



# Diversity and Inclusion

Gender and Ethnicity Reporting 2022

Building A Better Tomorrow™

# Messages from our Leadership

At BAT, we have a clear, purpose-led strategy to build A Better Tomorrow™ for all our stakeholders. This will be delivered by our people, through our culture and ethos: bold, fast, empowered, responsible and diverse.

**As we work to build A Better Tomorrow™, it is our people who are at the heart of the transformation we are undertaking.**

Across the globe, we are continually innovating, building better products, better processes and better offerings for the consumer. Through this, and the results we generate as a business, we are creating sustainable, multi-stakeholder value.

During a tough external environment in 2022, marked out by macro-economic and macro-political turmoil, it is thanks to our 50,000+ employees that we have made excellent progress against our three strategic priorities to:

- Ensure a step change in New Categories performance;
- Drive value from combustibles; and
- Simplify the business.

On the horizon are two strategic targets, to reach: £5 billion in New Category revenue, and profitability, by 2025; and 50 million consumers of non-combustible products by 2030.

These two targets lie at the core of our purpose to build A Better Tomorrow™ by reducing the health impact of the business through providing a range of enjoyable and less risky† products.

Key to achieving these targets, and accelerating our transformation to become the Enterprise of the Future, is what has long been our greatest asset – our people.

Transformation requires diverse skills, perspectives and mindsets to challenge the status quo and drive further innovation.

That is why it is essential that we continue to foster a culture where employees are encouraged to develop and grow in a diverse and inclusive environment.

So important are our people to our purpose and strategy that creating an ‘Empowered Organisation’ is one of the pillars in our Group-wide transformation programme, QUEST.

The ‘Empowered Organisation’ pillar is designed to ensure we have the right blend of skills and expertise in place to deliver now and in the future.

To achieve this, a diverse workforce is essential; one that reflects the societies we operate in and can meet emerging consumer requirements and stakeholder needs.

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 regional and functional 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. Delivering this will be the result of the ongoing work of the many dedicated and talented people we have around the world.

**Jack Bowles**  
Chief Executive



**Transformation requires diverse skills, perspectives and mindsets to challenge the status quo and drive further innovation.**

**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 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.



Building A Better Tomorrow™

Messages from our Leadership

Continued

At BAT we recognise that attracting and retaining a diverse workforce, and providing a welcoming, inclusive working environment, are key drivers in supporting and enabling our ambitious transformation journey.

**At BAT, we are proud to be a diverse global organisation that encourages our people to value their differences. We think of diversity in its widest sense, as those attributes that make each of us unique.**

In 2022, we achieved some impressive results which reflect the great progress since launching our bold 2025 Group D&I ambitions in 2020:

- 41% of women in management roles and 30% on senior leadership teams;
- Over 57% of our graduate intake and 47% of our external management level recruits were women; and
- Close to 20% of our management level women employees were promoted, compared to 16% of male management level employees.

Our three strategic pillars underpinning our D&I strategy: driving ownership and accountability; building diverse talent pipelines; and creating enablers, are proving to be highly effective in empowering us all along our journey.

During 2022, I am pleased to share that we continue to receive notable external recognition for our D&I efforts. These recognitions are a tribute and celebration of the innovations we're making to our working environment and the ways we continue to build an engaging, diverse, and inclusive culture. Some examples are:

- Level 2 Disability Confident Employer, a major UK government-backed accreditation scheme, demonstrating our commitment to providing equal opportunities for disabled employees; and
- Brandon Hall excellence awards including gold for best diversity, equity and inclusion strategy.

This momentum continues – we are delighted to have been recently recognised in the 2023 Bloomberg Gender Equality Index for demonstrating our commitment to address gender diversity and transparent reporting.



**With more than 50,000 employees worldwide, our Diversity and Inclusion (D&I) strategy is truly global, and I continue to be incredibly proud of the collective efforts made by all our employees.**

In the pages that follow, you can find details of our global D&I strategy, as well as the continued expansion of our Pay Equality reporting. Equal opportunities and fair pay are core fundamentals to a high-performance employee experience.

Our integrated focus on these areas ensures that we are doing our best to foster a diverse and inclusive workplace for all our employees worldwide.

We recognise it is important to consider compensation in the broader context of the Group's workforce and our ambition has always been to provide a view of the Group that is truly international.

The scope of our voluntary pay equity analysis and reporting has been significantly expanded, achieving more global coverage for gender and ethnicity.

Our commitment to pay equity is intended to ensure that all employees performing the same work or work of equal value are paid equitably and pay is not influenced by factors such as gender or ethnicity. We are delighted to announce that the consolidated results from our pay equity assessment show<sup>1</sup>:

- Women and men are paid within 1% of one another for doing the same work or work of equal value<sup>2</sup>; and
- Ethnically diverse groups and non-ethnically diverse groups are paid within 1% of one another for doing the same work or work of equal value<sup>3</sup>.

This confirms our global efforts for providing consistent and fair compensation are working.

In October 2022, we were delighted to receive further accreditation from Fair Pay Workplace (FPW), an independent specialist consultancy, for all the countries included in the scope of our Pay Equity Review. Certification validates that the pay equity work is being performed accurately and fairly.

We will continue to review our approach to ensure the Group provides as much transparency as is practicable in this important area.

The above all demonstrates that our commitment to our people remains unwavering.

**Hae In Kim**  
Director, Talent, Culture and Inclusion

**Notes:**  
1. Refer to 'Further information' on Page 16 for a full list of the markets included in the scope of our pay equity analysis.  
2. Considering 44 countries representing approximately 80% of our global workforce.  
3. Considering seven countries representing approximately 30% of our global workforce.





# Our Diversity and Inclusion Strategy

At BAT we are proud to be a diverse global organisation that encourages our people to value their differences. Our 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.



## Our D&I Strategy

Our ongoing commitment to fostering a diverse and inclusive culture is underpinned by our ethos: to be Bold, Fast, Empowered, Responsible and Diverse.

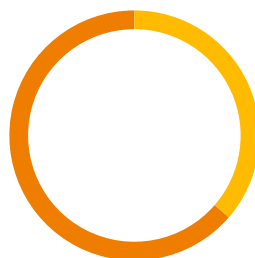
**Our Ethos**

- We are **Bold**
- We are **Fast**
- We are **Diverse**
- We are **Empowered**
- We are **Responsible**

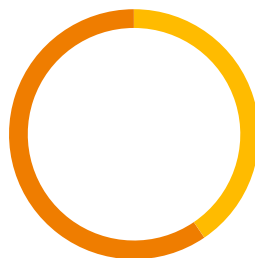
We think of diversity in its widest sense, as those attributes that make each of us unique. These include our race, ethnicity, cultural and social backgrounds, geographical origin, nationality, gender, age, any disability, sexual orientation, religion, skills, experience, education, socio-economic and professional background, perspectives and thinking styles.

We are proud of what we have achieved in the past and have always wanted to do more. That is why, in 2020 we set ourselves bold ambitions for 2025, to accelerate the pace of progress. We have made great progress in all three of our strategic pillars, driving ownership and accountability, building diverse talent pipelines, and creating enablers that support our commitment to creating a diverse and inclusive culture.

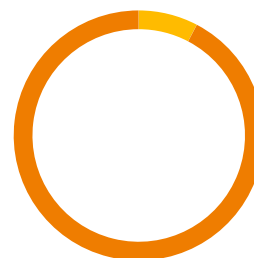
### Women on our Board of Directors<sup>1</sup>



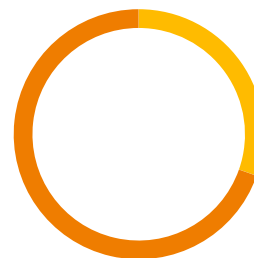
### Women in management roles<sup>1</sup>



### Women on our Management Board<sup>1</sup>



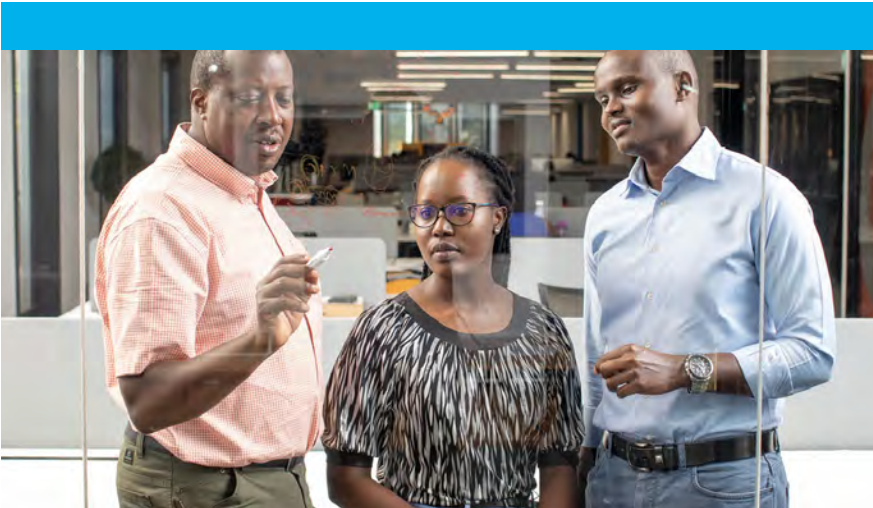
### Women on senior leadership teams<sup>1</sup>



**Note:**  
1. Global diversity data taken as at 31 December 2022.

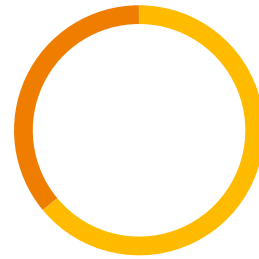
# Our Diversity and Inclusion Strategy

## Continued



Ethnically diverse – Total Workforce<sup>1,2</sup>

64%



Ethnically diverse groups 64%



## People, Diversity and Culture

Our goals for 2025

45%

Increase the proportion of women in management roles to 45%

40%

Increase the proportion of women on senior leadership teams to 40%

50%

Achieve at least 50% spread of distinct nationalities in all key Regional/Functional leadership teams<sup>2</sup>

2022 performance highlights

41%

Proportion of women in management roles (up 2pps in the year)

30%

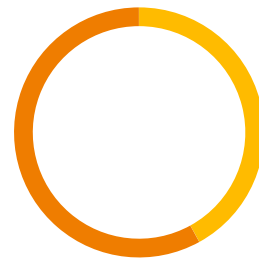
Proportion of women on senior leadership teams (up 3pps in the year)

100%

All key Regional/Functional leadership teams<sup>2</sup> achieved +50% spread of distinct nationalities

Ethnically diverse – Leadership Teams<sup>1,2</sup>

42%



Ethnically diverse groups 42%

### 1. 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.

Our D&I governance structure ensures clear accountability for our business leaders and leadership teams for achieving our 2025 D&I ambitions. This includes a D&I dashboard and regular reviews by our Management Board to ensure close monitoring of progress and plans.

D&I remains fully embedded in our talent review processes and meetings. Each Region/Function have five-year glidepaths to showcase plans and estimated year-end forecasts.

**We seek to continuously to monitor, track and support the progression of different groups.**

In 2022, we expanded the scope of our confidential voluntary ethnicity identity collection and reporting beyond the UK to six additional markets (U.S., Brazil, South Africa, Canada, Malaysia, and Australia).

Together with the UK, these countries represent **c.30% of all our employees worldwide**, covering approximately 14,000 of our people. In these seven markets, 92% of our global workforce and 82% of our senior teams have confidentially disclosed their ethnic background.

92%

Of global workforce who voluntarily disclosed their ethnic background.

**Note:**

1. Global diversity data taken as at 31 August 2022.

2. Refer to 'Further information' on Page 16 for definitions and description of key terms

# Our Diversity and Inclusion Strategy

## Continued

### 1. Driving Ownership and Accountability (continued)

Building on the progress made, we are further expanding our reporting in 2022, with more than 80% of our employees now included in our Gender Pay Equity Reporting, and for the first time, approximately 14,000 of our people included in an Ethnicity Pay Equity review.

Our focus on pay equity is intended to ensure that all employees performing the same work or work of equal value are paid equitably and pay is not influenced by factors such as gender or ethnicity.

**+80%**

Employees now included in our Pay Equity Reporting

### 2. Building Diverse Talent Pipelines

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.

Since 2019, our Women in STEM strategy has focused on attracting, developing, and retaining more women in our R&D, Operations, Finance and Digital Business Solutions (DBS) functions. In the UK, we continue to be 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 Rank 1 in 2022 and an increase in our women in STEM representation to 40% in management.

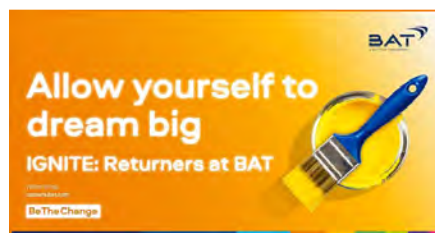
Delivering development opportunities for our employees contributing to the strengthening of our talent pipelines has always been an integral part of our D&I strategy. Women in Leadership (WIL) is our long-running programme within our leadership portfolio, which supports the accelerated development of women at middle to senior level. It is a key initiative within our D&I agenda to grow the proportion of women in management roles to achieve 40% representation by 2025.

In 2022, we expanded the scope and launched new WIL programmes for women in the junior management level and have grown the coverage to approximately 1,000 women managers.

### Support for our returning employees

Following a successful launch of our global IGNITE returners programme in nine markets (UK, Australia, Turkey, Trinidad & Tobago, Argentina, Colombia, Poland, Mexico and Pakistan), we have continued to recruit returners across the world.

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.



### Training: enabling our employees

Our 'Strength from Diversity' training workshops help our management-level employees understand unconscious, conscious, and organisational bias.

We relaunched this training as 'Mastering Inclusion' with the main purpose to raise awareness and build skill set around key D&I concepts and opened it up to all our non-management employees too.

It is mandatory for all new hires and new managers and, so far, more than 9,500 employees have completed the training.

### 3. Creating Enablers

'We are Diverse' is at the core of BAT's Ethos. As well as striving for gender balance, our D&I strategy focuses on diversity of nationalities and ethnicities. Our employees remain at the heart of our success without which we are unable to achieve our strategy. Together we continue to build an inclusive culture where difference is valued, employees from diverse backgrounds and experience feel they belong, and are inspired by our purpose for A Better Tomorrow™. We have worked hard to set strong foundations and create enablers to realise genuine change.

We are signatories to the UK Race at Work Charter for supporting racial equality in the workplace. We strive to get the full value and potential of diversity through inclusion. The power of our differences, and the strength of our togetherness is a game changer for all of us and is key to our transformation journey.

**Our target is for at least a 50% spread of distinct nationalities in all our regional and functional leadership teams. We have 138 different nationalities, from a wide range of ethnic backgrounds, in management roles across the Group.**

### Spotlight

#### Meet 'Future Leader Role Model' Jay Morris

Jay Morris is a leading voice championing diversity and inclusion as a board member of BUnited, our LGBT+ ERG. In 2022, Jay was recognised on a global list of 'Outstanding Top 100 LGBTQ+ Future Leaders Role Models'. Published by international network INvolve, the list names the people who are driving meaningful, strategic and tangible change for LGBT+ colleagues in businesses worldwide.

Jay, who is the first openly trans member of BUnited, has spearheaded diversity and inclusion at BAT and beyond. For colleagues beginning a gender transition journey, Jay wrote global guidelines and training materials to support them and their line managers.

Jay also coordinates events for key dates such as International Pronoun Day, Trans Day of Visibility and Pride Month, the annual global celebration among the LGBT+ community and their allies.

#### Allyship is key

Jay says allyship is key to building a diverse and inclusive culture and work environment.

"I couldn't have done half the things I've achieved without allies. Don't underestimate the impact you have by showing support. I'm lucky I'm in a brilliant team of people who support me and go out of their way to politely correct people if they accidentally say the wrong thing. When an ally steps in and says, 'Hey, you could have said this in a more appropriate way' or 'actually, this colleague goes by he/him not she/her' or anything like that, it really has a huge impact.

I'm honoured with the recognition. Thank you to BAT, my team and BUnited for giving me the opportunity to make a difference."

#### Jay Morris, eLiquid Product Developer



# Our Diversity and Inclusion Strategy Continued

### 3. Creating Enablers (continued)

#### Supporting parents at BAT

Progressive programmes and policies have helped to cultivate an inclusive culture that supports every employee. Our Parents@BAT programme also continues to provide a range of benefits to support new parents.

It 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.

This year, we have offered enhanced support to our new parents, working families and their managers, with coverage of expanded topics including hybrid working, wellbeing, D&I, caregiving, parenting older children, and more. It has been designed based on user research to be easily accessible and deliver maximum support with minimum time spent. It also includes 'Ask a Coach' which provides access to Talking Talent's best executive coaches who are available 24 hours a day. This new messaging service includes unlimited, confidential, one-to-one coaching support to build well-being and navigate life/work success.

In 2022, the return rate from parental leave was 97% for women and 99% for men.

We have also launched a confidential assisted fertility support to UK subsidiary company employees ('UK Employees') via Apricity, our partner to our private medical plans.

Apricity offers a fertility concierge service which employees can access via the Apricity App. The app will provide interactions with a specialist nurse which includes 1-2-1 chats or video calls. If required, follow up consultations are available to employees with a senior fertility nurse and/or Apricity's medical doctors.

#### Independent validation and accreditation

In May 2022, we were recognised by a major UK government-backed accreditation scheme for the way we attract, develop and support people with disabilities and long-term health conditions, and awarded Level 2 Disability Confident Employer status – building on our success in achieving Level 1 status two years earlier.

Independent accreditation like this recognises the impact of our D&I strategy. Being a Disability Confident Employer is a clear commitment that we recognise the diversity, experience, insight, talent, and value that disabled people and others bring to our business.

We commenced participation in the 2022 Brandon Hall awards and achieved Gold – Best Diversity, Equity and Inclusion Strategy, Gold – Best Learning Program that supports and promotes Diversity, Equity and Inclusion and Silver – Best Advance in Diversity Recruiting Strategy. Brandon Hall Group is a leading research and analyst firm that has focused expertise in Learning and Development, Talent Management, Leadership Development, Talent Acquisition, and Workforce Management.

It is the largest and longest running awards programme in Human Capital Management. The awards attract entrants from all leading corporations around the world, as well as mid-market and smaller firms.

Btomorrow Ventures (BTV) has been accredited as a Level 2 fund in the Diversity VC Standard, a rigorous assessment and certification that evaluates best practice for D&I across the venture capital (VC) sector.

In achieving Level 2 – the highest level of certification currently available through the Diversity VC Standard – BTV has been recognised as developing and adopting best practice for diversity, equity and inclusion (DEI) throughout its operations.

In October 2022, we were delighted to receive further independent accreditation from FPW, for all the countries included in the scope of our Pay Equity Review. This milestone represents another important step in the Group's D&I agenda and confirms that our global efforts to provide consistent and fair compensation based on legitimate drivers of pay are working.



#### Bloomberg Gender-Equality

We are proud to be included in the 2023 Bloomberg Gender-Equality Index (GEI). The GEI helps bring transparency to gender-related practices and policies. This recognition is a demonstration of our continued commitment and focus on providing an inclusive work environment and our desire to build on the strengths gained through gender diversity, equality and transparency.

Our efforts to create an inclusive culture for women by way of our recruiting initiatives, adoption of family-friendly policies, sponsoring programmes dedicated to educating women and support of community programmes were identified as strengths.





## Our Diversity and Inclusion Strategy Continued

### Inclusive culture

By fostering inclusion and belonging, building allyship, and supporting the career growth of colleagues, our ERGs collaborate with the D&I team to deliver on our business objectives and strategic imperatives. Members of the leadership teams serve as executive sponsors for ERGs to build allyship and understanding while also maximising the success and impact of these groups.

Our ERGs then activate and embed this work deep within our organisation and our local communities. We have ERGs across all levels of the Group, including our Women in BAT, Healthy Minds Champion and BUnited which is our LGBT+ employee resource group.

In 2022, we opened several new chapters in our local markets including the women employee group in Saudi Arabia and disability inclusion group in Nigeria. We continued with our BUnited chapters in Mexico, Brazil, Chile, Colombia, U.S., Canada and Paraguay and several local activities were organised in South Africa, Taiwan, Malaysia, Germany, Australia, Hong Kong, Spain, Peru, Sweden and Costa Rica.

We work to continually raise awareness of D&I issues through campaigns and events that showcase best practice and provide platforms for role models to amplify their profiles across the Group.

We ensure we have open engagement, where we can listen and learn from our employees, which is crucial to an inclusive culture. We have a wide range of employee engagement channels across the Group, including our global 'Your Voice' survey, which we run every two years. In addition, we hold regular employee town hall and listening sessions.

### Initiatives to foster understanding

Our D&I toolkit for all our managers, as well as LGBT+ Race and Ethnicity, and newly launched Disability Allyship Guides continue to provide practical information to help debunk myths and misconceptions, understand unconscious bias, micro-aggressions and micro-inequalities, and provide tips on how to proactively create an inclusive environment and promote a sense of belonging for us all.

These guides were built through a robust co-creation process with external D&I experts, with inputs from our employees including network groups and legal team, to ensure that they are engaging and effective for our colleagues. They complement existing D&I training embedded across the business, such as our Mastering Inclusion e-learning available to all colleagues, and the D&I modules of our leadership programmes like Leading Self; Leading Teams; and Leading Through People.

We expanded the scope of Mission Gender Equity which is a cross-company mentoring programme focusing on female talent to build and strengthen internal talent pipeline to markets outside the UK and the programme will cover our global teams of 73 pairs of mentors-mentees.

We are piloting Mission Include in the UK, which is a similar cross-company mentoring programme focusing on talent from ethnically diverse backgrounds and under-represented groups, covering 13 pairs of mentors-mentees. Both these programmes are provided by our external partner Moving Ahead.





## Our Diversity and Inclusion Strategy Continued

Our global teams have received external recognition and awards for leading D&I practices across topics including female representation, LGBT+, Disability, Race/Ethnicity and more.

### Spotlight



#### Human Rights Index 2022-23 (Reynolds American Inc and BAT Mexico)

For a third consecutive year, Reynolds American Inc. and BAT Mexico received a score of 100 on the Human Rights Campaign Foundation's 2022 Corporate Equality Index, the foremost benchmarking survey and report measuring corporate policies and practices related to LGBT+ workplace equality.



#### Forbes Women Award – Japan

BAT Japan was honoured by Forbes JAPAN in October 2022, in the corporate category (101 to 1,000 employees) and was awarded third place for the first time.



#### East and Southern Africa – Gender Mainstreaming Awards

BATSA was recognised as the 2022 Gender Mainstreaming Champion East and Southern Africa.



#### Women Empowerment in the workplace as a listed company – Southern Africa

Recognised First place for driving women empowerment across BAT Southern Africa.



#### Women Empowerment in the workplace in the community upliftment – East Africa – First place

Driving women empowerment across BAT East Africa through community upliftment with the Student Mentorship Programme targeting females in STEM.



#### Gender & Disability – East Africa – Second place

Creating opportunities, learnerships and student mentorship programmes aimed at persons with disabilities.



#### Best Diversity & Inclusion Strategy Middle East Shortlisted

Organisations that are dedicated to creating a diverse, inclusive, and tolerant workplace. Recognising an employer whose culture promotes trust, collaboration, fairness, and growth through a D&I environment.



#### Borgia Walker – VP of HR, Evolution

Borgia has been recognised as a member of the 2022 Class of Outstanding Women in Business by the Triad Business Journal for her outstanding history of defining new ways of working and driving change. Each year, the Triad Business Journal recognises 25 local females for their contributions to their companies, industries, and communities. Borgia is joined by honorees in a variety of industries, including health care, non-profit, banking, and more.



#### Chief Information Security Officer, Dawn-Marie Hutchinson

The recognition by Cyber Defence magazine is awarded to the most innovative CISOs with unparalleled success in detecting and stopping breaches and data loss, regulation compliance, building powerful risk reduction programmes and excellent senior stakeholder management on these topics. Dawn-Marie is the only CISO from the industry on the list.



## Our Diversity and Inclusion Strategy Continued

We work to continually raise awareness of diversity through campaigns and events that run throughout the year and globally across BAT.

### Spotlight



#### International Women's Day (IWD)

We supported this important day to mark women's achievements and promote gender D&I, a key year-round focus for us, by encouraging employees to embrace #BreakTheBias (this year's IWD theme).

Our senior leaders joined a panel discussion to share their opinions, thoughts, experiences, and aspirations on what it takes to break through and the personal steps taken to build allyship to support the advancement of women in the workplace.



#### Sustainability Week

Sustainability has been central to our business and ethos for decades and this year marked our 20th year of sustainability reporting. To coincide with the Half-Year results, we ran a Sustainability Week and Day 2 of the event was focused on celebrating our people and diversity.

We staged a live panel event featuring one of our foremost female scientists and colleagues in our employee resource groups to shine a spotlight on steps taken to create a culture at BAT where we all feel included, where we can each be ourselves, and where we all can achieve our potential.



#### PRIDE Month

June is the time of year when we celebrate LGBT+ communities in many countries.

Our BUUnited group, which represents the BAT LGBT+ community, ran a series of activities including using an augmented reality (AR) app to enable visibility of BUUnited branding in the office or against your favourite backdrop, participating in the Pride parade and hosting a summer event in our head office.



#### Global Inclusion Week

We do a lot across the business to continue building a diverse and inclusive culture throughout the year. So, for one week which also coincided with the world Mental Health Day, we shone the spotlight on what colleagues are doing in each of our regions to build an inclusive culture and launched the new Disability and Neurodiversity allyship guide.

We heard how Lucy Shuker overcame adversity to become the UK's highest-ranked wheelchair tennis player in a live panel event to kick-off BAT Inclusion Week.

# Our Pay Equality Reporting




## We want to provide a broader view of the Group, that is truly international.

We recognise the importance of considering compensation in the broader context of the Group’s workforce and our responsibility for providing greater transparency in this respect. The continued expansion in our Pay Equality Reporting suite in 2022 is intended to complement our focus on gender balance, diversity, and inclusion as part of the Group’s D&I and Environmental, Social and Governance (ESG) agendas.



## We are going beyond the requirements of the UK Regulations and voluntarily publishing additional data.

The scope of our voluntary pay equity analysis and reporting has been significantly expanded, achieving global coverage for gender and a relevant representation for ethnicity. Through building a more comprehensive picture of gender, ethnicity and pay, we can more accurately measure the progress we are making in advancing a diverse and inclusive culture and ensuring the delivery of fair pay across the Group.

Focus area	Comments on our 2022 Reporting
<b>Pay Equity</b> We want to be confident that our pay practices are delivering equal pay globally and that any differences in pay between employees performing equal work are for objective reasons and not related to gender or ethnicity.	– Gender Pay Equity analysis extended to include data for approximately 40,000 employees in 44 countries, covering approximately 80% of our people; – Ethnicity Pay Equity analysis introduced to include data for approximately 14,000 employees in seven countries, covering approximately 30% of our people; and – In October 2022, we once again received accreditation against the Fair Pay Workplace (FPW) standard for all countries included in our pay equity reporting.   For more information, see <a href="#">page 11</a>
<b>UK Gender Pay – Statutory Reporting</b> We continue to consolidate data for all our UK subsidiary company employees, rather than just for those in scope of the regulations – we feel this better represents the intent of the regulations.	– We have provided consolidated data for all UK subsidiary company employees, as well the statutory data for the four in-scope BAT subsidiaries – BAT Holdings Ltd, BAT Investments Ltd, Nicoventures Trading Ltd and BAT UK Ltd.   For more information, see <a href="#">pages 12 to 14</a>
<b>UK Ethnicity Pay – Voluntary Reporting</b> It is important to engage with all our employees and support diverse groups within BAT. We welcome the potential UK regulations on Ethnicity Pay Gap Reporting.	– We have analysed our UK ethnicity pay gap for 2022 and, again, are voluntarily publishing this data for the second year.   For more information, see <a href="#">page 15</a>



# Our Pay Equality Reporting Continued

## Focus area

■ ■ ■ ■ Pay Equity

**Our focus on pay equity is intended to ensure all 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.**

### Equal Pay for Equal Work

We continued in 2022 to work with a specialist consultancy to conduct a Pay Equity Review. This Review covered approximately 40,000 employees, in 44 markets, from a gender perspective. Our broader D&I strategy also focuses on diversity of ethnicities across our business. We, therefore, for the first time, completed an Ethnicity Pay Equity Review for our employees in seven countries, covering approximately 14,000 of our people.

The markets were selected to ensure relevant international representation comprising employees across all regions and to provide a cross-sectional view of BAT's business operations.

We evaluated the base salary for each employee at each level of the organisation, considering any reasons for any salary determinations, such as level or type of work performed, individual performance, location, and experience.

We are delighted to announce that the consolidated results from our pay equity assessment show that we provide equal pay for work of equal value, regardless of gender and ethnicity. This confirms that our global efforts for providing consistent and fair compensation based on legitimate drivers of pay are working – efforts complemented by our D&I agenda.

### Consolidated results <sup>1</sup> from our pay equity assessment show:

- Women and men are paid within 1% of one another for doing the same work or work of equal value<sup>2</sup>; and
- Ethnically diverse groups and non-ethnically diverse groups are paid within 1% of one other for doing the same work or work of equal value<sup>3</sup>.

### Going beyond self-disclosure to demonstrable actions

We continue our partnership with FPW to enable us to perform more detailed assessments of our pay.

FPW is an independent specialist consultancy that works in partnership with companies to gain recognition for their commitment to true pay equity using a robust and transparent methodology.

We have undergone a rigorous evaluation of our pay practices and our methods of analysis have been reviewed and validated by FPW.

FPW's methodology was developed by an alliance of experts from across the domains of law, business, academia, HR, DEI, and data science, and offers the decisive measures necessary to enable real progress towards fair pay in today's workplaces.

We will continue to conduct regular checks on pay equity to ensure that our pay processes operate as intended and free from any bias.

In October 2022, we were delighted to receive further independent accreditation from FPW for all the countries included in the scope of our Pay Equity Review.

### Certification is another important milestone in the Group's D&I Agenda

Certification validates that the pay equity work is being performed accurately and fairly.

Certified organisations are recognised leaders in ensuring equal pay for equal work.



## Spotlight

### Sustainable Pay Equity

Diversity is a key principle of our Ethos – the transparency and accountability that our gender and ethnicity pay metrics bring is crucial in driving equity and fairness across our business.

To ensure our approach to pay is fair, equitable and sustainable, our Reward offering is underpinned by mature processes:

- Robust approach to defining work of equal value;
- Robust policies around talent acquisition, promotions, bonuses, and benefits;
- Established culture of trust and transparency around how pay decisions are made; and
- Established leading D&I practices across several areas including, female representation and race/ethnicity.

#### Notes:

1. Please refer to 'Further information' on Page 16 for a full list of the markets included in the scope of our pay equity analysis.
2. Considering 44 countries representing approximately 80% of our global workforce.
3. Considering seven countries representing approximately 30% of our global workforce.

# Our Pay Equality Reporting Continued

## Focus area

### UK-wide Gender Pay

#### We need diverse voices and ways of thinking to achieve our vision of A Better Tomorrow™

Across all our business in the UK we employ over 2,500<sup>1</sup> people, with women representing approximately 40% of this population. Our UK employees include our Chief Executive, Management Board members and leadership teams for our global business functions, which attract some of the highest levels of remuneration and bonus opportunities.

The demographics of an organisation, notably the levels of male and female representation in management-level and above roles, have a key influence on the gender pay outcomes. There remains a higher proportion of males in senior roles, which is the primary reason for our gender pay and bonus gaps. It is only through embedding D&I even deeper into our organisation, and building a diverse talent pipeline for the future, that we will be able to address our gender pay gap.

Outlined below is our consolidated pay data for all our UK subsidiary company employees – our reporting for our businesses included in the scope of the UK statutory regulations follows on page 14.

1. Refer to 'Further information' on page 16 for full description of UK headcount.

#### Our gender pay gap continues to improve, but we need to accelerate our momentum

Whilst acknowledging that change will not be immediate, it is important to chart progress on our pay data and we are pleased to be establishing a positive trend, demonstrated by the following in 2022 in the UK:

- Our mean pay gap improved by five percentage points to 24%;
- Our median pay gap improved by four percentage points to 28%; and
- Our median bonus gap has improved by 14 percentage points to 36%.

These improvements are a factor of increased female representation in the upper two earnings quartiles, which is partly driven by the following:

- Women comprised 41% of management roles;
- Women comprised 31% of senior management roles;
- 58% of our external management-level recruits were women; and
- Average time in role for senior women has increased, with compensation growing accordingly.

## Spotlight

### BAT is fully committed to minimising the Gender Pay Gap

We have several Group-wide initiatives in place to minimise the gender pay gap including, but not limited to, the following:

- 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;
- By 2025, the proportion of women in senior leadership teams and management roles should be 40% and 45%, respectively;
- Our focus on Pay Equity is fundamental to strengthening and sustaining our talent pipelines, provoking the right conversations, and allowing us to identify any potential barriers in the workplace; and
- Accredited leading global D&I practices across several areas, including female representation, LGBT+, Disability, Race/Ethnicity, outlined in more detail throughout this report.

### Consolidated UK-wide gender data

#### Pay gap (mean)

24%  
(2021: 29%)

#### Pay gap (median)

28%  
(2021: 32%)

#### Bonus gap (mean)

57%  
(2021: 51%)

#### Bonus gap (median)

36%  
(2021: 50%)

### Employees receiving a bonus

#### Female

94%  
(2021: 93%)

#### Male

93%  
(2021: 96%)

### Gender split per quartile pay band

#### Lower



#### Lower middle



#### Upper-middle



#### Upper



Female  
Male

# Our Pay Equality Reporting

## Continued

**Focus area**

**UK-wide Gender Pay**

**Our Standards of Business Conduct (SoBC) makes our commitment clear to ensure that our approach to pay is fair and consistent**

This chart shows the difference between the average salaries for men and women by grade for all UK subsidiary company employees, without considering differences in level or type of work, location, and experiences.

An average salary gap is not the same as equal pay, an established legal requirement in the UK. As a certified organisation for our commitment to Pay Equity, we can be confident that our global efforts for providing consistent and fair compensation when considering differences in level or type of work, location, and experiences are working.

**Average gender salary gap for UK employees by grade**

- At the most junior level of the organisation (Grade A), the gap of 6% in favour of women is a factor of the employees' levels of experience and/or geographic locations;
- Job roles and experience levels are broadly comparable throughout Grades B to F, resulting in pay gaps of 2% or less;
- Grades G & H represent our Senior Leadership population, the grades have been combined to ensure that there is sufficient female and male representation to allow for a meaningful comparison. As roles and responsibilities are comparable, the gap is minimal; and
- The gap at Grade I is a factor of the seniority of the roles, with two male Executive Directors included in this Group.

**Spotlight**

**Bonuses at BAT**

All our employees are entitled to participate in a bonus scheme, the majority of which is calculated with reference to Group 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.

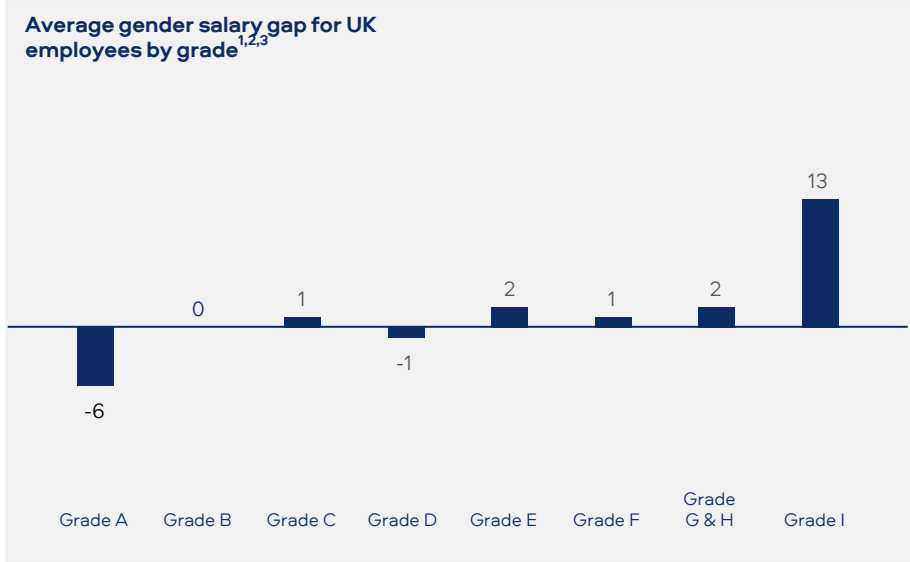
Our UK bonus data is influenced by the fact that, in common with other large companies, we have long-term incentive plans in place for senior management in addition to cash bonus payments. These include deferred share awards that cannot be accessed for a three-year period. The UK regulations, however,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

**94%**

UK female employees received a bonus payment in 2022



1. Grade A is the most junior level of the organisation and Grade I is the most senior.  
 2. Based on basic monthly salary only.  
 3. Based on active headcount as at April 2022.



# Our Pay Equality Reporting Continued

## Focus area

### 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 subsidiary companies:

- BAT Holdings Ltd;
- BAT Investments Ltd;
- BAT UK Ltd; and
- Nicoventures Trading Ltd.

This is the first year that Nicoventures Trading Ltd is included in the scope of the regulations. Nicoventures Retail (UK) Ltd is no longer in scope as headcount is now below 250 employees.

The data below reflects the statutory figures for each of the four in-scope UK subsidiary companies that has been published on the UK government’s online gender pay gap reporting service. The calculations required by statute are designed principally to assess equality in the workplace with regards to female and male representation, which is different to equal pay, the principle that men and women should be paid equally for the same work.

### Understanding our results

We have over 750 employees of BAT Holdings Ltd, who mainly work in our London headquarters. The higher proportion of men in senior roles is the primary reason for the gender pay and bonus gaps – the more senior the role, the higher the remuneration and the bonus opportunity.

BAT Investments Ltd employs more than 750 people, based mainly in Southampton in Operational or R&D based roles. The higher proportion of men in senior roles is the primary reason for the gender pay and bonus gaps.

BAT UK Ltd undertakes our UK commercial business, employing more than 400 people. Female employees are better represented in the upper two earnings quartiles, resulting in gender pay gaps in favour of the female population.

Nicoventures Trading Ltd focuses on the development and commercialisation of New Category products. It employs more than 350 people.

Male representation in senior roles is proportionally higher than female representation, hence why the gender pay gaps favour the male population.

All UK employees in scope of the statute are entitled to participate in a bonus scheme, the majority of which is calculated by reference to Group performance. We are confident that there is no discrimination in terms of bonus eligibility or allocation. Any shortfall from 100% is explained by employee turnover.

While evolving, wider societal trends mean that we are taking a more holistic approach to fairness and transparency in our reporting, we acknowledge that the UK gender pay gap is an important and relevant measure.

**Our efforts to address our gender pay gap and build a sustainable talent pipeline are detailed throughout this report.**

	BAT Holdings	BAT Investments	BAT UK Ltd	Nicoventures Trading Ltd
Pay Gap (Mean)	30%	25%	-21%	16%
Pay Gap (Median)	32%	28%	-17%	11%
Bonus Gap (Mean)	64%	47%	-23%	39%
Bonus Gap (Median)	61%	18%	-35%	41%

### Employees receiving a bonus

Female	98%	95%	94%	93%
Male	96%	96%	88%	92%

### Gender split per quartile pay band

Lower	61%	39%	48%	52%	16%	84%	42%	58%
Lower-middle	43%	57%	53%	47%	37%	63%	42%	58%
Upper-middle	40%	60%	37%	63%	50%	50%	33%	67%
Upper	27%	73%	29%	71%	42%	58%	31%	69%

Female

Male

# Our Pay Equality Reporting Continued

## Focus area

### Our UK Ethnicity Pay Disclosure

#### Diversity is a key principle of our Ethos

While we await further clarity on the form that any UK regulations may take, we are voluntarily publishing our ethnicity pay gaps for the second year.

We have actively engaged with our UK subsidiary company employees to voluntarily provide data on their ethnicities. 80% of our UK employees have now chosen to voluntarily self-declare their ethnicity, with 19% declaring that they are from an ethnically diverse background, and 61% declaring that they are not from an ethnically diverse background ('Non-ethnically diverse groups').

With more employees choosing to self-disclose and by fully aligning with the UK Office for National Statistics ethnicity categories, there has been a corresponding impact on our pay data. This is to be expected, with ethnicity data more dynamic than that gender data, and the regulatory landscape still forming.

Using the same methodology used to calculate UK gender pay gaps ('snapshot' date of 5 April 2022), we have analysed our UK ethnicity pay gap for 2022 for all our UK employees who have self-declared their ethnicity.

#### Our consolidated ethnicity pay results are outlined below:

- Our mean pay gap moved by two percentage points: 1% in favour of ethnically diverse groups;
- Our mean bonus gap moved by ten percentage points: 19% in favour of non-ethnically diverse groups;
- Our median pay gap moved by 10 percentage points: 17% in favour of ethnically diverse groups; and
- Our median bonus gap moved by 16 percentage points: 17% in favour of ethnically diverse groups.

The results are primarily driven by:

- The disclosures include our Chief Executive and all our Management Board members. The average bonus gap is influenced by representation in our Management Board – given that the remuneration for these roles is heavily underpinned by levels of variable pay; and
- The median pay and bonus gaps are driven by the spread of distinct nationalities in the key leadership teams in our UK headquarters, with many of our senior leaders coming from the diverse markets in which we operate.

#### We are committed to providing equal opportunities to all our employees

- We are signatories to UK Race at Work Charter supporting racial equality in the workplace;
- 27% of our Board of Directors and 23% of our Management Board are from an ethnically diverse background ;
- Our target is to achieve at least a 50% spread of distinct nationalities in key leadership teams, to better mirror our consumer base;
- Considering employees who have self-declared their ethnicity:
  - we have more than 80 different nationalities of people, from a wide range of ethnic backgrounds, in roles across the UK; and
  - 34% of our Senior Leadership team are from an ethnically diverse background.



#### Consolidated UK-wide ethnicity data

##### Pay gap (mean)

**-1%**

In favour of ethnically diverse groups (2021: -3%)

##### Pay gap (median)

**-17%**

In favour of ethnically diverse groups (2021: -7%)

##### Bonus gap (mean)

**19%**

In favour of non-ethnically diverse groups (2021: 9%)

##### Bonus gap (median)

**-17%**

In favour of ethnically diverse groups (2021: -1%)

#### Employees receiving a bonus

##### Ethnically diverse groups

**96%**

(2021: 94%)

##### Non-ethnically diverse groups

**97%**

(2021: 93%)

#### Ethnicity split per quartile pay band

##### Lower



##### Lower middle



##### Upper-middle



##### Upper



■ Ethnically diverse groups

■ Non-ethnically diverse groups

# Further Information

## About This Report

This is our sixth 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 2022 are: British-American Tobacco (Holdings) Limited (BAT Holdings Ltd), British American Tobacco (Investments) Limited (BAT Investments Ltd), Nicoventures Trading Limited and British American Tobacco UK Limited (BAT UK Ltd).

The UK gender and ethnicity data is taken at the snapshot date of 5 April 2022, as required by the regulations. The non-UK gender pay data is taken at 5 April 2022, while all other global diversity data in this report is taken at 31 December 2022.

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).

Gender Pay Equity analysis completed for approximately 40,000 employees has been independently certified by Fair Pay Workplace.

Ethnicity Pay Equity analysis completed for approximately 14,000 employees has been independently certified by Fair Pay Workplace.

Countries included in 2022 for gender and ethnicity pay equity analysis: United Kingdom\*, Belgium, Denmark, France, Netherlands, Sweden, Romania, Bulgaria, Hungary, Italy, Croatia, Spain, Greece, Serbia, Germany, Poland, Switzerland, Turkey, Kazakhstan, Uzbekistan, Canada\*, Brazil\*, Argentina, Chile, South Africa\*, Kenya, Colombia, Costa Rica, Mexico, Nigeria, United States\*, Australia\*, Malaysia\*, Singapore, Algeria, Pakistan, Saudi Arabia, Sri Lanka, Bangladesh, Indonesia, Taiwan, Vietnam, Japan, South Korea.

\* Gender and Ethnicity.

## Definitions Relevant to This Report

The following definitions provide more information and detail on the terms used throughout this report.

- ‘Senior leadership teams’ – Senior leadership teams are defined as any employee who is either a direct report of a Management Board member or a direct report of a Management Board’s direct report (i.e. MB-1 or MB-2).
- ‘Management roles’ – Management-grade employees include all employees at job grade 34 or above, as well as any global graduates. The gender of each employee is typically recorded at the point of hire.
- For the purposes of our 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.
- Six global ethnically diverse groups were determined: 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’.
- For the purposes of our UK ethnicity pay disclosures, by applying the UK Office for National Statistics ethnicity categories: ‘Ethnically diverse groups’ are comprised of employees who declared either: Asian (Bangladeshi, Chinese, Indian, Pakistani, Other Asian), Black (Black African, Black Caribbean), Mixed, or Other Ethnic Group (identified). ‘Non-ethnically diverse groups’ is comprised of employees who declared either: White British, White Irish, or White Other.
- ‘UK headcount’ 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 short- or long-term assignments outside of the UK, as well as long-term assignees into the UK.

## Our Suite of Corporate Publications

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



For downloads and access to our entire reporting suite, for this and prior years, visit [www.bat.com/reporting](http://www.bat.com/reporting)

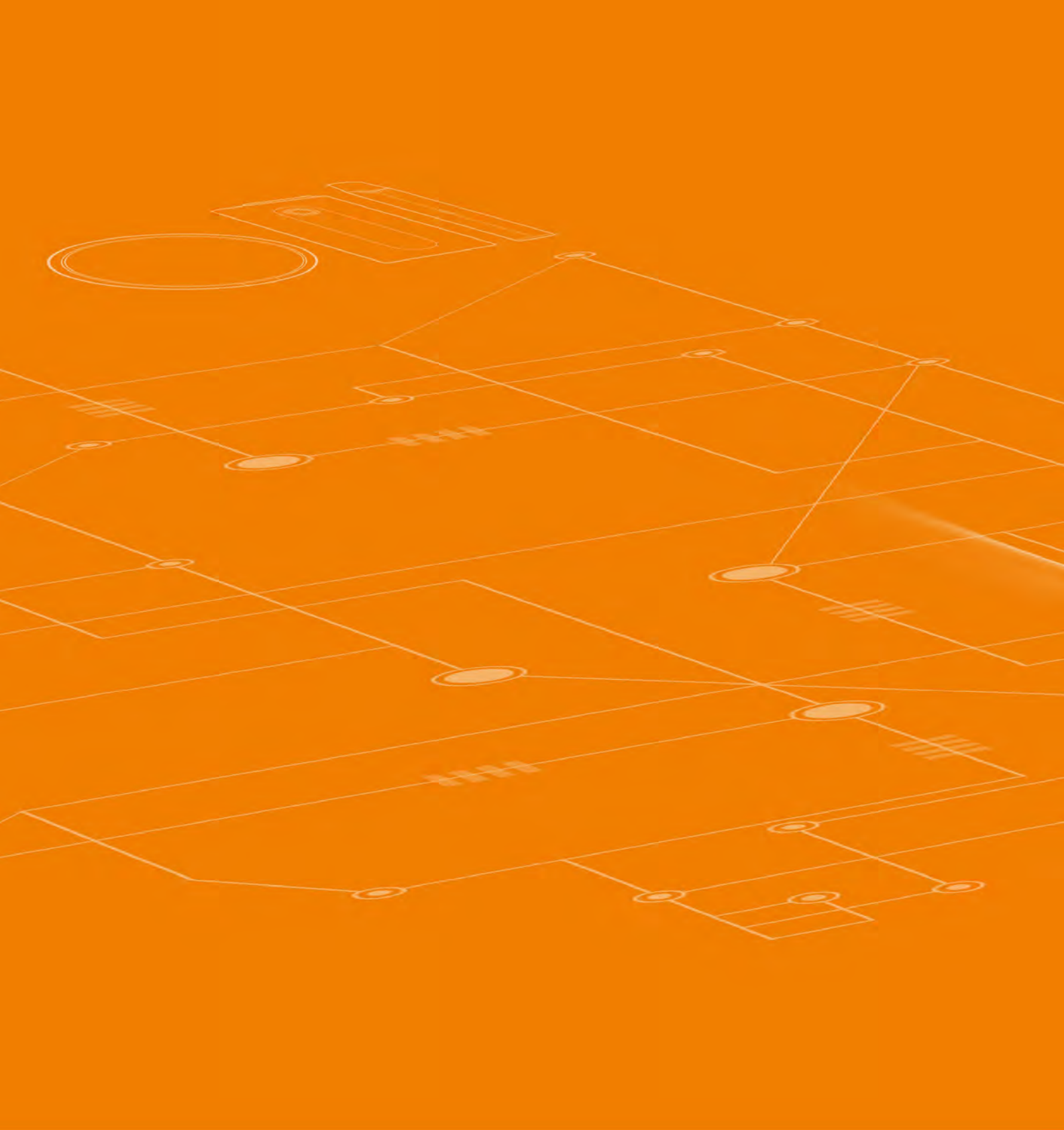
Our ‘2022 Combined Annual and ESG Report’ contains full details on our Sustainability and ESG reporting, performance and highlights for the year.

See our ‘2022 Reporting Criteria’, for more detail on all key definitions and terms used in this report, and our wider Sustainability and ESG performance for the year

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.





## Go online

Explore the story of our year

Featuring downloadable versions of this report, along with our sustainability summary report and other content – all accessible on desktop, tablet and mobile.

[www.bat.com/reporting](http://www.bat.com/reporting)



[www.bat.com](http://www.bat.com)



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



[youtube.com/welcometobat](https://youtube.com/welcometobat)

