

POLICY ON ENVIRONMENTAL, SOCIAL AND GOVERNANCE SUSTAINABILITY

Definitions:

‘Board’: Board of Directors of Ceylon Tobacco Company PLC

‘BAT’: British American Tobacco PLC

‘Company’: Ceylon Tobacco Company PLC

‘CSE’: Colombo Stock Exchange

‘CSI’: Corporate Social Investment

‘ESG’: Environmental, Social and Governance

‘Listing Rules’: Listing Rules of Colombo Stock Exchange

1. PURPOSE AND SCOPE

Fostering Environmental, Social and Governance initiatives is one of CTC’s primary strategic objectives. The Company’s ESG Policy serves as a building block to ensure regulatory compliance, satisfy stakeholder expectations (to demonstrate the Company’s commitment to sustainability and social responsibility), and contributions to the society. The Company, being a Group Company of BAT, aligns its ESG Policy with the broader framework and guidelines established by BAT.

This policy is intended to complement BAT’s ESG Framework and addresses every facet of the Company, including environmental management, social responsibility initiatives, and governance processes. Any new business endeavors of the Company and large investments shall follow the policy’s customized ESG requirements. In addition, the Company warrants that this Policy is designed in adherence to local laws and regulations of Sri Lanka.

2. GOVERNING PRINCIPLES OF THE ESG POLICY

The Company is guided by the following principles in its commitment to ESG practices:

2.1 Accountability

The Board and CSI Steering Committee (as morefully described under Policy for Corporate Governance) hold the overall responsibility over the Company’s ESG performance.

2.2 Transparency

The Company is dedicated to providing transparent reporting and conducting an honest dialogue with its Stakeholders pertaining to its ESG policies and performance.

2.3 Sustainability

The Company's EGM Policy focuses on long-term sustainability, whilst reducing environmental impact and promoting resource efficiency.

2.4 Performance Measurement

The Company would set quantifiable ESG goals and targets based on its overall performance.

3. ESG ROADMAP

The Company's performance would have to be adequately evaluated against the ESG goals and targets of BAT and the Company. The status progress of each ESG initiative is reflected in the Company's Annual Report to ensure stakeholder transparency.

4. COMPONENTS OF ESG POLICY

4.1 Environmental factors

The Company should facilitate programs that initiate practices to promote sustainable agricultural practices and reduce Tobacco waste.

The Company Policy further implements BAT's resource efficiency program while primarily focusing on energy and water conservation in manufacturing facilities.

4.2 Social factors

The Company adheres to respecting fundamental human rights as verified by the Universal Declaration of Human Rights' that has been incorporated in various governing global standards practices of BAT (i.e., SoBC and Supplier Code of Conduct). This entails setting proper standards for employee welfare, which include health and safety measures, diversity

and inclusion initiatives, fair labor practices for all employees and guaranteeing zero involvement of forced or child labor.

The Company Policy ensures that direct support is provided to its contracted tobacco farmers through multi-faceted community engagement. The Policy would ensure that the Company partakes in community development projects, aligned with national priorities such as poverty alleviation, health and well-being, agriculture and irrigation, and disaster relief.

4.3 Governance factors

This Policy is dedicated to upholding the highest governance and moral standards when conducting all its business dealings, which includes adhering to Anti-Bribery and Corruption measures, adopting ethical business practices and maintaining transparency of its operations. It has robust mechanisms and practices in place to provide ongoing training and policy cascades to ensure widespread awareness on ethics and integrity. The Policy aims to provide a strong mechanism to track the Company's progress of sustainability goals and Board-level oversight of the Company's sustainability agenda.

The Company establishes strong internal audit and monitoring systems to ensure adherence to all applicable laws and regulations, and BAT guidelines.

5. COMPLIANCE AND DISCLOSURE

5.1 Regulatory Compliance

The Company shall ensure full compliance with the CSE Listing Rules, and any other applicable regulations concerning ESG.

5.2 Disclosure

The Company shall disclose in its Annual Report compliance with the Listing Rules in formulating a Policy on ESG.

6. QUESTIONS

All questions concerning the implementation of this policy are required to be addressed to the Assistant Company Secretary of Ceylon Tobacco Company PLC via inquiries_ctc@bat.com.

