



Diversity and Inclusion



# Building a Smokeless World

Gender and Ethnicity Reporting 2023



# Messages from our Leadership

**Fostering an inclusive culture, where employees across the Group feel that they are empowered to deliver, is crucial to the ongoing success of BAT.**

**This is my first Diversity & Inclusion Report as the Chief Executive of BAT. Having spent some three decades with the business, the content of this report covers issues that are very close to my heart, namely diversity, equity and inclusion.**

During my career, it has always struck me that it is our people who have driven the progress we have made.

Fostering an inclusive culture, where everyone across the Group feels that they are empowered to deliver, is crucial to the ongoing success of BAT.

I will be counting on each and every employee across the Group to help deliver on our ambitions to create A Better Tomorrow™.

In return, I want to build on, and enhance, the culture I believe BAT has always had at its core.

To enable that cultural enhancement, over the course of 2023, my Management Board and I worked to clarify what we mean by A Better Tomorrow™.

I believe that, by providing greater clarity on our corporate strategy, our people will better understand how their roles drive the delivery of our ambitions.

For BAT, A Better Tomorrow™ is very clear as we pivot towards Building a Smokeless World. We will do this by switching as many smokers as we can to our smokeless products.

As part of our refined strategy, the areas we will focus on fall under three pillars: 'Quality Growth', 'Dynamic Business' and 'Sustainable Future'.

Recognising just how important people are to our refined strategy, ensuring BAT is an exciting, winning company is a core building block under the 'Dynamic Business' pillar.

Our Chief People Officer, Dr Cora Koppe-Stahrenberg, and I will be working closely together to deliver on this part of the refined strategy and ensure our people have the right tools at their disposal to help the business Build a Smokeless World.

In tandem with refining our corporate strategy, we also took the opportunity during 2023 to revise our corporate values.

Six 'values' now replace our ethos and will be embedded across the Group to ensure all our people understand what is expected of them to help us Build A Smokeless World. The six 'values' are:

1. Truly inclusive
2. Empowered through trust
3. Stronger together
4. Love our consumer
5. Passion to win
6. Do the right thing

These are the values I expect all our employees to adopt and I am pleased to see, within a short period of time, that these values are being embraced in a number of areas.

I was delighted that BAT was recognised for our work on promoting gender equality in the Bloomberg Gender-Equality Index and being named as a 2024 Diversity Leader by the Financial Times.

I was also very pleased that our leaders were recognised in INvolve's Role Model Lists. INvolve is a global network that helps leaders to build more successful and empowering organisations where everyone can thrive.

Of course, there is always room for improvement, and creating a more diverse workforce remains a key priority.

This Diversity & Inclusion Report, encompassing as it does our Gender Pay Gap reporting requirements, outlines our ambitions, our progress against them and where we need to do more.

Creating a more diverse, equitable and inclusive BAT is high on my priority list as Chief Executive, and I look forward to working with colleagues to make that and A Better Tomorrow™, a reality.

**Tadeu Marroco**  
Chief Executive



**I will be counting on each and every employee to help deliver on our ambitions to create A Better Tomorrow™.**

**We are delighted to present our Diversity and Inclusion Report, outlining the progress we have made to foster a more inclusive workplace.**



**As the newly appointed Chief People Officer, I am excited to lead the transformation of our people agenda.**

I started my career in HR almost 30 years ago and have always been passionate about creating an environment where people can thrive and perform at their best.

It is an exciting time to be part of the Management Board as we work together to create a modern, inclusive and dynamic workplace. Shaping the people agenda, our values and culture to achieve the best possible outcomes is something that will always motivate me and, I am sure, motivates you all too.

Our strength in diversity is to be celebrated. The unique backgrounds, perspectives and talents of our employees fuels our innovation, enhances creativity, and enables us to better serve our consumers.

Our focus on inclusion is key to making sure everyone brings their best and authentic selves to work. This has been further elevated through the explicit inclusion in our values as "Truly inclusive".

This report is a testament to our ongoing commitment to Diversity & Inclusion (D&I). It highlights the various initiatives, programmes, and policies implemented or enhanced during 2023 to foster an inclusive workplace where everyone feels welcome, respected, and empowered.

Measuring our progress and holding ourselves accountable are critical for ongoing improvement.

2023 highlights:

- 42% of women in Management Roles<sup>1</sup> and 33% on Senior Leadership Teams<sup>1</sup>;
- More than 62% of our graduate intake and 50% of our external Senior Management Level<sup>1</sup> recruits were women;
- All our key Regional/Functional Leadership Teams<sup>1</sup> achieved +50% spread of distinct nationalities;
- 37% of our Senior Leaders<sup>1</sup> are from ethnically diverse backgrounds;
- Our voluntary gender pay equity analysis has been expanded to cover all of the Group's Direct Employees<sup>1</sup>
  - This shows, women and men are paid within 1% of one another for doing the same work or work of equal value;
- Our voluntary ethnicity pay equity analysis coverage remains comparable with 2022, including approximately 30% of the Group's Direct Employees<sup>1</sup>
  - This shows, Ethnically Diverse Groups<sup>1</sup> and Non-ethnically Diverse<sup>1</sup> groups are paid within 1% of one another for doing the same work or work of equal value; and,
- For the first time, the Group is quantifying and publishing its global unadjusted mean gender pay gap for all its Direct Employees<sup>1</sup>.



**It is an exciting time to be part of the Management Board as we work together to create a modern, inclusive and dynamic workplace.**

We also received external recognition for our D&I efforts, further supporting the improvements we are making to our working environment.

We acknowledge that the journey towards a truly inclusive workplace is ongoing, and remain committed to addressing any barriers or biases that exist. We will continue to listen, learn, and adapt to emerging best practices.

We invite all our employees to actively engage with this report, ask questions, provide suggestions, and join us in fostering a culture of inclusion.

We thank all our employees for their commitment to D&I. Together, we can create an environment where everyone is valued, heard, and celebrated for their unique contributions.

**Dr Cora Koppe-Stahrenberg**  
Chief People Officer

**Note:**

1. Please see page 15 of this Report to see how this term is defined.

# Our Diversity and Inclusion Framework

We embrace diversity in its widest sense, beyond race, nationality, gender, any disability, sexual orientation or professional background and more. We welcome these attributes that make us unique and stronger together.



To find out more about our Framework please click on each pillar and/or initiative

<b>Our D&amp;I Framework</b> Our D&I Framework is driven by three pillars, each supported by a comprehensive set of Group initiatives and policies to help foster an inclusive culture. Click on a topic of interest below to find out more.					
<b>Driving ownership &amp; accountability</b>	<b>Tangible measures to track progress against our ambitions to be leaders in the D&amp;I space.</b>	<b>Our ambitions</b> Charting progress against our representation targets.	<b>Continued evolution</b> Our new ethnicity ambitions for 2027 to accelerate progress.	<b>Pay Transparency</b> Going beyond statutory requirements to voluntarily publish additional pay data.	<b>Pay Equity</b> Providing equal pay for work of equal value.
<b>Building diverse pipelines</b>	<b>We promote comprehensive developmental support, and prioritise our employees' wellbeing.</b>	<b>Inclusivity from before day one</b> Our inclusive hiring practices.	<b>Nurturing Inclusive Mindsets</b> Our investment in learning programmes to promote inclusive behaviours.	<b>Tailored development support</b> Our returners initiative, mentoring@BAT, championing women at BAT.	<b>Fostering our employees' wellbeing</b> Diversity and equity focused global benefits guidelines.
<b>Creating enablers</b>	<b>Collaboration with Employee Resource Groups (ERGs), support networks, and benchmarking our progress.</b>	<b>Championing Inclusivity</b> Our active partnerships to accelerate our D&I strategy.	<b>Re-modelling allyship</b> Our focus on conscious inclusion.	<b>Benchmarking our progress</b> Through external recognitions.	<b>Raising awareness</b> Our year of global D&I events at a glance.

**Underpinned by transparency and assurance**  
 Throughout this report we will offer a transparent overview and appraisal of our progress in creating a workplace where everyone feels seen, heard and empowered.

The framework showcases our current efforts and initiatives. We continue to review this, identifying further opportunities to refine it in line with the continued transformation of our values and culture.

# Pillar 1: Driving Ownership and Accountability

We are proud of what we have achieved so far. However, we continuously challenge ourselves to improve, learn, reflect, and to become a market leader in the D&I space.

**Key:** Achieved – Met target/ambition on or ahead of time On track – Likely to meet target/ambition on time Ongoing focus – Continued progress towards target/ambition required Not on track – Significant progress required to meet target/ambition on time Supporting data – Data in support of target/ambition

Our targets and ambitions	2022	2023	2023 Performance Highlights
<b>45%</b> increase in the proportion of women in Management Roles <sup>1</sup> to 45% by 2025			<b>42%</b> proportion of women in Management Roles <sup>1</sup> (up 1pp versus 2022)
<b>40%</b> increase in the proportion of women on Senior Leadership Teams <sup>1</sup> to 40% by 2025			<b>33%</b> proportion of women on Senior Leadership Teams <sup>1</sup> (up 3pps versus 2022)
<b>100%</b> all key Regional/Functional Leadership Teams <sup>1</sup> to achieve at least a 50% spread of distinct nationalities by 2025			<b>100%</b> all key Regional/Functional Leadership Teams <sup>1</sup> achieved +50% spread of distinct nationalities
<b>40%</b> ensure that 40% of our Senior Leaders <sup>1</sup> are Ethnically Diverse <sup>2&amp;3</sup> by 2027	N/A		<b>37%</b> of our Senior Leaders <sup>1</sup> are Ethnically Diverse <sup>2&amp;3</sup>

### Our ambitions

In 2020, we set our 2025 representation targets to support our ambition to become a more inclusive workplace.

We have since adopted a series of additional measures, linked to external voluntary pay disclosures, to help chart our progress, but also to help promote enhanced ownership and reflect our commitment to increased transparency.

### Ethnicity agenda

Considering the 2023 Parker Review guidance, we have now set a new ambition to ensure that 40% of our Senior Leaders<sup>1</sup> globally are Ethnically Diverse<sup>2,3</sup> by 2027.

We are also disclosing the ethnic breakdown of our Management Board<sup>1</sup> (MB) and their direct reports (MB-1).

### Charting our progress

Outlined above is a snapshot of our progress against our globally agreed KPIs. Our results reflect the diverse voices present across our business.

We continue to develop our capabilities to better collect, analyse and understand our data.

Additional insights, commentary and reflections are outlined throughout this report.

### Governance

Our D&I governance structure equips our business leaders and leadership teams with the necessary data and guidance to achieve our ambition. Diversity is embedded in our talent review and planning processes: each Region and Function has five-year glidepaths and progress made is monitored on a quarterly basis by our Management Board<sup>1</sup>.

### Notes:

1. Please see page 15 of this Report to see how this term is defined.
2. Considering ethnicity disclosures for employees in the following markets: Australia, Brazil, Canada, Malaysia, South Africa, UK, and the USA.
3. For the purposes of the ethnicity agenda, six global 'Ethnically Diverse Groups' were determined considering BAT's global market footprint.

# Pillar 1: Driving Ownership and Accountability

## Continued

Diversity and Inclusion are core to our values. We need diverse voices and ways of thinking to achieve our vision of A Better Tomorrow™.

### Spotlight

#### Reflections and next steps

Our data reflects how we are progressing towards our ambitions. We are pleased that all of our key Regional/Functional leadership teams achieved at least a 50% spread of distinct nationalities and that the proportion of women in management roles has increased to 42%.

However, there is always more work to be done. It is crucial for us to achieve balanced representation in our leadership pipeline.

To do so, we need to embrace a wider focus on championing inclusion and achieving equity through active listening and robust employee engagement. We are:

- Actively working to understand any possible drivers for women leaving the organisation, exploring any gender differences across stay and exit interviews as well redesigning our employee listening strategy to gather real-time feedback;
- Focusing on building a more sustainable pipeline, drawing on both internal and external talent pools, by investing further in the scope and scale of our training and development programmes such as Women in Leadership and other initiatives;
- Educating our senior leaders and people leaders in critical D&I topics such as conscious inclusion, micro aggressions and how to be an inclusive leader; and
- Consolidating the coordination of our Employee Resource Groups to amplify our D&I efforts across all intersectional agendas and all regions.

D&I is a key priority for our business. We can be confident that we can build on the strong foundations of 2023 to further accelerate our progress in 2024.

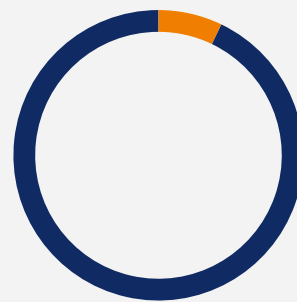
### Strengthening diversity across BAT

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



Female	5
Male	6

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



Female	1
Male	13

Voluntary Ethnicity Disclosures<sup>1, 2, 3 & 4</sup>



Ethnically diverse population	66%
-------------------------------	-----

Employee breakdown by level in 2023 (Senior Leadership teams)<sup>1 & 2</sup>



Women	235
Men	475

**Notes:**

1. Global diversity data taken as at December 2023.
2. Please see page 15 of this Report to see how this term is defined.
3. Considering ethnicity disclosures for employees in the following markets: Australia, Brazil, Canada, Malaysia, South Africa, UK, and the USA.
4. For the purposes of the ethnicity agenda, six global 'Ethnically Diverse Groups' were determined considering BAT's global market footprint.

# Pillar 1: Driving Ownership and Accountability

## Continued

Our gender and ethnicity pay metrics are crucial in charting progress against the Group’s D&I and sustainability agendas.



### Global unadjusted gender pay gap

For the first time in 2023, the Group has quantified and is publishing its global unadjusted mean gender pay gap.

The unadjusted mean gender pay gap refers to the overall difference in average earnings between women and men, without accounting for factors such as job level, experience, location, or other relevant aspects that could influence earnings.

This is not the same as equal pay for equal work, the principle that individuals who perform the same job or work of equal value should receive the same pay, regardless of their gender.

**+** Details of the Group’s gender pay equity analysis for 2023 follows in the [next section](#)

Our global unadjusted mean pay gap analysis covered approximately 42,000 Direct Employees<sup>1</sup> in more than 100 markets<sup>2</sup>, considering base salary and ‘on target’ variable pay opportunities as of 1 July 2023.

The results show that globally we have a mean pay gap of 14% in favour of women.

Workforce demographics have a key influence on gender pay outcomes. The Group’s business requires many roles in supply chain, manufacturing and trade marketing, where male representation is typically higher at more junior levels. The impact is that women are proportionally better represented in upper earnings quartiles.

**+** Details of our UK-wide gender pay reporting, in line with the scope of the UK Statutory Regulations, follow in [Appendix 1 and 2](#)

### Pay equity: Global adjusted pay gaps

It is not just the level of pay that matters to our employees, but the perceived fairness of pay. We want our employees to feel valued as individuals for their talent, experience, and skills.

Our focus on pay equity is to ensure all employees performing the same work or work of equal value are paid fairly and that any differences in pay are for objective reasons and not influenced by factors such as gender and/or ethnicity.

#### A systemic approach

We have been completing global pay equity reviews since 2021 in partnership with Fair Pay Workplace (FPW). FPW is an independent specialist agency that supports companies in evaluating their commitment to pay equity using a transparent methodology.

In 2023, our pay equity review covered approximately 42,000 Direct Employees<sup>1</sup>, in more than 100 markets<sup>2</sup> from a gender perspective (all our Direct Employees), and approximately 13,000 Direct Employees<sup>1</sup>, in seven markets<sup>2</sup> from an ethnicity perspective (approximately 30% of our Direct Employees).

The consolidated results from our pay equity assessments show:

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

#### What's next

In 2024, we will look to expand our voluntary ethnicity disclosures to new markets. This data is integral to helping us understand, track and support the progression of different groups within BAT.

### Recognised leaders in ensuring equal pay for equal work

In December 2023, we received our third independent accreditation from FPW for all the countries included in the scope of our pay equity reviews.

Certification validates that the pay equity work is being performed accurately and fairly. It also confirms that we agreed to commit to identifying and updating underlying policies, practices, and behaviours that need to be changed to ensure ongoing pay equity, within an agreed timeframe.



#### Spotlight

##### Helping to ensure Pay Equity

The findings of our pay equity analysis are embedded in our annual salary review process, with budget distribution prioritised towards addressing any internal inequities. We conduct regular checks to ensure that our pay processes are bias-free. These checks are further supported by the following:

- Established approach to defining work of equal value.
- Established policies around talent acquisition, promotions, bonuses, and benefits.
- Our commitment to transparency around how pay decisions are made.

#### Notes:

1. Please see page 15 of this Report to see how this term is defined.
2. Please see page 15 for a full list of markets included in the scope of our analyses.

# Pillar 1: Driving Ownership and Accountability

## Continued

### UK ethnicity pay gap reporting

As proud signatories of the UK Race at Work Charter, we are committed to providing equal opportunities to all our employees.



We are transparent about our ethnicity pay gaps and we are publishing them voluntarily for the third year in a row. We have encouraged our UK employees to share their ethnic backgrounds with us. Out of the 82% who have done so, 21% are from Ethnically Diverse<sup>1,2</sup> backgrounds and 61% are from Non-Ethnically Diverse<sup>1,2</sup> backgrounds. 18% of our UK employees 'prefer not to say' or provided no answer when we requested to collect details of their ethnicity.

We have used the same method as for UK gender pay gaps (based on the data of 5 April 2023) to examine our UK ethnicity pay gap for 2023 for all our UK employees who have disclosed their ethnicity.

Our consolidated ethnicity pay results are outlined below.

### Overview of key results

With more employees choosing to self-disclose, we observe an increase in the proportion of employees at Management level<sup>1</sup> or above who identify themselves as ethnically diverse. There has been a corresponding impact on our pay data. This is to be expected due to the population size.

- Our median pay gap moved by nine percentage points: 8% in favour of ethnically diverse groups;
- Our median bonus gap moved by three percentage points: 14% in favour of ethnically diverse groups;
- Our mean pay gap moved by one percentage point: no gap identified; and
- Our mean bonus gap moved by one percentage point: 18% in favour of non-ethnically diverse groups.

We recognise the different reporting approaches that organisations can take, such as providing disaggregated data. We have evaluated this approach but found that the size of our comparison groups does not allow for statistically robust comparisons to be made at this time. Our approach remains under review.

### Understanding our results

The median pay and bonus gaps are driven by the spread of distinct nationalities in our key leadership teams, with many of our Senior Leaders<sup>1</sup> coming from the diverse markets in which we operate.

Given our ambition to achieve at least a 50% spread of distinct nationalities in Regional/Functional Leadership Teams<sup>1</sup>, the median gaps are likely to be persistent.

The disclosures include our then Chief Executive and all our Management Board<sup>1</sup> members. The average bonus gap is influenced by representation in this group, given that the remuneration for these roles is heavily underpinned by levels of variable pay.

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<sup>1</sup>. We seek to close this gap further through this commitment.



**Notes:**

1. Please see page 15 of this Report to see how this term is defined.
2. Ethnicity categorisations fully aligned with the guidance from the Office for National Statistics.



# Pillar 2: Building Diverse Talent Pipelines

In order to improve the diversity of our workforce, it is essential that we attract, develop and retain representatives of the communities we serve.

To support our people agenda, it is essential our employees are provided with a broad range of professional and wellbeing support.

### Inclusive recruitment

We require all recruitment agencies we work with to provide gender-balanced longlists of candidates. Additionally, 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.

Our dedicated returners initiative, IGNITE, focuses on supporting experienced professionals returning to the workplace after a career break. It promotes flexible working, training, and coaching for returners, and training for line managers on how to best support returning employees. The initiative continues to provide a rich source of gender diverse candidates across a variety of disciplines including, but not limited to, Digital Business Solutions (DBS), Finance, Marketing and Operations.

### Nurturing inclusive mindsets

We continue to invest in learning programmes which help support inclusive thinking and behaviours.

Our 'Mastering Inclusion' training focuses on raising awareness and understanding around key D&I concepts for our employees. All external hires and new managers are required to complete it. To date, more than 15,500 employees have completed the training.

In 2024, we will focus on further unlocking D&I learning with tailored approaches for Management Board<sup>1</sup>, direct reports of Management Board, Management Level<sup>1</sup> and Non-Management Level<sup>1</sup> employees. The programme aims to enhance awareness and understanding of the impact of unconscious bias and micro-aggressions, to provide tools for our employees to effectively lead diverse teams. It also affords participants important opportunities for self-reflection.

### Inclusivity Matters Podcast

Our podcast series - available on Spotify and YouTube - creates a powerful platform to engage, educate and empower, helping to foster gender equality at work and in wider society.

This year, one of the podcasts was on raising awareness of International Day of Disabled Persons at BAT: 'Embracing Equality in Action'. The podcast explored the essence of equal opportunities, celebrating diversity and empowering our colleagues with disabilities. The event served as a catalyst to seek to create an environment where we come together with a shared goal of supporting and creating safe spaces globally.

### Investing in development

Aligned to our 2025 targets, we invest in our women's professional growth.

In November 2023, we introduced our Mentoring@BAT programme to provide individual and career development opportunities for senior women employees. The selected mentees have access to meaningful connections beyond their immediate line managers, as well as critical business skills and knowledge during a nine-month period.

Aside from this, we also partner with Moving Ahead to provide a cross-company mentoring experience for our talent from traditionally under-represented groups.

Since its inception in 2013, Women in Leadership (WIL) continues to be our flagship development programme for women leaders helping them to grow capabilities, build networks, and develop their readiness for more senior roles.

This accelerated development of women at middle levels of the organisation to more senior levels is a key contributor to our D&I agenda.

As of 2023, approximately 1,100 women have completed the programme. We continue to invest in the programme to ensure greater impact and expanded coverage of women managers.

### Women in STEM

Our Women in STEM (Science, Technology, Engineering and Maths) initiative leverages external partnerships and internal learning and development platforms to help attract, develop, and retain more women across our DBS, Finance, Operations and Research & Development functions.

In the UK, we continue to be members of the multi-stakeholder group WISE and official signatories of its ten-step framework, against which we achieved Rank 1 for 2023.

We have seen an increase in our women in STEM Management Level<sup>1</sup> representation: 42% in 2023, compared to 40% in 2022.

### Spotlight

#### London Women in STEM

The London Women in STEM career event held in October, alongside 40 other companies, marked an exciting moment as we shared our commitment to empowering emerging female STEM leaders, outlining our D&I values.

The event was an energetic and lively forum allowing attendants to build connections with more than 1,000 other female STEM students and graduates, and to share experiences and perspectives.



**Note:**

1. Please see page 15 of this Report to see how this term is defined.

## Pillar 2: Building Diverse Pipelines

### Continued

**Our inclusive benefits portfolio is designed to support our colleagues to be at their best.**

#### Fostering our employees' wellbeing

Employee benefits are crucial in fostering a thriving and inclusive workplace culture.

Our markets are encouraged to design their own benefits portfolios in line with global guidelines, which promote diversity and equity. This includes gender, age, sexual orientation, and ethnicity, as well as our different employee groups within each market.

#### Wellbeing in action

Our LiveWell platform helps our employees to connect with the benefits that matter to them. Launched in the UK and Canada in 2022, it is being progressively rolled out in other markets.



**In the UK, between 2022 and 2023, we introduced new benefit innovations to help support a culture of health and wellbeing. This enables our employees to tailor the benefits that suit their specific needs, while also supporting the Group's Sustainability agenda.**

#### Recent introductions include:

Personalised support for menopause, neurodiversity, gender dysphoria, and additional cancer screening.

Screening options through health assessments.

Childcare benefits providing a tax-efficient option for funding childcare costs.

A Corporate ISA which offers preferential rates to save money in a tax efficient way.

Services for elder care support.

In addition to our existing core and flexible benefits, we remain committed to supporting our employees' and their families' health and financial futures.

**Hayley Vowles**  
UK Head of HR



#### Our benefits and wellbeing initiatives fall under four pillars



#### Physical Wellbeing

Benefits to enhance our employees' physical health and help support improved work-life integration to create a more productive and empowered workforce. For example, Healthcare Insurance, Dental insurance, Hybrid Remote Working, and Gym Memberships.



#### Emotional Wellbeing

Benefits to help our employees better manage stress, build resilience, and maintain positive mental and emotional states. For example, Employee Assistance Programmes, Maternity, Paternity and Adoption benefits, Counselling or Therapy Services, and Mindfulness or Meditation Programmes.



#### Financial Wellbeing

Benefits designed to assist employees in achieving financial stability and security, empowering them to make well-informed financial decisions. For example, Pension Plans, Employee Discounts, and Financial Education Resources.



#### Social Wellbeing

Benefits to encourage positive social values inside and outside BAT, enhance collaboration, and create a supportive work environment where employees feel valued and connected. For example, Social Events and ERGs (Women in BAT Network, LGBT+).

# Pillar 3: Creating Enablers

## Building a culture where our employees feel comfortable and supported at work.

**Through active engagement, we support the diverse needs of our employees and empower them to act as allies.**

### Supporting Inclusivity

Our Employee Resource Groups (ERGs) partner with our D&I team to help deliver on our strategic objectives. Members of our executive leadership teams act as sponsors for ERGs to champion allyship and understanding. The ERGs then embed our initiatives across our organisation. Our Group-wide ERGs include Women in BAT, Healthy Minds Champions and BUnited, our LGBT+ employee resource group.

During 2023, our US-based 'New Hire' ERG has been transformed into one all-employee networking group called 'Lean into Networking' (LINK). Its purpose is to build a network that fosters company-wide engagement and connection, as well as promoting continued professional development.

Our global ERGs will be reviewed further in 2024 to identify further opportunities to foster more collaboration beyond boundaries.

### Women's Executive Network

We recently launched a new global women's network to advance and sustain gender diversity and inclusivity within BAT's Executive Leadership<sup>1</sup> ranks.

The Women's Executive Network (WEN) supports our some of our more experienced women by actively promoting the inclusion, development and advancement of women in Senior Leadership<sup>1</sup> positions across all regions, business units and functions. It focusses on providing opportunities to network, and seek executive level professional development.

### Re-modelling allyship

In recent years, we have launched a series of allyship guides, linked to LGBTQ+, Race and Ethnicity, and Disability, as well as a D&I toolkit for all our managers. These guides were built with support from external D&I experts, with inputs from our employees, including various network groups.

We are currently preparing practical guides for supporting women in BAT. These resources provide extensive information to help debunk myths and misconceptions, understand unconscious bias, micro-aggressions and micro-inequalities.

We are introducing the 'Transitioning at Work' guidelines for our UK-based employees.

### Supporting parents at BAT

Our Parents@BAT programme continues to provide a range of benefits to support new parents. It provides minimum fully paid leave requirements for new mothers and adoptive parents beyond legal requirements in many countries, as well as a return-to-work guarantee. It also offers flexible working opportunities and an online advice service offering coaching support for all parents whenever they need it. In 2023, the return rate from parental leave was 96.4%% for women and 100% for men.

In terms of paid family or care leave beyond parental leave, all Group companies must comply with all relevant labour laws and regulations, with an appropriate 'top up' considered based on market practice. 48 markets, covering 21,000 of our people, offer paid leave which is greater than local statutory requirements. On average, across the Group, this equates to two weeks of fully paid paternity leave. Notable markets above this average include the USA (16 weeks), Australia (six weeks), Canada and Brazil (both four weeks).

### Disability agenda

We are committed to promoting positive outcomes for our employees with a disability, mental health condition and/or neurodiverse condition.

We have established data collection and reporting practices in two of our key markets, covering approximately 13% of our direct operations. Employees that have declared a disability:

- BAT Brazil 7%; and
- BAT Turkey 3.4%.

In 2024, we plan to replicate this reporting process in other markets to better understand employee requirements accordingly.

### Involve Role Models



Involve publishes annual role model lists that spotlight business leaders who are driving long-term inclusion and are inspiring the next generation of talent.

The presence of our employees in the "Empower", "Heroes", "Outstanding" and "Enable" lists reflects the diverse ways our employees are supporting inclusion.

### Spotlight

Independent accreditations help benchmark the impact of the Group's D&I Strategy.

We are delighted to share the following external recognitions.

#### 2023 Bloomberg Gender Equality Index



Our recognition demonstrates our commitment to address gender diversity and transparent reporting.

#### Financial Times Leader in Diversity 2024



We are proud to be listed in the Financial Times Diversity Leaders 2024. The listing is based on independent surveys in 16 countries across Europe.

#### Disability Confident



In December 2023, 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 Disability Confident Leader status (Disability Confident Level 3).

#### Human Rights Campaign



We have been recognised in Brazil for the first time and for the fourth consecutive year in Mexico for our commitment to human rights, particularly in supporting LGBTQ+ inclusion.

**Note:**

1. Please see page 15 of this Report to see how this term is defined.

## Pillar 3: Creating Enablers

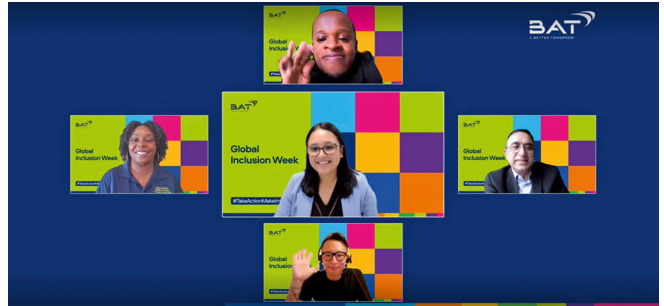
### Continued

We work to drive inclusion and diversity through global campaigns and events, spotlighting best practices where every voice is celebrated and valued.



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

Together with our Women in BAT (WiB) ERG, we celebrated this significant day by 'Embracing Equity' in our organisation. Employees were encouraged to share their personal stories about embracing equity at a global panel.



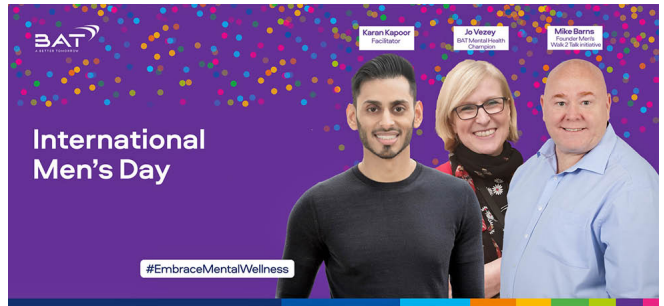
#### Global Inclusion Week

This year's celebrations, guided by the theme #TakeActionMakeImpact, highlighted the importance of inclusion at BAT. We shared how individuals are making an impact through actions led by our ERGs around the world.



#### Cultural Diversity Day

Cultural Diversity Day is our way of celebrating the richness of backgrounds and fostering understanding of cultural differences. This initiative encourages sharing of experiences, shedding light on challenges faced by individuals from culturally diverse backgrounds in their respective locations.



#### International Men's Day

Celebrating International Men's Day provides an opportunity to recognise and appreciate the positive contributions of men, foster gender equality, and promote discussions around men's wellbeing.



#### Pride Month

For Pride Month 2023, our events around the world included lighting up our London head office in rainbow colours, raising flags at sites around the world, and joining in many local Pride celebrations including London (UK), Winston-Salem (USA), and Vienna (Austria).



#### International Day of Persons with Disabilities

To mark International Day of Persons with Disabilities we hosted a podcast with two of our colleagues to share their experiences on how we can all become better allies for our employees with disabilities and the importance of embracing equal opportunities for everyone.

# Appendix 1 - UK-wide Gender Pay

We present consolidated data for all our UK employees to better reflect the intent of the UK requirements.

## UK-wide Gender Pay

Across our UK businesses, we employ approximately 2,500 People<sup>1</sup>, with women representing 42% of this population. This includes our Chief Executive, Management Board<sup>1</sup>, Directors, and leadership teams for our global business functions.

Gender pay outcomes depend on the demographics of an organisation, especially how many men and women are in senior positions. Within our UK Senior Management population<sup>1</sup>, male representation is 66%, whereas female representation is 34%, which contributes to our gender pay and bonus gaps.

While we are pleased that we are making progress in developing a talented and diverse pipeline of leaders for the future, we are acutely aware that female representation in Senior Leadership<sup>1</sup> roles must change.

Outlined below is our consolidated pay data for all our UK employees – our reporting for the four businesses included in the scope of the Statutory Regulations follows in Appendix 2.

## Overview of key results

We are happy to see a positive trend in 2023 in the UK, as shown below:

- Our mean bonus gap decreased by five percentage points;
- Our median pay gap decreased by six percentage points; and
- Our median bonus gap decreased by ten percentage points.

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

- Women comprised 42% of Management Roles<sup>1</sup> (up one percentage point versus 2022);
- Women comprised 34% of Senior Management Roles<sup>1</sup> (up three percentage points versus 2022); and
- Improved retention of women at senior levels versus 2022, meaning average time in role has increased, with compensation growing accordingly.

## Accelerating our momentum

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

- Our values promote positive and inclusive behaviours that everyone in our organisation is expected to demonstrate;
- Our D&I governance structure ensures that Senior Leaders<sup>1</sup> are accountable for addressing barriers to progression and retention;
- Our focus on pay equity is fundamental to strengthening and sustaining our talent pipelines, while providing a fair and equitable working environment; and
- Benchmarked global D&I practices across several areas, including women's representation, outlined in more detail throughout this report.

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 continue to strive for fair compensation when considering legitimate drivers of pay.



**Note:**  
1. Please see page 15 of this Report to see how this term is defined.

# Appendix 1 - UK-wide Gender Pay

## Continued

### Gender salary gap (mean) for UK employees by grade

This chart shows the difference between the average salaries for men and women by grade for all UK subsidiary company employees, without considering factors which contribute to pay differences between women and men, such as job type, experience or location.

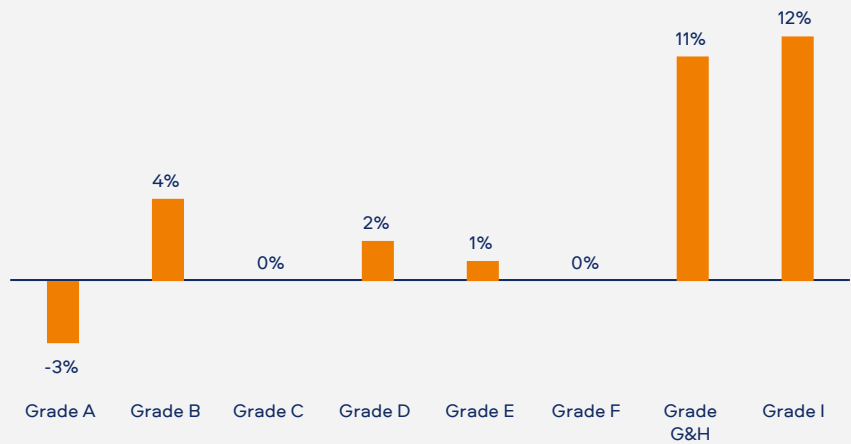
At Grades A and B, the gaps of 3% and 4%, respectively, are factors of the employees' levels of experience and/or geographic locations.

Experience levels are broadly comparable throughout Grades C to F, resulting in pay gaps of 2% or less.

Grades G and H represent our Executive Leadership<sup>1</sup> population. The grades have been combined to ensure that there is sufficient female and male representation to allow for a meaningful comparison. The gap is a factor of the employees' time at this level. Men have been in role for an average of 4.6 years, compared to 3.2 years for women.

The gap at Grade I is a factor of the seniority of the roles, with two male Executive Directors included.

Gender salary gap (mean) for UK employees by grade <sup>a,b,c & d</sup>



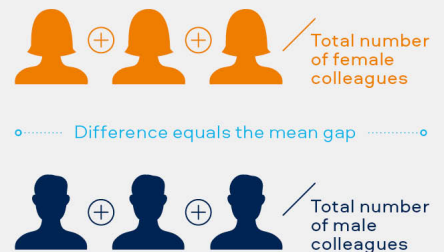
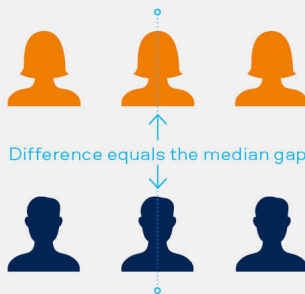
**Notes:**

- a. Grade A is the most junior level of the organisation, and Grade I is the most senior.
- b. Considering basic monthly salary only.
- c. Considering active Headcount<sup>1</sup> as of April 2023.
- d. Negative figure is a gap in favour of the female population. Positive figure is a gap in favour of the male population.

### Gender Pay Gaps explained

**The median gap** is calculated by lining up all colleagues of each gender in order of how much they are paid. The median gap is the difference between the number for the mid-placed female and the mid-placed male, expressed as a percentage. This calculation is completed for pay and bonuses.

**The mean gap** is the average of all male and female colleagues when added up separately and divided by the total number of males and females in the workforce. The difference is then expressed as a percentage. We calculate mean gaps for pay and bonus.



**Note:**

1. Please see page 15 of this Report to see how this term is defined.

# Appendix 2 - UK Statutory Gender Pay Reporting

## UK Statutory Gender Pay

The Regulations apply specifically to UK companies with 250 or more employees. For BAT, this includes four of our UK businesses:

- British-American Tobacco (Holdings) Limited (BAT Holdings Ltd)
- British American Tobacco (Investments) Limited (BAT Investments Ltd)
- British American Tobacco UK Limited (BAT UK Ltd)
- Nicoventures Trading Limited (Nicoventures Trading Ltd)

The statutory figures for our four UK businesses in scope of the regulations are as follows. The outcomes are also submitted to the UK Government’s online portal.

The statutory calculations mainly measure workplace equality for women and men. This is not the same as equal pay, which means paying men and women equally for performing the same job or work of equal value.

## Overview of key results

BAT Holdings Ltd employs approximately 700 people. The higher proportion of men at senior levels is the primary reason for the gender pay and bonus gaps – the more senior the role, the higher the salary and bonus opportunity.

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

BAT UK Ltd is our commercial business, employing approximately 400 people. Women employees are better represented in senior roles, resulting in a gender pay gaps in favour of women.

Nicoventures Trading Ltd focuses on our development and commercialisation of smokeless products. It employs approximately 450 people. The higher proportion of men at senior levels is the primary reason for the gender pay and bonus gaps.

## Spotlight

### Bonuses at BAT

The statute covers all UK staff who can join a Company bonus scheme, primarily calculated by reference to Company performance. We ensure fair bonus access and distribution. Employee turnover accounts for any gap to 100%.

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. We have long-term incentive plans in place for senior management in addition to cash bonus payments. These include deferred and restricted share awards that cannot be accessed for a three-year period.

The UK regulations do not allow for shares held in deferred schemes to be included in the data. Therefore, bonus data for recently promoted and recently hired senior women is lower than for established male colleagues despite them receiving the same total award, since they cannot access the deferred elements during the initial three-year period.

## Our UK Statutory Gender Pay Disclosures

	BAT Holdings Ltd	BAT Investments Ltd	BAT UK Ltd	Nicoventures Trading Ltd
Pay gap (mean)	36%	19%	-23%	14%
Pay gap (median)	32%	15%	-21%	13%
Bonus gap (mean)	59%	45%	-57%	31%
Bonus gap (median)	62%	19%	-29%	29%
<b>Employees receiving a bonus</b>				
Female	98%	96%	91%	93%
Male	98%	96%	93%	95%

## Gender split by quartile band

Quartile Band	BAT Holdings Ltd (Female)	BAT Holdings Ltd (Male)	BAT Investments Ltd (Female)	BAT Investments Ltd (Male)	BAT UK Ltd (Female)	BAT UK Ltd (Male)	Nicoventures Trading Ltd (Female)	Nicoventures Trading Ltd (Male)
Lower	61%	39%	47%	53%	22%	78%	40%	60%
Lower-middle	44%	56%	52%	48%	29%	71%	41%	59%
Upper-middle	41%	59%	39%	61%	54%	46%	38%	62%
Upper	24%	76%	33%	67%	42%	58%	29%	71%

Female  
Male

# Further Information

## About This Report

UK gender pay gaps are reported in accordance with the UK Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 ('the regulations'). 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 2023 are: British-American Tobacco (Holdings) Limited (BAT Holdings Ltd), British American Tobacco (Investments) Limited (BAT Investments Ltd), British American Tobacco UK Limited (BAT UK Ltd) and Nicoventures Trading Limited.

The UK gender pay data is taken at the snapshot date of 5 April 2023, as required by the regulations. 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).

The UK ethnicity pay data is taken at the snapshot date of 5 April 2023.

The non-UK gender pay data is taken as of 1st July 2023, while all other global diversity data in this report is taken on 31 December 2023.

Gender Pay Equity analysis completed for approximately 42,000 employees has been independently certified by Fair Pay Workplace.

Ethnicity Pay Equity analysis completed for approximately 13,000 employees has been independently certified by Fair Pay Workplace.

Countries included in 2023 for gender and ethnicity pay equity analysis: Albania, Algeria, Angola, Argentina, Australia\*, Austria, Azerbaijan, Bahrain, Bangladesh, Belgium, Bosnia and Herzegovina, Botswana, Brazil\*, Bulgaria, Burkina Faso, Cambodia, Cameroon, Canada\*, Chile, China, Colombia, Costa Rica, Côte d'Ivoire, Croatia, Czech Republic, Democratic Republic of Congo, Denmark, Egypt, Eritrea, Estonia, Fiji, France, Gabon, Germany, Ghana, Greece, Guyana, Honduras, Hong Kong, Hungary, Indonesia, Iraq, Ireland, Italy, Jamaica, Japan, Jordan, Kazakhstan, Kenya, Kosovo, Kuwait, Latvia, Lebanon, Lithuania, Malawi, Malaysia\*, Mali, Malta, Mauritius, Mexico, Mozambique, Namibia, Netherlands, New Zealand, Nigeria, North Macedonia, Norway, Pakistan, Panama, Papua New Guinea, Paraguay, Peru, Poland, Reunion, Romania, Rwanda, Samoa, Saudi Arabia, Serbia, Singapore, Slovakia, Solomon Islands, South Africa\*, South Korea, Spain, Sri Lanka, Sudan, Sweden, Switzerland, Taiwan, Tanzania, Trinidad and Tobago, Turkey, Uganda, Ukraine, United Kingdom\*, USA\*, United Arab Emirates, Uzbekistan, Venezuela, Vietnam, Zambia, Zimbabwe.

## Definitions Relevant to This Report

The following definitions provide more information on the terms used throughout this Report.

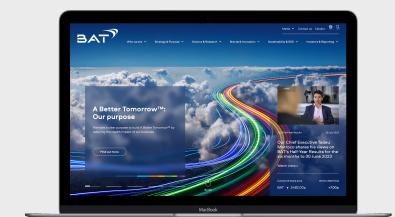
The gender of each employee is typically recorded at the point of hire.

- **The Board of Directors** is responsible for the Group's overall strategic direction and governance. It comprises of our Chair, Chief Executive and Non-Executive Directors.
- **The Management Board**, chaired by our Chief Executive, is responsible for overseeing the implementation of the Group's strategy and policies set by the Board, and for creating the framework for the day-to-day operation of the Group's operating subsidiaries.
- **Senior Leadership Teams** include 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).
- **Regional/Functional Leadership Teams** include any employee who is a direct report of a Management Board member (i.e., MB-1).
- **Executive Leadership** includes all employees at job grade 40 and 41.
- **Senior Management** includes all employees at job grade 38 or above.
- **Management** includes all employees at job grade 34 or above, as well as any global graduates.
- **Non-Management** includes all employees at job grade 33 or below.
- **Senior Leaders** referred to in the ethnicity agenda includes the members of the Management Board and their direct reports (i.e., MB and MB-1).
- For the purposes of our Unadjusted Global Gender Pay Gap and Pay Equity analyses, **'Direct Employees'** are permanent employees employed directly by the Group. It does not include employees on a leave of absence, employees on unpaid sick leave, interns, students, apprentices, or fixed-term contractors employed by third party service providers.
- For the purposes of our International Pay Equity Analysis, **'Ethnically Diverse Groups'** in the respective countries are defined as ethnic groups who, because of their physical or cultural characteristics, are/were historically and systematically under-represented. Being a numerical minority is not a characteristic of being an ethnically diverse group; sometimes larger groups can be considered ethnically diverse groups. **'Non-ethnically Diverse Groups'** in the respective countries are defined as ethnic groups who, because of their physical or cultural characteristics, are/were historically and systematically represented.

- For the purposes of the ethnicity agenda, six global **'Ethnically Diverse Groups'** were determined considering BAT's global market footprint: Asian, Black, Hispanic/Latin American, Indigenous, Mixed and Other Ethnic Groups. Individuals self-identified as White, those that have selected 'Preferred not to Disclose' and individuals that have opted '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: White British, White Irish, or White Other.
- **UK Headcount:** for the purposes of our UK Gender Pay disclosures, we have included all employees with a UK contract on either short- or long-term assignments outside 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 **2023 Combined Annual and Sustainability Report**
- + Our **2023 ESG Data Performance Book**
- + For downloads and access to our entire reporting suite, visit [www.bat.com/reporting](http://www.bat.com/reporting)

### Note:

\* Gender and Ethnicity

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 jurisdictions in which they are sold.



**Explore the story of our year.**

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

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

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

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