYSE)	8 May	23 August	8 November	6 February 2024

Shareholding Administration and Services

Ordinary Shareholder Enquiries

United Kingdom Registrar

Computershare Investor Services PLC
The Pavilions, Bridgwater Road, Bristol BS99 6ZZ
tel: 0800 408 0094 or +44 370 889 3159
online: www.investorcentre.co.uk/contactus

South African Registrar

Computershare Investor Services Proprietary Limited
Private Bag X9000, Saxonwold, 2132, South Africa
tel: 0861 100 634; +27 11 870 8216
email: web.queries@computershare.co.za

American Depositary Shares Enquiries

All enquiries regarding ADS holder accounts and payment of dividends should be addressed to:

Citibank Shareholder Services
PO Box 43077, Providence, Rhode Island 02940-3077, USA
tel: +1 888 985 2055 (toll-free) or +1 781 575 4555
email: citibank@shareholders-online.com
website: www.citi.com/dr

Manage Your Shareholding Online

Computershare Investor Services PLC (Computershare) operates an online service, Investor Centre, for holders of shares on the Company's UK share register. Investor Centre allows shareholders to manage their shareholding online, enabling shareholders to:

- update personal details and provide address changes;
- update dividend bank mandate instructions and review dividend payment history;
- register for the Dividend Reinvestment Plan (“DRIP”); and
- register to receive Company communications electronically.

To register for Investor Centre, go to www.computershare.com/uk/investor/bri.

Shareholders with any queries regarding their holding should contact Computershare using the above contact details or at www.investorcentre.co.uk/contactus

Share dealing

Computershare also offers a share dealing service to existing shareholders. For full details on how to trade British American Tobacco shares traded on the London Stock Exchange, go to www.computershare.com/dealing/uk. Please note that this service is only available in certain countries.

Dividends

Comprehensive information on dividend payments is available on pages 375 and 376 of the Annual Report and Form 20-F 2022.

DRIP

We offer a DRIP to our UK shareholders. The DRIP allows eligible shareholders to use their cash dividends to acquire additional shares in the Company. The DRIP shares are purchased by Computershare through a low-cost dealing arrangement. Contact Computershare in the UK for details and exclusions of this service.

Taxation of dividends

See pages 377 and 380 the Annual Report and Form 20-F 2022 for details on dividend taxation.

A fact sheet detailing historical UK capital gains tax information is available at bat.com/cgt. Alternatively, contact the British American Tobacco Company Secretarial Department on +44 20 7845 1000.

Share Fraud

The practice of share fraud (also known as ‘boiler room’ scams) unfortunately continues with many companies’ shareholders receiving unsolicited phone calls or mail from people offering to sell them what often turn out to be worthless or high risk shares in US or UK investments, or to buy shares at an inflated price in return for an upfront payment.

If you suspect that you have been approached by fraudsters, please tell the FCA using the share fraud reporting form at www.fca.org.uk/scams, where you can find out more about investment scams. You can also call the FCA Consumer Helpline on 0800 111 6768. If you have lost money to investment fraud, you should report it to Action Fraud on 0300 123 2040 or online at www.actionfraud.police.uk.

Documents on Display and Publications

The Annual Report and Form 20-F 2022 is available online at bat.com/annualreport. Copies of current and past Annual Reports are available on request from:

British American Tobacco Publications
Unit 80, London Industrial Park, Roding Road, London E6 6LS
tel: +44 20 7511 7797 email: bat@team365.co.uk

Holders of shares held on the South Africa register can contact the Company's Representative office in South Africa using the contact details shown at the end of the Annual Report and Form 20-F 2022.

ADS holders can contact Citibank Shareholder Services in the United States using the contact details shown opposite.

Highlights from the current and past Annual Reports can be produced in alternative formats such as Braille, audio tape and large print.

Documents referred to in the Annual Report and Form 20-F 2022 do not form part of the Annual Report unless specifically incorporated by reference.

The Company is subject to the information requirements of the US Securities Exchange Act of 1934 applicable to foreign private issuers. In accordance with these requirements, the Company files its Annual Report on Form 20-F and other documents with the SEC. BAT's SEC filings are available to the public, together with the public filings of other issuers, at the SEC's website, www.sec.gov.

The Company's agent for service in the United States for the purposes of the registration statement on Form F-3 (333-232691) is Brian T. Harrison, Secretary, B.A.T Capital Corporation, C/O Corporation Service Company, 251 Little Falls Drive, Wilmington, Delaware 19808 U.S.A.

Our Website

Comprehensive information about British American Tobacco is available from our website: bat.com. Within the Investors section you will find valuation and charting tools, dividend and share price data and you can download shareholder publications and subscribe for email alert services. You can also download our Investor Relations app to access all the latest financial information on your iPad, iPhone or Android device.

Calendar 2023

Wed 19 April at 11:30am	Annual General Meeting Details of the venue and business to be proposed at the meeting are set out in the Notice of Annual General Meeting, which is made available to all shareholders and is published on bat.com . BAT provides for the vote on each resolution to be by poll rather than by a show of hands. This provides for greater transparency and allows the votes of all shareholders to be counted, including those cast by proxy. The voting results will be released on the same day in accordance with regulatory requirements and made available on bat.com .
Thurs 27 July	Half-Year Report

Registered office

Globe House, 4 Temple Place, London WC2R 2PG
tel: +44 20 7845 1000, facsimile: +44 20 7240 0555
Incorporated in England and Wales No. 3407696

Representative Office in South Africa

Waterway House South, No 3 Dock Road, V&A Waterfront,
Cape Town 8000, South Africa
PO Box 631, Cape Town 8000, South Africa
tel: +27 21 003 6712

Secretary

Paul McCrory

Investor relations

Enquiries should be directed to Victoria Buxton,
Yetunde Ibe or John Harney
tel: +44 20 7845 2012

Press office

Enquiries should be directed to the BAT Media Centre
tel: +44 20 7845 2888
email: media_centre@bat.com

Auditors

KPMG LLP
15 Canada Square, Canary Wharf, London E14 5GL

References in this publication to 'British American Tobacco', 'BAT', 'we', 'us', and 'our' when denoting opinion refer to British American Tobacco p.l.c. (the Company) (No. 3407696) and when denoting tobacco business activity refer to British American Tobacco Group operating companies, collectively or individually as the case may be.

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Printed in the UK by Pureprint Group on Revive 100% recycled papers, made entirely from post-consumer waste and gloss cover paper from well-managed forests and other controlled sources. All pulps used are Elemental Chlorine Free. The manufacturing mills hold the ISO14001 and EU Ecolabel (EMAS) certificates for environmental management.





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Explore the story of our year

Featuring downloadable versions of this report, along with our sustainability summary report and other content – all accessible on desktop, tablet and mobile.

www.bat.com/reporting



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