

INTERNATIONAL MARKETING PRINCIPLES



BRITISH AMERICAN
TOBACCO



INTERNATIONAL MARKETING PRINCIPLES

Times change. Principles don't. They guide the decisions we make and how we are judged by others. In our mission to create 'a better tomorrow', our International Marketing Principles (IMP) ensure we will all continue to market our products, responsibly and sustainably, to successfully grow our global brands.

Youth should never smoke or use products containing tobacco or nicotine.

We are committed to applying our International Marketing Principles to all our products and upholding the same high standards in every market we operate, even when they are stricter than applicable local laws.

Understanding the products we sell have different risk profiles, the way we deliver our commitment to responsible marketing will vary accordingly.

We market our cigarettes responsibly meeting the preferences of today's adult smokers.

Potentially reduced risk products can only maximise their potential to contribute to tobacco harm reduction if adult consumers have the information necessary to make informed choices. Therefore, it is imperative that we provide consumers with clear and meaningful information about our products.

WE WILL BE GUIDED BY 10 KEY THEMES

- | | |
|-----------------------------------|---|
| 1. A Better Tomorrow | Our purpose and commitment to our diverse stakeholders |
| 2. Consumer Choice | Clear belief in offering a portfolio of consumer choice |
| 3. Adult only | That our business is aimed at and marketed to adults only |
| 4. Always Responsible | Unwavering commitment to responsibility in all that we do |
| 5. Science Assured | Underpinning our business and product portfolio with world class science |
| 6. Completely Transparent | Completely transparent in the way in which we conduct our business |
| 7. Sustainable Future | Our ambition and aim is to build a sustainable business for 'generations to come' |
| 8. Effective Partnerships | The challenges of our business cannot be solved alone, we will reach out for partners |
| 9. Diverse | A truly global business with a commitment to diversity in all senses |
| 10. Through New Adult Generations | Consumer responsive, meeting unmet and evolving consumer needs |

OUR PRINCIPLES

Group companies and anyone working on our behalf, in any capacity, must adopt these Marketing Principles and seek to apply them in good faith at all times.

Our marketing, across all our products, will be:

1 - Responsible

2 - Accurate and not misleading

3- Targeted at adult consumers

4 - Transparent

5 - Compliant with all applicable laws



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INTERNATIONAL MARKETING PRINCIPLES - GUIDELINES



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INTERNATIONAL MARKETING PRINCIPLES GUIDELINES

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Everyone involved in marketing our products must comply with our IMP and these guidelines as a minimum standard. Obviously, if local laws or other voluntary codes in markets are stricter than our IMP, then we must comply with those.

These Guidelines are in effect from 1 January 2020 and we shall all comply with these Guidelines as quickly as possible. Each BAT Company is responsible for ensuring that all its marketing materials and activities adhere to the IMP and these Guidelines.



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CONTENT OF MARKETING ACTIVITIES

Content creation

MUST DO

- Ensure everyone appearing in our advertising is 25+
- Make clear they originate from BAT/our brands and are to promote our products

MUST NOT

- Include characters, images, or themes intended to appeal to under age people
- Suggest that our products enhance sporting, social, professional success or sexual appeal

Use of appropriate warnings

All warnings on our advertising, promotional materials and packaging must be appropriately placed for the medium, visible, legible and not detachable

Conventional combustible tobacco products

At least a 10% warning, unless otherwise required under local law

PRRP consumables

In a world where regulation is evolving, in the absence of a mandatory local warning, these are the warnings we will use as appropriate:

- THP: "This novel tobacco product may damage your health and is addictive";
- Vapour: "This product contains nicotine and is addictive";
- Oral tobacco: "This tobacco product may damage your health and is addictive";
- Oral nicotine: "This product contains nicotine and is addictive"

Age Verification

Conventional combustible tobacco products

Our websites and apps advertising our products must be restricted to age verified adults

PRRPs

Our websites and apps advertising our products must be restricted to individuals who certify that they are adult

We will only sell our conventional combustible products and PRRPs online after completion of a robust age verification process



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CHOICE OF MEDIA

Printed publications and out of home

- 75%+ adult audience: No advertising in printed publications unless approximately 75% or more of their audience are adults
- No front covers: No advertising on the front outside cover of a printed publication
- 100m+ from schools: No outdoor communication on outlets or mobile stalls advertising our products within 100 meters of a school for students under the age of 18 (this restriction does not prevent mobile advertising (e.g. on the side of a taxi) from passing by a school in the ordinary course)

Social Media Marketing

Conventional combustible tobacco products

We will not use public social media sites or social media influencers

PRRP brands

Social media content:
We will ensure that all social media content is responsible and targeted at adults

Social media platforms:
We will only advertise where we can reasonably establish that approximately 75% or more of their audience is adult

Owned brand accounts:
We will ensure that our own social media accounts:

- restrict access to users registered as 18 + (where possible)
- clearly indicate on the profile page or biography that they are targeted at people aged 18+
- include an appropriate warning

Corporate partnerships

We will only enter into corporate partnerships that include the promotion of our PRRPs on social media where approximately 75% or more of their audience are adults

Partnerships with individuals as third-party promoters (influencers)

Where we (directly or indirectly through agencies or other third-parties) pay individuals to promote our PRRPs on social media, we must satisfy ourselves that:

1. they are adult consumers aged 25 years or older;
2. 85% of their followers are above the highest legal age in any country where more than 15% of followers are based; and
3. any specific reputational risks have been identified, considered and taken into account

Where an individual is based in a country (their home market) other than the market that is seeking to engage them, the engaging market must have consulted with their home market before such engagement

Guidelines for third-party promoters to follow

Third party promoters must agree to comply with the following guidelines:

- Fully comply with our IMP and guidelines
- Be transparent about their relationship with BAT (e.g. include #ad, #advertising, #in partnership with, #with ...)
- Ensure posts are targeted at adults only
- Don't make health, modified-risk, exposure or emissions related claims or suggest, directly or indirectly, our products are safer or can help people quit smoking (unless allowed by specific regulatory and BAT approval)
- Make sure all posts are responsible and don't link our products with themes such as religion, politics, drugs or illegal activities



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APPENDIX 1 – DEFINITIONS

adult

A person who is at least 18 years old or, if higher, the minimum age for the lawful sale, purchase, possession or consumption of the type of products being advertised

advertising

Any consumer promotional communication, promotional activity or event or use of branding (not including packaging), which aims to encourage consumers to purchase one of our products. For the avoidance of doubt, the following are excluded from this definition:

Trade communications; product packaging; the use of product branding or product information designed to convey non-promotional product or price information to consumers

consumer

In relation to tobacco or nicotine products, means an adult tobacco or nicotine user

PRRPs

Products that present a potentially reduced risk of harm compared to smoking conventional cigarettes, including tobacco heating products, snus, moist snuff, chewing tobacco, tobacco or nicotine pouches and nicotine vapour products

under age people

Anyone under the age of 18 years, or, if higher, the minimum age for the lawful sale, purchase, possession or consumption of the type of products being advertised



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APPENDIX 2 – MARKETING PRINCIPLES GOVERNANCE

Ownership

- Even though seeking input from Legal and External Affairs is required, the Marketing function is ultimately responsible for planning and executing the Group's marketing activities. Therefore, the Marketing Principles are owned by the Marketing Function. The process owner is the Chief Marketing Officer.
- It is the responsibility of local Marketing (or Central Marketing in the case of advertising materials produced above market) to ensure all proposed advertising and marketing activities are in line with the IMP.
- Legal and External Affairs support Marketing in doing this.

Sign off

- All advertising and marketing activities are subject to the IMP and must be reviewed and approved by local Marketing and Legal and External Affairs.
- All advertising materials produced above market will be subject to the IMP and must be reviewed and approved by Central Legal and External Affairs (if produced by the Centre) or Regional Legal and External Affairs (if produced at Regional level).
- Local approval requirements also apply to materials that have been created at an above market level, so as to ensure local executions (including adaptations and translations) are in line with the IMP and take into account local sensitivities.

Escalation

- For materials produced above market, when no agreement on application of IMP can be reached, the issue is to be escalated to the Chief Marketing Officer and the Director, Legal and External Affairs and General Counsel.
- In respect of clearance for local usage, when no agreement on adherence can be reached, the issue is to be escalated through the line to the local Head of Marketing, Legal and External Affairs and General Manager of the company who are responsible for making a decision and ensuring compliance with the IMP.

Monitoring adherence

- Markets are required to report their adherence with the IMP on an annual basis through the Control Navigator. The results are regularly reviewed by the Audit Committee at regional and global levels.
- In addition, as a part of the Global Audit rolling plan, Audit will review IMP controls where relevant to the scope of the audit.



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