

CELEBRATING

120
YEARS

1902 - 2022



Diversity and Inclusion

Gender and Ethnicity Pay Reporting 2021

Messages from our Leadership

Building A Better Tomorrow™



“ We will build A Better Tomorrow™ through a multi-category portfolio of non-combustible products, tailored to meet the preferences of adult consumers.”

We will build A Better Tomorrow™ through a multi-category portfolio of non-combustible products, tailored to meet the preferences of adult consumers. Our focus is on scientifically-substantiated, reduced risk tobacco and nicotine products*.

Our transformation is driven by our people. By combining existing and new capabilities, we are radically redefining our organisation. To succeed, we need fresh, diverse skills, perspectives and mindsets to challenge the status quo and drive innovation. That means striving for gender balance and a mix of nationalities, ethnicities and cross-industry experience.

Diversity has long been one of the core values that form the foundation of our culture and our diversity and inclusion (D&I) strategy is well-established across the Group.

In 2020, we set bold ambitions for 2025 to further accelerate the pace of progress:

- Increase the proportion of women in senior leadership teams to 40%;
- Increase the proportion of women in management roles to 45%; and
- Achieve at least a 50% spread of distinct nationalities within all key leadership teams.

This accelerated focus on diversity is crucial in creating a dynamic and inspiring workplace that will propel BAT into the future and create A Better Tomorrow™ for all our stakeholders.

The BAT of tomorrow will be a high-growth, consumer goods company: global, consumer-centric, multi-category, with sustainability and diversity at our core.

Jack Bowles
Chief Executive

“ Our transformation is driven by our people. By combining existing and new capabilities, we are radically redefining our organisation.”

“ Diversity has long been one of the core values that form the foundation of our culture.”

* 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 US, including Vuse, Velo, Grizzly, Kodiak, and Camel Snus, are subject to Food and Drug Administration (FDA) regulation and no reduced-risk claims will be made as to these products without FDA clearance.

Messages from our Leadership

Continued

“Attracting and retaining an increasingly diverse workforce, and providing a welcoming, inclusive working environment, are key drivers in BAT’s transformation journey.”



“With more than 52,000 employees worldwide, our D&I strategy is truly global. I am incredibly proud of the progress we’re making against our 2025 ambitions.”

With more than 52,000 employees worldwide, our D&I strategy is truly global. I am incredibly proud of the progress we’re making against our 2025 ambitions. In 2021, women comprised 39% in management and 27% in leadership teams.

Together with the UK, these countries represent approximately 40% of all our employees worldwide, covering more than 19,000 people. We are also, for the first time, publishing data on ethnicity pay gaps for our UK employees.

We continue to receive notable external recognition for our efforts. In 2021, we were ranked by the Financial Times as a leader in diversity among the top 10% of companies for achieving a diverse and inclusive workforce. We were also the first in our industry to achieve accreditation with the UK National Equality Standard and the Global Equality Standard. Both are rigorous industry-leading benchmarks for diversity and inclusion.

By building a more complete picture of gender, ethnicity and pay, we can accurately measure the progress we are making in building a diverse and inclusive culture and ensuring the delivery of fair pay across the Group.

“We were the first in our industry to achieve accreditation with the UK National Equality Standard and the Global Equality Standard.”

In this report you can find details of our global D&I strategy, as well as our gender pay reporting in accordance with UK regulations. As part of our commitment to transparency, we have been voluntarily reporting consolidated data for all our UK employees since 2017, rather than just for our four UK businesses that fall into the scope of the regulations.

These insights help inform the development of our D&I efforts at both a local and global level. Over the next year, we plan to progress further in this regard, expanding our voluntary gender pay reporting to more of our markets around the world.

We are also pleased to have gained independent accreditation against the Fair Pay Workplace Certification in early 2022¹.

“For our 2021 reporting, we have extended our disclosures to include gender pay data for employees in an additional eight countries... We are also, for the first time, publishing data on ethnicity pay gaps for our UK employees.”

For our 2021 reporting, we have extended our disclosures to include gender pay data for employees in an additional eight countries.

Together, these efforts demonstrate our serious commitment to pay equity and transparency, and to ensuring a diverse and inclusive workplace for all our employees worldwide.

Hae In Kim

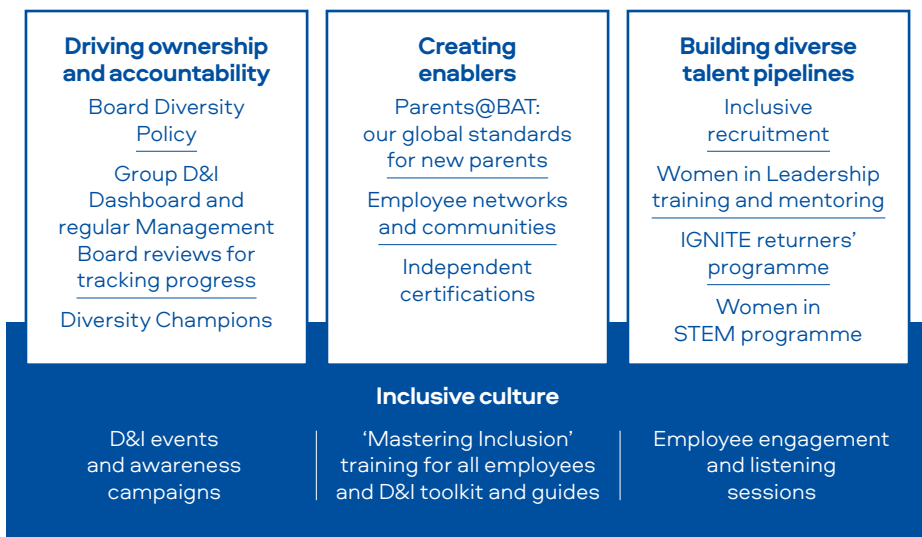
Director, Talent, Culture and Inclusion

¹ Fair Pay Workplace Certification recognises organisations dedicated to true pay equity using a transparent and standardised methodology to measure compensation comparisons across gender and ethnicity.

Our Diversity and Inclusion Strategy

Our diversity and inclusion (D&I) strategy focuses on key strategic pillars to drive ownership and accountability, build diverse talent pipelines and create enablers – all underpinned by an inclusive culture.

D&I Strategy Overview



Our D&I Strategy

As we transform our business, we need to challenge the status quo and drive innovation. That means striving for gender balance and a mix of nationalities, ethnicities and cross-industry experience.

Our D&I strategy is well-established across the Group worldwide and focuses on ensuring all our employees can flourish regardless of their gender, ethnicity, culture or other differences. We have implemented a range of initiatives under our key strategic pillars to drive ownership and accountability, build diverse talent pipelines and create enablers – all underpinned by an inclusive culture.

Driving Ownership and Accountability

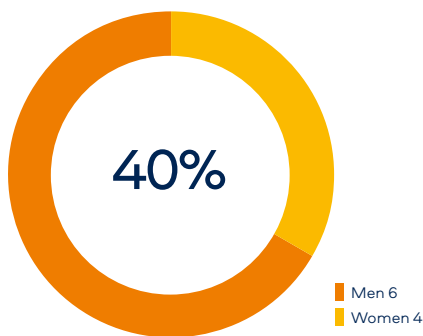
Ensuring ownership of, and accountability for, our D&I strategy across all business areas and leadership teams is key to driving progress to our 2025 ambitions.

Setting the 'tone from the top' is crucial to this. Our Board Diversity Policy sets the Board's commitment to considering all aspects of diversity when reviewing the composition of, and succession planning for, the Board and Management Board. As at 31 December 2021, there were four female Non-Executive Directors, representing 40% of our Board. There was also two women, representing 15%, on our Management Board.

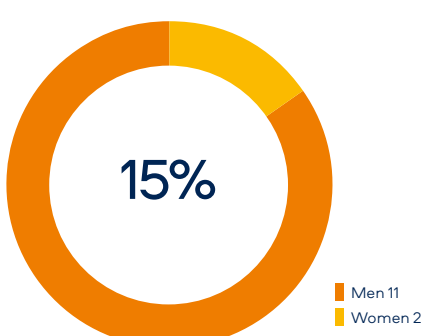
Our D&I governance structure ensures clear accountability for our business leaders and leadership teams for achieving our 2025 ambitions. This includes a D&I dashboard and regular reviews by our Management Board to ensure close monitoring of progress and plans. Diversity also remains fully embedded in our talent-review processes and meetings across all levels of the Group.

The positive impact of our strategy can also be seen in markets where cultural, religious or other factors can make D&I more challenging and complex. For example, in Saudi Arabia, we have taken bold steps to create a gender balanced organisation with 75% of new management hires being women. We also appointed the first female General Manager in our South Korean business.

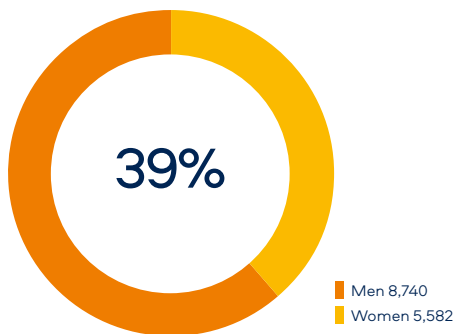
Women on our Board of Directors²



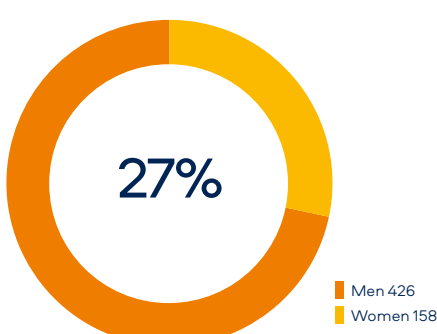
Women on our Management Board²



Women in management roles²



Women on senior leadership teams²



² Global diversity data taken as at 31 December 2021.

Our Diversity and Inclusion Strategy Continued

Building Diverse Talent Pipelines

We are committed to increasing the proportion of women in senior leadership teams to 40% and in management roles to 45% by 2025.

To achieve this, we need to build diverse talent pipelines at all levels of the organisation through recruiting, developing and retaining the best female talent.

From the beginning of an employee's journey with BAT, our commitment to fairness and inclusivity is embedded throughout the recruitment process, helping to ensure equal access to opportunities at BAT. We require all recruitment agencies we work with to provide gender-balanced longlists of candidates. In the UK, we partner with firms accredited under the UK Government's Enhanced Code of Conduct for Executive Search Firms. This acknowledges firms with a strong track record in, and promotion of, gender diversity in the FTSE.

In 2021, 47% of our external management-level recruits were women. Women also comprised 51% of our new graduate intake in 2021.

Following a successful pilot in the UK in 2020, we launched our IGNITE returners programme in eight more countries in 2021. IGNITE focuses on supporting experienced professionals returning to the workplace after a career break. It includes flexible working, training and coaching for returners, and training for line managers on how to best support them.

We have also supported the development of over 730 female employees through our Women in Leadership training and the INSEAD business school's programme, over the past eight years. And we provide a range of mentoring, coaching and sponsorship programmes to support women's development. This includes cross-company mentoring through the Mission Gender Equity mentoring programme provided by the Moving Ahead organisation in the UK. We also have reverse mentoring schemes in our Digital Business Solutions (DBS) function and key markets, where junior managers bring fresh perspectives by mentoring senior leaders.

Our women's development, training and mentoring programmes have helped lead to a higher number of promotions among female employees for the last three years. In 2021, 18% of our management-level female employees were promoted, compared to 14% of male management-level employees.



SPOTLIGHT

Celebrating our Women in Science

We are transforming BAT to create A Better Tomorrow™ and reduce the health impact of our business. To do that, we need fresh, diverse thinking in science and innovation.

Since 2019, our Women in STEM (science, technology, engineering and maths) initiative has focused on attracting, developing and retaining more women in our R&D, Operations and DBS functions.

In the UK, we are members of the multi-stakeholder group WISE and official signatories of its 10-step framework. This provides evidence-based action, knowledge and tools for achieving gender balance in the STEM workforce, against which we achieved a top percentile ranking in 2021.

In 2021, we marked International Day of Women and Girls in Science by celebrating the achievements of our female scientists and shining a spotlight on their world-class research.

“I'm really passionate about my work at BAT because I'm doing what I love – research. I get the chance to work with different project teams and different groups. And this diversity of people, of different backgrounds, ages, nationalities and cultures has been really important and rewarding in my professional and personal life.”



Dr Isabel Pinto
Analytical Scientist,
BAT R&D centre in the UK



In the UK, we are members of the multi-stakeholder group WISE.

WISE's mission is to help organisations to accelerate cultural change and increase gender balance in STEM roles.

Our Diversity and Inclusion Strategy Continued

Creating Enablers

To realise our diversity ambitions, we know we must have enablers in place that provide a supportive environment for people to thrive and realise their full potential.

One of the ways we do this is by providing women and diverse groups with an opportunity to connect, engage and share experiences. We have employee networks across all levels of the Group, including our Women in BAT and our B-United LGBT+ communities, as well as our newly established menopause network.

Our Parents@BAT programme also continues to provide a range of benefits to support new parents. This offers minimum requirements for fully paid leave for new mothers and adoptive parents, and a return-to-work guarantee, exceeding legal requirements in many countries. It also includes flexible working opportunities and an online advice service offering coaching support for all parents whenever they need it.

In 2021, we became the first in our industry to achieve accreditation with the UK National Equality Standard and the Global Equality Standard. Both are rigorous industry-leading benchmarks for diversity and inclusion.

Inclusive Culture

We can only harness the benefits of a diverse workforce if we have an inclusive culture where all our employees can flourish, regardless of their gender, ethnicity, culture or other differences.

We work to continually raise awareness of diversity through campaigns and events. For example, each year we celebrate National Inclusion Week, Pride month, International Women’s Day and International Day for Women and Girls in Science.

Our ‘Strength from Diversity’ training workshops help our management-level employees understand unconscious, conscious and organisational bias. In 2021, we relaunched this training as ‘Mastering Inclusion’ and opened it up to all our non-management employees. It is compulsory for all new hires and new managers and, so far, more than 8,300 employees have completed the training. We also launched a new D&I toolkit for all our managers in 2021, as well as LGBT+ and Race and Ethnicity Allyship Guides.

Ensuring we have open engagement, where we can listen and learn from our employees, is crucial to an inclusive culture. We have a wide range of employee engagement channels around the Group, including our global ‘Your Voice’ survey, which we run every two years – most recently in 2021.

We were pleased to surpass our 2019 response rate with 93% of all employees globally choosing to respond.

The results demonstrate that we continue to outperform our global FMCG comparator group in almost all areas surveyed, including in the Sustainable Engagement Index and the High Performance Index. Our Group results were also significantly ahead of our FMCG comparator group in relation to diversity and inclusion and people management.

Our 2025 Ambitions

While we are encouraged by our steady progress, we continue to push ourselves further with our 2025 D&I ambitions. We are confident this will lead to BAT becoming an even more diverse, inclusive and dynamic organisation. And we believe this will contribute to further improvements in our pay equality across all employees.

Our 2025 ambitions are to:

- Increase the proportion of women in senior leadership teams to 40%;
- Increase the proportion of women in management roles to 45%; and
- Achieve at least a 50% spread of distinct nationalities within all key leadership teams.

83%

favourable response for diversity and inclusion in our 2021 Your Voice survey, 5% above our FMCG comparator group

SPOTLIGHT

Ethnic Diversity

As well as striving for gender balance, our D&I strategy focuses on diversity of nationalities and ethnicities across our organisation.

We have 141 different nationalities, from a wide range of ethnic backgrounds, in management roles across the Group. Our target is to achieve at least a 50% spread of distinct nationalities in all our regional and functional leadership teams to better mirror our consumer base. In 2021, this was achieved for 92% of our leadership teams.

In 2021, we launched a new D&I toolkit for all our managers, as well as a Race and Ethnicity Allyship Guide. This guide provides practical information to help debunk myths and misconceptions, understand unconscious bias, micro-aggressions and micro-inequalities. It also provides tips on how to proactively create an inclusive environment and support racial and ethnic diversity.

In the US, we have a dedicated African-American Employee Resource Group where employees can share with management their views and experiences related to racial injustice. And in the UK, we are signatories to the UK Race at Work Charter for supporting racial equality in the workplace.

In 2021, we asked all our UK employees to voluntarily self-declare their ethnicity, with 77% choosing to do so. This provides us with a fuller picture of the diversity of our employees, so we can ensure we are focusing our efforts in the right area and increasing transparency.

As part of this, for the first time, we are publishing ethnicity pay gap data for UK employees in this report (see page 11). We remain committed to further expanding our ethnicity reporting to more markets in the future, as we have done with gender pay reporting this year.



20%³

of our Board of Directors and 15%³ of our Management Board are from an ethnic minority background⁴

³ Global diversity data taken as at 31 December 2021.

⁴ Applying UK Office for National Statistics ethnicity categories of: Asian; Black; Mixed/ multiple ethnic groups; Other ethnic group, in alignment with the Parker Review.

Our Pay Equality Reporting

As part of our commitment to transparency, we are going beyond the requirements of the UK regulations by voluntarily publishing additional data.

Since we first began gender pay reporting in 2017, we have consolidated data for all our UK employees (see page 7), rather than just for our four UK businesses that fall into the scope of the regulations (see page 10). We feel this better represents the intent of the regulations, particularly as not to do so would mean excluding some of the highest-paid men in the company.

For our 2021 reporting, we have extended our disclosures to include gender pay data for employees in an additional eight countries (see page 8). Together with the UK, these countries represent approximately 40% of all our employees worldwide, covering more than 19,000 people. We are also, for the first time, publishing data on ethnicity pay gaps for our UK employees (see page 11).

By building a more complete picture of gender, ethnicity and pay, we can accurately measure the progress we are making in building a diverse and inclusive culture and to ensure the delivery of fair pay in all markets.

These insights form a critical input into our local and global diversity and inclusion efforts detailed elsewhere in this report. Over the next year, we plan to progress further in this regard, expanding our voluntary gender pay reporting to more of our markets around the world.

Equal Pay for Equal Work

The existence of a gender pay gap does not mean that men and women in equivalent jobs are being paid unfairly. Our focus on gender pay equity is designed to ensure that women and men performing the same work or work of equal value are paid equitably.

Our Standards of Business Conduct (SoBC) makes clear our commitment to providing fair, clear and competitive wages and benefits for all employees. We work to ensure pay, bonuses and benefits are not influenced by factors such as gender or ethnicity.

In 2021, we worked with a specialist consultancy to conduct a Pay Equity Review for all 19,000 employees covered by our gender pay reporting. We evaluated the base salary for each employee at each level of the organisation, considering any objective reasons for any salary determinations, such as level or type of work performed, individual performance, location, and experience.

The consolidated results show:

- Men and women are paid within 1% of one another for doing the same work or work of equal value; and
- All UK ethnic minorities combined and UK white counterparts are paid within 1% of one another for doing the same work or work of equal value.

This confirms that our global efforts for providing fair compensation based on legitimate drivers of pay are working.

In early 2022, we gained independent accreditation from Fair Pay Workplace, a non-profit organisation, for all the countries included in the scope of our Pay Equity Review. Certification demonstrates a further commitment to Pay Equity, moving from self-disclosure to demonstrable actions.

Pay Equity in the UK

The chart below shows the difference between the average salaries for men and women by grade for all UK employees.

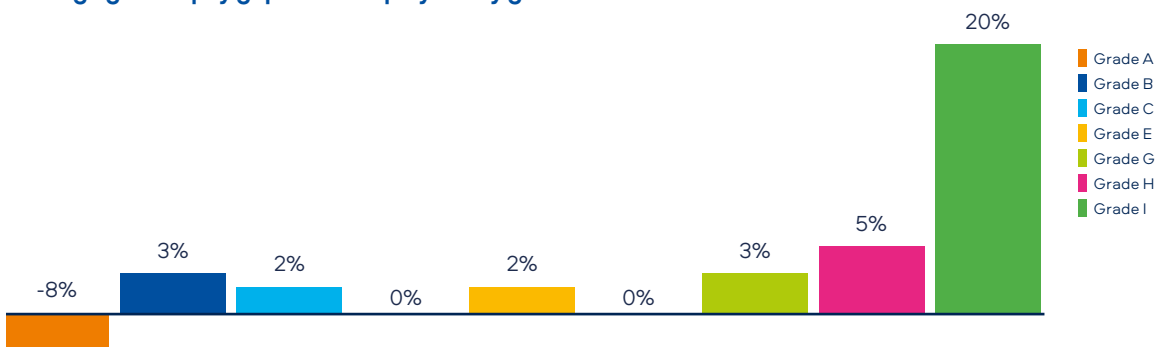
It is reasonable for people at the same grade to have salary differentials, but this must be for objective reasons including the level or type of work, location and experience.

At the most junior level of the organisation (Grade A), the gap of 8% in favour of women is a factor of the employees' levels of experience and or/geographical locations.

Experience levels are broadly comparable throughout other parts of the organisation, resulting in pay gaps of 5% or less.

At the most senior, executive level of the organisation (Grade I), the gap of 20% is a factor of the employees' level of experience. The men in this grade have been in role for an average of 7.9 years, compared to 2.7 years for the women. The seniority of the roles is also a factor, with two male Executive Directors featuring in Grade I.

Average gender pay gap of UK employees by grade⁵



Grade A is the most junior level of the organisation and Grade I is the most senior.

⁵ Based on basic monthly salary only.

Our Pay Equality Reporting Continued

UK-wide Gender Pay

In total, we have 12 different businesses in the UK employing over 2,700 people⁶, including our Chief Executive, Management Board Directors and leadership teams for our global business functions, which attract the highest levels of remuneration and bonus opportunities.

Women account for 42% of all our UK employees, and we have a relatively even proportion of men and women in the lower to upper-middle pay quartiles.

The positive impact of our Group-wide D&I strategy can be seen in the number of women in senior roles steadily improving. For example, the proportion of women in the upper pay quartile has increased from 22% in 2017 to 30% in 2021.

We were also pleased in 2021 to see improvements in our gender pay gap – with both the mean and median gap improving by three percentage points to 29% and 32% respectively, compared to 2020. This was primarily driven by a higher proportion of the female population being promoted than the male population, and improved retention of senior women compared to men.

In addition, the average time in role for senior women has increased in 2021, resulting in a higher average position in the pay band for their grade. This demonstrates the positive impact of the steady rise in the number of women in senior leadership roles over recent years, with their time in role growing and therefore being reflected in the pay gap data.

This improvement is also reflected in the seven percentage point reduction in our median bonus gap. However, the mean bonus gap remains steady at 51%, reflecting the fact that we pay bonuses as a percentage of salary, so the more senior a role, the higher the bonus opportunity.

All our UK employees are entitled to participate in a bonus scheme, the majority of which is calculated by reference to Company performance. We are confident that there is no discrimination in terms of bonus eligibility or allocation. This can be seen with 93% of male employees and 96% of female employees receiving a bonus in 2021. The overall shortfall from 100% is explained by employee turnover.

Despite these improvements, we recognise that we clearly have some way to go for the impact of our Group-wide diversity and inclusion strategy to be seen in our pay data.

We are, though, on the right track. We are confident that, as we progress towards our 2025 ambitions, this will lead to more demonstrable progress in closing both our pay and bonus gaps.

Consolidated UK-wide gender data

Pay gap (mean)

2020: 32%

29%

Pay gap (median)

2020: 35%

32%

Bonus gap (mean)

2020: 50%

51%

Bonus gap (median)

2020: 57%

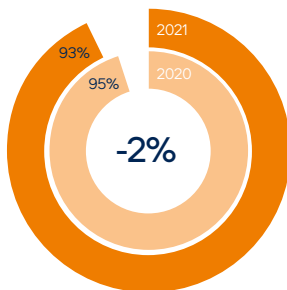
50%

Employees receiving a bonus

Men

2020: 95%

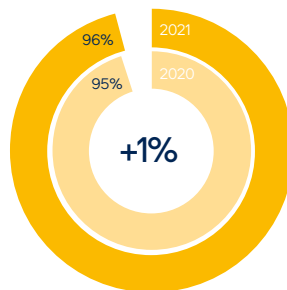
93%



Women

2020: 95%

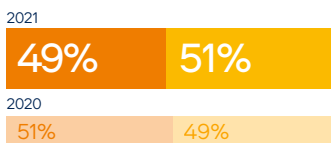
96%



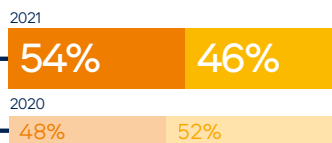
Men
Women

Gender split per quartile pay band

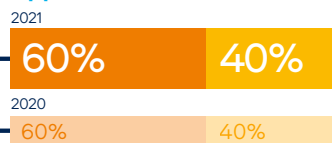
Lower



Lower-middle



Upper-middle



Upper



Men
Women

⁶ As a global business that prides itself on offering international career paths, we have a number of employees with UK contracts who are currently based overseas. For the purposes of our disclosures, we have included all employees with a UK contract on either a short- or long-term assignment outside of the UK, as well as long-term assignees into the UK.

Our Pay Equality Reporting Continued

International Gender Pay

We have collected gender pay data for an additional eight countries. Together with the UK, these countries represent approximately 40% of all our employees worldwide, covering more than 19,000 people.

The countries were selected to ensure relevant international representation comprising employees across all continents and to provide a cross-sectional view of BAT's business operations, including trade marketing and distribution (TM&D), Operations, manufacturing, R&D and Digital Business Solutions.

The data is calculated by reference to the individual's annual base salary on 1 October 2021, an expandable reporting methodology aligned with best practice standards set out by Fair Pay Workplace.

This provides a simple, reliable indicator of the median gender pay gap and unique characteristics of our businesses in each country. In many cases, the pay gaps are negligible or are in favour of women, reflecting the positive impact of our global D&I strategy across the Group.

Over the next year, we plan to progress further in this regard, expanding our voluntary gender pay reporting to more of our markets around the world.

Australia

The total number of employees in Australia is 335, with women making up 34% of the population. No median pay gap is observed due to the consistent representation of men and women throughout all levels of the organisation.

Brazil

The total number of employees in Brazil is 4,871, with women making up 24% of the population. The population is predominantly male due to the large number of TM&D and manufacturing roles, meaning that women are slightly better represented in the upper-middle earnings quartile. As a result, the median pay gap favours women.

Italy

The total number of employees in Italy is 362, with women making up 36% of the population. While there is strong female representation in senior management roles, overall there is still a slightly lower representation of women in the upper two earnings quartiles, resulting in a median pay gap in favour of men.

Malaysia

In Malaysia, we have a Commercial Business Unit and Global Business Services (GBS). The total number of employees is 1,269, with women making up 44% of the population. There is a higher representation of women in GBS administrative roles, which is the primary driver for a median pay gap in favour of men.

Romania

In Romania, we have a Commercial Business Unit and GBS. The total number of employees is 2,913, with women making up 42% of the population. There is a higher proportion of women in senior management roles, compared to more men in TM&D and manufacturing roles, leading to a median pay gap in favour of women.

Russia

The total number of employees in Russia is 2,180, with women making up 34% of the population. There is a higher proportion of women in senior management roles, compared to more men in TM&D and manufacturing roles, leading to a median pay gap in favour of women.

South Africa

The total number of employees in South Africa is 968, with women making up 24% of the population. There is a higher proportion of women at management level and above, compared to more men in junior TM&D roles, leading to a median pay gap in favour of women.

US

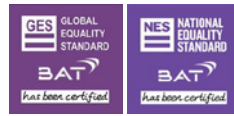
The total number of employees in the US is 4,178, with women making up 35% of the population. The higher representation of women at senior levels, compared to more men at junior levels, has resulted in a median pay gap in favour of women.

Region	Country	Gender Pay Gap		% women per quartile pay band		
		Median	Lower	Lower-middle	Upper-middle	Upper
Europe and North Africa	Italy	3%	46%	36%	29%	34%
	Romania	-35%	21%	42%	45%	60%
	Russia	-6%	40%	23%	29%	46%
Asia-Pacific and Middle East	Australia	0%	31%	36%	36%	32%
	Malaysia	8%	52%	41%	47%	36%
Americas and Sub-Saharan Africa	Brazil	-2%	29%	18%	19%	29%
	South Africa	-9%	29%	15%	23%	30%
United States of America	US	-8%	25%	27%	38%	32%

Our Pay Equality Reporting Continued



BAT was ranked by the Financial Times in the top 10% of companies in 2021 for achieving a diverse and inclusive workforce.



In 2021, we were the first in our industry to achieve accreditation with the UK National Equality Standard and the Global Equality Standard. Both are rigorous industry-leading benchmarks for diversity and inclusion.



Our corporate venture unit achieved certification in 2021 as a Level 1 fund under the Diversity VC Standard. This is an international assessment and certification process that benchmarks best practices on D&I across the venture capital industry.



SPOTLIGHT

Bonuses at BAT

All our employees are entitled to participate in a bonus scheme, the majority of which is calculated by reference to Company performance. We are confident that there is no discrimination in terms of bonus eligibility or allocation.

In line with market practice, the level and type of bonus depends on the seniority of the role, the business unit and, to a lesser extent, the location of the role.

Our UK bonus data is influenced by the fact that, in common with other large companies, we have long-term incentive plans in place for senior management in addition to cash bonus payments. These include deferred share awards that cannot be accessed for a three-year period. The UK regulations, however, do not allow for shares held in deferred schemes to be included in the data.

Consequently, bonus data for senior recently promoted and recently hired women appears lower than for their established male colleagues despite them receiving the same total award, since they cannot access the deferred elements in the initial three-year period.

For this reason, along with the fact that annual bonus payments made to employees reflect the role which they performed in the previous calendar year, improvements in the gender diversity of the senior management population typically have a delayed impact on the gender bonus gap.

96%

UK female employees received a bonus in 2021

Our Pay Equality Reporting

Continued

Our UK Statutory Gender Pay Disclosures

The regulations apply specifically to UK companies with 250 or more employees and, for BAT, this includes four of our UK businesses: BAT Holdings Ltd, BAT Investments Ltd, Nicoventures Retail (UK) Ltd and BAT UK Ltd.

The data below reflects the statutory figures for each of our four in-scope UK businesses that has been published on the government’s online gender pay gap reporting service.

We have over 800 employees of BAT Holdings Ltd, who mainly work in our London headquarters, as well as over 900 employees of BAT Investments Ltd, based mainly in Southampton in operational or R&D roles.

In both these businesses, the higher proportion of men in senior roles is the primary reason for the gender pay and bonus gaps, as outlined on the previous pages.

Nicoventures Retail (UK) Ltd and BAT UK Ltd are our UK retail and commercial businesses. They employ over 250 people and 350 people respectively, the majority of whom are in non-management sales roles. There is a more balanced gender distribution across the majority of levels in these businesses, as well as fewer senior management roles. As a result, both have negligible pay gaps.

The small bonus gaps in Nicoventures and BAT UK are primarily driven by having a much higher proportion of men in sales roles, for which the bonus opportunity is higher and calculated according to an individual’s performance, so can vary significantly each year.

	BAT Holdings Ltd	BAT Investments Ltd	Nicoventures Retail (UK) Ltd	BAT UK Ltd
Pay gap (mean)	37%	23%	-2%	-10%
Pay gap (median)	37%	23%	1%	-11%
Bonus gap (mean)	55%	42%	5%	5%
Bonus gap (median)	57%	21%	-1%	-2%

Employees receiving a bonus

Men	99%	99%	90%	66%
Women	98%	98%	98%	83%

Gender split per quartile pay band

Lower	37% Men, 63% Women	54% Men, 46% Women	50% Men, 50% Women	67% Men, 33% Women
Lower-middle	56% Men, 44% Women	50% Men, 50% Women	43% Men, 57% Women	63% Men, 37% Women
Upper-middle	64% Men, 36% Women	62% Men, 38% Women	50% Men, 50% Women	57% Men, 43% Women
Upper	78% Men, 22% Women	75% Men, 25% Women	49% Men, 51% Women	60% Men, 40% Women

Men
Women

Our Pay Equality Reporting Continued

Our UK Ethnicity Pay Disclosures

As detailed earlier in this report, as well as striving for gender balance, our D&I strategy focuses on diversity of nationalities and ethnicities across our organisation.

We welcome proposed UK regulations on ethnicity pay gap reporting. While we await further clarity on the form that these regulations may take, we have asked all our UK employees to voluntarily self-declare their ethnicity. In 2021, 77% of our employees chose to do so, with 15% declaring that they are from an ethnic minority background⁷ and 62% declaring that they are white. We will continue to engage with our employees to encourage an even higher level of voluntary ethnicity declarations.

Using the same methodology used to calculate gender pay gaps, we have analysed our UK ethnicity gap for 2021 and are voluntarily publishing the results for the first time.

We are pleased to see the results demonstrate negligible pay gaps, slightly in favour of ethnic minorities. This is primarily driven by a higher proportion of ethnic minority employees in our top pay quartile versus our bottom pay quartile. This is a reflection of the global nature of our organisation, operating in over 175 markets – with many of our senior leaders in our UK headquarters coming from the diverse markets in which we operate.



We are signatories to the UK Race at Work Charter for supporting racial equality in the workplace.

20%⁸

of our Board of Directors are from an ethnic minority background and 15%⁸ of our Management Board

Consolidated UK-wide ethnicity data

Pay gap (mean)

In favour of ethnic minorities

-3%

Pay gap (median)

In favour of ethnic minorities

-7%

Bonus gap (mean)

In favour of white employees

9%

Bonus gap (median)

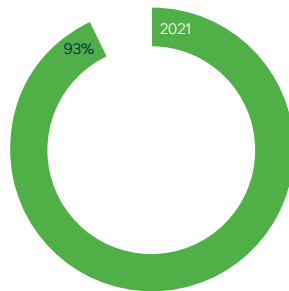
In favour of ethnic minorities

-1%

Employees receiving a bonus

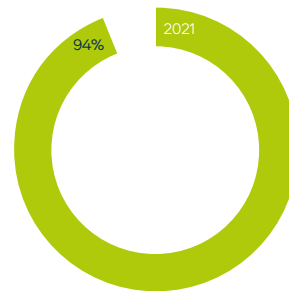
White

93%



Ethnic minorities

94%



■ White
■ Ethnic minorities

Ethnicity split per quartile pay band

Lower

2021



Lower-middle

2021



Upper-middle

2021



Upper

2021



■ White
■ Ethnic minorities

⁷ Applying UK Office for National Statistics ethnicity categories: 'Ethnic minority' is comprised of employees who declared either: Asian (Bangladeshi, Chinese, Indian, Pakistani, Other Asian), Black (Black African, Black Caribbean) or Mixed. 'White' is comprised of employees who declared either: White British, White Irish, or White Other.

⁸ Global diversity data taken as at 31 December 2021.

Further Information

About This Report

This is our fifth year of reporting UK gender pay gaps, in accordance with the UK Equality Act 2010 (Gender Pay Gap Information) Regulations 2017. This requires UK companies with 250 or more employees to publish mean and median pay and bonus gender gaps, as well as the proportion of male and female employees receiving a bonus and the proportion of men and women in four equal pay quartiles. For BAT, the in-scope UK businesses for 2021 are: British-American Tobacco (Holdings) Limited (BAT Holdings Ltd), British American Tobacco (Investments) Limited (BAT Investments Ltd), Nicoventures Retail (UK) Ltd and British American Tobacco UK Limited (BAT UK Ltd).

The UK gender and ethnicity data is taken at the snapshot date of 5 April 2021, as required by the regulations. The non-UK gender pay data is taken at 1 October 2021, while all other global diversity data in this report is taken at year-end 2021.

We can confirm that the information and data in this report is accurate and has been produced in accordance with the guidance on managing gender pay reporting developed by the Advisory, Conciliation and Arbitration Service (Acas).

Pay Equity data for 19,000 employees in nine countries has been independently certified by the non-profit organisation, Fair Pay Workplace.

References in this report to 'British American Tobacco', 'BAT', '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 companies, collectively or individually as the case may be.

The material in this 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.

Our Suite of Corporate Publications

This report forms part of our wider suite of corporate publications, including:

Annual Report

Our Annual Report provides details of our evolved Group strategy, with sustainability at its heart. This includes our clear corporate purpose to build A Better Tomorrow™ by reducing the health impact of our business through offering a greater choice of enjoyable and less risky products.

 Find out more about our [2021 Annual Report](#).



ESG Report

Our ESG Report outlines how we are delivering against our purpose and putting sustainability at front and centre of our business. It provides detailed information about our policies, management approach, performance and targets for all our environmental, social and governance (ESG) priorities.

 Find out more about our [2021 ESG Report](#).



Human Rights Report

Our Human Rights report covers how we are raising the bar to address human rights impacts across our global business and supply chain, aligned to UN Guiding Principles Reporting Framework.

 Find out more about our [Human Rights Report](#).



Modern Slavery Statement

We publish our Modern Slavery Statement each year, in accordance with the UK Modern Slavery Act, detailing the steps taken by BAT p.l.c. and subsidiary Group companies to prevent modern slavery and human trafficking in our business and supply chains.

 Find out more about our [Modern Slavery Statement](#).

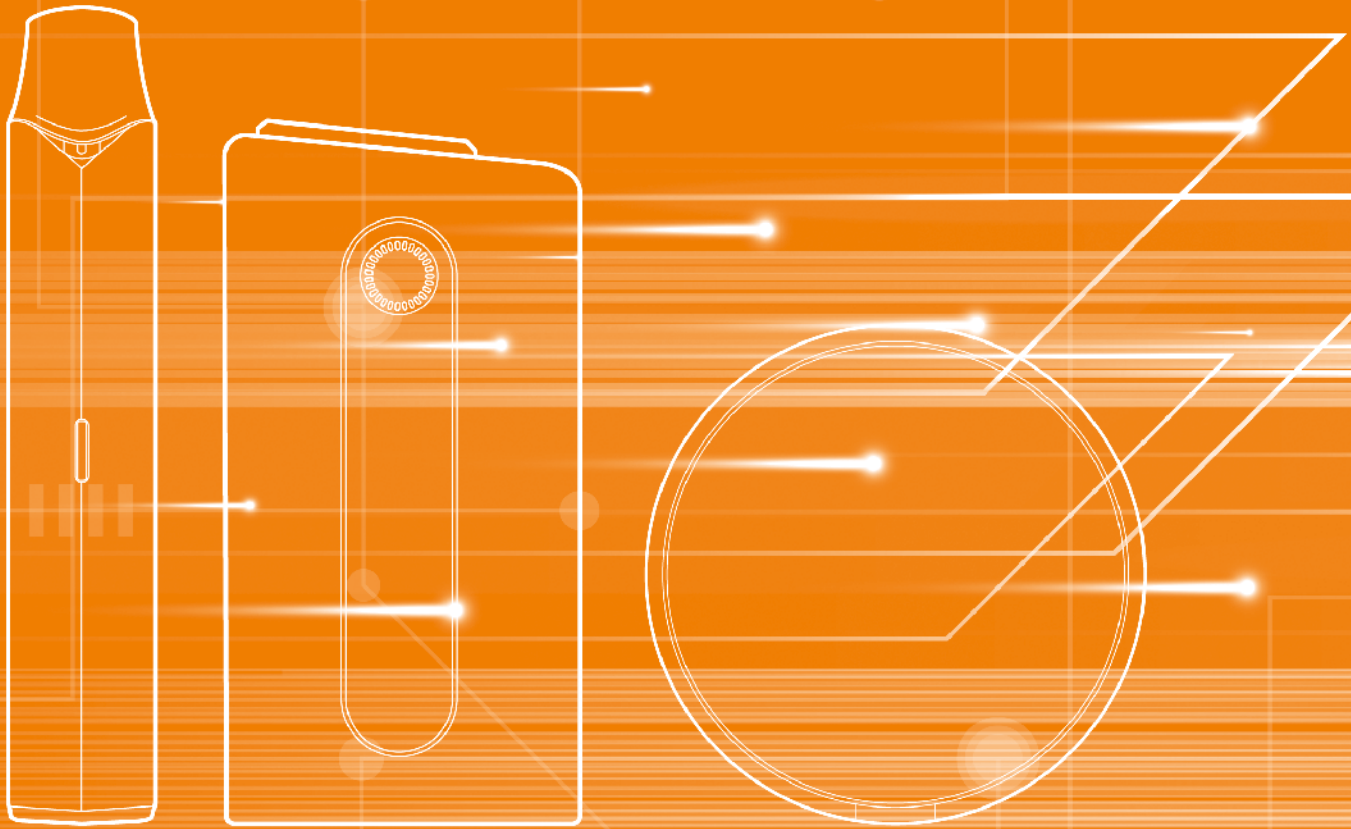


Science and Innovation Report

Our Science and Innovation Report covers our research into New Category products, as well as exploring our open and transparent approach to scientific engagement.

 Find out more about our [Science and Innovation Report](#).





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