



Statement of Business Principles

British American Tobacco is a commercial enterprise and our primary role is to build long term shareholder value by meeting consumers' preferences for high-quality tobacco products. However, we believe that by absorbing and balancing a wider range of expectations, we are best placed to continue building a sustainable tobacco business.

Like other multinational enterprises benefiting from economic globalisation, we also face increasing demands to be more transparent and to demonstrate high standards of corporate conduct that might in the past have been taken on trust.

In today's rapidly changing world, large and successful businesses can be perceived as powerful and self-interested and can face barriers to trust. As a tobacco business, we can face more than others. In addressing these, a further challenge is that major enterprises like ours often encounter varying and at times conflicting stakeholder expectations in different countries and cultures.

To help meet these challenges, and following a commitment in the first British American Tobacco p.l.c. Social Report 2001/02, we have developed this Statement of Business Principles in consultation with managers from our businesses, as well as with external stakeholders.

The Business Principles and Core Beliefs cover the key issues that we believe underpin Corporate Social Responsibility (CSR) for a multinational business and, particularly, for the unique characteristics of a tobacco business.

There are three Business Principles, Mutual Benefit, Responsible Product Stewardship and Good Corporate Conduct, each of which is supported by a number of Core Beliefs, which explain what we think the Principle means in more detail. Together, these form the basis on which we expect our businesses to be run in terms of responsibility.

Both the Business Principles and Core Beliefs and the way they have been developed are consistent with our four Guiding Principles, which collectively express the culture of British American Tobacco: Strength from Diversity; Open Minded; Freedom through Responsibility; and Enterprising Spirit.

Mutual Benefit

The principle of Mutual Benefit is the basis on which we build our relationships with our stakeholders. We are primarily in business to build long term shareholder value and we believe the best way to do this is to seek to understand and take account of the needs of all our stakeholders.

Core Beliefs

- We believe in creating long term shareholder value
- We believe in engaging constructively with our stakeholders
- We believe in creating inspiring working environments for our people
- We believe in adding value to the communities in which we operate
- We believe that suppliers and other business partners should have the opportunity to benefit from their relationship with us

Responsible Product Stewardship

The principle of Responsible Product Stewardship is the basis on which we meet consumer demand for a legal product that is a cause of serious diseases. Therefore, our products and brands should be developed, manufactured and marketed in a responsible manner. We also aspire to develop tobacco products with critical mass appeal that will, over time, be recognised by scientific and regulatory authorities as posing substantially reduced risks to health.

Core Beliefs

- We believe in the provision of accurate, clear health messages about the risks of tobacco consumption
- We believe the health impact of tobacco consumption should be reduced whilst respecting the right of informed adults to choose the products they prefer
- We believe that relevant and meaningful information about our products should continue to be available
- We believe that underage people should not consume tobacco products

- We believe that our brands and products should be marketed responsibly and directed at adult consumers
- We believe in the appropriate taxation of tobacco products and the elimination of illicit trade
- We believe in regulation that balances the interests of all sections of society, including tobacco consumers and the tobacco industry
- We believe that public smoking should be approached in a way that balances the interests of smokers and non-smokers

Good Corporate Conduct

The principle of Good Corporate Conduct is the basis on which all our businesses should be managed. Business success brings with it an obligation for high standards of behaviour and integrity in everything we do and wherever we operate. These standards should not be compromised for the sake of results.

Core Beliefs

- We believe our businesses should uphold high standards of behaviour and integrity
 - We believe that high standards of corporate social responsibility should be promoted within the tobacco industry
 - We believe that universally recognised fundamental human rights should be respected
 - We believe the tobacco industry should have a voice in the formation of government policies affecting it
 - We believe in achieving world class standards of environmental performance
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