

Tackling global challenges



British American Tobacco p.l.c. (No. 3407696) Sustainability Report 2024: Cautionary statement and other information. This Sustainability Report is extracted (without material adjustment) from, and should be read as an introduction to and in conjunction with, the 2024 Annual Report and Accounts and Form 20-F of British American Tobacco p.l.c. (the Company) and the British American Tobacco Group (the "Group") prepared in accordance with UK requirements. It has been drawn up and is presented in accordance with, and reliance upon, applicable English company law and the liabilities of the Directors in connection with the report shall be subject to the limitations and restrictions provided by such law. This Sustainability Report contains certain forward-looking statements, including "forward-looking" statements made within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. These statements are often, but not always, made through the use of words or phrases such as "believe," "anticipate," "could," "may," "would," "should," "intend," "plan," "potential," "predict," "will," "expect," "estimate," "project," "positioned," "strategy," "outlook," "target" and similar expressions. These include statements regarding our intentions, beliefs or current expectations concerning, amongst other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the economic and business circumstances occurring from time to time in the countries and markets in which the Group operates. All such forward-looking statements involve estimates and assumptions that are subject to risks, uncertainties and other factors. It is believed that the expectations reflected in this document are reasonable but they may be affected by a wide range of variables that could cause actual future results to differ materially from those currently anticipated. Among the key factors that could cause actual results to differ materially from those projected in the forward-looking statements are uncertainties related to the following: the impact of competition from illicit trade; the impact of adverse domestic or international legislation and regulation; the inability to develop, commercialise and deliver the Group's New Categories strategy; the impact of supply chain disruptions; adverse litigation and dispute outcomes and the effect of such outcomes on the Group's financial condition; the impact of significant increases or structural changes in tobacco, nicotine and New Categories related taxes; translational and transactional foreign exchange rate exposure; changes or differences in domestic or international economic or political conditions; the ability to maintain credit ratings and to fund the business under the current capital structure; the impact of serious injury, illness or death in the workplace; adverse decisions by domestic or international regulatory bodies; changes in the market position, businesses, financial condition, results of operations or prospects of the Group; direct and indirect adverse impacts associated with Climate Change and the move towards a Circular Economy; and Cyber Security incidents caused by the heightened cyber-threat landscape and increased digital interactions with consumers, and changes to regulation. Further details on the principal risks that may affect the Group can be found in the 'Group Principal Risks' section of the Strategic Report of the 2024 Annual Report and Accounts and Form 20-F. A summary of all the risk factors (including the principal risks) which are monitored by the Board through the Group's risk register is set out in the section under the heading 'Group Risk Factors' in the Additional Disclosures section of the 2024 Annual report and Accounts and Form 20-F. It is believed that the expectations reflected in this Sustainability Report are reasonable but they may be affected by a wide range of variables that could cause actual results to differ materially from those currently anticipated. Past performance is no guide to future performance and persons needing advice should consult an independent financial adviser. The forward-looking statements reflect knowledge and information available at the date of preparation of this Sustainability Report and the Group undertakes no obligation to update or revise these forward-looking statements, whether as a result of new information, future events or otherwise. Readers are cautioned not to place undue reliance on such forward-looking statements. This Sustainability Report is provided for information only and is not intended to be a substitute for reading the 2024 Annual Report and Accounts and Form 20-F. In particular, this Sustainability Report does not comprise the Company's Strategic Report or any supplementary materials and it does not contain sufficient information to allow for as full an understanding of the results of the Group and the state of affairs of the Group, and the principal risks facing the Group, as would be provided by the 2024 Annual Report and Accounts and Form 20-F. Shareholders may view a copy of the 2024 Annual Report and Accounts and Form 20-F on www.bat.com or obtain a hard copy free of charge (contact details can be found on page 41 of the Combined Performance and Sustainability Summary). Specific local mailing and/or notification requirements will apply to shareholders on the South Africa branch register. If you have sold or transferred all your shares in British American Tobacco p.l.c., you should send this Sustainability Report to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. This Sustainability Report provides alternative performance measures (APMs) which are not defined or specified under the requirements of International Financial Reporting Standards (IFRS). We believe these APMs provide readers with important additional information on our business. A comprehensive list of the APMs that we use, an explanation of how they are calculated, why we use them and a reconciliation to the most directly comparable IFRS measure where relevant is set out under the heading 'Non-GAAP measures' in the Additional Disclosures section of the 2024 Annual Report and Accounts and Form 20-F. BAT has shares listed on the London Stock Exchange (BATS), the Johannesburg Stock Exchange (BTJ), and, as American Depositary Shares (ADSs), on the New York Stock Exchange (BTI). References in this Sustainability Report to 'British American Tobacco', 'BAT', 'Group', 'we', 'us' and 'our' when denoting opinion refer to British American Tobacco p.l.c. and when denoting business activity refer to British American Tobacco Group operating, collectively or individually as the case may be. The material in this Sustainability Report is provided for the purpose of giving information about the Company to investors only and is not intended for general consumers. The Company, its Directors, employees, agents or advisers do not accept or assume responsibility to any other person to whom this material is shown or into whose hands it may come and any such responsibility or liability is expressly disclaimed. The material in this Sustainability Report is not provided for product advertising, promotional or marketing purposes. This material does not constitute and should not be construed as constituting an offer to sell, or a solicitation of an offer to buy, any of our products. Our products are sold only in compliance with the laws of the particular jurisdictions in which they are sold. References in this Sustainability Report to information on websites, including the web address of BAT, have been included as inactive textual references only. The websites and the information contained therein or connected there to are not intended to be incorporated into or to form part of this Sustainability Report.

Message from our Chief Corporate Officer

As we transform our business, we remain steadfast in our purpose of building A Better Tomorrow™.

Kingsley Wheaton
Chief Corporate Officer



Dear Stakeholders,

We are delighted to present an update on the progress we have made towards our sustainability commitments. While 2024 was marked by global political, economic and environmental challenges, our sustainability strategy remains focused on our purpose-led transformation.

Our purpose – to create A Better Tomorrow™ by Building a Smokeless World – is anchored in reducing the health impact of our business. In doing so, maintaining a long-term vision and resilience in the face of evolving challenges remains of paramount importance.

Sustainability is a core part of our Group transformation strategy.

As we work towards our vision of Building a Smokeless World, we recognise that we must transform responsibly.

We strive to reduce our use of natural resources, enhance the communities in which we operate, and deliver on our climate goals.

In 2024, we refined our sustainability strategy, focusing on five impact areas:

- Tobacco Harm Reduction (THR)
- Climate
- Nature
- Circularity
- Communities

Deriving from our Double Materiality Assessment (DMA)[^], these impact areas comprehensively capture our value chains and the views of both our internal and external stakeholders.

The following section of the Combined Annual and Sustainability Report not only demonstrates the progress we are making towards our commitments through third-party assured data, but also includes featured stories from across our global operations. These underline how our global sustainability strategy is pursued and executed at a local level.

We are proud to have received a Triple-A rating from CDP for our 2024 disclosures on Climate Change, Water Security and Forest, reflecting our commitment to environmental transparency and action.

We are encouraged by the progress we are making towards building A Better Tomorrow™.

Kingsley Wheaton

+ Read more about our **sustainability ratings performance** in our **'Sustainability Performance Data Book'** at bat.com/reporting

Note:

[^] Although financial materiality has been considered in the development of our Double Materiality Assessment (DMA), our DMA and any conclusions in this document as to the materiality or significance of sustainability matters do not imply that all topics discussed therein are financially material to our business taken as a whole, and such topics may not significantly alter the total mix of information available about our securities.

Sustainable Future

Our Sustainability Strategy

We seek to take a leading role in tackling some of the biggest global sustainability challenges.

We aim to do this by responsibly Building a Smokeless World, reducing our use of natural resources and delivering our climate goals as we transition to A Better Tomorrow™. We strive to create a meaningful impact in the communities where we operate and inspire all our people to drive change.

Discussing the Group’s sustainability strategy with Donato Del Vecchio, Chief Sustainability Officer.

We have refined our Group sustainability strategy

In order to better address our material sustainability topics[^] and continue delivering value to our stakeholders, we have refined our Group sustainability strategy.

By engaging with a cross-section of stakeholder groups, we have gained a better understanding of our challenges and opportunities, resulting in the identification of the five strategic impact areas, outlined below.

These areas are supported by external reporting, stakeholder engagement and responsible business practices, guiding our future sustainability targets and ambitions.

Our strategy reflects what's important to our employees, consumers, communities, investors, suppliers, and business partners.

In my career at BAT, one constant truth has emerged: our markets serve as the backbone of our business.

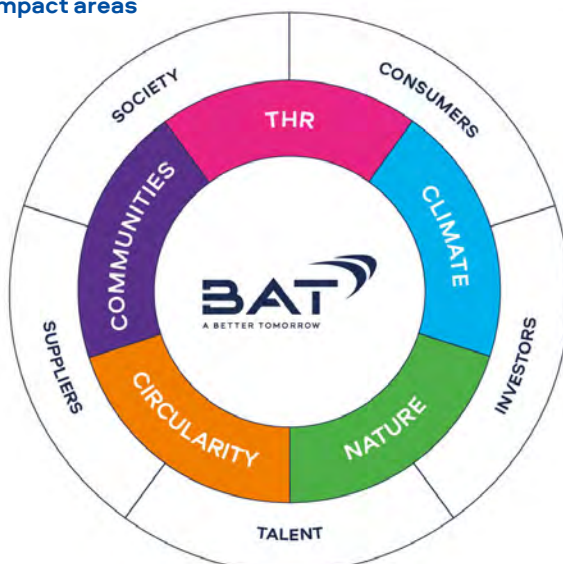
It is their collective effort that drives the Group's achievements, and that is why this year's sustainability report highlights the global challenges businesses like ours face, and the actions we are taking to address them.

The following section evidences the local actions shared by practitioners across our markets, and provides an overview of our ambitions, impact, and performance at the Group level.

We hope this overview demonstrates the Group's efforts towards making a meaningful impact.

“ Our sustainability strategy is a testament to our dedication to creating A Better Tomorrow™. ”

Five strategic impact areas



Note:
[^] Although financial materiality has been considered in the development of our Double Materiality Assessment (DMA), our DMA and any conclusions in this document as to the materiality or significance of sustainability matters do not imply that all topics discussed there in are financially material to our business taken as a whole, and such topics may not significantly alter the total mix of information available about our securities.

+ Find out more:
Refer to the BAT 'Reporting Criteria' for an overview of our sustainability performance data at bat.com/reporting



THR

Over the past decade, we have transformed our business and made significant progress on our goals. However, Building a Smokeless World is not without its roadblocks. We believe that progressive, evidence-based regulation – supported by meaningful enforcement – is the key to reducing smoking rates. We seek to engage with public health authorities and regulators, to support the development of policies and strategies that balance Tobacco Harm Reduction objectives with key concerns, such as underage access, environmental impacts and product safety.

+ Read more about THR
on [page 72](#)



Omni™ is an evidence-based manifesto for change, which captures BAT's commitment and progress towards Building a Smokeless World to create A Better Tomorrow.

www.asmokelessworld.com



CLIMATE

We continue to transition towards a low carbon economy by reducing our Scope 1 and 2 GHG emissions through improving energy efficiencies and increasing renewable energy use where available. We also continue to engage suppliers through our supplier enablement programme to tackle Scope 3 GHG emissions. In line with our climate transition efforts, we continue to focus on responsible sourcing practices and innovative product design to reduce our carbon footprint.

+ Read more about CLIMATE
on [page 78](#)



NATURE

For many years, our Global Leaf Agronomy Development (GLAD) centre has worked with our directly contracted farmers and Leaf suppliers to promote improved agricultural technologies and practices. Adoption of technology in agriculture is a core part of our nature strategy. We are investing in AI-driven tools to accelerate the analysis of agricultural data, to help farmers increase yields, reduce costs and minimise their environmental impact.

+ Read more about NATURE
on [page 86](#)



CIRCULARITY

Transitioning to a portfolio of Smokeless products presents challenges, particularly in relation to plastic waste. Our focus is on prioritising the use of materials that are sustainably produced and have a lower carbon footprint. Our corporate venturing arm, Btomorrow Ventures (BTV), actively scouts for and collaborates with startups to identify sustainable materials as well as solutions for waste reduction and resource recovery. We intend to design our product portfolio with circularity in mind and educate our consumers on its value.

+ Read more about CIRCULARITY
on [page 94](#)



COMMUNITIES

Our global footprint covers multiple supply chains, from agriculture to electronics and manufacturing. We support our farmers to enhance their livelihoods and build resilience, while keeping in mind our ambition to transition to a Smokeless World. We seek to responsibly source materials and respect the rights of our communities. Our direct employees are an integral part of our communities. We continue to build on our culture so that everyone feels welcome and valued for their unique contribution at work.

+ Read more about COMMUNITIES
on [page 102](#)

Sustainable Future

2024 Sustainability Highlights



THR



Launched Omni™, our evidence-based manifesto for change, which captures our commitment and progress towards creating A Better Tomorrow™ by Building a Smokeless World.



Updated our Responsible Marketing Principles (RMP) to reflect regulatory developments, our product portfolio and stakeholder expectations.



Underlined our position on underage access, product safety and regulatory enforcement through the publication of our 'Commitment to Responsible Vaping Products'¹.



CLIMATE



Progressed towards our Scope 1 and 2 emission reduction targets. Energy reduction initiatives and increasing the use of renewable fuels resulted in a 42.6% reduction in these emissions versus our 2020 baseline.



Reduced our total Scope 3 GHG emissions by 11% year-on-year. 23.5% of our suppliers of purchased goods and services by spend have now set Science Based Targets, an 8.5 percentage points increase versus 2023.



Submitted our Net Zero Greenhouse Gas (GHG) emissions targets for validation to the Science Based Targets initiative (SBTi), in line with our climate transition efforts.



NATURE



Introduced a satellite monitoring system in Brazil to detect potential deforestation or conversion cases by tracking forest cover changes over time.



Developed a regenerative agriculture framework which will be piloted in 2025. The framework includes a methodology for assessing and prioritising local risks and the monitoring of progress on the regeneration of the farmland ecosystem.



Achieved our 2025 target for reduction in water withdrawn in 2023, two years ahead of schedule. We continue to work on maintaining this target, achieving a 47.4% reduction in 2024 (versus our 2017 baseline).



CIRCULARITY



Introduced and began testing a set of ecodesign principles, which will provide insights to support the reduction of our environmental impacts across the product life cycle.



Launched in France, Ireland, Denmark, Sweden and the UK, two variants of Velo cans that were certified by the International Sustainability and Carbon Certification (ISCC), for using bio-plastic or Post-Consumer Resin (PCR) plastic through a mass-balance approach².



Partnered with a waste management company to pilot a collection and recycling programme in Nottinghamshire in the UK for used vapour products.



COMMUNITIES



Revised our living income methodology to better represent living costs in rural areas and are in the process of co-creating action plans with suppliers to target key income drivers for farmers.



In response to our growing electronics supply chain, we continue to work with the Responsible Business Alliance (RBA) as a Supporter Member. This gives us access to the Responsible Mineral Initiative and RBA-approved auditors who conduct on-site labour audits of our suppliers.



Maintained our year-on-year consistency in compensating men and women within 1% of one another, as well as Ethnically Diverse³ and Non-ethnically Diverse³ groups within 1% of one another for performing the same work or work of equal value.

Notes:

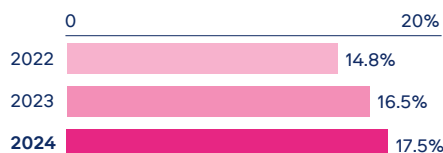
1. bat.com/commitment-to-responsible-vaping-products
2. 'Mass-balance' is a principle that matches inputs (such as plastic waste) with outputs from a recycling or production process, to determine the recycled content (source: zerowasteurope.eu/wp-content/uploads/2021/05/rpa_2021_mass_balance_booklet-2.pdf).
3. See note 3 on p.111 for the definitions of Ethnically Diverse and Non-ethnically Diverse for the purposes of our International Pay Equity Analysis.

Tracking Progress

+ Find out more: Refer to the BAT 'Reporting Criteria' for an overview of our sustainability performance data at bat.com/reporting

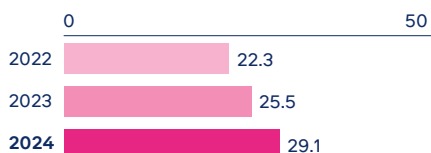
50% of our revenue from Smokeless products by 2035

% of revenue from Smokeless products



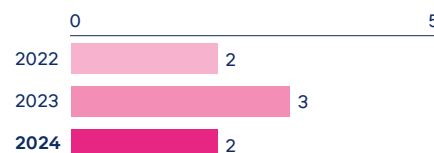
50 million Smokeless product consumers by 2030¹

Number of consumers[‡] (millions) excluding Russia and Belarus



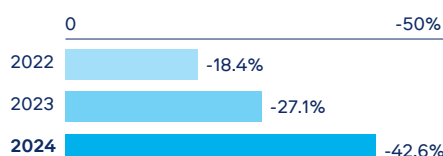
Full compliance with marketing regulations

Number of incidents of non-compliance with marketing regulations resulting in a fine or penalty



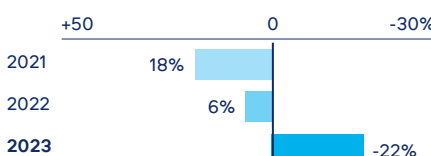
50% absolute reduction in Scope 1 and 2 GHG emissions by 2030 versus 2020 baseline²

% change in emissions relative to baseline



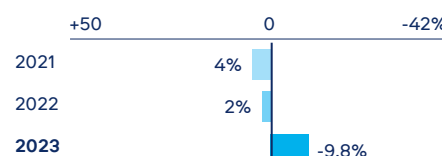
30.3% absolute reduction in Scope 3 Forest, Land and Agriculture (FLAG) GHG emissions by 2030 versus 2020 baseline²

% change in emissions relative to baseline



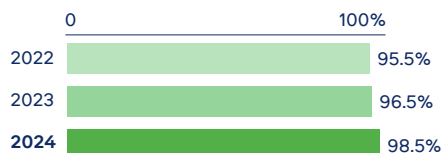
42% absolute reduction in Scope 3 Industrial (non-FLAG) GHG emissions by 2030 versus 2020 baseline²

% change in emissions relative to baseline



Deforestation and Conversion Free tobacco supply chain by 2025

% wood used in our Thrive Supply Chain³ with Deforestation and Conversion Free (DCF) Status



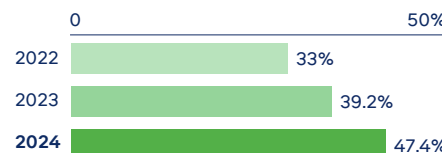
Deforestation Free pulp and paper supply chain by 2025

% of pulp and paper materials sourced with low risk of deforestation



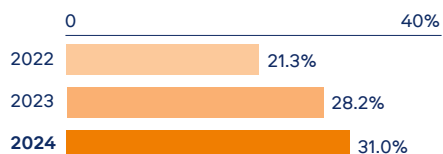
35% reduction in water withdrawn by 2025 versus 2017 baseline

% reduction in water withdrawal relative to base year



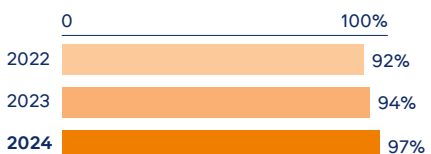
25% reduction in waste generated in own operations by 2025 versus 2017 baseline

% reduction in operational waste generated



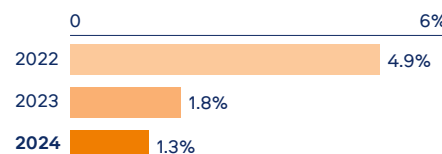
100% packaging to be reusable, recyclable or compostable where facilities exist by 2025

% of packaging reusable, recyclable or compostable



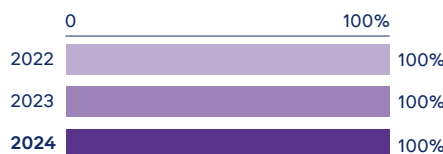
Less than 1% of our operational waste going to landfill by 2025

% of operational waste going to landfill



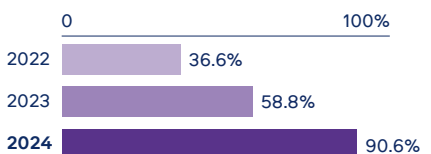
Aiming for zero child labour incidents in our tobacco supply chain by 2025

% of incidents of child labour identified and reported as resolved by end of the growing season



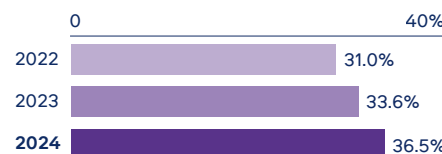
100% of product materials and higher-risk indirect suppliers having an independent labour audit within a three-year cycle by 2025

% suppliers undergoing labour audits during the last three years



Increase the proportion of women on Senior Leadership teams[‡] to 40% by 2025

% female representation on Senior Leadership teams



Notes: 1. In 2024, we enhanced our reporting methodology by increasing the use of data obtained from consumer panels compared to estimations. In the prior year (2023) we reported 23.9 million consumers. The restated value is 25.5 million consumers. Refer to the BAT 'Reporting Criteria' for our full methodology: bat.com/reporting. 2. Compared to a 2020 baseline. Our near-term 2030 science-based targets comprise a 50% reduction in Scope 1 and 2 GHG emissions. The Scope 3 Industrial (non-FLAG) GHG emissions target includes purchased goods and services, upstream transportation and distribution, use of sold products, and end-of-life treatment of sold products. The Scope 3 FLAG GHG emissions target includes FLAG emissions and removals. Combined, these targets comprised 77% of Scope 3 emissions in 2020. Due to the complexity of consolidating Scope 3 data from our suppliers and value chain, we report Scope 3 data one year behind other metrics. Refer to the BAT 'Reporting Criteria' for our full methodology: bat.com/reporting. 3. Our ambitions cover all tobacco we purchase for our products (tobacco supply chain); which is used in our combustibles, Traditional Oral and Heated Products. Our metrics, however, derive data from our annual Thrive assessment, which includes our directly contracted farmers and those of our third-party suppliers, which represented over 93% of the tobacco we purchased by volume in 2024 ('Thrive Supply Chain').

Sustainable Future

Double Materiality Assessment[^]

We have assessed our impact and financial materiality in line with the evolution of sustainability reporting.

Our approach to sustainability reporting

In 2024 we further enhanced our Double Materiality Assessment (DMA) with reference to the latest available European Sustainability Reporting Standards (ESRS) at the time.

As we prepare for CSRD reporting we have continued to report with reference to other relevant frameworks, such as:

- Global Reporting Initiative (GRI);
- Sustainability Accounting Standard Board (SASB);
- Sustainable Finance Disclosure Regulation (SFDR) Principal Adverse Impacts (PAI);
- Task Force on Climate-related Financial Disclosures (TCFD); and
- Taskforce on Nature-related Financial Disclosures (TNFD).

@For the year ended 31 December, 2024 KPMG has conducted external limited assurance of our key sustainability metrics in accordance with international standards ISAE (UK) 3000 and ISAE 3410. Their independent limited assurance report for these sustainability metrics is available on page 154.@



Our sustainability performance highlights our progress, including both areas of success and of future strategic impact.



Giulia Scanferla

Head of Sustainability Regulatory Reporting

Overview

We conducted our first DMA[^] in 2022, and in 2023, expanded our DMA in line with reporting best practices at the time. This consisted of a nested approach, which articulated three dimensions of impact:

- 1 Outward impact:**
Our impact on environment, society and governance-related topics;
- 2 Inward impact:**
The impact of these topics on the Group; and
- 3 Financial materiality:**
The understanding of risks and opportunities posed by these topics on the Group's financial position.

2023 Double Materiality Assessment

The results of our 2023 assessment identified that 11 topics are material[^] to BAT. These are:

- Tobacco Harm Reduction
- Climate Change
- Circular Economy
- Human Rights
- Biodiversity and Ecosystems
- Water
- Employees, Diversity and Culture
- Farmer Livelihoods and Community
- Supplier Engagement
- Marketing and Communications
- Ethics and Integrity

The topics form the basis of our current reporting.

2024 Double Materiality Assessment

In 2024, we enhanced our DMA, to prepare for EU Corporate Sustainability Reporting Directive (CSRD) reporting in 2026, in relation to year-end 2025.

As part of the process, we mapped our value chain components, including:

- Own operations;
- Upstream (Leaf and procurement of goods and services); and
- Downstream (Warehousing and Trade Marketing and Distribution).

These are the basis for identifying and assessing the business impacts, risks and opportunities (IROs) connected with our products, services and business relationships.

A scoring framework was applied to determine the IROs' materiality. These were validated with internal and external stakeholders.

Our material IROs are the basis of the information we intend to report on in our first CSRD Report.

We are in the process of identifying the relevant disclosure requirements and data points under CSRD and will continue to work towards compliance.

Note:

[^] Although financial materiality has been considered in the development of our Double Materiality Assessment (DMA), our DMA and any conclusions in this document as to the materiality or significance of sustainability matters do not imply that all topics discussed therein are financially material to our business taken as a whole, and such topics may not significantly alter the total mix of information available about our securities.

2023 DMA Materiality Dimensions



What is a Double Materiality Assessment?

A sustainability materiality assessment is a formal process through which a company identifies, assesses, and prioritises sustainability topics.

Recently, various standard setters and regulatory bodies have refined the concept of sustainability materiality.

The International Sustainability Standard Board (ISSB) applies a 'single materiality' approach whereas CSRD requires a 'double materiality' approach.

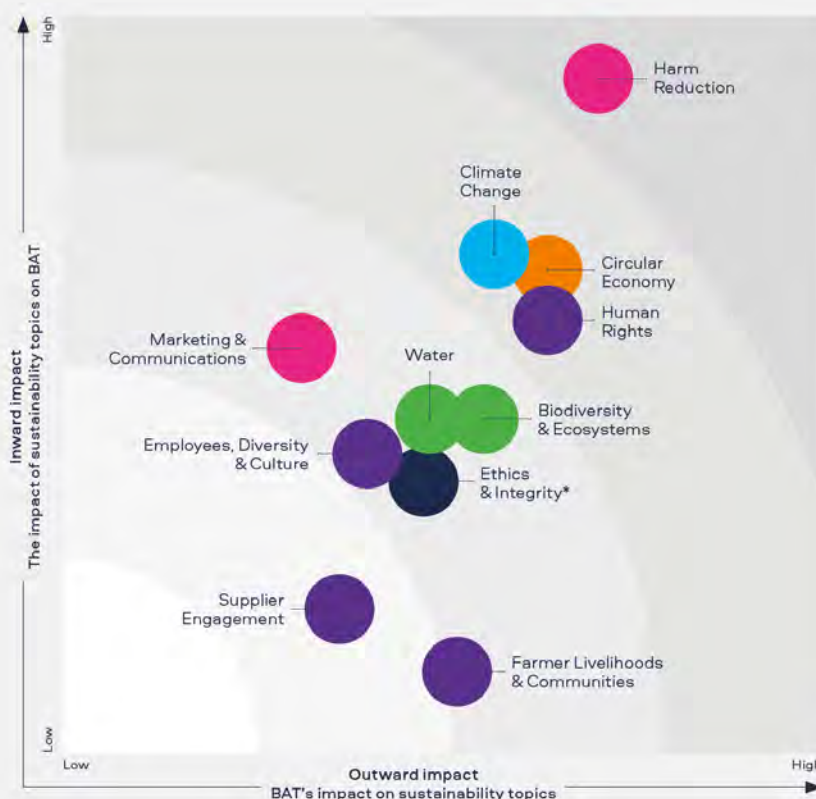
Double materiality acknowledges that businesses should assess both the risks and opportunities linked to sustainability topics that can influence enterprise value creation and a company's impact on the environment and society.

2023 DMA Material Topics

Impact Areas

- THR**
Harm Reduction
Marketing & Communications
- CLIMATE**
Climate Change
- NATURE**
Water
Biodiversity & Ecosystems
- CIRCULARITY**
Circular Economy
- COMMUNITIES**
Employees, Diversity & Culture
Human Rights
Supplier Engagement
Farmer Livelihoods & Communities

Double Materiality Matrix



Note:

* Ethics & Integrity is a core commitment under the Sustainable Future pillar of our corporate strategy.

IMPACT AREA

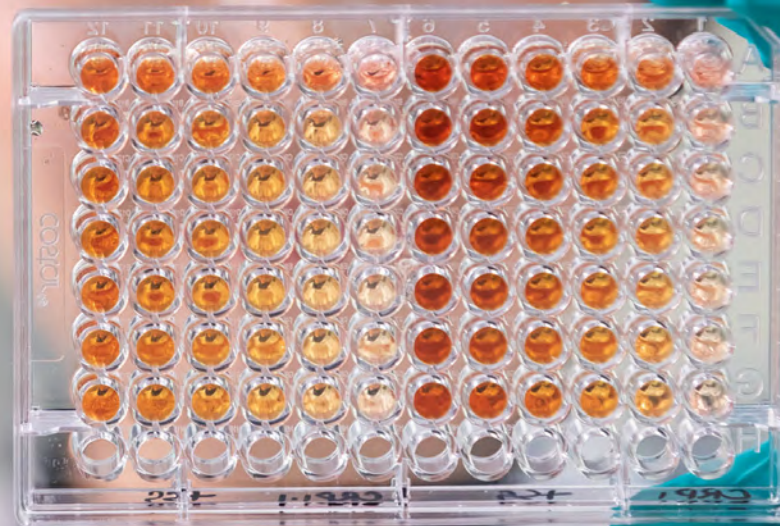
THR

GLOBAL CHALLENGE

Tobacco Harm Reduction acceptance is not without roadblocks.

Achieving our THR ambition requires changes in consumer behaviour and in society itself, particularly regarding regulations and public health policies.

This involves access to new markets that currently do not allow for Smokeless products and working towards the acceptance of THR.



LOCAL ACTIONS

Investing in research and development to contribute to THR

Sweden: Soon to be Europe’s First ‘Smoke-free’ Country

The widespread adoption of oral nicotine products and snus in Sweden has helped reduce smoking rates among people over 16 from 15% in 2008 to 5.3% in 2024.¹

The World Health Organization (WHO) considers countries to be smoke-free when smoking prevalence is less than 5% of the population.² Making these products more widely available could help achieve similar outcomes in other countries.

In 2024, we published the findings from a multi-year study by our Research and Science teams. The results contributed to the weight of evidence that our Velo nicotine pouches should be considered as a reduced-risk[†] alternative product compared to traditional cigarettes.³

An additional study tested the toxicological impact of Velo pouches containing different flavours and nicotine strength, and showed no increase in the adverse impact on cells further underscoring the reduced-risk profile of Velo pouches relative to cigarettes.⁴



“New Zealand’s case illustrates how regulation can drive THR.”

Peter Simmons
Area Director, APMEA South & GM Australia

A Global THR Leader

Following in the footsteps of Sweden, New Zealand is also on the verge of becoming smoke-free by 2025. This success can be attributed to the government’s pragmatic endorsement of Vapour products, alongside regulations to prevent underage access.

In New Zealand, the introduction of Vapour products is associated with a decrease in the daily smoking rate, which dropped to 6.9% in 2023/24.⁵ With smoking rates so low, ASH New Zealand says the country remains on track to reach its 2025 smoke-free goal of less than 5%.⁶

Notes:

1. Swedish Government Statistics. Available at: fohm-app.folkhalsomyndigheten.se/Folkhalsodata/pxweb/sv/A_Folkhalsodata/A_Folkhalsodata__B_HLV__aLevvanor__aagLevvanortobak/hlv/tobcfod.px
 2. World Health Organization, Tobacco-free generations: Protecting children from tobacco in the WHO European Region. 2017. Available at: www.who.int/europe/publications/m/item/tobacco-free-generations---protecting-children-from-tobacco-in-the-who-european-region#
 3. www.sciencedirect.com/science/article/pii/S1383571824000147?via%3Dihub
 4. www.sciencedirect.com/science/article/pii/S2214750021000317?via%3Dihub
 5. www.health.govt.nz/publications/annual-update-of-key-results-202324-new-zealand-health-survey
 6. www.ash.org.nz/smoking_rate_continues_record_decline_to_only_6_8_daily_use_m_ori_an_d_pacific_rates_are_also_reduced
- * Based on the weight of evidence and assuming a complete switch from cigarette smoking. These products are not risk free and are addictive.
† Our products as sold in the U.S., including Vuse, Velo, Grizzly, Kodiak, and Camel Snus, are subject to FDA regulation and no reduced-risk claims will be made as to these products without agency clearance.



WHO considers **countries to be smoke-free** when smoking prevalence is less than 5%²

“Sweden has demonstrated that Tobacco Harm Reduction can be accelerated through providing smokers access to Smokeless products.”

Asli Ertonguc
Area Director, Western Europe

Go online to learn more about our approach to sustainability
bat.com/sustainability-and-esg

Sustainable Future

Our Tobacco Harm Reduction ambition

OUR AMBITION

Migrating adult smokers from cigarettes to Smokeless products.

To begin with, we are very clear that Smokeless products are not risk-free.

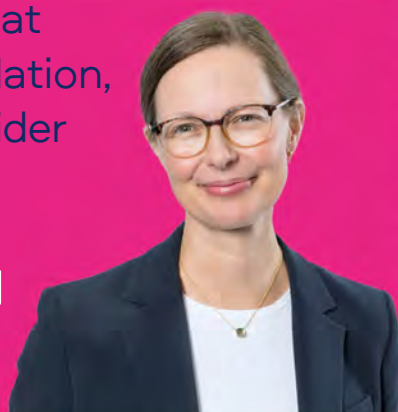
The best choice any adult smoker can make will always be quitting combustible tobacco products completely. Yet many do not.

We believe that progressive, evidence-based regulation – supported by meaningful enforcement – is the key to reducing smoking rates.

We seek to engage with public health authorities and regulators, to support the development of policies and strategies that balance THR objectives with key concerns, such as underage access, environmental impacts and product safety.



Scientific engagement is vital now more than ever. The science behind Smokeless products is what will guide regulation, and support wider acceptance of Tobacco Harm Reduction.



Dr Elaine Round
Group Head of Life Sciences



How we'll get there

Migrating smokers to Smokeless products.

We invest more than £300 million a year in the research and development of Smokeless products. We continue to enhance our capabilities while collaborating with researchers around the globe.

Our multidisciplinary team of scientists make sure all our products meet high quality standards in line with our Product Stewardship Framework and our Group Quality Policy Statement, which set out our approach to developing and manufacturing our products responsibly and formalise how we strive to deliver high-quality products.

Our Global Toxicology team conducts in-depth toxicological and safety risk assessments of the ingredients and materials we use to ensure that they meet the standards required to bring our products to market.

+ Read more about our policies and procedures on [pages 116 to 117](#)

Ambitions:

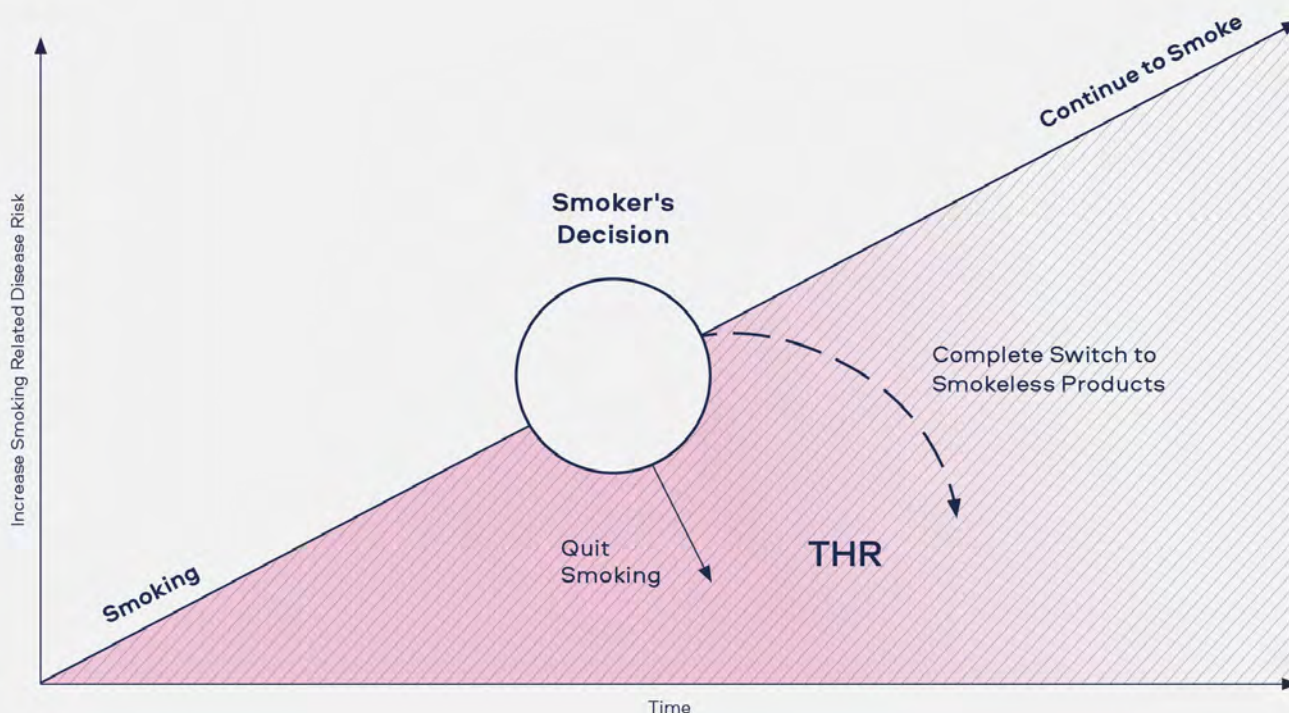
50% of our revenue from Smokeless products by 2035

50m consumers[‡] of our Smokeless products by 2030

+ [‡] Find out more: Refer to the BAT 'Reporting Criteria' for a full description of key terms and definitions at bat.com/reporting

An illustrative model of Tobacco Harm Reduction (THR) potential

The concept of THR aims to mitigate the adverse health effects associated with continued smoking by encouraging adult smokers who will not otherwise quit to switch completely to reduced-risk[†] alternatives¹. It offers such smokers a method of using non-combustible forms of tobacco and nicotine with the potential to lower an individual's disease risk, resulting in a net public health benefit.



+ Learn more about THR strategy at asmokelessworld.com/gb/en

Notes:

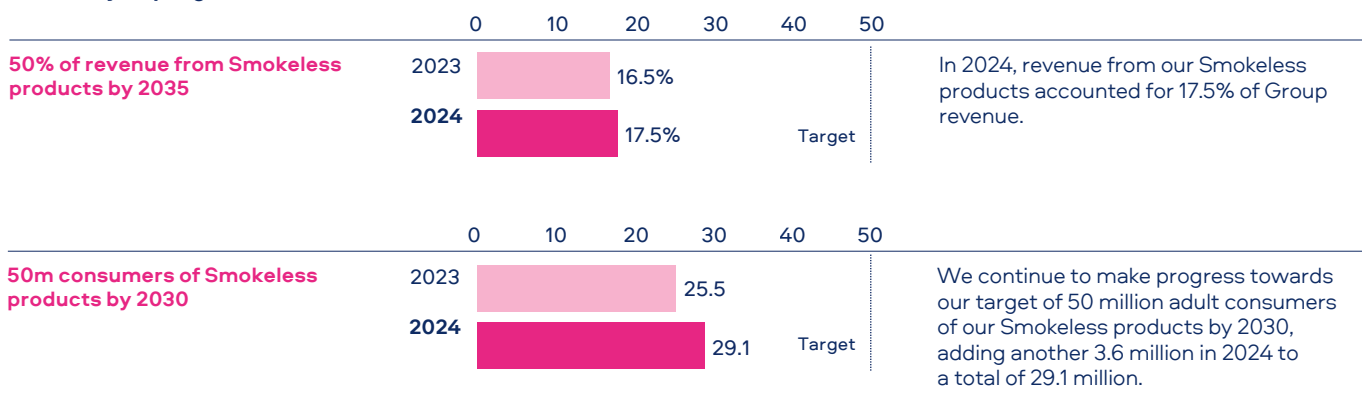
- * Based on the weight of evidence and assuming a complete switch from cigarette smoking. These products are not risk free and are addictive.
- † Our products as sold in the U.S., including Vuse, Velo, Grizzly, Kodiak, and Camel Snus, are subject to FDA regulation and no reduced-risk claims will be made as to these products without agency clearance.
- 1. Royal College of Physicians. E-cigarettes and harm reduction: An evidence review. RCP, 2024. Available at: www.rcp.ac.uk/policy-and-campaigns/policy-documents/e-cigarettes-and-harm-reduction-an-evidence-review

Sustainable Future

What we're doing

Our commitment to THR through the development, scientific assessment and commercialisation of our Smokeless products.

Summary of progress towards our ambitions



Making a Smokeless World a reality

In 2024, we set out our vision to Build a Smokeless World by introducing Omni™, a progress summary of our efforts to create A Better Tomorrow™.

Omni™ openly addresses the big questions facing our organisation and provides an overview of the science supporting our Smokeless products. It also summarises the global THR evidence base compiled over the last decade.

We published our 'Commitment to Responsible Vaping Products', containing new and ambitious goals to address legitimate stakeholder concerns about underage access, product safety and environmental impact.

Backing the role of appropriate regulation

Appropriate regulation, transparency, and accountability are essential for Smokeless products to reach their full potential.

A balanced approach that factors in views of all stakeholders – including those of BAT – and the latest body of evidence is key.

Scientific rigour and due diligence

Our research in Smokeless products not only focuses on the compliance of our products with all relevant regulations where they are sold, it also contributes valuable data to the scientific community.

Our studies follow standardised regulatory-endorsed methodologies where those exist, in line with requisite quality standards and practices (e.g. good laboratory practice and good clinical practice), and where possible, are conducted through third-party contract research organisations.

Putting our expertise to work

With consumer insights and significant investments in science and R&D, we strive to deliver innovations that anticipate and satisfy consumer preferences. We collaborate with external partners and our corporate venturing arm, Btomorrow Ventures (BTV), to gain access to emerging technologies and trends.

Case study



Commitment to responsible vaping products

We have published a series of ambitions, supported by evidence-based solutions for our Vapour devices.

Our efforts include the prevention of underage access and appeal through our responsible approach to flavours and marketing, as well as the introduction of device features.

We have set clear targets for the increased implementation of age-gating technologies and accidental use restriction features.

By the end of 2026, we aim to offer at least one vapour system with age verification technology in markets that collectively make up at least 80% of our global net turnover for Vapour products.

+ Learn more at bat.com/content/dam/batcom/global/news-and-features/2024/october/bat-publishes-new-industry-leading-ambitions-for-responsible-vaping/bats-commitment-to-responsible-vaping-products.pdf

Case study



Setting standards for retailers

We have Underage Access Prevention (UAP) programmes in place to help prevent our products from being accessed by or sold, whether through BAT or any third-party business entity with whom we have a customer relationship.

We engage with our third-party retail customers and distributors to adhere to the Group’s responsible marketing standards.

For example, in the U.S., we support TruAge™, a digital ID check solution that enhances current age-verification systems while protecting consumer privacy.¹ The TruAge™ programme is available free of charge to help retailers comply with our contractual age-verification requirements.

BTV has recently invested in a human technology company, that develops advanced systems to replicate disease states and human responses to therapeutics. Its technology is designed to facilitate the acceleration of drug discovery and reduce the need for animal studies.

In 2024, we attended more than 60 conferences, presenting on the science behind our Smokeless products. These conferences ranged from large general conferences on toxicology to more specialist events on nicotine and tobacco science. We also ensure that the research and content we share at conferences is accessible to the public via our dedicated website, bat-science.com.

More than 270 peer-reviewed papers have been published in a range of global journals about our Smokeless products.

+ Read more about our research and scientific engagement in the Omni™ at asmokelessworld.com/gb/en

Our Responsible Marketing Principles

Our International Marketing Principles were updated and renamed Responsible Marketing Principles (RMP).

Our approach to responsible marketing is governed by our RMP and Responsible Marketing Code (RMC). They apply to all BAT entities and marketing suppliers as appropriate to local conditions. These principles emphasise responsible marketing, which is accurate and adult-targeted and may be stricter than local law requires.

Our RMP, RMC and supporting guidelines govern how we market our products, with a particular focus on designing products strictly for adult smokers and nicotine consumers.

Topics included UAP, mandatory health warnings and digital marketing content.

The RMP and RMC are underpinned by detailed guidelines and toolkits to facilitate their consistent application.²

Processes are in place for reviewing and approving marketing content to facilitate compliance with both our standards and local laws.

Reporting and resolving incidents of non-compliance

Any allegations of non-compliance are managed and escalated by the relevant market. Regional Heads of Legal report any relevant findings to the Regional Audit Committee and remediation actions are implemented, as appropriate.

In 2024, we identified two incidents of non-compliance with local marketing regulations resulting in a fine or penalty and zero incidents of non-compliance with local regulations resulting in a regulatory warning.³

Marketing in a digital age

We only use social media where the audience is predominantly adult.

We do not use open social media for our combustibles brands.

Where we use social media partnerships to promote Smokeless products, we only select third-parties whose audience is predominately adult.

Our e-commerce and social media channels must also adhere to the requirements set out in the RMP and RMC.

Our Digital Confidence Unit (DCU) is dedicated to monitoring social media content 24/7 for compliance and reputational management purposes.

To provide oversight, the team reviews our social media posts to check for compliance with the RMP and RMC.

The DCU engages with markets, as appropriate, to swiftly remediate any incidents identified.

What’s Next

Expanding our Smokeless products capabilities.

- Exploring innovative methods to assess health risks and the harm reduction potential of from Smokeless products.
- Leveraging Omni™ to further engage with stakeholders, including scientists, public health authorities, regulators, policy makers, and investors.
- Continuing to collaborate with stakeholders on the public health opportunities of THR.

† Definitions:

Smokeless products: Refers to our Heated Products, Modern Oral, Traditional Oral and Vapour categories.

Notes:

1. TruAge™, Available at: www.mytruage.org/
2. BAT, Responsible Marketing Principles and Code available here: www.bat.com/sustainability-and-esg/governance-and-ethics/marketing-our-products-responsibly
3. Incidents of non-compliance with regulations that result in warning or in fine or penalty are dealt with at End Market level. To collect the 'Incidents of non-compliance with regulations resulting in warning/fine or penalty' compliance data, the local teams are asked to report any instances or potential instances of breach, which may include allegations of inappropriate marketing, or investigations regarding marketing non-compliance that they are aware of in their market. Incidents are only reported here when a fine or warning is issued.

IMPACT AREA

CLIMATE

GLOBAL CHALLENGE

Climate change is causing unpredictable and extreme weather events.

With unpredictable weather systems and rising sea levels becoming a feature of our times, there is an urgent need to address climate change.

Current pledges to meet the 1.5°C warming target, set as part of the Paris Agreement in 2015, are significantly off course, which could result in irreversible damage to our ecosystems.

LOCAL ACTIONS

Collaborating to decarbonise our value chain.

Supplier Sustainability Summits

In 2024, our collaborative efforts expanded further to a series of sustainability summits in China, South Africa, and the U.S.

Each summit included panel discussions and interactive workshops with external organisations, including academia and industry specialists. Best practice was shared and common commitments agreed to.

These summits strengthened collaboration and capabilities to embed sustainable practices across the value chain.

Specifically, the Asia Summit included more than 180 suppliers. An awards ceremony was held to recognise individual suppliers' commitment to, and progress on, their sustainable practices.

The Supplier Sustainability Advisory Council was established, and will be chaired by BAT. Meeting quarterly, the council aims to facilitate the sharing of common challenges and opportunities.

During the Bangladesh summit in 2023, suppliers signed pledges aligned to our Group sustainability commitments. They also received technical assistance in the area of their energy management, which led to the reduction of our Scope 3 emissions.

 >180

suppliers included in the **Asia Summit** to embed sustainable practices across their value chain.



Supplier collaboration is critical for achieving our Scope 3 reduction target.



John O'Reilly
Group Head of Procurement Strategy and Sustainability

Decarbonising our operations in Germany

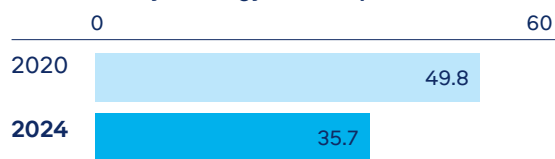
During 2024, BAT Germany's manufacturing site continued to progress with its decarbonisation roadmap, which included:

- Using SURE-certified fuel¹ from waste wood,
- Expanding on-site solar photovoltaics (PV) system,
- Implementing ongoing energy efficiency measures,
- Maintaining renewable electricity purchases; and
- Reducing use of natural gas by installing an on-site biomass boiler.

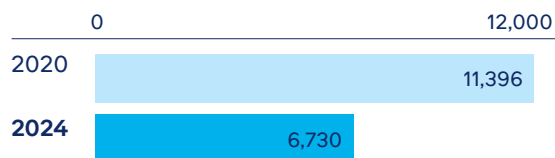
Specifically, the biomass boiler has reduced CO₂e emissions by approximately 1,900 tonnes per annum, a 41% reduction versus 2020 baseline.

52% of the site's total energy consumption now comes from renewable sources, and will result in circa £0.7 million savings per annum in fuel costs.

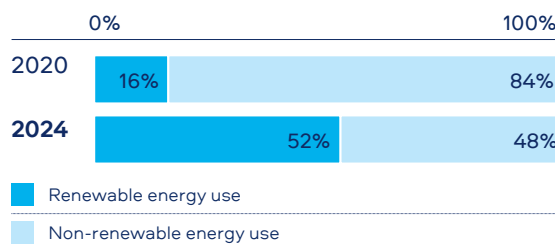
BAT Germany's energy consumption (GWh)



BAT Germany's scope 1 and 2 (Market-based) GHG emissions (tCO₂e)



BAT Germany's direct energy source in 2024 versus 2020



Note:
1. The certification system SURE (SUSTAINABLE RESOURCES Verification Scheme) is a voluntary certification system and was developed for the production, supply and processing chains of solid and gaseous biofuels according to the requirements of the EU Renewable Energy Directive recast (RED II).



Go online to learn more about our approach to sustainability at bat.com/sustainability-and-esg

Our Climate ambition

OUR AMBITION

Transitioning towards a low carbon economy.

The transformation of our own operations and those of our suppliers is a critical part of working towards achieving our science-based emissions reduction targets, in line with Paris Climate Agreement goals.

Across products and operations, we rely on natural resources such as timber, soil and water.

That means we are affected by, and therefore dedicate efforts to manage our impacts on climate change.



Investing in sustainable technologies and fostering partnerships are essential to deliver a low-carbon economy.



Melissa Darby

Head of Environmental Policy



How we'll get there

Our Group's climate change initiatives are guided by our Low Carbon Transition Plan and Environment Policy, supported by our Climate Change and Energy Standard.

Our near-term 2030 Science-Based Targets (SBTs) are in line with a 1.5°C warming pathway and supported by a range of commitments across energy, waste, water and biodiversity.

In 2024, we submitted our Net Zero GHG emissions targets to the Science Based Targets Initiative (SBTi).

Reducing GHG emissions in our operations (Scope 1 and 2)

- 1 Site-specific decarbonisation roadmaps and investment in energy-efficiency projects
- 2 Renewable energy sourcing through power purchase agreements and on-site renewable energy generation
- 3 Roll-out of electric and hybrid vehicles in our fleet

Reducing GHG emissions in our value chain (Scope 3)

- 1 Implementing carbon-smart farming and curing efficiency
- 2 Designing for end-of-life
- 3 Increasing use of less carbon intensive materials
- 4 Working with direct and indirect suppliers to reduce their emissions

Targets:



50% absolute reduction in Scope 1 and 2 GHG emissions by 2030 (versus 2020 baseline)¹
 – in line with a 1.5°C warming pathway

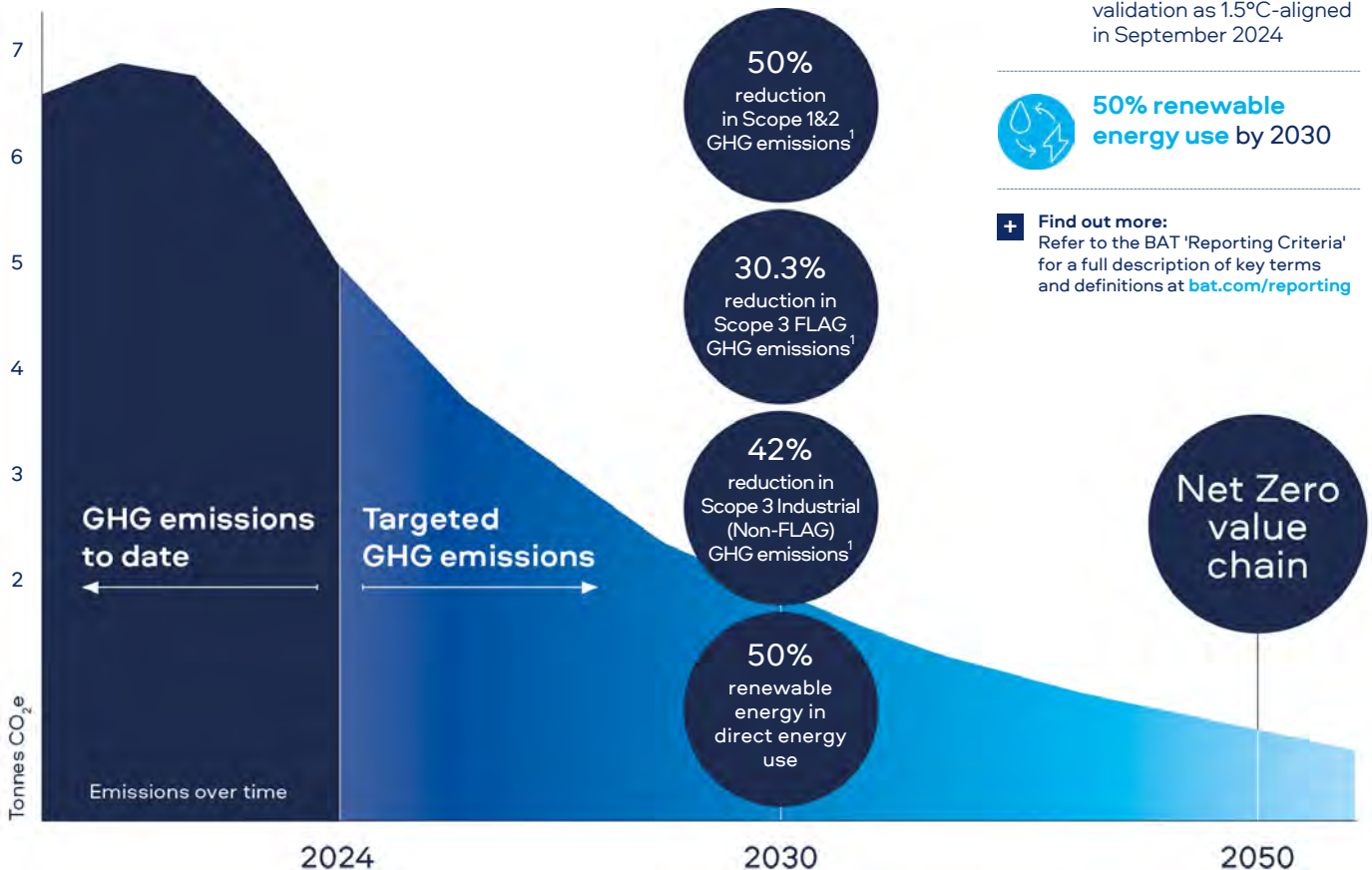
30.3% absolute reduction in Scope 3 Forest, Land and Agriculture (FLAG) GHG emissions by 2030 (versus 2020 baseline)¹
 – submitted to SBTi for validation as 1.5°C-aligned in September 2024

42% absolute reduction in Scope 3 Industrial (non-FLAG) GHG emissions by 2030 (versus 2020 baseline)¹
 – submitted to SBTi for validation as 1.5°C-aligned in September 2024



50% renewable energy use by 2030

+ Find out more: Refer to the BAT 'Reporting Criteria' for a full description of key terms and definitions at bat.com/reporting



Note:

1. Compared to a 2020 baseline. Our near-term 2030 science-based targets comprise a 50% reduction in Scope 1 and 2 GHG emissions. The Scope 3 Industrial (non-FLAG) GHG emissions target includes purchased goods and services, upstream transportation and distribution, use of sold products, and end-of-life treatment of sold products. The Scope 3 FLAG GHG emissions target includes FLAG emissions and removals. Combined, these targets comprised 77% of Scope 3 emissions in 2020. Due to the complexity of consolidating Scope 3 data from our suppliers and value chain, we report Scope 3 data one year behind other metrics. Refer to the BAT 'Reporting Criteria' for our full methodology: bat.com/reporting.

Sustainable Future

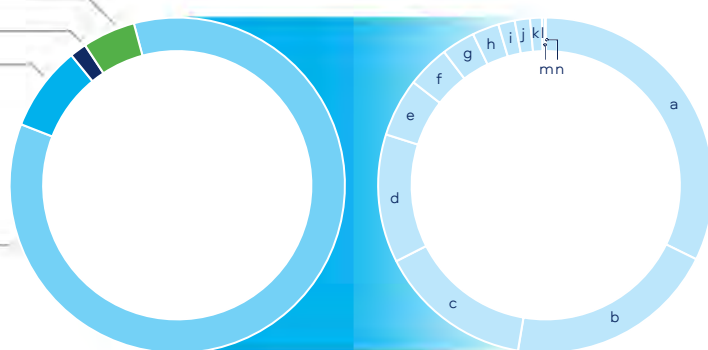
What we're doing

Working towards Net Zero across our value chain by 2050.

2023 emissions footprint*
(000's tonnes CO₂e)

Scope 1 299
Scope 2 95
Scope 3 FLAG 481

Scope 3 Non-FLAG 4,997



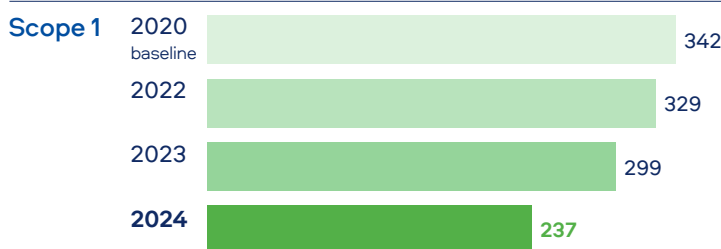
2023 Scope 3 breakdown
(000's tonnes CO₂e)

- Scope 1
- Scope 2
- Scope 3
 - FLAG emissions
 - Industrial (Non-FLAG) emissions

(000's tonnes CO ₂ e)	
a	Category 1: Purchased Goods 1,768
b	Category 1: Purchased Services 1,117
d	Category 1: Purchased Tobacco Leaf 678
j	Category 2: Capital Goods 81
g	Category 3: Fuel and Energy Related Emissions 176
e	Category 4: Upstream Transportation and Distribution 308
m	Category 5: Waste Generated in Operations 3
i	Category 6: Business Travel 87
k	Category 7: Employee Commuting 62
l	Category 9: Downstream transportation and Distribution 16
f	Category 11: Use of Sold Products 225
h	Category 12: End-of-Life Treatment of Sold Products 142
n	Category 14: Franchises 1
c	Category 15: Investments 815

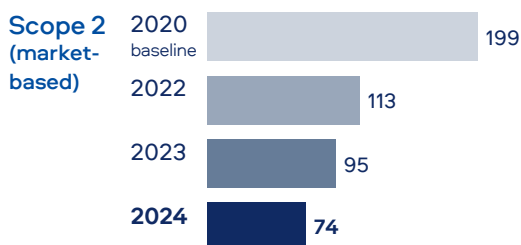
Note:
* These are 2023 numbers. Due to the complexity of consolidating Scope 3 data from our suppliers and value chain, we report Scope 3 data one year behind other metrics.

000's tonnes CO₂e 70 140 210 280 350 420 490



We continue to reduce our Scope 1 emissions through:

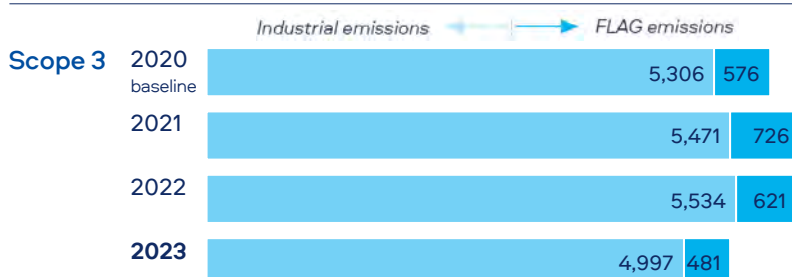
- Targeted energy efficiency investments across our operations,
- Optimisation of our vehicle fleet routes; and
- Replacing carbon intensive assets with lower carbon alternatives.



We continue to reduce Scope 2 emissions by:

- Lowering our energy consumption,
- Procuring renewable energy; and
- Increasing on-site renewable energy generation.

000's tonnes CO₂e 1,000 2,000 3,000 4,000 5,000 6,000 7,000



We continue to reduce our Scope 3 emissions and in 2024, we submitted two new near-term Scope 3 targets to the Science Based Targets Initiative (SBTi) for validation:

- Forest, Land and Agricultural (FLAG) target covering emissions related to the land sector.
- Industrial (non-FLAG) target covering all other relevant emissions. Prior year numbers have been restated accordingly.

Delivering on Decarbonisation

In 2024, the Group discontinued its carbon-neutral operations target, instead focusing investments in absolute emission reductions, and towards achieving Net Zero.

We invested a further £19 million in emission and energy reduction initiatives across 63% of our operations sites.

Once completed, we expect these initiatives to reduce absolute Scope 1 and Scope 2 emissions by approximately 27,000 tonnes of CO₂e per annum.

After successfully installing biomass boilers in South Korea and Germany in 2023, similar installations have been completed in 2024 at our facility in Croatia. We expect this installation to reduce CO₂e emissions by 2,160 tonnes per annum.

We continue to deploy our 10 Golden Rules Programme, which aims to standardise energy efficiency practices across all our sites.

In 2024, 32% of our manufacturing sites implemented the programme, up from 20% in 2023.

For example, the factory in Malang, Indonesia fully adopted the Programme, which resulted in a 76% reduction in Scope 1 and 2 emissions against its 2020 baseline.

Renewable Energy

We have a target across our direct operations to use 50% renewable energy by 2030.¹

In 2024, 45.1% of our direct energy usage came from renewable sources such as renewable electricity (both purchased and generated on-site), sustainable biomass and biogas. This represents an increase of 7 percentage points from 2023. 36 of our operations sites are now purchasing 100% renewable electricity.

On-site solar panels were installed in Bangladesh, Papua New Guinea, Serbia, Fiji and Solomon Islands, and are now in place at 30 operations sites (51% out of all operations sites).

BAT Türkiye switched to 100% renewable electricity, with its large-scale 6.5 MWp off-site solar power plant. The plant provides energy for our local operations, and contributes to the national grid.

In addition, BAT Poland entered into a multi-year Power Purchase Agreement (PPA) for solar energy. This will supply over 12GWh of renewable electricity annually, equivalent to approximately 30% of the factory's electricity consumption in the country.

Reducing Fleet Emissions

The Green Mobility Standard outlines our strategy for reducing fleet-related emissions. It sets out initiatives such as optimising travel routes to enhance fuel efficiency and switching to lower-emissions vehicles.

In 2024, our vehicle fleet accounted for roughly 22% of our Scope 1 and 2 emissions.² Our combined absolute Scope 1 and 2 fleet emissions reduced year-on-year by 9.4% and a further 26% versus our 2020 baseline.



renewable energy use
across our own operations in 2024

Case study



Sustainable fuel trial with Marine Carrier, OOCL.

Trialling Sustainable Fuel with Low-Carbon Innovations

One way of achieving emissions reductions in the transport sector is to use sustainable fuels. These are synthetic or bio-based alternatives to fossil fuels that are made from renewable sources, for example waste cooking oils. Sustainable Aviation Fuel (SAF) can reduce CO₂e emissions by up to 80% compared to conventional jet fuel.³

In 2024, we launched our first-ever trial using SAF with Yusen Logistics, one of our key freight forwarding companies, followed by a trial with Kuehne+Nagel (KN). Throughout the year, we also conducted trials on Marine Biofuel with our key Marine Carriers including CMA CGM, Orient Overseas Container Line (OOCL) and Ocean Network Express (ONE). Our first road trial using hydrogenated vegetable oil (HVO) began in 2024 with H.Essers and has been successful thus far.

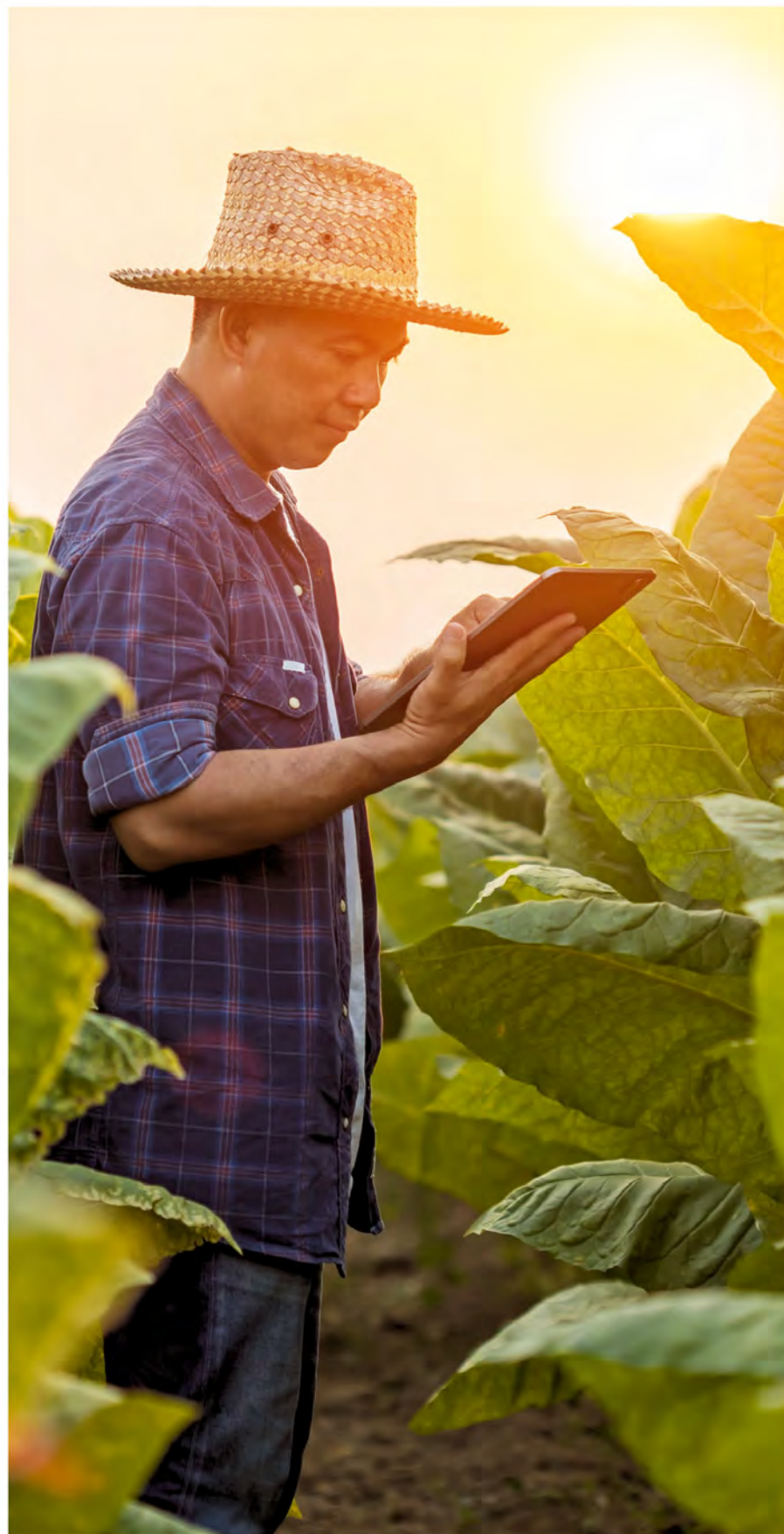
Challenges remain around these innovative alternatives, including the accounting of emissions reductions, limited feedstock availability and high cost of production. However, we intend to continue to explore sustainable fuel use cases and conduct further assessments in 2025.

Notes:

1. Renewable energy includes: Energy generated from renewable fuels at our sites (e.g. wood fuel, biomass fuels) and in fleet vehicles, owned or leased (e.g. biodiesel); Purchased renewable electricity, hot water and steam; and Renewable energy generated on site using non-fuel technology (e.g. with photovoltaic installations or solar water heaters).
2. In 2023, our vehicle fleet accounted for roughly 21% of our Scope and Scope 2 metrics.
3. www.iata.org/en/programs/sustainability/sustainable-aviation-fuels/

Sustainable Future

What we're doing
Continued



Collaborating with Tobacco Farmers

In 2021, the Group set a Scope 3 target to reduce emissions by 50% by 2030, aligning with the Paris Agreement and SBTi guidelines.

The SBTi's recent methodology change now requires separate reporting for Scope 3 FLAG and non-FLAG emissions, prompting the Group to recalibrate its targets while maintaining its 1.5°C commitment.

As a result, in 2024, we submitted FLAG emission targets to the SBTi for validation. FLAG targets cover emissions that are related to the land sector and complement our industrial (Non-FLAG) emissions.

+ Find out more about our **FLAG emissions** in our **TCFD Report**

Purchased tobacco accounted for around 12% of our total Scope 3 GHG emissions, contributing 678 thousand tonnes of CO₂e in 2023.

In our tobacco supply chain, the majority of FLAG emissions are attributed to fertiliser use, while non-FLAG emissions primarily arise from fuels used in the tobacco curing process. We aim to increase the use of less carbon intensive fuels in the tobacco curing process by incorporating renewable alternatives such as biomass.

To date, more than 87% of our leaf volume is cured with renewable fuels and methods.

The Group's own Leaf Operations and its directly contracted farmers have eliminated the use of coal for tobacco curing. The use of coal for tobacco curing across our tobacco supply chain has also reduced from 3.3% in 2023 to 2.3% in 2024, representing supplier-purchased tobacco volumes.

We seek to help farmers reduce emissions by implementing regenerative agriculture practices and 'carbon-smart' farming practices.

Carbon-smart farming is focused on both reducing emissions from tobacco farming and harnessing agriculture's potential to remove carbon from the atmosphere.

This can be accomplished through conservation practices such as minimum tillage that keep the soil covered to minimise disturbance and reduce the possibility of stored carbon from being released. These practices are being implemented throughout the Group's own Leaf Operations in Brazil, Bangladesh, Mexico, and Pakistan, which account for our highest volumes of directly contracted tobacco.

 **87%**

of our Leaf volume is cured with **renewable fuels and methods**

Case study

Decarbonising our Operations in Vietnam

BAT Vietnam has focused on reducing its carbon footprint in three areas:

- 1 Improving energy efficiency,
- 2 Increasing use of renewable energy; and
- 3 Investing in innovative technologies.

Energy consumption is managed through process automation and machine capacity optimisation, including reconfiguring and relocating equipment at its sites. This has been complemented by switching to renewables, including electric, biomass, and solar energy sources, to power a growing number of our activities such as boilers, factory lighting, and car fleet.

2024 performance included a 61% reduction in Scope 1 and 2 emissions versus a 2020 baseline, sourcing 85% renewable energy, with 100% of electricity used for operational sites from renewable sources.

Working with Direct and Indirect Suppliers to Tackle Scope 3 Emissions

Our Supplier Code of Conduct (SCoC) applies to all our suppliers and sets out the actions that we expect them to take regarding climate change and other environmental topics.

We evaluate climate-related criteria during procurement sourcing events, and as part of our Supplier Climate Enablement programme, assessing ongoing performance against climate KPIs.

Performance updates are provided to the Operations Sustainability Forum which has oversight of our supplier emission performance.

Emissions reduction is embedded throughout each phase of our supplier life cycle management and covers around 26,000 direct and indirect suppliers.

Their emissions account for around 50% of our Scope 3 inventory, approximately 2,900,000 tonnes of CO₂e in 2023.

Interactions with our suppliers include sourcing events, the CDP Supply Chain programme, and direct one-on-one engagements via our supplier enablement programme.

We also support suppliers to enhance their standards by sharing data, and encourage them to set Science-Based Targets (SBTs).

Response Rate for CDP Supply Chain programme



We invited 726 suppliers representing 74.5% of our purchased goods and services emissions, to respond to the CDP Supply Chain programme.¹

We recorded a 94% response rate,² which is above the global average CDP response rate of 40%.

Data collected through the programme enables us to better understand our suppliers' progress on emissions reductions and prioritise our own actions, informing our Supplier Climate Enablement programme.

In 2024, our Supplier Climate Enablement Programme further extended its scope from 60 of our top CO₂e emitting suppliers in 2023 to 150.

The Programme's expansion was driven by the training of procurement colleagues on incorporating climate discussions into regular supplier engagement.

Our target for 20% of our purchased goods and services suppliers by spend to have set SBTs by 2025, has been achieved one year in advance.

By year-end 2024, 23.5% of suppliers had SBTs in place, and an additional 17.3% have committed to setting them.

We will continue to monitor and report progress.

What's Next

In 2025, we intend to update our Low Carbon Transition Plan:

- Detailing mitigation targets, actionable steps, and the approach to embedding our climate ambition into governance.
- Continuing to reduce our Scope 1 and 2 emissions by further increasing renewable electricity procurement where feasible.
- Improving our Scope 3 data through supplier engagement and CDP information.

Notes:

1. This is a 21% increase compared to 2023.
 2. Excluding Russia and Belarus. More details about changes to the Group related to Russia and Belarus are available on page 339 of this document.

IMPACT AREA

NATURE

GLOBAL CHALLENGE

Habitat destruction accelerates the extinction of species.

Biodiversity is critical for thriving ecosystems. However, climate change and habitat destruction are accelerating biodiversity loss, threatening ecosystems' stability and resilience.

Protecting biodiversity is essential to maintaining the health of our planet and ensuring the survival of species.

LOCAL ACTIONS

Supporting local communities and nature

Reforestation and water security in Bangladesh

On World Environment Day, in 2024, BAT Bangladesh distributed over 5 million saplings nationwide as part of its “Bonayan” initiative.

Now, in its 44th year, “Bonayan” is a reforestation and afforestation initiative, aimed at addressing deforestation, and enhancing biodiversity by supporting the restoration of Bangladesh’s natural heritage and promoting sustainable development practices.

The initiative also provides local communities with additional income sources and resources, fostering economic development.


“Probaho”, established in 2009, is a private sector initiative addressing critical water issues, including contamination and scarcity. The initiative provides more than 620,000 litres of water daily to over 310,000 people across 25 districts in Bangladesh.

With an average depth of 50 metres, the water is extracted, pumped, and filtered from over 120 water units.

 +5m

fuelwood, timber, fruits and medicinal plant seedlings were distributed across Bangladesh via our Bonayan programme in 2024



We must strive to preserve natural resources for future generations. 

Harriet Rwanda
Manager, Leaf Sustainability

Restoring landscapes in Kenya


‘Kijani’ (meaning leaf) is BAT Kenya’s afforestation programme.


This work contributes to the conservation of indigenous trees and the restoration of degraded landscapes.


For example, in 2024, in collaboration with local communities and national stakeholders, approximately 300,000 saplings were distributed in the Mount Elgon National Park and 110,000 saplings in other conservation sites across Kenya.

 300,000

saplings distributed in the Mount Elgon National Park



The Bonayan programme has enabled me to generate additional income that has enriched my livelihood. 



Mr. Abdul Mannan
Beneficiary of the Bonayan programme



Go online to learn more about our approach to sustainability
bat.com/sustainability-and-esg

Sustainable Future

Our Nature ambition

OUR AMBITION

Contributing to a Nature Positive¹ future.

We endeavour to manage our impacts on nature, and to improve our resilience to environmental degradation.

We aim to mitigate nature loss and have made a series of commitments to protect, restore and replenish nature.

Our business operations, including conventional agricultural practices, rely on the use of natural resources, such as timber, soil and water.

Activities such as raw material sourcing, tobacco farming, and water withdrawals for agricultural activities and manufacturing can negatively impact the environment.

Note:

1. According to The Nature Positive Initiative, 'Nature Positive' is a goal which refers to measurable outcomes that contribute to halting and reversing nature loss with significant benefits to society (www.naturepositive.org/about/the-initiative).



As we rely on natural resources such as timber, land and water, we endeavour to work towards our nature positive goals.



Jonathan Upward

Group Head Operations Sustainability



How we'll get there

Our Group Environment Policy and Biodiversity Statement outline our approach for mitigating our environmental impacts.

We manage the impacts of our activities and sites by implementing internal standards. These include our Soil and Groundwater Protection Standard, which provides guidance for preventing and managing contamination issues.

Our Water Security Standard provides water conservation guidance for operational sites and sets out actions for sites located in water-stressed regions. In our tobacco supply chain, our Biodiversity Operational Standard for Tobacco Farming (BOS) provides guidance for our Leaf supply chain.

Guidance includes forest and biodiversity management, natural ecosystems conversion, wood traceability, and integrated pest management, which supports the growth of healthy crops while minimising disruption to agricultural ecosystems.

To achieve our nature commitments, we have adopted the mitigation hierarchy, in line with the Science Based Targets Network's (SBTN) AR3T framework². Implementing this approach supports targets of the Kunming-Montreal Global Biodiversity Framework (GBF³).

+ Read more about our policies and procedures on [pages 116 to 117](#)

Targets for 2025¹:



Deforestation and Conversion Free tobacco supply chain

Deforestation Free pulp and paper supply chain

Forest Positive in our tobacco supply chain



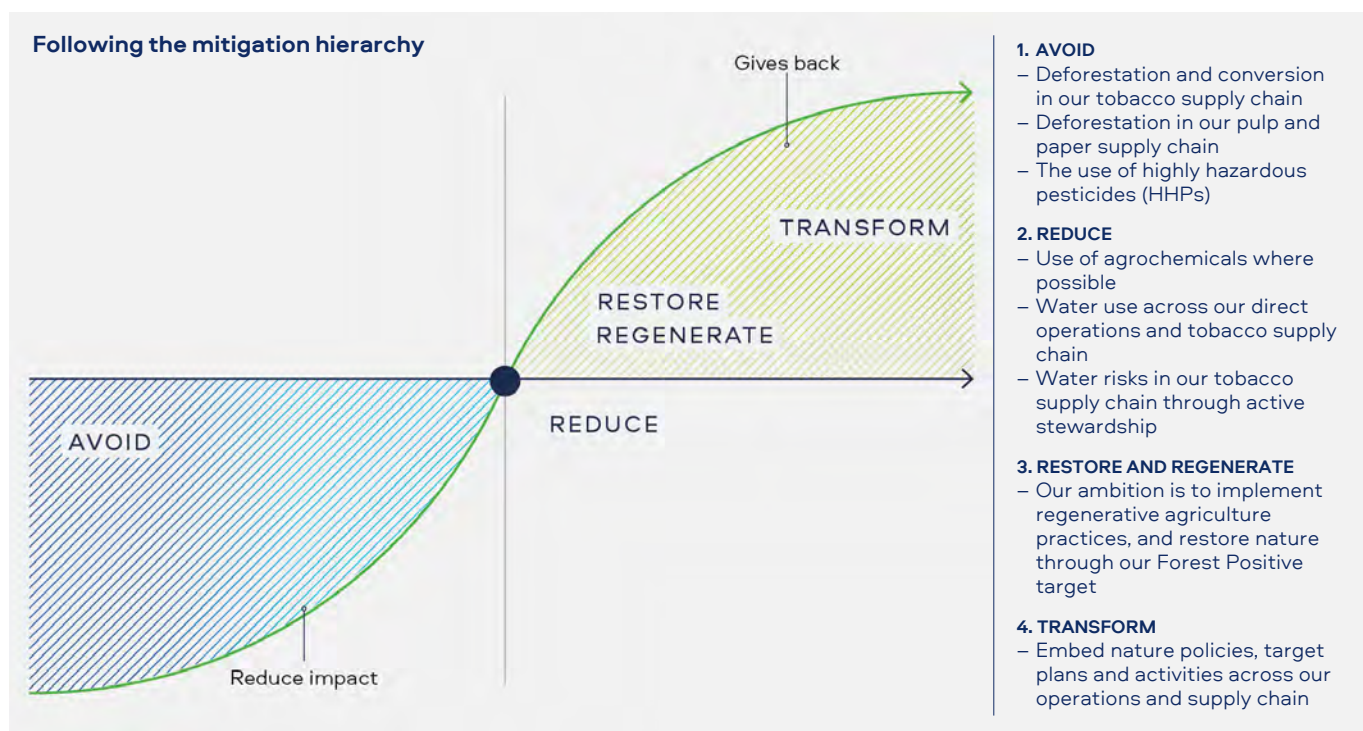
35% reduction in water withdrawn (versus 2017 baseline) and **30% of water recycled**



100% operation sites Alliance for Water Stewardship certified

+ Find out more: Refer to the BAT 'Reporting Criteria' for a full description of key terms and definitions at bat.com/reporting

Our approach in line with the SBTN's AR3T framework



Notes:

1. Our ambitions cover all tobacco we purchase for our products (tobacco supply chain); which is used in our combustibles, Traditional Oral and Heated Products. Our metrics, however, derive data from our annual Thrive assessment, which includes our directly contracted farmers and those of our third-party suppliers, which represented over 93% of the tobacco we purchased by volume in 2024 (Thrive Supply Chain).
 2. sciencebasedtargetsnetwork.org/companies/take-action/act.
 3. www.cbd.int/doc/decisions/cop-15/cop-15-dec-04-en.pdf.

Sustainable Future

What we're doing

In line with the SBTN's mitigation hierarchy, addressing our impact across five different categories: avoid, reduce, regenerate, restore and transform.

Monitoring and managing compliance in our tobacco supply chain

In accordance with our Biodiversity Operational Standard for Tobacco Farming (BOS), our field technicians monitor directly contracted farmers to confirm that deforestation or conversion activities are not present.

Field technicians also monitor compliance by carrying out regular and unannounced farm visits. Where deforestation or conversion incidents are identified, we have a process in place for establishing remediation plans which involve restoring the impacted area where possible.

We ask our third-party suppliers to take equivalent steps.

In 2024, we monitored 100% of directly contracted farmers (approximately 90,500) for deforestation and natural ecosystem conversion. We also trained our farmers and field technicians on best practices for resource preservation, such as the use of sustainable wood for tobacco curing, forest conservation biodiversity, integrated pest management and soil and water management.

In 2024, 648,669 attendees were reported to have received training.²

Partnerships to tackle deforestation and protect biodiversity

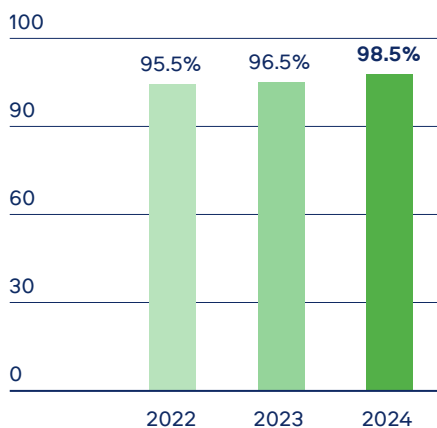
We support our directly contracted farmers through training and provide them with tree saplings as part of their sustainable fuel sources for tobacco curing, alongside biomass, sun and air curing. This initiative aims to prevent the harvesting of wood in a way that leads to deforestation of natural ecosystems.

In 2024, 44% of our directly contracted farmers used alternative biomass fuels for tobacco curing and third-party suppliers are asked to follow the same practices.

In 2023, we deployed Biodiversity Management Plans (BMPs) to mitigate risks on farms identified as 'priority' from our Biodiversity Risk Assessment (BRA). In 2024, our Field Technicians followed up on 96% of the open BMPs to monitor their implementation.

Deforestation and Conversion Free tobacco supply chain by 2025

% of wood used in Thrive Supply Chain¹ with deforestation and conversion free (DCF) status



These plans involve protecting and restoring natural forests and riverbank ecosystems, as well as creating and protecting habitats for pollinators and specific species.

In 2024, an additional BRA was conducted using the Biodiversity Risk Screening (BRISK) toolkit, which incorporates 15 nature indicators.

Farms identified as 'priority' within the geospatial assessment will be locally assessed during 2025, and where required, further BMPs will be implemented.

Soil management approach

GLAD develops integrated pest management strategies, focusing on disease-resistant tobacco and biological controls to reduce agrochemical use.

Only agrochemicals that are compliant with local regulations and with the lowest possible toxicity according to WHO classification are used.

In 2024, 87% of tobacco hectares in our Thrive Supply Chain¹ used best practice soil and water management practices and 94% of Thrive farmers grew alternative crops such as rice, corn, vegetables, wheat, and soy alongside tobacco.

Crop rotation is a recognised best practice approach to improving soil fertility and conservation.

Responsible sourcing in our pulp and paper supply chain

When sourcing materials, we aim to only work with suppliers across our pulp and paper supply chain who can demonstrate low risk of deforestation.

Our Supplier Code of Conduct (SCoC) applies to all our suppliers who are expected to supply materials that are Deforestation Free (DF).

Our approach is based on the internationally recognised Accountability Framework Initiative (AFI).

In 2024, we updated our approach to determine DF status for our pulp and paper supply chain, which consists of:

- Gathering information on suppliers, management systems, their performance, mill locations and volumes, and deforestation compliance;
- Assessing suppliers against internal criteria and international good practice; and
- Identifying improvement actions to inform suppliers engagement scope and action plans.

In 2024, we assessed all in-scope pulp and paper materials and 86% were established as sourced with low risk of deforestation according to the following criteria:

- 7% of volume was classified as DF through chain of custody schemes providing full assurance.
- 28% of volume sourced from suppliers with a CDP Forest disclosure rating of 'A/A-' and 100% of volume was disclosed as DF.
- 51% of volume was traceable to a low-risk sourcing area.
- 0% of volume was traceable to production units monitored as DF.
- 14% of volume could not be assessed or did not have low risk of deforestation.

We continue to work with suppliers to achieve our target of a Deforestation Free pulp and paper supply chain by 2025.

Notes:

1. Our ambitions cover all tobacco we purchase for our products ('tobacco supply chain'); which is used in our combustibles, Traditional Oral and Heated Products. Our metrics, however, derive data from our annual Thrive assessment, which includes our directly contracted farmers and those of our third-party suppliers, which represented over 93% of the tobacco we purchased by volume in 2024 ('Thrive Supply Chain').
 2. 458,017 attendees were reported to have received this training in 2023.

Managing biodiversity in our direct operations

We aim to have a Biodiversity Operating Guide for our manufacturing sites in 2025.

The Guide will specify site-specific actions and contain criteria to determine which sites require a Biodiversity Action Plan.

For example, our Augustów site in Poland was identified as a high priority in our 2023 Biodiversity Risk Assessment. Following an evaluation of biodiversity risks, site-specific biodiversity recommendations and action plans were developed.

We also developed a biodiversity training programme for managers in our Operations function.

Taskforce on Nature-Related Financial Disclosures (TNFD)

As part of this Combined Annual and Sustainability Report, we have included our TNFD disclosure with reference to following disclosure pillars:

- Governance
- Strategy
- Risk and Impact management; and
- Metrics and Targets.

+ Read more about our **TNFD Report** on [pages 137 to 152](#)

Assessing the water risks in our direct operations

In 2024, 76% of total water consumption was accounted for in our operations sites, and 24% in our offices, retail, R&D and other sites.

We use the WRI Aqueduct Water Atlas to assess our operational exposure to water risks, incorporating additional factors such as flood risk, drought risk and water depletion.

The Atlas identified that 23 of our operations sites are in water stressed areas,¹ accounting for 39% of our water withdrawn in 2024. These assessments guide our prioritisation of capital expenditure and resources to improve water management and recycling rates.

In 2024, we also identified and prioritised our top 10 water basins, through a prioritisation methodology that includes both stress and marine risk factors.

Our priority basins will be used for action planning, resource allocation and capital expenditure prioritisation in the future. More details including the methodology can be found in our TNFD disclosure.

For example, the WaterHubSM in the U.S. (that will be operational in 2025), is located on a water-stressed site.

The WaterHubSM is a major water recycling facility with a designed capacity of 200,000m³.

+ For more performance metrics and operational data, refer to our **Sustainability Performance Data Book** at bat.com/reporting

Assessing our water risks in our tobacco supply chain

For our tobacco supply chain, our SCoC is complemented by our Leaf Supplier Manual (LSM), which includes guidelines for water protection planning and water extraction for irrigation.

Through the Atlas, we monitor our tobacco sourcing locations that are in water-stressed areas.

In 2024, 20 of our tobacco sourcing locations – including Bangladesh, U.S., India and Türkiye – were in water-stressed areas. An estimated 21.9% of the tobacco we purchased came from water stressed areas.

In these areas, we support our directly contracted farmers to grow the appropriate tobacco variety, introduce irrigation technology or optimise and reduce crop water usage. This is explained further on page 93.

Our third-party suppliers are also encouraged to support their contracted farmers with similar methods.

Case study

Regenerative Practices

Our Global Leaf Agronomy Development (GLAD) Centre works with our Leaf suppliers to promote agricultural practices such as the High Wide Ridge.

This method, involving high, wide trapezoidal ridges, reduces soil erosion, increases water retention, and prevents waterlogging. It can increase yields by up to 20%, improve crop quality, and reduce soil-borne diseases.

Nearly 90% of our directly contracted farmers in Brazil use this technique, which is recognised as a conservation practice by Embrapa, the Brazilian Agricultural Research Corporation.

In 2024, we developed a regenerative agriculture framework which includes a methodology for assessing and prioritising local risks and the monitoring of progress on the regeneration of the farmland ecosystem.

We plan to pilot this framework with key Leaf suppliers in 2025.



Agri-tech in practice at our GLAD centre.

Note:

1. In 2023, the Atlas identified 24 of our operations sites were in water stressed areas.

Sustainable Future

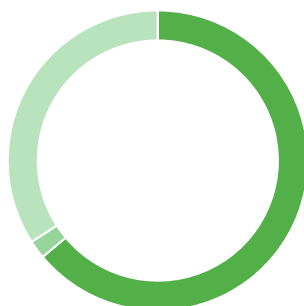
What we're doing
Continued

Where we source our water from

 **2.73** mn m³

Total water withdrawn

From water utility supplies	64%
From fresh surface water sources	2%
From groundwater sources	34%



Summary of progress towards our targets

	0	10	20	30	40	50	
35% reduction in water withdrawn by 2025 (versus 2017 baseline) % reduction of water withdrawn vs 2017 baseline	2023	39.2%					We achieved our 2025 target for reduction in water withdrawn two years ahead of schedule. We continue to work on maintaining this target, achieving a 47.4% reduction in 2024 (against our 2017 baseline).
	2024	47.4%				Target	
30% water recycling rate by 2025 % of total water recycled	2023	24.4%					We invest in water treatment technologies to increase water recycling. In 2024, our water recycling rate increased year-on-year by 3.1 percentage points to 27.5%.
	2024	27.5%			Target		
100% of operations sites to be Alliance for Water Stewardship (AWS) certified by 2025 % of operations sites that are AWS certified	2023	69%					In 2024, an additional eight sites in our direct operations were successfully AWS certified, bringing the total number of certified sites to 51 or 91% of our operations sites.
	2024	91%				Target	

Case study

Pollinator Garden to Support Monarch Butterflies in the U.S.



Spanning 249 hectares, the Reynolds Operations Center (ROC) is the Group's largest manufacturing facility.

Employee volunteers planted 54 species and 519 native seedlings, creating a migratory habitat for pollinators such as bees and butterflies.

This is important due to the decline in the local Monarch Butterfly population, primarily caused by habitat loss.

The area is now a certified Monarch Waystation.

In addition, the ROC plans to convert its fields to meadows and landscaping with native plants, and to conduct ongoing biodiversity monitoring to measure the increase in flora and fauna.



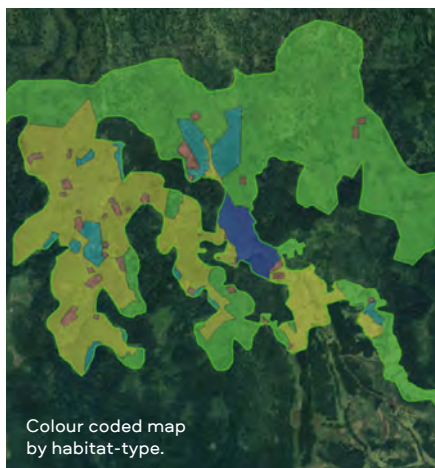
Seeing colleagues unite to create this pollinator garden to help support our local ecosystem was truly inspiring.

Tony Woods

Maintenance Analyst,
Reynolds American Companies



Case study



Colour coded map by habitat-type.

Technology to monitor deforestation and biodiversity

In 2024, BAT Brazil introduced satellite monitoring to track forest cover changes. Alongside regular monitoring conducted by Field Technicians, the system enhances our monitoring of suspected conversion or deforestation. Following the identification of potential deforestation, our field technicians conduct assessments to visually verify whether deforestation has occurred, and where possible, the cause of the incident. If confirmed, a remediation plan is implemented. Further details are available on page 89.

In Kenya, we initiated a pilot with a global network of ecological specialists to monitor restoration efforts around Mount Elgon and Cherangany Hills. The objective is to collect primary data through drones, audio sensors and artificial intelligence.

The plan is to monitor these areas to evaluate the effectiveness of nature restoration. We continue to scout for state-of-the-art technologies to support our nature initiatives.

Our water stewardship programmes

Direct Operations

Our water withdrawal and discharge guidelines and our Water Roadmap provide guidance for managing water use at our manufacturing sites and help assess water management systems in line with the Alliance for Water Stewardship (AWS) certification process.

In 2024, an additional eight sites in our direct operations were successfully AWS certified, bringing the total number of certified sites to 51 or 91% of our operations sites.

Additionally, 78% of our operations sites implemented both water efficiency and recycling activities, investing £3.9 million in capital expenditure.

We also achieved 27.5% of total water recycled in 2024, driven by our top performing sites in the U.S., Brazil, South Korea and Bangladesh.

Our Brazil site became the first Group site to achieve the AWS Standard certification with platinum status. It is the highest of three levels of certification available, indicating conformity with AWS's additional Advanced Indicators.

Tobacco supply chain

We have developed a standardised methodology and protocol to measure water use on tobacco farms. The protocol aims to enhance the accuracy of water reporting and support a more accurate performance assessment of drip irrigation and other water-saving initiatives.

Approximately 70% of tobacco hectares in our Thrive Supply Chain are grown using rainfall. Where rainfall is insufficient, farmers may use irrigation.

In 2024, around 30.7% of the tobacco hectares in our Thrive Supply Chain used some form of irrigation systems.



of the tobacco hectares in our Thrive Supply Chain benefited from **irrigation systems** in 2024

At our GLAD centre in Brazil, research is conducted to reduce water usage in high-dependency regions and support engagement with local communities.

Drip irrigation was introduced in eight countries, saving up to 50% more water in comparison to conventional irrigation practices.

In 2024, land area using drip irrigation increased by 50% in Vietnam and 29% in Chile.

We have also adopted alternate furrow irrigation in Pakistan and Bangladesh. This practice saves up to an estimated 10% more water, compared to traditional furrow irrigation without negatively affecting the yield.

In Mexico we observed a 10% reduction in water use compared to drip irrigation by installing real-time temperature, water and electric conductivity sensors.

What's Next

Creating a regenerative agriculture framework.

- Developing methodologies to assess local risks.
- Piloting initiatives with key suppliers in 2025.
- Tracking progress through action plans.

Definitions:

Conversion: Change of a natural ecosystem to another land use or profound change in a natural ecosystem's species composition, structure, or function.

Deforestation: Loss of natural forest as a result of i) conversion to agriculture or other non-forest land use; ii) conversion to a tree plantation; or iii) severe and sustained degradation.

Forest Positive: To be considered 'Forest Positive', among other things, a forest should be planted for conservation purposes. Further, the area must be monitored at least one year after the planting date, to verify the survival rate quantification of the area planted and the number of trees that have become viable.

IMPACT AREA

CIRCULARITY

GLOBAL CHALLENGE

The unsustainable use of virgin raw materials harms the environment.

Transforming the linear economy requires changing how businesses design, manufacture, use, and dispose of products.

Challenges include continuous demand for virgin raw materials, unsustainable consumption patterns, and endless waste. Circularity aims to address these issues by minimising waste and optimising resources.

LOCAL ACTIONS

Local partnerships to reduce post-consumer waste and recover materials.

Battery recycling in Kazakhstan

Battery recycling at scale faces challenges including the lack of infrastructure, high costs, and the technical complexities of recycling.

In 2024, BAT Kazakhstan entered into a collaboration agreement with First Recycling to open the country's first lithium-ion battery recycling facility.

The facility recovers valuable materials from the batteries in our glo devices, including lithium, aluminium, and copper.

The recovered materials are subsequently sold by First Recycling for onward use in battery production.

To date more than 95,000 batteries from our glo devices have been recycled.



“Our partnership with Keep America Beautiful and TerraCycle is a testament to the power of collaboration.”

Kara Calderon
Senior Director of Sustainability & Community Engagement, Reynolds American Companies

 **95,000**

batteries from our glo devices have been recycled



We aim to leverage local partnerships to decarbonise our downstream supply chain.



Ablay Turganbaev
Environment, Health, and Safety Manager, BAT Kazakhstan

Repurposing cigarette butts

Over the past 15 years, Reynolds American Companies have collaborated with TerraCycle and Keep America Beautiful to reduce cigarette butt litter.

TerraCycle, develops recycling solutions for waste streams that are not usually considered recyclable.

Cigarette butts collected through clean-ups are sent to TerraCycle, where they are repurposed into furniture items, including garbage bins and public place seating.

Likewise, the partnership with Keep America Beautiful funds the Cigarette Litter Prevention Programme, educating adult consumers, distributing portable ashtrays, and organising clean-up community activities.



Go online to learn more about our approach to sustainability
bat.com/sustainability-and-esg

Sustainable Future

Our Circularity ambition

OUR AMBITION

Reducing the use of virgin raw materials.

We seek to reduce our material footprint across our value chain and to understand and minimise the environmental impact of virgin raw material use.

In the 'make' phase, we aim to use more sustainable materials and increase resource efficiency.

In the 'use' phase, we encourage responsible consumption and disposal.

In the 'dispose' phase, we collaborate with waste management organisations to enhance material recovery.



Circular economy is more than just limiting our environmental impact. It's a growth opportunity for our business – rethinking our partnerships, using innovation to make our supply chain more resilient.



Neelam Melwani
Head of Circularity



How we'll get there

Addressing circularity across product life cycles.

As we continue to strive towards reducing our use of virgin raw materials, we have taken steps to deepen our understanding of the full extent of our material footprint.

Sustainable design

We aim to embed circularity into the early stages of product and packaging design. In 2024, we introduced and began testing an initial set of ecodesign principles, which will provide insights to support the reduction of our environmental impacts across the product life cycle – spanning the 'make,' 'use,' and 'dispose' phases.

These principles include renewable and recycled materials, efficient resource use, extending product life, and end-of-life product management.

In 2025, we will work to quantitatively assess the environmental impacts of our Smokeless products as part of the 'design' phase.

By leveraging these insights, we aim to establish quantifiable design targets, including:

- ➖ Using less CO₂e intensive materials
- ➕ Using more recycled materials
- ➕ Using more renewable materials
- ➕ Enhancing durability and product lifespan
- ➕ Greater modularity, disassembly and recyclability

We also aim to understand the full extent of our virgin raw material use and its environmental impact. In doing so, we continue to improve our data quality to inform decisions across the 'make,' 'use,' and 'dispose' stages of our supply chain.

In 2024, we launched the Green Design Tool to support our product designers and material scientists understand the environmental impact of current and future materials.

➕ Read more about our policies and procedures on [pages 116 to 117](#)

Targets:

 **100% of our packaging to be reusable, recyclable or compostable where facilities exist by 2025**

90% recycling rate of waste generated across our operations by 2025

 **25% reduction in waste generated across our operations by 2025 (versus 2017 baseline)**

Less than 1% of our operational waste going to landfill by 2025

➕ **Find out more:** Refer to the BAT 'Reporting Criteria' for a full description of key terms and definitions at bat.com/reporting

Rethinking design

How we think about using materials in a smarter and more efficient way

Make	Reduce	Design for: – use of less carbon intensive and virgin raw materials – use of more secondary and alternative materials
	Rethink	Design for: consumer upgradability and repairability
Use	Reuse	Design for: extended lifespan
	Recover	Design for: disassembly and material recovery
Dispose	Recycle	Design for: use of more widely technically recyclable materials



Sustainable Future

What we're doing

We have undertaken an initial analysis that allows us to understand the full extent of our material use in order to establish a baseline for future reductions.

The diagram below is a visualisation of our material inflow – or the total amount of raw materials that make up our products and packaging.

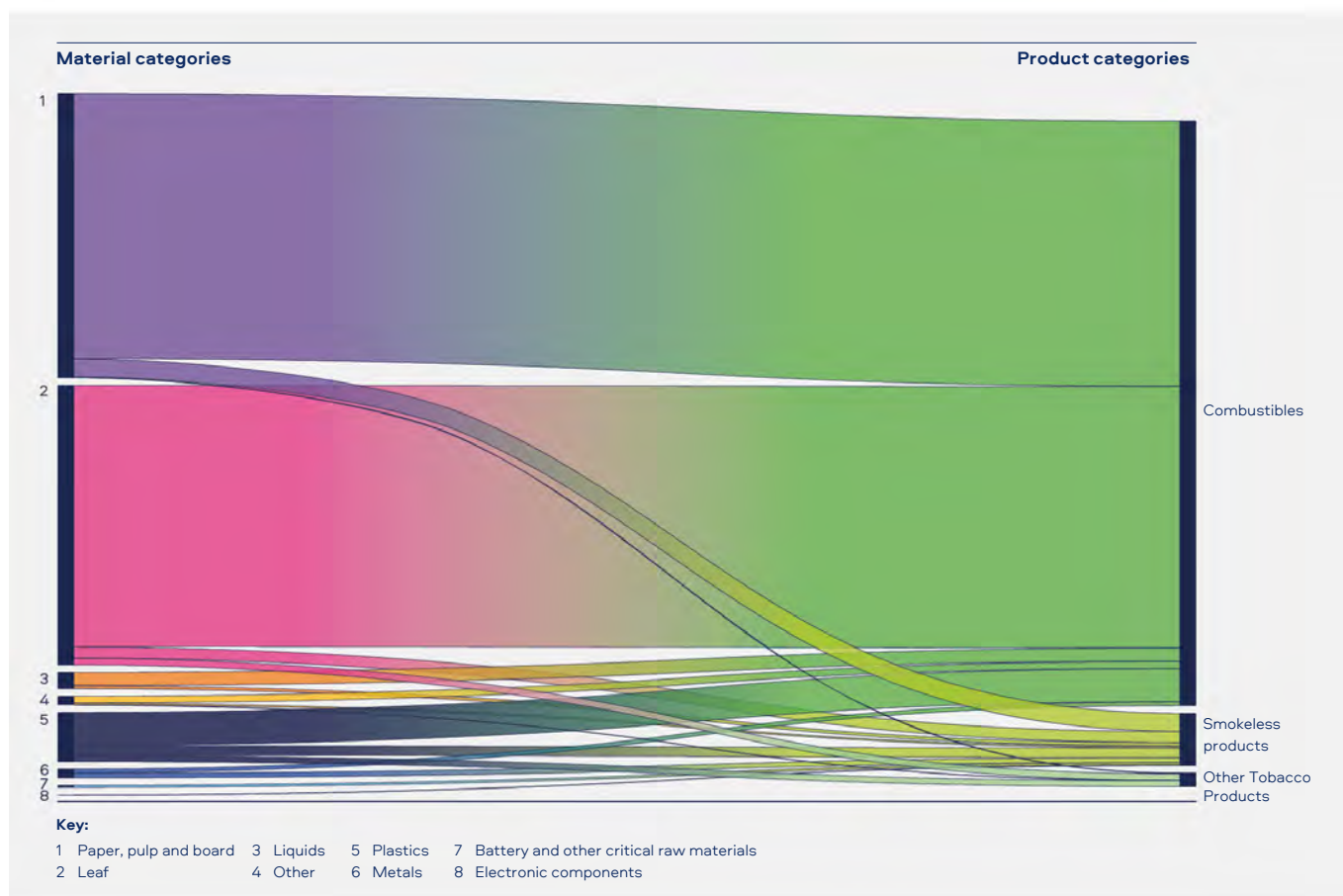
Each bar represents the total weight of materials used across our combustibles, Smokeless products and Other Tobacco Products.

We know that reducing our material footprint is critical to reducing the impact of our Scope 3 emissions.

Areas of focus are:

- 1 **Paper, pulp and board:** used across our products and packaging at an equivalent of 349,084 tonnes.
- 2 **Plastics:** used across our products and packaging at an equivalent of 60,733 tonnes.
- 3 **Metals¹:** used across our product categories at an equivalent of 11,216 tonnes.
- 4 **Critical Raw Materials²:** used in our New Category products at an equivalent of 3,050 tonnes.
- 5 **Electronic components:** primarily used in our New Category products at an equivalent of 544 tonnes.

The flow of raw materials into our product categories³



Notes:

- 1. Excludes critical raw materials used in batteries.
- 2. While we continue to report on conflict minerals, we are looking to understand our impact across other critical raw materials beyond tin, tantalum, tungsten and gold (3TG), based on the list of critical raw materials in the UK.
- 3. All numbers are based on 2023 procurement purchased volume data, using proxy data for some product components including batteries due to intellectual property restrictions. Mass material data is extracted from our Life Cycle Assessments (LCAs). Packaging only refers to primary with the exception of combustibles which is available by bundle. Wellbeing and Stimulation products have been excluded, as products were not available to purchase in 2023.



Vapour products

In 2024, we introduced Vuse Go 2.0, a new single-use Vapour product with a removable battery to facilitate better recycling. We aim to include removable batteries for all our single-use Vapour products, by the end of 2029.

We aim to have all rechargeable closed system devices to include removable batteries by year-end 2026.

+ See the 'Consumer Education' section on [page 101](#) for more information on how we support consumers to dispose of devices responsibly



Modern Oral

In France, Ireland, Denmark, Sweden and the UK, we recently launched two variants of Velo cans certified by the International Sustainability and Carbon Certification (ISCC), for using bio-plastic or Post-Consumer Resin (PCR) plastic through a mass-balance approach¹.

Used nicotine pouches are currently non-recyclable. We are working to address this challenge and are analysing how to increase the material recyclability and recoverability of our pouches.



Heated Products (HPs)

We have removed the polypropylene overwrap for our glo devices and starter kits and replaced plastic inner trays with a pulp-based alternative.

In 2024, with each iteration of our glo Hyper devices, we have progressively increased the proportion of recycled material in the packaging. Specifically, the recycled content of the packaging has increased from 34% in the Hyper Air to 71% in the Hyper Pro.

For our HP consumables, we have introduced paper inner bundling to replace aluminium and plastic laminates so that they can be recycled where facilities exist.

We also aim for new HP devices to feature removable and replaceable batteries.



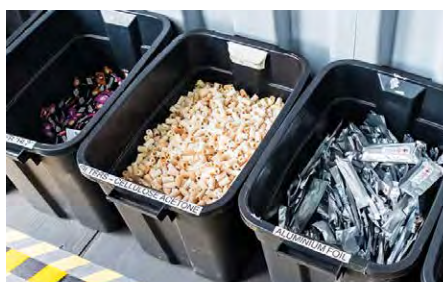
Cigarettes

For our cigarettes, we have introduced paper inner bundling, where legally permitted, to replace aluminium and plastic laminates so that they can be recycled where facilities exist.

Other Tobacco Products (OTP)

We are in the process of replacing all non-recyclable plastic laminate pouches with technically recyclable materials.

Case study



Collaborating to recycle plastic waste

BAT South Africa and Ocean Plastic Technologies are embracing recycling by using shipping containers as recycling hubs. This initiative focuses on repurposing materials from used vaping pods, giving them a second life.

In its first year of operation, the project has recycled 29 tonnes of waste and created over 30 jobs. The Durban and Heidelberg hubs each processed approximately 12 tonnes of material for recycling, while the Cape Town hub processed nearly five tonnes.

Note:
 1. 'Mass-balance' is a principle that matches inputs (such as plastic waste) with outputs from a recycling or production process, to determine the recycled content (source: zerowasteurope.eu/wp-content/uploads/2021/05/rpa_2021_mass_balance_booklet-2.pdf).

Sustainable Future

What we're doing
Continued

Tackling operational waste

Our Global Waste Centre of Excellence (CoE) uses an integrated work system to prioritise actions that reduce waste.



 **1.3%**

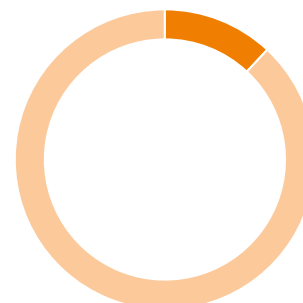
of our operational waste sent to landfill in 2024
(versus <1% target by 2025)

Operational Waste Footprint

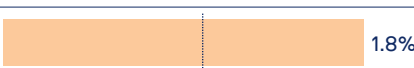



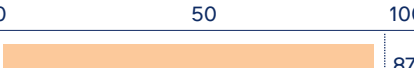

 **110.6**

thousand tonnes of **waste generated**

	Total waste disposed (thousand tonnes)	13.2
	Total waste recycled (thousand tonnes)	97.3



Summary of progress towards our targets

	0	1	2	
Less than 1% of our operational waste going to landfill by 2025 % of operational waste going to landfill	2023			We are on track to meet our target. In 2024, 1.3% of operational waste was sent to landfill. Enhanced global waste segregation contributed to 71% of our sites sending zero operational waste to landfill.
	2024			
Reduce the absolute volume of waste generated in our own operations by 25% versus 2017 baseline % reduction in waste generated in our own operations	2023			We have achieved our 2025 target two years ahead of schedule. In 2024, we have continued to make progress, with a further 3.8% year-on-year reduction versus 2023.
	2024			
90% recycling rate of total waste generated across our own operations by 2025 % waste recycled	2023			We are on track to meet our target. In 2024, our waste recycling rate reached 88.1% across our own operations, versus 87.6% in 2023.
	2024			

Case study

Consumer awareness campaigns

The 'Small Actions, Big Crimes' campaign which sets out to tackle cigarette butt littering, was launched in Italy in collaboration with the non-profit organisation Marevivo and supported by the Ministry of Environment.

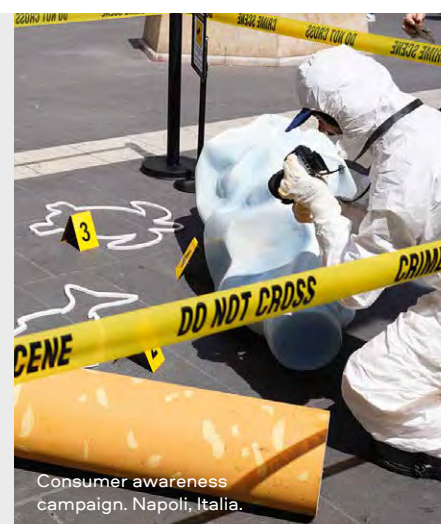
Within three years of launch, the campaign was activated in more than 12 cities, and resulted in an average reduction of 53% in butt littering.

In 2024, the campaign shifted focus to the disposal of small Waste Electrical and Electronic Equipment (WEEE) through a fully digital campaign, which included launching a dedicated website (piccoligesti.eu) to educate consumers about the issue.

Additionally, the campaign partnered with Logista to promote their RECYCLE-CIG programme, which installed more than 30,000 disposal units for WEEE disposal in Italian tobacconists.

The campaign was also rolled out in Greece, reducing cigarette butt litter by over 60% in Rafina and Naxos, and led to the responsible disposal of more than 530,000 butts between 2021 and 2024.



The campaign provides dedicated disposal units and consumer awareness initiatives.

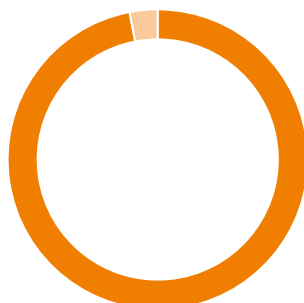


Our packaging composition¹

 **97%**

Share of **reusable, recyclable or compostable packaging**

 Reusable, recyclable or compostable packaging	97%
 Others	3%



Our target is for 100% of our total packaging to be reusable, recyclable or compostable where facilities exist by 2025, which we remain on track to achieve. We are moving from multi-material laminates to single-material packaging or laminates where feasible.

Note:

1. Our packaging's recyclability calculation excludes about 1.7% of the total material used in our packaging, representing exclusions due to regulatory requirements in certain markets and adhesives used in packaging.

Consumer education and awareness

Cigarette littering:

Although most consumers dispose of their cigarette butts responsibly, too many still end up as litter. Research shows that education and awareness campaigns can be effective in encouraging responsible disposal.

However, to change consumer behaviour, anti-littering awareness programmes and initiatives need to inform consumers of the negative environmental impacts of cigarette butts.

We continue to support such campaigns with NGOs and the public sector across our markets, for example through the 'Small Actions, Big Crimes' initiative, discussed on page 100.

Smokeless products:

Our ecodesign principles will quantify the impact of the materials we use in our products.

We know that continued partnerships with waste management organisations and consumer education campaigns remain key to managing the end-of-life of our products.

This global issue can only be addressed through local interventions and a case-by-case approach contingent on national waste management infrastructure and requirements.

In Nottinghamshire, UK, we have partnered with a waste management company to pilot a collection and recycling programme for used vapour products.

With the aim of creating industry-wide solutions, we have set up dedicated recycling collection points in public spaces for vapour products, including pods and devices.

Case study

Incentivising Pod Recycling

BAT New Zealand is rewarding consumers who participate in recycling.

Launched in 2022, the RePod scheme incentivises consumers to return used Vapour devices and pods for recycling. Given the relatively limited options available, BAT New Zealand collaborated with local suppliers to develop a recycling solution that removes batteries and metals.

The recovered recyclable plastic components are then transformed into cleanstone panels, which can be repurposed into items such as furniture.

To date, approximately 0.5 million pods have been recycled through this scheme and a further 1.2 million pods have been shredded.

Shortage in key materials

While we have made progress with most of our Circularity targets, the global shortage in key materials, such as food-grade post-consumer resin has meant that we have withdrawn our target of 30% average recycled content across all plastics packaging.

Addressing this challenge requires collaboration across industries, changes in government policies and investments in national infrastructure.

What's Next

Reducing post-consumer waste remains an area of focus.

- Continuing to improve design and data to inform our decisions based on ecodesign principles.
- Engaging with consumers on responsible disposal.
- Collaborating with other sectors and waste management organisations to address challenges related to recyclability, recycling and material recovery.

Definitions:

Circular economy: The circular economy is an economic model that is regenerative by design. The aim is to allow for renewability, remanufacturing, recycling and biodegradation.

IMPACT AREA

COMMUNITIES

GLOBAL CHALLENGE

Inequality of opportunity persists across various dimensions.

Many people still face discrimination based on income, sex, age, disability, sexuality, race, class, ethnicity or religion.

Businesses can positively influence both their own workplaces and support broader society by promoting equality, respecting human rights and empowering communities.



LOCAL ACTIONS

Impact starts at the community level

Supporting food security in Malaysia

The Beyond Benih ‘Going Beyond Seeds’ regenerative agriculture initiative in Malaysia has now been rolled out to 12 cities, impacting over 80,000 beneficiaries to date.

Created by BAT Malaysia, the initiative sets out to increase food security, improve nutrition and foster community building.

In collaboration with the Malaysian Department of Agriculture and Residents’ Associations, the initiative restores and enhances Malaysian urban areas. Targeted at low-income households, it fosters community engagement, social cohesion, and shared responsibility among residents.

Through educating the residents about sustainable agricultural practices and healthy eating habits, while providing opportunities for skills development, Beyond Benih instils a sense of ownership and stewardship of the land.

By locally sharing the Group’s regenerative agriculture best practices, Malaysian residents not only produce fresh, healthy food, but also contribute to environmental sustainability while enhancing urban resilience and fostering community wellbeing.

 **80,000**

beneficiaries impacted across 12 cities in Malaysia

“Beyond Benih provides food for local communities and individual families with an additional source of income.”



Mr. Ayub
Head of Residents' Association in a Beyond Benih community garden



“The programme has empowered women and fostered economic development to support their families.”

Ms. Vo Thi Bich Thuy
Vice President of the Women’s Union of Duc Hue District, Long An Province, Vietnam

Women Empowerment in Vietnam

Since 2022, BAT Vietnam has been working in partnership with local authorities to establish Women’s Empowerment Programme.

The programme strives to enhance the economic development of women by providing them with interest-free loans to set up small businesses and support animal husbandry.

Since its inception, more than 130 women across local communities in Duc Hue and Tan Thanh districts have benefited from the programme.



Go online to learn more about our approach to sustainability
bat.com/sustainability-and-esg

Sustainable Future

Our Communities ambition

OUR AMBITION

Supporting the livelihoods and resilience of our communities.

Our global operations include multiple supply chains, from agriculture to electronics and manufacturing.

Across all these areas, there are human rights considerations including workers' rights, rural poverty and the risk of child labour, in particular, on small family farms.

We recognise our role to respect the human rights of all workers and farmers in our value chain, as well as members of the local communities in which we operate.

When it comes to our own employees, we believe we can positively impact their lives by investing in their physical, mental and financial wellbeing.



I am proud of the enduring relationships we have built up for generations with the communities in which we operate.



Vladimir Moura
Head of Sustainability, Agriculture



How we'll get there

Farming Communities

Our approach to managing human rights is aligned to the UN Guiding Principles for Business and Human Rights.

We manage our impact through our due diligence and remediation programmes, underpinned by a number of policies, including those outlined in our Standards of Business Conduct (SoBC) and Supplier Code of Conduct (SCoC). Our Thrive programme collects data across a number of topics, including human rights. Based on a framework covering the five 'capitals' outlined below, Thrive sets out to address challenges in farming communities.

We participate in the Sustainable Tobacco Programme (STP) to promote responsible tobacco growing practices.

We also conduct Human Rights Impact Assessments (HRIA) and In-depth Assessments (IDAs) to identify potential issues.

Our suppliers develop remediation plans based on these findings. We support farmers to enhance their livelihoods and tackle complex issues like child and forced labour through various initiatives.

+ Read more about our policies and procedures on [pages 116 to 117](#)

Ambitions¹:



Support prosperous livelihoods for all farmers in our tobacco supply chain



Zero child and forced labour incidents in our tobacco supply chain by 2025

+ Find out more: Refer to the BAT 'Reporting Criteria' for a full description of key terms and definitions at bat.com/reporting

The five 'capitals' of our Thrive programme

Capital	Descriptor
<p>Financial</p>	Economic livelihoods of farmers, including access to resources
<p>Natural</p>	The ecosystem necessary to sustain agricultural production and livelihoods
<p>Human</p>	Skills, knowledge, labour and human rights
<p>Social</p>	Self-sufficient and resilient communities
<p>Physical</p>	Infrastructure needed to maintain viable places to live and work

Note:
 1. These are our ambitions, which cover all tobacco we purchase for our products ('tobacco supply chain'); which is used in our combustibles, Traditional Oral and Heated Products. Our metrics, however, derive data from our annual Thrive assessment, which includes our directly contracted farmers and those of our third-party suppliers, which represented over 93% of the tobacco we purchased by volume in 2024 ('Thrive Supply Chain').

Sustainable Future

What we're doing

Farming Communities

Working with local stakeholders to implement community-focused initiatives.

Supporting living income

We have been conducting an annual living income analysis since 2022, based on the Anker Methodology¹, a recognised gold standard for estimating fair wages and incomes for agricultural workers and small-holder farmers.

In 2024, the methodology was adapted to better represent the living costs of tobacco farmers in rural areas. Our analysis was applied to 97% of farmers in our Thrive Supply Chain. The results support the creation of action plans to target key income drivers, such as reducing production costs, increasing yield, and diversifying crops. The farmers' feedback is provided to our Leaf suppliers, who manage the action plans.

Enhancing productivity while reducing costs

In Brazil, our Global Leaf Agronomy Development (GLAD) centre designs solutions with the support of agronomic technologies. These solutions improve crop management, optimise resource use and address challenges such as climate change and soil degradation. These are now being applied in 12 countries. For example, automated curing barns, reduce fuel use by up to 30% and manual labour by 45%.

Promoting income diversification

We support crop diversification programmes which are adapted to local environmental and socio-economic realities.

In 2024, 94% of our farmers in the Thrive Supply Chain were reported to have diversified crops.

To date, more than 138,000 farmers, farm labourers and local community members have been trained on crop diversification.

In addition, several small-scale initiatives are underway to identify potential crops for additional income.

Building resilient communities

We have developed a range of community initiatives on women's empowerment, rural development, and access to healthcare, clean water, and sanitation.

BAT Bangladesh's Probaho, now in its fifteenth year, provides safe and clean drinking water to rural communities where supplies have previously been scarce or contaminated.

To date, the programme has installed 126 filtration units and provided more than 620,000 litres of water a day to over 310,000 people across 25 districts in Bangladesh.

BAT Kenya, in 2023, introduced a women's development programme aligned with the UN's Women's Empowerment Principles². Both directly contracted female farmers and women in the farming community participated in the programme.

Through the two phases of the programme, training was provided to more than 600 participants on women's rights, financial literacy, entrepreneurship and agriculture.

In 2024, BAT Kenya also participated in two further initiatives for income diversification of directly contracted female farmers.

Supporting our farmers throughout the growing cycle

Our Field Technicians visit our directly contracted farmers once a month during the growing season. The collaboration sets out to develop the skills of the farmers in order to promote better yields and maintain standards as outlined in the diagram below.



Notes:

1. www.ankerresearchinstitute.org/anker-methodology
 2. unglobalcompact.org/take-action/action/womens-principles/

Group Code of Human Rights in Tobacco Farming

In 2024, we introduced a new Group Code of Human Rights in Tobacco Farming, which applies to the Group's own Leaf Operations. Aligned to the UNGPs and other international standards, it consolidates existing standards as well as strengthens procedural requirements and additional guidance on topics, such as responsible contracting and management of environmental impacts. All of BAT Leaf employees in scope and directly contracted farmers have received training on the Code.

In addition, more than 417,600 of the Group's own Leaf Operations and third-party suppliers have conducted human rights training focused on child labour and workers' rights.

In 2024, we also established our Leaf Social Centre of Excellence to advance human rights and community initiatives.

Maintaining standards through grievance mechanisms and assessments

We track access to grievance mechanisms across our Thrive Supply Chain. In 2024, 97.96% of farmers and farm labourers reported having access to at least one type of grievance mechanism channel. Of the 307 grievances raised in 2024, 100% were reported as resolved by the end of the growing season.

We conduct HRIAs and IDAs using a risk-based approach. These assessments are carried out in line with the United Nations Guiding Principles (UNGPs) and conducted by independent human rights experts.

Since the first HRIA was conducted in 2019, we have completed HRIAs in 10 tobacco sourcing countries, engaging with over 5,239 rights-holders. The evaluation included themes, such as the potential risk of child labour, health and safety, workers' rights and farmer livelihoods.

IDAs have a wider scope and cover other social and environmental topics. By the end of 2024, 16 suppliers in 12 countries underwent IDAs.

We continue to take steps to address issues identified in HRIAs and IDAs, and track remediation actions, as appropriate.

Participation in the Sustainable Tobacco Programme (STP) is a contractual requirement for all our Leaf suppliers. The STP mandates an annual self-assessment covering key themes such as Human Rights.

All Leaf suppliers are expected to fully adhere to the local laws and regulations, as well as the STP's requirements. If a non-compliance is identified, we take appropriate actions, including the suspension or termination of the supply agreement.

Managing child and forced labour risks

We recognise that child and forced labour are complex issues and incidents can be hidden or under-reported.

Our digital platform, Farmer Sustainability Management (FSM), is used by our Field Technicians to record data during farm visits of our directly contracted farmers.

Over 30% of the FSM criteria are related to human rights. Technicians also conduct unannounced visits, interviewing farmers and farm workers to check for child and forced labour incidents and upload the data to FSM, which tracks any prompt actions necessary for remediation identified.

We monitor 100% of our directly contracted farmers on child labour risk and prevention.

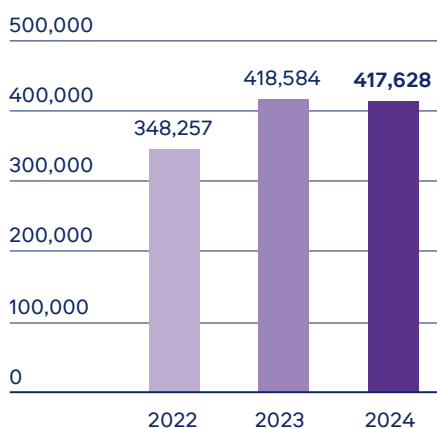
In 2024, 117 incidents of child labour were reported on 0.05% of farms in our Thrive Supply Chain.

The majority of incidents were related to stitching and/or stringing tobacco green leaves. 100% of incidents were reported as resolved during the growing season.

In cases of recurring incidents, a farmer's contract is not renewed for the next season. There were zero recurring incidents this year.

In addition, zero incidents of forced labour were reported in our Thrive Supply Chain.

Number of attendants engaged on human rights training, with emphasis on forced labour and child labour



Health and Safety of our farmers

Our Group Code of Human Rights in Tobacco Farming as well as our Operational Standard for Personal Protective Equipment (PPE) include more stringent requirements on the availability and management of mandatory PPE. The requirements apply to all our directly contracted farmers and their workers.

We expect third-party suppliers to also adopt similar standards.

In 2024, 98.99% of our farmers in our Thrive Supply Chain reported to have sufficient PPE for agrochemical use and 94.27% for use when harvesting.

The introduction of more stringent requirements have led to gaps, which resulted in a decline of PPE availability. Remediation actions have been implemented.

Training sessions on the correct and safe use, storage and disposal of agrochemicals and Green Tobacco Sickness prevention were attended by over 401,500 participants.

What's Next

Supporting our farmers to enhance livelihoods and build resilience.

- Focusing on living income action plans, diversification and training.
- Implementing long-term solutions and addressing root causes.

Definitions:

Attendants: includes farmers, as well as farm labourers and local community members.

Child Labour: The definition of child labour used to identify child labour incidents is aligned to the International Labour Organization's definition of child labour (www.ilo.org/topics/child-labour/what-child-labour)

Prompt Action: A prompt action refers to an issue that's been identified by a field technician which is deemed to require an immediate response due to its nature.

Sustainable Future

How we'll get there

Supplier Communities

Beyond tobacco leaf, we source product materials such as paper and filters for cigarettes.

For our expanding New Category products, the supply chain includes electronic components and liquids for our Vapour consumables.

+ Read more about our policies and procedures on pages 116 to 117

Target:



100% of product materials and higher-risk indirect suppliers to have undergone at least one independent labour audit within a three-year cycle by 2025



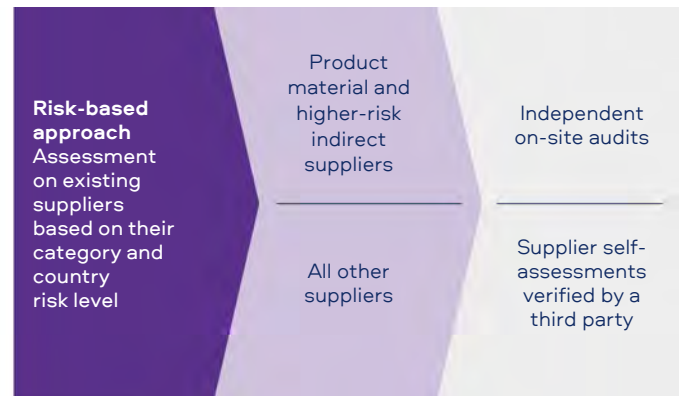
Find out more: Refer to the BAT 'Reporting Criteria' for a full description of key terms and definitions at bat.com/reporting

Due diligence process for product materials and higher-risk indirect suppliers

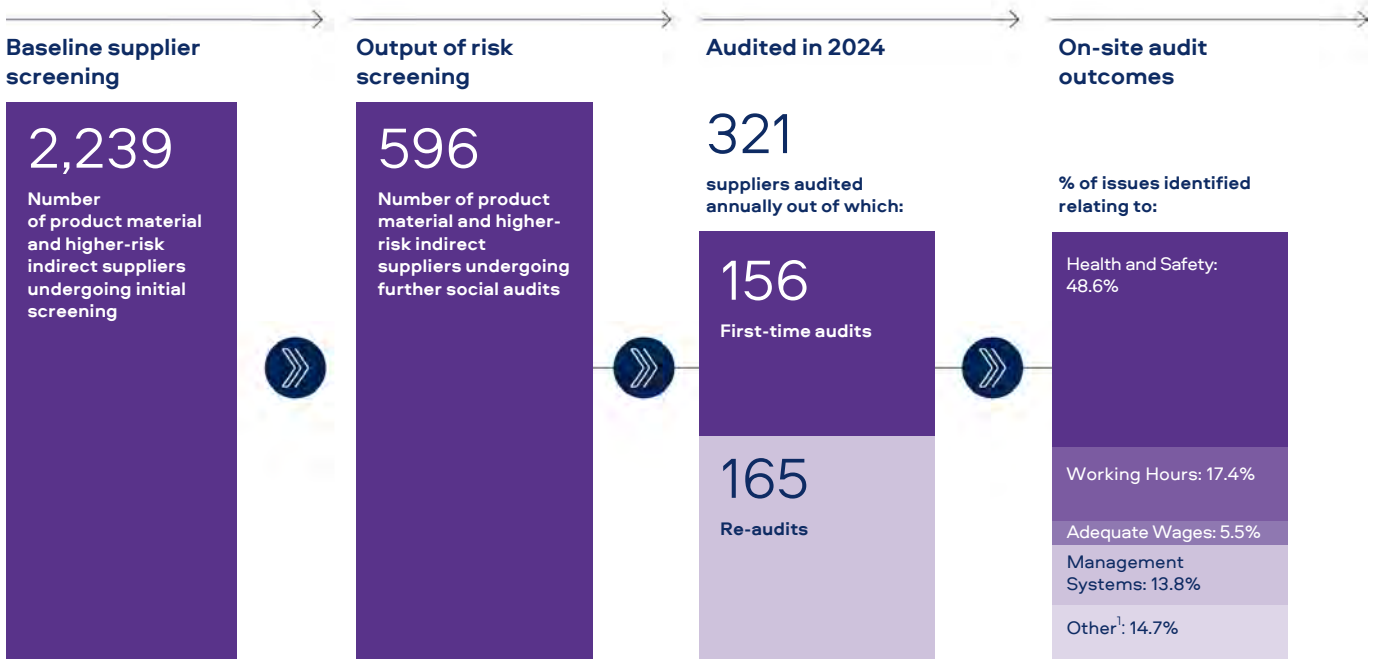
New suppliers



Existing suppliers



Screening process for product materials and higher-risk indirect suppliers



Note:
1. It includes environment, business ethics and living wages, amongst others issues.

What we're doing

Social due diligence in our product material supply chain

Our SCoC applies to all our suppliers and sets the standards for responsible business conduct.

In addition, we take a risk-based approach to social due diligence in our product material supply chain.

Scope of social due diligence

All product material and higher risk indirect suppliers are in-scope for our labour audits.

Product materials suppliers are those who supply non-leaf materials used in our products, such as filters, paper, adhesives, liquids, devices and batteries.

Higher-risk indirect suppliers are those who supply machinery and point of sale materials.

Our aim is for all such suppliers to have undergone at least one independent labour audit within a three-year cycle by the end of 2025. By the end of 2024, this was achieved for 91% of in-scope suppliers.

Triage Process

All in-scope suppliers are evaluated through an independent risk assessment platform, covering topics that are identified as relevant for the Group, such as working conditions and forced labour.

The outcome of the risk assessment determines the type of the audit assigned, which can be either a third-party on-site audit or a third-party verified self-assessment.

Breakdown of audits

Since 2022, 540 in-scope suppliers in 59 countries have undergone at least one labour audit:

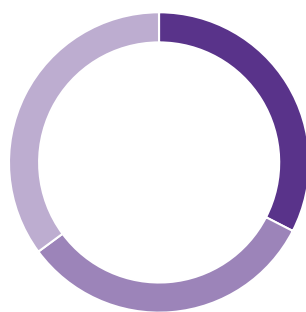
- Tier 1 product materials suppliers: 388;
- Lower-tier product materials suppliers: 48; and
- Indirect suppliers: 104.

In 2024, 321 independent labour audits were carried out. 156 were first time audits and 165 were re-audits of existing suppliers due to previous audit performance.

 **321**

number of **on-site or self-assessment audits** conducted in 2024

Type of incidents identified in third-party verified supplier self-assessments (%)



Environment	33%
Labour and Human Rights	32%
Ethics and Sustainable Procurement	35%

Managing audit findings

If an in-scope supplier is identified to fall below our minimum standards, we support the supplier to develop an action plan and monitor its progress.

If a supplier does not show necessary improvements, we terminate the contract, as appropriate.

Through this process, 23 suppliers made sufficient improvements to meet our standards and 10 were removed from our supply chain in 2024.

Training and capability building

In 2024, procurement relationships managers across all regions were trained on leveraging our audit partners to progress the Group's social agenda.

The training provided guidance on how to monitor supplier performance and manage supplier relationships, based on the findings of the labour audit.

In addition, over the course of the year, we shared best practices and agreed common commitments with our suppliers at the suppliers' summit.

Our in-scope suppliers also received a step-by-step guide on our audit processes and standards.

 Read more about **suppliers' summits** on [page 78](#)

Responsible mineral sourcing

Our electronics supply chain includes multiple layers of suppliers, which create additional challenges for managing human rights risks.

Our SCoC applies to all our suppliers and outlines the actions we expect them to take in relation to responsible mineral sourcing.

In line with the OECD guidelines, we work with our suppliers for them to exercise the appropriate due diligence required for identifying the origin of 'conflict minerals'.

Being supporter members of the Responsible Business Alliance (RBA) provides access to cross-industry initiatives, such as the Responsible Minerals Initiative, through which we have visibility of smelters' audits.

Findings are reported annually in our Conflict Minerals Report.

Such data helps us improve the traceability of our minerals supply chain in order to identify areas of risk.

 Read our **Conflict Minerals Report** on bat.com/investors-and-reporting/reporting/conflict-minerals-report

What's Next

Working with suppliers to help manage their supply chain impacts.

- Advancing our efforts to manage human rights risks.
- Engaging with our suppliers to improve the traceability of the entire supply chain.
- Preparing for new regulatory requirements related to supply chain due diligence.

Definitions:

Tier 1 suppliers: Directly contracted suppliers of final products or product materials.

Lower-tier suppliers: Suppliers, with whom we have a commercial relationship, who supply materials or products to our Tier 1 Suppliers.

Sustainable Future

How we'll get there

Employee Communities

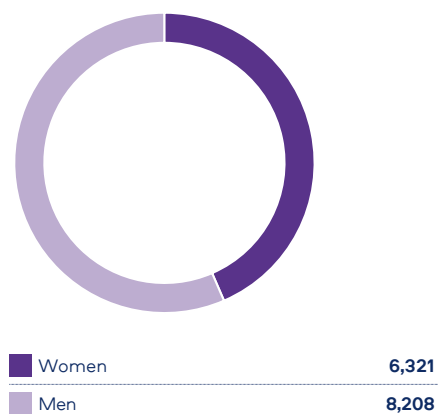
Our Employment Principles set out our approach to workplace diversity and equality.

Our SoBC include a Respect in the Workplace chapter, outlining our commitments to equality, diversity, anti-harassment, anti-discrimination and employee wellbeing.

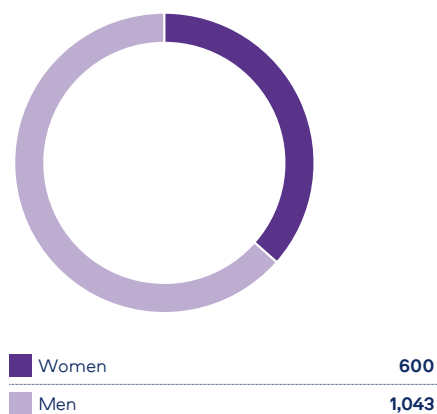
Our approach to Diversity and Inclusion (D&I) is built on fostering accountability, diverse talent pipelines and an inclusive culture. Our Group Health and Safety Policy Statement is based on local and international labour laws and standards, and is designed to meet or exceed the requirements of applicable health and safety laws and regulations in the countries in which we operate.

+ Read more about our policies and procedures on [pages 116 to 117](#)

Employee breakdown by level in 2024 (Management[‡] grade)

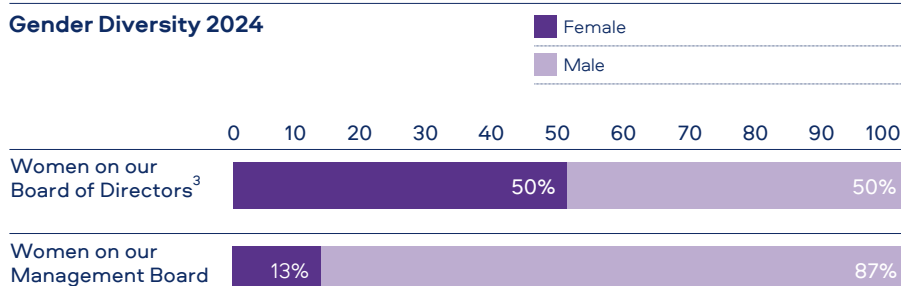


Employee breakdown by level in 2024 (Senior Leadership teams[‡])

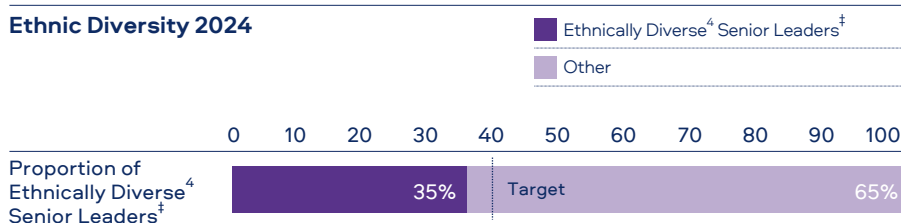


+ For more performance metrics and operational data refer to our [Sustainability Performance Data Book](#) on [bat.com/reporting](#)

Gender Diversity 2024



Ethnic Diversity 2024



Targets^{1,2}

- Increase the proportion of women in Management[‡] roles to 45% by 2025
- Increase the proportion of women on Senior Leadership teams[‡] to 40% by 2025
- Increase the Ethnically Diverse⁴ proportion of our Senior Leaders[‡] to 40% by 2027

+ Find out more: Refer to the BAT 'Reporting Criteria' for a full description of key terms and definitions [bat.com/reporting](#)

Senior Managers: Companies Act 2006

For the purposes of disclosure under Section 414C(8) of the Companies Act 2006, the Group had 172 male and 64 female Senior Managers as at 31 December 2024.

Senior Managers are defined here as the members of the Management Board (excluding the Executive Directors) and the directors of the Group's principal subsidiary undertakings.

The principal subsidiary undertakings, as set out in the Financial Statements, represented approximately 53% of Group employees and contributed approximately 91% of Group revenue in 2024.

Notes:

- These Group-wide targets do not represent quotas. For each vacancy, the most suitable candidate, regardless of their gender or ethnicity, should be hired. We also recognise that there may be local requirements or other circumstances that need to guide our hiring practices in various locations where we operate.
- While our nationalities target was achieved for 2023 and reported in 2024, we aim to replace this aspiration in future years, in line with our evolving understanding and the progression of the Diversity & Inclusion agenda.
- Read more about the number of Women on our Board of Directors on page 167.
- See note 2 on page 111 for the definition of Ethnically Diverse for the purposes of the ethnicity agenda.

What we're doing

Championing Diversity and Inclusion

Our values are embedded in how we operate and empower our people to strive towards achieving our purpose of creating A Better Tomorrow™.

+ Read more about our values on pages 174 to 175

Inclusive capability building

While we do not operate under a quota and are clear that the most suitable candidate should be hired regardless of one's gender or ethnicity for each vacancy, we provide training on inclusive hiring and require gender-balanced longlists from recruitment agencies.

Between 1 January 2019 and 31 December 2024, we have hired over 5,400 individuals, 46% of whom are women, bringing new capabilities, such as data analytics, digital, sustainability, innovation, IP and science.

We seek to enhance the leadership and functional skills of our employees through a range of Learning and Development programmes.

In 2024, an average of 18 hours of training were completed for over 14,500 of our Management[†] grade employees.

We are seeking to focus on in-person training rather than virtual, which led to a reduction in the number of training hours per employee.

We continued to increase the investment in learning for all employees with an average of £453 per employee, an increase on 2023.

Creating an inclusive work environment

We continue to promote positive outcomes for employees with hidden or visible disabilities and those with mental health conditions.

We launched our Neurodiversity Employee Community this summer, to support and raise awareness for neurodivergent employees and their allies.

Disability Confident Leader

We are proud to retain our UK government-backed accreditation Disability Confident Leader (Level 3) status which remains valid until 2026.

This accolade acknowledges our efforts in attracting, developing, and supporting individuals with disabilities and long-term conditions.



Listening to our workforce

We have established a range of engagement channels to better understand our employees' perspectives. These include market visits by our Directors and Management Board members, town halls, global, functional and regional webcasts, Q&A sessions, and meetings with works councils and trade unions.

In 2024, we introduced a new employee listening framework to strengthen existing engagement channels.

This includes our global Your Voice surveys, which are now conducted annually and engage approximately 40,000 employees worldwide, offering opportunities for employees to share their feedback.

+ Read more about workforce engagement on pages 182 to 183

The results of our surveys are shared with our Board and all employees. This year, we achieved a 92% participation rate and an engagement score of 84%, a year-on-year increase of 4 percentage points, and ahead of our global FMCG comparator group by 4 percentage points. Leadership and Empowerment; Reward and Recognition; and Talent Development were identified as areas for improvement.

Engaging with Employee Resource Groups (ERGs) is important to create an inclusive and representative culture. By listening to diverse perspectives we gain insights into the unique challenges and needs of our different employee communities.

Our D&I Group-wide ERGs are Women in BAT and BUnited, our LGBT+ community.

Diversity of our workforce

In 2024, 36.5% of roles on Senior Leadership teams[‡] and 43.5% of Management roles were held by women. As of 31 December 2024, 16,667 of our employees were women and 32,282 were men.



of women on Senior Leadership teams[‡] in 2024

In addition to increasing the number of roles held by women, our aspirations focus on the diversity of nationalities and ethnicities within our workforce.

We collect voluntary ethnicity data in 15 markets and have 68.5% Ethnically Diverse¹ employees in those markets.

Globally, 40% of our Board and 34.9% of our Management Board and their direct reports are Ethnically Diverse¹.

We continue to make progress against our target for 40% representation for Ethnically Diverse¹ groups for the Management Board and direct reports by 2027, taking into account the UK Government Parker Review Report.



of the Management Board and their direct reports were Ethnically Diverse¹ in 2024

+ Read more about Main Board Diversity on page 167

Rewarding our employees

We aim to provide responsible and fair remuneration and benefits globally.

In 2024, we retained our independent accreditation from Fair Pay Workplace, for providing equal pay for work of equal value².

We also maintained our global scope for the equal pay for work of equal value gender analysis, covering over 100 countries, and expanded our ethnicity analysis to include approximately 17,000 Direct Employees[‡] across eight locations, representing around 40% of our Direct Employees[‡].

We are proud of the consistency we kept year-on-year in paying men and women within 1% of each other, and Ethnically Diverse³ and Non-Ethnically Diverse³ groups within 1% of one another for doing the same work or work of equal value.

We were independently certified by the Fair Wage Network (FWN) as a Global Living Wage employer for the second consecutive year in 2024, recognising our efforts to pay all our direct employees the applicable living wage⁴, at minimum. This review covered our direct employees in more than 100 countries.

We offer our UK employees the opportunity to share in our success through our Sharesave Scheme, Partnership Share Scheme and Share Reward Scheme, and offer several similar schemes for employees in other Group companies.

+ For more information about Diversity and Inclusion at BAT see our D&I Report bat.com/investors-and-reporting/reporting/diversity-and-inclusion-report

Notes:

- For the purposes of the ethnicity agenda, six global 'Ethnically Diverse' groups were determined considering BAT's global market footprint: Asian, Black, Hispanic/Latin American, Indigenous, Mixed and Other Ethnic Groups. Individuals identified as White, those that have 'Preferred not to Disclose' and individuals that have 'Not Disclosed' i.e. their ethnicity field remains blank, are not captured in the data set 'Ethnically Diverse' groups.
- Employees performing the same work or work of equal value are paid equitably and any differences in pay are for objective reasons and not influenced by factors such as gender and/or ethnicity.
- For the purposes of our International Pay Equity Analysis, 'Ethnically Diverse' groups in the respective countries are defined as ethnic groups who, because of their physical or cultural characteristics, are/were historically and systematically under-represented. Being a numerical minority is not a characteristic of being an Ethnically Diverse group; sometimes larger groups can be considered Ethnically Diverse groups. 'Non-ethnically Diverse' groups in the respective countries are defined as ethnic groups who, because of their physical or cultural characteristics, are/were historically and systematically represented.
- Our definition of a 'living wage' is aligned with the UN Global Compact definition: "living wage is the local remuneration received for a standard work week that enables workers and their families to meet their basic needs".

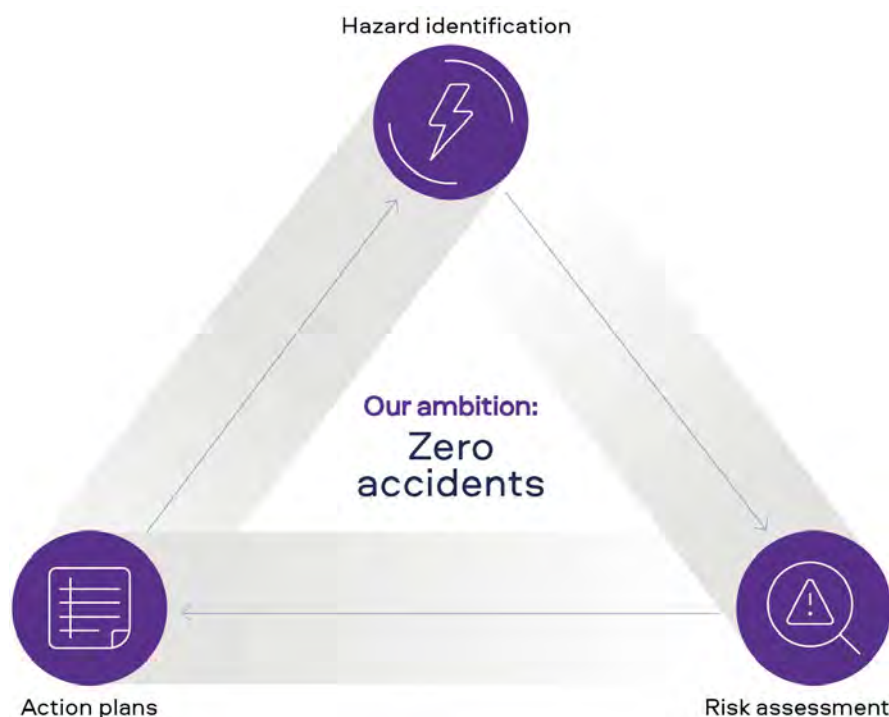
Sustainable Future

What we're doing

Continued

Our ambition is for zero accidents across the Group and to provide a safe working environment for all employees and contractors.

Our health and safety approach



Striving to maintain safety in our direct operations and beyond

Our Environment, Health and Safety Management (EHS) System, which covers 100% of our operations and includes our EHS Policy Manual, provides guidance and procedures on implementing our Health and Safety (H&S) commitments effectively.

In line with our Policy Statement and Manual, we monitor H&S performance across all our sites and a dedicated team identifies high-risk areas that require action.

More than half of the work accidents in our business operations tend to occur outside of BAT premises.

In Trade Marketing and Distribution (TM&D), where there are high risks of road traffic accidents, attacks and assaults, we manage risks through driver safety and security programmes.

In 2024, we implemented a 'Control Tower' model in our driver safety programme to standardise the way we track and monitor any unsafe driving behaviours. This led to an approximate 41% reduction in vehicle-related incidents compared to 2023.

In higher security-risk locations, we continually assess threats and enhance our safety protocols. This might involve limiting load values, planning routes strategically to avoid predictability, and offering security escorts.

Our annual H&S compliance review is an important part of our Corporate Governance. During the review, H&S representatives visit selected sites to check compliance with our Global H&S Standards.

These reviews help us identify gaps and support continuous improvement.

The results are reported to the Corporate Audit Committee and any non-compliance results in corrective actions.

Preventing accidents

In 2024, we recorded the lowest Total Recordable Incidents Rate since 2020.

In 2024, there was a 26% reduction in reported incidents, bringing them down from 99 in 2023 to 73 in 2024.

This data is supported by a 26% reduction in Lost Time Injuries compared to the same period last year, mainly driven by a reduction in vehicle-related accidents (41%); manual handling related incidents (42%); and attacks and assaults (64%). In 2024, 88% of our sites achieved zero accidents.

Where accidents do occur, each one is investigated and action plans are implemented.

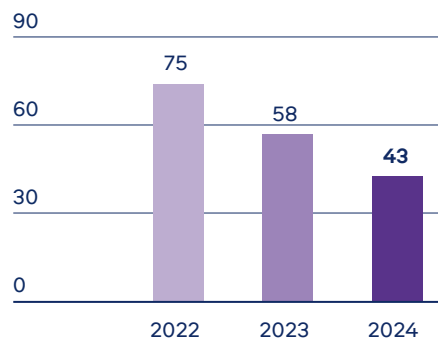
Reducing incidents across our business

 **0.12**

Lost time incident rate (LTIR) in 2024

Lost Time Incidents

LTIR	0.19	0.17	0.12
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The reduction was driven by improvements in H&S engagement and governance, such as:

- Increased cooperation across our business functions;
- Increased sharing of best practices across our markets; and
- Conducting more assessments for each of our top four losses (vehicle-related, slips and trips, manual handling and attacks and assaults).

Monitoring human rights in our direct operations



We use Verisk Maplecroft’s human rights indices, including its Modern Slavery Index, to assess the risk level faced by our direct operations.

Assessment outcomes and resulting action plans for higher risk direct operations are considered by our Board Committees.

In 2024, 22 countries where we have direct operations were identified as higher risk locations. Our direct operations in these countries underwent additional assessments to evaluate their compliance with Group policies and standards.

Human rights in the workplace

In 2024, we received 230¹ reports of alleged SoBC breaches relating to our Respect in the Workplace and Human Rights Policy under the SoBC, which were found to have occurred in 71¹ cases.

Actions were taken in response, including disciplinary actions that resulted in 42¹ people leaving the organisation.

In 91¹ cases, no evidence of wrongdoing was found, and the remaining cases are still under investigation.

Sadly, there were two fatalities in 2024, one being a member of the public and one being an independent contractor.

We deeply regret this loss of life and the suffering it has caused to the families and loved ones of the deceased.

For fatalities or serious incidents, we work with the relevant authorities on their investigations. Incidents are investigated by local teams, to determine the cause, identify lessons and develop an action plan.

In 2024, we launched a key EHS training programme to eliminate health and safety losses, encourage safe behaviours, and manage BAT’s environmental impact.

The week-long, in-person training is for Health & Safety and Sustainability Managers and is hosted by the Global Health and Safety CoE. Participants receive a refresher on EHS expectations and detailed knowledge of EHS components.

The aim is to create experts who will champion compliance and safety at their sites. We plan to conduct multiple iterations of this programme across the Group in the years ahead, updating the programme with the latest EHS best practices.

Promoting employee health and wellbeing through LiveWell

At the core of our people strategy and workplace is the Group’s commitment to fostering health and wellbeing, supporting our colleagues to thrive personally and professionally.

This is embodied by LiveWell, our benefits and wellbeing platform, which has now been introduced globally.

This initiative builds upon our competitive core benefits and global policies, such as Parents@BAT, aligning with our refreshed values and D&I agenda.

Our core offerings include medical, risk, and pension benefits, complemented by essential emotional and financial wellbeing support.

To address the diverse needs of our global workforce, we also encourage markets to expand benefits into emerging areas such as dependent care leave, wellbeing days, neurodiversity support, women’s health, and preventative care—where feasible.

To ensure markets remain competitive and align to LiveWell, we have initiated benchmarking reviews across all top markets.

We also use data insights from claims, utilisation, and employee feedback to optimise our benefits portfolio, and elevate the overall employee experience. Clear and engaging communication remains central to these efforts.

What’s Next

Evolving our initiatives to foster impactful change.

- Focusing on diverse representation and inclusion.
- Introducing workshops and surveys to embed our corporate values across the Group.
- Leveraging technology to support skills development and safety programmes.

[†]Definitions:

For the purposes of our Unadjusted Global Gender Pay Gap and Pay Equity analyses, ‘**Direct Employees**’ are permanent employees employed directly by BAT Group companies. It does not include employees on a leave of absence, employees on unpaid sick leave, interns, students, apprentices, or fixed-term contractors employed by third-party service providers. iNovine (our Retail businesses in Croatia and Bosnia and Herzegovina) are not in the scope of the analysis.

Management: Management level employees include all employees at job grade 34 or above (excluding the Management Board), as well as any global graduates. The gender of each employee is typically recorded at the point of hire.

Senior Leaders: referred to in the ethnicity agenda includes the Management Board and direct reports of a Management Board member (i.e. MB and MB-1).

Senior Leadership teams: defined as employees in Management Grades 37-41.

Note:

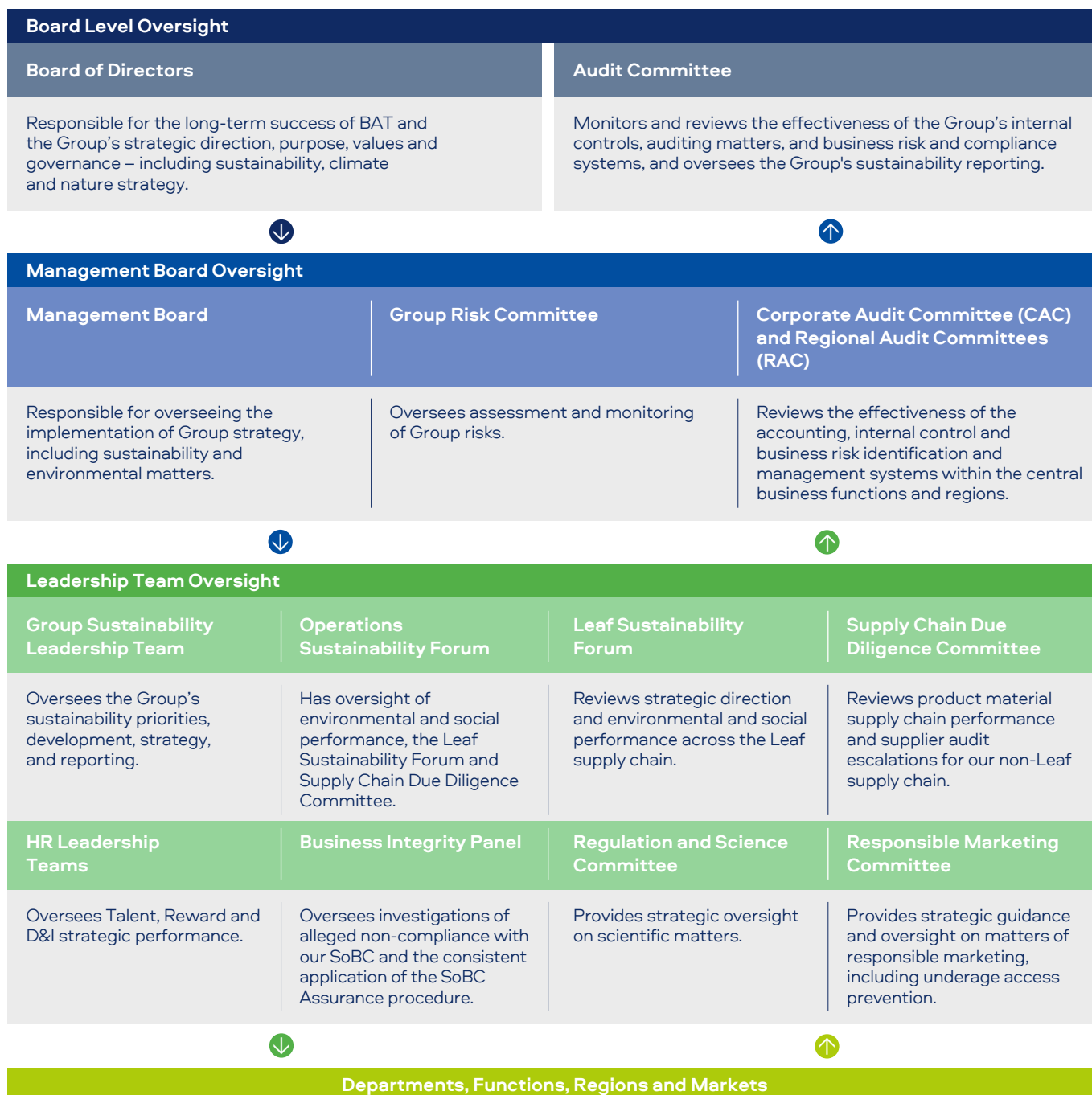
1. In 2023, we received 216 reports of alleged SoBC breaches relating to our Respect in the Workplace and Human Rights Policy under the SoBC, which were found to have occurred in 68 cases. Actions were taken in response, including disciplinary actions that resulted in 33 people leaving the organisation. In 73 cases, no evidence of wrongdoing was found, and the remaining cases are still under investigation.

Sustainable Future

Sustainability Governance

Overview of Board-led Group governance arrangements that include oversight of sustainability matters

As we strive to reduce the health impacts of our products, we also seek to manage the environmental and social impacts of our business responsibly. Doing so necessitates careful and effective governance of our impacts, risks, and opportunities. Our governance framework supports sustainable, long-term decision-making.



Integrating sustainability into our governance practices

Regulatory requirements and stakeholder expectations continue to evolve at speed. Having appropriate governance is key to delivering on our sustainability commitments. The effective oversight and management of sustainability-related risks and opportunities are essential to BAT's ability to deliver A Better Tomorrow™.

Board oversight

The Board is collectively responsible for the long-term success of the Company and the Group's strategic direction, purpose, values and governance. This includes responsibility for the Group's strategy and ensuring that resources are allocated appropriately to meet these objectives and to manage risks, including through internal controls.

The Board has strategic oversight of our sustainability matters and takes climate-related considerations into account where applicable when making strategic decisions, including in relation to budgeting, risk management and overseeing capital expenditure.

The Audit Committee receives reports from the Group's Regional Audit Committees and Corporate Audit Committee, which monitor the effectiveness of business risk management and internal controls across our regions and central functions. The Audit Committee also has oversight of the external assurance of sustainability-related information. The Nomination Committee considers sustainability experience when reviewing Board composition.

Sustainability expertise at the Board level

Our Board members have international experience including a wide range of leadership expertise in industries such as fast-moving consumer goods, infrastructure, food, beverage and tobacco, among others. To varying degrees, their experience includes the oversight of companies impacted by a range of environmental and social issues.

Non-Executive Directors receive regular briefings on legal and regulatory developments, including the evolving sustainability landscape.

In 2024, the Audit Committee was briefed on developments in sustainability reporting regulations by the Chief Sustainability Officer and KPMG as external auditor and in the context of their provision of assurance in relation to sustainability reporting. Briefings covered continued reporting in alignment with TCFD recommendations, the European Sustainability Reporting Standards introducing future requirements for disclosures in compliance with the EU Corporate Sustainability Reporting Directive (CSRD), development of the UK Sustainability Disclosure Standards, and the adoption of climate disclosure rules by the U.S. SEC (although the SEC climate disclosure rules are currently stayed).

Management's role

The Management Board, chaired by our Chief Executive, is responsible for overseeing the implementation of the Group's strategy and policies set by the Board, including those relating to sustainability. It also creates the framework for the day-to-day operation of the Group's subsidiaries.

Members of the Management Board are responsible for delivery against targets under their individual remit with respect to sustainability, including those relating to Harm Reduction. They are supported by their respective teams who, in turn, work with other functions and markets to make progress towards the Group's targets.

We continue to integrate the management of sustainability impact areas across relevant business areas at Group, regional and local market levels. This allows for the appropriate flow of information, monitoring and oversight of issues across the Group.

Integrating sustainability considerations into remuneration

Where relevant, the Management Board (including the Director, Operations) have individual performance objectives that form part of their responsibilities and are linked to their remuneration. These include delivery against climate-related priorities and metrics.

Performance against personal objectives forms part of the consideration in determining performance ratings of relevant employees, which in turn are reviewed as part of discussions to determine compensation.

The Group retains the discretion to make downward adjustments to individual bonus payments in the event of persistent underperformance against performance objectives.

The Sustainability objectives within the remuneration of Tadeu Marroco, Chief Executive, and Soraya Benchikh, Chief Financial Officer, are focused on the Group's progress in achieving its Smokeless Future ambitions. From 2025, a climate metric will be introduced into the Group's Short-Term Incentive Plan, linking compensation of Executive Directors and wider employees with the decarbonisation of our operations.

Governing our material impacts

To manage our material sustainability impacts we have set up topic-specific Centres of Excellence at the middle management level. These include Climate Change, Circular Economy, Nature and Social Centres of Excellence. In addition, individual business functions, such as Legal, Corporate & Regulatory Affairs and HR, manage material issues relevant to their areas. The management of material sustainability topics is also discussed in various committees and forums, such as:

- Group Sustainability Leadership Team,
- Environmental Sustainability Committee,
- Operations Sustainability Committee,
- Leaf Sustainability Forum,
- Supply Chain Due Diligence Committee,
- Responsible Marketing Principles Steering Committee,
- Regulation and Science Committee,
- Business Integrity Panel; and
- Talent Reward and D&I Leadership Teams.

Issues considered in these forums are raised, where appropriate, at Management Board level or with the Audit Committee or the Board.

Sustainable Future

Sustainability Policies, Procedures and Standards

A clearly defined governance framework to support management control and Board-level oversight of sustainability matters. This provides the policies, procedures and standards to determine and guide how we operate our business – from local markets and business units up to Board level.

Our Group policies (indicated by* in the table below) are approved by the Board and are implemented for application by all Group companies.

Our Group policies are underpinned by a range of principles, statements, operating procedures, standards and guidelines to help support effective implementation of our commitments.

Together, this framework supports the effective identification, management and control of risks and opportunities for our business in these and other areas.

Policies, Procedures and Standards	Summary of Areas Covered	Key Stakeholder Groups
Standards of Business Conduct (SoBC)* Available at bat.com/principles	Sets out our policies for: Speak Up; respect in the workplace; human rights; health; safety and welfare; environmental; lobbying and engagement; conflicts of interest; anti-bribery and corruption; gifts and entertainment; political contributions; community investment; protection of corporate assets and financial integrity; competition and anti-trust; anti-money laundering and tax evasion; sanctions; anti-illicit trade; data privacy; and cybersecurity, confidentiality and information security.	Our people Governments and wider society
Supplier Code of Conduct* Available at bat.com/principles	Covers compliance; human rights; environmental sustainability; trade and marketing; business integrity; and cybersecurity, confidentiality and information security.	Customers Suppliers Governments and wider society
Group Environment Policy* Available at bat.com/principles	Commits to following standards of environmental protection, adhering to the principles of sustainable development and protecting biodiversity in our direct operations and supply chain. Includes an assessment of our value chain impacts, Circular Economy principles, biodiversity commitments and metrics and targets.	Our people Consumers Suppliers Customers Governments and wider society
Group Health and Safety Policy Statement* Available at bat.com/principles	Covers health, safety and welfare of our employees, contractors, visitors and other relevant stakeholders.	Our people Governments and wider society
Employment Principles* Available at bat.com/principles	Sets out our commitments to workforce diversity, reasonable working hours, family-friendly policies, employee wellbeing, talent, performance, equal opportunities, and fair, clear and competitive remuneration and benefits and responsible restructuring.	Our people
Responsible Marketing Principles (RMP)* Available at bat.com/principles and bat.com/responsible-marketing	Governs marketing of all our products and includes the requirement for all our marketing to be targeted at adult consumers only. The RMP is supported by the Responsible Marketing Code.	Consumers Suppliers Customers Governments and wider society
Group Quality Policy Statement Available at bat.com/principles	Formalises how we strive to deliver high-quality products through appropriate processes, procedures, resources, and training.	Consumers
Product Stewardship Framework* Available at bat.com/principles	Sets out the steps we take for responsible product development and manufacturing and reflects our commitment to meet high quality and safety standards. Guides product development and testing, helping to promote a rigorous and systematic approach.	Consumers Suppliers Customers Governments and wider society
Biodiversity Statement Available at bat.com/principles	Sets out the principles we follow to manage our impact on biodiversity and the wider environment.	Our people Suppliers Governments and wider society
Biodiversity Operational Standard on Tobacco Farming	Sets out requirements that all of the Group's own Leaf Operations must adhere to for the following tobacco crop activities: use of wood as fuel for tobacco curing and for the construction of curing barns; new farmland development for growing tobacco; and tobacco farming and associated agricultural practices. Third-party Leaf suppliers are also required to follow this standard within their own practices and operations.	Our people Suppliers Governments and wider society

Policies and Procedures	Summary of Areas Covered	Key Stakeholder Groups
Climate Change and Energy Standard	Provides guidance for our employees who have responsibility for implementing climate change-related initiatives.	Our people Suppliers Customers Governments and wider society
Green Mobility Standard	Outlines our strategy for reducing the environmental impact of our car fleet, namely carbon dioxide equivalent emissions (CO ₂ e), air pollution, and noise reduction through the deployment of electric vehicles.	Our people Suppliers Governments and wider society
Low Carbon Transition Plan	Describes our Climate strategy and how we intend to transition our processes, operations, and business models to meet our climate commitments.	Our people Suppliers Customers Governments and wider society
Environment and Health and Safety (EHS) Policy Manual	Sets out comprehensive guidance and procedures for Group companies on the implementation of EHS policy commitments.	Our people Governments and wider society Suppliers
Operational standard for personal protective equipment (PPE)	Requires all directly contracted farmers and their workers to have appropriate access to PPE.	Our people Suppliers Governments and wider society
Water Security Standard	Sets out guidance for Group companies on water conservation, managing water-risk, and actions for our sites in water stressed areas.	Our people Suppliers Governments and wider society
Soil and Groundwater Protection Standard	Defines the controls and standards required for Group companies to prevent and protect against spillages and leakages that could impact soil or groundwater.	Our people Suppliers Governments and wider society
Group Code of Human Rights in Tobacco Farming	Outlines the core human rights standards that we expect all the Group's own Leaf Operations to implement. The Code complements our Global Supplier Code of Conduct, Leaf Supplier Manual and Standards of Business Conduct, and applies to all BAT employees and the Group's own Leaf Operations.	Our people Governments and wider society
Leaf Supplier Manual (LSM)	Sets out the detailed standards we expect our suppliers to adhere to. These include a range of criteria relating to standards in agricultural practices, quality specifications and processing, such as relating to agrochemicals compliance and the prevention of child labour.	Suppliers Governments and wider society
Anti-illicit Trade (AIT) Supply Chain Compliance Procedures	Sets out guidance for all Group companies for complying with our AIT Policy in the SoBC. It sets out procedures for maintaining robust supply chain controls and taking appropriate action where there are risks that our tobacco and/or products may be smuggled.	Our people Suppliers Customers Governments and wider society
Group SoBC Assurance Procedure	Defines how all reports of alleged SoBC breaches should be investigated and remediated fairly and objectively. This includes a four-step process, involving an initial assessment, in line with data privacy and employment laws, followed by an investigation plan, implementation, reporting of findings, and closure.	Our people
Sanctions Compliance Procedure	Outlines our comprehensive sanctions compliance framework covering Group companies, suppliers, third parties and financial transactions.	Our people Suppliers Customers Governments and wider society
Third-Party Anti-Financial Crime Procedure	Sets out Group-wide minimum mandatory steps required for our dealings with third parties. Designed to assess and mitigate third-party risks regarding: bribery and corruption; money laundering; terrorist financing; illicit trade (supply chain compliance); sanctions; and the facilitation of tax evasion.	Our people Suppliers Customers Governments and wider society
Mergers and Acquisitions (M&A) Transactions Compliance Procedure	Sets out mandatory steps, along with best-practice guidelines for M&A transactions involving any Group company and one or more third parties covering compliance risks, such as bribery, corruption and human rights.	Our people Suppliers Customers Governments and wider society
Counter Terrorist Financing Procedure	Covers Group Companies, suppliers, customers and financial transactions. The Procedure has been designed to identify, assess and mitigate the terrorist financing risk.	Our people Suppliers Customers Governments and Wider Society

Sustainable Future

Creating a Culture of Integrity

Our approach to responsible business conduct

Our Standards of Business Conduct (SoBC) cover key compliance matters, our approach to external stakeholders and cybersecurity matters.

Through our Delivery with Integrity programme, we aim to increase awareness on business ethics and drive a consistent approach to the application of our SoBC across the Group.

Our Supplier Code of Conduct (SCoC) defines the minimum standards expected of our suppliers in key areas, including compliance, human rights and business integrity and cyber-risk. The Anti-Illicit Trade (AIT) chapter is integral to our SoBC and sets out the controls all Group companies must have in place to prevent and deter illicit trade. Our Supply Chain Compliance Procedures (SCCP) support our customers in complying with our AIT chapter. These requirements are incorporated into our contractual arrangements with suppliers and customers.

+ Read more about our policies and procedures on [pages 116 to 117](#)

We adjusted the review schedule of the SoBC and SCoC from every two years to every year from 2024, and this year we reviewed and updated our SoBC and SCoC (both effective as of 1 January 2024) as well as other procedures such as our Sanctions Compliance Procedure (effective 20 May 2024) to keep pace with the evolving regulatory environment. We also implemented a new Counter-Terrorist Financing Procedure to support the management and mitigation of Group anti-financial crime risks in this area. The updates to these three policies and procedures were communicated to Group employees by our senior Legal leadership team.

Enabling everyone to Speak Up

Our SoBC and SCoC make it clear that our employees, business partners and suppliers should Speak Up if they have a concern about actual or suspected wrongdoing. We do not tolerate harassment, victimisation or reprisals of any kind against anyone raising a concern, as such conduct is itself a breach of our SoBC. Anyone can use Speak Up, including employees; contractors; contingent workers; business partners; customers; suppliers, and their workers. They can raise concerns (anonymously if preferred) through our confidential, independently managed online and telephone 'Speak Up' channels, available 24 hours a day in local languages. They can also speak to Human Resources, their line manager or a Designated Officer.

Not all contacts involve breaches. Some relate to questions regarding the SoBC. For substantiated breaches, we take appropriate disciplinary actions, ranging from formal written warnings to the termination of employment. Where appropriate, we will report matters to the relevant authorities.

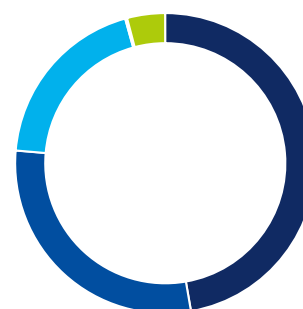
Addressing non-compliance with our SoBC

In 2024, 512 of all the 869³ SoBC contacts were assessed as alleged SoBC breaches and reported to the Audit Committee in accordance with Group reporting procedures. In 50% of these alleged breaches, the person raising the case chose to remain anonymous. Our SoBC Assurance Procedure, which was reviewed and revised in 2024, defines how all reports of alleged SoBC breaches should be triaged, investigated and remediated fairly and objectively. Our Business Integrity Panel's role is to see that the procedure is applied consistently. In 2024, figures for detailed investigations conducted into all reported cases were:

- No wrongdoing was found in 163³ cases;
- Investigation ongoing at year-end for 185³ cases; and
- 164^{@i@.3} cases were established as breaches and appropriate action taken².

In 2024, the established SoBC breaches resulted in 81^{@i@.3} people leaving BAT and 48³ written warnings. If any weakness in internal controls is identified, the appropriate measures are taken to strengthen them.

Alleged SoBC breaches in 2024²



Policy areas	Breakdown (%)
Social and Environment (Workplace and human rights)	47
Corporate Assets and Financial Integrity	29
Personal and Business Integrity	19
Others not relating to a specific policy area	0
National and International Trade	4
External stakeholders (Lobbying and public contributions)	0

Data does not add up to 100% due to rounding up

Promoting compliance

Our Sanctions Compliance Framework and Third-Party Anti-Financial Crime Procedure take a comprehensive approach to promoting compliance with a range of legal and regulatory requirements applicable to the Group. In 2024, our sanctions training programme has focused on specific employees working in functions or markets with elevated sanctions-sensitive risks. It is designed to support them to build confidence in identifying key sanctions compliance risks.

In 2024, we delivered training across our Group companies to enhance colleagues' understanding of sanctions, anti-financial crime, and supply chain controls, among other topics.

Notes:

- ¹ Figures with independent limited assurance by KPMG.[®]
- Consistent with our reporting approach, cases are not included in the above if they were not resolved at the end of the previous reporting period. Refer to our Sustainability Performance Data Book 'Reporting Criteria' for further information.
- In 2023, 427 of 707 SoBC contacts were assessed as alleged SoBC breaches and reported to the Audit Committee in accordance with Group reporting procedures. In 2023, figures for detailed investigations conducted into all reported cases were: No wrongdoing was found in 135 cases; Investigation ongoing at year-end for 169 cases, and 123 cases were established as breaches and appropriate action taken. In 2023, the established SoBC breaches resulted in 79 people leaving BAT and 53 written warnings.

The training was delivered to both Group-wide and specific audiences, depending on the need, to bolster internal competencies in essential compliance areas, further promoting a culture of integrity. We are developing additional risk-based training programmes for our employees to enhance third-party risk management of suppliers, with practical tools to reinforce the tone from the top and the middle, and to improve access to relevant training.

We also introduced a compliance-related business performance objective for all relevant employees, including the Management Board and all Legal department employees. By attaching measurable business deliverables for these employees to 'Do the Right Thing', we seek to further promote a culture of integrity across the organisation.

As set out in our M&A Transactions Compliance Procedure, our due diligence procedures for mergers, acquisitions and corporate ventures include human rights and modern slavery checks. If risks are identified, mitigation steps are taken as appropriate.

Preventing and tackling illicit trade in tobacco and nicotine products

Focusing and maintaining controls to prevent diversion of genuine BAT products is a key component in our fight against illicit trade as set out in the AIT chapter of our SoBC and SCCP.

We have a dedicated Forensic and Compliance Team that analyses seized products, determines counterfeits and identifies illicit machinery used in their production. They maintain supply chain controls through a seizure management process tailored to satisfy our contractual and regulatory obligations.

The team is also instrumental in conducting Empty Pack Survey, an AIT research tool that provides insight into incidences of illicit trade in specific markets or geographies.

Among other supply chain controls, in 2024, we rolled out an eLearning programme to all relevant employees (i.e. roles related to supply chain interactions and monitoring). The focus was on due diligence procedures, and the completion rate for the 2024 SCCP eLearning was 100% across the approximately 10,000 in-scope employees.

Regulation and engagement

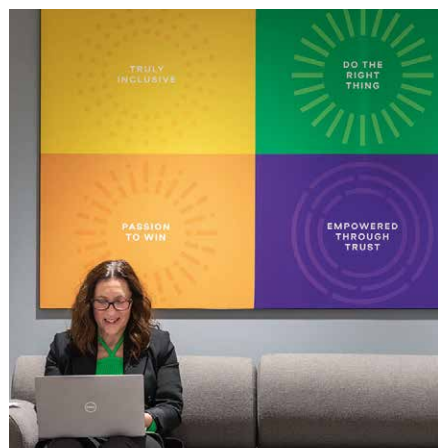
As key chapters of our SoBC, our 'Lobbying and Engagement' and 'Political Contributions' policies have been implemented by all Group companies and apply to all our employees.

These policies require all our engagement activities with external stakeholders to be conducted with transparency, openness and integrity.

For global regulatory priorities, the views we advocate are published on our website, and we have long supported the OECD's Principles for Transparency and Integrity in Lobbying.

We also respect the call for transparent and accountable interaction between governments and relevant stakeholders, including the tobacco industry, established in Article 5.3 of the World Health Organization's Framework Convention on Tobacco Control. We are open about what we think, and always try to offer constructive solutions that will best meet the objectives of regulation, while managing any negative unintended consequences. Regulatory engagement by our businesses is monitored throughout the year by our Regional Audit Committees.

Case study



Globally developed, locally deployed

Maintaining a consistent ethical culture across the Group is a fundamental objective of Delivery with Integrity, BAT's compliance programme.

This goal is driven by the central compliance team, which designs the global compliance framework, and it is executed by local teams across markets, who focus on adapting the controls and communications to mitigate risk and strengthen compliance in areas of local business relevance.

To do so, the local teams adopt various channels and approaches that fit their own needs. These may include employee focus groups to identify challenges or identify departmental champions to drive messages at grassroots level. Some local market teams build compliance into Town Hall sessions so it is seen as an integral part of 'Business As Usual' (BAU) as well as running dedicated integrity-themed communications campaigns tailored to the local context and focused on how individuals contribute to the collective culture of integrity.



Explore the story of our year.

Go online and find downloadable versions of this report, along with our performance summary and other content – all accessible on desktop, tablet and mobile:

 bat.com

 youtube.com/welcometobat

 [@BATplc](https://twitter.com/BATplc)