



B.A.T. INTERNATIONAL FINANCE p.l.c.
(incorporated with limited liability in England and Wales)
B.A.T. NETHERLANDS FINANCE B.V.
(incorporated with limited liability in The Netherlands)
B.A.T CAPITAL CORPORATION
(incorporated with limited liability in the State of Delaware, United States of America)
£25,000,000,000 Euro Medium Term Note Programme
unconditionally and irrevocably guaranteed by
BRITISH AMERICAN TOBACCO p.l.c.
(incorporated with limited liability in England and Wales)
and each of the Issuers (except where it is the relevant Issuer)

On 6 July 1998, each of B.A.T. International Finance p.l.c. ("BATIF"), B.A.T. Capital Corporation ("BATCAP") and B.A.T. Finance B.V. ("BATFIN") entered into a Euro Medium Term Note Programme (the "Programme") for the issue of Euro Medium Term Notes (the "Notes"). On 16 April 2003, British American Tobacco Holdings (The Netherlands) B.V. ("BATHTN") acceded to the Programme as an issuer and, where relevant, a guarantor and BATFIN was removed as an issuer and a guarantor under the Programme. On 9 December 2011, BATCAP was removed as an issuer and a guarantor under the Programme. On 16 May 2014, B.A.T. Netherlands Finance B.V. ("BATNF") acceded to the Programme as an issuer and, where relevant, a guarantor. On 31 May 2017, BATCAP acceded to the Programme as an issuer and, where relevant, a guarantor. On 1 May 2019, BATHTN was removed as an issuer and a guarantor under the Programme. BATIF, BATNF and BATCAP are each, in their capacities as issuers under the Programme, an "Issuer" and together referred to as the "Issuers". This Base Prospectus supersedes any previous base prospectus, offering memorandum, programme memorandum, information memorandum or any amendments or supplements thereto. Any Notes issued under the Programme on or after the date of this Base Prospectus are issued subject to the provisions herein. This Base Prospectus does not affect any Notes already issued.

Prospective investors should be aware that any investment in Notes involves risks. See the factors described under the section headed "Risk Factors" in this Base Prospectus beginning on page 20.

Under the Programme, each of BATIF, BATNF and BATCAP may from time to time issue Notes in bearer form denominated in any currency agreed between the relevant Issuer and the relevant Dealer (as defined below). If the applicable Final Terms state that Global Notes (each as defined herein) are to be issued in new global note ("NGN") form, the Global Notes will be delivered on or prior to the original issue date of the relevant Tranche (as defined herein) to a common safekeeper (the "Common Safekeeper") for Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking S.A. ("Clearstream, Luxembourg"). Global Notes which are not issued in NGN form ("CGNs") will be deposited on the issue date of the relevant Tranche with a common depository on behalf of Euroclear and Clearstream, Luxembourg (the "Common Depository").

The payments of all amounts payable in respect of the Notes will be unconditionally and irrevocably guaranteed by British American Tobacco p.l.c. ("BAT") and each of BATIF, BATNF and BATCAP except where it is the relevant Issuer (the "Guarantors" and each a "Guarantor" and together with the Issuers, the "Obligors"). In certain circumstances, certain other companies may also become guarantors of Notes issued under the Programme.

Application has been made to the Financial Conduct Authority (the "FCA") under Part VI of the Financial Services and Markets Act 2000 (as amended, the "FSMA") for Notes issued under the Programme described in this Base Prospectus during the period of twelve months after the date hereof to be admitted to the official list of the FCA (the "Official List") and to the London Stock Exchange plc (the "London Stock Exchange") for such Notes to be admitted to trading on the London Stock Exchange's main market (the "Market"). References in this Base Prospectus to Notes being "listed" (and all related references) shall mean that such Notes have been admitted to trading on the Market and have been admitted to the Official List. The Market is a regulated market for the purposes of Article 2(1)(13A) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("EUWA") (the "UK MiFIR").

This Base Prospectus has been approved by the FCA, as competent authority under Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA (the "UK Prospectus Regulation"). The FCA only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation; such approval should not be considered as (a) an endorsement of the Issuers, the Guarantors or the Additional Guarantor (as defined below); or (b) an endorsement of the quality of the Notes that are the subject of this Base Prospectus. Investors should make their own assessment as to the suitability of investing in the Notes. The Programme has been rated BBB by Fitch Ratings Ltd ("Fitch"), Baa2 by Moody's Investors Service Ltd ("Moody's") and BBB+ by S&P Global Ratings UK Limited ("S&P"). Long term debt issued or guaranteed by BAT is rated BBB by Fitch, Baa2 by Moody's and BBB+ by S&P. Short term debt issued or guaranteed by BAT is rated F2 by Fitch, P-2 by Moody's and A-2 by S&P. Fitch, Moody's and S&P are established in the United Kingdom (the "UK") and registered under Regulation (EC) No 1060/2009 as it forms part of domestic law by virtue of EUWA (the "UK CRA Regulation"). Tranches of Notes to be issued under the Programme will either be rated or unrated. Where a Tranche of Notes is to be rated, such rating will not necessarily be the same as the rating assigned to the Programme. Where a Tranche of Notes is rated, the applicable rating(s) will be specified in the applicable Final Terms.

Arranger
Deutsche Bank
Dealers

Bank of China
BBVA
Citigroup
Deutsche Bank
HSBC
Lloyds Bank Corporate Markets Wertpapierhandelsbank
NatWest Markets
SMBC

Barclays
BofA Securities
Commerzbank
Goldman Sachs Bank Europe SE
Lloyds Bank Corporate Markets
Mizuho
Santander Corporate & Investment Banking
Standard Chartered Bank

Wells Fargo Securities

The date of this Base Prospectus is 5 March 2024

Each of BAT, BATIF, BATNF and BATCAP accepts responsibility for the information contained in this Base Prospectus and the Final Terms for each Tranche of Notes issued under the Programme and Reynolds American Inc. (“RAI” or the “Additional Guarantor”) accepts responsibility for the information relating to RAI and the RAI Guarantee (as defined below) contained in this Base Prospectus and the Final Terms for each Tranche of Notes issued under the Programme. To the best of the knowledge of BAT, BATIF, BATNF, BATCAP and RAI, each of the foregoing declares that the information (or in the case of RAI, as such information relates to it and/or the RAI Guarantee) contained in this Base Prospectus is in accordance with the facts and that this Base Prospectus makes no omission likely to affect its import.

This Base Prospectus is to be read in conjunction with all documents which are incorporated herein by reference as described in “*Documents Incorporated by Reference*” below. This Base Prospectus shall be read and construed on the basis that such documents are so incorporated and form part of this Base Prospectus.

The Obligors have confirmed to the dealers (the “Dealers”) named under “Subscription and Sale” below that this Base Prospectus is true and accurate in all material respects and not misleading in any material respect; that the opinions and intentions expressed therein are honestly held; that there are no other facts in relation to the information contained or incorporated by reference in this Base Prospectus the omission of which would, in the context of the issue of the Notes, make any statement therein or opinions or intentions expressed therein misleading in any material respect; and the Obligors have confirmed to the Dealers that all reasonable enquiries have been made to verify the foregoing; provided, however, that the confirmation expressed in this sentence does not extend to the information set out under “*Subscription and Sale*” below.

Notice of the aggregate nominal amount of the Notes, interest (if any) payable in respect of the Notes, the issue price of the Notes and any other terms and conditions not contained in this Base Prospectus which are applicable to each Tranche of Notes will be set out in a final terms document (the “Final Terms”) which will be delivered to the FCA and the London Stock Exchange and will be available on the website of the Regulatory News Service operated by the London Stock Exchange.

This Base Prospectus, together with supplements to this Base Prospectus from time to time (each a “Supplement” and together, the “Supplements”), comprises a base prospectus for the purposes of the UK Prospectus Regulation and for the purpose of giving information with regards to the Issuers, the Guarantors and the Additional Guarantor which is material to an investor for making an informed assessment of (i) the assets and liabilities, financial position, profits and losses and prospects of the Issuers, the Guarantors and the Additional Guarantor, (ii) the rights attaching to the Notes and (iii) the reasons for the issuance and its impact on the Issuers, the Guarantors and the Additional Guarantor. In relation to each separate issue of Notes, the final offer price and the amount of such Notes will be determined by the relevant Issuer and Guarantors and the relevant Dealer(s) in accordance with prevailing market conditions at the time of the issue of the Notes and will be set out in the applicable Final Terms.

PRIPs Regulation/Prohibition of Sales to EEA Retail Investors – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“EEA”). For these purposes, a “retail investor” means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “MiFID II”); (ii) a customer within the meaning of Directive (EU) 2016/97 (the “Insurance Distribution Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the “Prospectus Regulation”). Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the “PRIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIPs Regulation.

UK PRIIPs Regulation/Prohibition of Sales to UK Retail Investors – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a “retail investor” means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “UK PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

MiFID II product governance/target market – The Final Terms in respect of any Notes may include a legend entitled “MiFID II Product Governance” which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a “distributor”) should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each Tranche of Notes about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the “MiFID Product Governance Rules”), any Dealer in respect of the relevant Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

UK MiFIR product governance/target market – The Final Terms in respect of any Notes may include a legend entitled “UK MiFIR Product Governance” which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any distributor should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “UK MiFIR Product Governance Rules”) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each Tranche of Notes about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

No person has been authorised by the Obligors, the Additional Guarantor, any Dealer or The Law Debenture Trust Corporation p.l.c. (the “Trustee”) to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any information supplied by the Obligors or the Additional Guarantor or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by the Obligors, the Additional Guarantor, the Trustee or any Dealer.

No representation or warranty is made or implied by the Dealers or the Trustee or any of their respective affiliates, and neither the Dealers, the Trustee nor any of their respective affiliates makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Base Prospectus. Save as required by the rules of the FCA, neither the delivery of this Base Prospectus or any Final Terms nor the offering, sale or delivery of any Notes shall, in

any circumstances, create any implication that the information contained in this Base Prospectus is true subsequent to the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial situation of the Issuers, the Guarantors or the Additional Guarantor since the date hereof or, as the case may be, the date upon which this Base Prospectus has been most recently amended or supplemented or the balance sheet date of the most recent financial statements which are incorporated into this Base Prospectus by reference or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

Amounts payable on the Notes may be calculated by reference to EURIBOR (as defined herein). As at the date of this Base Prospectus, the European Money Markets Institute (as administrator of EURIBOR) appears on the register of administrators and benchmarks established and maintained by the FCA pursuant to Article 36 of the Benchmarks Regulation (Regulation (EU) 2016/1011) as it forms part of domestic law by virtue of the EUWA (the "UK Benchmarks Regulation"). The distribution of this Base Prospectus and any Final Terms and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus or any Final Terms comes are required by the Obligors, the Additional Guarantor and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Base Prospectus or any Final Terms and other offering material relating to the Notes, see "Subscription and Sale" below. In particular, no action has been taken by the Obligors, the Additional Guarantor, the Dealers or the Trustee which would permit a public offering of any Notes or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the relevant Dealer or any parent company or affiliate of the relevant Dealer is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by that Dealer or such parent company or affiliate on behalf of the relevant Issuer in such jurisdiction. In addition, the Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold in the United States or to, or for the account or benefit of, US persons (as defined in Regulation S under the Securities Act ("Regulation S")) unless the Notes are registered under the Securities Act or an exemption from the registration requirements of the Securities Act is available.

Singapore Securities and Futures Act Product Classification – In connection with Section 309B of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the "SFA"), and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "CMP Regulations 2018"), unless otherwise specified before an offer of Notes, the Obligors have determined, and hereby notify all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are "prescribed capital markets products" (as defined in the CMP Regulations 2018) and "Excluded Investment Products" (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Neither this Base Prospectus nor any Final Terms may be used for the purpose of an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such an offer or solicitation.

The information provided in this Base Prospectus is not intended to provide the basis of any credit, taxation, financial, regulatory or other evaluation and neither this Base Prospectus nor any Final Terms constitutes an offer or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by the Obligors, the Additional Guarantor, the Dealers, the Trustee or any of them that any recipient of this Base Prospectus or any Final Terms should subscribe for or purchase any Notes. Each recipient of this Base Prospectus or any Final Terms shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Obligors and the Additional Guarantor.

The maximum aggregate principal amount of Notes outstanding at any one time under the Programme will not exceed £25,000,000,000 (and for this purpose, any Notes denominated in another currency shall be translated into Sterling at a rate to be determined either as of the date on which agreement is reached for the issue of Notes or on the preceding day on which commercial banks and foreign exchange markets are open for business in London, calculated in accordance with the provisions of the Programme Agreement). The maximum aggregate principal amount of Notes in respect of each Issuer which may be outstanding at any one time under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Programme Agreement as defined under "Subscription and Sale" below.

Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes or where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured and appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities, and each potential investor should consult its legal advisers or the appropriate regulators.

IN CONNECTION WITH THE ISSUE OF ANY TRANCHE OF NOTES, ONE OR MORE RELEVANT DEALERS (THE "STABILISATION MANAGER(S)") (OR ANY PERSON ACTING ON BEHALF OF ANY STABILISATION MANAGER(S)) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES OF THE SERIES OF WHICH SUCH TRANCHE FORMS PART AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, STABILISATION ACTION MAY NOT NECESSARILY OCCUR. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE RELEVANT TRANCHE IS MADE AND, IF BEGUN, MAY CEASE AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE RELEVANT TRANCHE OF NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE RELEVANT TRANCHE OF NOTES. ANY STABILISATION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE RELEVANT STABILISATION MANAGER(S) (OR ANY

PERSON ACTING ON BEHALF OF ANY STABILISATION MANAGER(S)) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

In this Base Prospectus, unless otherwise specified, references to: a “Member State” are references to a Member State of the EEA; “EUR”, “€” or “euro” refer to the currency introduced at the start of the third stage of the European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended from time to time; “Japanese Yen”, “Yen” or “¥” refer to the lawful currency of Japan; “Sterling”, “GBP” or “£” refer to the lawful currency of the United Kingdom; “US\$” or “US dollars” refer to the lawful currency of the United States of America; “CAD\$” refer to the lawful currency of Canada; “ARS” refer to the lawful currency of Argentina; “BRL” refer to the lawful currency of Brazil; “AOA” refer to the lawful currency of Angola; “JPY” refer to the lawful currency of Japan; “₦” or “Naira” refer to the lawful currency of Nigeria; “KRW” refer to the lawful currency of South Korea; “HRK” refer to the lawful currency of Croatia; “QAR” refer to the lawful currency of Qatar; “SAR” refer to the lawful currency of Saudi Arabia; “EGP” refer to the lawful currency of Egypt; “MZN” refer to the lawful currency of Mozambique; “BDT” refer to the lawful currency of Bangladesh; “HRK” refer to the lawful currency of Croatia; and “TRY” refer to the lawful currency of Türkiye.

SUPPLEMENTAL BASE PROSPECTUS

If at any time the Issuers shall be required to prepare a supplement to this Base Prospectus pursuant to Article 23 of the UK Prospectus Regulation, the Issuers will prepare and make available an appropriate amendment or supplement to this Base Prospectus, in respect of any subsequent issue of Notes to be listed on the Official List and admitted to trading on the Market, which shall constitute a supplemental prospectus as required by the FCA and Article 23 of the UK Prospectus Regulation.

The obligation to supplement this Base Prospectus in the event of significant new factors, material mistakes or material inaccuracies will not apply when this Base Prospectus is no longer valid. For this purpose, “valid” means valid for making offers to the public or admissions to trading on a UK regulated market by or with the consent of the Issuers and the obligation to supplement this Base Prospectus is only required within its period of validity between the time when this Base Prospectus is approved and the closing of the offer period for the Notes or the time when trading on a UK regulated market begins, whichever occurs later.

FORWARD-LOOKING STATEMENTS

This Base Prospectus may contain forward-looking statements. BAT and its subsidiaries (together, the “Group”) may also make written or oral forward-looking statements in their audited annual financial statements, in their interim financial statements, in their offering circulars, in press releases and other written materials and in oral statements made by their officers, directors or employees to third parties. Statements that are not historical facts, including statements about BAT’s and/or the Group’s beliefs and expectations, are forward-looking statements. These statements are based on current plans, estimates and projections and such statements reflect BAT and/or the Group’s judgement at the date of this Base Prospectus and are not intended to give any assurances as to future results. Forward-looking statements speak only as of the date they are made, and, save as required by the rules of the FCA, BAT and the Group undertake no obligation to update publicly any of them in light of new information or future events. The Issuers, the Guarantors and the Additional Guarantor will comply with their obligations to publish updated information as required by law or by any regulatory authority but assume no further obligation to publish additional information.

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DOCUMENTS INCORPORATED BY REFERENCE

This Base Prospectus should be read and construed in conjunction with:

- (1) the published consolidated audited annual financial information as at and for the year ended 31 December 2022, together with the audit report thereon, for BATIF contained on pages 8 to 45 of the BATIF 2022 Annual Report ([https://www.bat.com/group/sites/uk__crhjsy.nsf/vwPagesWebLive/DOCYEQPK/\\$FILE/medMDCNVCCV.pdf?openelement](https://www.bat.com/group/sites/uk__crhjsy.nsf/vwPagesWebLive/DOCYEQPK/$FILE/medMDCNVCCV.pdf?openelement));
- (2) the published consolidated audited annual financial information as at and for the year ended 31 December 2023, together with the audit report thereon, for BATIF contained on pages 8 to 45 of the BATIF 2023 Annual Report (<https://www.bat.com/attachments/medMDD29EBQ.pdf>);
- (3) the published audited annual financial statements as at and for the year ended 31 December 2022, together with the audit report thereon, for BATNF contained on pages 8 to 31 of the BATNF Annual Report for the Year Ended 31 December 2022 (<https://www.bat.com/attachments/medMDCPKMSD.pdf>);
- (4) the published audited annual financial statements as at and for the year ended 31 December 2023, together with the audit report thereon, for BATNF contained on pages 9 to 33 of the BATNF Annual Report for the Year Ended 31 December 2023 (<https://www.bat.com/attachments/medMDD2UDKG.pdf>);
- (5) the published consolidated audited annual financial information as at and for the year ended 31 December 2022, together with the audit report thereon, for BAT contained on pages 182 to 300 of the BAT Annual Report 2022 and Form 20-F 2022 ([https://www.bat.com/group/sites/UK__9D9KCY.nsf/vwPagesWebLive/DOAWWGJT/\\$file/BAT_Annual_Report_Form_20-F_2022.pdf](https://www.bat.com/group/sites/UK__9D9KCY.nsf/vwPagesWebLive/DOAWWGJT/$file/BAT_Annual_Report_Form_20-F_2022.pdf));
- (6) the published consolidated audited annual financial information as at and for the year ended 31 December 2023, together with the audit report thereon, for BAT contained on pages 194 to 311 of the BAT Annual Report 2023 and Form 20-F 2023 (https://www.bat.com/attachments/BAT_Annual_Report_Form_20-F_2023.pdf);
- (7) the published non-consolidated audited annual financial information as at and for the year ended 31 December 2022, together with the audit report thereon, for BATCAP contained on pages 1 to 22 of the BATCAP Financial Statements for the year ended 31 December 2022 ([https://www.bat.com/group/sites/uk__crhjsy.nsf/vwPagesWebLive/DOCYEQPK/\\$FILE/medMDCPRLGU.pdf?openelement](https://www.bat.com/group/sites/uk__crhjsy.nsf/vwPagesWebLive/DOCYEQPK/$FILE/medMDCPRLGU.pdf?openelement));
- (8) the published non-consolidated audited annual financial information as at and for the year ended 31 December 2023, together with the audit report thereon, for BATCAP contained on pages 1 to 23 of the BATCAP Financial Statements for the year ended 31 December 2023 (<https://www.bat.com/attachments/medMDD2XHMM.pdf>);
- (9) the published RAI consolidated audited annual financial information as at and for the years ended 31 December 2022 and 31 December 2023, each together with the audit report thereon, for RAI contained on pages 1 to 70 of the RAI Consolidated Financial Statements 2022 and 2023 (<https://www.bat.com/attachments/medMDD2QM34.pdf>);
- (10) the paragraphs under the heading “Non-Financial Measures” on page 334 of the BAT Annual Report 2023 and Form 20-F 2023;
- (11) the paragraphs under the heading “Non-GAAP Measures” on pages 335 to 349 of the BAT Annual Report 2023 and Form 20-F 2023;

- (12) the section entitled "Terms and Conditions" on pages 52 to 79 of the Prospectus dated 9 December 2011 relating to the Programme ([https://www.bat.com/group/sites/uk__crhjsy.nsf/vwPagesWebLive/DOCYEQPK/\\$FILE/medMDBN3GUP.pdf?openelement](https://www.bat.com/group/sites/uk__crhjsy.nsf/vwPagesWebLive/DOCYEQPK/$FILE/medMDBN3GUP.pdf?openelement));
- (13) the section entitled "Terms and Conditions" on pages 48 to 72 of the Prospectus dated 11 December 2012 relating to the Programme ([https://www.bat.com/group/sites/uk__crhjsy.nsf/vwPagesWebLive/DOCYEQPK/\\$FILE/medMDBN3GUF.pdf?openelement](https://www.bat.com/group/sites/uk__crhjsy.nsf/vwPagesWebLive/DOCYEQPK/$FILE/medMDBN3GUF.pdf?openelement));
- (14) the section entitled "Terms and Conditions" on pages 49 to 73 of the Prospectus dated 12 December 2013 relating to the Programme ([https://www.bat.com/group/sites/uk__crhjsy.nsf/vwPagesWebLive/DOCYEQPK/\\$FILE/medMDBN3GU7.pdf?openelement](https://www.bat.com/group/sites/uk__crhjsy.nsf/vwPagesWebLive/DOCYEQPK/$FILE/medMDBN3GU7.pdf?openelement));
- (15) the section entitled "Terms and Conditions" on pages 50 to 74 of the Prospectus dated 16 May 2014 relating to the Programme ([https://www.bat.com/group/sites/uk__crhjsy.nsf/vwPagesWebLive/DOCYEQPK/\\$FILE/medMDBN3GTT.pdf?openelement](https://www.bat.com/group/sites/uk__crhjsy.nsf/vwPagesWebLive/DOCYEQPK/$FILE/medMDBN3GTT.pdf?openelement));
- (16) the section entitled "Terms and Conditions" on pages 58 to 84 of the Prospectus dated 18 May 2015 relating to the Programme ([https://www.bat.com/group/sites/uk__crhjsy.nsf/vwPagesWebLive/DOCYEQPK/\\$FILE/medMDBN3GTK.pdf?openelement](https://www.bat.com/group/sites/uk__crhjsy.nsf/vwPagesWebLive/DOCYEQPK/$FILE/medMDBN3GTK.pdf?openelement));
- (17) the section entitled "Terms and Conditions" on pages 51 to 71 of the Prospectus dated 20 May 2016 relating to the Programme ([https://www.bat.com/group/sites/uk__crhjsy.nsf/vwPagesWebLive/DOCYEQPK/\\$FILE/medMDBN3GTA.pdf?openelement](https://www.bat.com/group/sites/uk__crhjsy.nsf/vwPagesWebLive/DOCYEQPK/$FILE/medMDBN3GTA.pdf?openelement));
- (18) the section entitled "Terms and Conditions" on pages 55 to 77 of the Prospectus dated 31 May 2017 relating to the Programme ([https://www.bat.com/group/sites/uk__crhjsy.nsf/vwPagesWebLive/DOCYEQPK/\\$FILE/medMDBN3GSY.pdf?openelement](https://www.bat.com/group/sites/uk__crhjsy.nsf/vwPagesWebLive/DOCYEQPK/$FILE/medMDBN3GSY.pdf?openelement));
- (19) the section entitled "Terms and Conditions" on pages 83 to 117 of the Prospectus dated 25 May 2018 relating to the Programme ([https://www.bat.com/group/sites/uk__crhjsy.nsf/vwPagesWebLive/DOCYEQPK/\\$FILE/medMDBN3GRZ.pdf?openelement](https://www.bat.com/group/sites/uk__crhjsy.nsf/vwPagesWebLive/DOCYEQPK/$FILE/medMDBN3GRZ.pdf?openelement));
- (20) the section entitled "Terms and Conditions" on pages 81 to 115 of the Prospectus dated 1 May 2019 relating to the Programme ([https://www.bat.com/group/sites/uk__crhjsy.nsf/vwPagesWebLive/DOCYEQPK/\\$FILE/medMDBN3GR8.pdf?openelement](https://www.bat.com/group/sites/uk__crhjsy.nsf/vwPagesWebLive/DOCYEQPK/$FILE/medMDBN3GR8.pdf?openelement));
- (21) the section entitled "Terms and Conditions" on pages 88 to 123 of the Prospectus dated 31 March 2020 relating to the Programme ([https://www.bat.com/group/sites/uk__crhjsy.nsf/vwPagesWebLive/DOCYEQPK/\\$FILE/medMDBN3EB55.pdf?openelement](https://www.bat.com/group/sites/uk__crhjsy.nsf/vwPagesWebLive/DOCYEQPK/$FILE/medMDBN3EB55.pdf?openelement));
- (22) the section entitled "Terms and Conditions" on pages 93 to 127 of the Prospectus dated 18 March 2021 relating to the Programme ([https://www.bat.com/group/sites/uk__crhjsy.nsf/vwPagesWebLive/DOCYEQPK/\\$FILE/medMDC5QHKY.pdf?openelement](https://www.bat.com/group/sites/uk__crhjsy.nsf/vwPagesWebLive/DOCYEQPK/$FILE/medMDC5QHKY.pdf?openelement)); and

(23) the section entitled “Terms and Conditions” on pages 100 to 134 of the Prospectus dated 17 March 2022 relating to the Programme ([https://www.bat.com/group/sites/uk__crhjsy.nsf/vwPagesWebLive/DOCYEQPK/\\$FILE/medMDCP8JP3.pdf?openelement](https://www.bat.com/group/sites/uk__crhjsy.nsf/vwPagesWebLive/DOCYEQPK/$FILE/medMDCP8JP3.pdf?openelement)),

each of which have been previously published or are published simultaneously with this Base Prospectus and which have been approved by the FCA or filed with it. Such information shall be incorporated in, and form part of, this Base Prospectus save that any statement contained in this Base Prospectus or in any information incorporated by reference in, and forming part of, this Base Prospectus shall be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained in any information subsequently incorporated by reference herein by way of a supplement prepared in accordance with Article 23 of the UK Prospectus Regulation modifies or supersedes such statement (whether expressly, by implication or otherwise). For the avoidance of doubt, information, documents or statements to be incorporated by reference into, or expressed to form part of, the information referred to in (1) to (11) above do not form part of this Base Prospectus.

Any non-incorporated parts of a document referred to above do not form part of this Base Prospectus as they are either not relevant for investors or are covered elsewhere in this Base Prospectus.

In relation to any issue of Notes, the applicable Final Terms should be read in conjunction with this Base Prospectus.

The BATNF financial statements as at and for the 12-month periods ended 31 December 2023 and 31 December 2022 (the “BATNF Financial Statements”) have been prepared in accordance with Dutch generally accepted accounting standards (“Dutch GAAP”). Consequently, the BATNF Financial Statements have not been prepared in accordance with UK-adopted international accounting standards and there may be material differences in the BATNF Financial Statements had UK-adopted international accounting standards been applied to the BATNF Financial Statements.

Narrative of differences between Dutch GAAP and UK adopted international accounting standards (UK-adopted International Financial Reporting Standards (“IFRS”)) requirements

Summary of Dutch GAAP accounting policy as applied	Summary of equivalent UK adopted international accounting standards (UK-adopted IFRS) requirements
<p>Financial Assets:</p> <p>The BATNF Financial Statements contain the following financial assets: long-term loans to shareholder, interest receivable on long term loans to shareholder, amounts due from affiliated companies and cash pooling receivables in amounts due from affiliated companies.</p> <p>Financial assets are initially measured at fair value, including discount or premium and directly attributable transaction costs.</p> <p>Receivables are measured at initial recognition at fair value, plus transaction costs. After initial recognition, receivables are measured at amortised cost on the basis of the effective interest method, less impairment losses. If no premium or discount and</p>	<p>Financial Assets:</p> <p>In the context of the BATNF Financial Statements, BATNF considers the requirements of Dutch GAAP to be materially consistent with those of UK-adopted IFRS with the exception of the methodology applied to measurement of impairment losses.</p> <p>Under UK-adopted IFRS (IFRS 9 <i>Financial Instruments</i>), impairment losses are measured using an ‘expected credit loss’ model whereas under Dutch GAAP they are measured using an ‘incurred credit loss’ model. Unlike the incurred credit loss model, the expected credit loss model is required to consider forward looking information available at the balance sheet date.</p> <p>With regard to balances due from group undertakings, this involves an initial assessment of credit risk performed at the date of the instrument’s origination and</p>

<p>transaction costs are applicable, the amortised cost is equal to the nominal value of the receivables, less a provision for uncollectible debts. These provisions are determined by individual assessment of the receivables. The effective interest and impairment losses, if any, are directly recognised in the profit and loss account.</p> <p>Financial assets are assessed for impairment at the end of each reporting period. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, with negative impact on the estimated future cash flows of that asset, which can be estimated reliably.</p> <p>The entity considers evidence of impairment for financial assets measured at amortised cost (loans and receivables and financial assets that are held to maturity) both individually and on a portfolio basis. All individually significant assets are assessed individually for impairment. The individually significant assets that are not found to be individually impaired and assets that are not individually significant are then collectively assessed for impairment by grouping together assets with similar risk characteristics.</p> <p>An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Impairment losses are recognised in the profit and loss account.</p> <p>Financial assets are derecognised when the contractual rights to cashflows expire, are settled, or are transferred to another party.</p>	<p>a reassessment at each subsequent balance sheet date to determine whether there has been a relatively significant increase in credit risk or whether the asset has become credit impaired. This assessment is used to determine the level of impairment provision ("allowance") required.</p>
<p>Financial liabilities:</p> <p>The BATNF Financial Statements contain the following financial liabilities: long-term debts to third parties, interest payable on long-term debts to third parties, and amounts payable to affiliated companies.</p> <p>Financial liabilities are recognised in the balance sheet at the moment that the contractual risks or rewards with respect to that financial instrument originate.</p> <p>Financial liabilities are initially measured at fair value, including discount or premium and directly attributable transaction costs.</p>	<p>Financial liabilities:</p> <p>In the context of the BATNF Financial Statements, BATNF considers the requirements of Dutch GAAP to be materially consistent with those of UK-adopted IFRS.</p>

<p>After initial recognition, long-term and current liabilities and other financial commitments are measured at amortised cost on the basis of the effective interest method. If no premium or discount and transaction costs are applicable, the amortised cost is equal to the nominal value of the liability.</p> <p>Redemption payments regarding long-term liabilities that are due next year, are presented under current liabilities.</p> <p>The effective interest is directly recorded in the profit and loss account.</p> <p>Financial liabilities are derecognised when the liability is extinguished.</p>	
<p>Finance costs:</p> <p>Costs incurred in raising debt that has been drawn are deducted from the carrying value of the debt and amortised over its term at the effective interest rate.</p>	<p>Finance costs:</p> <p>In the context of the BATNF Financial Statements, BATNF considers the requirements of Dutch GAAP to be materially consistent with those of UK-adopted IFRS.</p>
<p>Financial income and expenses:</p> <p>Interest receivable and payable is recognised using the effective interest method.</p>	<p>Financial income and expenses:</p> <p>In the context of the BATNF Financial Statements, BATNF considers the requirements of Dutch GAAP to be materially consistent with those of UK-adopted IFRS.</p>
<p>Fair value measurement:</p> <p>The fair value of a financial instrument is the amount for which an asset can be sold, or a liability settled, involving parties who are well informed regarding the matter, willing to enter into a transaction and are independent from each other.</p>	<p>Fair value measurement:</p> <p>In the context of the BATNF Financial Statements, BATNF considers the requirements of Dutch GAAP to be materially consistent with those of UK-adopted IFRS.</p> <p>Under Dutch GAAP, the disclosure requirements on fair value are less comprehensive, however.</p>

GENERAL DESCRIPTION OF THE PROGRAMME

Under the Programme, each Issuer may from time to time issue Notes denominated in any currency and having a minimum maturity of one month, subject as set out in this Base Prospectus. A summary of the terms and conditions of the Programme and the Notes appears below. The applicable terms of any Notes will be agreed between the relevant Issuer and the relevant Dealer prior to the issue of the Notes and will be set out in the Terms and Conditions of the Notes endorsed on, attached to, or incorporated by reference into, the Notes, as completed by the applicable Final Terms attached to, or endorsed on, such Notes, as more fully described under "*Form of the Notes*" below. This Base Prospectus and any supplement will only be valid for admitting Notes to the Official List during the period of 12 months from the date hereof in an aggregate nominal amount which, when added to the aggregate nominal amount then outstanding of all Notes previously or simultaneously issued under the Programme, does not exceed £25,000,000,000 or its equivalent in other currencies. For the purpose of calculating the Sterling equivalent of the aggregate nominal amount of Notes issued under the Programme from time to time:

- (1) the Sterling equivalent of Notes denominated in another Specified Currency (as specified in the applicable Final Terms in relation to the relevant Notes, described under "*Form of the Notes*" below) shall be determined, at the discretion of the relevant Issuer, either as of the date on which agreement is reached for the issue of Notes or on the preceding day on which commercial banks and foreign exchange markets are open for business in London, in each case on the basis of the spot rate for the sale of the Sterling against the purchase of such Specified Currency in the London foreign exchange market quoted by any leading international bank selected by the relevant Issuer on the relevant day of calculation; and
- (2) the Sterling equivalent of Zero Coupon Notes (as specified in the applicable Final Terms in relation to the relevant Notes, described under "*Form of the Notes*" below) and other Notes issued at a discount or a premium shall be calculated in the manner specified above by reference to the net proceeds received by the relevant Issuer for the relevant issue.

As used herein "Specified Currency" means, in relation to an issue of Notes, the currency stated as such in the applicable Final Terms.

DESCRIPTION OF THE PROGRAMME

The following description does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms. Words and expressions defined in "Form of the Notes" and "Terms and Conditions of the Notes" below shall have the same meanings in this description.

Issuers	B.A.T. International Finance p.l.c. ("BATIF") B.A.T. Netherlands Finance B.V. ("BATNF") B.A.T Capital Corporation ("BATCAP")
Guarantors	British American Tobacco p.l.c. ("BAT") BATIF (except where it is the Issuer) BATNF (except where it is the Issuer) BATCAP (except where it is the Issuer) In certain circumstances (as described on pages 96 – 97), certain other companies may also become guarantors of Notes issued under the Programme.
Description	Euro Medium Term Note Programme
Arranger	Deutsche Bank AG, London Branch
Dealers	Banco Bilbao Vizcaya Argentaria, S.A. Banco Santander, S.A. Bank of China Limited, London Branch Barclays Bank PLC BofA Securities Europe SA Citigroup Global Markets Europe AG Citigroup Global Markets Limited Commerzbank Aktiengesellschaft Deutsche Bank AG, London Branch Goldman Sachs Bank Europe SE HSBC Bank plc Lloyds Bank Corporate Markets plc Lloyds Bank Corporate Markets Wertpapierhandelsbank GmbH Merrill Lynch International Mizuho International plc Mizuho Securities Europe GmbH NatWest Markets Plc SMBC Bank EU AG SMBC Nikko Capital Markets Limited Standard Chartered Bank Wells Fargo Securities Europe S.A.

	Wells Fargo Securities International Limited and any other Dealers appointed in accordance with the Programme Agreement.
Certain Restrictions	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see " <i>Subscription and Sale</i> ").
Issuing and Principal Paying Agent	Citibank, N.A., London Branch
Paying Agent	Citibank Europe PLC
Trustee	The Law Debenture Trust Corporation p.l.c.
Programme Size	Up to £25,000,000,000 (or its equivalent in other currencies calculated as described under " <i>General Description of the Programme</i> ") outstanding at any time. The Obligors may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
Distribution	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
Currencies	Subject to any applicable legal or regulatory restrictions, any currency agreed between the relevant Issuer and the relevant Dealer(s).
Maturities	Such maturities as may be agreed between the relevant Issuer and the relevant Dealer(s), subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Issuer, the relevant Guarantors or the relevant Specified Currency.
Issue Price	Notes may be issued at an issue price which is at par or at a discount to, or premium over, par as specified in the applicable Final Terms. The price and amount of Notes to be issued under the Programme will be determined by the relevant Issuer, the Guarantors and the relevant Dealer(s) at the time of issue in accordance with the prevailing market conditions.
Form of Notes	The Notes will be in bearer form (but will be issued so as to be in registered form for United States federal income tax purposes) and will on issue be represented by a permanent Global Note. Each permanent Global Note will be exchangeable for definitive Notes only upon the occurrence of an Exchange Event, as described under " <i>Form of the Notes</i> ".
Fixed Rate Notes	Fixed interest will be payable on such date or dates as may be agreed between the relevant Issuer and the relevant Dealer(s) and on redemption, and will be calculated on the

basis of such Day Count Fraction as may be agreed between the relevant Issuer and the relevant Dealer(s).

Floating Rate Notes

Floating Rate Notes will bear interest at a rate determined:

(i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions, in each case as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series; or

(ii) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service.

The margin (if any) relating to such floating rate will be agreed between the relevant Issuer and the relevant Dealer(s) for each Series of Floating Rate Notes. Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both.

Interest on Floating Rate Notes in respect of each Interest Period, as agreed prior to issue by the relevant Issuer and the relevant Dealer(s), will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the relevant Issuer and the relevant Dealer(s).

Zero Coupon Notes

Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.

Benchmark discontinuation

On the occurrence of a Benchmark Event, the relevant Issuer may (subject to certain conditions and following consultation with an Independent Adviser) determine a Successor Rate, failing which an Alternative Rate and, in either case, an Adjustment Spread (if any) and any Benchmark Amendments in accordance with Condition 4(b)(ii)(C).

Redemption

The applicable Final Terms will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the option of the relevant Issuer and/or the Noteholders upon giving not more than 30 nor less than 10 days' notice (or such other notice period as specified in the applicable Final Terms) to the Noteholders or the relevant Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the relevant Issuer and the relevant Dealer(s).

Notes issued on terms that they must be redeemed before their first anniversary may be subject to restrictions on their denomination and distribution. See "*Certain Restrictions*" above and "*Denomination of Notes*" below.

Denomination of Notes

In the case of any Notes which are to be admitted to trading on the Market or offered to the public in the UK in circumstances which require the publication of a prospectus under the UK Prospectus Regulation, the minimum Specified Denomination shall be €100,000 (or the equivalent of such amounts in another currency as at the date of issue of the Notes).

In addition, unless otherwise permitted by then current laws and regulations, Notes (including Notes denominated in Sterling) in respect of which the issue proceeds are received by the relevant Issuer in the United Kingdom and which have a maturity of less than one year will (A) have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be issued only to (1) persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or (2) persons who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses or (B) be issued in other circumstances which do not constitute a contravention of Section 19 of the FSMA by the relevant Issuer.

Taxation

All payments of principal and interest in respect of the Notes issued by BATIF will be made without withholding or deduction for or on account of taxes of the United Kingdom, unless such withholding is required by law. In the event that any such withholding or deduction is made, BATIF or, as the case may be, the relevant Guarantor will, save in certain limited circumstances provided in Condition 7, be required to pay additional amounts to cover the amounts so withheld or deducted.

All payments of principal and interest in respect of the Notes issued by BATNF will be made without withholding or deduction for or on account of taxes of The Netherlands, unless such withholding or deduction is required by law. In the event that such withholding or deduction is made, BATNF or, as the case may be, the relevant Guarantor will, save in certain limited circumstances provided in Condition 7, be required to pay additional amounts to cover the amounts so withheld or deducted.

All payments of principal and interest in respect of the Notes issued by BATCAP will be made without withholding or deduction for or on account of taxes of the United States of America, unless such withholding or deduction is required by law. In the event that any such withholding or deduction is made, BATCAP or, as the case may be, the relevant Guarantor will, subject to the exceptions and limitations provided in Condition 7, be required to pay additional amounts to cover the amounts so withheld or deducted.

Negative Pledge	The terms of the Notes will contain a negative pledge provision as further described in Condition 3.
Cross Default	The terms of the Notes will contain a cross default provision as further described in Condition 9.
Status of the Notes	The Notes will constitute direct, unconditional and (subject to the provisions of Condition 3) unsecured obligations of the relevant Issuer and will rank <i>pari passu</i> and without any preference among themselves and (subject as aforesaid and save to the extent that laws affecting creditors' rights generally in a bankruptcy or winding up may give preference to any of such other obligations) equally with all other present and future unsecured and unsubordinated obligations of the relevant Issuer from time to time outstanding.
Guarantee	The Notes will be unconditionally and irrevocably and jointly and severally guaranteed by the Guarantors (the "Guarantees" and each a "Guarantee"). The obligations of each Guarantor under such guarantee will be direct, unconditional and (subject to the provisions of Condition 3) unsecured obligations of such Guarantor and (subject as aforesaid and save to the extent that laws affecting creditors' rights generally in a bankruptcy or winding up may give preference to any of such other obligations) will rank equally with all other unsecured and unsubordinated obligations of such Guarantor from time to time outstanding. The Notes will also, until the Termination Date (as defined below), be irrevocably and unconditionally guaranteed by RAI pursuant and subject to the Deed of Guarantee (as defined below) on a joint and several basis with the Guarantors. For further information, see " <i>RAI – Deed of Guarantee</i> " below.
Ratings	The Programme has been rated BBB by Fitch, Baa2 by Moody's and BBB+ by S&P. Fitch, Moody's and S&P are established in the UK and registered under the UK CRA Regulation. Tranches of Notes to be issued under the Programme will either be rated or unrated. Where a Tranche of Notes is to be rated, such rating will not necessarily be the same as the rating assigned to the Programme. Where a Tranche of Notes is rated, the applicable rating(s) will be specified in the applicable Final Terms.
Listing	Application has been made for Notes issued under the Programme to be admitted to the Official List of the FCA and for such Notes to be admitted to trading on the Market. The applicable Final Terms will state on which stock exchange(s) the relevant Notes are to be listed.
Governing Law	The Notes, and any non-contractual matters arising out of or in connection with them, will be governed by, and construed in accordance with, English law.
Selling Restrictions	There are restrictions on the offer, sale and transfer of the Notes in the United States, the UK, the EEA (including

Belgium, France, The Netherlands and the Republic of Italy), Japan, Singapore and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes – see “*Subscription and Sale*” below.

United States Selling Restrictions

Regulation S, Category 2.

RISK FACTORS

The following factors may affect the ability of the Issuers, the Guarantors and the Additional Guarantor to fulfil their obligations under Notes issued under the Programme. Most of these factors are contingencies which may or may not occur.

In addition, factors which could be material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

The Obligors and the Additional Guarantor believe that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme and any prospective purchasers of the Notes should note that, should any of the circumstances discussed in this risk factors section arise, they may lose the value of their entire investment. Prospective purchasers of the Notes offered under the Programme should note that the inability of the Obligors and the Additional Guarantor to pay interest, principal or other amounts on or in connection with any Notes may occur for reasons other than those stated below and neither the Obligors nor the Additional Guarantor represent that such statements below regarding the risks of holding any Notes are exhaustive. Prospective purchasers of Notes should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decisions.

1 Factors that may affect the Issuers' ability to fulfil their obligations under Notes issued under the Programme and the Guarantors' and the Additional Guarantor's ability to fulfil their respective obligations under the Guarantees

A. Business execution and supply chain risks

Competition from illicit trade

Illicit trade in the form of counterfeit products, diversion of genuine Group products, and locally manufactured products, which do not comply with applicable regulations and/or in which applicable taxes are evaded, represent a significant and growing threat to the legitimate tobacco industry, including "New Categories" products (defined as including vapour products, heated products ("HP") and modern oral products). Factors such as increasing levels of taxation and inflation, economic downturn and increased cost of living, lack of law enforcement, appropriate penalties and weak border control are encouraging more adult tobacco and New Categories consumers to switch to illegal cheaper tobacco and New Categories products and are providing greater rewards for counterfeiters and smugglers. Regulatory restrictions such as plain packaging or graphic health warnings, display bans, flavour or ingredient restrictions and increased compliance costs further disadvantage legitimate industry participants by providing competitive advantages to illicit manufacturers and distributors of illicit tobacco and New Categories products.

Illicit trade has an overall negative impact on society, deprives governments of revenues and encourages various forms of crime such as terrorism and human trafficking. Above all, illicit trade has an adverse effect on the Group's overall business and reputation. Illicit trade can damage brand equity, which could undermine the Group's investment in trade marketing and distribution, increase operational costs where products may become commoditised, make it more difficult to adhere to underage prevention and decrease volumes sold. Although the Group's anti-illicit trade policy is an integral part of the Group's Standards of Business Conduct ("SoBC"), representing the Group's internal commitment in the fight against illicit trade and sets out the controls all Group companies must have in place and adhere to, it cannot prevent all instances of illicit trade.

Furthermore, counterfeit products (especially New Categories products) and other illicit products could harm consumers, damages goodwill and/or the category (with lower volumes and reduced profits), and could potentially lead to misplaced claims against BAT, further regulation and a failure to deliver the Group's corporate harm reduction objective.

Finally, as the Group has contractual and legislative obligations to prevent the diversion of its products into illicit channels, actual and perceived breaches of the obligations to prevent product diversion into illicit channels can lead to substantial fines in the forms of seizure payments and legislative penalties (including financial penalties), as well as the risk of reputational damage (including negative perceptions of the Group's governance and its environmental, social and governance ("ESG") credentials) from Group products being found in illicit channels.

Geopolitical tensions that have the potential to disrupt the Group's business in multiple markets

The Group's operations and financial condition are influenced by the economic and political situations in the markets and regions in which it has operations, which are often unpredictable and outside of its control. Some markets in which the Group operates face the threat of civil unrest and can be subject to frequent changes in regime. In others, there is a risk of terrorism, conflict, global health crisis, war, organised crime or other criminal activity. The Group is also exposed to economic policy changes in jurisdictions in which it operates. In addition, some markets maintain trade barriers or adopt policies that favour domestic producers, preventing or restricting the Group's sales.

Deterioration of socio-economic or political conditions could lead to injury or loss of life, restricted mobility, loss of assets and/or denial of access to BAT sites that reduce the Group's access to particular markets or may disrupt the Group's operations, such as supply chain, or manufacturing or distribution capabilities. Such disruptions, including recent attacks on shipping routes in the Red Sea, may result in increased taxes and/or other costs due to the requirement for more complex supply chain and security arrangements, the need to build new facilities or to maintain inefficient facilities, or in a reduction of the Group's sales volume. Further, there may be reputational damage, including negative perceptions of the Group's governance and protection of its people and its ESG credentials.

Injury, illness or death in the workplace

The Group considers the safety of its employees and other individuals working with it as of utmost importance and fundamental concern. Loss of life, serious injury, disability or illness to employees or individuals due to accident, geopolitical tension or other events may occur during the research, manufacturing, distribution or retail of the Group's products.

Past events have led, and future events may lead, to serious injuries, ill health, disability or loss of life to employees and individuals who work with the Group. This may result in reputational damage, difficulties in recruiting and retaining staff, exposure to civil and criminal liability, prosecution and fines and penalties. These impacts could have an adverse effect on the Group's results of operations and financial condition and have a negative impact on its ESG credentials.

Disruption to the Group's data and information technology systems, including by cyber attack or the malicious manipulation or disclosure of confidential or sensitive information

The Group relies on information and digital technology systems and networks to conduct core activities, such as manufacturing, distribution, marketing, customer service, research and development and financial and management reporting, amongst other core activities. There is a risk that these systems may be disrupted by intentional or unintentional actions that may compromise the integrity of information, result in the inappropriate disclosure of confidential information, disrupt the operations of the Group, or may lead to false or misleading statements being made about the Group.

The Management recognises that cyber security threats could pose significant risks to the Group's business, reputation, financial condition, and competitive position, and to the safety and privacy of its consumers, employees and other stakeholders.

Any disruption to technology systems related to the Group's operations could adversely affect its business and result in financial, legal and reputational impacts. Any delays or failure to detect or respond to attempts to gain unauthorised access to the Group's information technology systems can lead to a loss in confidentiality, integrity or availability of systems and/or data.

A security incident may result in:

- Loss or theft of confidential business information, when used alone or in conjunction with any other available information that reduces the impact of BAT business strategy, investments and commercial operations.
- Personal data breach incidents that result in the disclosure of personally identifiable data resulting in legal, reputational, and regulatory compliance impacts.
- Disruption to BAT's business operations that impacts research and development facilities, manufacturing, distribution or technology services resulting in business interruption and/or impacts to health and safety.
- Inappropriate use of technology systems to enable fraud, or theft of product, technology, or monetary resources.
- Loss of digital trust resulting in brand damage and a loss of consumer trust.
- A cyber incident experienced by a third party partner or supplier resulting in business interruption, supply chain disruption, loss of company data or provides access or transmission of malicious activity from the supplier to BAT.

Failure to meet current or future New Categories demand

The New Categories supply chain is a multi-tiered and complex environment with reliance on multiple factors, such as third-party suppliers' ability to upscale production in order to meet demand while maintaining product quality, dependency on single suppliers at various points in the chain and the Group's ability to build adequate consumables production capacity in line with product demand. The geographical spread of suppliers and customers exposes the Group to political and economic issues such as Brexit and trade wars which may compromise the New Categories supply chain. Given the developing nature of the New Categories portfolio, there is also an enhanced risk that some products may not meet product quality and safety standards or may be subject to regulatory changes, leading to product recalls, which the Group has experienced in the past, or bans of certain ingredients or products. In addition, the New Categories supply chain may be vulnerable to changes in local legislation related to liquid nicotine that could increase import duties. Furthermore, the New Categories supply chain includes the development of sensitive trade secrets jointly with external design partners, which carries the risk of exposure of innovations to competitors.

Vulnerabilities in the New Categories supply chain may impact the Group's ability to maintain supply and meet the current and future demand requirements across the New Categories portfolio, potentially resulting in significant reputational harm and financial impact that may negatively affect the Group's results of operations and financial condition and cause the Group to fail to deliver on its strategic growth plans. Over-forecasting may also lead to write-offs and negatively impact working capital. The design of New Categories devices may also prevent the scaling of commercial manufacturing, which will either restrict supply or increase the costs of production.

Further, there may be loss of investors' confidence in ESG performance, including failure to deliver the Group's corporate purpose of harm reduction.

In addition, changes in local legislation related to liquid nicotine import duties may increase New Categories production costs, which may increase end market pricing and reduce demand. Furthermore, the exposure of sensitive trade secrets can lead to competitive disadvantages and further negatively impact the Group's results of operations and financial condition and cause the Group to fail to deliver on its strategic growth plans.

Failure of a financial counterparty

The Group relies on transactions with a variety of financial counterparties to manage the Group's business and financial risks. In the event that any of these counterparties fails, payments due from such counterparties, such as under hedging or insurance contracts, may not be recovered. In addition, failure of a transactional banking party may lead to the loss of cash balances and disruption to payment systems involving such counterparty.

The inability to recover payments due from one or more failed financial counterparties or the loss of cash balances may cause significant financial loss and have an adverse impact on the Group's results of operations, financial condition and financial risk profile. In addition, the loss of cash balances or a disruption to payment systems may cause disruption to the Group's ongoing operations and ability to pay its creditors and suppliers.

Exposure to unavailability of, and price volatility in, raw materials and increased costs of employment

The availability and price of various commodities required in the manufacture of the Group's products fluctuate. Raw materials and other inputs used in the Group's business, such as wood pulp and energy, are commodities that are subject to price volatility caused by numerous factors, including inflation, political influence, market fluctuations and natural disasters.

Similarly, the Group is exposed to the risk of an increase above inflation in employment costs, including due to governmental action to introduce or increase minimum wages. Employment and health care law changes and the increase in inflation may also increase the cost of provided health care and other employment benefits expenses.

Restricted availability and price volatility of commodities may result in supply shortages and unexpected increases in costs for raw materials and packaging for the Group's products, which may affect the Group's results of operations and financial condition.

The Group experienced some of these effects during 2023, including higher cost of direct materials due to energy scarcity, increase in transportation rates and commodity prices, as well as increases in utility costs resulting from the conflict in Ukraine, all of which have led to increases in overall cost. While inflation also caused an increase in employment costs, this did not have a material adverse effect to the Group's profitability. However, the Group cannot assure that this will not be materially affecting the Group's profitability in the future.

The Group has not always been able to, and in the future may not be able to, increase prices to offset increased costs without suffering reduced sales volume and revenue. In the absence of compensating for increased costs through pricing, significant increases in raw material, packaging and employment costs above inflation will impact product margins, leading to lower profits and negatively affecting the Group's results of operations and financial condition and cause the Group to fail to deliver on its strategic growth plans.

Failure to retain key personnel or to attract and retain skilled talent

The Group relies on a number of highly experienced employees with detailed knowledge of the tobacco and nicotine industry, other areas of focus for the Group (including New Categories and Beyond Nicotine products (defined as products offering wellness and stimulation)) and the Group's business. Similarly, the Group is dependent on its ability to identify, attract, develop and retain such qualified personnel in the future. The Group is also dependent on external hires to ensure the Group is equipped with the right new business-critical capabilities and knowledge to accelerate transformation. BAT anticipates that this trend will continue and therefore the ability to continue to build awareness, increase reach and ultimately attract the new target audience remains a primary focus.

The shift in employees' preferences and societal expectations post the coronavirus ("COVID-19") pandemic are leading to shorter tenures. Furthermore, broader economic and ESG trends may impact the Group's ability to retain key employees and may increase competition for highly talented employees. Whilst the Group is enhancing its effort on retaining critical capabilities and knowledge, building the right leadership behaviour and organisational culture, and focusing on employee development and engagement, the retention risk of experienced employees remains an area requiring management attention.

If the Group is unable to retain its existing key employees or to attract and retain skilled talent in the future, critical positions may be left vacant, resulting in a failure to retain critical business knowledge required for its transformation, as well as adversely impacting the Group's results of operations, financial condition and achieving broader business objectives, such as its sustainability ambitions.

High voluntary employee turnover may also reduce organisational performance and productivity, leading to further adverse impact on the Group's results of operations and financial condition and cause the Group to fail to deliver on its strategic growth plans.

Disruption to the supply chain and distribution channels

The Group has adopted an increasingly global approach to managing its supply chain, including distribution channels. Disruption to the Group's supply chain may be caused by various factors, including, but not limited to disruption to suppliers' operations or to distribution channels, and the deterioration in the financial condition of a trading partner. The Group foresees a heightened level of risk of disruption in its New Categories supply chain because it is multi-tiered and complex in sourcing and distribution. Such disruption may be caused by a cyber event, a global health crisis, political tensions, strikes, riots, civil commotion, a major fire, severe weather conditions or other natural disasters which affect manufacturing or other facilities of the Group's operating subsidiaries or those of their suppliers and distributors. In certain geographic areas where the Group operates, insurance coverage may not be obtainable on commercially reasonable terms, if at all. Coverage may be subject to limitations, or the Group may be unable to recover damages from its insurers.

Disruption may also be caused by spread of infectious disease (such as the COVID-19 pandemic) or by a deterioration/shortage in labour or union relations, disputes or work stoppages or other labour-related developments within the Group or its suppliers and distributors.

In addition, the Group's operating subsidiaries may not be able to establish or maintain relationships on favourable commercial terms with their suppliers and distributors. In some markets, distribution of the Group's products occurs through third-party monopoly channels, often licensed by governments. The Group may be unable to renew these third-party supplier and distribution agreements on satisfactory terms for many different reasons, including government regulations or sustainability considerations.

There are also some product categories for which the Group does not have surplus production capacity or where substitution between different production plants is impractical – this may cause further disruption to the Group's supply chain. Consolidation of global suppliers and certain distributors that control large

geographies may reduce the Group's availability of alternatives and negatively impact the Group's negotiating power with key suppliers and distributors.

These risks are particularly relevant in jurisdictions where the Group's manufacturing facilities are more concentrated or for certain product categories where production is more centralised.

Any disruption to the Group's supply chain and distribution channels could have an adverse effect on the results of operations and financial conditions of the Group through failures to meet shipment demand, contract disputes, increased costs, loss of market share and inability to reinvest into New Category and support harm reduction agenda and cause the Group to fail to deliver on its strategic growth plans.

Failure to uphold the high standard of sustainability management, performance and reporting

Stakeholder expectations of, and regulatory requirements for, the Group's sustainability management, ESG performance and reporting are continually evolving: for example, the EU Corporate Sustainability Reporting Directive (CSRD) recently introduced a number of new reporting obligations. The Group may fail to have the appropriate internal standards, strategic plans and governance, compliance, monitoring and reporting mechanisms in place to ensure it can identify emerging issues, meet external expectations and comply with applicable requirements. In addition, the Group relies on third-parties for certain ESG performance monitoring, measurement and other sustainability-related services. Such service providers may fail to perform these services to the specified or required standards or timeframes.

Failure to uphold high standards of sustainability management and ESG performance or provide transparent and consistent reporting, in line with applicable requirements, could significantly impact Group reputation or compliance and reduce investor confidence. In addition, poor performance across any aspect of ESG, such as a failure to sufficiently address climate change mitigations, expectations and requirements or human rights impacts across the Group's business and supply chain, could result in increased costs and regulation, difficulty in attracting and retaining talent, criminal or civil prosecution, or decreases in consumer demand for the Group's products. Poor performance could also result in the Group's failure to deliver its ESG targets.

Failure to responsibly and transparently market the Group's products and communicate the Group's achievements and position, such that the Group is accused of greenwashing, could potentially cause reputational damage and litigation impacts. In addition, the Group's association with any provider of sustainability-related services that fails to perform its services for the Group or third-parties to the specified or required standard or is alleged to have done so could also result in reputational damage and litigation impacts.

Failure to successfully design, implement and sustain an integrated framework and operating model for Artificial Intelligence ("AI")

Inability to effectively establish and maintain a cohesive and functional AI framework and operating model within the Group could result in suboptimal utilisation of available AI technology, reduced efficiency and effectiveness, missed opportunities for innovation and value creation, potentially harmful use of AI technology and violation of laws and regulations. Further, improper use of AI technology could cause potential exposure regarding consumer privacy breaches. Additionally, the Group might be non-compliant regarding the implementation of new technologies, including as a result of ambiguous legal requirements. The Group may also fail to ensure that the design, implementation and ongoing management of the AI framework and operating model are well-planned, properly resourced and effectively executed.

Without a well-designed and properly functioning AI framework and operating model, the organisation may not be able to fully leverage the potential of AI technology and improve operational efficiency and effectiveness, which could result in missed opportunities for innovation and value creation, potentially putting the organisation at a competitive disadvantage. The lack of a cohesive and functional AI framework and operating model could result in increased costs associated with suboptimal utilisation of AI technology,

as well as the potential need for additional resources to address issues and inefficiencies. Inability to adapt and adopt the technology in an effective and compliant manner could result in reputational damage if the organisation is perceived as being unable to effectively leverage emerging technologies and using data in a manner inconsistent with consumers' ethical expectations and company values. In addition, use of discriminatory or unexplainable algorithms for decision making could potentially result in fines for the Group and increased attention from regulatory authorities, consumers and other stakeholders.

Inability to obtain adequate supplies of tobacco leaf

The Group purchases significant volumes of packed leaf each year. Tobacco leaf, as any other agricultural commodity, can be impacted by a variety of external factors. Like any other agricultural supply chain, it can be particularly vulnerable to a range of challenges, including climate change, weather-related events, such as drought, flood and other natural disasters, increasing demand for land and natural resources, rural poverty, social inequality, child labour and ageing farmer populations. Tobacco production in certain countries is also subject to a variety of controls, including regulation affecting farming and production control programmes, and competition for land use from other agriculture commodities. Such controls and competition can further constrain the production of tobacco leaf, raising prices and reducing supply.

The Group recognises the above and any combination of those, including topics like child labour, as a risk to the Group's tobacco leaf supply chain.

Restricted availability of tobacco leaf may prevent the Group accessing sufficient tobacco leaf that meets its volume, quality and sustainability requirements. This could lead to an impact on the quality of the Group's products to a level that may be perceptible by consumers and may impact the Group's ability to deliver on consumer needs. The Group's sustainability commitments may restrict the sources the Group can buy from, which would result in an imbalance in supply and demand potentially causing incremental tobacco prices. Higher tobacco leaf prices would result in increased raw material costs and have an adverse effect on the Group's financial condition. The Group may also experience reputational damage from not adequately managing its sustainability priorities like climate change, protection of natural resources, including forests, and human rights in the Group's leaf supply chain, which may restrict suppliers willing to do business with the Group.

Exposure to product contamination

The Group may experience product contamination, whether by accident or deliberate malicious intent, during supply chain or manufacturing processes, or may otherwise fail to comply with the Group's quality standards. The Group may also receive threats of malicious tampering.

Product contamination or threats of contamination may expose the Group to significant costs associated with recalling products from the market or temporarily ceasing production. In addition, adult tobacco consumers may lose confidence in the specific brand affected by the contamination, resulting in reputational damage and a loss of sales volume and market share. The Group could be subject to liability and costs associated with civil and criminal actions as well as regulatory sanctions brought in connection with a contamination of the Group's products. Each of these results may in turn have an adverse effect on the Group's results of operations, financial condition and reputation and cause the Group to fail to deliver on its strategic growth plans.

Failure to successfully design, implement and sustain an integrated technical landscape and Enterprise Resource Planning ("ERP") strategy

The Group aims to improve profitability and productivity through supply chain improvements and the implementation of an integrated operating model and organisational structure, including standardisation of processes, centralised back-office services and a common IT platform. The Group undertakes transformation initiatives periodically which aim to enhance the organisation and facilitate growth, including the Group's focus on New Categories and Beyond Nicotine. The Group's efforts to achieve these goals

are driven and enabled through use of its Test Acceleration and Optimisation (“TaO”) (central Systems, Applications and Products (“SAP”) ERP system) global template — a standardised process used by the Group with the use of a central SAP instance common for the Group’s subsidiaries. These processes include, among others, core back-office global processes, procurement, warehouse management, accounting and controlling.

Failure by the Group to successfully evolve the TaO system to support a multi-category business model or not having a clear future-fit ERP strategy, could lead to the Group’s inability to support BAT’s strategy and transformation, and realise anticipated benefits. Additionally, this could lead to increased costs, disruption to operations, decreased trading performance, disgruntled employees, loss of institutional knowledge and reduced market share. These results could in turn reduce profitability and funds available for investment by the Group in long-term growth opportunities. Inability to develop governance process models in line with BAT’s evolving business strategy may result in the failure to achieve sustainable multi-category growth, including capturing additional productivity gains and achieving ESG goals, which may in turn have an adverse effect on the Group’s results of operations and financial condition and cause the Group to fail to deliver on its strategic growth plans.

Failure to manage the Group’s climate change and circular economy risks

The Group is exposed to physical risks associated with climate change from severe weather events such as flooding, drought and storms across its global operations and supply chain. Climate change may cause acute physical risks such as more frequent and severe weather events, or chronic risks such as those related to longer-term shifts in climate patterns and temperatures. These, alongside their direct impact on Group operations, could lead to reductions in the supply and quality of tobacco leaf and other physical goods and cause transport and logistics disruptions in the Group’s supply chains.

The Group may also experience transition risks associated with the move to a low carbon economy, such as emissions-related regulations and additional taxes applicable to its operations and its supply chain. The Group is exposed to risks associated with the move towards a circular economy, including product-related regulatory risks, such as product design/disassembly requirements and Extended Producer Responsibility (“EPR”) requirements. As climate change and circular economy-related legislation and reporting requirements further evolve, companies need to effectively identify, assess, monitor and mitigate associated transition risks; failure to do so adequately or less well than others could lead to BAT scoring lower in ESG ratings and indices used by financial actors in making investment decisions.

As consumer and customer behaviours and expectations further evolve, the Group may fail to sufficiently adapt its product portfolio and marketing strategy in response to stakeholders’ increasing sustainability expectations. Climate change and circular economy-related considerations, including relevant aspects of products and value chains, may result in a potential reduced demand for or rejection of the Group’s products as well as reputational risk in relation to sustainability matters.

Disruption to the Group’s agricultural and/or non-agricultural supply chain or product distribution channels, including logistics, could have an adverse effect on its operations and financial condition through failures to meet product demand, contract disputes, increased costs and loss of market share.

Consumer and customer behaviours and expectations may influence their purchasing decisions and may lead them to seek alternative product offerings. An inability to develop and commercialise products, packaging or value chain sustainability innovations in-line with demand or less well than competitors, including failures to adequately predict changes in consumer and societal behaviour and expectations and reflect them in the product portfolio, could lead to missed commercial opportunities, under- or over-supply, loss of competitive advantage, loss of market share, unrecoverable costs and the erosion of the Group’s consumer base or brand equity. This includes potential impacts from a failure to adequately manage product-related ESG performance and EPR requirements. In addition, consumers failing to engage in

product recycling and/or Take-Back schemes could also have an impact on the Group's product-related and EPR risks and requirements.

Material non-compliance with climate change and/or circular economy-related legislation or reporting requirements could reduce BAT's ability to attract investors, result in reputational damage and potentially regulatory sanctions. Poor results in ESG ratings and indices used by financial actors may negatively impact their investment decisions, and thereby increase the cost of capital or negatively impact share price.

Failure to meet current and future employees' expectations concerning the Group's actions to mitigate and adapt to climate change or address circular economy matters may negatively impact the retention and/or attraction of high-quality employees.

Impact of a pandemic on the performance of the Group

The Group continues to closely monitor the potential for disruption arising from pandemics, the most recent having been COVID-19. Consequences may include significant logistical challenges for employees and their ability to perform their duties, potential loss of lives or significant level of illness in the workforce, inability to deliver revenue stream and market share targets impacting profits and cash flows, and disruption to the supply chain and third parties being unable to deliver contractual goods and services. In addition, some countries in which the Group operates have adopted regulations restricting the ability to manufacture, distribute, market and sell products.

The influence of COVID-19, future variants and other pandemics on the Group's operations and financial condition is difficult to predict given the wide range of determining factors, not least the nature of the pandemic/virus, its speed of infection, geographical scope and duration.

The impact of a pandemic on global economic activity and the nature and severity of measures adopted by governments are numerous. The impact on the Group is not limited to:

- Reductions or volatility in consumer demand for one or more of the Group's products due to illness, retail closures, quarantine or other travel restrictions, health consciousness (quitting use of tobacco and nicotine products), government restrictions, the deterioration of socio-economic conditions, economic hardship and customer-downtrading (switching to a cheaper brand), which may impact the Group's market share.
- Disruptions to the Group's operations, such as its supply chain, or manufacturing or distribution capabilities, which may result in increased costs due to the need for more complex supply chain arrangements, to expand existing facilities or to maintain inefficient facilities, a reduction of the Group's sales volumes or an increase in bad debts from customers.
- Disruption to the Group's operations resulting from a significant number of the Group's employees, including employees performing key functions, working remotely for extended periods of time or becoming ill, which may reduce the employees' efficiency and productivity and cause product development delays, hamper new product innovation and have other adverse effects on the Group's business.
- Significant volatility in financial markets (including exchange rate volatility) and measures adopted by governments and central banks that further restrict liquidity, which may limit the Group's access to funds, lead to shortages of cash and cash equivalents needed to operate the Group's business, and impact the Group's ability to refinance its existing debt.
- Regulations restricting the ability to manufacture, distribute, market and sell products, and potentially increasing illicit trade.

- Governments seeking to increase revenues through increased corporate taxes and excise in combustible and/or New Category products, increasing the cost and prices of the Group's products - which could reduce volumes and margins, and/or increase illicit trade.

While some negative effects caused by COVID-19 have taken place in several end markets over the last few years, including reduced demand due to temporary smoking bans, lockdown restrictions, increased border checks and change in consumer behaviours, none of these have had a material effect on the Group's overall profitability. However, all of the above factors may have material adverse effects on the Group's results of operations and financial condition and cause the Group to fail to deliver on its strategic growth plans. The difficulty in predicting future pandemics exacerbates this risk.

B. Legal, regulatory and compliance risks

Exposure to, the enactment of, proposals for, or expectations of regulation that significantly impairs the Group's ability to communicate, differentiate, market or launch its products and/or the lack of appropriate regulation for New Categories

Tobacco control measures are in place in nearly all markets in which the Group operate. Regulation for vapour and tobacco heated products ("THP") is now widespread, while regulation of nicotine pouches is appearing in a growing number of markets. Such restrictions are introduced by legislation, regulations and/or voluntary agreements. Most tobacco and nicotine control measures can be categorised as follows:

- Category bans: including regulations that ban the sale, import, possession, or use of certain product categories, including entire bans on New Category or novel products;
- Place: including regulations restricting consumption in private and public spaces (e.g. public place smoking or vaping bans, including restaurants and bars);
- Product: including regulations on the use of or testing for ingredients, product design and attributes (e.g. tar, nicotine, carbon monoxide ceilings, format restrictions, filter bans); flavours bans (including menthol); nicotine levels and low nicotine cigarettes; product safety (e.g. reduced cigarette ignition propensity standards); product disclosure (e.g. ingredients and emissions) and environmental impact (e.g. EPR requirements for cigarette filters or biodegradable filter requirements);
- Packaging and labelling: including regulations on health warnings, dissuasive packaging, and other government-mandated messages; restrictions on the use of certain descriptors and brand names; requirements on pack shape, size, weight and colour; and mandatory plain packaging;
- Advertising, promotion and sponsorship: including partial or total bans on advertising, promotions, corporate communications and sponsorship, and online and direct engagement communication;
- Purchase: including regulations on where the products are sold, such as type of outlet (e.g. supermarkets, online and vending machines), radius or distance restrictions (e.g. 300 meters from a school), online sales bans, regulation regarding how they are sold and displayed (e.g. above the counter or under the counter) and minimum purchase age and increases thereto, including generational bans;
- Price: including regulations that have implications on prices and margins (e.g. excise taxes, minimum prices and import/export duties); and
- Responsibility: including regulations introducing EPR schemes on cigarette manufacturers to cover the cost to clean up cigarette waste (Single Use Plastics Directive (EU) 2019/904); and equipment-related cost sharing obligations to fight illicit trade (Article 15.7 of EU Tobacco Products Directive 2014).

The Group believes that further tobacco control and nicotine regulation (including regulation for both nicotine and non-nicotine herbal heated products) is expected over the medium term in many of the Group's markets. Irresponsible behaviour or marketing practices of competitors (for example where there is a lack of appropriate regulation) or actions contrary to the regulations in certain markets, may cause reputational harm to the industry as a whole and may result in additional regulation or bans. Further, there is pressure on governments from international organisations and agencies, tobacco control non-governmental organisations, influential national regulators and the private sector (including philanthropists, pharmaceutical and security technology companies and social justice groups) to pursue regulatory policies and implement tobacco or nicotine product-related regulation which limit the commercial viability of tobacco and nicotine products or prohibit products completely. Regulators may be lacking in understanding of New Categories products and their role in tobacco harm reduction due to their novelty. These factors can lead to a lack of adequate or existing regulatory regimes or clear and appropriate product classifications.

In addition, the Group may fail to implement the right level of control measures or to maintain adequate standards of compliance with regulatory measures. For example, the Group's marketing activities may fail to comply with the relevant law and regulations or with the Group's International Marketing Principles ("IMPs").

Insufficient information, instruction and training in the relevant areas and a lack of knowledge of the existence and/or requirements of relevant regulations including tobacco and nicotine as well as other relevant regulations, such as battery or environmental regulation, or a failure to monitor, assess and implement the requirements of new or modified regulation, may increase these risks.

There may also be negative and disproportionate societal responses to consumer abuse or misuse of tobacco and/or nicotine products (e.g. in New Categories) or to certain categories of products.

With respect to modern oral and other New Categories, regulatory frameworks currently follow divergent approaches. In certain markets, where there is an absence of adequate regulation, actions of irresponsible competitors may cause reputational harm to the category and result in outright bans or adverse regulation. In markets where there is a likelihood of tobacco, pharmaceutical or food regulatory classification, the category can be at risk of severe regulation or total ban.

The Group believes that there is a risk THP could be regulated as traditional tobacco products, driven by the decision of the World Health Organization's ("WHO") 8th Conference of Parties to the Framework Convention on Tobacco Control, and Reports from the WHO submitted to the COP10, to apply tobacco control regulations to these products including recommendations for plain packaging and flavour bans.

Traditional Tobacco Products

With respect to tobacco and combustible products, many of the measures outlined in the Framework Convention on Tobacco Control (FCTC) have been or are in the process of being implemented through national legislation in many markets in which the Group operates, including recommendations for plain packaging and flavour bans (e.g. menthol bans – in effect in the European Union since 20 May 2020). In April 2022, the US Food and Drug Administration ("FDA") announced its intention to ban menthol as a characterising flavour in cigarettes in the US. In December 2023, the Biden administration released its latest unified agenda, indicating that the administration expects to issue the final menthol rule in March 2024; however, the administration is not bound by this timeline. In December 2022, the sale of all tobacco products with characterising flavours (including menthol) other than tobacco were banned in the state of California, which is the most populated state in the US. Subsequent to the FDA announcement on 28 April 2022 of a proposed product standard to prohibit menthol as a characterising flavour in cigarettes, the FDA formally submitted the final product standard to the Office of Management and Budget on 18 October 2023. Further, various national or international regulatory regimes may seek to require the reduction of nicotine levels in tobacco products.

In March 2018, the FDA published its Advanced Notice of Proposed Rulemaking titled “Tobacco Product Standard for Nicotine Level of Combusted Cigarettes” and invited interested parties to submit comments on, among other issues, maximum nicotine limits and whether any maximum nicotine level should apply to combustible tobacco products. In October 2019, the FDA withdrew the Advanced Notice of Proposed Rulemaking without explanation. With the Spring Unified Agenda (released June 2022), the FDA announced a plan to move forward with the proposed rule reducing nicotine levels in cigarettes, indicating that the rule would be published in December 2023, which did not occur. With the Fall Unified Agenda (released December 2023), the agenda anticipates a proposed nicotine rule in April 2024; however, the FDA has clarified that there is no precise date on which it plans to issue the proposed rule.

In the US, subject to the FDA’s enforcement discretion, manufacturers of all tobacco products, which include nicotine derived from tobacco or any other source, must submit information to the FDA seeking formal marketing authorisation of such products.

Although the new government from New Zealand recently announced that the relevant act would be repealed, New Zealand had approved legislation banning anyone born after 1 January 2009 from buying tobacco products, imposing a retail limit of 600 retailers across New Zealand from 1 July 2024, and implementing a nicotine limit in smoked tobacco to 0.8 mg/g (~5 per cent. of current levels) from 1 April 2025. In the meantime, the UK government has announced its intention to impose a similar generational ban preventing people born after 1 January 2009 from buying tobacco products, including THPs, when they come of age (18 years old). The consultation process is ongoing and a regulatory impact assessment should be published in due course.

Finally, the preparations of a revised EU Tobacco Products Directive are progressing, with estimated adoption in 2026. The current Directive might be replaced with a directly applicable regulation, following which transposition in Member States would no longer be required. It is anticipated that this new regulation could include plain packaging for combustibles and/or greater regulation of tobacco and nicotine product ingredients (including herbal heated products).

New Categories

With respect to New Categories, regulation is still evolving and frameworks for regulation and taxation vary from country to country. Some regulators have applied or are considering applying combustible tobacco products’ restrictive regulatory framework to New Categories. Some jurisdictions have banned or are considering banning certain New Category products altogether.

Following reports of individuals experiencing acute respiratory injury in suspected association with vaping certain e-liquids (e-cigarette or vaping use-associated lung injury (EVALI)) and reports regarding vaping youth usage in the US, stricter regulatory views gained momentum and were publicly supported by the WHO which continues to call on countries to ban or regulate novel nicotine products as tobacco. The US, the EU and Canada are playing a leading role across all identified regulatory risks, including: flavour regulations, advertising restrictions and nicotine limits, among others.

On 12 October 2021, the FDA issued its first vapour product Marketing Granted Orders (“MGOs”) for tobacco flavoured Vuse Solo and Vuse Solo power units. On the same date, RAI and its subsidiary companies (together, “Reynolds American Companies”) received Marketing Denial Orders (“MDOs”) for the flavoured (non-menthol and non-tobacco) Vuse Solo products. Reynolds American Companies filed an internal agency appeal against these MDOs, which remains pending. On 12 May 2022, the FDA issued MGOs for Vuse Vibe and Vuse Ciro power units and ‘Original’ (tobacco) flavours. On the same date, Reynolds American Companies received MDOs for the flavoured (non-menthol and non-tobacco) Vuse Vibe and Ciro products. Reynolds American Companies filed an internal agency appeal against these MDOs, which remains pending. On 24 January 2023, the FDA issued MDOs for Vuse Vibe and Ciro menthol products. Reynolds American Companies filed a court challenge in the US Court of Appeals for the Fifth Circuit. On 17 March 2023, the FDA issued MDOs for Vuse Solo menthol products. Reynolds

American Companies filed a court challenge in the Fifth Circuit. The Court issued a stay in these cases pending a decision on the merits of Reynolds American Companies' legal challenges to the underlying MDOs. On 12 October 2023, the FDA issued MDOs for Vuse Alto menthol and mixed-berry products. Reynolds American Companies immediately filed a lawsuit in the US Court of Appeals for the Fifth Circuit challenging these MDOs and obtained a temporary administrative stay pending resolution of Reynolds American Companies' motion for stay pending judicial review, which was filed on 20 October 2023. Briefing on the motion continues. Vuse Alto tobacco flavours remain under FDA review.

The Group's Velo products remain on the market in the US, again pending FDA decisions on their marketing authorisations, and there can be no assurance these will be granted. If the FDA denies a marketing authorisation then the relevant product(s) would need to be withdrawn from the market (unless a court or the FDA intervenes).

Beyond Nicotine

As the Group also looks to Beyond Nicotine products including cannabidiol and cannabis (in connection with its investments in Organigram, Sanity Group and Charlotte's Web) (from which, as at the date of this Base Prospectus and in compliance with the UK Proceeds of Crime Act 2022 ("POCA"), no distributions have been made to BAT or the Group), it may be subject to additional regulation and these products might not be scalable on a global basis given varying degrees of regulation.

Existing and future regulatory measures impacting one or more New Categories and/or Beyond Nicotine and/or traditional tobacco products could adversely affect volume, revenue and profits, as a result of: restrictions on the Group's ability to sell and differentiate its products or brands, leverage price, innovate, make scientific claims, compete in future product categories and make new market entries; regulations (e.g. pharma or food) or total bans of tobacco and/or New Categories products in certain markets; reduced margins due to increased operating costs; impediments to building or maintaining brand equity; and restrictions on the Group's ability to deliver, market and sell existing or new products responding to consumers' preferences. In addition, new (and changes to existing) regulation could lead to greater complexity, as well as higher production and compliance costs.

As an example, through the acquisition of RAI, the Group acquired the Newport brand, the leading menthol cigarette brand in the US, the Group's largest single market. The sales of Newport, together with the other menthol brands of the Group's operating subsidiaries, represent a significant portion of the Group's total net sales. Any action by the FDA or any other governmental authority banning or materially restricting the use of menthol in tobacco products (such as the proposed FDA ban on menthol cigarettes) could have a significant negative impact on sales volumes which would, in turn, have an adverse effect on the results of operations and financial position of the Group.

Regulations can also have an adverse impact on the Group's ability to compete within the legitimate tobacco, nicotine or New Categories industry and with illicit traders or legal operators exploiting legal and regulatory loop holes. Regulations could also lead to reduced consumer acceptability of new product specifications, leading to consumers seeking alternatives in illicit markets, especially where enforcement is lacking, such as in the case of the increase in illicit single-use devices in the US market.

Unclear or inadequate regulations can lead to legal uncertainty, impacting the Group's position in the marketplace.

In the specific case of New Categories, the Group's corporate harm reduction ambition, including of New Categories revenue of £5 billion by 2025 and 50 million consumers of non-combustible products by 2030 could be at risk if stricter regulatory views are imposed at a global scale, or if appropriate regulation is lacking or there is a lack of acceptance of tobacco harm reduction as a tobacco control policy (preventing a balanced regulatory framework for New Categories). Any action by the FDA or any government authority restricting the use of New Category products could also have an adverse effect on the operation and

financial position of the Group and the possible failure of the Group's harm reduction objective and loss of confidence in the Group's ESG performance.

As a reflection of the real or perceived impact of stricter regulation in the Group's business, the Group's share price has also experienced, and could in the future experience, shocks upon the announcement, expectation or enactment of restrictive regulation. All these effects may have an adverse effect on the Group's results of operations and financial conditions and cause the Group to fail to deliver on its strategic growth plans.

In addition, considering the significant number of regulations that may apply to the Group's businesses across the world, the Group is and may in the future be subject to claims for breach of such regulations. Government authorities (such as the FDA), organisations or even individuals may allege that the Group's marketing activities do not comply with the relevant laws and regulations, or with its IMPs. As such, the Group could be subject to liability and costs associated with civil and criminal actions as well as regulatory sanctions, fines and penalties brought in connection with these allegations. Even when proven untrue, there are often financial costs and reputational impacts in defending against such claims and allegations (including potential adverse impact on the treatment by the FDA of the Group's Premarket Tobacco Product Applications in the US). Each of these results may in turn have an adverse effect on the Group's results of operations and financial condition and cause the Group to fail to deliver on its strategic growth plans.

Adverse implications of EU legislation on single-use plastics that will result in on-pack environmental warnings and financial implications relating to the Extended Producer Responsibility (EPR)

The EU adopted a Directive on single-use plastics in July 2019 (the "SUP Directive") which, among other products, targets tobacco products with filters containing plastic. The Cellulose Acetate in the Group's filters is defined as a single-use plastic under the Directive and, as such, the Directive will have an impact on the Group's cigarettes, filters for other tobacco products and consumables for THPs.

Under the SUP Directive, the Group will be subject to (and in some cases already is subject to) EPR schemes, requiring the Group to cover the costs of collecting, transporting, treating and cleaning-up of filters containing plastic. The SUP Directive also imposes on tobacco manufacturers the obligation to finance consumer awareness campaigns and to place environmental markings on packs of products with filters containing plastic.

Member States had to transpose the SUP Directive into national law by 3 July 2021, with an implementation deadline of 5 January 2023 for EPR schemes. In practice, most Member States are late on transposition and implementation, with the practical consequence that EPR schemes will go live with several months delays on average. The European Commission is also late in its issuance of guidelines on the criteria for the costs of cleaning up litter, which should have been issued prior to the anticipated implementation deadline for EPR schemes. This introduces further difficulties and uncertainty in the design and setting-up of EPR schemes. When transposing the SUP Directive into national law, EU member states could decide to expand the scope of EPR systems under their respective national laws, which may expose the Group to additional regulations and financial obligations. This is the case in France, where EPR implementation has already occurred with an expansion of the scope to include non-plastic filters for RYO products. Although Sweden's government has abandoned plans to extend its national EPR system to snus and modern oral pouches, other markets are still at risk of extension, such as in Spain (tobacco manufacturers would be mandated to financially contribute to the cost of cleaning of parts of the general sewage system), the Czech Republic (tobacco manufacturers would be mandated to contribute to the cost of managing household waste costs), and Poland and Romania (manufacturers' financial contribution would also cover paper filters, although they are not plastic items). Proposed regulations are still being discussed in these countries.

It is noted that there is a growing level of scrutiny on the use of single-use plastic across the world and a number of other markets in which the Group operates are considering ways to restrict (or ban) the use of filters made of plastic and/or introduce EPR schemes covering other plastic elements in the Group's products beyond filters for traditional products and/or New Categories products.

The financial implications of existing and future EPR schemes will increase administrative burdens and operating costs and may have an adverse effect on the Group's results of operations and financial condition and cause the Group to fail to deliver on its strategic growth plans. If significant space is appropriated on the packaging of some of the Group's products, this may also be an impediment to maintaining or building brand equity of the Group's products which may, in turn, have a negative impact on the Group's sales volume. Failure to deliver appropriate EPR schemes may lead to imposition of the schemes by the local authorities at a higher cost to the Group, adversely impacting the Group's results of operations, financial condition and reputation.

Exposure to litigation, regulatory action or criminal investigations on tobacco, nicotine, New Categories and other issues

The Group is involved in litigation related to its tobacco and nicotine products, including legal, regulatory and patent actions, proceedings and claims, brought against it in a number of jurisdictions. Claims brought against the Group may be based on personal injury (both individual claims and class actions), economic loss arising from the treatment of smoking and health-related diseases (such as medical recoupment claims brought by local governments), patent infringement (please refer to the risk factor under "*Product pipeline, commercialisation and Intellectual Property risks*", "*Exposure to risks associated with intellectual property rights, including the failure to identify, protect and prevent infringement of the Group's intellectual property rights and potential infringement of, or the failure to retain licences to use, third-party intellectual property rights*" below), negligence, strict tort liability, design defect, failure to warn, fraud, misrepresentation, deceptive/unfair trade practices, conspiracy, medical monitoring and violations of antitrust/racketeering laws. Sustainability-related litigation and regulatory action may also be brought against the Group.

Certain actions, such as those in the US and Canada, involve claims in the tens or hundreds of billions of Sterling. The Group is also involved in proceedings that are not directly related to its tobacco and nicotine products, including proceedings based on environmental pollution claims.

Additional legal and regulatory actions and investigations, proceedings and claims may be brought against the Group in the future.

The Group's consolidated results of operations and financial position could be materially affected by any unfavourable outcome of certain pending or future litigation. The Group could be exposed to substantial liability, which may take the form of ongoing payments, such as is the case with the State Settlement Agreements (as defined below) in the US that require substantial ongoing payments by Group subsidiary, R.J. Reynolds Tobacco Co. ("RJRT"). Whether successful or not, the costs of the Group's involvement in litigation could materially increase due to costs associated with bringing proceedings and defending claims, which may also cause operational and strategic disruption by diverting management time away from business matters. Liabilities and costs in connection with litigation could result in bankruptcy of one or more Group entities, for example, following a judgment in Canada, certain of the Group's Canadian subsidiaries filed for protection under the CCAA (as defined below). Any negative publicity resulting from these claims may also adversely affect the Group's reputation.

The occurrence of any of the above effects could in turn have an adverse effect on the Group's results of operations and financial condition and cause the Group to fail to deliver on its strategic growth plans.

Please refer to the "*Contingent liabilities and financial commitments*" section on pages 57 to 95 for details of contingent liabilities applicable to the Group.

Significant and/or unexpected increases or structural changes in tobacco and nicotine-related taxes

Tobacco and nicotine products are subject to high levels of taxation, including excise taxes, sales taxes, import duties and levies in most markets in which the Group operates. In many of these markets, taxes are generally increasing, but the rate of increase varies between markets and between different types of tobacco and nicotine products. Increases in, or the introduction of new, tobacco and nicotine-related taxes may be caused by a number of factors, including fiscal pressures, health policy objectives and increased lobbying pressure from anti-tobacco advocates.

With respect to New Categories, although a common framework for regulation and taxation has yet to emerge, the manufacture, sale, packaging and advertising of such products are increasingly being regulated and taxed.

Significant or unexpected increases in, or the introduction of new, tobacco-related taxes or minimum retail selling prices, changes in relative tax rates for different tobacco and nicotine products or adjustments to excise have in the past resulted, and may in the future result, in the need for the Group to absorb such tax increases due to limits in its ability to increase prices, an alteration in the sales mix in favour of value-for-money brands or products, or growth in illicit trade, each of which could impact pricing, sales volume and profit for the Group's products. Significant or unexpected increases of tobacco-related taxes could also impact the Group's ability to deliver the corporate purpose of harm reduction.

Failure to comply with health and safety and environmental laws

The Group is subject to a variety of laws, regulations and operational standards relating to health and safety and the environment.

The Group may fail to assess certain risks and implement the right level of control measures or to maintain adequate standards of health and safety or environmental compliance, which could cause injury, ill health, disability or loss of life to employees, contractors or members of the public, or harm to the natural environment and local communities in which the Group operates. As a result of the outcomes of the COP26, further future regulation is anticipated as governments look to meet their climate change ambitions.

Insufficient information, instruction and training in the relevant areas and a lack of knowledge of the existence and/or requirements of relevant regulations, or a failure to monitor, assess and implement the requirements of new or modified legislation, may increase these risks.

Any failure by the Group to comply with applicable health and safety or environmental laws, or the exposure to the consequences of a perceived failure, could result in business disruption, reputational damage, difficulties in recruiting and retaining staff, increased insurance costs, consequential losses, the obligation to install or upgrade costly pollution control equipment, loss of value of the Group's assets, remedial costs and damages, fines and penalties as well as civil or criminal liability. Each of these results could in turn adversely impact the Group's results of operations and financial condition and cause the Group to fail to deliver on its strategic growth plans.

Exposure to unfavourable tax rulings

The Group is subject to tax laws in a variety of jurisdictions. The Group's interpretation and application of the tax laws could differ from those of the relevant tax authority, which may subject the Group to claims for breach of such laws, including for late or incorrect filings or for misinterpretation of rules. Tax authorities in a variety of jurisdictions, such as the Netherlands and Russia, have assessed, and may in the future assess, the Group for historical tax claims, including interest and penalties, arising from disputed areas of tax law. The Group is currently party to tax disputes in a number of jurisdictions, some of which involve claims for amounts in the hundreds of millions of Sterling.

Please refer to the “*Contingent liabilities and financial commitments*” section on pages 57 to 95 for details of contingent liabilities applicable to the Group.

The Group’s failure to comply with the relevant tax authority’s interpretation and application of the tax laws could result in significant financial and legal penalties, including the payment of additional taxes, fines and interest in the event of an unfavourable ruling by a tax authority in a disputed area, as well as the payment of dispute costs. Disruption to the business could occur as a result of management’s time being diverted away from business matters. Each of these results could negatively affect the Group’s results of operations and financial condition and cause the Group to fail to deliver on its strategic growth plans.

Unexpected legislative changes to corporate income tax laws

The Group is subject to corporate income tax laws in the jurisdictions in which it operates. These laws frequently change on a prospective or retroactive basis.

Legislative changes to corporate income tax laws and regulations may have an adverse impact on the Group’s corporate income tax liabilities and may lead to a material increase of the Group’s overall tax rate. This could, in turn, negatively affect the Group’s results of operations and financial condition and cause the Group to fail to deliver on its strategic growth plans.

Exposure to potential liability under competition or antitrust laws

According to the Group’s internal estimates, the Group is a market leader by volume and/or value in certain categories in a number of countries in which it operates and/or is one of a small number of tobacco and/or New Categories companies in certain other markets in which it operates. The Group has had antitrust infringement decisions imposed against it in the past and is subject to ongoing investigations (please refer to the “*Contingent liabilities and financial commitments*” section on pages 57 to 95 for details of contingent liabilities applicable to the Group). The Group may fail to comply with competition or antitrust laws and may be subject to investigation and/or litigation for alleged abuse of its position in markets in which it has significant market share or for alleged collusion/anti-competitive arrangements with other market participants. Competition/antitrust laws continue to evolve globally with increasingly aggressive enforcement.

Failure by the Group to comply with competition or antitrust laws and investigations (and/or litigation) for violation of such laws may result in significant legal liability, fines, penalties and/or damages actions; criminal sanctions against the Group, its officers and employees; increased costs, prohibitions on conduct of the Group’s business; forced changes in business practices, forced divestment of brands and businesses (or parts of businesses) to competitors or other buyers; director disqualifications; commercial agreements being held void; and operational and strategic disruption (including by diverting management time away from business matters). The Group may face increased public scrutiny and the investigation or imposition of sanctions by antitrust regulation agencies and/or courts for violations of competition regimes which may subject the Group to reputational damage and loss of goodwill, including negative perceptions of the Group’s governance and its ESG credentials.

The occurrence of any of the above effects could in turn have an adverse effect on the Group’s results of operations and financial condition and cause the Group to fail to deliver on its strategic growth plans.

Failure to establish and maintain adequate controls and procedures to comply with applicable securities, corporate governance and compliance regulations

The Group’s operations are subject to a range of rules and regulations around the world. These include US securities, corporate governance and compliance laws and regulations, such as the Sarbanes-Oxley Act of 2002 and the US Foreign Corrupt Practices Act of 1977, and expanding ESG reporting and disclosure requirements which apply to the Group’s worldwide activities. While the Group continuously seeks to improve its systems of internal controls and to remedy any weaknesses identified, there can be no assurance that the policies and procedures will be followed at all times or effectively detect and prevent

violations of applicable laws. In addition, the Group is subject to increasingly stringent reporting obligations under UK corporate reporting regulations.

The increased scope and complexity of applicable regulations to which the Group is subject may lead to higher costs for compliance. Failure to comply with laws and regulations may result in significant legal liability, fines, penalties, class action suits and/or damages actions, criminal sanctions against the Group, its officers and employees, and damage to the Group's reputation. Non-compliance with such regulations could also lead to a loss of the Group's listing on one or more stock exchanges or a loss of investor confidence with a subsequent reduction in share price.

Lack of external recognition and acceptance of the foundational science and inability to effectively communicate to stakeholders about the potential health impact of the Group's New Category products

Scientific evidence to support the harm reduction potential of New Category products is essential for demonstrating and communicating the risk reduction potential of these products to adult smokers. BAT conducts rigorous science to demonstrate the potential reduced risk outcomes when smokers switch to New Category products, and in the longer-term, epidemiological data will be required to demonstrate the health impact at population levels. Consumer expectations and the rapid pace of innovation necessitate the evolution of the product portfolio, which requires the Group to regularly re-assess and update the associated scientific evidence base.

Long-term epidemiological data requires decades to acquire. Therefore, the scientific data available today is by necessity shorter-term data that provides a strong indication of the reduced-risk potential of New Category products relative to cigarettes. In terms of the wider tobacco harm reduction strategy, there is a risk that the long-term health impact of New Category products is not fully understood at this time. There is also a risk of failure to communicate the scientific findings in a timely or effective manner. Furthermore, there are challenges on the choice of standards, controls and/or experimental design and methodology used for demonstrating the robustness of scientific research, together with regulation limiting risk communication to consumers.

Inability to fully demonstrate and communicate the tobacco harm reduction abilities of New Category products in a timely manner may lead to greater regulatory restrictions or outright bans, market share reduction, fines and penalties, reputational damage, and inability to sustain its quality growth and sustainability strategy. These potential impacts could cause the Group to fail to deliver on its strategic growth plans and objectives.

Insufficient product stewardship and failure to comply with product regulations

The Group is subject to risks of safety incidents in pre-market testing or in market due to, for example, a lack of due caution and appropriate response paid to pre-market product data, or toxicology information, inaccurate and unreliable information from suppliers and/or compromise of data or other information through cybersecurity attacks.

The interpretation and application of regulations concerning the Group's products, such as the Tobacco and Related Products Directive (TPD2), may be subject to debate and uncertainty. This includes uncertainty over product classifications and restrictions on advertising. In particular, with respect to the developing category of New Categories, which has grown in size and complexity in a relatively short period of time, a consensus framework for the interpretation and application of existing regulation has yet to emerge.

The continuously changing and evolving landscape of regulation concerning the Group's products contributes to the uncertainty surrounding interpretation and application and creates a risk that the Group may misinterpret or fail to comply with developing regulations in the various jurisdictions in which it operates, or becomes subject to enforcement actions from regulators. With the continuous changing of

product cycle plans and expansion to new markets and innovations, there is a risk that such changes and launches fail to comply with the relevant regulations, including pre-approval and/or pre-registration requirements. For example, some governments have intentionally banned or are seeking to ban novel tobacco products and products containing nicotine, while others would need to amend their existing legislation to permit their sale. Even in countries where the sale of such products is currently permitted, some governments have adopted, or are seeking to adopt, bans on New Categories or restrictions on certain flavours.

The significant number of emerging regulations and the uncertainty surrounding their interpretation and application may subject the Group to claims for breach of such regulations. Financial costs of such enforcement actions include financial penalties, product recalls and litigation costs, and entail a significant risk of adverse publicity and damage to the Group's reputation and goodwill. In cases of consumer injury or fatality due to a consumer product safety issue, this could also cause significant Group reputational damage, leading to a negative impact on stakeholder confidence, including consumers, retailers, investors, and regulatory and public health organisations.

Failure to uphold high standards of corporate behaviour, including through unintended or malicious breach of anti-bribery and anti-corruption and other anti-financial crime laws

The Group is subject to various anti-corruption laws and regulations and other anti-financial crime laws including but not limited to those relating to tax evasion, money laundering, terrorist financing and bribery ("Anti-Corruption Laws", including the POCA). All employees of BAT, its subsidiaries and joint ventures which it controls are expected to uphold a high standard of corporate behaviour and comply with the Group's SoBC which includes a requirement to comply with Anti-Corruption Laws. Employees, associates, suppliers, distributors and agents are prohibited from engaging in improper conduct to obtain or retain business or to improperly influence (directly or indirectly) a person working in an official capacity to decide in the Group's favour. The Group's employees, contractors and service providers may fail to comply with the Group's SoBC and/or may violate applicable Anti-Corruption Laws.

From time to time, the Group investigates, and becomes aware of governmental authorities' investigations into, allegations of misconduct, including allegations of corruption at Group companies. Some of these allegations are currently being investigated. The Group cooperates with the authorities, where appropriate.

Please refer to the "*Contingent liabilities and financial commitments*" section on pages 57 to 95 for details of contingent liabilities applicable to the Group.

Failure of the Group to comply with Anti-Corruption Laws or to deploy and maintain robust internal policies, procedures and controls may and have resulted in significant fines and penalties (reducing the Group's ability to reinvest in the future), a share price impact, criminal and/or civil sanctions against the Group and its officers and employees, increased costs, prohibitions or other limitations or requirements (e.g. compliance requirements) on the conduct of the Group's business and reputational harm (including negative perceptions of the Group's governance and its ESG credentials), and may subject the Group to claims for breach of such regulations.

The occurrence of any of the above effects could in turn have an adverse effect on the Group's results of operations and financial condition and cause the Group to fail to deliver on its strategic growth plans.

Even when proven untrue, there are often financial costs, time demands and reputational impacts associated with investigating and defending against such claims.

Imposition of sanctions under sanctions regimes or similar international, regional or national measures

National, international and supra-national sanctions regimes or similar international, regional or national measures are complex and dynamic and may affect territories in which the Group operates or third parties with which it may have commercial relationships. There may be unintended or malicious breaches of

sanctions due to inappropriate or negligent behaviour by BAT employees, contractors, customers, suppliers or service providers.

Operations in countries and territories subject to sanctions expose the Group to the risk of significant financial costs and disruption in operations that may be difficult or impossible to predict or avoid or the activities could become commercially and/or operationally unviable. In particular, the Group has operations in Cuba, which is subject to various sanctions in the United States.

From time to time, the Group investigates, and becomes aware of governmental authorities' investigations into, allegations of misconduct, including alleged breaches of sanctions at Group companies. Some of these allegations are currently being investigated. The Group cooperates with the authorities, where appropriate.

In 2023, the Group reached settlement agreements with the US Department of Justice ("DOJ") and the United States Department of the Treasury's Office of Foreign Assets Control ("OFAC") in the United States related to breaches of sanctions related to North Korea, which resulted in the imposition of fines against the Group totalling US\$635 million. Sanctions can be imposed quickly with the possibility of further territories the Group operates in becoming subject to sanctions at short notice.

National, international and supra-national sanctions regimes may also affect third parties with which the Group has commercial relationships, e.g. through their banks (including possible risk aversion to being associated with a sanctioned territory) and could lead to supply and payment chain disruptions.

Please refer to the "*Contingent liabilities and financial commitments*" section on pages 57 to 95 for details of contingent liabilities applicable to the Group.

As a result of the limitations imposed by sanctions, it may become commercially and/or operationally unviable for the Group and/or its critical business partners to operate in certain territories or execute transactions related to them and the Group may be required to exit existing operations in such territories. The Group may also experience difficulty in sourcing materials or importing products, repatriating currency from a sanctioned country and finding financial institutions willing to transact with it, any of which may expose the Group to increased costs. In addition, the costs of complying with sanctions may increase as a result of new, or changes to existing, sanctions regimes.

In addition to the settlement agreements reached by the Group with the DOJ and OFAC in the United States, as detailed above, any future failure of the Group to comply with sanctions regimes or similar international, regional, national or supra-national measures, or to deploy and maintain robust internal policies, procedures and controls, could result in additional fines and penalties (reducing the Group's ability to reinvest in the future), a share price impact, criminal and/or civil sanctions against the Group and its officers and employees, increased costs, prohibitions or other limitations or requirements (e.g. compliance requirements) on the conduct of the Group's business, reputational harm (including negative perceptions of the Group's governance or the Group's ESG credentials), and damage to commercial or banking relationships, and may subject the Group to claims for breach of such regimes or measures. Reputational harm (including negative perceptions of the Group's governance and its ESG credentials) may result regardless of whether the Group complies with imposed sanctions.

The occurrence of any of the above effects could in turn have an adverse effect on the Group's results of operations and financial condition and cause the Group to fail to deliver on its strategic growth plans. Even when proven untrue, there are often financial costs, time demands and reputational impacts associated with investigating and defending against such claims.

Failure to uphold New Categories marketing practices

The regulatory landscape is constantly evolving with marketing practices being different in key New Categories markets. The Group's marketing activities may be found to be, or alleged (including in the media) to be, non-compliant with laws and regulations, or with the IMPs on the marketing and sale of

tobacco and nicotine products to consumers such as age verification measures. On-line activities can also be found to be, or alleged to be, aimed at consumers in a country where such activities are not permitted.

The Group is and may in the future be subject to claims for breach of marketing practices. In particular, national authorities (such as the FDA), organisations or even individuals may allege that the Group's marketing activities do not comply with the relevant laws and regulations, or with the Group's IMPs. As such, the Group could be subject to liability and costs as well as regulatory sanctions, fines and penalties brought in connection with these allegations. Even when proven untrue, there are often financial costs and reputational impacts in defending against such claims and allegations.

Future breaches may lead to a loss of investor confidence in ESG performance and inability to meet the Group's responsible marketing focus area if the Group's IMPs are not followed, impacting the Group's corporate purpose of delivering harm reduction.

Loss or misuse of personal data through a failure to comply with the European General Data Protection Regulation, the UK Data Protection Act 2018, e-Privacy Laws and other privacy legislation governing the processing of personal data

Personal data is a subset of data (which is likely to be confidential) which attracts different risks and treatment under applicable law. Breaches of data privacy laws include misuse of information which may not be confidential in nature. These include, for example, unsolicited marketing calls to a publicly available number, or using an individual's personal data in a way which was not authorised or in a way that the individual did not reasonably expect through technologies such as online tracking or monitoring.

Various privacy laws, including the European General Data Protection Regulation ("EU GDPR"), UK Data Protection Act 2018 ("UKDPA") and e-Privacy Directive, including EU and UK Regulatory guidances ("e-Privacy Laws"), govern the way in which organisations (such as employees, contractors, service provider colleagues and other authorised persons) handle individuals' personal data including how such organisations, including the Group, track or monitor their online behaviour.

Unintended or malicious breaches of data privacy laws may occur through inappropriate or negligent behaviour by BAT employees, contractors, service providers or others.

Depending on the risk to the individuals concerned, such breaches of data privacy laws (including mass personal data unavailability) could trigger a formal notification to a local data protection supervisory authority. This, in turn, could subject Group companies to not only regulatory scrutiny but also individual claims or even class action suits; and ePrivacy Laws state that any misuse of consumer personal data or lack of transparency provided to consumers on how the Group use their data or track their online behaviours are subject to regulatory scrutiny.

Legal requirements relating to the collection, storage, handling, and transfer of personal data continue to evolve. Following the entry into force of the EU GDPR in May 2018, other jurisdictions in which the Group operates have enacted similar local legislation such as the California Consumer Privacy Act US and the "LGPD" in Brazil which further increases the risks surrounding the processing of personal data especially in the consumer space. As part of the Group's digital transformation, initiatives, in particular related to New Categories, could further increase these risks as the expectation is that the exposure to consumer data volumes will increase as well. With the emergence of AI technologies, these risks (particularly, personal data misuse in the context of automated decision making by leveraging AI) may even be exacerbated.

Failure to comply with existing or future e-Privacy Laws and privacy legislation governing the processing of personal data may adversely impact the Group's results of operations and financial condition.

Loss or unlawful use of personal data may result in civil or criminal legal liability and prosecution by enforcement bodies, which may subject the Group to the imposition of material fines (currently up to 4 per cent. of Group worldwide turnover in the context of the EU GDPR and/or the UKDPA) and/or penalties

and/or claims and costs associated with defending these claims (which could include class action suits brought by consumers). The Group's officers and employees may also be subject to personal criminal sanctions in certain jurisdictions.

Reputational damage could also potentially cause significant harm to the Group, including negative perceptions of the Group's governance and its ESG credentials.

Relevant data protection supervisory authority could also order certain Group legal entities to cease processing activities, which could result in a significant operational disruption. Regulatory interest may also prompt interest from other compliance authorities/ governments, leading to further regulation or proceedings.

The occurrence of any of the above effects could in turn have an adverse effect on the Group's results of operations and financial condition and cause the Group to fail to deliver on its strategic growth plans.

C. Economic and financial risks

Foreign exchange rate exposures

The Group's reporting currency is the Sterling. The Group is exposed to the risk of fluctuations in exchange rates affecting the translation of net assets and earned profits of overseas subsidiaries into the Group's reporting currency. These translational exposures are not normally hedged.

Exposures also arise from the foreign currency denominated trading transactions undertaken by subsidiaries and dividend flows. Where not offset by opposing flows, these exposures are generally hedged according to internal policies, but hedging of exposure to certain currencies might not be possible due to exchange controls, limited currency availability or prohibitive costs, and errors in hedging may occur. Monetary policy divergence in relation to interest rates between key markets may also increase these risks.

During periods of exchange rate volatility, the impact of exchange rates on the Group's results of operations and financial condition can be significant. Fluctuations in exchange rates of key currencies against the Sterling may result in volatility in the Group's reported earnings per share, cash flow and balance sheet. Furthermore, the dividend paid by the Group may be impacted if the payout ratio is not adjusted. Differences in translation between earnings and net debt may also affect key ratios used by credit rating agencies, which may have an adverse effect on the Group's credit ratings.

In addition, volatility and/or increased costs in the Group's business due to transactional foreign exchange rate exposures may adversely affect operating margins and profitability and attempts to increase prices to offset such increases could adversely impact sales volumes.

The increased volatility observed in recent years in commodity and hydrocarbon prices has contributed to additional volatility of exchange rates, impacting the financial performance of the Group's subsidiaries. The global dynamic backdrop of monetary tightening, inflation cycle and economic performance may also increase the exchange rate risk in short term.

Inability to obtain price increases and exposure to risks from excessive price increases and value chain erosion

Annual price increases by the Group are among the key drivers in increasing market profitability. However, the Group has in the past been, and may in the future be, unable to obtain such price increases as a result of increased regulation; increased competition from illicit trade; stretched consumer affordability arising from deteriorating political and economic conditions and rising prices; sharp increases or changes in excise structures; and competitors' pricing.

As the New Categories market continues to develop, the Group may face erosion in the value chain for New Categories through lower market prices, excise taxes, high retail trade margins or high production costs that make New Categories less competitive versus combustible tobacco products. As an example,

excise on THP in Japan increased and aligned closer to factory-made cigarettes following a five-year (2018-2022) phased excise plan. This led to a decrease in the Group's profitability in Japan.

In addition, the Group faces the risk that price increases it has conducted in the past, and may conduct in the future, may be excessive and not find adequate adult tobacco consumer acceptance.

If the Group is unable to obtain price increases or is adversely affected by impacts of excessive price increases, it may be unable to achieve its strategic growth metrics, have fewer funds to invest in growth opportunities, and, in the case of excessive price increases, be faced with quicker reductions in sales volumes than anticipated due to accelerated market decline, down-trading (switching to a cheaper brand) and increased illicit trade. These in turn impact the Group's market share, results of operations and financial condition and cause the Group to fail to deliver on its strategic growth plans.

In addition, erosion in the value chain for New Categories could have a negative impact on the Group's sales volume or pricing for these products. High excise could dampen demand for New Categories or result in lower profit margins. Lower market prices, high retail trade margins or increases in production costs could also negatively impact profit margins or lead to uncompetitive pricing.

Effects of declining consumption of legitimate tobacco products and a tough competitive environment

Evidence of market contraction and the growth of illicit trade of tobacco products is apparent in several key global markets in which the Group operates. This decline is due to multiple factors, including increases in excise taxes leading to continuous above-inflation price rises, changes in the regulatory environment, the continuing difficult economic environment in many countries impacting consumers' disposable incomes, the increase in the trade of illicit tobacco products, rising health concerns, a decline in the social acceptability of smoking and an increase in New Category uptake.

The Group competes based on the strength of its strategic brand portfolio, product quality and taste, brand recognition, brand loyalty, taste, innovation, packaging, service, marketing, advertising and price. The Group is subject to highly competitive environments in all aspects of its business, and its competitive position can be significantly influenced by the prevailing economic climate, consumers' disposable income, regulation, competitors' introduction of lower-price or innovative products, higher tobacco product taxes, higher absolute prices, governmental action to increase minimum wages, employment costs, interest rates and increase in raw material costs.

Furthermore, the Group is subject to substantial payment obligations under the State Settlement Agreements, which adversely affect the ability of the Group to compete in the US with manufacturers of deep-discount cigarettes that are not subject to such substantial obligations.

Any future decline in the demand for legitimate tobacco products could have an adverse effect on the Group's results of operations and financial conditions and cause the Group to fail to deliver on its strategic growth plans.

In a tough competitive environment, factors such as market size reduction, customer down-trading, illicit trade and competitors aggressively taking market share through price re-positioning or price wars generally reduce the overall profit pool of the market and may impact delivery of the Group's profits. This may also lead to a decline in sales volume, loss of market share, impact delivery of the Group's ESG agenda, erosion of its portfolio mix and reduction of funds available for investment in growth opportunities.

Funding, liquidity and interest rate risks

The Group cannot be certain that it will have access to bank financing or to the debt and equity capital markets at all times and is therefore subject to funding and liquidity risks. In addition, the Group's access to funding may be affected by restrictive covenants to which it is subject under some of its credit facilities. Furthermore, failure to appropriately engage with investors' and lenders' sustainability criteria and

concerns may impact BAT's credit ratings, access to funding, or may result in an increase in the cost of funding.

The Group is also exposed to increases in interest rates in connection with both existing floating rate debt and future debt refinancings. Recently, after an extended period with historically low interest rates, interest rates have increased substantially and may further increase in the future.

Furthermore, the Group operates in several markets closely regulated by governmental bodies that intervene in foreign exchange markets by imposing limitations on the ability to transfer local currency into foreign currency and introducing other currency controls that expose cash balances to devaluation risks or that increase costs to obtain hard currency. As a result, the Group's operational entities in these markets may be restricted from using end market cash resources to pay for imported goods, dividend remittances, interest payments and royalties. The inability to access end market cash resources in certain markets contributes to the Group's funding and liquidity risks.

Compliance with sanctions and the restrictive policies of banks to facilitate transactions that are sanctions sensitive, can also restrict the ability to transfer and use cash that is sanctions sensitive. Anti-money laundering legislation can lead to additional restrictions relating to the payment and receipt of funds for both BAT as well as its business partners.

In addition, the Group's further development into the cannabis sector may lead to inaccessible proceeds from this activity, and such activity may expose the Group to further regulatory and legal risks due to different local and international laws. The Group may also face reputation and compliance issues due to various levels of acceptance of the cannabis sector by stakeholders which may restrict bank and/or investor access.

Adverse developments in the Group's funding, liquidity and interest rate environment may lead to shortages of cash and cash equivalents needed to operate the Group's business and to refinance its existing debt. Inability to fund the business under the Group's current capital structure, failure to access funding and foreign exchange or increases in interest rates may also have an adverse effect on the Group's credit rating, which would in turn result in further increased funding costs and may require the Group to issue equity or seek new sources of capital. Although the Group currently benefits from investment grade ratings from Moody's, S&P and Fitch, in 2022, S&P revised its outlook from stable to negative and maintained this outlook for 2023 as well. Any downgrade of the Group's credit ratings or loss of investment grade status could materially increase the Group's financing costs. Non-compliance with the Group's covenants under certain credit facilities could lead to an acceleration of its debt.

All these factors may have material adverse effects on the Group's results of operations and financial conditions and cause the Group to fail to deliver on its strategic growth plans. These conditions could also lead to underperforming bond prices and increased yields.

In the case of funding or liquidity constraints, the Group may also suffer reputational damage due to its perceived failure to manage the financial risk profile of its business, which may result in an erosion of shareholder value reflected in an underperforming share price, and/ or underperforming bond prices and higher yields. In addition, the Group's ability to finance strategic opportunities or respond to threats may be impacted by limited access to funds.

Failure to achieve growth through mergers, acquisitions, joint ventures, investments and other transactions

The Group's growth strategy includes a combination of organic growth as well as mergers, acquisitions, joint ventures and investments. The Group may be unable to acquire or invest in attractive businesses on favourable terms and may inappropriately value or otherwise fail to identify or capitalise on growth opportunities. The Group may not be able to deliver strategic objectives and revenue improvements from business combinations, successfully integrate businesses it acquires or establishes, or obtain appropriate

regulatory approvals for business combinations. Risks from integration of businesses also include the risk that the integration may divert the Group's focus and resources from its other strategic goals. Furthermore, transactions may include risks associated with an unpredictable regulatory landscape, such as bans or more restrictive regulations which come into force after the acquisition.

Additionally, the Group could be exposed to financial, legal or reputational risks if it fails to appropriately consider and address any compliance, antitrust or sustainability aspects of a transaction or planned transaction. Further, the Group has certain uncapped indemnification obligations in connection with divestitures and could incur similar obligations in the future.

Any of the foregoing risks could result in increased costs, decreased revenues or a loss of opportunities and have an adverse effect on the Group's results of operations and financial condition, and in the case of a breach of compliance, product regulation or antitrust regulation, could lead to reputational damage, fines and potentially criminal sanctions and an adverse impact on the Group's sustainability priorities. This may impact the Group's ability to compete in the long-term.

Inability to execute planned divestments, or poorly executed divestments, may not deliver fair value, or may result in loss of potential sale proceeds resulting in fewer resources to drive quality growth or meet other corporate targets.

The Group may become liable for claims arising in respect of conduct prior to any merger or acquisition of businesses if deemed to be a successor to the liabilities of the acquired company or indemnification claims relating to divestitures, and any resulting adverse judgment against the Group may adversely affect its results of operations and financial condition and cause the Group to fail to deliver on its strategic growth plans.

Please refer to the "*Contingent liabilities and financial commitments*" section on pages 57 to 95 for details of contingent liabilities applicable to the Group.

Unforeseen underperformance in key global markets

A substantial majority of the Group's profit from operations is based on its operations in certain key markets, including the US. A number of these markets are declining for a variety of factors, including price increases, restrictions on advertising and promotions, smoking prevention campaigns, increased pressure from anti-tobacco groups, accelerated migration to reduced risk products, increasing prevalence of non-compliant New Categories competitors, and private businesses adopting policies that prohibit or restrict, or are intended to discourage, smoking and tobacco use.

Economic and political factors affecting the Group's key markets include the prevailing economic climate, governmental austerity measures, levels of employment, inflation, governmental action to increase minimum wages, employment costs, interest rates, raw material costs, consumer confidence and consumer pricing.

Any change to the economic and political factors in any of the key markets in which the Group operates could affect consumer behaviour and have an impact on the Group's results of operations and financial condition and cause the Group to fail to deliver on its strategic growth plans.

Increases in net liabilities under the Group's retirement benefit schemes

The Group currently maintains and contributes to defined benefit pension plans and other post-retirement benefit plans that cover various categories of employees and retirees worldwide. The Group's obligations to make contributions under these arrangements may increase in the case of increases in pension liabilities, decreases in asset returns, salary increases, inflation, decreases in long-term interest rates, increases in life expectancies, changes in population trends and other actuarial assumptions.

Higher contributions to the Group's retirement benefit schemes could have an adverse impact on the Group's results of operations, financial condition and ability to raise funds and cause the Group to fail to deliver on its strategic growth plans.

D. Product pipeline, commercialisation and intellectual property risks

Inability to predict consumers' changing behaviours and launch innovative products that offer adult tobacco and nicotine consumers meaningful value-added differentiation

The Group focuses its research and development activities on both creating new products, including New Categories and Beyond Nicotine products, whilst maintaining and improving the quality of its existing products. In a competitive market, the Group believes that innovation is key to growth. The Group considers that one of its key challenges in the medium and long term is to provide adult tobacco and nicotine consumers with high-quality products that take into account their changing preferences and expectations, including those in relation to sustainability, while complying with evolving regulation.

Predicting consumers' changing needs and behaviours across categories is a critical requirement for the Group's development. The Group may fail to predict consumers' changing needs and behaviours across categories and fail to deliver its strategy effectively.

The Group continues to develop and roll-out its New Categories portfolio which requires significant investment. The Group may be unsuccessful in developing and launching innovative products or maintaining and improving the quality of existing products across Combustibles, New Categories and Beyond Nicotine that offer consumers meaningful value-added differentiation. The Group may fail to keep pace with innovation in its sector or changes in consumer expectations and is also exposed to the risk of an inability to build a sufficiently strong brand equity through social media and other digital tools to successfully compete. There are potential bans and restrictions in key markets on using social media to advertise and communicate. Competitors may be more successful in predicting changing consumer behaviour or better able to develop and roll-out consumer-relevant products and may be able to do so more quickly and at a lower cost.

In addition, the Group devotes considerable resources to the research and development of innovative products that may have the potential to reduce the risks of smoking-related diseases. The complex nature of research and development programmes necessary to satisfy emerging regulatory and scientific requirements creates a substantial risk that these programmes will fail to demonstrate health-related claims regarding New Categories and Beyond Nicotine or to achieve adult tobacco consumer, regulatory and scientific acceptance.

Furthermore, the regulatory environment impacting non-combustible tobacco products, vapour products and other non-tobacco nicotine products and Beyond Nicotine, including classification of products for regulatory and excise purposes, is still developing and it cannot be predicted whether regulations will permit the marketing of such products in any given market in the future. Categorisation as medicines, for example, and restrictions on advertising could stifle innovation, increase complexity and costs and significantly undermine the commercial viability of these products.

Alternatively, categorisation of any New Categories, as tobacco products for instance, could result in the application of onerous regulation, which could further stifle uptake.

The inability to timely develop and roll out innovations or products in line with consumer demand, including any failure to predict changes in adult tobacco consumer and societal behaviour and expectations and to fill gaps in the product portfolio, as well as the risk of poor product quality, could lead to missed opportunities, under- or over-supply, loss of competitive advantage, unrecoverable costs and/or the erosion of the Group's consumer base or brand equity.

Restrictions on packaging and labelling or on promotion and advertising could impact the Group's ability to communicate its innovations and product differences to adult tobacco consumers, leading to unsuccessful product launches. An inability to provide robust scientific results sufficient to substantiate health-related product claims poses a significant threat to the ability to launch innovative products and comply with emerging regulatory and legal regimes.

The occurrence of any of the above effects could in turn have an adverse effect on the Group's results of operations and financial condition and cause the Group to fail to deliver on its strategic growth plans.

In addition, there may be loss of investors' confidence in ESG performance, including failure to deliver the Group's corporate purpose of harm reduction.

Exposure to risks associated with intellectual property rights, including the failure to identify, protect and prevent infringement of the Group's intellectual property rights and potential infringement of, or the failure to retain licences to use, third-party intellectual property rights

The Group relies on trade marks, patents, registered designs, copyrights, domain names and trade secrets. The brand names under which the Group's products are sold are key assets of its business. The protection and maintenance of these brand names and of the reputation of these brands is important to the Group's success. Protection of intellectual property rights is also important in connection with the Group's innovative products, including New Categories.

The Group is exposed to the risk of infringements of its intellectual property rights by third parties due to limitations in judicial protection, failure to identify, protect and register its innovations and/or inadequate enforceability of these rights in some markets in which the Group operates.

The Group currently is involved in various patent infringement litigation proceedings in several countries related to the Group's New Categories inventions and products. This litigation involves both claims by the Group that competitors are infringing the Group's patents and claims by competitors that the Group is infringing competitors' patents. From time to time, the Group settles such litigation. In February 2024, a Group subsidiary entered into a settlement agreement with an indirect wholly-owned subsidiary of Philip Morris International Inc. ("PMI"). Pursuant to this agreement (the "Settlement Agreement"), among other things, both parties agreed to take all actions, as necessary, to dismiss certain pending legal proceedings between the parties and certain of their affiliates concerning certain vapour and HP with prejudice and without admission of liability, to fully and finally discharge without admission of liability any injunctions granted to the parties and their respective affiliates in such proceedings, and mutually release each other from presently known and past, present and future claims arising out of or relating to, among other things, such proceedings, the infringement of the patents at issue in the proceedings and certain intellectual property rights relating to certain products existing on or before a specified date. The parties have also agreed to covenants not to sue, on a perpetual, royalty-bearing or royalty-free basis, as the case may be, in respect of patents associated with certain existing or changed vapour or HP products. The parties have also agreed to covenants not to sue on a perpetual, royalty free basis and in respect of, among other things, the manufacture of products, accessories, replacement parts and upgrade parts, or their respective components, and research and development of such products, accessories and parts, or their respective components. Please refer to the "*Contingent liabilities and financial commitments*" section on pages 57 to 95 for details of contingent liabilities relating to patent litigation and related settlements applicable to the Group.

Some brands and trade marks under which the Group's products are sold are licensed for a fixed period of time in certain markets. If any of these licences are terminated or not renewed after the end of the applicable term, the Group would no longer have the right to use, and to sell products under, those brand(s) and trade mark(s).

In addition, as third party rights are not always identifiable, the Group may be subject to claims for infringement of third party intellectual property rights.

Any erosion in the value of the Group's brands or innovations, or failure to obtain or maintain adequate protection of intellectual property rights for any reason, or the loss of brands, trade marks or other intellectual property rights under licence to Group companies, may have a material adverse effect on the Group's market share, results of operations and financial condition. Any inability to appropriately protect the Group's products and key innovations will also limit its growth and affect competitiveness and return on innovation investment.

Any infringement of third-party intellectual property rights could result in interim or final injunctions, product recalls, legal liability and the payment of damages, any of which may disrupt operations, negatively impact the Group's reputation and have an adverse effect on its results of operations and financial condition and cause the Group to fail to deliver on its strategic growth plan. Litigation (even where successful) results in an intensive use of resources and management time leading to potential disruption. In addition, although intellectual property-related settlements, such as the Settlement Agreement, allow the Group to focus on developing innovative product solutions, they could also have an adverse effect on the Group's results of operations and financial condition. For example, the payment of royalties would create higher costs for the Group, whereas the grant of licenses and/or covenants not to sue could result in a competitive advantage of the Group's competitors which, in turn, could result in lower demand for the Group's own products and cause the Group to fail to deliver on its strategic growth plans.

2 Factors which are material for the purpose of assessing the market risks associated with the Notes issued under the Programme

BAT is a holding company

BAT is a holding company dependent on its subsidiaries and associates for dividends and other payments to service the Guarantee and the Notes respectively, and the other Obligors are special finance subsidiaries without operating company subsidiaries and are dependent on payments from other Group members to service their obligations.

BAT and the other Obligors do not directly conduct business operations. Consequently, the Obligors are dependent on dividend and other payments from Group members to make payments on the Notes or the Guarantees. Holders of the Notes will not have any direct claim on the cash flow or assets of any operating subsidiaries or BAT's associated companies. The operating subsidiaries in the Group and associated companies will have no obligation, contingent or otherwise, to pay amounts due under the Notes or the Guarantees, or make funds available to BAT or the other Obligors for those payments.

The ability of subsidiaries or associates to make dividends or other payments will depend on their cash flows and earnings which, in turn, will be affected by all of the factors discussed herein. In addition, under the corporate law of many jurisdictions, including the United Kingdom, the ability of some subsidiaries and associates to pay dividends is limited to the amount of distributable reserves of such companies.

The Notes are unsecured obligations of each Issuer and rank behind secured obligations on insolvency

Holders of secured obligations of each Issuer will have claims that are prior to the claims of holders of the Notes to the extent of the value of the assets securing those other obligations. The Notes are effectively subordinated to secured indebtedness to the extent of the value of the assets securing those other obligations. In the event of any distribution of assets or payment in any foreclosure, dissolution, winding-up, liquidation, reorganisation, or other bankruptcy proceeding, the assets securing the claims of secured creditors will be available to satisfy the claims of those creditors, if any, before they are available to unsecured creditors, including the holders of the Notes. In any of the foregoing events, there is no

assurance to holders of the Notes that there will be sufficient assets to pay amounts due on the Notes. As a result, holders of Notes may receive less, rateably, than holders of any secured obligations.

An active trading market for the Notes may not develop

There can be no assurance that an active trading market for the Notes will develop, or, if one does develop, that it will be maintained or remain liquid. If a Tranche of Notes is issued to a single investor or a limited number of investors, this may result in an even more illiquid or volatile market in such Notes. If an active trading market for the Notes does not develop or is not maintained, the market or trading price and liquidity of the Notes may be adversely affected. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies, are being issued to a single investor or a limited number of investors or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes. If additional and competing products are introduced in the markets, this may adversely affect the value of the Notes.

The Notes may be redeemed prior to maturity

In the event that an Issuer would be required to pay additional amounts in respect of any Notes due to any withholding as provided in Condition 7 of the Terms and Conditions of the Notes, such Issuer may redeem all of the Notes then outstanding in accordance with the Terms and Conditions of the Notes.

The Final Terms for a particular issue of Notes may provide for early redemption at the option of the relevant Issuer. Such right of termination is often provided for Notes issued in periods of high interest rates. If the market interest rates decrease, the risk to holders that the relevant Issuer will exercise its right of termination increases. As a consequence, the yields received upon redemption may be lower than expected, and the redeemed face amount of the Notes may be lower than the purchase price for the Notes paid by the holder. As a result, the holder may not receive the total amount of the capital invested. In addition, investors that choose to reinvest monies they receive through an early redemption may be able to do so only in securities with a lower yield than the redeemed Notes.

Exchange rate risks and exchange controls

The relevant Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "Investor's Currency") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Notes issued at a substantial discount or premium may experience price volatility in response to changes in market interest rates

The market values of securities issued at a substantial discount (such as Zero Coupon Notes) or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the

greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

The Group may incur substantially more debt in the future

The Group may incur substantial additional indebtedness in the future, including in connection with future acquisitions, some of which may be secured by some or all of its assets. The terms of the Notes will not limit the amount of indebtedness the Group may incur. Any such incurrence of additional indebtedness could exacerbate the related risks that the Group faces.

Trading in the Clearing Systems

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts in excess of such minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case, a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum Specified Denomination will not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations. If definitive Notes are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Risks related to the structure of a particular issue of Floating Rate Notes

Reference Rates and indices, including interest rate benchmarks, such as EURIBOR (as defined in Condition 4(b)(ii)), which are used to determine the amounts payable under financial instruments or the value of such financial instruments (“Benchmarks”), have been the subject of political and regulatory scrutiny as to how they are created and operated. This has resulted in regulatory reform and changes to existing Benchmarks, with further changes anticipated.

Any changes to the administration of, or the methodology used to obtain EURIBOR or the emergence of alternatives to EURIBOR as a result of these reforms, may cause EURIBOR to perform differently than in the past or to be discontinued, or there could be other consequences which cannot be predicted. The potential discontinuation of EURIBOR or changes to its administration could require changes to the way in which the Rate of Interest is calculated in respect of any Notes referencing or linked to EURIBOR. The development of alternatives to EURIBOR may result in Notes linked to or referencing EURIBOR performing differently than would otherwise have been the case if such alternatives to EURIBOR had not developed. Any such consequence could have a material adverse effect on the value of, and return on, any Notes referencing or linked EURIBOR.

The Terms and Conditions of the Notes provide for certain fallback arrangements in the event that a published benchmark, such as EURIBOR (including any page on which such benchmark may be published (or any successor service)) becomes unavailable, including the possibility that the Rate of Interest could be set by reference to offered quotations from banks communicated to the Agent, a successor rate or an alternative rate and that (subject to the Terms and Conditions) such successor rate or alternative rate will be adjusted (all as determined by the relevant Issuer following consultation with an Independent Adviser). In certain circumstances, the ultimate fallback of interest for a particular Interest Period may result in the Rate of Interest for the last preceding Interest Period being used. This may result in the effective application of a fixed rate for Floating Rate Notes based on the rate which was last observed on the Relevant Screen Page. In addition, due to the uncertainty concerning the availability of successor rates and alternative rates and the involvement of an Independent Adviser, the relevant fallback provisions may not operate as intended at the relevant time. Further, if a successor rate or an alternative rate is determined by the relevant Issuer, the Terms and Conditions provide that the relevant Issuer may vary the Terms and Conditions, the Agency Agreement and/or the Trust Deed as necessary to ensure the proper operation of such rate, without the consent or approval of the Noteholders.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the UK Benchmarks Regulation and/or Regulation (EU) 2016/1011 (as applicable) reforms, investigations and licensing issues in making any investment decisions with respect to Notes linked to a “benchmark”.

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

BATIF

Incorporation and business

BATIF was incorporated as a private limited company under the laws of England and Wales on 10 July 1972 with registration number 1060930 and was re-registered as a public limited company on 8 September 1981. BATIF is domiciled in the United Kingdom. The registered address of BATIF is Globe House, 4 Temple Place, London WC2R 2PG. The website of BATIF is <https://www.bat.com/>. No information on such website forms part of this Base Prospectus except as specifically incorporated by reference, see “*Documents Incorporated by Reference*”. BATIF has an issued share capital of £231,000,000 represented by shares of £1 each.

Organisational structure

BATIF is a wholly-owned subsidiary of BAT and its principal function is to operate as a financing company for the Group.

BATIF Dollar Limited and BATNF are subsidiaries of BATIF.

Administrative, management and supervisory bodies of BATIF

Directors

The following is a list of the Directors of BATIF:

Name	Function
P.D. Sconfianza	Director
J. Fry	Director
P. McCrory	Director
T.L. Marroco.....	Director
N.A. Wadey.....	Director
C. Ferland	Director

None of the Directors listed above performs activities outside the Group which are significant with respect to the Group.

The business address of the Directors of BATIF is Globe House, 4 Temple Place, London WC2R 2PG.

Administrative, management and supervisory bodies’ conflicts of interest

There are no potential conflicts of interest between any duties to BATIF of the Directors listed above and/or their private interests and other duties.

BATNF

Incorporation and business

BATNF was incorporated as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) under the laws of The Netherlands on 23 April 2014. It has its statutory seat (*statutaire zetel*) in Amstelveen and its registered office at Handelsweg 53A, 1181 ZA Amstelveen, The Netherlands. BATNF is registered with the Trade Register (*Handelsregister*) of the Chamber of Commerce under number 60533536. BATNF is domiciled in The Netherlands. The website of BATNF is <https://www.bat.com/>. No information on such website forms part of this Base Prospectus except as specifically incorporated by reference, see “*Documents Incorporated by Reference*”. BATNF has an issued share capital of €18,000 represented by shares of €450 each.

Organisational structure

BATNF is a wholly-owned subsidiary of BATIF and its principal function is to operate as a financing company for the Group.

BATNF does not have any subsidiary entities.

Administrative, management and supervisory bodies of BATNF

Directors

The following is a list of Directors of BATNF:

Name	Function
J.E.P. Bollen	Director
D.P.I. Booth.....	Director
H.M.J. Lina.....	Director
N.A. Wadey.....	Director

None of the Directors listed above performs activities outside the Group which are significant with respect to the Group.

Save for D.P.I. Booth and N.A. Wadey, each of whose business address is Globe House, 4 Temple Place, London WC2R 2PG, the business address of the Directors of BATNF is Handelsweg 53A, 1181 ZA Amstelveen, The Netherlands.

Administrative, management and supervisory bodies' conflicts of interest

There are no potential conflicts of interest between any duties to BATNF of the Directors listed above and/or their private interests and other duties.

BATCAP

Incorporation and business

BATCAP was incorporated with limited liability under the laws of the State of Delaware, United States of America on 6 April 1981. BATCAP is domiciled in the State of Delaware. The registered address of BATCAP is 103 Foulk Road, Suite 120, Wilmington, Delaware 19803, United States of America. The website of BATCAP is <https://www.bat.com/>. No information on such website forms part of this Base Prospectus except as specifically incorporated by reference, see “*Documents Incorporated by Reference*”. BATCAP has an authorised and issued share capital of US\$2,000 represented by two thousand shares of US\$1 each.

Organisational structure

BATCAP is a wholly-owned indirect subsidiary of BAT and its principal function is to operate as a financing company for the Group.

BATCAP does not have any subsidiary entities.

Administrative, management and supervisory bodies of BATCAP

Directors

The following is a list of Directors of BATCAP:

Name	Function
T. Derr	Director
A. Trbonja	Director
P. McCrory	Director
B. S. Shively.....	Director
N.A. Wadey.....	Director

None of the Directors listed above performs activities outside the Group which are significant with respect to the Group.

Save for P. McCrory and N.A. Wadey, whose business address is Globe House, 4 Temple Place, London WC2R 2PG, the business address of the Directors of BATCAP is 103 Foulk Road, Suite 120, Wilmington, Delaware 19803, United States of America.

Administrative, management and supervisory bodies' conflicts of interest

There are no potential conflicts of interest between any duties to BATCAP of the Directors listed above and/or their private interests and other duties.

BAT AND THE GROUP

History and development

BAT was incorporated on 23 July 1997 under the laws of England and Wales with registration number 03407696 as a public limited company. BAT was registered as an external company in the Republic of South Africa on 13 October 2008 with the registration number 2008/023963/10 and its representative office in South Africa is located at Waterway House South, No 3 Dock Road, V&A Waterfront, Cape Town 8000, South Africa (P.O. Box 631, Cape Town 8000, South Africa). BAT is domiciled in the United Kingdom. BAT is the parent holding company for the Group. The website of BAT is <https://www.bat.com/>. No information on such website forms part of this Base Prospectus except as specifically incorporated by reference, see “*Documents Incorporated by Reference*”.

The financial information set out in the section below headed “*British American Tobacco*” has been extracted without material adjustment from the annual report and consolidated financial statements of BAT for the financial year ended 31 December 2023 prepared in accordance with IFRS as issued by the International Accounting Standards Board (“IASB”), UK-adopted international accounting standards and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. UK-adopted international accounting standards differ in certain respects from IFRS as issued by the IASB. The differences have no impact on the Group’s consolidated financial statements for the periods presented.

British American Tobacco

BAT is a leading multi-category consumer goods business that provides tobacco and nicotine products to millions of consumers around the world.

Effective 1 April 2023, the Group, excluding the Group’s associated undertakings, is organised into three regions: the United States of America (RAI); Americas and Europe (AME); and Asia-Pacific, the Middle East and Africa (APMEA).

The Group’s range of combustible products covers all segments, from value-for-money to premium, with a portfolio of international, regional and local tobacco brands to meet a broad array of adult tobacco consumer preferences wherever the Group operates.

The Group has also built a portfolio of non-combustible, smokeless tobacco and nicotine products – including vapour products, HP and modern oral products, which are collectively termed the New Categories, as well as traditional oral products.

The Group manages a globally-integrated supply chain and its products are distributed to retail outlets worldwide.

BAT’s heritage – and the foundation of its success – is in cigarettes.

However, BAT recognises the world is changing. BAT now has a clear purpose to build ‘A Better Tomorrow’™ by reducing the health impact of its business.

This entails:

- Committing to ‘Building a Smokeless World’, with 50 per cent. revenue from non-combustibles by 2035;
- Continuing to be clear that combustible cigarettes pose serious health risks, and the only way to avoid these risks is not to start or to quit;
- Encouraging those who otherwise continue to smoke, to switch completely to scientifically-substantiated, smokeless alternatives; and

- Tracking and sharing progress of BAT's transformation.

The Group's strategic portfolio of brands comprises the Group's strategic combustible brands: Dunhill, Kent, Lucky Strike, Pall Mall, Rothmans, Camel, Newport and Natural American Spirit. The strategic portfolio also includes smokeless New Category global brands: Velo (modern oral), Vuse (vapour) and glo (HP).

BAT's ambition is to continue expanding its portfolio with a wider range of enjoyable and smokeless products that allow BAT to capture the consumer moments previously associated with tobacco use, reduce harm and satisfy evolving consumer desires.

Adjusted profit from operations for 2023 increased to £12,465 million, compared with £12,408 million in 2022 at constant rates of exchange. Due to impairment charges recognised in the year of £27.6 billion, (largely in respect of the Group's US combustibles portfolio that has been classified (from 1 January 2024) as definite-lived), the Group loss for the year 2023 was £14,189 million, compared with a profit of £6,846 million in 2022 at current rates of exchange.

Restructuring and integration costs

Restructuring costs reflect the costs incurred as a result of initiatives to improve the effectiveness and the efficiency of the Group as a globally integrated enterprise. These costs represent additional expenses incurred that are not related to the normal business and day-to-day activities. These initiatives include the costs associated with Quantum, being a review of the Group's organisational structure announced in 2019 to simplify the business and create a more efficient, agile and focused company and included a review of the Group's manufacturing operations. Such restructuring programmes (related to Quantum) were substantially complete by the end of 2022.

In 2023, due to a reversal of previously recognised and unutilised provisions in respect of Quantum, the Group recognised an adjusting credit of £2 million, compared to a charge of £771 million in 2022. These related to the cost of employee packages, largely in respect of Quantum and the ongoing costs associated with initiatives to improve the effectiveness and efficiency of the Group as a globally integrated organisation.

In addition, Quantum initiatives in certain countries have resulted in the move to above market business models utilising local distributors as importers. As a consequence, with the cessation of a physical presence in these markets, foreign exchange previously recognised in other comprehensive income for these countries has been reclassified to the income statement and reported within other operating expenses.

Amortisation and impairment of trade marks and similar intangibles

Acquisitions in previous years have resulted in the capitalisation of trade marks and similar intangibles, including those which are amortised over their expected useful lives.

During 2023, the Group has observed an acceleration of the decline rates in cigarette volume in the US, after a period of instability in market trends driven by the COVID-19 pandemic. In response to these increased decline rates, the Group has revised its forecast performance for the US market, reflecting the ongoing difficult macro-economic environment, uncertainty regarding the impact of the potential menthol ban and continued drag on its legal vapour business by the illicit single-use products. Accordingly, the Group has recognised a non-cash impairment charge of £27.3 billion, of which £4.3 billion is in respect of goodwill. The balance of £23.0 billion mainly relates to the acquired US combustibles brands of Newport, Camel, Natural American Spirit and Pall Mall which are now considered to have a useful economic life not exceeding 30 years, rather than into perpetuity, aligned with the Group's strategy to 'Build a Smokeless World'. The Group will, therefore, be commencing amortisation of the US cigarette brands (previously

recognised for accounting purposes as indefinite-lived) from 1 January 2024. This non-cash charge of £1.4 billion per annum will be treated as an adjusting item.

Also in 2023, due to the ongoing difficult trading environment in South Africa and further market deterioration in Peru, the Group has impaired the goodwill associated with those businesses by £291 million and £24 million, respectively. The amortisation and impairment of the other acquired trade marks and similar intangibles are also charged to the income statement as adjusting. In 2023, the total amortisation and impairment of these other acquired trade marks and similar intangibles is £23,232 million (2022: £317 million).

Employee benefit costs

During 2022, a partial buy-out was concluded in the US resulting in a settlement gain of £16 million, which has been reported in the income statement, and recognised as an adjusting item. There was no equivalent activity in 2023. In total, approximately US\$3.5 billion (£2.7 billion) of plan liabilities have been removed from the balance sheet in the US under partial buy-outs undertaken in 2022 and 2021, as the Group seeks to de-risk the balance sheet.

Litigation costs

Litigation costs included within other operating expenses, and reported as an adjusting item, were £96 million (2022: £170 million) which in both years was mainly in respect of US litigation costs including Engle progeny.

Other charges

In 2023, the Group recognised:

- a charge of £75 million (having recognised an initial provision of £450 million in 2022) in respect of the resolution of investigations by the DOJ and OFAC into alleged historical breaches of sanctions; and
- a credit of £19 million (2022: £460 million credit), related to the calculation of VAT on social contributions in Brazil. The Group also recognised a further credit of £148 million in 2023 in respect of the calculation of excise on social contributions in Brazil.

Loss in respect of Russia and Belarus (2023)

On 11 March 2022, the Group announced the intention to transfer its Russian business in compliance with international and local laws. At that time, the Group had two subsidiaries in Russia ("BAT Russia"), being JSC British American Tobacco-SPb and JSC International Tobacco Marketing Services.

In September 2023, the Group formally entered into an agreement to sell the Group's Russian and Belarusian businesses to a consortium led by then members of BAT Russia's management team, in compliance with local and international laws. As previously announced, due to operational dependencies between BAT Russia and the Group's subsidiary in Belarus (International Tobacco Marketing Services BY) ("BAT Belarus"), the Belarusian business was included in the sale. The transaction was completed on 13 September 2023 and, since completion, the buyer consortium has wholly-owned both businesses. These businesses are now known as the "ITMS Group".

Throughout the transfer process one of the Group's key priorities was the interests of its employees in Russia and Belarus. As part of the agreement, their new employment terms will remain comparable to the employment terms provided by BAT Russia and BAT Belarus for at least two years post-completion.

In accordance with IFRS, the assets and liabilities of the subsidiaries comprising BAT Russia and BAT Belarus were classified as held-for-sale at 31 December 2022 and presented as such on the balance sheet at an estimated recoverable value. Impairment charges (and associated costs) of £612 million were recognised in 2022 (and treated as a non-cash adjusting item).

Upon completion, the businesses were deconsolidated from the Group's balance sheet. This included assets primarily composed of £177 million of property, plant and equipment and other non-current assets, £342 million of trade and other receivables, £266 million of cash and cash equivalents and £211 million of other current assets principally relating to inventories. This was offset by liabilities primarily composed of £7 million of borrowings and £219 million of trade creditors and other current liabilities, resulting in a net asset position of £770 million.

As shown in the cash flow statement, proceeds of £425 million were received in 2023, net of cash disposed of £266 million, resulting in a partial reversal of the previously recognised impairment charge of £195 million. In addition to this, £554 million of foreign exchange previously recognised in the statement of other comprehensive income has been reclassified to the income statement upon completion of the transaction, which has been treated as a non-cash adjusting item. This resulted in a net charge to the income statement of £353 million which includes disposal-related costs of £3 million and £9 million of foreign exchange gains on proceeds received.

As part of the disposal agreements, the Group holds call options to reacquire the ITMS Group entities. No value has been ascribed to these options as they cannot be sold or transferred outside the BAT Group, they expire within 2 years of the completion of the transaction, and current sanctions and countersanctions would restrict the ability of the Group to exercise these options. In addition, the Group holds options to reacquire certain trade marks and brands utilised by the ITMS Group businesses which only expire after 100 years. No value has been ascribed to these options, however, as the likelihood of exercise within the foreseeable future is remote, and assuming the higher returns that any market participant would require given the perceived risk of investing in Russia going forwards, and a consequent high discount rate, any value associated with exercising the options would be immaterial.

The transfer of the Russian and Belarusian businesses does not have a material impact on the remainder of the Group's supply chain.

To supplement the Group's results presented in accordance with IFRS, the Group's Management Board, as the chief operating decision-maker, reviews the Group's results, including volume, revenue, profit from operations and operating margin excluding certain businesses sold, held-for-sale or acquired. Although the Group does not believe that these measures are a substitute for IFRS measures, the Group does believe that such presentation of the results (excluding the impact of businesses sold or to be held-for-sale, and referred to as "on an organic basis") provides additional useful information to investors regarding the underlying performance of the business on a comparable basis and in the case of the sale of the Group's businesses in Russia and Belarus, the impact these businesses had on revenue and profit from operations. Accordingly, the organic financial measures appearing in this Base Prospectus should be read in conjunction with the Group's results as reported under IFRS.

Contingent liabilities and financial commitments

The Group is subject to contingencies pursuant to requirements that it complies with relevant laws, regulations and standards.

Failure to comply could result in restrictions in operations, damages, fines, increased tax, increased cost of compliance, interest charges, reputational damage or other sanctions. These matters are inherently difficult to quantify. In cases where the Group has an obligation as a result of a past event existing at the balance sheet date, if it is probable that an outflow of economic resources will be required to settle the obligation and if the amount of the obligation can be reliably estimated, a provision will be recognised based on best estimates and management judgement.

There are, however, contingent liabilities in respect of litigation, taxes in some countries and guarantees for which no provisions have been made.

General Litigation Overview

There are a number of legal and regulatory actions, proceedings and claims against Group companies related to tobacco and New Category products that are pending in a number of jurisdictions. These proceedings include, among other things, claims for personal injury (both individual claims and class actions) and claims for economic loss arising from the treatment of smoking- and health-related diseases (such as medical recoupment claims brought by local governments).

The plaintiffs in these cases seek recovery on a variety of legal theories, including negligence, strict liability in tort, design defect, failure to warn, fraud, misrepresentation, violations of unfair and deceptive trade practices statutes, conspiracy, public nuisance, medical monitoring and violations of competition and antitrust laws. The plaintiffs seek various forms of relief, including compensatory and, where available, punitive damages, treble or multiple damages and statutory damages and penalties, creation of medical monitoring and smoking cessation funds, disgorgement of profits, attorneys' fees, and injunctive and other equitable relief.

Although alleged damages often are not determinable from a complaint, and the law governing the pleading and calculation of damages varies from jurisdiction to jurisdiction, compensatory and punitive damages have been specifically pleaded in a number of cases, sometimes in amounts ranging into the hundreds of millions and even hundreds of billions of Sterling.

The Group has successfully managed tobacco-related litigation, and a very high percentage of the tobacco-related litigation claims brought against Group companies, including *Engle* progeny cases, continue to be dismissed at or before trial. Based on their experience in tobacco-related litigation and the strength of the defences available to them in such litigation, the Group's companies believe that their successful defence of tobacco-related litigation in the past will continue in the future.

It is the policy of the Group to defend tobacco-related litigation claims vigorously; generally, Group companies do not settle such claims. However, Group companies may enter into settlement discussions in certain cases, if they believe it is in their best interests to do so. Exceptions to this approach include, but are not limited to, actions taken pursuant to 'offer of judgment' statutes and Filter Cases, as defined below. An 'offer of judgment', if rejected by the plaintiff, preserves the Group's right to recover attorneys' fees under certain statutes in the event of a verdict favourable to the Group. Such offers are sometimes made through court-ordered mediations. Other settlements by Group companies include the State Settlement Agreements, the funding by various tobacco companies of a US\$5.2 billion (approximately £4.1 billion) trust fund contemplated by the Master Settlement Agreement ("MSA") to benefit tobacco growers, the original *Broin* flight attendant case, and most of the *Engle* progeny cases pending in US federal court, after the initial docket of over 4,000 such cases was reduced to approximately 400 cases. The Group believes that the circumstances surrounding these claims are readily distinguishable from the current categories of tobacco-related litigation claims involving Group companies.

Although the Group intends to defend all pending cases vigorously, and believes that the Group's companies have valid bases for appeals of adverse verdicts and valid defences to all actions, and that an outflow of resources related to any individual case is not considered probable, litigation is subject to many uncertainties, and, generally, it is not possible to predict the outcome of any particular litigation pending against Group companies, or to reasonably estimate the amount or range of any possible loss. Furthermore, a number of political, legislative, regulatory and other developments relating to the tobacco industry and cigarette smoking have received wide media attention. These developments may negatively affect the outcomes of tobacco-related legal actions and encourage the commencement of additional similar litigation. Therefore, the Group does not provide estimates of the financial effect of the contingent liabilities represented by such litigation, as such estimates are not practicable.

The following table lists the categories of the tobacco-related actions pending against Group companies as at 31 December 2023 and the increase or decrease from the number of cases pending against Group

companies as at 31 December 2022. Details of the quantum of past judgments awarded against Group companies, the majority of which are under appeal, are also identified along with any settlements reached during the relevant period. Given the volume and more active nature of the *Engle* progeny cases and the Filter Cases in the US described below, and the fluctuation in the number of such cases and amounts awarded from year to year, the Group presents judgment or settlement figures for these cases on a three-year basis. Where no quantum is identified, either no judgment has been awarded against a Group company, or where a verdict has been reached no quantification of damages has been given, or no settlement has been entered into. Further details on the judgments, damages quantification and settlements are included within the case narratives below. For a discussion of the non-tobacco related litigation pending against the Group, see further below.

Case Type	Case Numbers as at 31 December 2023 (Note 1)	Case Numbers as at 31 December 2022 (Note 1)	Change in Number Increase/ (decrease)
US tobacco-related actions			
Medical reimbursement cases (Note 2)....	2	2	No change
Class actions (Note 3).....	19	20	(1)
Individual smoking and health cases (Note 4)	202	206	(4)
<i>Engle</i> Progeny Cases (Note 5)	305	665	(360)
<i>Broin II</i> Cases (Note 6).....	1,171	1,183	(12)
Filter Cases (Note 7).....	35	46	(11)
State Settlement Agreements – Enforcement and Validity (Note 8)	4	1	3
Non-US tobacco-related actions			
Medical reimbursement cases.....	18	18	No change
Class actions (Note 9).....	12	12	No change
Individual smoking and health cases (Note 10)	54	51	3

(Note 1) This includes cases to which the RAI group companies were a party at such date.

(Note 2) This category of cases includes the DOJ action (see below).

(Note 3) See below.

(Note 4) See below.

(Note 5) See below.

(Note 6) See below.

(Note 7) See below.

(Note 8) See below.

(Note 9) Outside the United States, there were 12 class actions being brought against Group companies as at 31 December 2023. These include class actions in the following jurisdictions: Canada (11) and Venezuela (one). For a description of the Group companies' non-US class actions, see below. For a description of the Quebec Class Actions, see below. All of the class actions in Canada are currently stayed pursuant to a court order (see below).

(Note 10) As at 31 December 2023, the jurisdictions with the most active individual cases against Group companies were, in descending order: Chile (17), Brazil (15), Italy (eight), Canada (five), Argentina (five) and Ireland (two). There were a further two jurisdictions with one active case only. For further information, see below.

Certain terms and phrases used in this section may require some explanation.

- (i) “Judgment” or “final judgment” refers to the final decision of the court resolving the dispute and determining the rights and obligations of the parties. At the trial court level, for example, a final judgment generally is entered by the court after a jury verdict and after post-verdict motions have been decided. In most cases, the losing party can appeal a verdict only after a final judgment has been entered by the trial court.
- (ii) “Damages” refers to the amount of money sought by a plaintiff in a complaint, or awarded to a party by a jury or, in some cases, by a judge. “Compensatory damages” are awarded to compensate the prevailing party for actual losses suffered, if liability is proved. In cases in which there is a finding that a defendant has acted wilfully, maliciously or fraudulently, generally based on a higher burden of proof than is required for a finding of liability for compensatory damages, a plaintiff also may be awarded “punitive damages”. Although damages may be awarded at the trial court stage, a losing party may be protected from paying any damages until all appellate avenues have been exhausted by posting a supersedeas bond. The amount of such a bond is governed by the law of the relevant jurisdiction and generally is set at the amount of damages plus some measure of statutory interest, modified at the discretion of the appropriate court or subject to limits set by a court or statute.
- (iii) “Settlement” refers to certain types of cases in which cigarette manufacturers, including RJRT, Brown & Williamson Tobacco Corporation (now known as Brown & Williamson Holdings, Inc.) (“B&W”), and Lorillard Tobacco Company (“Lorillard Tobacco”), have agreed to resolve disputes with certain plaintiffs without resolving the cases through trial.
- (iv) All sums set out in this section have been converted to GBP and US\$ using the following end closing rates applicable for 31 December 2023, which differ from the rates at the time any related provision was recorded on the balance sheet: GBP 1 to US\$ 1.2748, GBP 1 to CAD\$ 1.6810, GBP 1 to EGP (Egyptian Pound) 39.4232, GBP 1 to EUR 1.1540, GBP 1 to BRL 6.1925 (Brazilian Real), GBP 1 to AOA 1,072.9660 (Angolan Kwanza), GBP 1 to ARS 1,030.6707 (Argentine Peso), GBP 1 to MZN 81.4087 (Mozambican Metical), GBP 1 to ₦ 1,144.1330 (Nigerian Naira), GBP 1 to KRW 1,641.8100 (South Korean Won), GBP 1 to HRK 8.6950 (Croatian Kuna), GBP 1 to JPY 179.7213 (Japanese Yen), GBP 1 to SAR 4.7805 (Saudi Riyal), and GBP 1 to TRY 37.6499 (Turkish Lira). In addition, due to the adoption of the euro by the Croatian State, the European Central Bank has set a conversion rate of EUR to HRK on 1 January 2023 as EUR 1 to HRK 7.5345 (Croatian Kuna).

US Tobacco Litigation

Group companies, notably RJRT (individually and as successor by merger to Lorillard Tobacco) and B&W as well as other leading cigarette manufacturers, are defendants in a number of product liability cases. In a number of these cases, the amounts of compensatory and punitive damages sought are significant.

The total number of US tobacco product liability cases pending as at 31 December 2023 involving RJRT, B&W and/or Lorillard Tobacco was approximately 1,748.

Since many of these pending cases seek unspecified damages, it is not possible to quantify the total amounts being claimed, but the aggregate amounts involved in such litigation are significant, possibly totalling billions of US dollars. The cases fall into four broad categories: medical reimbursement cases; class actions; individual cases; and other claims.

RJRT (individually and as successor by merger to Lorillard Tobacco), American Snuff Company, LLC (“American Snuff Co.”), Santa Fe Natural Tobacco Company, Inc. (“SFNTC”), R.J. Reynolds Vapor

Company (“RJR Vapor”), RAI, Lorillard Inc., other RAI affiliates and indemnitees, including but not limited to B&W (collectively, the “Reynolds Defendants”), believe that they have valid defences to the tobacco-related litigation claims against them, as well as valid bases for appeal of adverse verdicts against them. The Reynolds Defendants have, through their counsel, filed pleadings and memoranda in pending tobacco-related litigation that set forth and discuss a number of grounds and defences that they and their counsel believe have a valid basis in law and fact.

Scheduled trials. Trial schedules are subject to change, and many cases are dismissed before trial. In the US, there are 44 cases, exclusive of *Engle* progeny cases, scheduled for trial as at 31 December 2023 through 31 December 2024, for the Reynolds Defendants: 33 individual smoking and health cases, nine Filter Cases, one class action case and one other case. There are also approximately 28 *Engle* progeny cases against RJRT (individually and as successor to Lorillard Tobacco) and B&W scheduled for trial through 31 December 2024. It is not known how many of these cases will actually be tried.

Trial results. From 1 January 2021 through 31 December 2023, 58 trials occurred in individual smoking and health, *Engle* progeny, and patent cases in which the Reynolds Defendants were defendants, including 11 where mistrials were declared. Verdicts in favour of the Reynolds Defendants and, in some cases, other defendants, were returned in 15 cases, tried in Florida (eight), Oregon (one), Massachusetts (four), Illinois (one) and District of Columbia (one). Verdicts in favour of the plaintiffs were returned in 32 cases, tried in Florida (23), Massachusetts (three), New Mexico (two), Oregon (two), Virginia (one) and North Carolina (one). Two of the cases (in Florida) were dismissed during trial. One of the cases (in Florida) was a punitive damages re-trial that was retried twice (the first retrial resulted in a plaintiff verdict; the second retrial resulted in a defence verdict).

(a) Medical Reimbursement Cases

These civil actions seek to recover amounts spent by government entities and other third-party providers on healthcare and welfare costs claimed to result from illnesses associated with smoking.

As at 31 December 2023, one US medical reimbursement suit (*Crow Creek Sioux Tribe v. American Tobacco Co.*, filed in 1997) was pending against RJRT, B&W and Lorillard Tobacco in a Native American tribal court in South Dakota. The plaintiffs seek to recover actual and punitive damages, restitution, funding of a clinical cessation programme, funding of a corrective public education programme, and disgorgement of unjust profits from sales to minors. There has been no recent activity in this case, and no other medical reimbursement suits are pending against these companies by county or other political subdivisions of the states.

US Department of Justice Action

On 22 September 1999, the DOJ brought an action in the US District Court for the District of Columbia against various industry members, including RJRT, B&W, Lorillard Tobacco, B.A.T Industries p.l.c. (“Industries”) and Investments (*United States v. Philip Morris USA Inc.*). The DOJ initially sought (i) recovery of certain federal funds expended in providing health care to smokers who developed alleged smoking-related diseases and (ii) equitable relief under the civil provisions of the Racketeer Influenced and Corrupt Organizations Act (“RICO”), including (a) disgorgement of roughly US\$280 billion (approximately £219.6 billion) in profits allegedly earned from a purported racketeering ‘enterprise’ - a remedy the US Court of Appeals for the DC Circuit (the “DC Circuit”) ruled in February 2005 was not available and (b) certain ‘corrective communications’. In September 2000, the district court dismissed Industries for lack of personal jurisdiction and dismissed the health care cost recovery claims.

After a roughly nine-month non-jury trial of the remaining RICO claims, the district court issued its Final Judgment and Remedial Order (the “Remedial Order”) on 17 August 2006. That order found certain defendants, including RJRT, B&W, Lorillard Tobacco and Investments, had violated RICO, imposed financial penalties and enjoined the defendants from committing future racketeering acts, participating in certain trade organisations, making misrepresentations concerning smoking and health and youth

marketing, and using certain brand descriptors such as 'low tar', 'light', 'ultra-light', 'mild' and 'natural'. The Remedial Order also required the defendants to issue 'corrective communications' on five subjects, including smoking and health and addiction, and to comply with further undertakings, including maintaining websites of historical corporate documents and disseminating certain marketing information on a confidential basis to the government. In addition, the district court placed restrictions on the defendants' ability to dispose of certain assets for use in the United States, unless the transferee agrees to abide by the terms of the district court's order.

The parties appealed and cross-appealed and, on 22 May 2009, the DC Circuit affirmed the district court's RICO liability judgment but vacated the Remedial Order in part and remanded for further factual findings and clarification as to whether liability should be imposed against B&W, based on changes in the nature of B&W's business operations (including the extent of B&W's control over tobacco operations). The DC Circuit also remanded three other discrete issues relating to the injunctive remedies, including for the district court 'to reformulate' the injunction on the use of low-tar descriptors 'to exempt foreign activities that have no substantial, direct, and foreseeable domestic effects,' and for the district court to evaluate whether corrective communications could be required at point-of-sale displays (which requirement the DC Circuit vacated). On 28 June 2010, the US Supreme Court denied the parties' petitions for further review.

On 22 December 2010, the district court dismissed B&W from the litigation. Due to intervening changes in controlling law, on 28 March 2011, the district court ruled that the Remedial Order no longer applied to Investments prospectively, and for this reason, Investments would not have to comply with any of the remaining injunctive remedies. In November 2012, the district court entered an order setting forth the text of the corrective statements and directed the parties to engage in discussions with the Special Master to implement them. After various proceedings and appeals, the district court in October 2017 ordered RJRT and the other US tobacco company defendants to fund the publication of compelled public statements in various US media outlets, including in newspapers, on television, on the companies' websites, and in inserts on cigarette packaging. The compelled public statements in newspapers and on television were completed in 2018 and in package inserts in mid-2020. The compelled public statements now also appear on RJRT websites. The final issue regarding corrective statements was their display at retail point of sale. On 6 December 2022, the district court entered a consent order requiring the tobacco company defendants to have the compelled public statements posted at retail point of sale. Installation of the statements began in July 2023, and the statements will remain in stores through June 2025.

(b) Class Actions

As at 31 December 2023, RJRT, B&W and Lorillard Tobacco were named as defendants in one action asserting claims on behalf of putative classes of persons allegedly injured or financially impacted by their smoking, and RAI, RJRT, and SFNTC (a subsidiary of RAI) were named in 17 putative class actions relating to the use of the words 'natural', '100 per cent. additive-free' or 'organic' in Natural American Spirit brand advertising and promotional materials. If the classes are or remain certified, separate trials may be needed to assess individual plaintiffs' damages. Among the pending class actions, 16 specified the amount of the claim in the complaint and alleged that the plaintiffs were seeking in excess of US\$5 million (approximately £3.9 million) and one alleged that the plaintiffs were seeking less than US\$75,000 (approximately £58,823) per class member plus unspecified punitive damages.

No Additive/Natural/Organic Claim Cases

A total of 17 pending putative class actions were filed in nine US federal district courts against RAI, RJRT, and SFNTC, which cases generally allege, in various combinations, violations of state deceptive and unfair trade practice statutes, and claim state common law fraud, negligent misrepresentation, and unjust enrichment based on the use of descriptors such as 'natural', 'organic' and '100 per cent. additive-free' in the marketing, labelling, advertising, and promotion of SFNTC's Natural American Spirit brand cigarettes. In these actions, the plaintiffs allege that the use of these terms suggests that Natural American Spirit brand cigarettes are less harmful than other cigarettes and, for that reason, violated state consumer

protection statutes or amounted to fraud or a negligent or intentional misrepresentation. The actions seek various categories of recovery, including economic damages, injunctive relief (including medical monitoring and cessation programmes), interest, restitution, disgorgement, treble and punitive damages, and attorneys' fees and costs. In April 2016, the US Judicial Panel on Multidistrict Litigation (JPML) consolidated the 16 cases pending at that time for pre-trial purposes before a federal district court in New Mexico, and a later-filed case was transferred there for pre-trial purposes in 2018. On 21 December 2017, that court granted the defendants' motion to dismiss in part, dismissing a number of claims with prejudice, and denied it in part. The district court conducted a five-day hearing on the motion for class certification and on the motion challenging the admissibility of expert opinion testimony in December 2020. On 1 September 2023, the district court entered an order certifying a subset of the plaintiffs' proposed classes covering purchasers of Natural American Spirit menthol cigarettes in six states and declining to certify the other proposed classes. The defendants and plaintiffs both appealed from that order to the US Court of Appeals for the Tenth Circuit. Briefing in that court is scheduled to be completed in July 2024.

Other Putative Class Actions

Young v. American Tobacco Co. is a putative class action filed in November 1997 in the Circuit Court, Orleans Parish, Louisiana against various US cigarette manufacturers, including RJRT, B&W, Lorillard Tobacco and certain parent companies. This action was brought on behalf of a putative class of Louisiana residents who, though not themselves cigarette smokers, have been exposed to second-hand smoke from cigarettes manufactured by the defendants, and who allegedly suffered injury as a result of that exposure. The action seeks an unspecified amount of compensatory and punitive damages. In March 2016, the court entered an order staying the case, including all discovery, pending the completion of an ongoing smoking cessation programme ordered by the court in a now-concluded Louisiana state court certified class action, *Scott v. American Tobacco Co.*

Engle Class Action and Engle Progeny Cases (Florida)

In July 1998, trial began in *Engle v. R.J. Reynolds Tobacco Co.*, a then-certified class action filed in Circuit Court, Miami-Dade County, Florida, against US cigarette manufacturers, including RJRT, B&W, Lorillard Tobacco and Lorillard Inc. The then-certified class consisted of Florida citizens and residents, and their survivors, who suffered from smoking-related diseases that first manifested between 5 May 1990 and 21 November 1996, and were caused by an addiction to cigarettes. In July 1999, the jury in this Phase I found against RJRT, B&W, Lorillard Tobacco, Lorillard Inc. and the other defendants on common issues relating to the defendants' conduct, general causation, the addictiveness of cigarettes, and entitlement to punitive damages.

In July 2000, the jury in Phase II awarded the class a total of approximately US\$145 billion (approximately £113.7 billion) in punitive damages, apportioned US\$36.3 billion (approximately £28.5 billion) to RJRT, US\$17.6 billion (approximately £13.8 billion) to B&W, and US\$16.3 billion (approximately £12.8 billion) to Lorillard Tobacco and Lorillard Inc. The three class representatives in the *Engle* class action were awarded US\$13 million (approximately £10.2 million) in compensatory damages.

This decision was appealed and ultimately resulted in the Florida Supreme Court in December 2006 decertifying the class and allowing judgments entered for only two of the three *Engle* class representatives to stand and setting aside the punitive damages award. The court preserved certain of the jury's Phase I findings, including that cigarettes can cause certain diseases, nicotine is addictive, and defendants placed defective cigarettes on the market, breached duties of care, concealed health-related information and conspired. Putative *Engle* class members were permitted to file individual lawsuits, deemed '*Engle* progeny cases', against the *Engle* defendants, within one year of the Supreme Court's decision (subsequently extended to 11 January 2008).

During 2015, RJRT and Lorillard Tobacco, together with Philip Morris USA Inc. ("PM USA"), settled virtually all of the *Engle* progeny cases then pending against them in federal district court. The total amount of the

settlement was US\$100 million (approximately £78.4 million) divided as follows: RJRT US\$42.5 million (approximately £33.3 million); PM USA US\$42.5 million (approximately £33.3 million); and Lorillard Tobacco US\$15 million (approximately £11.8 million). The settlement covered more than 400 federal *Engle* progeny cases but did not cover 12 federal progeny cases previously tried to verdict and then pending on post-trial motions or appeal, and two federal progeny cases filed by different lawyers from the ones who negotiated the settlement for the plaintiffs.

As at 31 December 2023, there were approximately 305 *Engle* progeny cases pending in which RJRT, B&W and/or Lorillard Tobacco have all been named as defendants and served. These cases include claims by or on behalf of 380 plaintiffs. In addition, as at 31 December 2023, RJRT was aware of five additional *Engle* progeny cases that have been filed but not served. The number of pending cases fluctuates for a variety of reasons, including voluntary and involuntary dismissals. Voluntary dismissals include cases in which a plaintiff accepts an 'offer of judgment' from RJRT and/or RJRT's affiliates and indemnitees. An offer of judgment, if rejected by the plaintiff, preserves the offering party's right to seek attorneys' fees under Florida law in the event of a favourable verdict. Such offers are sometimes made through court-ordered mediations.

35 trials occurred in *Engle* progeny cases in Florida state and federal courts against RJRT, B&W and/or Lorillard Tobacco from 1 January 2021 through 31 December 2023, and additional state court trials are scheduled for 2024.

The following chart identifies the number of trials in *Engle* progeny cases as at 31 December 2023 and additional information about the adverse judgments entered:

Trials/verdicts/judgments of individual *Engle* progeny cases from 1 January 2021 through 31 December 2023:

Total number of trials	35
Number of trials resulting in plaintiffs' verdicts	20*
Total damages awarded in final judgments against RJRT	US\$81,492,000 (approximately £64 million)
Amount of overall damages comprising 'compensatory damages' (approximately)	US\$58,427,000 (of overall US\$81,492,000) (approximately £46 million of £64 million)
Amount of overall damages comprising 'punitive damages' (approximately)	US\$23,065,000 (of overall US\$81,492,000) (approximately £18 million of £64 million)

Note:

** Of the 20 trials resulting in plaintiffs' verdicts 1 January 2021 to 31 December 2023 (Note 11):

Number of adverse judgments appealed by RJRT (Note 12)	14
Number of adverse judgments, in which RJRT still has time to file an appeal	0
Number of adverse judgments in which an appeal was not, and can no longer be, sought	6

(Note 11) The 35 trials include two cases that were tried twice (*Rutkowski v. R.J. Reynolds Tobacco Co. and Miller v R.J. Reynolds Tobacco Co.*). In each case, the first trial resulted in mistrial, while the second resulted in a verdict for the plaintiff. The 35 trials also include one trial that resulted in a plaintiff verdict,

and a new trial was ordered, but the case was resolved and later dismissed (*Leidinger v. R.J. Reynolds Tobacco Co.*), and two punitive damages retrials for the same case (*Ledo v R.J. Reynolds Tobacco Co.*).

(Note 12) Of the 14 adverse verdicts appealed by RJRT as a result of judgments arising in the period 1 January 2021 to 31 December 2023:

- (a) six appeals remain undecided in the District Courts of Appeal;
- (b) two judgments were affirmed and paid;
- (c) one judgment was reversed and remanded for new trial on the plaintiff's entitlement to punitive damages;
- (d) one judgment was affirmed and review of the Florida Supreme Court not sought; and
- (e) there were four appeals in which the cases were resolved and the appeals dismissed.

By statute, Florida applies a US\$200 million (approximately £156.9 million) bond cap to all *Engle* progeny cases in the aggregate. Individual bond caps for any given *Engle* progeny case vary depending on the number of judgments in effect at a given time. Judicial attempts by several plaintiffs in the *Engle* progeny cases to challenge the bond cap as violating the Florida Constitution have failed. In addition, bills have been introduced in sessions of the Florida legislature that would eliminate the *Engle* progeny bond cap, but those bills have not been enacted as at 31 December 2023.

In 2023, RJRT paid judgments in eight *Engle* progeny cases. Those payments totalled approximately US\$38.5 million (approximately £30.2 million) in compensatory or punitive damages. Additional costs were paid in respect of attorneys' fees and statutory interest.

In addition, accruals for damages and attorneys' fees and statutory interest for three cases (*Konzelman v. R.J. Reynolds Tobacco Co.*, *Blackwood v. R.J. Reynolds Tobacco Co.* and *Spurlock v. R.J. Reynolds Tobacco Co.*), four resolution bundles and interest and attorneys' fees in the *John Long v. R.J. Reynolds Tobacco Co.* case were recorded in RAI's consolidated balance sheet as at 31 December 2023 to the value of approximately US\$22.9 million (approximately £18.0 million).

(c) Individual Cases

As at 31 December 2023, 202 individual cases were pending in the United States against RJRT, B&W and/or Lorillard Tobacco. This category of cases includes smoking and health cases alleging personal injuries caused by tobacco use or exposure brought by or on behalf of individual plaintiffs based on theories of negligence, strict liability in tort, design defect, failure to warn, fraud, misrepresentation, breach of express or implied warranty, violations of state deceptive trade practices or consumer protection statutes, and conspiracy. The plaintiffs seek to recover compensatory damages, attorneys' fees and costs, and punitive damages. The category does not include the *Engle* progeny cases, *Broin II* cases, and Filter Cases discussed above and below. Two of the individual cases are brought by or on behalf of an individual or his/her survivors alleging personal injury as a result of exposure to Environmental Tobacco Smoke ("ETS").

The following chart identifies the number of individual cases pending as at 31 December 2023 as against the number pending as at 31 December 2022, along with the number of *Engle* progeny cases, *Broin II* cases, and Filter Cases, which are discussed further below.

Case Type	US Case Numbers 31 December 2023	US Case Numbers 31 December 2022	Change in Number Increase/(Decrease)
Individual Smoking and Health Cases (Note 13)	202	206	(4)

Case Type	US Case Numbers 31 December 2023	US Case Numbers 31 December 2022	Change in Number Increase/(Decrease)
<i>Engle</i> Progeny Cases (Number of Plaintiffs) (Note 14)	305 (380)	665 (838)	(360) (458)
<i>Broin II</i> Cases (Note 15)	1,171	1,183	(12)
Filter Cases (Note 16)	35	46	(11)

(Note 13) Out of the 202 pending individual smoking and health cases, five have received adverse verdicts or judgments in the court of first instance or on appeal, and the total amount of those verdicts or judgments is approximately US\$248.7 million (approximately £195.1 million), of which US\$200 million (approximately £157 million) is the result of the jury's verdict in the *Treniece Jones v. R.J. Reynolds Tobacco Co* case, from which RJRT will have the right to appeal following post-trial motions.

(Note 14) The number of *Engle* progeny cases will fluctuate as cases are dismissed or if any of the dismissed cases are appealed. Please see earlier table above.

(Note 15) *Broin v. Philip Morris, Inc.* was a class action filed in Circuit Court in Miami-Dade County, Florida in 1991 and brought on behalf of flight attendants alleged to have suffered from diseases or ailments caused by exposure to ETS in airplane cabins. In October 1997, RJRT, B&W, Lorillard Tobacco and other cigarette manufacturer defendants settled *Broin*, agreeing to pay a total of US\$300 million (approximately £235 million) in three annual US\$100 million (approximately £78.4 million) instalments, allocated among the companies by market share, to fund research on the early detection and cure of diseases associated with tobacco smoke. It also required those companies to pay a total of US\$49 million (approximately £38.4 million) for the plaintiffs' counsel's fees and expenses. RJRT's portion of these payments was approximately US\$86 million (approximately £67.5 million); B&W's was approximately US\$57 million (approximately £44.7 million); and Lorillard Tobacco's was approximately US\$31 million (approximately £24.3 million). The settlement agreement, among other things, limits the types of claims class members may bring and eliminates claims for punitive damages. The settlement agreement also provides that, in individual cases by class members that are referred to as *Broin II* lawsuits, the defendants will bear the burden of proof with respect to whether ETS can cause certain specifically enumerated diseases, referred to as 'general causation'. With respect to all other liability issues, including whether an individual plaintiff's disease was caused by his or her exposure to ETS in airplane cabins, referred to as 'specific causation', individual plaintiffs will bear the burden of proof. On 7 September 1999, the Florida Supreme Court approved the settlement. There have been no *Broin II* trials since 2007. There have been periodic efforts to activate cases and the Group expects this to continue over time.

(Note 16) Includes claims brought against Lorillard Tobacco and Lorillard Inc. by individuals who seek damages resulting from their alleged exposure to asbestos fibres that were incorporated into filter material used in one brand of cigarettes manufactured by a predecessor to Lorillard Tobacco for a limited period of time ending more than 60 years ago. Pursuant to a 1952 agreement between P. Lorillard Company and H&V Specialties Co., Inc. (the manufacturer of the filter material), Lorillard Tobacco is required to indemnify Hollingsworth & Vose for legal fees, expenses, judgments and resolutions in cases and claims alleging injury from finished products sold by P. Lorillard Company that contained the filter material. As at 31 December 2023, Lorillard Tobacco and/or Lorillard Inc. was a defendant in 35 Filter Cases. Since 1 January 2021, Lorillard Tobacco and RJRT have paid, or have reached agreement to pay, a total of approximately US\$21.5 million (approximately £17 million) in settlements to resolve 88 Filter Cases.

(d) State Settlement Agreements

In November 1998, the major US cigarette manufacturers, including RJRT, B&W and Lorillard Tobacco, entered into the MSA with attorneys general representing 46 US states, the District of Columbia and certain US territories and possessions. These cigarette manufacturers previously settled four other cases, brought on behalf of Mississippi, Florida, Texas and Minnesota, by separate agreements with each state (collectively and with the MSA, the “State Settlement Agreements”).

These State Settlement Agreements settled all health care cost recovery actions brought by, or on behalf of, the settling jurisdictions; released the defending major US cigarette manufacturers from various additional present and potential future claims; imposed future payment obligations in perpetuity on RJRT, B&W, Lorillard Tobacco and other major US cigarette manufacturers; and placed significant restrictions on their ability to market and sell cigarettes and smokeless tobacco products. In accordance with the MSA, various tobacco companies agreed to fund a US\$5.2 billion (approximately £4.1 billion) trust fund to be used to address the possible adverse economic impact of the MSA on tobacco growers.

RJRT and SFNTC are subject to the substantial payment obligations under the State Settlement Agreements. Payments under the State Settlement Agreements are subject to various adjustments for, among other things, the volume of cigarettes sold, relative market share, operating profit and inflation. RAI's operating subsidiaries' expenses and payments under the State Settlement Agreements for 2020, 2021, 2022, 2023 and the projected expenses and payments for 2024 and onwards are set forth below (in millions of US dollars)*:

	2020	2021	2022	2023	2024	2025 and thereafter
Settlement expenses	\$3,572	\$3,420	\$2,951	\$2,516		
Settlement cash payments	\$2,848	\$3,744	\$3,129	\$2,874		
Projected settlement expenses					>\$2,100	>\$2,100
Projected settlement cash payments ..					>\$2,500	>\$2,100

Note:

* Subject to adjustments for changes in sales volume, inflation, operating profit and other factors. Payments are allocated among the companies on the basis of relative market share or other methods.

The State Settlement Agreements have materially adversely affected RJRT's shipment volumes. RAI believes that these settlement obligations may materially adversely affect the results of operations, cash flows or financial position of RAI and RJRT in future periods. The degree of the adverse impact will depend, among other things, on the rate of decline in US cigarette sales in the premium and value categories, RJRT's share of the domestic premium and value cigarette categories, and the effect of any resulting cost advantage of manufacturers not subject to the State Settlement Agreements.

In addition, the MSA includes an adjustment that potentially reduces the annual payment obligations of RJRT, Lorillard Tobacco and the other signatories to the MSA, known as “Participating Manufacturers” (“PMs”). Certain requirements, collectively referred to as the “Adjustment Requirements”, must be satisfied before the NPMs (as defined below) Adjustment for a given year is available: (i) an independent auditor must determine that the PMs have experienced a market share loss, beyond a triggering threshold, to those manufacturers that do not participate in the MSA (such non-participating manufacturers being referred to as “NPMs”); and (ii) in a binding arbitration proceeding, a firm of independent economic consultants must find that the disadvantages of the MSA were a significant factor contributing to the loss of market share. This finding is known as a significant factor determination.

When the Adjustment Requirements are satisfied, the MSA provides that the NPM Adjustment applies to reduce the annual payment obligation of the PMs. However, an individual settling state may avoid its share of the NPM Adjustment if it had in place and diligently enforced during the entirety of the relevant year a 'Qualifying Statute' that imposes escrow obligations on NPMs that are comparable to what the NPMs would have owed if they had joined the MSA. In such event, the state's share of the NPM Adjustment is reallocated to other settling states, if any, that did not have in place and diligently enforce a Qualifying Statute.

RJRT, Lorillard Tobacco and SFNTC are or were involved in the NPM Adjustment proceedings concerning the years 2003 to 2020. In 2012, RJRT, Lorillard Tobacco, and SFNTC entered into an agreement (the "Term Sheet") with certain settling states that resolved accrued and future NPM adjustments. After an arbitration panel ruled in September 2013 that six states had not diligently enforced their qualifying statutes in the year 2003, additional states joined the Term Sheet. RJRT executed the NPM Adjustment Settlement Agreement on 25 September 2017 (which incorporated the Term Sheet). Since the NPM Adjustment Settlement Agreement was executed, an additional 12 states have joined. The arbitration panels ruled in September 2021 that two states had not diligently enforced their qualifying statutes in the year 2004. In September 2022, a panel ruled that an additional state, New Mexico, had not diligently enforced its qualifying statute in the year 2004. On 30 August 2023, the New Mexico District Court vacated this decision. A notice of appeal was filed on 27 September 2023. In December 2023, a panel ruled that an additional state had not diligently enforced its qualifying statute in the years 2005, 2006 and 2007. NPM proceedings are ongoing and could result in further reductions of the companies' MSA-related payments.

On 18 January 2017, the State of Florida filed a motion to join Imperial Tobacco Group, PLC ("ITG") as a defendant and to enforce the Florida State Settlement Agreement, which motion sought payment under the Florida State Settlement Agreement of approximately US\$45 million (approximately £35.3 million) with respect to the four brands (Winston, Salem, Kool and Maverick) that were sold to ITG in the divestiture of certain assets, on 12 June 2015, by subsidiaries or affiliates of RAI and Lorillard, to a wholly-owned subsidiary of Imperial Brands plc (the "Divestiture"), referred to as the "Acquired Brands". The motion also claimed future annual losses of approximately US\$30 million per year (approximately £23.5 million) absent the court's enforcement of the Florida State Settlement Agreement. The State's motion sought, among other things, an order declaring that RJRT and ITG are in breach of the Florida Settlement Agreement and are required, jointly and severally, to make annual payments to the State under the Florida State Settlement Agreement with respect to the Acquired Brands. By an order dated 30 March 2017, ITG was joined into the enforcement action. In addition, on 18 January 2017, PM USA filed a motion to enforce the Florida State Settlement Agreement asserting, among other things, that RJRT and ITG breached that agreement by failing to make settlement payments as to the Acquired Brands, which PM USA asserts improperly shifted settlement payment obligations to PM USA.

After a bench trial, on 27 December 2017 the court entered an order holding RJRT (not ITG) liable for annual settlement payments for the Acquired Brands, finding that ITG did not assume liability for annual settlement payments related to the Acquired Brands under the terms of the asset purchase agreement relating to the Divestiture. The court declined to enter final judgment until after resolution of the dispute between RJRT and PM USA regarding PM USA's assertion that the settlement payment obligations have been improperly shifted to PM USA. On 15 August 2018, the court entered a final judgment in the action (the "Final Judgment"). As a result of the Final Judgment, PM USA's challenge to RJRT's accounting assumptions related to the Acquired Brands was rendered moot, subject to reinstatement if ITG joins the Florida State Settlement Agreement or if the Final Judgment is reversed. On 29 August 2018, RJRT filed a notice of appeal on the Final Judgment. On 7 September 2018, PM USA filed a notice of appeal with respect to the court's ruling as to ITG. These appeals were consolidated pursuant to RJRT's motion on 1 October 2018. On 29 July 2020, Florida's Fourth District Court of Appeal affirmed the Final Judgment. On 12 August 2020, RJRT filed a motion for rehearing or for certification to the Florida Supreme Court of the 29 July 2020 decision. RJRT posted a total bond in the amount of US\$187.8 million (approximately £147.3

million) for its appeal. RJRT's motion for rehearing or certification to the Florida Supreme Court was denied on 18 September 2020 and its motion for review was denied by the Florida Supreme Court on 18 December 2020. On 5 October 2020, RJRT satisfied the Final Judgment (approximately US\$193 million (approximately £151 million) and paid approximately US\$3.2 million (approximately £2.5 million) of Florida's attorneys' fees. RJRT's appellate bonds were released to RJRT by an order dated 5 November 2020. As explained below, RJRT has secured an order in the Delaware action requiring ITG to indemnify it for amounts paid under the Final Judgment.

On 17 February 2017, ITG filed an action in the Delaware Court of Chancery seeking declaratory relief against RAI and RJRT on various matters related to its rights and obligations under the asset purchase agreement (and related documents) relating to the Divestiture with respect to the subject of the Florida enforcement litigation described above. RAI and RJRT filed counterclaims on the same issues. As a result of multiple rounds of cross-motions for judgment on the pleadings, the Delaware court ruled (1) that ITG's obligation to use its reasonable best efforts to join the Florida Settlement Agreement did not terminate due to the closing of the asset purchase agreement relating to the Divestiture; (2) that the asset purchase agreement does not entitle ITG to a unique protection from an equity-fee law that does not yet exist in a previously settled State; and (3) that it would defer until after it received evidence related to the parties' intent in the asset purchase agreement, its determination of whether, to the extent RJRT is held liable for any settlement payments based on ITG's post-closing sales of the Acquired Brands, ITG assumed this liability. After discovery was completed in March 2022, the parties briefed cross-motions for summary judgment on that third issue. On 30 September 2022, the court granted summary judgment for RAI and RJRT, holding that ITG assumed the liability that the Final Judgment imposed on RJRT for settlement payments to the State of Florida based on ITG's post-closing sales of the Acquired Brands. The parties then engaged in a second round of summary judgment briefing on the amount of indemnifiable damages. On 2 October 2023, the court partially granted summary judgment for RAI and RJRT, holding that they are entitled to indemnification of the principal amounts that RJRT paid to Florida and the interest it paid to Florida on those payments. The court deferred to trial the question whether ITG's indemnification obligation should be reduced to account for how net operating profit adjustment payments would have been allocated if ITG had joined the Florida Settlement Agreement. Trial is scheduled for 8-9 July 2024. ITG has agreed, subsequent to the Chancery Court's decision on past payments, that it will indemnify every settlement payment that RJRT makes in the future to Florida based on ITG's sales of Acquired Brands cigarettes (subject to the issues reserved for trial and to its right to appeal).

In June 2015, ITG joined the Mississippi State Settlement Agreement. On 26 December 2018, PM USA filed a motion to enforce the settlement agreement against RJRT and ITG alleging RJRT and ITG failed to act in good faith in calculating the base year net operating profits for the Acquired Brands, claiming damages of approximately US\$6 million (approximately £4.7 million) through 2017. On 21 February 2019, the Chancery Court of Jackson County, Mississippi held a scheduling conference and issued a discovery schedule order. A hearing on PM USA's motion to enforce, originally scheduled for 3-6 May 2021, was adjourned on consent of the parties to 11-12 August 2021. On 8 June 2021, PM USA and RJRT entered into a settlement agreement resolving the outstanding payment calculation issues. On 11 June 2021, the Mississippi Chancery Court entered an order withdrawing PM USA's motion to enforce. On 14 June 2021, RJRT made a payment of US\$5.1 million (approximately £4.0 million) to PM USA. On 3 December 2019, the State of Mississippi filed a notice of violation and motion to enforce the settlement agreement in the Chancery Court of Jackson County, Mississippi against RJRT, PM USA and ITG, seeking a declaration that the base year 1997 net operating profit to be used in calculating the net operating profit adjustment was not affected by the change in the federal corporate tax rate in 2018 from 35 per cent. to 21 per cent., and an order requiring RJRT to pay the approximately US\$5 million (approximately £3.9 million) difference in its 2018 payment because of this issue. Determination of this issue may affect RJRT's annual payment thereafter. A hearing on Mississippi's motion to enforce occurred on 6-7 October 2021. On 10 June 2022, the Mississippi Chancery Court granted the State's motion to enforce, finding that the base year 1997 net operating profit to be used in calculating the net operating profit adjustment was not affected by the change

in the federal corporate tax rate in 2018. RJRT will appeal the motion to enforce. On 29 July 2022, the parties each submitted a supplemental briefing on damages, including interest and attorneys' fees. A hearing on damages, originally scheduled for 7 December 2022, took place on 14 March 2023; a decision is pending.

In January 2021, RJRT reached an agreement with several MSA states to waive RJRT's claims under the MSA in connection with a settlement between those MSA states and a NPM, S&M Brands, Inc. ("S&M Brands"), under which the states released certain claims against S&M Brands in exchange for receiving a portion of the funds S&M Brands had deposited into escrow accounts in those states pursuant to the states' escrow statutes. In consideration for waiving claims, RJRT, together with SFNTC, received approximately US\$55.4 million (approximately £43.5 million) from the escrow funds paid to those MSA states under their settlement with S&M Brands.

On 27 May 2022, PM USA filed a motion to compel arbitration under the MSA against RJRT and ITG in North Carolina Superior Court claiming RJRT and ITG inaccurately calculated the base year net operating profits for the Acquired Brands and this improperly shifted approximately US\$80 million (approximately £62.7 million) in MSA payment obligations from RJRT to PM USA, to date. On 7 June 2022, RJRT and PM USA negotiated a resolution of the MSA claims, in which RJRT agreed to, among other things, pay PM USA the sum of approximately US\$37 million (approximately £29.0 million).

On 28 July 2022, the State of Iowa filed a motion to enforce the Consent Decree and MSA against the PMs asserting, among other things, claims for breach of contract and violations of the Iowa False Claims Act. Iowa sought over US\$130 million (approximately £102.0 million) in damages, as well as treble damages. The PMs filed their resistance to Iowa's motion and a motion to compel arbitration on 26 September 2022. Iowa filed its resistance to the PMs' motion to compel arbitration on 6 October 2022, and the PMs filed their reply on 31 October 2022. A hearing on the motion was held on 21 December 2022. On 9 February 2023, the Iowa District Court granted the PMs' motion to compel arbitration, stayed the State's motion to enforce pending the arbitration, and ordered a status conference for 9 February 2024. On 7 March 2023, Iowa filed a withdrawal of its motion to enforce.

On 29 November 2022, the State of New Mexico filed a complaint, or in the alternative, a motion to enforce the Consent Decree and MSA against the PMs asserting, among other things, claims for breach of contract and violations of New Mexico's Unfair Practices Act. New Mexico seeks compensatory damages in an amount to be determined at trial, as well as treble damages, punitive damages, and declaratory and injunctive relief. The PMs' deadline to answer or respond was 29 December 2022. On 15 December 2022, the PMs filed an opposed motion for an extension of deadlines and pages to file their response on 10 February 2023. New Mexico filed its response to the motion on 20 December 2022 and the PMs filed their reply on 30 December 2022. On 13 January 2023, the court granted the PMs' motion to extend their deadline to file their response to 10 February 2023. On 10 February 2023, the PMs filed a motion to compel arbitration or, in the alternative, motion to dismiss New Mexico's complaint and alternative motion to enforce. The State's response to the PMs' motion to compel was filed on 27 March 2023, and the PMs' reply was filed on 14 April 2023; a hearing was held on 30 October 2023. On 29 December 2023, the New Mexico District Court granted the PMs' motion to compel arbitration.

On 2 March 2023, the State of Texas issued a demand letter to RJRT, PM USA and ITG, pursuant to the Texas Tobacco State Settlement Agreement, for underpaid sums owed to Texas for years 2019 through 2022 and a change in the calculation going forward, asserting that RJRT, PM USA and ITG issued payments to Texas that were based on unauthorised changes to the base year 1997 net operating profit by incorporating into their calculations the lower federal corporate tax rate enacted in 2018. The State seeks damages in the amount of at least US\$114 million (approximately £89.4 million) cumulative for 2019 through 2022 (the last year for which there was a calculation at the time of the demand). In addition, in a letter to the independent accounting firm retained by the parties to calculate settlement payments due under the previously settled State Settlement Agreements, PricewaterhouseCoopers LLC ("PwC") dated

3 March 2023, Texas requested that PwC's calculation of the net operating profit adjustment due to Texas for 2022 be based on the value fixed in the Mississippi decision (discussed above) that found the base year 1997 net operating profit to be used in calculating the net operating profit adjustment was not affected by the change in the federal corporate tax rate in 2018. On 13 March 2023, the parties entered into an agreement tolling the statute of limitations for the State to file a motion to enforce on these issues until 15 May 2023. On 24 March 2023, PwC's calculation of the net operating profit adjustment due to Texas for 2022 did not use the value fixed in the Mississippi decision. On 8 May 2023, PM USA and RJRT filed a motion to enforce the settlement agreement. On 22 May 2023, Texas filed its opposition and cross-motion to enforce the settlement agreement. On 30 May 2023, PM USA and RJRT filed a combined opposition to the cross-motion and reply in further support of the motion. On 6 June 2023, Texas filed a reply in support of its cross motion to enforce the settlement agreement. On 13 June 2023, PM USA and RJRT filed a sur-reply in response to the State's reply in support of cross-motion to enforce the settlement agreement. The motion and cross-motion are fully submitted.

Tobacco-Related Litigation Outside the US

As at 31 December 2023:

- (i) medical reimbursement actions are being brought in Angola, Brazil, Canada, Nigeria and South Korea;
- (ii) class actions are being brought in Canada and Venezuela; and
- (iii) active tobacco product liability claims against the Group's companies existed in 12 markets outside the US. The only markets with five or more claims were Argentina, Brazil, Canada, Chile, Nigeria and Italy.

(a) Medical reimbursement cases

Angola

In November 2016, BAT Angola affiliate Sociedade Unificada de Tabacos de Angola ("SUT") was served with a collective action filed in the Provincial Court of Luanda, 2nd Civil Section, by the consumer association Associação Angolana dos Direitos do Consumidor. The lawsuit seeks damages of AOA800,000,000 (approximately £745,597) allegedly incurred by the Angolan Instituto Nacional do Controlo do Cancro ("INCC") for the cost of treating tobacco-related disease, non-material damages allegedly suffered by certain individual smokers on the rolls of INCC, and the mandating of certain cigarette package warnings. SUT filed its answer to the claim on 5 December 2016. The case remains pending.

Canada

On 1 March 2019, the Quebec Court of Appeal handed down a judgment which largely upheld and endorsed the lower court's previous decision in two Quebec class actions (the "Quebec Class Actions"), as further described below. The share of the judgment for Imperial Tobacco Canada Limited ("Imperial"), the Group's operating company in Canada, is approximately CAD\$9.2 billion (approximately £5.5 billion). As a result of this judgment, there were attempts by the Quebec plaintiffs to obtain payment out of the CAD\$758 million (approximately £451 million) on deposit with the court. JTI-MacDonald Corp (a co-defendant in the cases) filed for creditor protection under the Companies' Creditors Arrangement Act (the "CCAA") on 8 March 2019. A court order to stay all tobacco litigation in Canada against all defendants (including RJRT and its affiliate R.J. Reynolds Tobacco International Inc. (collectively, the "RJR Companies")) until 4 April 2019 was obtained, and the need for a mediation process to resolve all the outstanding litigation across the country was recognised. On 12 March 2019, Imperial filed for creditor protection under the CCAA. In its application Imperial asked the Ontario Superior Court to stay all pending or contemplated litigation against Imperial, certain of its subsidiaries and all other Group companies that were defendants in the Canadian tobacco litigation, including BAT, Investments, Industries and Carreras Rothmans Limited (collectively, the "UK Companies"). On 22 March 2019, Rothmans, Benson & Hedges

Inc. also filed for CCAA protection and obtained a stay of proceedings (together with the other two stays, the “Stays”). The Stays are currently in place until 29 March 2024. While the Stays are in place, no steps are to be taken in connection with the Canadian tobacco litigation with respect to Imperial, certain of its subsidiaries or any other Group company. The parties continue to work towards a plan of arrangement or compromise in a confidential mediation (by order of the Court) as part of the CCAA process. The length and ultimate outcome of the CCAA process, including the resolution of the underlying legal proceedings, remain uncertain.

The below represents the state of the referenced litigation as at the advent of the Stays.

Following the implementation of legislation enabling provincial governments to recover health-care costs directly from tobacco manufacturers, 10 actions for recovery of health-care costs arising from the treatment of smoking- and health-related diseases have been brought. These proceedings name various Group companies as defendants, including the UK Companies and Imperial as well as the RJR Companies. Pursuant to the terms of the 1999 sale of RJRT’s international tobacco business to Japan Tobacco Incorporated (“JTI”), JTI has agreed to indemnify RJRT for all liabilities and obligations (including litigation costs) arising in respect of the Canadian recoupment actions. Subject to a reservation of rights, JTI has assumed the defence of the RJR Companies in these actions.

The 10 cases were proceeding in British Columbia, New Brunswick, Newfoundland and Labrador, Ontario, Quebec, Manitoba, Alberta, Saskatchewan, Nova Scotia and Prince Edward Island. The enabling legislation is in force in all 10 provinces. In addition, legislation has received Royal Assent in two of the three territories in Canada, but has yet to be proclaimed into force.

Canadian province	Act pursuant to which Claim was brought	Companies named as Defendants	Current stage
British Columbia	Tobacco Damages and Health Care Costs Recovery Act 2000	Imperial, Investments, Industries, Carreras Rothmans Limited, the RJR Companies and other former Rothmans Group companies have been named as defendants and served.	The defences of Imperial, Investments, Industries, Carreras Rothmans Limited and the RJR Companies have been filed, and document production and discoveries were ongoing. On 13 February 2017, the province delivered an expert report dated October 2016, quantifying its damages in the amount of CAD\$118 billion (approximately £70.2 billion). No trial date has been set. The federal government is seeking CAD\$5 million (approximately £3.0 million) jointly from all the defendants in respect of costs pertaining to the third-party claim, now dismissed.
New Brunswick	Tobacco Damages and Health Care Costs Recovery Act 2006	Imperial, the UK Companies and the RJR Companies have	The defences of Imperial, the UK Companies and the RJR Companies have been filed and document production and

Canadian province	Act pursuant to which Claim was brought	Companies named as Defendants	Current stage
Ontario	Tobacco Damages and Health Care Costs Recovery Act 2009	Imperial, the UK Companies and the RJR Companies have been named as defendants and served.	<p>discoveries are substantially complete. The most recent expert report filed by the province estimated a range of damages between CAD\$11.1 billion (approximately £6.6 billion) and CAD\$23.2 billion (approximately £13.8 billion), including expected future costs. Following a motion to set a trial date, the New Brunswick Court of Queen's Bench ordered that the trial commence on 4 November 2019. On 7 March 2019, the New Brunswick Court of Queen's Bench released a decision which requires the province to produce a substantial amount of additional documentation and data to the defendants. As a result, the original trial date of 4 November 2019 would have been delayed. No new trial date has been set.</p> <p>The defences of Imperial, the UK Companies and the RJR Companies have been filed. The parties completed significant document production in the summer of 2017 and discoveries commenced in the autumn of 2018. On 15 June 2018, the province delivered an expert report quantifying its damages in the range of CAD\$280 billion (approximately £167 billion) – CAD\$630 billion (approximately £375 billion) in 2016/2017 dollars for the period 1954 – 2060, and the province amended the damages sought in its Statement of Claim to CAD\$330 billion</p>

Canadian province	Act pursuant to which Claim was brought	Companies named as Defendants	Current stage
			(approximately £196.3 billion). On 31 January 2019, the province delivered a further expert report claiming an additional amount between CAD\$9.4 billion (approximately £5.6 billion) and CAD\$10.9 billion in damages (approximately £6.5 billion) in respect of ETS. No trial date has been set.
Newfoundland and Labrador	Tobacco Health Care Costs Recovery Act 2001	Imperial, the UK Companies and the RJR Companies have been named as defendants and served.	This case is at an early case management stage. The defences of Imperial, the UK Companies and the RJR Companies have been filed and the province began its document production in March 2018. Damages have not been quantified by the province. No trial date has been set.
Saskatchewan	Tobacco Damages and Health Care Costs Recovery Act 2007	Imperial, the UK Companies and the RJR Companies have been named as defendants and served.	This case is at an early case management stage. The defences of Imperial, the UK Companies and the RJR Companies have been filed and the province has delivered a test shipment of documents. Damages have not been quantified by the province. No trial date has been set.
Manitoba	Tobacco Damages Health Care Costs Recovery Act 2006	Imperial, the UK Companies and the RJR Companies have been named as defendants and served.	This case is at an early case management stage. The defences of Imperial, the UK Companies and the RJR Companies have been filed and document production commenced. Damages have not been quantified by the province. No trial date has been set.
Alberta	Crown's Right of Recovery Act 2009	Imperial, the UK Companies and the RJR Companies have been named as	This case is at an early case management stage. The defences of Imperial, the UK Companies and the RJR Companies have been filed

Canadian province	Act pursuant to which Claim was brought	Companies named as Defendants	Current stage
		defendants and served.	and the province commenced its document production. The province has stated its claim to be worth CAD\$10 billion (approximately £5.9 billion). No trial date has been set.
Quebec	Tobacco Related Damages and Health Care Costs Recovery Act 2009	Imperial, Investments, Industries, the RJR Companies and Carreras Rothmans Limited have been named as defendants and served.	This case is at an early case management stage. The defences of Imperial, Investments, Industries, Carreras Rothmans Limited and the RJR Companies have been filed. Motions over admissibility of documents and damages discovery have been filed but not heard. The province is seeking CAD\$60 billion (approximately £35.7 billion). No trial date has been set.
Prince Edward Island	Tobacco Damages and Health Care Costs Recovery Act 2009	Imperial, the UK Companies and the RJR Companies have been named as defendants and served.	This case is at an early case management stage. The defences of Imperial, the UK Companies and the RJR Companies have been filed and the next step was expected to be document production, which the parties deferred for the time being. Damages have not been quantified by the province. No trial date has been set.
Nova Scotia	Tobacco Health Care Costs Recovery Act 2005	Imperial, the UK Companies and the RJR Companies have been named as defendants and served.	This case is at an early case management stage. The defences of Imperial, the UK Companies and the RJR Companies have been filed. The province provided a test document production in March 2018. Damages have not been quantified by the province. No trial date has been set.

Nigeria

British American Tobacco (Nigeria) Limited (“BAT Nigeria”), BAT and Investments have been named as defendants in a medical reimbursement action by the federal government of Nigeria, filed on 6 November

2007 in the Federal High Court, and in similar actions filed by the Nigerian states of Kano (9 May 2007), Oyo (30 May 2007), Lagos (13 March 2008), Ogun (26 February 2008), and Gombe (17 October 2008) commenced in their respective High Courts. In the five cases that remain active, the plaintiffs seek a total of approximately ₦10.6 trillion (approximately £9.3 billion) in damages, including special, anticipatory and punitive damages, restitution and disgorgement of profits, as well as declaratory and injunctive relief.

The suits claim that the state and federal government plaintiffs incurred costs related to the treatment of smoking-related illnesses resulting from allegedly tortious conduct by the defendants in the manufacture, marketing, and sale of tobacco products in Nigeria, and assert that the plaintiffs are entitled to reimbursement for such costs. The plaintiffs assert causes of action for negligence, negligent design, fraud and deceit, fraudulent concealment, breach of express and implied warranty, public nuisance, conspiracy, strict liability, indemnity, restitution, unjust enrichment, voluntary assumption of a special undertaking, and performance of another's duty to the public.

BAT and Investments have made a number of challenges to the jurisdiction of the Nigerian courts. Such challenges are still pending (on appeal) against the federal government and the states of Lagos, Kano, Gombe and Ogun. The underlying cases are stayed or adjourned pending the final outcome of these jurisdictional challenges. In the state of Oyo, on 13 November 2015, and 24 February 2017, respectively, BAT's and Investments' jurisdictional challenges were successful in the Court of Appeal and the issuance of the writ of summons was set aside.

South Korea

In April 2014, Korea's National Health Insurance Service ("NHIS") filed a healthcare recoupment action against KT&G (a Korean tobacco company), PM Korea and BAT Korea (including BAT Korea Manufacturing). The NHIS is seeking damages of roughly KRW54 billion (approximately £32.9 million) in respect of health care costs allegedly incurred by the NHIS treating patients with lung (small cell and squamous cell) and laryngeal (squamous cell) cancer between 2003 and 2012. Court hearings in the case, which constitute the trial, commenced in September 2014. On 20 November 2020, the court issued a judgment in favour of the defendants and dismissing all of the plaintiff's claims. The NHIS filed an appeal of the judgment on 11 December 2020. Appellate proceedings commenced in June 2021 and remain ongoing.

Brazil

On 21 May 2019, the Federal Attorney's Office ("AGU") in Brazil filed an action in the Federal Court of Rio Grande do Sul against BAT, the BAT Group's Brazilian subsidiary Souza Cruz LTDA ("Souza Cruz"), PMI, Philip Morris Brazil Indústria e Comércio LTDA and Philip Morris Brasil S/A (collectively, "PMB"), asserting claims for medical reimbursement for funds allegedly expended by the federal government as public health care expenses to treat 26 tobacco-related diseases over the last five years from the filing date and that will be expended in perpetuity during future years, including diseases allegedly caused both by cigarette smoking and exposure to ETS. The action includes a claim for moral damages allegedly suffered by Brazilian society to be paid into a public welfare fund. The action is for an unspecified amount of monetary compensation, as the AGU seeks a bifurcated action in which liability would be determined in the first phase followed by an evidentiary phase to ascertain damages.

On 19 July 2019, the trial court ordered that service of the action on BAT be effected via service on Souza Cruz. On 6 August 2019, Souza Cruz refused to receive service on behalf of BAT due to Souza Cruz's lack of power to do so. On 7 August 2019, Souza Cruz was served with the complaint. Following further proceedings in 2019 and 2020 in both the trial and appellate courts challenging the issue of service on BAT, the court ruled that service of BAT via its Brazilian subsidiary Souza Cruz constituted proper service, and ordered that defences be filed. Souza Cruz and BAT filed their respective defences on 12 May 2020.

On 19 February 2021, the Associação de Controle do Tabagismo, Promoção da Saúde ("ACT") filed a petition seeking to intervene in the case as *amicus curiae*. Souza Cruz, PMB and BAT filed responses (on

25 March 2021, 26 March 2021 and 20 August 2021, respectively) asserting that ACT's request should be rejected and/or in the alternative that the scope of ACT's intervention rights should be limited. On 13 May 2022, the trial court ordered the AGU to reply to the defences within 30 business days, and also permitted the ACT to intervene, limiting ACT's rights as amicus curiae to presenting technical and scientific opinions and participating in court hearings. The AGU submitted its reply on 5 July 2022. Souza Cruz, PMB and BAT submitted responses to the AGU's reply on 26 August 2022. On 19 May 2020, notice was sent to the Public Prosecutor's Office ("MPF") regarding the AGU's request that the MPF join the action as a plaintiff. The MPF, via its response filed on 10 July 2020, declined to join the action as party, but will act as an 'inspector of the law', which enables MPF to express its opinion on case matters. On 10 October 2022, the MPF submitted an opinion on preliminary issues and evidence, which called for rejection of the defendants' preliminary defences and the majority of the evidence requested by AGU and defendants. Defendants PMI, PMB, BAT and Souza Cruz filed responses to the MPF's opinion on 14 November 2022, 18 November 2022, 2 March 2023 and 3 March 2023, respectively. On 6 December 2023, the Fundação Oswaldo Cruz ("FIOCRUZ"), a research and development arm of the Brazilian Ministry of Health, filed a petition seeking to intervene in the case as amicus curiae. PMB and Souza Cruz filed responses on 8 January 2024 and 24 January 2024, respectively, asserting that the FIOCRUZ petition should be rejected or in the alternative that any intervention rights should be limited.

(b) Class Actions

Canada

As described above, the Canadian tobacco litigation is currently stayed subject to court-ordered stays of proceeding. The Stays are currently in place until 29 March 2024. While the Stays are in place, no steps are to be taken in connection with the Canadian tobacco litigation with respect to Imperial, certain of its subsidiaries or any other Group company. The parties continue to work towards a plan of arrangement or compromise in a confidential mediation (by order of the Court) as part of the CCAA process. The length and ultimate outcome of the CCAA process, including the resolution of the underlying legal proceedings, remains uncertain.

The below represents the state of the referenced litigation as at the advent of the Stays.

There are 11 class actions being brought in Canada against Group companies.

Knight Class Action: the Supreme Court of British Columbia certified a class of all consumers who purchased Imperial cigarettes in British Columbia bearing 'light' or 'mild' descriptors since 1974. The plaintiff is seeking compensation for amounts spent on 'light and mild' products and a disgorgement of profits from Imperial on the basis that the marketing of light and mild cigarettes was deceptive because it conveyed a false and misleading message that those cigarettes are less harmful than regular cigarettes.

On appeal, the appellate court confirmed the certification of the class, but limited any financial liability, if proven, to 1997 onward. Imperial's third-party claim against the federal government was dismissed by the Supreme Court of Canada. The federal government is seeking a cost order of CAD\$5 million (approximately £3.0 million) from Imperial relating to its now dismissed third-party claim. After being dormant for several years, the plaintiff delivered a Notice of Intention to Proceed, and Imperial delivered an application to dismiss the action for delay. The application was heard on 23 June 2017 and was dismissed on 23 August 2017. Notice to class members of certification was provided on 14 February 2018. As at the date of the Stays, the next steps were expected to include discovery-related ones.

Growers' Class Action: in December 2009, Imperial was served with a proposed class action filed by Ontario tobacco farmers and the Ontario Flue-Cured Tobacco Growers' Marketing Board. The plaintiffs allege that Imperial and the Canadian subsidiaries of PMI and JTI failed to pay the agreed domestic contract price to the growers used in products manufactured for the export market and which were ultimately smuggled back into Canada. JTI has sought indemnification pursuant to the JTI Indemnities (discussed below). The plaintiffs seek damages in the amount of CAD\$50 million (approximately £29.7

million). Various preliminary challenges have been heard, the last being a motion for summary judgment on a limitation period. The motion was dismissed and ultimately, leave to appeal to the Ontario Court of Appeal was dismissed in November 2016. In December 2017, the plaintiffs proposed that the action proceed by way of individual actions as opposed to a class action. The defendants did not consent. As at the date of the Stays, the claim was in abeyance pending further action from the plaintiffs.

Quebec Class Actions: there are currently two smoking and health class actions in Quebec, certified by the Quebec Superior Court on 21 February 2005 against Imperial and two other domestic manufacturers. Judgment was rendered against the defendants on 27 May 2015. Pursuant to the judgment, the plaintiffs were awarded damages and interest against Imperial and the Canadian subsidiaries of PMI and JTI in the amount of CAD\$15.6 billion (approximately £9.3 billion), most of which was on a joint and several basis, of which Imperial's share was CAD\$10.4 billion (approximately £6.2 billion). An appeal of the judgment was filed on 26 June 2015. The court also awarded provisional execution pending appeal of CAD\$1,131 million (approximately £673 million), of which Imperial's share was approximately CAD\$742 million (approximately £441 million). This order was subsequently overturned by the Court of Appeal. Following the cancellation of the order for provisional execution, the plaintiffs filed a motion against Imperial and one other manufacturer seeking security in the amount of CAD\$5 billion (approximately £3.0 billion) to guarantee, in whole or in part, the payment of costs of the appeal and the judgment. On 27 October 2015, the Court of Appeal ordered the parties to post security for the judgment in the amount of CAD\$984 million (approximately £585 million), of which Imperial's share was CAD\$758 million (approximately £450.9 million) which amounts have been paid into court. Imperial's share was later recalculated by the Court of Appeal as CAD\$759 million (approximately £451.5 million). On 1 March 2019, the trial judgment was upheld by a unanimous decision of the five-member panel of the Court of Appeal, with one exception being an amendment to the original interest calculation applied to certain portions of the judgment. The interest adjustment has resulted in the reduction of the total maximum award in the two cases to CAD\$13.7 billion (approximately £8.1 billion) as at 1 March 2019, with Imperial's share being reduced to approximately CAD\$9.2 billion (approximately £5.5 billion).

Other Canadian Smoking and Health Class Actions: seven putative class actions, described below, have been filed against various Canadian and non-Canadian tobacco-related entities, including the UK Companies, Imperial and the RJR Companies, in various Canadian provinces. In these cases, none of which have quantified their asserted damages, the plaintiffs allege claims based on fraud, fraudulent concealment, breach of warranty of merchantability, and of fitness for a particular purpose, failure to warn, design defects, negligence, breach of a 'special duty' to children and adolescents, conspiracy, concert of action, unjust enrichment, market share liability and violations of various trade practices and competition statutes. Pursuant to the terms of the 1999 sale of RJRT's international tobacco business, and subject to a reservation of rights, JTI has assumed the defence of the RJR Companies in these seven actions (Semple, Kunka, Adams, Dorion, Bourassa, McDermid and Jacklin, discussed below).

In June 2009, four smoking and health class actions were filed in Nova Scotia (Semple), Manitoba (Kunka), Saskatchewan (Adams) and Alberta (Dorion) against various Canadian and non-Canadian tobacco-related entities, including the UK Companies, Imperial and the RJR Companies. In Saskatchewan, BAT, Carreras Rothmans Limited and Ryesekks p.l.c. have been released from Adams, and the RJR Companies have brought a motion challenging the jurisdiction of the court. There are service issues in relation to Imperial and the UK Companies in Alberta and in relation to the UK Companies in Manitoba. The plaintiffs did not serve their certification motion materials and no dates for certification motions were set.

In June 2010, two further smoking and health class actions were filed in British Columbia (Bourassa and McDermid) against various Canadian and non-Canadian tobacco-related entities, including Imperial, the UK Companies and the RJR Companies. The UK Companies, Imperial, the RJR Companies and other defendants objected to jurisdiction. Subsequently, BAT, Carreras Rothmans Limited and Ryesekks p.l.c. were released from the actions. Imperial, Industries, Investments and the RJR Companies remain as

defendants in both actions. The plaintiffs did not serve their certification motion materials and no dates for certification motions were set.

In June 2012, a smoking and health class action was filed in Ontario (Jacklin) against various Canadian and non-Canadian tobacco-related entities, including the UK Companies, Imperial and the RJR Companies. The claim has been in abeyance.

A proposed national class action was filed in the British Columbia Supreme Court by Danver Bauman (via his litigation guardian) on 21 December 2023 against Imperial Tobacco Company Ltd., Imperial Tobacco Canada Limited, and Nicoventures (defined below) alleging numerous statutory and common law causes of action in connection with the design, marketing and sale of 'Zonnic'. The action was issued in violation of the CCAA stay, is subject to the CCAA stay, and has not been served.

Venezuela

In April 2008, the Venezuelan Federation of Associations of Users and Consumers (FEVACU) and Wolfgang Cardozo Espinel and Giorgio Di Muro Di Nunno, acting as individuals, filed a class action against the Venezuelan government. The class action seeks regulatory controls on tobacco and recovery of medical expenses for future expenses of treating smoking-related illnesses in Venezuela. Both C.A Cigarrera Bigott Sucs. (Cigarrera Bigott), a Group subsidiary, and ASUELECTRIC, represented by its president Giorgio Di Muro Di Nunno (who had previously filed as an individual), have been admitted as third parties by the Constitutional Chamber of the Supreme Court of Justice. A hearing date for the action is yet to be scheduled. On 25 April 2017 and on 23 January 2018, Cigarrera Bigott requested the court to declare the lapsing of the class action due to no proceedings taking place in the case in over a year. A ruling on the matter is yet to be issued.

(c) Individual Tobacco-Related Personal Injury Claims

As at 31 December 2023, the jurisdictions with the most active individual cases against Group companies were, in descending order: Chile (17), Brazil (15), Italy (eight), Canada (five), Argentina (five) and Ireland (two). There were a further two jurisdictions with one active case only. Out of these 54 active individual cases, as at 31 December 2023 there were two cases in Argentina that have resulted in pending unfavourable judgments. In one case, damages were awarded totalling ARS685,976 (approximately £665) in compensatory damages and ARS2,500,000 (approximately £2,425) in punitive damages, plus post-judgment interest. This judgment was reversed via an appellate court ruling issued on 19 September 2023. The plaintiff's petition for leave to appeal to the Argentina Supreme Court was denied on 29 November 2023. The plaintiff filed an extraordinary appeal to the Argentina Supreme Court on 7 December 2023, which appeal remains pending. In the other case, compensatory damages were awarded totalling ARS2,850,000 (approximately £2,765), with post-judgment interest totalling approximately ARS195,588,410 (approximately £189,767). This judgment is currently on appeal. In addition, on 25 August 2023, an adverse judgment was served in an individual action in Türkiye awarding TRY10,000 (approximately £265) in compensatory damages. The judgment is under appeal.

Non-Tobacco-Related Litigation

Vuse Litigation

On 22 July 2020, Nicholas Bernston filed a personal injury action in the Northern District of Oklahoma against JUUL Labs Inc. ("JUUL"), Altria Client Services, LLC, RJR Vapor, RAI, and others. The complaint seeks damages for personal injuries (including pneumonia and acute respiratory failure) allegedly resulting from vaping on several theories, including strict liability, negligence, and breach of implied warranty of merchantability. On 5 August 2020, the Judicial Panel on Multidistrict Litigation entered a conditional transfer order transferring the case to the Northern District of California for pretrial proceedings as part of the JUUL multidistrict litigation (MDL). On 1 December 2023, the plaintiff dismissed the action against RJR Vapor and RAI with prejudice.

On 11 January 2023, Camellia Chastain filed a putative class action complaint in the Middle District of Florida against RJR Vapor. The complaint sought damages arising from alleged discoloration and/or a burnt taste in Vuse Alto Golden Tobacco pods based on several theories, including state consumer protection statutes, false and misleading advertising, breach of warranty, negligent misrepresentation, fraud, and unjust enrichment. The complaint sought to certify two classes, including a Florida class and a multi-state class from the states of North Carolina, South Carolina, Georgia, Alabama, and Mississippi. On 15 March 2023, the court granted the plaintiff's notice of voluntary dismissal and dismissed the case with prejudice.

Croatian Distributor Dispute

BAT Hrvatska d.o.o u likvidaciji and British American Tobacco Investments (Central and Eastern Europe) Limited are named as defendants in a claim by Mr Perica received on 22 August 2017 and brought before the commercial court of Zagreb, Croatia. Mr Perica seeks damages of HRK408,000,000 (approximately €54 million/£47 million) relating to a BAT Standard Distribution Agreement dating from 2005. BAT Hrvatska d.o.o and British American Tobacco Investments (Central and Eastern Europe) Ltd filed a reply to the statement of claim on 6 October 2017. A hearing had been scheduled to take place on 10 May 2018, but it was postponed due to a change of the judge hearing the case. The Commercial Court in Zagreb declared they do not have jurisdiction and that the competent court to hear this case is the Municipal Court in Zagreb. TDR d.o.o. is also named as the defendant in a claim by Mr Perica received on 30 April 2018 and brought before the commercial court of Zagreb, Croatia. Mr. Perica seeks payment in the amount of HRK408,000,000 (approximately €54 million/£47 million) claiming that BAT Hrvatska d.o.o. transferred a business unit to TDR d.o.o, thus giving rise to a liability of TDR d.o.o. for the debts incurred by BAT Hrvatska d.o.o, on the basis of the provisions of Croatian civil obligations law. A response to the statement of claim was filed on 30 May 2018. The Commercial Court in Zagreb declared they do not have jurisdiction and that the competent court to hear this case is the Municipal Court in Pula. Mr Perica filed an appeal against this decision which was rejected by the High Commercial Court of The Republic of Croatia confirming therewith that the competent court to hear this case is the Municipal Court in Pula. The Municipal Court in Zagreb has decided that the claims by Mr Perica initiated on 22 August 2017 and 30 April 2018 shall be heard as one case in front of the Municipal Court of Zagreb. After the two hearings have been held, the Municipal Court of Zagreb has appointed the court financial and auditing appraisal to determine the value of Mr Perica's claim.

Florence Proceedings

British American Tobacco Italia SpA has been charged with administrative offences in Florence, Italy in a case against a large number of individual and corporate defendants. This relates to potential allegations of failure to supervise or take appropriate steps to prevent alleged corruption by two (now former) employees. Any financial penalty is not thought likely to be material.

Patents and Trade mark Litigation

Certain Group companies are party to a number of patent litigation cases and procedural challenges concerning the validity of patents owned by or licensed to them and/or the alleged infringement of third parties' patents.

1. On 22 June 2018, an affiliate of PMI commenced proceedings against British American Tobacco Japan, Ltd. ("BAT Japan") in the Japanese courts challenging the import, export, sale and offer of sale of the glo device and of the NeoStiks consumable in Japan at the time the claim was brought (and earlier models of the glo device), alleging that the glo devices directly infringe certain claims of two Japanese patents that have been issued to the PMI affiliate and that the NeoStiks indirectly infringe certain claims of those patents. On 17 January 2019, the PMI affiliate introduced new grounds of infringement, alleging that the glo device also infringes some other claims in the two PMI affiliate's Japanese patents. Damages for the glo device and NeoStik are claimed in the court filing, to the amount of JPY100 million (approximately £556,418). The PMI affiliate has also filed a request for

- injunction with respect to the glo device. BAT Japan denies infringement and is challenging the validity of the two PMI affiliate's Japanese patents. On 30 November 2022, the Tokyo District Court dismissed both of the above claims of the PMI affiliate on the grounds that both of the above two PMI affiliate's Japanese patents lack inventive step and would be invalidated by a patent invalidation trial. The PMI affiliate has appealed against this judgment. The Intellectual Property High Court upheld this judgment and dismissed the appeal of the PMI affiliate on 28 November 2023. The PMI affiliate filed a final appeal and a petition for acceptance of final appeal against the judgment of the Intellectual Property High Court.
2. On 11 February 2022, Nicoventures commenced an action in the England and Wales High Court (Patents Court) against Philip Morris Products S.A. ("PMP") for revocation against one of PMP's patents (a further divisional patent in the same family was added into the revocation action on 27 May 2022). On 22 August 2022, PMP counterclaimed for patent infringement against Nicoventures and Investments concerning certain 'glo' tobacco heating devices that comprise two inductive heating coils and their corresponding consumables. PMP later abandoned its counterclaim in respect of one of the patents but maintained its counterclaim in respect of the other. PMP sought an injunction and damages (plus interest thereon). The trial was heard in March 2023. On 18 April 2023, the England and Wales High Court (Patents Court) handed down its judgment finding that the PMP patents were valid but one of them is not infringed (the counterclaim in respect of the other patent having been abandoned). Thus, PMP's counterclaim for patent infringement against Nicoventures and Investments failed. Both parties have permission to appeal the decision, which will be heard by the Court of Appeal on 19 and 20 March 2024.
 3. On 28 May 2020, Altria Client Services LLC and US Smokeless Tobacco Company LLC commenced proceedings against RJR Vapor before the US District Court for the Middle District of North Carolina against the vapour products Vuse Vibe and Vuse Alto, and the tin used in the modern oral product Velo. Nine patents in total were asserted: two against Vibe, four against Alto and three against Velo. On 5 January 2021, Altria filed an Amended Complaint adding Modoral Brands Inc. ("Modoral") as a defendant with respect to the Velo product claims. A claim construction hearing was held on 28 April 2021, and the court issued its claim construction ruling on 12 May 2021. All asserted patent claims against Vibe and Velo as well as one of the four patents asserted against Alto were dropped prior to trial, leaving three patents asserted against Alto for trial. Trial was held from 29 August 2022 to 7 September 2022. The jury found infringement by all accused products and awarded approximately US\$95 million (approximately £74.5 million) in damages. On 27 January 2023, the court rejected Altria's request to double the jury's awarded royalty rate for post-trial sales and set the royalty rate applicable to post-trial sales to the jury's awarded rate of 5.25 per cent. Altria did not request entry of an injunction and has stipulated it will not enforce the monetary judgment until appeals are exhausted. On 10 February 2023, RJR Vapor noticed its appeal to the United States Court of Appeals for the Federal Circuit. Appellate briefing has been completed. The Federal Circuit has not scheduled a date for oral argument.
 4. On 9 April 2020, RAI Strategic Holdings, Inc. and RJR Vapor commenced an action in the US District Court for the Eastern District of Virginia against Altria Client Services LLC, PM USA, Altria Group, Inc., Philip Morris International, Inc., and Philip Morris Products S.A. (collectively, "Philip Morris") for infringement of six patents based on the importation and commercialisation within the United States of IQOS. On 8 May 2020 and 12 June 2020, Philip Morris filed Inter Partes Review ("IPR") petitions in the US Patent Office challenging the validity of each of the six patents asserted. On 29 June 2020, Philip Morris asserted counterclaims alleging that RJR Vapor infringes five patents. On 24 November 2020, the court issued a claim construction order that determined that each disputed term would have its plain and ordinary meaning. On 4 December 2020, the magistrate judge issued an order staying RJR Vapor and Philip Morris's patent claims pending a decision by the US Patent Office regarding whether to proceed with the IPRs. Trial on the Altria and Philip Morris patents began on 8 June 2022.

Shortly before trial, Philip Morris dropped its claims to one patent and the Altria entities dismissed their claims relating to two patents, which left two Philip Morris patents at issue in the trial. On 15 June 2022, the jury found that RJR Vapor's Alto product infringed two claims in one patent and that its Solo product infringed three claims of the other patent. The jury awarded damages of US\$10,759,755 (approximately £8,439,023), which was supplemented by the Court to a total of US\$14,062,742 (approximately £11,029,601) to account for additional sales of Solo and Alto through the date of judgment and interest. Philip Morris requested entry of a permanent injunction barring sale of the Alto and Solo products. On 30 March 2023, the court denied Philip Morris's request for a permanent injunction and ordered ongoing royalty rates of 1.8 per cent. of net sales of Alto cartridges and 2.2 per cent. of net sales of Solo G2 cartridges. On 1 May 2023, the court granted RJR Vapor's motion for entry of judgment under Fed. R. Civ. P. 54(b) and denied Philip Morris's cross motion to lift the stay as to RJR Vapor's offensive patent case. The RJR Vapor offensive patent case remains stayed pending (i) an appeal by Philip Morris to the Federal Circuit in relation an exclusion order granted against Philip Morris by the International Trade Commission based on the relevant patents, which exclusion order was affirmed by the United States Court of Appeals for the Federal Circuit on 31 March 2023, and (ii) the decisions in IPRs commenced by Philip Morris against the relevant patents at the US Patent Office. On 1 May 2023, RJR Vapor noticed an appeal to the United States Court of Appeals for the Federal Circuit. On 10 May 2023, Philip Morris noticed a cross-appeal relating to the denial of its request for a permanent injunction and the 17 August 2023 amended judgment on the verdict. RJR Vapor and Philip Morris's appeals have been consolidated. Briefing is ongoing.

5. On 27 November 2020, Philip Morris filed a complaint before the Regional Court Mannheim in Germany against British American Tobacco (Germany) GmbH ("BAT Germany") alleging that the sale, offer for sale and importation of Vype ePod products infringes a patent. Philip Morris is seeking an injunction, a recall of product from commercial customers and a declaratory judgment for damages. The trials of this action took place on 15 June 2021 and 9 November 2021. A decision on the matter was promulgated on 30 November 2021. The decision dismissed the complaint in its entirety. On 28 December 2021, Philip Morris lodged an appeal against this decision before the Higher Regional Court Karlsruhe. A date has not yet been set for the appeal hearing.
6. On 11 December 2020, Philip Morris filed a complaint before the Regional Court Dusseldorf in Germany against BAT Germany alleging that the sale, offer for sale and importation of the glo TABAK HEATER and neo STICK products infringe a patent. Philip Morris is seeking an injunction, a recall of product from commercial customers and a declaratory judgment for damages. The trial of this action took place on 30 November 2021. The court promulgated its decision on 21 December 2021 and decided that the above-mentioned products infringe the patent. The decision was appealed by BAT Germany on 21 December 2021 to the Higher Regional Court Dusseldorf. The oral hearing of these appeal proceedings took place on 24 November 2022. On 15 December 2022, the Higher Regional Court Dusseldorf reversed the trial court decision and dismissed Philip Morris's complaint in its entirety. In addition, the Higher Regional Court Dusseldorf did not grant a further appeal to the German Supreme Court (*Bundesgerichtshof* ("BGH")). PMI filed a motion for leave of appeal with the BGH, which is why the decision of the Higher Regional Court Dusseldorf is not yet final. Pursuant to a global settlement agreement between Nicoventures and PMP dated 1 February 2024 that resolves all ongoing patent infringement litigation between the parties related to the Group's heated tobacco and vapour products, the parties will cause the proceedings set out in this paragraph 6, and at paragraphs 1, 2, 4 and 5 above to be dismissed.
7. On 14 December 2020, Modoral filed a complaint in the US District Court for the District of Delaware against Pinkerton Tobacco Co., LP, Swedish Match North America LLC, and NYZ AB (collectively "Swedish Match") seeking a declaratory judgment that the importation, manufacture, use, and/or sale of certain Modoral Velo products that Modoral acquired from Dryft Sciences does not infringe a Swedish Match patent or its trade secrets. On 3 June 2021, the case was transferred to the US District

Court for the Central District of California. On 13 July 2021, Swedish Match and Helix Innovations GmbH filed counterclaims against Modoral for infringement of the patent and misappropriation of trade secrets arising out of the manufacture, use, and sale of Modoral's Velo product. On 15 December 2021, the court entered a Markman Order finding that the patent distinguishes a nicotine complex from the claimed 'nicotine salt', and more specifically, affirmatively excluding the nicotine polacrilex complex used in the accused Velo product from the claimed invention because it is 'not a nicotine salt'. Swedish Match agreed to a joint stipulation and request for entry of judgment of non-infringement for all of the asserted claims of the '908 patent, which the Court granted on 19 January 2022. The case has been resolved, and the court entered an order granting the parties' joint stipulation of dismissal on 9 February 2023.

8. On 20 September 2023, Healthier Choices Management Corp. (HCMC) commenced proceedings against RJR Vapor before the US District Court for the Middle District of North Carolina against the vapour product Vuse Alto alleging infringement of US Patent 9,538,788. On 17 November 2023, RJR Vapor filed a motion to dismiss the action in its entirety. Briefing on that motion is complete, and it is pending a decision.

Mozambican IP Litigation

On 19 April 2017, Sociedade Agrícola de Tabacos, Limitada ("SAT") (a BAT Group company in Mozambique) filed a complaint to the National Inspectorate for Economic Activities ("INAE"), the government body under the Ministry of Industry and Trade, regarding alleged infringements of its registered trade mark (GT) by GS Tobacco SA ("GST"). INAE subsequently seized the allegedly infringing products (GS cigarettes) and fined and ordered GST to discontinue manufacturing products that could infringe SAT's intellectual property rights. Following INAE's decision, in July 2017 and March 2018, SAT sought damages via the Judicial Court of Nampula, from GST in the amount of MZN46,811,700 (approximately £575,018) as well as a permanent restraint order in connection with the manufacturing and selling of the allegedly infringing products. The Judicial Court of Nampula (Tribunal Judicial de Nampula) granted the order on an interim basis on 7 August 2017. After hearing the parties, on 5 September 2017, the court found that no alleged infringement by GST had occurred and removed the interim restraint order, this decision was appealed by SAT and is currently pending a decision. GST filed an application for review against INAE's initial decision directly to the Minister of Trade and Industry, which reversed the decision of INAE. On 31 December 2018, SAT was notified of GST's counterclaim against SAT at the Judicial Court of Nampula for damages allegedly sustained as a result of SAT's complaint to INAE (and INAE's decision). GST is seeking damages in the amount of approximately MZN14.5 billion (approximately £178 million). On 31 January 2019, SAT filed a formal response to the counterclaim. GST was notified on 28 February 2019 to file a response to SAT's formal response to the counterclaim and the judge scheduled the preliminary hearing for 14 March 2019. This hearing was adjourned and was held on 2 April 2019, when the court heard arguments on the validity of GST's counterclaim. On 2 September 2019, SAT received notification of an order which provided that (i) SAT's claim had been dismissed by the court; and (ii) the GST counterclaim would proceed to trial. On 9 September 2019, SAT responded to the order by appealing the dismissal of the SAT claim. Additionally, SAT made an interlocutory application in the counterclaim proceedings to challenge certain questions posed by the judge, on the basis that the responses may be used as evidence at trial. SAT was notified in December 2021 that the trial of the counterclaim was to take place on 24 February 2022. SAT subsequently submitted a complaint related to that trial to the court, on the basis that prior to any further step being taken in relation to the trial the process should be submitted to the superior court for analysis, as per the appeals previously submitted in the proceedings. SAT's complaint has been appreciated favourably and the process will be remitted to the superior court. Trial has not taken place.

Malawi Group Action

In December 2020, BAT and British American Tobacco (GLP) Limited ("GLP") were named as defendants in a claim made in the English High Court by around 7,500 Malawian tobacco farmers and their family

members. The claim also names Imperial Brands plc and five affiliates as defendants. The claimants allege they were subjected to unlawful and exploitative working conditions on tobacco farms from which it is alleged that the defendants indirectly acquire tobacco. They seek unquantified damages (including aggravated and exemplary damages) for the torts of negligence and conversion and unquantified personal and proprietary remedies for restitution of unjust enrichment. They also seek an injunction to restrain the commission of further torts of conversion or negligence by the defendants. The defendants had an application to strike out the claims dismissed in a judgment dated 25 June 2021. In January 2022, BAT and GLP were served with a similar claim by around a further 3,500 claimants. BAT and GLP intend to vigorously defend the claims.

Saudi Arabia Customs Claim

On 25 January 2021, Walid Ahmed Mohammed Al Naghi for Trading Establishment (“Al Naghi”), a former distributor for the Group’s operating companies in the Middle East, filed a claim in the Commercial Court in Jeddah, Saudi Arabia, seeking SAR2,105,356,121 (approximately £440.4 million) for reimbursement of funds allegedly due under contract. Al Naghi did not formally name any Group entity as a defendant in the claim. The claim was dismissed orally by the Court on 9 February 2021. On 20 April 2021, Al Naghi filed a new claim in the Jeddah Commercial Court against BAT (UK and Export) Limited (“BAT UKE”) demanding that BAT UKE reimburse Al Naghi in the amount of SAR2,105,356,121 allegedly paid by Al Naghi to the customs authorities in customs dues. On 16 June 2021, the Court of First Instance issued a judgment dismissing the claim against BAT UKE on the ground that BAT UKE lacks legal standing to be sued. On 22 August 2021, Al Naghi filed an appeal against the Court of First Instance judgment. On 15 November 2021, the Appellate Court remanded the case to the lower Court in order for the lower Court to join BAT entities in Bahrain and UAE, which Al Naghi had wrongly claimed on appeal to be branches of BAT UKE. The lower Court tried to summon the Bahrain and UAE BAT entities to obtain clarifications about their status; however, said entities were not properly notified and did not appear. On 2 August 2022, the Court reversed its decision to seek clarifications from the BAT entities in Bahrain and UAE and dismissed the claim against BAT UKE for lack of legal capacity. On 29 August 2022, Al Naghi filed an appeal against the Court of First Instance judgment. On 5 December 2022, the Court of Appeal issued a judgment affirming the preliminary court’s ruling dismissing Al Naghi’s claim against BAT UKE. On 27 December 2022, Al Naghi filed an appeal before the Supreme Court. On 15 May 2023, the Supreme Court issued a judgment dismissing Al Naghi’s appeal. The dismissal is final in respect of Al Naghi’s claim against BAT UKE.

On 6 November 2023, Al Naghi filed a claim in the Commercial Court in Jeddah, Saudi Arabia, seeking SAR 2,105,356,121 (approximately £440.4 million) for reimbursement of funds allegedly due under contract. The claim named British American Tobacco Middle East W.L.L. as the defendant. The court has ordered the exchange of memoranda. The next hearing is scheduled for 6 March 2024.

In late December 2023, BAT UKE received a request for arbitration proceedings from a customer/distributor in the Middle East, seeking damages of approximately US\$116 million (approximately £91 million). BAT UKE has submitted its response to the claim.

Asbestos Litigation

As at 31 December 2022, there were four active asbestos personal injury cases against BATUS Holdings Inc. and various other defendants. During the financial year 2023, BATUS Holdings Inc. was served with 17 new asbestos personal injury cases, and BATUS Holdings Inc. was dismissed from eight asbestos personal injury cases (including *Stuck* and *Mannooch*) by court order for lack of personal jurisdiction or by voluntary dismissal. Consequently, as of 31 December 2023, there are 13 active cases. The plaintiffs in each case allege exposure to the defendants’ asbestos and asbestos-containing talcum powder and cosmetics products, and assert claims under state law, including for negligence, breach of warranty, strict liability, conspiracy, fraud and wrongful death. The plaintiffs seek unspecified compensatory and punitive damages. Of the 13 active cases, 10 cases (*Lowis*, *Phillips*, *Cooke*, *Dove*, *Gibbs*, *Westropp*, *Knight*, *Steggles*, *Doonan*, and *Oakenfold*) are filed in the Supreme Court of the State of New York (New York

County), two cases (Weber and Redgewell) are filed in the Circuit Court of the 17th Judicial Circuit in and for Broward County, Florida, and one case (Caswell) is filed in the Superior Court of the State of California (*Alameda County*). In all of these pending cases, BATUS Holdings Inc. has filed motions to dismiss for lack of personal jurisdiction.

Cigarette Filter Litter Litigation

On 21 November 2022, the Mayor and City Council of Baltimore, Maryland, filed a lawsuit in the Circuit Court for Baltimore City naming BAT and RJRT, as well as PM USA, Altria Group, Liggett Group LLC and a Maryland-based distributor, as defendants. RJRT was served on 13 December 2022, and BAT received the complaint on 18 January 2023. The plaintiff, a municipality, alleges that the defendants manufactured, distributed and sold non-biodegradable cigarette filters with knowledge that consumers would discard used filters on public property owned by the plaintiff, and further alleges that the defendants failed to warn consumers of the alleged environmental impacts of littered filters. The plaintiff asserts causes of action for alleged violation of state and municipal civil and criminal anti-littering and dumping laws, trespass, strict liability and negligent design defect, public nuisance, and strict liability and negligent failure to warn. The plaintiff seeks, among other relief, unspecified damages (including punitive damages) for costs allegedly incurred removing discarded cigarette filters from public property, and for alleged damage to land and natural resources and property value diminution, along with fines under state and municipal laws. On 3 February 2023, PM USA filed a notice of removal of the litigation to the Federal District Court in Baltimore, Maryland. The plaintiff moved to remand the action back to the Circuit Court for Baltimore City on 20 March 2023. The federal court, following briefing on the motion, issued an order on 19 January 2024 remanding the action back to the Circuit Court for Baltimore City.

US Securities Putative Class Action

On 24 January 2024, Gary David, a purported holder of BAT securities, initiated a putative class action in the United States District Court for the Eastern District of New York on behalf of all purchasers of publicly traded BAT securities between 9 February 2023 and 6 December 2023. The complaint names BAT and certain of its current and former officers as defendants, and alleges that during the class period the defendants made false or misleading public statements regarding the risks and potential likelihood of an impairment charge to the value of RAI's cash-generating units or its brand intangibles. The complaint does not quantify the claimed damages.

Fox River

Background to environmental liabilities arising out of contamination of the Fox River

US authorities identified potentially responsible parties ("PRPs") including NCR Corporation ("NCR"), to fund the cleanup of polluted sediments in the Lower Fox River, Wisconsin. Discharges of Polychlorinated Biphenyls ("PCBs") from paper mills and other facilities operating close to the river caused that pollution. Industries' involvement with the environmental liabilities arises out of (i) indemnity arrangements which it became party to due to various transactions that took place from the late-1970s onwards and (ii) subsequent litigation brought by NCR against Industries and Appvion Inc. ("Appvion") (a former Group subsidiary) in relation to those arrangements.

Following substantial litigation in the United States regarding the responsibility for the costs of the clean-up operations, and enforcement proceedings brought by the US Government against NCR and Appvion to ensure compliance with regulatory orders made relating to the Fox River clean-up, the District Court of Wisconsin approved (on 23 August 2017) a form of settlement with the US Government known as a Consent Decree.

A key term of that Consent Decree is that NCR was obliged to perform and fund all of the remaining Fox River remediation work by itself.

A cost breakdown filed in support of the motion to approve the Consent Decree estimates the total Fox River clean-up costs (including natural resource damages) to be US\$1,346 million (approximately £1,055.6 million).

A further Consent Decree between the US Government, P.H. Glatfelter Company and Georgia-Pacific Consumer Products LP (“Georgia-Pacific”), approved by the Wisconsin District Court on 14 March 2019, concluded all remaining litigation relating to the Fox River. In November 2019, an arbitral tribunal awarded approximately US\$10 million (approximately £7.8 million) to the remediation contractor engaged by a limited liability company formed by NCR and Appvion to perform the Fox River clean-up operation. NCR has stated (in its 2021 Annual Report on Form 10-K) that its indemnitors and co-obligors were responsible for the majority of the award, with its own share being approximately 25 per cent.

On 3 October 2022, the United States Environmental Protection Agency issued a Certificate of Completion in respect of remedial action for the Lower Fox River.

Industries’ involvement with environmental liabilities arising out of the contamination of the Fox River

NCR’s position is that, under the terms of a 1998 Settlement Agreement between it, Appvion and Industries, and a 2005 arbitration award, Industries and Appvion had a joint and several obligation to bear 60 per cent. of the Fox River environmental remediation costs imposed on NCR and of any amounts NCR has to pay in respect of other PRPs’ contribution claims. BAT has not acknowledged any such liability to NCR and has defences to such claims.

Until May 2012, Appvion and Windward Prospects Limited (“Windward”) (another former Group subsidiary) paid a 60 per cent. share of the clean-up costs incurred by NCR. Industries was never required to contribute. Around that time, Appvion refused to continue to pay clean-up costs, NCR therefore demanded that Industries pay a 60 per cent. share of those costs. Industries resisted NCR’s demand and commenced proceedings against Windward and Appvion seeking confirmation of indemnities provided to Industries in respect of any liability it might have to NCR (the “English Indemnity Proceedings”) pursuant to a 1990 de-merger agreement between those parties.

Funding Agreement of 30 September 2014

On 30 September 2014, Industries entered into a Funding Agreement with Windward, Appvion, NCR and BTI 2014 LLC (“BTI”) (a wholly-owned subsidiary of Industries). Pursuant to the Funding Agreement:

- (i) the English Indemnity Proceedings (and a related counterclaim) and NCR-Appvion arbitration were discontinued;
- (ii) the parties agreed a framework through which they would together fund the ongoing costs of the Fox River clean-up; and
- (iii) NCR agreed to accept funding by Industries at the lower level of 50 per cent. of the ongoing clean-up related costs of the Fox River (rather than the 60 per cent. referenced above). This remains subject to an ability to litigate at a later stage the extent of Industries’ liability (if any) in relation to Fox River clean-up-related costs (including in respect of the 50 per cent. of costs that Industries has paid under the Funding Agreement to date).

Additionally, Windward has contributed US\$10 million (approximately £7.8 million) of funding. Appvion has contributed US\$25 million (approximately £19.6 million) for Fox River and agreed to contribute US\$25 million (approximately £19.6 million) for the Kalamazoo River (see further below). Appvion entered Chapter 11 bankruptcy protection on 1 October 2017.

The parties also agreed to cooperate in order to maximise recoveries from certain claims made against third parties, including (i) a claim commenced by Windward in the High Court of England & Wales (the “High Court”) against Sequana S.A. (“Sequana”) and the former Windward directors (the “Windward Dividend Claim”), assigned to BTI under the Funding Agreement, and which relates to dividend payments

made by Windward to Sequana of around €443 million (approximately £384 million) in 2008 and €135 million (approximately £117.0 million) in 2009 (the “Dividend Payments”) and (ii) a claim commenced by Industries directly against Sequana to recover the value of the Dividend Payments alleging that the dividends were paid for the purpose of putting assets beyond the reach of Windward’s creditors (including Industries) (the “BAT section 423 Claim”).

Pursuant to a judgment of the High Court handed down on 11 July 2016, the court upheld the BAT section 423 Claim. By way of a consequential judgment dated 10 February 2017, the High Court ordered that Sequana pay to BTI an amount up to the full value of the 2009 dividend plus interest, equating to around US\$185 million (approximately £145.1 million). The Court dismissed the Windward Dividend Claim.

The parties pursued cross-appeals on the judgment and payments in respect of the judgment were stayed. On 6 February 2019, the Court of Appeal gave a judgment upholding the High Court’s findings, with one immaterial change to the method of calculating the damages awarded. Sequana remains liable to pay approximately US\$185 million (approximately £145.1 million) and around £10 million in costs to Industries.

On 15 May 2019, the Nanterre Commercial Court made an order placing Sequana into formal liquidation proceedings. To date, Sequana has made no payments to Industries. Because of Sequana’s ongoing insolvency process, execution of that judgment is stayed.

BTI subsequently appealed to the Supreme Court in respect of the Windward Dividend Claims. On 5 October 2022, the Supreme Court handed down its judgment, dismissing BTI’s appeal.

BTI has brought claims against certain of Windward’s former advisers, including Windward’s auditors at the time of the Dividend Payments, PwC (which claims were also assigned to BTI under the Funding Agreement). BTI’s claim against PwC is progressing in the High Court and the trial is scheduled to take place in the summer of 2024. An agreed stay is in place in respect of BTI’s separate assigned claim against Freshfields Bruckhaus Deringer.

The sums Industries has paid under the Funding Agreement are subject to the reservation as set out above and ongoing adjustment. Clean-up costs can only be estimated in advance of the work being carried out and certain sums payable are the subject of ongoing US litigation. In 2019, Industries paid £32 million in respect of clean-up costs. In 2020, Industries paid £2 million in respect of clean-up costs. In 2021, Industries paid a further £2 million in respect of clean-up costs. In 2022, Industries has paid an additional £1 million in respect of clean-up costs. Industries is potentially liable for further costs associated with the clean-up. Industries has a provision of £44 million which represents the current best estimate of its exposure.

Kalamazoo

Georgia-Pacific, a designated PRP in respect of the Kalamazoo River in Michigan, also pursued NCR in relation to remediation costs caused by PCBs released into that river.

On 26 September 2013, the United States District Court, Michigan held that NCR was liable as a PRP on the basis that it had arranged for the disposal of hazardous material for the purposes of the Comprehensive Environmental Response, Compensation and Liability Act (“CERCLA”).

Following further litigation, on 11 December 2019, NCR announced that it had entered into a Consent Decree with the US Government and the State of Michigan (subsequently approved by the Michigan Court on 2 December 2020), pursuant to which it assumed liability for certain remediation work at the Kalamazoo River. The payments to be made on the face of the Consent Decree in respect of such work total approximately US\$245 million (approximately £192 million). The Consent Decree also provides for the payment by NCR of an outstanding judgment against it of approximately US\$20 million (approximately £15.7 million) to Georgia-Pacific.

The quantum of the clean-up costs for the Kalamazoo River is presently unclear. It seems likely to exceed the amounts payable on the face of the Consent Decree.

On 10 February 2023, NCR filed a complaint in the United States District Court for the Southern District of New York against Industries, seeking a declaration that Industries must compensate NCR for 60 per cent. of costs NCR incurred and incurs relating to the Kalamazoo River site on the asserted basis that the Kalamazoo River constitutes a 'Future Site' for the purposes of the Settlement Agreement. The Funding Agreement described above does not resolve any such claims. On 23 June 2023, Industries filed its defence and counterclaims in the proceedings. On 2 October 2023, NCR filed a motion for declaratory judgment on its complaint and to strike out Industries' defences and counterclaims. Industries has filed its reply to this motion. The date for the hearing of this motion has yet to be set.

Industries also anticipates that NCR will seek to recover from Appvion (subject to a cap of US\$25 million (approximately £19.6 million)) for 'Future Sites' under the Funding Agreement. The effect of Appvion's Chapter 11 bankruptcy proceedings on its liability for Future Sites payments under the Funding Agreement is currently uncertain. NCR has indicated that if it is unable to obtain recovery from Appvion then it will seek to recover such from Industries as part of the 60 per cent. referred to above.

In summary, Industries is and has been taking active steps to protect its interests. These include preparation of all its defences and counterclaims, seeking to procure the repayment of the Windward dividends, pursuing the other valuable claims that are now within its control, and working with the other parties to the Funding Agreement to maximise recoveries from third parties with a view to ensuring that amounts funded towards clean-up related costs are later recouped under the agreed repayment mechanisms under the Funding Agreement.

Other environmental matters

RAI and its subsidiaries are subject to federal, state and local environmental laws and regulations concerning the discharge, storage, handling and disposal of hazardous or toxic substances. Such laws and regulations provide for significant fines, penalties and liabilities, sometimes without regard to whether the owner or operator of the property or facility knew of, or was responsible for, the release or presence of hazardous or toxic substances. In addition, third parties may make claims against owners or operators of properties for personal injuries and property damage associated with releases of hazardous or toxic substances. In the past, RJRT has been named a PRP with third parties under CERCLA with respect to several superfund sites. RAI and its subsidiaries are not aware of any current environmental matters that are expected to have a material adverse effect on the business, results of operations or financial position of RAI or its subsidiaries.

Investigations

From time to time, the Group investigates, and becomes aware of governmental authorities' investigations into allegations of misconduct including alleged breaches of sanctions and allegations of corruption at Group companies. Some of these allegations are currently being investigated. The Group cooperates with the authorities, where appropriate.

On 25 April 2023, the Group announced that it had reached agreement with DOJ and OFAC to resolve previously disclosed investigations into suspicions of sanctions breaches. These concerned business activities relating to the Democratic People's Republic of Korea between 2007 and 2017. BAT entered into a three-year deferred prosecution agreement ("DPA") with DOJ and a civil settlement agreement with OFAC. DOJ's charges against BAT—one count of conspiring to commit bank fraud and one count of conspiring to violate sanctions laws—were filed and will later be dismissed if BAT abides by the terms of the DPA. In addition, a BAT subsidiary in Singapore, British-American Tobacco Marketing (Singapore) Private Limited, pleaded guilty to the same charges. The total amount payable to the US authorities is approximately US\$635 million plus interest, which is being paid by BAT.

Closed litigation matters

The following matters on which BAT reported in the contingent liabilities and financial commitments note 31 to the Group's 2022 financial statements have been dismissed, concluded or resolved as noted below:

Matter	Jurisdiction	Companies named as Defendants	Description	Disposition
Distributor Customs Dispute	Qatar	British American Tobacco Middle East S.P.C.	Indemnity Litigation	Resolved
Carlson/ Alloway/Wolfe asbestos litigation	US	BATUS Holdings Inc	Personal Injury	Voluntary dismissal by plaintiffs
Philip Morris Products S.A. EP (UK) patent counterclaim ('Glo' tobacco heating devices)	UK	Nicoventures Trading Limited ("Nicoventures") and British American Tobacco (Investments) Limited	IP	Court judgment of dismissal in favour of Defendants
Jones v American Tobacco Co	Missouri	RJRT, B&W, Lorillard Tobacco and certain parent companies	Class action	Closed by court as an inactive file

General Litigation Conclusion

While it is impossible to be certain of the outcome of any particular case or of the amount of any possible adverse verdict, the Group believes that the defences of the Group's companies to all these various claims are meritorious on both the law and the facts, and a vigorous defence is being made everywhere.

As indicated above, on 1 March 2019 the Quebec Court of Appeal released its appeal judgment. The trial judgment was largely upheld by a unanimous decision of the five-member panel, and did not displace the order of the Court that previously required the defendants to post security deposits in the amount of CAD\$1.1 billion (approximately £654.4 million). This is the only executory aspect of the judgment. In these circumstances the Board of Directors of Imperial reassessed the recoverability of the litigation-related deposit, and accordingly, the Group recognised a charge against the income statement of CAD\$758 million (approximately £450.9 million), the amount of the initial deposit paid into court, and reflecting the amount of the judgment that is considered to be probable and estimable in line with IAS 37 Provisions, Contingent Liabilities and Contingent Assets. Consequently, the Group utilised the litigation-related deposit which was shown as a receivable at 31 December 2018 (within trade and receivables) against the current estimate of the liability and both the provision and litigation-related deposit were reduced accordingly. If further adverse judgments are entered against any of the Group's companies in any case, avenues of appeal will be pursued. Such appeals could require the appellants to post appeal bonds or substitute security (as has been necessary in Quebec) in amounts which could in some cases equal or exceed the amount of the judgment. At least in the aggregate, and despite the quality of defences available to the Group, it is not

impossible that the Group's results of operations or cash flows in any particular period could be materially adversely affected by the impact of a significant increase in litigation, difficulties in obtaining the bonding required to stay execution of judgments on appeal, or any final outcome of any particular litigation.

Having regard to all these matters, with the exception of the Quebec Class Actions and Fox River, the Group does not consider it appropriate to make any provision in respect of any pending litigation because the likelihood of any resulting material loss, on an individual case basis, is not considered probable and/or the amount of any such loss cannot be reasonably estimated. Notwithstanding the negative decision in the Quebec Class Actions, the Group does not believe that the ultimate outcome of this litigation will significantly impair the Group's financial condition. If the facts and circumstances change and result in further unfavourable outcomes in the pending litigation, then there could be a material impact on the financial statements of the Group. In addition, the Group accrues for damages, attorneys' fees and/or statutory interest, including in respect of certain *Engle* progeny cases, certain US individual smoking and health cases, the DOJ medical reimbursement/corrective statement case and the DOJ and OFAC investigations.

Other contingencies

JTI Indemnities. By a purchase agreement dated 9 March 1999, amended and restated as at 11 May 1999, referred to as the 1999 Purchase Agreement, R.J. Reynolds Tobacco Holdings, Inc. ("RJR") and RJRT sold their international tobacco business to JTI. Under the 1999 Purchase Agreement, RJR and RJRT retained certain liabilities relating to the international tobacco business sold to JTI, and agreed to indemnify JTI against: (i) any liabilities, costs and expenses arising out of the imposition or assessment of any tax with respect to the international tobacco business arising prior to the sale, other than as reflected on the closing balance sheet; (ii) any liabilities, costs and expenses that JTI or any of its affiliates, including the acquired entities, may incur after the sale with respect to any of RJR's or RJRT's employee benefit and welfare plans; and (iii) any liabilities, costs and expenses incurred by JTI or any of its affiliates arising out of certain activities of Northern Brands.

RJRT has received claims for indemnification from JTI, and several of these have been resolved. Although RJR and RJRT recognise that, under certain circumstances, they may have other unresolved indemnification obligations to JTI under the 1999 Purchase Agreement, RJR and RJRT disagree what circumstances described in such claims give rise to any indemnification obligations by RJR and RJRT and the nature and extent of any such obligation. RJR and RJRT have conveyed their position to JTI, and the parties have agreed to resolve their differences at a later date.

ITG Indemnity. In the purchase agreement relating to the Divestiture, as amended, RAI agreed to defend and indemnify, subject to certain conditions and limitations, ITG in connection with claims relating to the purchase or use of one or more of the Winston, Kool, Salem or Maverick cigarette brands on or before 12 June 2015, as well as in actions filed before 13 June 2025, relating to the purchase or use of one or more of the Winston, Kool, Salem or Maverick cigarette brands. In the purchase agreement relating to the Divestiture, ITG agreed to defend and indemnify, subject to certain conditions and limitations, RAI and its affiliates in connection with claims relating to the purchase or use of 'blu' brand e-cigarettes. ITG also agreed to defend and indemnify, subject to certain conditions and limitations, RAI and its affiliates in actions filed after 12 June 2025, relating to the purchase or use of one or more of the Winston, Kool, Salem or Maverick cigarette brands after 12 June 2015. ITG has tendered a number of actions to RAI under the terms of this indemnity, and RAI has, subject to a reservation of rights, agreed to defend and indemnify ITG pursuant to the terms of the indemnity. RAI has tendered an action to ITG under the terms of this indemnity, and ITG has, subject to a reservation of rights, agreed to defend and indemnify RAI and its affiliates pursuant to the terms of the indemnity. These claims are substantially similar in nature and extent to claims asserted directly against RJRT in similar actions.

Loews Indemnity. In 2008, Loews Corporation ("Loews"), entered into an agreement with Lorillard Inc., Lorillard Tobacco, and certain of their affiliates, which agreement is referred to as the "Separation

Agreement". In the Separation Agreement, Lorillard agreed to indemnify Loews and its officers, directors, employees and agents against all costs and expenses arising out of third-party claims (including, without limitation, attorneys' fees, interest, penalties and costs of investigation or preparation of defence), judgments, fines, losses, claims, damages, liabilities, taxes, demands, assessments, and amounts paid in settlement based on, arising out of or resulting from, among other things, Loews' ownership of or the operation of Lorillard and its assets and properties, and its operation or conduct of its businesses at any time prior to or following the separation of Lorillard and Loews (including with respect to any product liability claims). Loews is a defendant in three pending product liability actions, each of which is a putative class action. Pursuant to the Separation Agreement, Lorillard is required to indemnify Loews for the amount of any losses and any legal or other fees with respect to such cases. Following the closing of the Lorillard merger, RJRT assumed Lorillard's obligations under the Separation Agreement as was required under the Separation Agreement.

SFRTI Indemnity. In connection with the 13 January 2016 sale by RAI of the international rights to the Natural American Spirit brand name and associated trade marks, along with SFR Tobacco International GmbH ("SFRTI") and other international companies that distributed and marketed the brand outside the United States, to JT International Holding BV ("JTI Holding"), each of SFNTC, R.J. Reynolds Global Products, Inc., and R.J. Reynolds Tobacco B.V. agreed to indemnify JTI Holding against, among other things, any liabilities, costs, and expenses relating to actions (i) commenced on or before (a) 13 January 2019, to the extent relating to alleged personal injuries, and (b) in all other cases, 13 January 2021; (ii) brought by (a) a governmental authority to enforce legislation implementing European Union Directive 2001/37/EC or European Directive 2014/40/EU or (b) consumers or a consumer association; and (iii) arising out of any statement or claim (a) made on or before 13 January 2016, (b) by any company sold to JTI Holding in the transaction, (c) concerning Natural American Spirit brand products consumed or intended to be consumed outside of the United States and (d) that the Natural American Spirit brand product is natural, organic, or additive-free. Under the terms of this indemnity, JTI Holding requested indemnification from Santa Fe Natural Tobacco Company Germany GmbH ("SFNTCG") in connection with an audit of SFNTCG relating to transfer pricing for the tax years 2007 to 2010 and 2012 to 2015. These claims settled for a total of US\$4,653,009 (approximately £3,649,418) in taxes and interest.

Indemnification of Distributors and Retailers. RJRT, Lorillard Tobacco, SFNTC, American Snuff Co. and RJR Vapor have entered into agreements to indemnify certain distributors and retailers from liability and related defence costs arising out of the sale or distribution of their products. Additionally, SFNTC has entered into an agreement to indemnify a supplier from liability and related defence costs arising out of the sale or use of SFNTC's products. The cost has been, and is expected to be, insignificant. RJRT, SFNTC, American Snuff Co. and RJR Vapor believe that the indemnified claims are substantially similar in nature and extent to the claims that they are already exposed to by virtue of their having manufactured those products.

Except as otherwise noted above, RAI is not able to estimate the maximum potential of future payments, if any, related to these indemnification obligations.

Competition Investigations. There are instances where Group companies are cooperating with relevant national competition authorities in relation to ongoing competition law investigations and/or engaged in legal proceedings at the appellate level, including (amongst others) in the Netherlands and Nigeria. In regards to the previously disclosed investigation by the Nigerian Federal Competition and Consumer Protection Commission (the "FCCPC") into alleged violations of the Nigerian Competition and Consumer Protection Act and National Tobacco Control Act, a consent order was entered into between the FCCPC and British American Tobacco (Holdings) Limited, BAT Nigeria and British American Tobacco Marketing (Nigeria) Limited in December 2022 terminating the investigation and associated proceedings, replacing the previous final order. Amongst other measures, the final order includes provision for the payment in

Naira of a penalty equivalent to US\$110 million and the Group's Nigerian subsidiaries will be subject to a two-year period of monitorship.

Tax disputes

The Group has exposures in respect of the payment or recovery of a number of taxes. The Group is and has been subject to a number of tax audits covering, amongst others, excise tax, value added taxes, sales taxes, corporate taxes, withholding taxes and payroll taxes.

The estimated costs of known tax obligations have been provided in the Group's accounts in accordance with the Group's accounting policies. In some countries, tax law requires that full or part payment of disputed tax assessments be made pending resolution of the dispute. To the extent that such payments exceed the estimated obligation, they would not be recognised as an expense. While the amounts that may be payable or receivable in relation to tax disputes could be material to the results or cash flows of the Group in the period in which they are recognised, the Board does not expect these amounts to have a material effect on the Group's financial condition.

The following matters are in or may proceed to litigation:

Corporate taxes

Brazil

Profits of overseas subsidiaries. The Brazilian Federal Tax Authority has filed claims against Souza Cruz seeking to reassess the profits of overseas subsidiaries to corporate income tax and social contribution tax. The reassessments are for the years 2004 until and including 2012 for a total amount of BRL1,750 million (£283 million) to cover tax, interest and penalties.

Souza Cruz appealed all reassessments. Regarding the first assessments (2004-2006), Souza Cruz's appeals were rejected by the ultimate Administrative Court after which Souza Cruz filed two lawsuits with the Judicial Court to appeal the reassessments. The judgment in respect of the reassessment of corporate income tax has been decided in favour of Souza Cruz by the first level of the Judicial Court and Souza Cruz is waiting to see whether the Brazilian Tax Authorities will appeal the judgment. The lawsuit appealing the social contribution tax is pending judgment in the first level of the Judicial Court. The appeal against the second assessments (2007 and 2008) was upheld at the second tier tribunal and was closed. In 2015, a further reassessment for the same period (2007 and 2008) was raised after the five-year statute of limitation which has been appealed against.

Souza Cruz received further reassessments in 2014 for the 2009 calendar year and in 2015 an assessment for the 2010 calendar year. Souza Cruz appealed both the reassessments in full. In December 2016, assessments were received for the calendar years 2011 and 2012 which have also been appealed. In October 2023, the administrative courts issued their judgments on all of the remaining cases from 2007 to 2012. In three of the four cases (2009-2012) the court decision was tied, with five judges each siding for the tax authority and for the taxpayer. In these circumstances the tax authorities are presumed to prevail but potential penalties are reduced. The procedural appeal regarding 2007 and 2008 was rejected. All judgments will be appealed to the judicial courts.

Rio de Janeiro VAT Incentives. The Brazilian Federal Tax authority has challenged the treatment of Rio de Janeiro VAT incentives. In October 2021, in respect of the 2016-2021 calendar years, the authorities position was upheld at the lower Judicial Court. Souza Cruz has appealed in full against the Judgment. The maximum exposure from 2016-2023 is BRL1,152 million (£186 million) including potential interest and penalties, and reflecting a recent binding Supreme Court decision which reduces the value of these incentives by 10 per cent.

Netherlands

The Dutch tax authority has issued a number of assessments on various issues across the years 2003-2016 in relation to various intra-group transactions. The assessments amount to an aggregate net potential liability across these periods of £1,148 million covering tax, interest and penalties. The Group appealed against the assessments in full. In relation to the periods from 2003-2007 (with an aggregate potential net liability of £7 million), the District Court of North Holland issued judgments on 3 March 2021. The appeal against the assessments was upheld, with the court finding for the Group. The Dutch tax authority have appealed to the High Court.

In relation to the periods from 2008-2013 (with an aggregate potential net liability of £182 million), the District Court of North Holland issued judgments on 17 October 2022, resulting in findings against the Group on a number of issues. These judgments have been appealed to the High Court.

On 15 December 2023, the Dutch District Court issued its judgment covering the period 2014-2016 (with an aggregate potential net liability of £959 million). On the issue of mark to market losses on external bonds of British American Tobacco Holdings (The Netherlands) B.V., the appeal against the assessments was upheld in full, with the court finding for the Group. In relation to other intra-group transactions, including the termination of licence rights, the court found against the Group. Both the Group and Dutch tax authorities have appealed items lost to the High Court.

Having considered the judgment and the Dutch judicial and international proceedings available to it, the Group has recognised a further adjusting charge of £70 million in 2023, with a total provision of £145 million recognised at 31 December 2023.

As part of the 15 December 2023 judgment, the assessed fine of £108 million for the filing of an intentionally incorrect tax return was upheld but reduced to £92 million. The Group has appealed in full to the High Court and considers no provision is appropriate.

The Group believes that its companies have meritorious defences in law and fact in each of the above matters and intends to pursue each dispute through the judicial system as necessary. With the exception of the Netherlands, the Group does not consider it appropriate to make provision for these amounts nor for any potential further amounts which may be assessed in relation to these matters in subsequent years.

Indirect and other taxes

Bangladesh

In January 2019, a competitor filed a writ petition against the Bangladesh government and the National Board of Revenue (“NBR”) by which it initially challenged the failure of government to implement the closing budget speech of the Honourable Finance Minister dated 27 June 2018 and reserving low segment for local brands. Thereafter, the competitor instead challenged the exclusion of protection given to local brands of cigarette manufactured by local manufacturers and sought a direction to continue the protection so granted to the local manufacturers of cigarettes in pursuance of a 2017 Special Order. The competitor further challenged the legality of a 2018 Special Order of the NBR through which the said protection was revoked. British American Tobacco Bangladesh Company Limited (“BAT Bangladesh”) was initially not a party to the writ petition, subsequently it became a party through an addition of party application. Upon hearing on multiple occasions, the High Court passed judgment in the matter on 21 September 2020. BAT Bangladesh filed an appeal against the High Court order and obtained a stay on 4 October 2020. By holding the prospective portion of the 2018 Special Order legal, the court did not allow the discriminatory regime to continue. However, by holding illegal the retrospective portion of the 2018 Special Order, the Court revived the discriminatory regime for only one year, that is from 1 June 2017 to 6 June 2018 and held that any shortfall of revenue under the 2017 Special Order may be recovered from any party or manufacturer during the period of 1 June 2017 to 6 June 2018. Subsequently, the Large Taxpayers’ Unit (“LTU”) VAT issued a show cause notice dated 24 September 2020 following the High Court judgment claiming unpaid

VAT and Supplementary Duty (“SD”) of BDT24,371 million (£174 million) from 1 June 2017 to 6 June 2018. BAT Bangladesh appealed against the High Court judgment before the Appellate Division and obtained an order of stay. Since the High Court judgment is stayed, the LTU proceeding shall also be deemed to have been stayed.

In addition, BAT Bangladesh has received a memo from the NBR claiming BDT20,540 million (£147 million). This claim is related to VAT and SD allegedly owed by BAT Bangladesh due to the production of an extra 18 billion cigarettes. The allegation is based on an undisclosed purchase of local leaf, which is apparently inferred from a discrepancy found in BAT Bangladesh’s 2016 Annual Report and VAT-1 records. NBR has reopened the matter and sent a memo to LTU cancelling the earlier order of the LTU Commissioner which was in favour of BAT Bangladesh and directing LTU to make the demand to BAT Bangladesh claiming the above-mentioned VAT and SD. Subsequently, BAT Bangladesh has received an official demand for payment related to this claim from LTU. BAT Bangladesh has challenged the memo of NBR and obtained a Rule in this regard. It has also challenged the demand letter of LTU and prayed for issuance of a supplementary rule and stayed the demand letter. The matter is currently pending before the High Court.

South Korea

In 2016, the Board of Audit and Inspection of Korea (BAI) concluded its tax assessment in relation to the 2014 year-end tobacco inventory, and imposed additional national excise, local excise, VAT taxes and penalties. This resulted in the recognition of a KRW80.7 billion (approximately £49 million) charge by Group subsidiaries, Rothmans Far East B.V. Korea Branch Office and BAT Korea Manufacturing Ltd. Management deems the tax and penalties to be unfounded and has appealed to the tax tribunal against the assessment. On grounds of materiality and the likelihood of the tax and penalties being reversed in future, the Group classified the tax and penalties charge as an adjusting item in 2016.

On 23 August 2019, the trial court ruled in favour of Rothmans Far East B.V. Korea Branch Office on KRW6.7 billion (approximately £4 million), the VAT portion of the assessment. The Korean government appealed the ruling on 16 September 2019. On 16 April 2021, the Court of Appeals affirmed the ruling of the Trial Court. The government immediately appealed to the Supreme Court and the Supreme Court also affirmed the ruling of the Appeals Court on 26 August 2021. On 16 September 2021, Rothmans Far East B.V. Korea Branch Office duly received the amount litigated (VAT portion) including statutory interests.

On 9 September 2023, the trial court ruled in favour of the Korean government on national excise and local excise portion of the assessment. The Management of the British American Tobacco Korea Manufacturing Ltd. lodged an appeal to the Supreme Court on 30 October 2023.

Closed cases

In the contingent liabilities and financial commitments note 31 to the Group’s 2022 financial statements, an indirect and other taxes case in Egypt was disclosed. This case was closed in 2022.

Commitments in relation to service contracts, non-capitalised leases

The total future minimum payments under non-cancellable service contracts based on when payments fall due:

	2023	2022
	£m	£m
Service contracts		
Within one year	41	45
Between one and five years.....	46	66
Beyond five years.....	-	-
	87	111

Financial commitments arising from short-term leases and leases of low-value assets that are not capitalised under IFRS 16 Leases are £26 million (2022: £30 million) for property and £9 million (2022: £50 million) for plant, equipment and other assets.

RAI

Incorporation, Business and Development

RAI was incorporated in the State of North Carolina on 2 January 2004. RAI's principal office is located at 401 North Main Street, Winston-Salem, North Carolina 27101, United States and its telephone number is +1(336) 741 2000. The website of RAI is <https://www.reynoldsamerican.com/>. No information on such website forms part of this Base Prospectus except as specifically incorporated by reference, see "*Documents Incorporated by Reference*".

RAI is a holding company whose wholly-owned operating subsidiaries include: (i) RJRT, manufacturer of US cigarette brands Newport, Camel, Pall Mall, and Lucky Strike; (ii) SFNTC, manufacturer of US cigarette brand Natural American Spirit; (iii) American Snuff Co., a smokeless tobacco products manufacturer; (iv) RJR Vapor, a marketer of digital vapor cigarettes in the US; and (v) Modoral, a marketer of modern oral nicotine products in the US.

Organisational Structure

RAI is an indirect, wholly-owned subsidiary of BAT.

Administrative, management and supervisory bodies of RAI

Directors

The following is a list of the Directors of RAI:

Name	Function
L. Senra	Director
D. Waterfield	Director
J.J. Raborn.....	Director

None of the directors listed above performs activities outside RAI or the Group which are significant with respect to the Group. The business address of the directors of RAI is 401 North Main Street, Winston-Salem, North Carolina 27101, United States.

The duties owed by the directors do not give rise to any potential conflicts of interests with such directors' private interests and other duties.

Deed of Guarantee

Up to and including the Termination Date (as defined below), Notes issued under the Programme will be irrevocably and unconditionally guaranteed by RAI pursuant and subject to a deed of guarantee (the "Deed of Guarantee") dated 2 August 2017 (the "RAI Guarantee"). The RAI Guarantee will constitute an unconditional and irrevocable obligation of RAI, on a joint and several basis with the Guarantors, for the payment of all sums expressed to be payable from time to time by each Issuer in respect of Notes issued under the Programme on or after the date of the Deed of Guarantee up to and including the Termination Date (as defined below).

Without the consent of the Trustee, the Noteholders or the Guarantors, RAI will be automatically and unconditionally released from all obligations under the Deed of Guarantee, and the Deed of Guarantee shall thereupon terminate and be discharged and shall be of no further force or effect, if at any time the aggregate amount of indebtedness for borrowed money for which RAI is an obligor (as a guarantor or borrower) does not exceed ten per cent. of the outstanding long term debt of BAT as reflected in the

balance sheet included in BAT's most recent publicly released interim or annual consolidated financial statements (such date being the "Termination Date"), as evidenced by a certificate to such effect addressed to the Trustee and signed by a director of BAT (upon which certificate the Trustee shall be entitled to rely). The amount of RAI's indebtedness for borrowed money shall not include (A) its guarantee in respect of the Notes, (B) any other debt guaranteed by RAI the terms of which permit the termination of RAI's guarantee of such debt under similar circumstances as set out in the Deed of Guarantee, as long as RAI's obligations in respect of such other debt are terminated at substantially the same time as its guarantee of the Notes, (C) any debt issued or guaranteed by RAI that is being refinanced at substantially the same time as the release of the guarantee of the Notes pursuant to the Deed of Guarantee, provided that any obligations of RAI in respect of any debt that is incurred in any such refinancing shall be included in the calculation of RAI's indebtedness for borrowed money and (D) for the avoidance of doubt, any debt in respect of which RAI is an obligor (as a guarantor or borrower) (i) between or among BAT and any subsidiary or subsidiaries thereof or (ii) between or among any subsidiaries of BAT.

A Noteholder may inspect of a copy of the Deed of Guarantee during normal business hours at the head office of the Trustee.

MANAGEMENT

Administrative, management and supervisory bodies

Directors

The Directors of BAT and their functions within the Group and their principal activities outside the Group are as follows:

Executive Director	Principal Activities outside the Group
Tadeu Marroco (Chief Executive).....	N/A
Chair	Principal Activities outside the Group
Luc Jobin.....	Gildan Activewear Inc. (Non-Executive Director) Group Techno-X (Strategic Advisory Committee member)
Non-Executive Directors	Principal Activities outside the Group
Krishnan 'Kandy' Anand.....	Wingstop Inc. (Non-Executive Director) Igniting Business Growth L.L.C. (Chief Executive Officer) Igniting Consumer Growth Acquisitions Co. (Chief Executive Officer)
Véronique Laury.....	Société Bic S.A. (Board Member) Sodexo S.A. (Board Member) Inter Ikea Holding B.V. (Board Member) Eczacıbaşı Holding Company (Board Member)
Sue Farr (Senior Independent Director).....	THG plc. (Senior Independent Director) Helical PLC (Non-Executive Director) Unlimited Group Ltd (Non-Executive Director)
Karen Guerra	Ancor plc. (Non-Executive Director)
Murray Kessler.....	N/A
Holly Keller Koepfel.....	Arch Resources Inc. (Director) Flutter Entertainment plc (Non-Executive Director) AES Corporation (Director)
Dimitri Panayotopoulos.....	IRI (Board Member) The Boston Consulting Group (Senior Advisor) JBS USA (Member of Advisory Board) North Atlantic Acquisitions Corporation (Non-Executive Director) Airway Therapeutics Inc. (Chairman)
Darrell Thomas	Sojourner Family Peace Center, Inc. (Board Member)

Non-Executive Directors

Serpil Timuray.....

Principal Activities outside the Group

Dorman Products Inc. (Independent Director)
Scotia Holdings (US) Inc. (Non-Executive Director)
Pitney Bowes Inc. (Non-Executive Director)
TPG Telecom Plc. (Non-Executive Director)
Vodafone Group (CEO of Europe Cluster)
VodafoneZiggo (Rotating Chair of Supervisory Board and Remuneration Committee)
Vodafone Turkey (Non-Executive Director and Chair of Board)
DEIK DTIK (Director of Board)
Thirty Club of London (Director)

Management Board

The Executive Director of BAT together with the following executives:

Jerome Abelman

(Director, Legal Affairs and General Counsel)

James Barrett

(Director, Business Development)

Luciano Comin

(Marketing Director, Combustibles and New Categories)

Mihovil (Michael) Dijanosic

(Regional Director, Asia-Pacific, Middle East and Africa)

Javed Iqbal

(Interim Finance Director and Director, Digital and Information)

Zafar Khan

(Director, Operations)

Dr Cora Koppe-Stahrenberg

(Chief People Officer)

Paul McCrory

(Director, Corporate and Regulatory Affairs)

Fred Monteiro

(Regional Director, Americas and Europe)

Dr James Murphy

(Director, Research and Science)

Johan Vandermeulen

(Chief Operating Officer)

David Waterfield

(President and CEO, Reynolds American Inc.)

Kingsley Wheaton

(Chief Strategy and Growth Officer)

The business address of the Directors and the Management Board of BAT is Globe House, 4 Temple Place, London WC2R 2PG, save for the business address of David Waterfield which is 401 N. Main Street, PO Box 2990, Winston Salem, North Carolina 27101-2990, USA.

Administrative, Management and Supervisory bodies conflicts of interest

Other than as described above, there are no potential conflicts of interest between any duties to BAT of the Directors and the members of the Management Board listed above and/or their private interests and other duties.

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes which will be incorporated by reference into each Global Note (as defined below) and each definitive Note, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. Part A of the applicable Final Terms in relation to any Tranche (as defined below) of Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, complete the following Terms and Conditions for the purpose of such Notes. Part A of the applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to “Form of the Notes” for the form of Final Terms which will specify which of such terms are to apply in relation to the relevant Notes.

This Note is one of a Series (as defined below) of Notes issued by B.A.T. International Finance p.l.c. (“**BATIF**”), B.A.T. Netherlands Finance B.V. (“**BATNF**”) or B.A.T Capital Corporation (“**BATCAP**”) as indicated in the applicable Final Terms (each in its capacity as the issuer of the Notes, the “**Issuers**” and, together with the other in its capacity as issuer of other notes, the “**Issuers**”) constituted by a Trust Deed (such Trust Deed as modified and/or supplemented and/or restated from time to time, the “**Trust Deed**”) dated 6 July 1998 made between, *inter alios*, each of BATIF, BATNF and BATCAP as an Issuer, and where it is not the Issuer of the Notes, as guarantor of notes issued by the other Issuers, British American Tobacco p.l.c. (“**British American Tobacco**”) as a guarantor and The Law Debenture Trust Corporation p.l.c. (the “**Trustee**”, which expression shall include any successor as trustee). Each of BATIF, BATNF, BATCAP and British American Tobacco in its capacity as a guarantor is herein referred to as a “**Guarantor**” and all together in such capacities are herein referred to as the “**Guarantors**”. The Issuer and the Guarantors in relation to the Notes are specified in the applicable Final Terms (as defined below) and such expressions shall be construed accordingly.

References herein to the “**Notes**” shall be references to the Notes of this Series and shall mean:

- (i) in relation to any Notes represented by a global Note (a “**Global Note**”), units of each Specified Denomination in the Specified Currency;
- (ii) any Global Note; and
- (iii) any definitive Notes issued in exchange for a Global Note.

The Notes and the Coupons (as defined below) have the benefit of an amended and restated Agency Agreement (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the “**Agency Agreement**”) dated 17 March 2022 and made between the same parties as are parties to the Trust Deed, Citibank, N.A., London Branch as issuing and principal paying agent and agent bank (the “**Agent**”, which expression shall include any successor agent) and the other paying agent named therein (together with the Agent, the “**Paying Agents**”, which expression shall include any additional or successor paying agent).

Interest bearing definitive Notes (unless otherwise indicated in the applicable Final Terms) have interest coupons (“**Coupons**”) and, if indicated in the applicable Final Terms, talons for further Coupons (“**Talons**”) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Global Notes do not have Coupons or Talons attached on issue.

The final terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Note which supplement these Terms and Conditions and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, complete these Terms and Conditions for the purposes of this Note. References to the

“**applicable Final Terms**” are to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note.

The Trustee acts for the benefit of the holders for the time being of the Notes (the “**Noteholders**”, which expression shall, in relation to any Notes represented by a Global Note, be construed as provided below) and the holders of the Coupons (the “**Couponholders**”, which expression shall, unless the context otherwise requires, include the holders of the Talons), in accordance with the provisions of the Trust Deed.

As used herein, “**Tranche**” means Notes which are identical in all respects (including as to listing and admission to trading) and “**Series**” means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (i) expressed to be consolidated and form a single series with an existing Tranche of Notes; and (ii) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

Copies of the Trust Deed, the Agency Agreement and the applicable Final Terms are available for inspection during normal business hours at the registered office for the time being of the Trustee (being at the date of this Base Prospectus at Fifth Floor, 100 Bishopsgate, London EC2N 4AG) and at the specified office of each of the Paying Agents. The Noteholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Trust Deed, the Agency Agreement and the applicable Final Terms which are applicable to them. The statements in these Terms and Conditions include summaries of, and are subject to, the detailed provisions of and definitions contained in the Trust Deed.

Words and expressions defined in the Trust Deed or the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Agency Agreement and the Trust Deed, the Trust Deed will prevail and, in the event of inconsistency between the Agency Agreement or the Trust Deed and the applicable Final Terms, the applicable Final Terms will prevail.

In the Conditions, “**euro**” means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

1 Form, Denomination and Title

The Notes are in bearer form and, in the case of definitive Notes, serially numbered, in the Specified Currency and the Specified Denomination(s) specified in the applicable Final Terms. Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination.

This Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

Definitive Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in these Terms and Conditions, the Trust Deed and the Agency Agreement are not applicable.

Subject as set out below, title to the Notes and Coupons will pass by delivery. The Issuer, the Guarantors and any Paying Agent will (except as otherwise required by law) deem and treat the bearer of any Note or Coupon as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank SA/NV (“**Euroclear**”) and/or Clearstream Banking S.A. (“**Clearstream, Luxembourg**”), each person (other than

Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Guarantors and the Paying Agents as the holder of such nominal amount of such Notes for all purposes, other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Global Note shall be treated by the Issuer, the Guarantors and any Paying Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions “**Noteholder**” and “**holder of Notes**” and related expressions shall be construed accordingly.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as the case may be. References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms, or as may otherwise be approved by the Issuer, the Guarantors, the Agent and the Trustee.

2 Status of the Notes and the Guarantee

(a) *Status of the Notes*

The Notes and Coupons constitute direct, unconditional and (subject to the provisions of Condition 3) unsecured obligations of the Issuer and rank and will rank *pari passu* and without any preference among themselves and (subject as aforesaid and save to the extent that laws affecting creditors' rights generally in a bankruptcy or winding up may give preference to any of such other obligations) equally with all other present and future unsecured and unsubordinated obligations of the Issuer from time to time outstanding.

(b) *Status of the Guarantee*

The payment of principal of, and interest on, the Notes together with all other amounts payable by the Issuer under or pursuant to the Trust Deed has been unconditionally and irrevocably and jointly and severally guaranteed in the Trust Deed by the Guarantors (other than the Issuer).

The obligations of each Guarantor under its guarantee constitute direct, unconditional and (subject to the provisions of Condition 3) unsecured obligations of the relevant Guarantor and (subject as aforesaid and save to the extent that laws affecting creditors' rights generally in a bankruptcy or winding up may give preference to any of such other obligations) rank and will rank equally with all other unsecured and unsubordinated obligations of the relevant Guarantor from time to time outstanding.

The Trust Deed contains a covenant on the part of the Issuers and the Guarantors in the event that any other company, the share capital of which is or is to be admitted to the official list of the Financial Conduct Authority under Part VI of the Financial Services and Markets Act 2000 (the “**Official List**”) and admitted to trading on the London Stock Exchange plc's main market (the “**Market**”), becomes the ultimate Holding Company of British American Tobacco, to procure that such other Holding Company shall become a guarantor under the Trust Deed, jointly and severally with the Guarantors, with effect from the later of (i) the date on which such other company becomes the ultimate Holding Company of British American Tobacco and (ii) the date on which the share capital of such other Holding Company is admitted to the Official List and admitted to trading on the Market. In such event, the term “**Guarantors**” herein shall be deemed to include such other Holding Company.

3 Negative Pledge

So long as any of the Notes remains outstanding (as defined in the Trust Deed) neither the Issuer nor any Guarantor will secure or allow to be secured any Quoted Borrowing or any payment under any guarantee by any of them of any Quoted Borrowing by any mortgage, charge, pledge or lien (other than arising by operation of law) upon any of its undertaking or assets, whether present or future, unless at the same time the same mortgage, charge, pledge or lien is extended, or security which is in the opinion of the Trustee not materially less beneficial to the Noteholders than the security given as aforesaid or which shall be approved by Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders is extended, or (as the case may be) created, in favour of the Trustee to secure equally and rateably the principal of, and interest on, and all other payments (if any) in respect of the Notes and under the Trust Deed.

For the purposes of this Condition 3, “**Quoted Borrowing**” means any indebtedness which (a) is represented by notes, debentures or other securities issued otherwise than to constitute or represent advances made by banks and/or other lending institutions; (b) is denominated, or confers any right to payment of principal and/or interest, in or by reference to any currency other than the currency of the country in which the issuer of the indebtedness has its principal place of business or is denominated, or confers any right to payment of principal and/or interest, in or by reference to the currency of such country but is placed or offered for subscription or sale by or on behalf of, or by agreement with, the issuer of such indebtedness as to over 20 per cent. outside such country; and (c) at its date of issue is, or is intended by the issuer of such indebtedness to become, quoted, listed, traded or dealt in on any stock exchange or other organised and regulated securities market in any part of the world.

4 Interest

(a) *Interest on Fixed Rate Notes*

The applicable Final Terms contains provisions applicable to the determination of fixed rate interest and must be read in conjunction with this Condition 4(a) for full information on the manner in which interest is calculated on Fixed Rate Notes. In particular, the applicable Final Terms will specify, as applicable, the Interest Commencement Date, the Rate(s) of Interest, the Interest Payment Date(s), the Maturity Date, the Fixed Coupon Amount, any applicable Broken Amount, the Calculation Amount, the Day Count Fraction and any applicable Determination Date.

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

If the Notes are in definitive form, except as otherwise provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date will amount to the Fixed Coupon Amount (if any) specified in the applicable Final Terms. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

Except in the case of Notes in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to:

- (A) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding amount of the Fixed Rate Notes represented by such Global Note; or
- (B) in the case of Fixed Rate Notes in definitive form, the Calculation Amount;

and in each case, multiplying such sum by the applicable Day Count Fraction.

The resultant figure (including after application of any Fixed Coupon Amount or Broken Amount to the Calculation Amount in the case of Fixed Rate Notes in definitive form) shall be rounded to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

“Day Count Fraction” means in respect of the calculation of an amount of interest in accordance with Condition 4(a):

- (i) if **“Actual/Actual (ICMA)”** is specified in the applicable Final Terms:
 - (A) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the **“Accrual Period”**) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates that would occur in one calendar year; or
 - (B) in the case of Notes where the Accrual Period is longer than the Determination Period commencing on the last Interest Payment Date (or, if none, the Interest Commencement Date), the sum of:
 - (1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in one calendar year; and
 - (2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in one calendar year;
- (ii) if **“30/360”** is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of 12 30-day months) divided by 360; and
- (iii) if **“Actual/365 (Fixed)”** is specified in the applicable Final Terms, the actual number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date divided by 365.

In these Terms and Conditions:

“Determination Period” means the period from (and including) a Determination Date to (but excluding) the next Determination Date.

“sub-unit” means, with respect to any currency other than Euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to Euro, means one cent.

(b) *Interest on Floating Rate Notes*

The applicable Final Terms contains provisions applicable to the determination of floating rate interest and must be read in conjunction with this Condition 4(b) for full information on the manner in which interest is calculated on Floating Rate Notes. In particular, the applicable Final Terms will identify, as applicable, any Specified Interest Payment Dates, any Specified Period, the Interest Commencement Date, the Business Day Convention, any Additional Business Centres, whether ISDA Determination or Screen Rate Determination applies to the calculation of interest, the party who will calculate the amount of interest due if it is not the Agent, the Margin, any maximum or minimum interest rates and the Day Count Fraction. Where ISDA Determination applies to the calculation of interest, the applicable Final Terms will also specify the applicable Floating Rate Option, Designated Maturity and Reset Date. Where Screen Rate Determination applies to the calculation of interest, the applicable Final Terms will also specify the applicable Reference Rate, Interest Determination Date(s) and Relevant Screen Page.

(i) *Interest Payment Dates*

Each Floating Rate Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (A) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or
- (B) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an “**Interest Payment Date**”) which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each “**Interest Period**” (which expression shall, in these Terms and Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date) or the relevant payment date if the Floating Rate Notes become payable on a date other than an Interest Payment Date.

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day on the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (1) in any case where Specified Periods are specified in accordance with Condition 4(b)(i)(B) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply *mutatis mutandis* or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month in which the Specified Period falls after the preceding applicable Interest Payment Date occurred; or
- (2) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or

- (3) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (4) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In this Condition, “**Business Day**” means a day (other than a Saturday or a Sunday) which is both:

- (A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in London and each Additional Business Centre (if any) specified in the applicable Final Terms; and
- (B) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than London and any Additional Business Centre and which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in Euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007, or any successor thereto (the “**TARGET System**”) is operating.

(ii) *Rate of Interest*

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined in the manner specified in the applicable Final Terms and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified in the applicable Final Terms.

(A) *ISDA Determination for Floating Rate Notes*

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this sub-paragraph (A), “**ISDA Rate**” for an Interest Period means a rate equal to the Floating Rate that would be determined by the Agent under an interest rate swap transaction if the Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as amended and updated as at the Issue Date of the first Tranche of the Notes and as published by the International Swaps and Derivatives Association, Inc. (the “**ISDA Definitions**”) and under which:

- (1) the Floating Rate Option is as specified in the applicable Final Terms;
- (2) the Designated Maturity is a period specified in the applicable Final Terms; and
- (3) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the euro-zone interbank offered rate (“**EURIBOR**”) for a currency, the first day of that Interest Period or (ii) in any other case, as specified in the applicable Final Terms.

For the purposes of this sub-paragraph (A), (i) “**Floating Rate**”, “**Calculation Agent**”, “**Floating Rate Option**”, “**Designated Maturity**”, “**Reset Date**” and “**euro-zone**” have the meanings given to those terms in the ISDA Definitions and (ii) the definition of “**Banking Day**” in the ISDA Definitions shall be amended to insert after the words “are open for” in the second line thereof the word “general”.

(B) *Screen Rate Determination for Floating Rate Notes*

(1) Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

(I) the offered quotation; or

(II) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate (being EURIBOR) which appears on the Relevant Screen Page as at 11.00 a.m. (Brussels time) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations;

(2) If the Relevant Screen Page is not available or, if in the case of sub-paragraph (B)(1)(I) above, no such offered quotation appears or, in the case of sub-paragraph (B)(1)(II) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph the Issuer shall request each of the several banks initially appointed as reference banks in relation to the Notes of any relevant Series and/or, if applicable, any Successor reference banks in relation thereto such banks being, the principal euro-zone office of four major banks in the euro-zone inter-bank market, in each case selected by the Issuer or as specified in the applicable Final Terms (each a “**Reference Bank**”, and together the “**Reference Banks**”) to provide the Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Agent with such offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of such offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Agent; and

(3) If on any Interest Determination Date one only or none of the Reference Banks provides the Agent with such offered quotations as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to the Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately 11.00

a.m. (Brussels time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the euro-zone inter-bank market plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately 11.00 a.m. (Brussels time) on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the relevant Issuer suitable for such purpose) informs the Agent it is quoting to leading banks in the euro-zone inter-bank market plus or minus (as appropriate) the Margin (if any), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period, in place of the Margin relating to that last preceding Interest Period).

(C) *Benchmark Discontinuation*

(1) Independent Adviser

Notwithstanding Conditions 4(b)(ii)(B)(2) and (3), if the Issuer determines that a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to advise the Issuer in determining a Successor Rate, failing which an Alternative Rate (in accordance with Condition 4(b)(ii)(C)(2)) and, in either case, an Adjustment Spread (in accordance with and subject to Condition 4(b)(ii)(C)(3)) and any Benchmark Amendments (in accordance with Condition 4(b)(ii)(C)(4)).

In advising the Issuer, the Independent Adviser appointed pursuant to this Condition 4(b)(ii)(C) shall act in good faith as an expert. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Trustee, the Paying Agents, the Noteholders or the Couponholders for any determination made by it or for any advice given to the Issuer in connection with any determination made by the Issuer pursuant to this Condition 4(b)(ii)(C).

If, following the occurrence of a Benchmark Event (i) the Issuer is unable to appoint an Independent Adviser; or (ii) the Issuer fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this Condition 4(b)(ii)(C), in each case prior to the relevant Interest Determination Date, the Rate of Interest applicable to the next succeeding Interest Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the immediately preceding Interest Period. If there has not been a first Interest Payment Date, the Rate of Interest shall be the initial Rate of Interest. Where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the

relevant Interest Period from that which applied to the last preceding Interest Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Period shall be substituted in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Period. For the avoidance of doubt, this paragraph shall apply to the determination of the Rate of Interest applicable to the next succeeding Interest Period only and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustment as provided in, this Condition 4(b)(ii)(C).

(2) Successor Rate or Alternative Rate

If the Issuer, following consultation with the Independent Adviser, determines that:

- (I) there is a Successor Rate, then such Successor Rate and (subject to Condition 4(b)(ii)(C)(3)) the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all relevant future payments of interest on the Notes (subject to the subsequent operation of this Condition 4(b)(ii)(C)); or
- (II) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate and (subject to Condition 4(b)(ii)(C)(3)) the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all relevant future payments of interest on the Notes (subject to the subsequent operation of this Condition 4(b)(ii)(C)).

(3) Adjustment Spread

The Adjustment Spread (or the formula or methodology for determining the Adjustment Spread) shall be applied (subject to the proviso in the following sentence) to the Successor Rate or the Alternative Rate (as the case may be). If the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then the Successor Rate or Alternative Reference Rate (as applicable) will apply without an Adjustment Spread.

(4) Benchmark Amendments

If any Successor Rate or Alternative Rate and, in either case (subject to Condition 4(b)(ii)(C)(3)), the applicable Adjustment Spread is determined in accordance with this Condition 4(b)(ii)(C) and the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines (a) that amendments to these Conditions, the Agency Agreement and/or the Trust Deed are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and/or (in either case) the applicable Adjustment Spread (such amendments, the “**Benchmark Amendments**”) and (b) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 4(b)(ii)(C)(5), without any requirement for the consent or approval of Noteholders, vary these Conditions, the Agency Agreement and/or the Trust

Deed to give effect to such Benchmark Amendments with effect from the date specified in such notice.

At the request of the Issuer, but subject to receipt by the Trustee and the Agent of a certificate signed by one director of the Issuer pursuant to Condition 4(b)(ii)(C)(5), the Trustee and the Agent shall (at the request and expense of the Issuer), without any requirement for the consent or approval of the Noteholders, be obliged to concur with the Issuer in effecting any Benchmark Amendments (including, *inter alia*, by the execution of a supplement to or document amending the Trust Deed and/or the Agency Agreement) and the Trustee and the Agent shall not be liable to any party for any consequence thereof, provided that the Trustee and the Agent shall not be obliged so to concur if in the opinion of the Trustee and the Agent doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the rights and/or the protective provisions afforded to the Trustee and the Agent (as applicable) in these Conditions, the Agency Agreement or the Trust Deed (including, for the avoidance of doubt, any supplemental trust deed or supplemental agency agreement) in any way.

In connection with any such variation in accordance with this Condition 4(b)(ii)(C)(4), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

(5) Notices, etc.

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments determined under this Condition 4(b)(ii)(C) will be notified promptly by the Issuer to the Trustee, the Agent and, in accordance with Condition 13, the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Trustee and the Agent of the same, the Issuer shall deliver to the Trustee and the Agent a certificate signed by one director of the Issuer:

- (I) confirming (a) that a Benchmark Event has occurred, (b) the Successor Rate or, as the case may be, the Alternative Rate, (c) the applicable Adjustment Spread and (d) the specific terms of the Benchmark Amendments (if any), in each case as determined in accordance with the provisions of this Condition 4(b)(ii)(C); and
- (II) certifying that the Benchmark Amendments (if any) are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread.

The Trustee and the Agent shall be entitled to rely on such certificate (without liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) and without prejudice to the Trustee's and Agent's ability to rely on such certificate as

aforesaid) be binding on the Issuer, the Trustee, the Agents, the Noteholders and the Couponholders. For the avoidance of doubt, neither the Trustee nor the Agent shall be liable to the Noteholders or any other person for so acting or relying on such certificate.

(6) Survival of Original Reference Rate

Without prejudice to the obligations of the Issuer under Condition 4(b)(ii)(C)(1), (2), (3) and (4), the Original Reference Rate and the fallback provisions provided for in Condition 4(b)(ii)(B) and Clause 9.2 of the Agency Agreement will continue to apply unless and until the Issuer determines that a Benchmark Event has occurred and the Trustee and the Agents have been notified of the Successor Rate or the Alternative Rate (as the case may be) and the Adjustment Spread (if applicable) and any Benchmark Amendments in accordance with this Condition 4(b)(ii)(C).

(7) Definitions

As used in this Condition 4(b)(ii)(C):

“Adjustment Spread” means either (a) a spread (which may be positive, negative or zero), or (b) a formula or methodology for calculating a spread, in each case to be applied (subject to Condition 4(b)(ii)(C)(3)) to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (I) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body;
- (II) if no such recommendation has been made, or in the case of an Alternative Rate, the Issuer, following consultation with the Independent Adviser, determines, is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate;
- (III) if neither (I) nor (II) above applies, the Issuer, following consultation with the Independent Adviser, determines, is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be).

“Alternative Rate” means an alternative benchmark or screen rate which the Issuer, following consultation with the Independent Adviser, determines in accordance with Condition 4(b)(ii)(C)(2) is customarily applied in international debt capital markets transactions for the purposes of determining rates of interest (or the relevant component part thereof) for an interest period of comparable duration and in the same Specified Currency as the Notes or, if the Issuer (following consultation with the Independent Adviser) determines that there is no such rate, such other rate as the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines in its discretion is most comparable to the relevant Original Reference Rate.

“Benchmark Amendments” has the meaning given to it in Condition 4(b)(ii)(C)(4).

“Benchmark Event” means:

- (I) the Original Reference Rate ceasing to be published for a period of at least five Business Days or ceasing to exist; or
- (II) a public statement by the administrator of the Original Reference Rate that it has ceased or that it will cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or
- (III) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been or will be permanently or indefinitely discontinued; or
- (IV) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the Notes; or
- (V) a public statement by the supervisor of the administrator of the relevant Original Reference Rate that, in the view of such supervisor, such Original Reference Rate is no longer representative of an underlying market; or
- (VI) it has become unlawful for any Agent or the Issuer to calculate any payments due to be made to any Noteholder using the Original Reference Rate,

provided that the Benchmark Event shall be deemed to occur (a) in the case of sub-paragraphs (II) and (III) above, on the date of the cessation of publication of the Original Reference Rate or the discontinuation of the Original Reference Rate, as the case may be, (b) in the case of sub-paragraph (IV) above, on the date of the prohibition of use of the Original Reference Rate and (c) in the case of sub-paragraph (V) above, on the date with effect from which the Original Reference Rate will no longer be (or will be deemed by the relevant supervisor to no longer be) representative of its relevant underlying market and which is specified in the relevant public statement, and, in each case, not the date of the relevant public statement.

“Independent Adviser” means an independent financial institution of international repute or an independent financial adviser, in each case, with appropriate expertise in capital markets appointed by the Issuer at its own expense under Condition 4(b)(ii)(C)(1) and notified in writing to the Trustee.

“Original Reference Rate” means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any component part thereof) on the Notes.

“Relevant Nominating Body” means, in respect of a benchmark or screen rate (as applicable):

- (I) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or
- (II) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof.

“Successor Rate” means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

(D) *Linear Interpolation*

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the applicable Final Terms) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the applicable Final Terms), one of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period, provided however, that if there is no rate available for the period of time next shorter or, as the case may be, next longer, then the Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

“Applicable Maturity” means: (a) in relation to Screen Rate Determination, the period of time designated in the Reference Rate, and (b) in relation to ISDA Determination, the Designated Maturity.

(iii) *Minimum Rate of Interest and/or Maximum Rate of Interest*

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(iv) *Determination of Rate of Interest and calculation of Interest Amounts*

The Agent will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Agent will calculate the amount of interest (the “**Interest Amount**”) payable on the Floating Rate Notes for the relevant Interest Period by applying the Rate of Interest to:

- (A) in the case of Floating Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note; or
- (B) in the case of Floating Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

Where the Specified Denomination of a Floating Rate Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

“**Day Count Fraction**” means, in respect of the calculation of an amount of interest for any Interest Period:

- (A) if “**Actual/Actual**” or “**Actual/Actual (ISDA)**” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (B) if “**Actual/365 (Fixed)**” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (C) if “**Actual/360**” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (D) if “**30/360**”, “**360/360**” or “**Bond Basis**” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

“Y1” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y2” is the year, expressed as a number, in which the day immediately following the last day included in the Interest Period falls;

“M1” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M2” is the calendar month, expressed as number, in which the day immediately following the last day included in the Interest Period falls;

“D1” is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D1 will be 30; and

“D2” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

- (E) if “**30E/360**” or “**Eurobond Basis**” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

“Y1” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y2” is the year, expressed as a number, in which the day immediately following the last day included in the Interest Period falls;

“M1” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M2” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Interest Period falls;

“D1” is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D1 will be 30; and

“D2” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D2 will be 30

- (F) if “**30E/360 (ISDA)**” is specified hereon, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

“Y1” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y2” is the year, expressed as a number, in which the day immediately following the last day included in the Interest Period falls;

“M1” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M2” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Interest Period falls;

“D1” is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

“D2” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30; and

(G) if “**Actual/365 (Sterling)**” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366.

(v) *Notification of Rate of Interest and Interest Amounts*

The Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange or other relevant authority on which the relevant Floating Rate Notes are for the time being listed or by which they have been admitted to trading (if the rules of that stock exchange or other relevant authority so require) and notice thereof to be published in accordance with Condition 13 as soon as possible after their determination but in no event later than (a) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such stock exchange of a Rate of Interest and Interest Amount, or (b) in all other cases, the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange or other relevant authority on which the relevant Floating Rate Notes are for the time being listed or by which they have been admitted to trading (if the rules of that stock exchange or other relevant authority so require) and to the Noteholders in accordance with Condition 13. For the purposes of this paragraph, the expression “**London Business Day**” means a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in London.

(vi) *Certificates to be final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4(b), by the Agent shall (in the absence of manifest error) be binding on the Issuer, the Guarantors, the Agent, the other Paying Agents, the Trustee and all Noteholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Guarantors, the Trustee, the Noteholders or the Couponholders shall attach to the Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(c) *Accrual of interest*

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue as provided in the Trust Deed.

5 Payments

(a) *Method of payment*

Subject as provided below:

- (i) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); and
- (ii) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7.

(b) *Presentation of definitive Notes and Coupons*

Payments of principal in respect of definitive Notes will (subject as provided below) be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Notes, and payments of interest in respect of definitive Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)).

Fixed Rate Notes in definitive form should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of ten years after the Relevant Date (as defined in Condition 7) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 8) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Where any definitive Note that provides that the relative unmatured Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons, and where any definitive Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.

Upon any Fixed Rate Note in definitive form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note in definitive form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof.

If the due date for redemption of any definitive Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Note.

(c) *Payments in respect of Global Notes*

Payments of principal and interest (if any) in respect of Notes represented by any Global Note will (subject as provided below) be made in the manner specified above in relation to definitive Notes and otherwise in the manner specified in the relevant Global Note against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made against presentation or surrender of any Global Note, distinguishing between any payment of principal and any payment of interest, will be made on such Global Note by the Paying Agent to which it was presented and such record shall be prima facie evidence that the payment in question has been made.

(d) *General provisions applicable to payments*

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer or, as the case may be, any Guarantor will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer or, as the case may be, any Guarantor to, or to the order of, the holder of such Global Note.

Notwithstanding the provisions of paragraph (a) above, if any amount of principal and/or interest in respect of Notes is payable in US dollars, such US dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:

- (i) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in US dollars at such specified offices outside the United States of the full amount of principal and interest on the Notes in the manner provided above when due;
- (ii) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in US dollars; and
- (iii) such payment is then permitted under United States law without involving, in the opinion of the Issuer and the Guarantors, adverse tax consequences to the Issuer or the Guarantors.

(e) *Payment Day*

If the date for payment of any amount in respect of any Note or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, "**Payment Day**" means any day (other than a Saturday or a Sunday) which (subject to Condition 8) is:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in:
 - (A) in the case of definitive Notes only, the relevant place of presentation;

- (B) each Additional Financial Centre (if any) specified in the applicable Final Terms; and
- (ii) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET System is operating.

(f) *Interpretation of principal and interest*

Any reference in these Terms and Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (i) any additional amounts which may be payable with respect to principal under Condition 7 or pursuant to any undertaking or covenant to pay additional amounts given in addition thereto, or in substitution therefor, pursuant to the Trust Deed;
- (ii) the Final Redemption Amount of the Notes;
- (iii) the Early Redemption Amount of the Notes;
- (iv) the Optional Redemption Amount(s) (if any) of the Notes;
- (v) the Clean-Up Redemption Amount (if any) of the Notes; and
- (vi) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in these Terms and Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 7 or pursuant to any undertaking or covenant to pay additional amounts given in addition thereto, or in substitution therefor, pursuant to the Trust Deed.

6 Redemption and Purchase

(a) *Redemption at maturity*

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms in the relevant Specified Currency on the Maturity Date.

(b) *Redemption for tax reasons*

- (i) Where the Issuer is BATIF
 - (A) The provisions of this paragraph shall only apply where the Issuer is BATIF.
 - (B) The Notes may be redeemed in whole but not in part, at the option of the Issuer, at any time or, if the Notes are Floating Rate Notes, on any Interest Payment Date, upon not more than 30 nor less than 10 days' (or, in each case, such other number of days as specified in the applicable Final Terms) prior notice given in accordance with Condition 13 (which notice will be irrevocable), at their Early Redemption Amount referred to in paragraph (f) below, together, if applicable, with interest accrued to (but excluding) the date fixed for redemption, if the Issuer satisfies the Trustee that, as a result of any amendment to, or change in, the laws or regulations of the United Kingdom or any political subdivision or taxing authority thereof or therein affecting

taxation, or any amendment to or change in an official application or interpretation of such laws or regulations, which amendment or change becomes effective on or after the Issue Date of the first Tranche of the Notes, the Issuer will become obliged to pay any Additional Amounts pursuant to Condition 7(a) on the next succeeding Interest Payment Date in respect of the Notes; provided, however, that (1) no such notice of redemption will be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Amounts were a payment in respect of the Notes then due and (2) at the time such notice of redemption is given, such obligation to pay such Additional Amounts remains in effect. Immediately prior to the publication of any notice of redemption pursuant to this paragraph (b)(i) the Issuer will deliver to the Trustee a certificate stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and the Trustee shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the same in which event it shall be conclusive and binding on the Noteholders and the Couponholders. Upon the expiry of any notice of redemption pursuant to this paragraph (b)(i), the Issuer shall be bound to redeem the Notes as provided herein.

(ii) Where the Issuer is BATCAP

(A) The provisions of this paragraph shall only apply where the Issuer is BATCAP.

(B) The Notes may be redeemed in whole but not in part, at the option of the Issuer, at any time or, if the Notes are Floating Rate Notes, on any Interest Payment Date, upon not more than 30 nor less than 10 days' (or, in each case, such other number of days as specified in the applicable Final Terms) prior notice given in accordance with Condition 13 (which notice will be irrevocable), at their Early Redemption Amount referred to in paragraph (f) below, together, if applicable, with interest accrued to (but excluding) the date fixed for redemption, if the Issuer satisfies the Trustee that, as a result of any amendment to, or change in, the laws or regulations of the United States or any political subdivision or taxing authority thereof or therein affecting taxation, or any amendment to or change in an official application or interpretation of such laws or regulations, which amendment or change becomes effective on or after the Issue Date of the first Tranche of the Notes, the Issuer will become obliged to pay any Additional Amounts pursuant to Condition 7(b) on the next succeeding Interest Payment Date in respect of the Notes; provided, however, that (1) no such notice of redemption will be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Amounts in respect of the Notes were a payment in respect of the Notes then due and (2) at the time such notice of redemption is given, such obligation to pay such Additional Amounts remains in effect. Immediately prior to the publication of any notice of redemption pursuant to this paragraph (b)(ii) the Issuer will deliver to the Trustee a certificate stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and the Trustee shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the same in which event it shall be conclusive and binding on the Noteholders and the Couponholders. Upon the expiry of any notice of redemption pursuant to this paragraph (b)(ii), the Issuer shall be bound to redeem the Notes as provided herein.

(iii) Where the Issuer is BATNF

(A) The provisions of this paragraph shall only apply where the Issuer is BATNF.

- (B) The Notes may be redeemed in whole but not in part, at the option of the Issuer, at any time or, if the Notes are Floating Rate Notes, on any Interest Payment Date, upon not more than 30 nor less than 10 days' (or, in each case, such other number of days as specified in the applicable Final Terms) prior notice given in accordance with Condition 13 (which notice will be irrevocable), at their Early Redemption Amount referred to in paragraph (f) below, together, if applicable, with interest accrued to (but excluding) the date fixed for redemption, if, as a result of any amendment to, or change in, the laws or regulations of The Netherlands or any political subdivision or taxing authority thereof or therein affecting taxation, or any amendment to or change in an official application or interpretation of such laws or regulations, which amendment or change becomes effective on or after the Issue Date of the first Tranche of the Notes, the Issuer will become obliged to pay any Additional Amounts pursuant to Condition 7(c) on the next succeeding Interest Payment Date in respect of the Notes; provided, however, that (1) no such notice of redemption will be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Amounts were a payment in respect of the Notes then due and (2) at the time such notice of redemption is given, such obligation to pay such Additional Amounts remains in effect. Immediately prior to the publication of any notice of redemption pursuant to this paragraph (b)(iii) the Issuer will deliver to the Trustee a certificate stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and the Trustee shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the same in which event it shall be conclusive and binding on the Noteholders and the Couponholders. Upon the expiry of any notice of redemption pursuant to this paragraph (b)(iii), the Issuer shall be bound to redeem the Notes as provided herein.

(c) *Redemption at the option of the Issuer (Issuer Call)*

This Condition 6(c) applies to Notes which are subject to redemption prior to the Maturity Date at the option of the Issuer (other than for taxation reasons), such option being referred to as an “**Issuer Call**”. The applicable Final Terms contains provisions applicable to any Issuer Call and must be read in conjunction with this Condition 6(c) for full information on any Issuer Call. In particular, the applicable Final Terms will identify, as applicable, the Optional Redemption Date(s), the Optional Redemption Amount (or, if applicable, that the Optional Redemption Amount(s) applicable to any Optional Redemption Date will be the Make-whole Amount), any minimum or maximum amount of Notes which can be redeemed and the applicable notice periods.

If Issuer Call is specified in the applicable Final Terms, the Issuer may (save in respect of any Notes in respect of which a Put Notice has been given pursuant to Condition 6(e)), having given:

- (i) not less than 10 nor more than 30 days' (or, in each case, such other number of days as specified in the applicable Final Terms) notice to the Noteholders in accordance with Condition 13; and
- (ii) not less than 10 days (or such shorter notice as such party shall accept) before the giving of the notice referred to in (i), notice to the Agent and the Trustee,

(which notices shall be irrevocable (other than in the circumstances set out below) and shall specify the date fixed for redemption) redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) applicable to such Optional Redemption Date together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such notice of redemption may, at the Issuer's discretion, be subject

to one or more conditions precedent, in which case such notice shall state that, in the Issuer's discretion, the Optional Redemption Date may be delayed until such time as any or all such conditions shall be satisfied (or waived by the Issuer in its sole discretion), or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied (or waived by the Issuer in its sole discretion) by the Optional Redemption Date, or by the Optional Redemption Date so delayed. In the case of a partial redemption of Notes, the Notes to be redeemed ("**Redeemed Notes**") will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear and/ or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion), in the case of Redeemed Notes represented by a Global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the "**Selection Date**"). Any such partial redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as specified in the applicable Final Terms. In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 13 not less than 14 days prior to the date fixed for redemption. No exchange of the relevant Global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this paragraph (c) and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 13 at least five days prior to the Selection Date.

If, in respect of any Optional Redemption Date, Make-whole Amount is specified in the applicable Final Terms as the Optional Redemption Amount, the Optional Redemption Amount per Note shall be equal to the higher of the following:

- (i) the nominal amount of the relevant Note; and
- (ii) the nominal amount of the relevant Note multiplied by the price (as reported in writing to the Issuer and the Trustee by the Determination Agent) expressed as a percentage (rounded to five decimal places, with 0.000005 being rounded upwards) at which the Gross Redemption Yield on the Notes on the Determination Date specified in the applicable Final Terms is equal to (A) the Gross Redemption Yield at the Quotation Time specified in the applicable Final Terms on the Determination Date of the Reference Bond specified in the applicable Final Terms (or, where the Determination Agent advises the Issuer and the Trustee that, for reasons of illiquidity or otherwise, such Reference Bond is not appropriate for such purpose, such other government stock as the Determination Agent may recommend) plus (B) any applicable Redemption Margin specified in the applicable Final Terms.

Any notice of redemption given under Condition 6(e) will override any notice of redemption given (whether previously, on the same date or subsequently) under this Condition 6(c).

In this Condition:

"**Determination Agent**" means the financial adviser appointed by the Issuer for the purpose of determining the Make-whole Amount; and

"**Gross Redemption Yield**" means a yield calculated in accordance with generally accepted market practice at such time, as advised to the Issuer and the Trustee by the Determination Agent.

- (d) *Clean-Up Call Option*

If Clean-Up Call is specified in the applicable Final Terms and 80 per cent. or more in nominal amount of the Notes originally issued (which shall for this purpose include any further Notes issued pursuant to Condition 15) have been redeemed or purchased and cancelled, the Issuer may, having given:

- (i) not less than 10 nor more than 30 days' (or, in each case, such other number of days as specified in the applicable Final Terms) notice to the Noteholders in accordance with Condition 13; and
- (ii) not less than 10 days (or such shorter notice as such party shall accept) before the giving of the notice referred to in (i), notice to the Agent and the Trustee,

(which notice shall be irrevocable and shall specify the date fixed for redemption) redeem or, at the Issuer's option, purchase (or procure the purchase of) on any Interest Payment Date (if the relevant Note is a Floating Rate Note) or at any time (if the relevant Note is not a Floating Rate Note), all but not some only of the Notes then outstanding at the Clean-Up Redemption Amount specified in the applicable Final Terms together with interest accrued (if any) to (but excluding) the date fixed for redemption.

(e) *Redemption at the option of the Noteholders (Investor Put)*

This Condition 6(e) applies to Notes which are subject to redemption prior to the Maturity Date at the option of the Noteholder, such option being referred to as an "**Investor Put**". The applicable Final Terms contains provisions applicable to any Investor Put and must be read in conjunction with this Condition 6(e) for full information on any Investor Put. In particular, the applicable Final Terms will identify the Optional Redemption Date(s), the Optional Redemption Amount and the applicable notice periods.

If Investor Put is specified in the applicable Final Terms, upon the holder of any Note giving to the Issuer in accordance with Condition 13 not less than 10 nor more than 30 days' (or, in each case, such other number of days as specified in the applicable Final Terms) notice (which notice shall be irrevocable) the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Final Terms, in whole (but not in part), such Note on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

To exercise the right to require redemption of a Note the holder of this Note must, if the relevant Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the notice period a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a "**Put Notice**") and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition accompanied by the relevant Note or evidence satisfactory to the Paying Agent concerned that such Note will, following delivery of the Put Notice, be held to its order or under its control. If a Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of such Note the holder must, within the notice period, give notice to the Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common depository or common safekeeper, as the case may be, for them to the Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time and, if the relevant Note is represented by a Global Note, at the same time present or procure the presentation of the relevant Global Note to the Agent for notation accordingly.

(f) *Early Redemption Amounts*

For the purpose of paragraph (b) above and Condition 9, the Notes will be redeemed at the Early Redemption Amount calculated as follows:

- (i) in the case of Notes with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof;
- (ii) in the case of Notes (other than Zero Coupon Notes) with a Final Redemption Amount which is or may be less or greater than the Issue Price, at the amount specified in the applicable Final Terms or, if no such amount or manner is so specified in the applicable Final Terms, at their nominal amount; or
- (iii) in the case of Zero Coupon Notes, at their Early Redemption Amount equal to the sum of:
 - (A) the Reference Price; and
 - (B) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Notes become due and repayable.

Where such calculation is to be made for a period which is not a whole number of years, it shall be made (i) in the case of a Zero Coupon Note payable in a Specified Currency other than Sterling, on the basis of a 360-day year consisting of 12 months of 30 days each or (ii) in the case of a Zero Coupon Note payable in Sterling, on the basis of the actual number of days elapsed divided by 365 (or, if any of the days elapsed falls in a leap year, the sum of (x) the number of those days falling in a leap year divided by 366 and (y) the number of those days falling in a non-leap year divided by 365).

(g) *Purchases*

The Issuer, the Guarantors or any other subsidiary (as defined in the Trust Deed) of the Issuer or any Guarantor may at any time purchase Notes (provided that, in the case of definitive Notes, all unmatured Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. If purchases are made by tender, tenders must be available to all Noteholders alike. Such Notes may be held, reissued, resold or, at the option of the Issuer or the relevant Guarantor, surrendered to any Paying Agent for cancellation.

(h) *Cancellation*

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and any Notes purchased and cancelled pursuant to paragraph (g) above (together with all unmatured Coupons and Talons cancelled therewith) shall be forwarded to the Agent and cannot be reissued or resold.

(i) *Late payment on Zero Coupon Notes*

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to paragraph (a), (b), (c), (d) or (e) above or upon its becoming due and repayable as provided in Condition 9 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in paragraph (f)(iii) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (ii) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Note has been received by the Agent or the Trustee and notice to that effect has been given to the Noteholders in accordance with Condition 13.

7 Taxation

(a) *Where the Issuer is BATIF*

- (1) The provisions of this paragraph shall only apply where the Issuer is BATIF.
- (2) All payments of principal and interest by the Issuer or any Guarantor will be made without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges (together, "**Taxes**") of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the United Kingdom or any political subdivision thereof or any authority thereof or therein having power to levy the same unless such withholding or deduction is required by law. In that event, the Issuer or the relevant Guarantor (as the case may be) shall pay such amounts (the "**Additional Amounts**") as will result in the receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such Taxes been required to be withheld or deducted; provided that no such Additional Amounts will be payable in respect of Notes or Coupons:
 - (i) presented for payment by or on behalf of a Noteholder or Couponholder who is liable for such withheld or deducted Taxes by reason of his having some connection with the United Kingdom other than the mere holding of a Note or Coupon; or
 - (ii) to, or to a third party on behalf of, a holder if such withholding or deduction may be avoided by complying with any statutory requirement or by making a declaration of non-residence or other similar claim for exemption to any authority of or in the United Kingdom, unless such holder proves that he is not entitled so to comply or to make such declaration or claim; or
 - (iii) presented for payment in the United Kingdom; or
 - (iv) presented for payment more than 30 days after the Relevant Date except to the extent that a Noteholder or Couponholder would have been entitled to payment of such Additional Amounts if he had presented his Note or Coupon for payment on the thirtieth day after the Relevant Date.

(b) *Where the Issuer is BATCAP*

- (1) The provisions of this paragraph shall only apply where the Issuer is BATCAP.
- (2) All payments of principal and interest by the Issuer or any Guarantor will be made without withholding or deduction for or on account of any Taxes of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the United States or any political subdivision thereof or any authority thereof or therein having power to levy the same unless such withholding or deduction is required by law. In that event, the Issuer or the relevant Guarantor (as the case may be) shall pay such Additional Amounts as will result in the receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such Taxes been required to be withheld or deducted; provided that the foregoing obligations shall not apply to:
 - (i) any such Taxes which would not have been so imposed but for (i) the existence of any present or former connection between the holder (or between a fiduciary, settlor, beneficiary, member or shareholder of or possessor of a power over such holder, if such holder is an estate, a trust, a partnership or a corporation) and the United States, including, without limitation, such holder (or such fiduciary, settlor, beneficiary, member, shareholder or possessor) being or having been a citizen or resident thereof, or being or having been engaged in a trade or business therein or being or having been present therein, or having or having had a permanent establishment therein, or

- (ii) such holder's present or former status as a personal holding company, passive foreign investment company, controlled foreign corporation or private foundation or other tax-exempt organisation (in each case, for United States federal income tax purposes), or as a corporation which accumulates earnings to avoid United States federal income taxes;
- (ii) any such Taxes which would not have been so imposed but for the presentation of a Note or Coupon for payment more than 30 days after the Relevant Date except to the extent that a Noteholder or Couponholder would have been entitled to payment of such Additional Amounts if he had presented his Note or Coupon for payment on the thirtieth day after the Relevant Date;
- (iii) any estate, inheritance, gift, sales, transfer or personal property Taxes or any similar Taxes;
- (iv) any such Taxes which would not have been imposed but for the failure to comply with certification, information, documentation or other reporting requirements concerning the nationality, residence, identity or connection with the United States of the holder of a Note or Coupon, if such compliance is required by statute, by regulation of the United States Treasury Department or by an applicable income tax treaty to which the United States is a party as a precondition to relief or exemption from such Taxes;
- (v) any such Taxes which are payable otherwise than by deduction or withholding from payments in respect of a Note or Coupon;
- (vi) any such Taxes imposed on interest received by a ten per cent. shareholder of the Issuer within the meaning of Section 871(h)(3)(B) or Section 881(c)(3)(B) of the United States Internal Revenue Code of 1986, as amended (the "**Code**") (or any amended or successor provisions);
- (vii) any such Taxes imposed by reason of a holder of a Note or Coupon being or having been a bank receiving payments on an extension of credit made pursuant to a loan agreement entered into in the ordinary course of its trade or business, as described in Section 881(c)(3)(A) of the Code (or any amended or successor provisions);
- (viii) any backup withholding imposed pursuant to Section 3406 of the Code (or any amended or successor provisions);
- (ix) any such Taxes imposed pursuant to Section 871(h)(6) or 881(c)(6) of the Code (or any amended or successor provisions); and
- (x) any combination of clauses (i) to (ix) above;

nor will any Additional Amounts be paid in respect of a Note or Coupon to any holder who is not a United States Alien or to any United States Alien who is a fiduciary or partnership or person other than the sole beneficial owner of any such payment, to the extent that a beneficiary or settlor with respect to such fiduciary, a member of such a partnership or the beneficial owner would not have been entitled to the Additional Amounts had such beneficiary, settlor, member or beneficial owner been the holder of such Note or Coupon. The term "**United States Alien**" means any person who, for United States federal income tax purposes, is a foreign corporation, a non-resident alien individual, a non-resident alien fiduciary of a foreign estate or trust or a foreign partnership any partner of which is for United States federal income tax purposes a foreign corporation, a non-resident alien individual, a non-resident alien fiduciary of a foreign estate or trust or any such foreign partnership.

- (c) *Where the Issuer is BATNF*
- (1) The provisions of this paragraph shall only apply where the Issuer is BATNF.
 - (2) All payments of principal and interest by the Issuer or any Guarantor will be made without withholding or deduction for or on account of any Taxes of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of The Netherlands or any political subdivision thereof or any authority thereof or therein having power to levy the same unless such withholding or deduction is required by law. In that event, the Issuer or the relevant Guarantor (as the case may be) shall pay such Additional Amounts as will result in the receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such Taxes been required to be withheld or deducted; provided that no such Additional Amounts will be payable in respect of Notes or Coupons:
 - (i) presented for payment by or on behalf of a Noteholder or Couponholder who is liable for such withheld or deducted Taxes by reason of his having some connection with The Netherlands other than the mere holding of a Note or Coupon; or
 - (ii) to, or to a third party on behalf of, a holder if such withholding or deduction may be avoided by complying with any statutory requirement or by making a declaration of non-residence or other similar claim for exemption to any authority of or in The Netherlands, unless such holder proves that he is not entitled so to comply or to make such declaration or claim; or
 - (iii) presented for payment in The Netherlands; or
 - (iv) presented for payment more than 30 days after the Relevant Date except to the extent that a Noteholder or Couponholder would have been entitled to payment of such Additional Amounts if he had presented his Note or Coupon for payment on the thirtieth day after the Relevant Date; or
 - (v) to, or to another party on behalf of, a holder if such Additional Amounts are payable for or on account of any Taxes imposed or to be withheld in The Netherlands pursuant to the Dutch Withholding Tax Act 2021 (*Wet bronbelasting 2021*).
- (d) The Trust Deed contains provisions (*mutatis mutandis*) to those contained in paragraphs (a), (b) and (c) above in relation to the relevant taxing jurisdiction of each Guarantor.
- (e) Notwithstanding any other provision of these Terms and Conditions, any amounts to be paid on any Note or Coupon by or on behalf of the relevant Issuer will be paid net of any deduction or withholding imposed under Sections 1471 through 1474 of the Code (or any amended or successor provisions), including any regulations thereunder or official interpretations thereof, or required pursuant to an agreement described in Section 1471(b) of the Code or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation of any of the foregoing (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a “**FATCA Withholding**”). Neither the relevant Issuer nor any Guarantor nor any other person will be required to pay any Additional Amounts in respect of FATCA Withholding.
- (f) For the purpose of this Condition 7, “**Relevant Date**” means, in respect of any payment, the date on which such payment became due and payable or the date on which payment thereof was duly provided for, whichever occurs the later.

8 Prescription

The Notes and Coupons will become void unless presented for payment within a period of ten years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 7) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 5(b) or any Talon which would be void pursuant to Condition 5(b).

9 Events of Default

- (a) The Trustee at its discretion may, and if so requested in writing by Noteholders holding at least one-quarter in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject in each case to being indemnified to its satisfaction), (provided that, except in the case of the happening of any of the events mentioned in paragraph (i) below, the Trustee shall have certified in writing to the Issuer that, in its opinion, such event is materially prejudicial to the interests of the Noteholders) give notice to the Issuer that the Notes are, and they shall thereupon immediately become, due and repayable at their Early Redemption Amount referred to in Condition 6(f), together with accrued interest as provided in the Trust Deed, if any of the following events occurs and is continuing (each, an “**Event of Default**”):
- (i) default is made for a period of seven days or more in the payment on the due date of any principal on the Notes or any of them or for a period of 14 days or more in the payment of any interest due in respect of the Notes or any of them; or
 - (ii) default is made by the Issuer or any Guarantor in the performance or observance of any covenant or provision binding on it under or pursuant to the Trust Deed or the Notes (other than a covenant for the payment of principal or interest due on or in respect of the Notes) and (except where the Trustee considers such default to be incapable of remedy when no notice as is referred to below is required, and for this purpose, something shall remain capable of remedy notwithstanding that it was required to have been previously done) such default continues on the thirtieth day after service by the Trustee on the Issuer or, as the case may be, the relevant Guarantor of written notice requiring the same to be remedied (or such later date as the Trustee may permit); or
 - (iii) any other Borrowed Moneys Indebtedness (as defined below) of either the Issuer or any Guarantor becomes due and repayable by reason of any event of default (howsoever described) prior to its stated date of payment or any other Borrowed Moneys Indebtedness of either the Issuer or any Guarantor is not paid within the longer of seven days of its due date or any applicable grace period therefor (and for such purpose there shall be deemed to be a grace period of not less than seven days in respect of any obligation under any guarantee or indemnity or otherwise as surety), provided that no such event shall constitute an Event of Default unless the Borrowed Moneys Indebtedness either (a) in any particular case amounts to at least £50,000,000 or the equivalent thereof in any other currency, or (b) when aggregated with other Borrowed Moneys Indebtedness then so due and repayable or not so paid amounts to at least £200,000,000 or the equivalent thereof in any other currency; or
 - (iv) where the Issuer or any Guarantor is incorporated in England and Wales:
 - (A) an order is made or an effective resolution is passed for the winding-up of the Issuer or a relevant Guarantor, or any similar action is taken in any other jurisdiction; or

- (B) a distress or execution or other legal process is levied or enforced against or an encumbrancer takes possession of or a receiver, administrative receiver or other similar officer is appointed of the whole or a part of its assets which is substantial in relation to the Group (as defined below) taken as a whole and is not discharged, stayed, removed or paid out within 45 days after such execution or appointment; or
 - (C) an administration order is made in relation to the Issuer or a relevant Guarantor which is not discharged, stayed or removed within 45 days of such order being made; or
- (v) where the Issuer or the relevant Guarantor is BATCAP:
- (A) a decree or order by a court having jurisdiction is entered adjudging BATCAP a bankrupt or insolvent, or approving as properly filed a petition seeking reorganisation of BATCAP under the United States Bankruptcy Code or any other similar federal or state applicable law, and such decree or order is continued undischarged and unstayed for a period of 45 days; or
 - (B) a decree or order of a court having jurisdiction for the appointment of a receiver or liquidator or trustee or assignee in bankruptcy or insolvency of BATCAP is entered in respect of the whole of its property or a part thereof, which is substantial in relation to the Group taken as a whole, or for the winding-up or liquidation of its affairs, and such decree or order is continued and undischarged and unstayed for a period of 45 days; or
 - (C) BATCAP institutes proceedings to be adjudicated a voluntary bankrupt, or consents to the filing of a bankruptcy proceeding against it, or files a petition or answer or consent seeking reorganisation under the United States Bankruptcy Code or any other similar federal or state applicable law, or consents to the filing of any such petition, or consents to the appointment of a receiver or liquidator or trustee or assignee in bankruptcy or insolvency of it or of the whole of its property or a part thereof (which part is substantial in relation to the Group taken as a whole) or consents to the winding-up or liquidation of its affairs;

(the terms used in this sub-paragraph (v) shall be construed as they would be in the context of a proceeding instituted and conducted pursuant to the United States Bankruptcy Code or any other similar Federal or state applicable law); or

- (vi) where the Issuer or the relevant Guarantor is BATNF:
- (A) an order is made or an effective resolution is passed for the winding-up of BATNF or any similar action is taken in any other jurisdiction, including, without limitation, an application being made by BATNF for a '*surseance van betaling*' (within the meaning of The Netherlands Bankruptcy Code (*Faillissementswet*)); or
 - (B) a distress or execution or other legal process is levied or enforced against or an encumbrancer takes possession of or a receiver, administrative receiver or other similar officer is appointed of the whole or a part of its assets which is substantial in relation to the Group taken as a whole and is not discharged, stayed, removed or paid out within 45 days after such execution or appointment; or
 - (C) an administration order is made in relation to BATNF which is not discharged, stayed or removed within 45 days of such order being made; or

- (vii) either the Issuer or any Guarantor:
 - (A) admits in writing its inability to pay its debts generally as they fall due or makes or enters into a general assignment or composition with or for the benefit of its creditors generally; or
 - (B) stops or threatens to stop payment of its obligations generally or ceases or threatens to cease to carry on its business (except in either case for the purposes of amalgamation, reconstruction or corporate reorganisation, the terms of which shall have been previously approved by the Trustee in writing or by an Extraordinary Resolution of the Noteholders); or
- (viii) for any reason whatsoever any guarantee ceases to be binding on and enforceable against the relevant Guarantor other than with the prior written consent of the Trustee or the sanction of an Extraordinary Resolution of the Noteholders.

For this purpose, “**Borrowed Moneys Indebtedness**” means, in relation to any person, any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent comprising or constituted by:

- (A) any liability to repay the principal of or to pay interest on borrowed money or deposits; or
- (B) any liability (i) under or pursuant to any (a) letter of credit, (b) acceptance credit facility or (c) note purchase facility; or (ii) in relation to (a) any foreign currency transaction or (b) any liability in respect of any purchase price for property or services payment of which is deferred for a period in excess of 180 days after the later of taking possession or becoming the legal owner thereof; or (iii) with regard to any guarantee or indemnity in respect of repayment of obligations as referred to in (i) and (ii) above or of any other borrowed money,

provided that nothing in Condition 9(a)(iv), (v), (vi) or (vii) shall apply to any matter or event resulting from or in connection with a disposal or divestiture of all or part of the interests in financial services businesses of the Group or any reconstruction, amalgamation or corporate reorganisation (or any similar action in any other jurisdiction), the terms of which shall have been approved by the Trustee in writing or by an Extraordinary Resolution of the Noteholders.

For the purposes of these Terms and Conditions, “**Group**” means British American Tobacco and its Subsidiaries together with its or their ultimate Holding Company (if any) (as defined in the Trust Deed) and any such ultimate Holding Company’s Subsidiaries.

- (b) At any time after the Notes become due and repayable pursuant to paragraph (a) of this Condition the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer and/or any Guarantor as it may think fit to enforce payment of the Notes, but it shall not be bound to take any such proceedings unless (i) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Noteholders holding at least one-quarter in principal amount of the Notes outstanding and (ii) it shall have been indemnified to its satisfaction. No Noteholder or Couponholder may proceed directly against the Issuer or any relevant Guarantor unless the Trustee, having become bound to proceed, fails to do so within a reasonable period and such failure is continuing.

10 Replacement of Notes, Coupons and Talons

Should any Note Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Agent upon payment by the claimant of such costs and expenses as may be

incurred in connection therewith and on such terms as to evidence and indemnity the Issuer may reasonably require. Mutilated or defaced Notes Coupons or Talons must be surrendered before replacements will be issued.

11 Agents

The names of the initial Paying Agents and their initial specified offices are set out below.

The Issuer is entitled to vary or terminate the appointment of any Paying Agent and/or appoint additional or other Paying Agents and/or approve any change in the specified office through which any Paying Agent acts, provided that:

- (i) there will at all times be an Agent;
- (ii) so long as the Notes are listed on any stock exchange or admitted to trading by any other relevant authority, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or any other relevant authority; and
- (iii) there will at all times be a Paying Agent with a specified office in a city approved by the Trustee in Western Europe outside the United Kingdom and The Netherlands.

In addition, the Issuer and the Guarantors shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 5(d). Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 13.

In acting under the Agency Agreement, the Agents act solely as agents of the Issuer and the Guarantors and, in certain circumstances specified therein, of the Trustee and do not assume any obligation to, or relationship of agency or trust with, any Noteholders or Couponholders.

12 Exchange of Talons

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 8.

13 Notices

All notices regarding the Notes will be deemed to be validly given if published in a leading English language daily newspaper of general circulation in London. It is expected that such publication will be made in the *Financial Times* in London. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or any other relevant authority on which the Notes are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules

of that stock exchange or other relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by that stock exchange or other relevant authority. Any such notice shall be deemed to have been given to the holders of the Notes on the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Agent. Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Agent through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Agent and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

14 Meetings of Noteholders, Modification and Waiver

The Trust Deed contains provisions for convening meetings (including by way of audio or video conference call) of the Noteholders to consider any matter affecting their interests, including the sanctioning by an Extraordinary Resolution of a modification of the Notes, the Coupons or any of the provisions of the Trust Deed. Such a meeting may be convened by the Issuer, any Guarantor or the Trustee and shall (subject to being indemnified and/or secured and/or pre-funded to its satisfaction) be convened by the Trustee upon a request by Noteholders holding not less than ten per cent. in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes or Coupons or the Trust Deed (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes or Coupons) the quorum shall be one or more persons holding or representing not less than three-fourths in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-fourth in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Couponholders. Notwithstanding the foregoing, a resolution by way of electronic consents or in writing signed by persons holding or representing not less than 75 per cent. of the nominal amount of the Notes for the time being outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of the Noteholders duly convened and held in accordance with the provisions contained in the Trust Deed.

The Trustee may agree, without the consent of the Noteholders or Couponholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of these Terms and Conditions or any of the provisions of the Trust Deed, or determine, without any such consent as aforesaid, that any Event of Default or Potential Event of Default (as defined in the Trust Deed) shall not be treated as such, which in any such case is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders or may agree, without any such consent as aforesaid, to any modification which is of a formal, minor or technical nature, to correct a manifest error or to comply with mandatory provisions of applicable law. In addition, the Trustee shall be obliged to concur with the Issuer in effecting any Benchmark Amendments in the circumstances and as otherwise set out in Condition 4(b)(C)(4) without the consent of the Noteholders or the Couponholders.

The Trustee may also agree without the consent of the Noteholders or Couponholders, to the substitution (i) in place of the Issuer as the principal debtor under the Notes and the Trust Deed of any Guarantor or any successor in business or Holding Company of any Guarantor or any other subsidiary of any Guarantor, such successor in business or such Holding Company provided that all payments in respect of the Notes

continue to be unconditionally and irrevocably guaranteed by each Guarantor or the successor in business or Holding Company of each Guarantor in the manner provided in the Trust Deed (or, where a Guarantor or its successor in business or Holding Company is the new principal debtor, by the other Guarantors or their successors in business or Holding Companies); or (ii) in place of any Guarantor as guarantor of the Notes under the Trust Deed, of any successor in business or Holding Company of any Guarantor. In the case of any proposed substitution, the Trustee may agree, without the consent of the Noteholders or Couponholders, to a change of the law governing the Notes, the Coupons and/or the Trust Deed, provided that such change would not, in the opinion of the Trustee, be materially prejudicial to the interests of the Noteholders.

Any such modification, waiver, authorisation, determination or substitution shall be binding on the Noteholders and the Couponholders and, unless the Trustee otherwise agrees, any such modification or substitution shall be notified to the Noteholders in accordance with Condition 13 as soon as practicable thereafter.

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation or determination), the Trustee shall have regard to the general interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders or Couponholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer, any Guarantor, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders except to the extent already provided for in Condition 7 and/or any undertaking given in addition to, or in substitution for, Condition 7 pursuant to the Trust Deed.

15 Further Issues

The Issuer shall be at liberty from time to time without the consent of the Noteholders or the Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Notes. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of notes of other Series where the Trustee so decides.

16 Indemnification of the Trustee and its Contracting with the Issuer and the Guarantors

The Trust Deed contains provisions for the indemnification, the prefunding and/or the provision of security for the Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured and/or prefunded to its satisfaction.

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (i) to enter into business transactions with the Issuer and/or any Guarantor and/or any Subsidiaries of any of them and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or any Guarantor and/or any Subsidiaries of any of them, (ii) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders or Couponholders, and (iii) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

17 Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of this Note under the Contracts (Rights of Third Parties) Act 1999 but this does not affect any right or remedy of any person which exists or is available apart from that Act.

18 Governing Law and Submission to Jurisdiction

- (a) The Trust Deed, the Notes and the Coupons, and any non-contractual obligations arising out of or in connection with them, are governed by, and shall be construed in accordance with, English law.
- (b) Each of the parties to the Trust Deed has in the Trust Deed irrevocably agreed that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed, the Notes and/or the Coupons (including a dispute relating to any non-contractual obligations arising out of or in connection with them) and that accordingly any suit, action or proceedings (together referred to as “**Proceedings**”) arising out of or in connection with the Trust Deed, the Notes and the Coupons (including any proceedings relating to any non-contractual obligations arising out of or in connection with them) may be brought in such courts.
- (c) Each of the parties to the Trust Deed has in the Trust Deed irrevocably and unconditionally waived any objection which it may have now or hereafter to the laying of the venue of any such Proceedings in any such court and any claim that any such Proceedings have been brought in an inconvenient forum and further irrevocably and unconditionally agreed that a judgment in any such Proceedings brought in the English courts shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction.
- (d) Nothing contained in this Condition shall limit any right to take Proceedings against any of the parties to the Trust Deed in any other court of competent jurisdiction (outside the Contracting States, as defined in Section 1(3) of the Civil Jurisdiction and Judgments Act 1982, as amended), nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.
- (e) Each of BATNF and BATCAP has in the Trust Deed appointed British American Tobacco at its registered office for the time being (being at the date of this Base Prospectus at Globe House, 4 Temple Place, London WC2R 2PG) as its agent for service of process, and undertaken that, in the event of British American Tobacco ceasing so to act or ceasing to be registered in England, each of BATNF and BATCAP will appoint another person as its agent for service of process in England in respect of any Proceedings.
- (f) Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

FORM OF FINAL TERMS

Final Terms Dated [●]

[B.A.T. INTERNATIONAL FINANCE p.l.c.]

[B.A.T. NETHERLANDS FINANCE B.V.]

[B.A.T CAPITAL CORPORATION]

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]

Guaranteed by [B.A.T. INTERNATIONAL FINANCE p.l.c.]

[BRITISH AMERICAN TOBACCO p.l.c.]

[B.A.T. NETHERLANDS FINANCE B.V.]

[B.A.T CAPITAL CORPORATION]

under the £25,000,000,000 Euro Medium Term Note Programme

PART A – CONTRACTUAL TERMS

[MiFID II product governance/Professional investors and ECPs only target market] – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, “MiFID II”); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Notes (a “distributor”) should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.]

[UK MiFIR product governance/Professional investors and ECPs only target market] – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook, and professional clients as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“UK MiFIR”); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Notes (a “distributor”) should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “UK MiFIR Product Governance Rules”) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.]

Prohibition of Sales to EEA Retail Investors – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“EEA”). For these purposes, a “retail investor” means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of [Directive 2014/65/EU (as amended, “MiFID II”)/MiFID II]; (ii) a customer within the meaning of Directive (EU) 2016/97 (the “Insurance Distribution Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129. Consequently, no key information document required by Regulation (EU) No 1286/2014 (the “PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors

in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

Prohibition of Sales to UK Retail Investors – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (“UK”). For these purposes, a “retail investor” means a person who is one (or more) of: (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “EUWA”); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the “FSMA”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA (the “UK Prospectus Regulation”). Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “UK PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

[Singapore Securities and Futures Act Product Classification – In connection with Section 309B of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the “SFA”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “CMP Regulations 2018”), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are [prescribed capital markets products]/[capital markets products other than prescribed capital markets products] (as defined in the CMP Regulations 2018) and [are] [Excluded] / [Specified] Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).]

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “Conditions”) set forth in the Base Prospectus dated 5 March 2024 [and the supplemental Prospectus dated [●]] which [together] constitute[s] a base prospectus for the purposes of the UK Prospectus Regulation. This document constitutes the Final Terms of the Notes described herein for the purposes of the UK Prospectus Regulation and must be read in conjunction with such Base Prospectus [as so supplemented].

Full information on the Issuer and the offer of the Notes is only available on the basis and of the combination of these Final Terms and the Base Prospectus [as so supplemented]. [The Base Prospectus [and the supplemental Prospectus] [is] [are] available for viewing at www.londonstockexchange.com/exchange/news/market-news/market-news-home.html.]

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “Conditions”) contained in the Trust Deed dated [original date] and set forth in the Base Prospectus dated [original date] [and the supplemental Prospectus dated [●]] and incorporated by reference into the Prospectus dated 5 March 2024 and which are attached hereto. This document constitutes the Final Terms of the Notes described herein for the purposes of the UK Prospectus Regulation and must be read in conjunction with the Prospectus dated 5 March 2024 [and the supplemental Prospectus dated [●]], which [together] constitute[s] a base prospectus for the purposes of the UK Prospectus Regulation.

Full information on the Issuer and the offer of the Notes is only available on the basis and of the combination of these Final Terms and the Base Prospectuses [and the supplemental Prospectuses]. [The Base

* For any Notes to be offered to Singapore investors, the Issuer to consider whether it needs to re-classify the Notes pursuant to Section 309B of the SFA prior to the launch of the offer.

Prospectuses [and the supplemental Prospectuses] are available for viewing at www.londonstockexchange.com/exchange/news/market-news/market-news-home.html.]

- | | | |
|----|-----------------------------------|---|
| 1 | (i) Issuer: | [●] |
| | (ii) Guarantors: | [●] |
| 2 | (i) Series Number: | [●] |
| | (ii) Tranche Number: | [On the Issue Date, the Notes will be consolidated and form a single Series with the existing [●] Notes due [●] issued on [●]] |
| | | [●] |
| 3 | Specified Currency or Currencies: | [●] |
| 4 | Aggregate Nominal Amount: | [●] |
| | (i) Series: | [●] |
| | (ii) Tranche: | [●] |
| 5 | Issue Price of Tranche: | [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [●]] |
| 6 | (i) Specified Denominations: | [●] [and integral multiples of [●] in excess thereof up to and including [●]. No Notes in definitive form will be issued with a denomination above [●]] |
| | (ii) Calculation Amount: | [●] |
| 7 | (i) Issue Date: | [●] |
| | (ii) Interest Commencement Date: | [[●]/Issue Date/Not Applicable] |
| 8 | Maturity Date: | [●]
[Interest Payment Date falling in or nearest to [●]] |
| 9 | Interest Basis: | [Fixed Rate]
[Floating Rate]
[Zero Coupon]
[●]
(Further particulars specified below in paragraph [14/15/16]) |
| 10 | Redemption Basis: | Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [●] per cent. of their nominal amount |
| 11 | Change of Interest: | [●] [Not Applicable] |
| 12 | Put/Call Options: | [Issuer Call]
[Clean-Up Call]
[Investor Put]
[Not Applicable]
(Further particulars specified below in paragraph [18/19/20]) |
| 13 | (i) Status of the Notes: | Senior |

(ii) Status of the Guarantee: Senior

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14	Fixed Rate Note Provisions:	[Applicable/Not Applicable]
	(i) Rate[(s)] of Interest:	[•] per cent. per annum payable in arrear on each Interest Payment Date
	(ii) Interest Payment Date(s):	[[•] [and [•]] in each year, commencing on [•], up to and including the Maturity Date
	(iii) Fixed Coupon Amount[(s)]:	[•] per Calculation Amount
	(iv) Broken Amount(s):	[•] per Calculation Amount payable on the Interest Payment Date falling [in/on] [Not Applicable]
	(v) Day Count Fraction:	[30/360] [Actual/Actual (ICMA)] [Actual/365 (Fixed)]
	(vi) [Determination Dates:	[[•] in each year] [Not Applicable]]
15	Floating Rate Note Provisions:	[Applicable/Not Applicable]
	(i) Specified Period(s)/Specified Interest Payment Dates:	[•] [, subject to adjustment in accordance with the Business Day Convention set out in (ii) below/, not subject to any adjustment, as the Business Day Convention in (ii) below is specified to be Not Applicable]
	(ii) Business Day Convention:	[Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention] [Not Applicable]
	(iii) Additional Business Centre(s):	[•]
	(iv) Manner in which the Rate(s) of Interest and Interest Amount is/are to be determined:	[Screen Rate Determination] [ISDA Determination]
	(v) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Agent):	[•]
	(vi) Screen Rate Determination:	
	- Reference Rate:	[•]-month EURIBOR
	- Interest Determination Date(s):	[Second London business day prior to the start of each Interest Period] [First day of each Interest Period] [Second day on which the TARGET System is open prior to the start of each Interest Period] [•]
	- Relevant Screen Page:	[•]
	(vii) ISDA Determination:	
	- Floating Rate Option:	[•]
	- Designated Maturity:	[•]

-	Reset Date:	[●]
(viii)	Margin(s):	[+/-] [●] per cent. per annum
(ix)	Linear Interpolation:	[Not Applicable][Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation]
(x)	Minimum Rate of Interest:	[[●] per cent. per annum] [Not Applicable]
(xi)	Maximum Rate of Interest:	[[●] per cent. per annum] [Not Applicable]
(xii)	Day Count Fraction:	[Actual/Actual] [Actual/Actual (ISDA)] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360] [360/360] [Bond Basis] [30E/360] [Eurobond Basis] [30E/360 (ISDA)]
16	Zero Coupon Note Provisions:	[Applicable/Not Applicable]
(i)	Accrual Yield:	[●] per cent. per annum
(ii)	Reference Price	[●]
(iii)	Day Count Fraction in relation to Early Redemption Amounts and late payment:	[Conditions 6(f)(iii) and 6(i) apply]

PROVISIONS RELATING TO REDEMPTION

17	Notice Period for Condition 6(b):	Minimum period: [10] [●] days Maximum period: [30] [●] days
18	Issuer Call:	[Applicable/Not Applicable]
(i)	Optional Redemption Date(s):	[●]
(ii)	Optional Redemption Amount(s):	[[●] per Calculation Amount]/[Make-whole Amount]
(iii)	If redeemable in part:	
(a)	Minimum Redemption Amount:	[●] per Calculation Amount
(b)	Maximum Redemption Amount:	[●] per Calculation Amount
(iv)	Notice Period:	Minimum period: [10] [●] days Maximum period: [30] [●] days
(v)	Quotation Time:	[[●]/Not Applicable]
(vi)	Determination Date:	[[●]/Not Applicable]
(vii)	Reference Bond:	[[●]/Not Applicable]
(viii)	Redemption Margin:	[[●]/Not Applicable]
19	Clean-Up Call:	[Applicable/Not Applicable]
(i)	Clean-Up Redemption Amount:	[●] per Calculation Amount
(ii)	Notice Period:	Minimum period: [10] [●] days Maximum period: [30] [●] days
20	Investor Put:	[Applicable/Not Applicable]

- (i) Optional Redemption Date(s): [●]
- (ii) Optional Redemption Amount(s): [[●] per Calculation Amount]
- (iii) Notice Period: Minimum period: [10] [●] days
Maximum period: [30] [●] days
- 21 Final Redemption Amount: [●] per Calculation Amount
- 22 Early Redemption Amount(s) payable on redemption for taxation reasons or on event of default or other early redemption: [As set out in Condition 6(f)] [[●] per Calculation Amount]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

- 23 Form of Notes: Bearer Notes
 - (i) Form: Global Note exchangeable for Definitive Notes upon an Exchange Event.
 - (ii) New Global Note: [Yes/No]
- 24 Additional Financial Centre(s): [Not Applicable] [●]
- 25 Talons for future Coupons to be attached to Definitive Notes: [Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]

Signed on behalf of [name of the Issuer]:

By:
Duly authorised

Signed on behalf of [name of the Guarantor]:

By:
Duly authorised

Signed on behalf of [name of the Guarantor]:

By:
Duly authorised

Signed on behalf of [name of the Guarantor]:

By:
Duly authorised

PART B – OTHER INFORMATION

1 LISTING

- (i) Admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the main market of the London Stock Exchange plc with effect from [●].]
- (ii) Estimate of total expenses related to admission to trading: [●]

2 RATINGS

- Ratings: [The Issuer has not applied, and does not intend to apply, for a credit rating to be assigned to the Notes] [The Notes to be issued [have been/are expected to be] rated]:
- [Fitch Ratings Ltd (“Fitch”): [●]]
- An obligation rated ‘[●]’.
[Insert definition of rating]
- [Moody’s Investors Service Ltd (“Moody’s”): [●]]
- An obligation rated ‘[●]’.
[Insert definition of rating]
- [S&P Global Ratings UK Limited (“S&P”): [●]]
- An obligation rated ‘[●]’.
[Insert definition of rating]

3 [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]]

[Save for the fees [of [insert relevant fee disclosure]] payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions, and may perform other services for the Issuer and its affiliates in the ordinary course of business.]

4 [Fixed Rate Notes only – YIELD]

- Indication of yield: [●]

5 USE OF PROCEEDS AND ESTIMATED NET PROCEEDS

- Use of Proceeds: [●]
- Estimated net proceeds: [●]

6 OPERATIONAL INFORMATION

- (i) ISIN: [●]
- (ii) Common Code: [●]
- (iii) Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking S.A. and the relevant identification number(s): [Not Applicable]/[●]
- (iv) Names and addresses of additional Paying Agent(s) (if any): [Not Applicable]/[●]

- (v) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes. Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]
- [No. Whilst the designation is specified as “no” at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]
- (vi) [Prohibition of Sales to Belgian Consumers: [Applicable/Not Applicable]
(Advice should be taken from Belgian counsel before disapplying this selling restriction)]
- (vii) Singapore Sales to Institutional Investors and Accredited Investors only: [Applicable/Not Applicable]
(If the Notes are offered to Institutional Investors and Accredited Investors in Singapore only, “Applicable” should be specified. If the Notes are also offered to investors other than Institutional Investors and Accredited Investors in Singapore, “Not Applicable” should be specified.
Parties to consider the Monetary Authority of Singapore’s Notice on Business Conduct Requirements for Corporate Finance Advisers on 23 February 2023 and the related due diligence requirements. “Not Applicable” should only be specified if no corporate finance advice is given by any Manager or Dealer.)

7 **[THIRD PARTY INFORMATION]**

[[●]] has been extracted from [●]. [Each of the] [The] Issuer [and the Guarantors] confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain information published by [●], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

FORM OF THE NOTES

The Notes of each Series will be in bearer form, with or without Coupons and Talons attached, but will be issued so as to be in registered form for United States federal income tax purposes. Accordingly, as further described below, Noteholders will only be entitled to obtain definitive Notes in bearer form upon the occurrence of an Exchange Event (as defined below).

Each Tranche of Notes will be initially issued in the form of a permanent global note (a "Global Note"). The relevant Global Note will be delivered on or prior to the original issue date of the Tranche (if the relevant Global Note is an NGN) to a Common Safekeeper for Euroclear and Clearstream, Luxembourg or (if the relevant Global Note is a CGN) to a Common Depository for Euroclear and Clearstream, Luxembourg.

Each Global Note, definitive Notes and Talon will include a legend which states that the Notes have not been and are not required to be registered under the Securities Act, or with any securities regulatory authority of any state or other jurisdiction of the United States and that the Notes may not be offered, sold or otherwise transferred in the absence of such registration or unless such transaction is exempt from, or not subject to, such registration. Such legend will further state that the Notes are being offered and sold outside the United States in compliance with Regulation S promulgated under the Securities Act and that the Notes may not be offered, sold or otherwise transferred within the United States or to or for the account or benefit of US persons (i) as part of their distribution at any time, or (ii) until 40 days after the completion of the distribution of all notes of the tranche of which those notes are a part, as determined and certified to the Dealers or, in the case of notes issued on a syndicated basis, the lead manager, by the Agent, except in either case in accordance with Regulation S under the Securities Act. Terms used in such legend will have the meanings given to them by Regulation S.

If the relevant Global Note is stated in the applicable Final Terms to be issued in NGN form, on or prior to the original issue date of the Tranche, the Global Note will be delivered to a common safekeeper and the applicable Final Terms will set out whether or not the Notes are intended to be held as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem. The fact that Notes are intended to be held in a manner which would allow Eurosystem eligibility simply means that the Notes are intended upon issue to be deposited with one of Euroclear and Clearstream, Luxembourg as Common Safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the European Central Bank being satisfied that Eurosystem eligibility criteria have been met.

If the relevant Global Note is a CGN, upon the initial deposit of a Global Note with the Common Depository, Euroclear or Clearstream, Luxembourg will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid. If the relevant Global Note is an NGN, the nominal amount of the Notes shall be the aggregate amount from time to time entered in the records of Euroclear or Clearstream, Luxembourg. The records of such clearing system shall be conclusive evidence of the nominal amount of Notes represented by the relevant Global Note and a statement issued by such clearing system at any time shall be conclusive evidence of the records of the relevant clearing system at that time.

Payments of principal, interest (if any) or any other amounts on a Global Note will be made through Euroclear and/or Clearstream, Luxembourg (against presentation or surrender (as the case may be) of the Global Note if the Global Note is a CGN).

If the relevant Global Note is a CGN, a record of each payment so made will be endorsed on the Global Note, which endorsement will be *prima facie* evidence that such payment has been made in respect of the Notes. If the Global Note is an NGN, the Issuer shall procure that details of each such payment shall be entered *pro rata* in the records of the relevant clearing system and in the case of payments of principal, the nominal amount of the Notes recorded in the records of the relevant clearing system and represented

by the Global Note will be reduced accordingly. Payments under the NGN will be made to its holder. Each payment so made will discharge the Issuer's obligations in respect thereof. Any failure to make the entries in the records of the relevant clearing system shall not affect such discharge.

The applicable Final Terms will specify that a Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Notes with, where applicable, Coupons and Talons attached only upon the occurrence of an Exchange Event. For these purposes, "Exchange Event" means that (i) both Euroclear and Clearstream, Luxembourg have terminated their businesses without a successor clearing organisation being available or (ii) the relevant Issuer has requested the issuance of definitive Notes upon a change in tax law that would be adverse to such Issuer but for the issuance of definitive Notes in bearer form. The relevant Issuer will promptly give notice to Noteholders in accordance with Condition 13 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Global Note) or the Trustee may give notice to the Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (ii) above, the relevant Issuer may also give notice to the Agent requesting exchange. Any such exchange shall occur not later than 60 days after the date of receipt of the first relevant notice by the Agent. The following legend will appear on all definitive Notes, Coupons and Talons in bearer form with a maturity of more than one year:

"Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code."

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Notes, Coupons or Talons in bearer form and will not be entitled to capital gains treatment on any gain on any sale, disposition, redemption or payment of principal in respect of such Notes, Coupons or Talons.

Notes which are represented by a Global Note will only be transferable to a successor clearing organisation subject to the same terms, in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

Pursuant to the Agency Agreement (as defined under "*Terms and Conditions of the Notes*" above) the Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes, the Notes of such further Tranche shall be assigned a common code and ISIN which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until at least the expiry of the Distribution Compliance Period (as defined in Regulation S under the Securities Act) applicable to the Notes of such Tranche.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear and/or Clearstream, Luxembourg each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the relevant Issuer, the relevant Guarantors and their agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Global Note shall be treated by the relevant Issuer, the relevant Guarantors and their agents as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions "Noteholder" and "holder of Notes" and related expressions shall be construed accordingly.

Any reference in this Base Prospectus to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system

specified in the applicable Final Terms or as may otherwise be approved by the Obligors, the Agent and the Trustee.

No Noteholder or Couponholder shall be entitled to proceed directly against the Issuers or the Guarantors unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

TAXATION

United Kingdom

The following is a general summary of the Issuers' understanding of certain aspects of current United Kingdom tax law as applied in England and Wales and published HM Revenue & Customs ("HMRC") practice (which may not be binding on HMRC) relating only to the United Kingdom withholding tax treatment of payments of interest (as that term is understood for United Kingdom tax purposes) in respect of the Notes and is not intended to be exhaustive. The following assumes that there will be no substitution of any Issuer and does not address the consequences of any such substitution (notwithstanding that such substitution may be permitted by the terms and conditions of the Notes). It relates only to persons who are the absolute beneficial owners of the Notes and related Coupons and may not apply to certain classes of persons such as dealers or certain professional advisors. It does not necessarily apply where the income is deemed for tax purposes to be the income of any other person.

Any Noteholders who are in any doubt as to their tax position or who may be subject to tax in any jurisdiction other than the United Kingdom should seek independent professional advice without delay.

Withholding Tax on Interest Paid by BATIF as Issuer

Payments of interest made in respect of Notes issued by BATIF ("UK Notes") which carry a right to interest and are and continue to be listed on a "recognised stock exchange" within the meaning of section 1005 of the Income Tax Act 2007 may be made without withholding or deduction for or on account of United Kingdom income tax (the "Quoted Eurobond exemption").

The main market of the London Stock Exchange is a recognised stock exchange for these purposes. Securities will be treated as listed on the main market of the London Stock Exchange if they are included in the Official List (within the meaning of, and in accordance with, the provisions of Part VI of the FSMA) of the FCA and admitted to trading on the main market of the London Stock Exchange.

Payments of interest in respect of UK Notes issued for a term of less than one year (and which are not issued under a scheme or arrangement the intention or effect of which is to render the UK Notes capable of being part of a borrowing with a total term of one year or more) may also be paid by BATIF without withholding or deduction for or on account of United Kingdom income tax.

In other cases an amount must generally be withheld from payments of interest by BATIF on UK Notes that have a United Kingdom source on account of United Kingdom income tax at the basic rate (currently 20 per cent.) subject to the availability of other exemptions and reliefs under domestic law, or to any direction to the contrary from HMRC in respect of such reliefs as may be available under the provisions of an applicable double taxation treaty.

If UK Notes are issued at a discount to their principal amount, any such discount element should not generally be subject to any withholding or deduction for or on account of United Kingdom income tax. If UK Notes are redeemed at a premium to their principal amount (as opposed to being issued at a discount) then, depending on the circumstances, such premium may constitute a payment of interest for United Kingdom tax purposes and hence be subject to the United Kingdom withholding tax rules outlined above.

Withholding Tax on Interest Paid by BATNF or BATCAP as an Issuer

Payments of interest made in respect of Notes issued by BATNF or BATCAP, each, in this section and the next section, referred to as an Issuer and, together, the Issuers ("Non-UK Notes"), may be paid by the Issuers without withholding or deduction for or on account of United Kingdom income tax except in circumstances when such interest has a United Kingdom source. Interest on Non-UK Notes may have a United Kingdom source if, for example, the interest on the Non-UK Notes is principally funded by assets situated in the United Kingdom.

The following applies only where interest on the Non-UK Notes has a United Kingdom source

Payments of interest made in respect of the Non-UK Notes with a United Kingdom source may be made without withholding or deduction for or on account of United Kingdom income tax if the Quoted Eurobond exemption applies (as described above).

Payments of interest made in respect of Non-UK Notes issued for a term of less than one year (and which are not issued under a scheme or arrangement the intention or effect of which is to render the Non-UK Notes capable of being part of a borrowing with a total term of one year or more) may also be paid by each Issuer without withholding or deduction for or on account of United Kingdom income tax.

In other cases an amount must generally be withheld from payments of interest by BATNF or BATCAP (as applicable) on Non-UK Notes that have a United Kingdom source on account of United Kingdom income tax at the basic rate (currently 20 per cent.) subject to the availability of other exemptions and reliefs under domestic law, or to any direction to the contrary from HMRC in respect of such reliefs as may be available under the provisions of an applicable double taxation treaty.

If Non-UK Notes are issued at a discount to their principal amount, any such discount element should not generally be subject to any withholding or deduction for or on account of United Kingdom income tax. If Non-UK Notes are redeemed at a premium to their principal amount (as opposed to being issued at a discount) then, depending on the circumstances, such premium may constitute a payment of interest for United Kingdom tax purposes and hence be subject to the United Kingdom withholding tax rules outlined above.

Withholding tax on payments by a guarantor or RAI

The United Kingdom withholding tax treatment of payments by a guarantor in respect of interest on the Notes (or other amounts due under the Notes other than the repayment of amounts subscribed for the Notes) is uncertain. In particular, if BATIF or BAT is required to make a payment as a guarantor or if BATNF, BATCAP or RAI is required to make a payment as a guarantor (to the extent that such payment has a United Kingdom source) the payment may be subject to withholding or deduction for or on account of United Kingdom income tax at the basic rate (currently 20 per cent.), subject to the availability of other reliefs or to any direction by HMRC in respect of such reliefs as may be available under the provisions of an applicable double tax treaty. Such payments may not be eligible for any of the exemptions outlined above.

The Netherlands

This section provides a general description of certain Dutch tax consequences of the acquisition, ownership and transfer of the Notes issued by BATNF, in this section, referred to as the Issuer.

This summary provides general information only and is restricted to the matters of Dutch taxation stated herein. It is intended neither as tax advice nor as a comprehensive description of all Dutch tax considerations that may be relevant to a decision to acquire, to hold, or to transfer the Notes, and in particular this summary does not address the (potential) application of Council Directive (EU) 2022/2523 of 14 December 2022 (Pillar Two) as implemented in Dutch tax law (*Wet minimumbelasting 2024*). This summary does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as investment institutions, pension funds and dealers in securities) may be subject to special rules.

The summary provided below is based on the tax laws of The Netherlands as in effect on the date of this Base Prospectus and as applied and interpreted in case law of the courts of The Netherlands and in administrative guidance of the relevant authorities of The Netherlands, in each case available in printed

form on or before such date, without prejudice to any developments or amendments introduced at a later date and implemented with or without retroactive effect. All references in this section to The Netherlands and Dutch tax, taxation or law are to the European part of the Kingdom of The Netherlands and its tax, taxation or law, respectively, only.

For Dutch tax purposes, a Noteholder may include an individual who, or an entity that, does not have the legal title to the Notes, but to whom nevertheless the Notes are attributed based either on such individual or entity holding a beneficial interest in the Notes or based on specific statutory provisions, including statutory provisions pursuant to which the Notes are attributed to an individual who is, or who has directly or indirectly inherited from a person who was, the settlor, grantor or similar originator of a trust, foundation or similar entity that holds the Notes.

Noteholders (and prospective Noteholders) should consult their own tax advisors as to the Dutch or other tax consequences of the acquisition, ownership and transfer of Notes, including, in particular, the application to their particular situations of the tax considerations discussed below.

The Issuer has been advised that the following Dutch tax treatment will apply to the Notes, provided that:

- (i) in each and every respect the terms and conditions of this Base Prospectus, the Supplements, the Notes, the Final Terms and any other documents relating to the Notes, the performance by the parties thereto of their respective obligations and the exercise of their rights thereunder and the transactions contemplated therein, including, without limitation, all payments made thereunder, are at arm's length as this term is understood under Netherlands tax law; and
- (ii) no Notes will be issued under such terms and conditions that they actually function as equity of the Issuer within the meaning of article 10, paragraph 1, under d, of the Dutch Corporate Income Tax Act 1969 (*Wet op de vennootschapsbelasting 1969*).

Withholding Tax

All payments made by the Issuer of interest and principal under the Notes may be made free of withholding or deduction of any taxes of whatever nature imposed, levied, withheld or assessed by The Netherlands or any political subdivision or taxing authority thereof or therein, except that Dutch withholding tax (at a rate equal to the highest Dutch corporate income tax rate applicable in the relevant year) may be due on (deemed) payments of interest and principal under the Notes ("Interest Payment") by the Issuer pursuant to the Dutch Withholding Tax Act 2021 (*Wet bronbelasting 2021*) in the following situations:

- (i) in case the Issuer is related (*gelieerd*) (within the meaning set out below) to the entity entitled to such Interest Payment (*voordeelgerechtigde*) and such related recipient entity (a) is (deemed) resident in a low tax jurisdiction (*laagbelastende jurisdictie*) (within the meaning set out below) or (b) has a permanent establishment in such low tax jurisdiction to which the Interest Payment is allocated (*worden toegerekend*);
- (ii) in case the related recipient entity is not (deemed) resident in a low tax jurisdiction (a) such entity is entitled to the Interest Payment with the main purpose or one of the main purposes of avoiding the levy of tax (*belasting*) in the hands of another person or entity and (b) there is an artificial arrangement or transaction, or a series of artificial arrangements or transactions. An arrangement or transaction, or series of arrangements or transactions, shall be regarded as artificial to the extent that it is not put into place for valid commercial reasons, which reflect economic reality;
- (iii) in case a related entity is from a Dutch tax perspective regarded the recipient of the Interest Payment, whereas such related recipient entity is not regarded as the recipient (*gerechtigde*) thereof pursuant to the laws of the country in which such entity is (deemed) resident or pursuant to the laws of which such entity is established (*opgericht*); and/or

- (iv) in case the related recipient entity is a reverse hybrid entity (*omgekeerd hybride lichaam*), to the extent that a relevant participant (*achterliggende gerechtigde*) (a) has a qualifying interest (*kwalificerend belang*) in the reverse hybrid entity, (b) is located (*gevestigd*) in a jurisdiction that does not treat the reverse hybrid entity as a taxpayer for purposes of a profit tax, and (c) would have been subject to Dutch withholding tax based on one (or more) of the situations described in (i)-(iii) above, had such participant been entitled to such Interest Payment directly.

For the sake of completeness, Dutch withholding tax may also be due on Interest Payments made by BATNF in its capacity as Guarantor of Notes issued by BATIF or BATCAP, in the same situations as described in (i)-(iv) above.

Interest payments

The term 'interest' refers to any remuneration, payment or benefit of whatever nature for moneys advanced pursuant to a loan (*geldlening*) or equivalent agreement such as, for instance, financial lease. This includes interest accrual and the compensation of costs.

Related entities

Entities (*lichamen*) are related to the Issuer for purposes of the application of the Dutch Withholding Tax Act 2021 if (i) the recipient entity (alone or together with other entities forming a cooperating group) has a qualifying interest in the Issuer, (ii) the Issuer (alone or together with other entities forming a cooperating group) has a qualifying interest in the recipient entity, or (iii) a third party (alone or together with other entities forming a cooperating group) has a qualifying interest in both the recipient entity as well as the Issuer.

Qualifying interest

An interest in an entity is considered a 'qualifying interest' if directly or indirectly the influence in the decision making is such that the decisions of an entity and thus its activities can be determined. In any case, an interest is qualifying if it represents more than 50 per cent. of the statutory voting rights in an entity.

Relevant participant

A relevant participant (*achterliggende gerechtigde*) is an entity holding voting rights, capital interests and/or profit rights in a reverse hybrid entity.

Low tax jurisdictions

A jurisdiction qualifies as a low tax jurisdiction for purposes of the Dutch Withholding Tax Act 2021 if it is listed in an annually updated ministerial decree published by the Dutch government which includes jurisdictions (i) with a profit tax applying a statutory rate of less than 9 per cent. (updated annually based on an assessment as per 1 October of the preceding year) or (ii) included on the EU list of non-cooperative jurisdictions in the preceding year.

Reverse hybrid entity

A reverse hybrid entity is an entity established under Dutch law or a foreign (non-Dutch) entity located in the Netherlands that is treated as transparent from a Dutch tax perspective, whereas the jurisdiction or jurisdictions of one or more affiliated participants holding directly or indirectly in aggregate at least 50 per cent. of the voting rights, capital interests or profit rights in such entity, qualify the entity as a taxpayer for purposes of a profit tax. A participant is considered 'affiliated' if it (alone or together with other entities forming a cooperating group) holds a direct or indirect interest of 25 per cent. or more of the voting rights, capital interest or profit rights in the entity.

Taxes on Income and Capital Gains

A Noteholder who derives income from a Note or who realises a gain from the transfer or redemption of a Note will not be subject to Dutch personal income tax or Dutch corporate income tax (as applicable) on such income or gain, provided that such Noteholder:

- (i) is neither resident nor deemed to be resident in The Netherlands for Dutch tax purposes;
- (ii) does not have an enterprise or deemed enterprise (as defined in Dutch tax law) or an interest in or a co-entitlement to the net worth of an enterprise or deemed enterprise (as defined in Dutch tax law) that is, in whole or in part, carried on through a permanent establishment (*vaste inrichting*) or a permanent representative (*vaste vertegenwoordiger*) in The Netherlands and to which enterprise or part of that enterprise, as the case may be, the Notes are attributable;
- (iii) in the event such person is not an individual, is neither a resident nor a deemed resident of Aruba, Curacao or Sint Maarten that has an enterprise or deemed enterprise that is carried on through a permanent establishment or a permanent representative situated on Bonaire, Sint Eustatius or Saba to which enterprise or deemed enterprise the Notes or payments in respect of the Notes are attributable;
- (iv) in the event such person is not an individual, is neither entitled to a share in the profits of an enterprise effectively managed in The Netherlands nor co-entitled to the net worth of such enterprise, other than by way of the holding of securities, to which enterprise the Notes or payments in respect of the Notes are attributable;
- (v) in the event such person is an individual, is not entitled to a share in the profits of an enterprise effectively managed in The Netherlands, other than by way of the holding of securities or through an employment contract, to which enterprise the Notes or payments in respect of the Notes are attributable;
- (vi) in the event such person is an individual, is a Noteholder for whom neither the acquisition of the Notes nor income or capital gains derived from the Notes are attributable to a membership of a management board or a supervisory board, an employment relationship, a deemed employment relationship or a management role, the income of which is taxable in The Netherlands;
- (vii) in the event such person is not an individual, is a Noteholder for whom neither the acquisition of the Notes nor income or capital gains derived from the Notes are attributable to a membership of a management board or a supervisory board, the income of which is taxable in The Netherlands;
- (viii) in the event such person is an individual, does not have, and certain persons related or deemed related to that Noteholder do not have, directly or indirectly, a substantial interest (*aanmerkelijk belang*) as defined in the Dutch Income Tax Act 2001 (*Wet inkomstenbelasting 2001*), in (a) the Issuer, or (b) in any company that has, or that is part of a co-operation (*samenwerkingsverband*) that has, legally or in fact, directly or indirectly, the disposition of any part of the proceeds of the Notes within the meaning of article 3.92 of the Dutch Income Tax Act 2001;
- (ix) in the event such person is not an individual, does not have, directly or indirectly, a substantial interest as defined in the Dutch Income Tax Act 2001, in the Issuer, or, in the event that the Noteholder does have such interest, either (a) the Noteholder does not hold such interest with the main purpose or one of the main purposes to avoid the levy of income tax (*inkomstenbelasting*) of another person or entity, or (b) there is no artificial arrangement or transaction or a series of artificial arrangements or transactions. An arrangement or transaction or series of arrangements or transactions shall be regarded as artificial to the extent that it is not put into place for valid commercial reasons which reflect economic reality; and

- (x) does not derive benefits from the Notes that are taxable as benefits from miscellaneous activities in The Netherlands (*resultaat uit overige werkzaamheden in Nederland*) as defined in the Dutch Income Tax Act 2001, which include, but are not limited to, activities in respect of the Notes which are beyond the scope of “regular active portfolio management” (*normaal, actief vermogensbeheer*).

Gift and Inheritance Taxes

No Dutch gift or inheritance taxes will arise in The Netherlands with respect to the acquisition of the Notes by way of gift by, or on the death of, a Noteholder who is neither resident nor deemed to be resident in The Netherlands for the purpose of the relevant provisions, unless:

- (i) such acquisition is construed as an inheritance, a bequest or a gift by or on behalf of a person who, at the time of the gift or his death, is or was a resident or a deemed resident of The Netherlands for the purpose of the relevant provisions;
- (ii) in the case of a gift of the Notes by an individual who at the date of the gift was neither resident nor deemed to be resident in The Netherlands, such individual dies within 180 days after the date of the gift, while being resident or deemed to be resident in The Netherlands; or
- (iii) the gift is made under a condition precedent and such holder is or is deemed to be a resident of The Netherlands at the time the condition is fulfilled.

For the purpose of Dutch gift and inheritance tax, an individual who has the Dutch nationality will be deemed to be a resident of The Netherlands at the date of the gift or the date of his death if he has been a resident of The Netherlands at any time during the ten years preceding the date of the gift or the date of his death.

For the purposes of Dutch gift tax, an individual will, irrespective of his nationality, be deemed to be a resident of The Netherlands at the date of the gift if he has been a resident of The Netherlands at any time during the 12 months preceding the date of the gift.

Value added Tax

No Dutch value added tax (*omzetbelasting*) will be payable by a Noteholder in consideration for the issue of the Notes (other than value added taxes on fees payable in respect of services not exempt from Dutch value added tax).

Other taxes and duties

No Dutch registration tax, stamp duty or any other similar tax or duty will be payable in The Netherlands by a Noteholder in respect of or in connection with the acquisition, ownership or transfer of the Notes.

Residence

A Noteholder will not become or be deemed to become a resident of The Netherlands for tax purposes by reason only of the acquisition, ownership or transfer of the Notes.

United States

In respect of Notes issued by BATCAP, BATCAP has been advised that under current United States federal income and estate tax law, and subject to the discussion below concerning backup withholding and FATCA:

- (i) payments of principal of and interest on such Notes by BATCAP or by any Guarantor to any United States Alien holder (as defined below) will not be subject to United States withholding tax, provided that, in the case of interest, appropriate certifications (including IRS Form W-8BEN, IRS Form W-8BEN-E or other successor form) are obtained or provided, and that the holder:

- (a) does not actually or constructively (taking into account applicable attribution rules) own ten per cent. or more of the total combined voting power of all classes of stock of BATCAP entitled to vote;
 - (b) is not a controlled foreign corporation related to BATCAP through stock ownership; and
 - (c) is not a bank receiving interest described in Section 881(c)(3)(A) of the Code;
- (ii) any gain realised by a United States Alien holder on the sale, exchange or redemption of a Note will not be subject to United States federal income tax unless:
- (a) the United States Alien holder is an individual who is present in the United States for a period or periods aggregating 183 days or more during the taxable year of the sale, exchange or redemption and certain other conditions are met;
 - (b) the gain is effectively connected with the conduct of a United States trade or business by the United States Alien holder, or if required by an applicable income tax treaty, is generally attributable to a United States “permanent establishment” maintained by the United States Alien holder; or
 - (c) the United States Alien holder is subject to tax pursuant to provisions of the United States federal tax law applicable to certain United States expatriates;
- (iii) if interest or gain on a sale of a Note is effectively connected with the conduct of a trade or business within the United States by a United States Alien holder, the interest, although exempt from withholding tax, and the gain will be subject to the United States federal income tax on net income that applies to United States persons (defined below) generally. In addition, if a United States Alien holder is a foreign corporation, it may be subject to a branch profits tax equal to 30 per cent., (or lower applicable treaty rate) of its effectively connected earnings and profits for the taxable year, subject to certain adjustments; and
- (iv) a Note, held by an individual who at the time of death is not a citizen or resident of the United States, will not be subject to United States federal estate tax as a result of such individual’s death, provided that the individual does not actually or constructively (taking into account applicable attribution rules) own ten per cent. or more of the total combined voting power of all classes of stock of BATCAP entitled to vote and, at the time of the individual’s death, payments of interest on such Note would not have been effectively connected with the conduct by such individual of a trade or business in the United States.

Certain United States Alien holders who are United States expatriates are subject to special federal income tax rules and are urged to consult their own tax advisors regarding the tax consequences to them of holding and disposing of Notes.

Backup withholding and information reporting

Under current United States federal income tax law and regulations, certain information reporting requirements generally apply to interest and principal payments made to, and to the proceeds of sales of debt obligations before maturity by, certain non-corporate holders that are United States persons, and a “backup” withholding tax may be applied to persons who fail to supply correct taxpayer identification numbers and other information or otherwise identify themselves. Backup withholding and in some instances information reporting will not apply to payments of interest made outside the United States by BATCAP (or any Guarantor) or a paying agent on a Note, provided in each case that the holder has complied with applicable certification requirements and BATCAP (or any Guarantor) or the Paying Agent, as the case may be, does not have actual knowledge that the beneficial owner is a United States person. In addition, if payment of the proceeds of the sale of a Note is collected outside the United States by a foreign office of a custodian, nominee or other agent acting on behalf of a beneficial owner of a Note, such

custodian, nominee or other agent will not be required to apply backup withholding or information reporting to payments made to such owner. However, if such custodian, nominee or other agent is a United States person, a controlled foreign corporation for United States tax federal purposes, or a foreign person 50 per cent. or more of whose gross income is from a United States trade or business for a specified three-year period, or a foreign partnership that, at any time during its taxable year, is 50 per cent. or more owned (by income or capital interest) by United States persons or is engaged in the conduct of a United States trade or business, such payments may be subject to information reporting unless the custodian, nominee or agent has sufficient documentary evidence in its records that the beneficial owner is not a United States person and certain conditions are met, or the beneficial owner otherwise establishes an exemption with respect to such payment. If payments of interest, principal or the proceeds of the sale of a Note are collected by the United States office of a custodian, agent or nominee acting on behalf of the beneficial owner, information reporting and backup withholding will apply to payments made by such custodian, agent or nominee to the beneficial owner unless such owner certifies under penalty of perjury that it is not a United States person or otherwise establishes an exemption. The backup withholding rate is currently equal to 24 per cent.

FATCA

A 30 per cent. United States federal withholding tax may apply to interest income paid on Notes issued by BATCAP to (i) a “foreign financial institution” (as specifically defined in the Code), whether such foreign financial institution is the beneficial owner or an intermediary, unless such foreign financial institution agrees to verify, report and disclose its “United States account” holders (as specifically defined in the Code) and meets certain other specified requirements or (ii) a “non-financial foreign entity” (as specifically defined in the Code), whether such non-financial foreign entity is the beneficial owner or an intermediary, unless such entity provides a certification that the beneficial owner of the payment does not have any substantial United States owners or provides the name, address and taxpayer identification number of each substantial United States owner and certain other specified requirements are met. In certain cases, the relevant foreign financial institution or non-financial foreign entity may qualify for an exemption from, or be deemed to be in compliance with, these rules. Intergovernmental agreements between the United States and certain other countries may modify the foregoing rules. Holders should consult their tax advisors regarding the applicability of these rules to their holding of Notes issued by BATCAP.

General

As used in this section, “United States person” means any citizen or resident of the United States, a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof (other than a partnership that is not treated as a United States person under applicable United States Treasury regulations), an estate the income of which is subject to United States federal income taxation regardless of its source and a trust if either (i) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all subsequent decisions of the trust or (ii) the trust has a valid election in place to be treated as a United States trust; and “United States Alien” means any person that is not a United States person.

The discussion above relates to certain material aspects of current United States federal income and estate tax law arising as a result of the holding and disposing of Notes or receiving interest on Notes by United States Alien holders who purchased Notes in connection with an offering at the initial offering price. As discussed under “Form of the Notes” above, the Notes issued by BATCAP will be issued so as to be in registered form for United States federal income tax purposes. This discussion assumes that no Exchange Event will occur and that no definitive Notes in bearer form will be issuable to holders. The discussion above does not address any other United States federal, state or local tax issues nor does it address the United States federal tax consequences of ownership of Notes not held as capital assets within the meaning of Section 1221 of the Code, or the United States federal income tax consequences to investors

subject to special treatment under the United States federal income tax laws. The above discussion is based on the Code, regulations, rulings and judicial decisions as of the date hereof, all of which are subject to change or differing interpretations at any time and in some circumstances with retroactive effect. Any such subsequent developments in these areas could have a material effect on the foregoing summary.

FATCA Withholding with Respect to Notes Issued by BATIF and BATNF

This discussion of FATCA applies to Notes issued by BATIF and BATNF, and does not apply to Notes issued by BATCAP. Pursuant to certain provisions of the Code commonly known as FATCA, a “foreign financial institution” may be required to withhold on certain payments it makes (“foreign passthru payments”) to persons that fail to meet certain certification, reporting, or related requirements. Each Issuer is not a foreign financial institution for these purposes. A number of jurisdictions (including the United Kingdom and The Netherlands) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (“IGAs”), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply to such payments made prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the US Federal Register and Notes issued on or prior to the date that is six months after the date on which final regulations defining “foreign passthru payments” are published in the United States Federal Register generally would be “grandfathered” for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the Issuer). However, if additional notes (as described under “Terms and Conditions of the Notes — Further Issues”) that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay Additional Amounts as a result of the withholding.

General

THE ABOVE SUMMARIES ARE NOT INTENDED TO CONSTITUTE A COMPLETE ANALYSIS OF ALL TAX CONSEQUENCES RELATING TO THE OWNERSHIP OF NOTES. PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISERS CONCERNING THE CONSEQUENCES OF AN INVESTMENT IN THE NOTES AND OF THEIR PARTICULAR SITUATION.

SUBSCRIPTION AND SALE

The Dealers have in an amended and restated programme agreement (such Programme Agreement as amended and/or supplemented and/or restated from time to time, the “Programme Agreement”) dated 5 March 2024, agreed with the Obligors a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under “Form of the Notes” and “Terms and Conditions of the Notes”. The Programme Agreement provides that the obligation of any Dealer under any such agreement is subject to certain conditions and that, in certain circumstances, a Dealer shall be entitled to be released and discharged from its obligations under any such agreement prior to the issue of the relevant Notes, including in the event that certain conditions precedent are not delivered or met to its satisfaction on the Issue Date. In this situation, the issue of the relevant Notes may not be completed. Investors will have no rights against the relevant Obligors or any Dealer in respect of any expense incurred or loss suffered in these circumstances. In the Programme Agreement, the Obligors have agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and update of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

Selling Restrictions

United States

The Notes have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold within the United States or to, or for the account or benefit of, United States persons except in certain transactions exempt from, or in a transaction not subject to, the registration requirements of the Securities Act. The Notes will be offered outside the United States to non-US persons in accordance with Regulation S. BATIF, BATCAP and BATNF are Category 2 issuers for the purposes of Regulation S. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, United States persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, United States persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the completion of the distribution of all Notes of the Tranche of which such Notes are a part, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

By purchasing Notes of any tranche, holders will be deemed to have represented that they are not a US person (as defined in Regulation S) or purchasing such Notes for the account or benefit of a US person, other than a distributor, and they are purchasing such Notes in an offshore transaction in accordance with Regulation S. This Base Prospectus has been prepared by the Issuers for use in connection with the offer and sale of Notes outside the United States. Each of the Issuers reserves the right to reject any offer to purchase the Notes issued by such Issuer, in whole or in part, for any reason, and each of the Dealers reserves the right to reject any offer to purchase any of the Notes, in whole or in part for any reason. This Base Prospectus does not constitute an offer to any person in the United States or to any US person.

Distribution of this Base Prospectus by any non-US person outside the United States to any US person or to any other person within the United States other than those persons, if any, retained to advise such non-US person with respect thereto, is unauthorised and any disclosure without the prior written consent of the relevant Issuer of any of its contents to any such US person or other person within the United States, other than those persons, if any, retained to advise such non-US person is prohibited.

Prohibition of Sales to EEA Retail Investors

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the EEA. For the purposes of this provision:

- (A) the expression “retail investor” means a person who is one (or more) of the following:
 - (i) a retail client, as defined in point (11) of Article 4(1) of MiFID II; or
 - (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
 - (iii) not a qualified investor as defined in the Prospectus Regulation; and
- (B) the expression an “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

United Kingdom

Prohibition of Sales to UK Retail Investors

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the UK. For the purposes of this provision:

- (A) the expression “retail investor” means a person who is one (or more) of the following:
 - (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or
 - (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or
 - (iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation; and
- (B) the expression an “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

Other Regulatory Restrictions

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (A) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent)

for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the relevant Issuer;

- (B) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the relevant Issuer or the Guarantors; and
- (C) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the UK.

The Netherlands

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that unless otherwise specified in the applicable Final Terms it will not make an offer of Notes in The Netherlands unless such offer is made exclusively to persons who or legal entities which are qualified investors (*gekwalificeerde beleggers*) as defined in section 1:1 of the Financial Supervision Act (*Wet op het financieel toezicht*) of The Netherlands.

Zero Coupon Notes (as defined below) in definitive form may only be transferred and accepted, directly or indirectly, within, from or into The Netherlands through the mediation of either the Issuer or a member of Euronext Amsterdam N.V. in accordance with the Dutch Savings Certificates Act (*Wet inzake spaarbewijzen*) of 21 May 1985 (as amended) and its implementing regulations (which include registration requirements). Such restrictions do not apply (a) to the initial issue of Zero Coupon Notes to the first holders thereof, (b) to a transfer and acceptance of Zero Coupon Notes in definitive form between individuals not acting in the conduct of a business or profession, or (c) to a transfer and acceptance of Zero Coupon Notes in definitive form within, from or into The Netherlands if all Zero Coupon Notes of any particular series are issued outside The Netherlands and are not distributed within The Netherlands in the course of their initial distribution or immediately thereafter. For the purposes of this paragraph, "Zero Coupon Notes" are Notes that are in bearer form and that constitute a claim for a fixed sum against the Issuer and on which interest does not become due during their tenor or on which no interest is due whatsoever.

Republic of Italy

An offering of the Notes has not been registered with the *Commissione Nazionale per le Società e la Borsa* ("CONSOB") pursuant to Italian securities legislation and, accordingly, each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that no Notes may be offered, sold or delivered, nor may copies of this Base Prospectus or of any other document relating to any Notes be distributed in the Republic of Italy, except:

- (i) to qualified investors (*investitori qualificati*) as defined pursuant to Article 2 of the Prospectus Regulation and any applicable provision of Legislative Decree No. 58 of 24 February 1998, as amended (the "Financial Services Act") and Italian CONSOB regulations; or
- (ii) in any other circumstances which are exempted from the rules on public offerings pursuant to Article 1 of the Prospectus Regulation, Article 100 of the Financial Services Act, Article 34-ter of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time, and the applicable Italian laws.

In any event, any offer, sale or delivery of the Notes or distribution of copies of this Base Prospectus or any other document relating to the Notes in the Republic of Italy under paragraphs (i) or (ii) above must:

- (a) be made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, Legislative Decree No. 385 of 1 September 1993, as amended from time to time (the “Banking Act”) and CONSOB Regulation No. 20307 of 15 February 2018, as amended from time to time; and
- (b) comply with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy (including the reporting requirements, where applicable, pursuant to Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time) and/or any other Italian authority.

Belgium

Other than in respect of Notes for which “Prohibition of Sales to Belgian Consumers” is specified as “Not Applicable” in the applicable Final Terms, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that an offering of Notes may not be advertised to any individual in Belgium qualifying as a consumer within the meaning of Article I.1 of the Belgian Code of Economic Law, as amended from time to time (a “Belgian Consumer”) and that it has not offered, sold or resold, transferred or delivered, and will not offer, sell, resell, transfer or deliver, the Notes, and that it has not distributed, and will not distribute, any prospectus, memorandum, information circular, brochure or any similar documents in relation to the Notes, directly or indirectly, to any Belgian Consumer.

France

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it undertakes to comply with applicable French laws and regulations in force regarding the offer, the placement or the sale of the Notes and the distribution in France of this Base Prospectus or any other offering material relating to the Notes.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the “FIEA”). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and other relevant laws and regulations of Japan.

Singapore

Unless the applicable Final Terms in respect of any Notes specifies “Singapore Sales to Institutional Investors and Accredited Investors only” as “Not Applicable”, each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly

or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

If the applicable Final Terms in respect of any Notes specifies “Singapore Sales to Institutional Investors and Accredited Investors only” as “Not Applicable”, each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

General

Other than with respect to the admission to listing, trading and/or quotation by such one or more listing authorities, stock exchanges and/or quotation systems as may be specified in the Final Terms, no action has been or will be taken in any country or jurisdiction by the relevant Issuer or any of the Dealers that would permit a public offering of Notes, or possession or distribution of any offering material in relation thereto, in any country or jurisdiction where action for that purpose is required. Persons into whose hands this Base Prospectus or any Final Terms comes are required by the relevant Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or have in their possession or distribute such offering material, in all cases at their own expense.

The Programme Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of change or changes in official interpretation, after the date hereof, in applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in the preceding paragraph.

Selling Restrictions may be supplemented or modified with the agreement of the Issuers.

GENERAL INFORMATION

- 1 The admission to trading of the Notes on the Market will be expressed as a percentage of their principal amount (exclusive of accrued interest). Any Tranche of Notes intended to be admitted to the Official List and admitted to trading on the Market will be so admitted to trading upon submission to the FCA and the London Stock Exchange of the applicable Final Terms and any other information required by the FCA and the London Stock Exchange, subject in each case to the issue of the relevant Notes.
- 2 The admission of the Programme to the Official List and to trading on the London Stock Exchange is expected to take effect on or around 8 March 2024. Prior to official listing and admission to trading, however, dealings will be permitted by the London Stock Exchange in accordance with its rules. Transactions on the Market will normally be effected for delivery on the third working day after the day of the transaction.
- 3 The establishment of the Programme and the issue of Notes and the execution by each Obligor of the documents relating thereto and the incurring by each Obligor of its obligations as Issuer and/or Guarantor thereunder have been duly authorised (i) in the case of BAT, by resolutions of Meetings of the Board of Directors on 18 June 1998, 5 March 1999, 24 May 2000, 28 July 2000, 14 April 2003, 20 February 2004, 29 October 2007, 25 February 2014, and 25 April 2017, by resolutions of the Executive Committee of the Board of Directors on 24 April 2002 and 24 June 2002, by resolutions of the Transactions Committee of the Board of Directors on 11 April 2005, 21 November 2005, 16 November 2006, 20 November 2007, 21 November 2008, 17 November 2009, 19 November 2010, 23 November 2011, 30 November 2012, 29 November 2013, 12 May 2014, 23 April 2015, 3 May 2016, 10 May 2018, 23 April 2019, 3 February 2020, 28 January 2021, 22 February 2022, 31 January 2023 and 7 February 2024 and by resolutions of a Committee of the Board of Directors on 1 July 1998; (ii) in the case of BATIF, by resolutions of Meetings of the Board of Directors on 30 June 1998, 23 February 1999, 23 May 2000, 24 July 2000, 24 June 2002, 14 April 2003, 25 February 2004, 12 April 2005, 21 November 2005, 23 November 2006, 23 November 2007, 21 November 2008, 25 November 2009, 19 November 2010, 23 November 2011, 30 November 2012, 29 November 2013, 15 May 2014, 24 April 2015, 6 May 2016, 27 April 2017, 10 May 2018, 24 April 2019, 4 March 2020, 28 January 2021, 22 February 2022, 31 January 2023 and 14 February 2024; (iii) in the case of BATNF, by resolutions of Meetings of the Board of Directors on 12 May 2014, 28 April 2015, 11 May 2016, 22 May 2017, 15 May 2018, 29 April 2019, 26 February 2020, 29 January 2021, 22 February 2022, 30 January 2023 and 15 February 2024; and (iv) in the case of BATCAP, by resolutions of Meetings of the Board of Directors on 20 April 2017, 11 May 2018, 25 April 2019, 26 March 2020, 2 February 2021, 10 February 2022, 13 February 2023 and 12 February 2024. The accession of RAI as an Additional Guarantor pursuant to the Programme, the execution of the documents relating thereto and the incurring of its obligations thereunder have been duly authorised by resolutions of Meetings of the RAI Board of Directors on 25 July 2017.
- 4 Save as disclosed in the section "*BAT and the Group – Contingent liabilities and financial commitments*" of this Base Prospectus (pages 57 to 95 inclusive), there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which any Obligor or RAI and their respective subsidiaries taken as a whole is aware) during the period covering at least the 12 months prior to the date of this Base Prospectus which may have, or have had in the recent past, significant effects on the financial position or profitability of any Obligor or RAI and their respective subsidiaries taken as a whole. Since many of the pending cases seek unspecified damages it is not possible to quantify the total amount being claimed.
- 5 There has been no significant change in the financial performance or financial position of BAT, BATIF, BATNF, BATCAP or RAI and their respective subsidiaries taken as a whole since 31 December 2023, nor

has there been any material adverse change in the prospects of BATIF, BATNF, BAT, BATCAP or RAI and their respective subsidiaries taken as a whole since 31 December 2023.

- 6** In relation to any Tranche of Fixed Rate Notes, an indication of the yield in respect of such Notes will be specified in the applicable Final terms. The yield is calculated at the Issue Date of the Notes on the basis of the relevant Issue Price. The yield indicated will be calculated as the yield to maturity as at the Issue Date of the Notes and will not be an indication of future yield.
- 7** The auditors of BAT and BATIF made reports under section 495 of the Companies Act 2006 (the "Companies Act") in respect of the statutory accounts, and each report in respect of the 12 months ended 31 December 2022 and 31 December 2023 was an unqualified report and did not contain a statement under section 498(2) and (4) of the Companies Act.
- 8** The auditors of BAT and BATIF are KPMG LLP who are a member of the Institute of Chartered Accountants in England and Wales. KPMG have audited the accounts of BAT and BATIF in accordance with applicable law and International Standards on Auditing (UK and Ireland) for each of the two financial years ended 31 December 2022 and 31 December 2023 and issued an unqualified audit report thereon.
- 9** The auditors of BATNF are KPMG Accountants N.V. (Chartered Accountants and Registered Auditors (members of the Institute of Chartered Accountants in The Netherlands)) who have audited the statutory accounts of BATNF in accordance with Part 9 of Book 2 of the Dutch Civil Code for each of the two financial years ended 31 December 2022 and 31 December 2023 and issued an unqualified auditor's report thereon.
- 10** The auditors of BATCAP and RAI are KPMG LLP (independent auditors) who have audited the accounts of BATCAP and RAI without qualification in accordance with generally accepted auditing standards in the United States for each of the two financial years ended 31 December 2022 and 31 December 2023.
- 11** The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The appropriate Common Code and the International Securities Identification Number (ISIN) in relation to the Notes of each Series will be specified in the Final Terms relating thereto. The applicable Final Terms shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with the identification number.
- 12** None of the Issuers, the Guarantors or RAI has entered into any contract outside the ordinary course of its business which could result in any Issuer, any Guarantor or RAI being under an obligation or entitlement that is material to any Issuer's ability to meet its obligations to the holders of its Notes in respect of the Notes being issued, to any Guarantor's ability to meet its obligations under the Guarantee, or to RAI's ability to meet its obligations under the Deed of Guarantee.
- 13** The address of Euroclear is Euroclear SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is Clearstream Banking S.A., 42 Avenue JF Kennedy, L-1855, Luxembourg. The address of any alternative clearing system will be specified in the applicable Final Terms.
- 14** For a period of 12 months following the date of this Base Prospectus, copies of the following documents will be available on the website of BAT (<https://www.bat.com/>):
 - (a) the constitutional documents of each Obligor (including an English translation of the constitutional documents of BATNF);
 - (b) a copy of this Base Prospectus, together with any Supplements to this Base Prospectus;

- (c) the Trust Deed;
- (d) the Agency Agreement;
- (e) the Deed of Guarantee;
- (f) the most recent publicly available audited financial statements (together in each case with the audit report thereon) of BAT (consolidated), BATIF (consolidated), BATNF (non-consolidated), BATCAP (non-consolidated) and RAI (consolidated) for the years ended 31 December 2022 and 31 December 2023;
- (g) reports, letters, balance sheets, valuations and statements of experts included or referred to in this Base Prospectus (other than consent letters); and
- (h) any Final Terms relating to Notes which are admitted to listing on the Official List and to trading on the Market.

The English translation referred to above is a direct and accurate translation of the original Dutch document.

In addition, copies of this Base Prospectus, each Final Terms relating to Notes which are listed on the London Stock Exchange and each document incorporated by reference are available at the website of the Regulatory News Service operated by the London Stock Exchange at www.londonstockexchange.com/exchange/news/market-news/market-news-home.html.

- 15** The issue price and amount of Notes to be issued under the Programme will be determined, before filing of the applicable Final Terms of each Tranche, by the relevant Issuer, the Guarantors and the Dealer(s) at the time of issue in accordance with prevailing market conditions.
- 16** Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, each Obligor and their respective affiliates in the ordinary course of business. Certain of the Dealers may from time to time also enter into swap and derivative transactions with the Obligors and their respective affiliates. In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial notes (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or notes of the Obligors or Obligors' affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Obligors routinely hedge their credit exposure to the Obligors consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial notes and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and notes.
- 17** The Legal Entity Identifier (LEI) code of:
- (a) BAT is 213800FKA5MF17RJKT63;
 - (b) BATIF is 21380041YBGOQDFAC823;
 - (c) BATNF is 2138009B37VJ9VOWAO51;

- (d) BATCAP is 2138005GYEXN7XRHFA84; and
- (e) RAI is 02S2RPPVO9RP4NEU2740.

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Banco Santander, S.A.

Ciudad Grupo Santander
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Barclays Bank PLC

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BofA Securities Europe SA

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