



British American Tobacco's

International Marketing Principles

At British American Tobacco we believe in upholding high standards of corporate behaviour. We agree that the tobacco industry should be regulated, but we also think we should be able to communicate in a responsible way with adult tobacco consumers about our products, in order to grow market share.

British American Tobacco's International Marketing Principles provide a consistent and responsible approach to marketing across the Group. They replace the International Marketing Standards which were launched in 2001 and updated in 2007. The new Marketing Principles ensure our approach reflects developments in marketing, technology and changing regulations and stakeholder expectations.

The Marketing Principles comprise four core principles which we believe are at the heart of responsible tobacco marketing. The rationale for each principle is explained and illustrated by a set of core standards which show how they should be applied in our communications with consumers.

The Marketing Principles outline what all our Group Companies must consider when planning their tobacco marketing activities but they do not offer standards for every activity. Where no standard is expressly provided, judgement must be exercised in the application of the Marketing Principles to the activity concerned.

The Marketing Principles apply to the marketing of all British American Tobacco's combustible tobacco products.

The Marketing Principles are our minimum standard and will be applied even when they are stricter than local laws. However, if local laws or other voluntary codes in markets are stricter than or override our Marketing Principles, then we will abide by those laws or voluntary codes.

We will monitor and audit our performance against the Marketing Principles and report our findings in the Group's Sustainability Report. The appendix at the end of this document contains more information about the governance of the Marketing Principles.

We expect all Group companies and anyone working on our behalf to adopt these Marketing Principles and seek to apply them in good faith at all times.

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We believe our marketing should be responsible and honest.

Our four core principles are

- 1 Our marketing will not mislead about the risks of smoking.
- 2 We will only market our products to adult smokers.
- 3 We will not seek to influence the consumer's decision about whether or not to smoke, nor how much to smoke.
- 4 It should always be clear to our consumers that our advertising originates from a tobacco company and that it is intended to promote the sale of our tobacco brands.



1. Our marketing will not mislead about the risks of smoking

Why does this matter?

Given the harmful nature of smoking, it is very important that we do not mislead consumers about the health risks involved.

What does this mean in practice?

All our advertising claims will be truthful and not misleading bearing in mind the health risks involved in smoking.

All our advertising and packaging will carry clearly visible and legible health warnings.

Standards

- 1.1 Claims in our advertising and trade communications relating to the performance or functional attributes of any tobacco product have to be verified by scientific, technical or consumer research.
- 1.2 All our advertising (including all promotional materials) must carry a health warning which is clearly visible, legible and non-detachable under normal use. The health warning should use the wording specified under local law, or, in its absence, use the same wording as the local law requires on packs. It must take up no less than 10% of the total area of the advertisement. Where no legislated health warning exists for packs, Group Companies must follow the 'Health Warnings on Cigarette Packaging Policy' from 2010.
 - videos intended for individual viewing must display a health warning at the start of the presentation,
 - in the case of group viewings (in age verified environments), a permanent health warning can be fixed adjacent to the screen; alternatively, a running health warning must be included throughout.
 - For audio materials the health warning must be delivered audibly at the beginning of the presentation.
 - For web-based advertising the health warning must appear on each branded page.
- 1.3 The placement of health warnings must be appropriate for the medium, for example:
 - When the medium comprises moving images (e.g. video) the health warning must be included in a way that ensures the consumer will see it under normal viewing conditions, for example:
- 1.4 All packaging (packs and cartons, with the exception of transparent cartons that allow visibility of the pack health warnings) for cigarettes, rolling tobacco and cigarette papers (including images of packs used in advertising) will carry clearly visible health warnings. For more details, please refer to the 'Health Warnings on Cigarette Packaging Policy' from 2010.
- 1.5 Any cigarette pack covers (unless they are transparent) or cigarette cases supplied as promotional items (whether branded or not) must carry a health warning.



2. We will only market our tobacco products to adult smokers

Why does this matter?

We believe that youth should not smoke.

What does this mean in practice?

All our consumer communication/ advertising will be aimed at and directed to adult smokers.

Standards

2.1 All advertising must be directed at adult smokers, and – except as provided at the end of 2.1 – these adult smokers must be age verified.

- Age verification can be obtained through various methods and should take into account local variations in literacy, social and cultural factors and technology.
- Age verification must be robust – simply asking consumers to tick a box stating “click here to confirm you are an adult” or similar is not sufficient.
- The age verification process must be completed before any branded content is shared.
- Examples of appropriate age verification methods are:
 - Face to face
 - Visual check
 - If in doubt, photo ID check (passport, driver's licence, ID card, etc.).
 - Remote age verification
 - Photocopies of age verification documents
 - Webcam age verification (picture of consumer holding ID into the camera)
 - Compliance check with government or commercial databases.

- If a government-approved age verification method exists, this should be used.
- Repeated consumer access (e.g. to a website) can be granted using user IDs and passwords.
- For out of home, point of sale and print advertising, age verification as described above is not possible. In those cases, as with all other advertising, we will take all reasonable precautions, to avoid appealing to youth.

2.2 No advertising will be aimed at youth. For example:

- Any person who features in advertising materials must be, and clearly appear to be, aged 25 or over.
- We will not place any out of home advertising within 100 metres of a school.
- We will not place advertising in printed publications unless there is evidence (study, readership statistics or similar) that at least 75% of the readers are adults.
- We will not place any advertisement on the outside cover of a printed publication.
- We will not produce or distribute branded clothing or bags as promotional items.
- We will only advertise on the web when we know access is restricted to verified adults. This includes the log-in pages which must

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also be free of advertising and branding. However, these pages can provide the user with information about the nature of the page in plain type.

- We will not advertise in cinemas unless the film being screened is classified for adults only or there is reason to believe that access to the film is limited to adults.
- Branded sponsorship or promotional events must be limited to events that we are assured will only be attended by adults. Such events should not receive public exposure on television, radio, the internet or similar media other than as a news item.
- Promotional activities will be designed to appeal to adults and, if held in public areas, must allow the involvement of only age-verified adults and minimise exposure to youth.
- Advertising which features moving imagery shall be displayed so as to minimise exposure to youth.
- Sampling must be directed at adult smokers only and should be conducted in an age-verified environment to avoid exposure to youth. Recipients of sampling products must consent to receiving samples. This also applies to sampling by mail.



3. We will not seek to influence the consumer's decision about whether or not to smoke, nor how much to smoke

Why does this matter?

Our role is to compete for market share, not to influence people's decision to smoke or how much they smoke. People who want to smoke less or quit, should.

What does this mean in practice?

We do not try to influence consumers' decisions on whether or not to smoke or how much they smoke, and we will not try to stop consumers quitting.

We will not portray smoking as an activity that makes people appear more popular, appealing or successful.

Standards

3.1 No advertising or trade communication is to:

- suggest that most people use tobacco products
- feature a celebrity
- contain an endorsement, implied or expressed, by a celebrity
- suggest that any of the following are enhanced by using tobacco products:
 - sporting or athletic success
 - popularity or social success
 - professional success
 - sexual appeal.

3.2 We will only sell cigarettes in packs containing at least ten cigarettes (or the equivalent of fine cut tobacco).

However, packs containing less than ten cigarettes may be acceptable in certain circumstances. For example, this could be when:

- **the conditions described in the 5+ Pack Standard.**

- the price of a smaller pack of a premium product is not less than the lowest duty paid pack of 20 cigarettes in the market.

End markets that believe packs of less than ten cigarettes may be justifiable in their markets must obtain approval from their Regional Leadership Team and subsequent endorsement from the Regional Audit and CSR Committee before launch.

- 3.3 In our view, single stick sales are undesirable because of the lack of health warnings, risk of youth access and related product integrity issues. Whilst we only sell cigarettes in packets, we recognise that in many markets, for economic reasons and the nature of the retail trade, a significant number of adult consumers buy single cigarettes. In such markets we may provide limited support to retailers in the form of a) branded or unbranded containers to improve product integrity and preservation; and b) branded or unbranded point of sale material (including elements for the retailers to communicate the stick price they define) provided always that:



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- Such support is not prohibited by local regulation;
- Any branded materials feature a health warning in accordance with section 1.2 of these International Marketing Principles; and
- Any materials contain, or are accompanied by, a clearly visible youth smoking prevention message, appropriate to the local market.
(Refer to the BAT Global YSP Guidelines and Design Manual for further guidance).
- Incentives are restricted to the trade/retailers and must not be made in units smaller than a cigarette pack.



4. It should always be clear to our consumers that our advertising originates from a tobacco company and that it is intended to promote the sale of our tobacco brands.

Why does this matter?

Given that we sell a harmful and controversial product, it is crucial that consumers clearly understand when they are receiving tobacco related advertising of any kind.

What does this mean in practice?

We do not engage in undercover marketing activities which seek to disguise the source of the advertising message, or the fact that it is intended to advertise a tobacco brand.

Standards

Consumer engagement

- 4.1 Anyone contracted to interact with consumers on behalf of a BAT company must always make it clear that they are working on behalf of a tobacco company. However, this does not apply to interactions at the point of sale where it is assumed that consumers will be aware of the promotional nature of any communication which features references to tobacco products or tobacco branding.

Product placement

- 4.2 There will be no direct or indirect payment for the placement of tobacco branding in motion pictures, TV programmes, theatre productions, computer games or similar.
- 4.3 There will be no direct or indirect payments to the media for coverage of a sponsored or promotional events.

Viral and undercover advertising

- 4.4 We will not engage in any viral marketing in openly accessible on-line or other digital networks where it is impossible to control the integrity of the message nor the recipients it might reach.
- 4.5 We will not engage in any 'covert' advertising (teaser campaigns, flash mobs, etc.) unless it is made clear at all times that the activity is tobacco advertising (e.g. through the application of a health warning). Unless this kind of activity takes place at points of sale or out of home (where age verification is not possible) the intended audience must be restricted to verified adult smokers.

