

British American Tobacco Plc

Parent Entity Jurisdiction	HQ	Ownership	Rank	Final Score
UK	UK	Publicly Traded	4 (of 15)	3.34 (of 5)

Operating Environment

- British American Tobacco Plc (BAT) operates in all four Index Regions, and in 34 of the 36 Index Countries. Its top five countries by Volume Sales are the USA, Bangladesh, Russia, Pakistan, and Brazil.
- BAT operates across HMICs (23 Index Countries) and LMICs (11 Index Countries).¹
- BAT's product portfolio² consists of cigarettes, fine cut tobacco, moist snuff, heated tobacco, cigarillos, e-liquids, closed system vaping products, snus, non-tobacco nicotine pouches, chewing tobacco, pipe tobacco, and NRT products (non-patches).

Publicly Stated Position on Tobacco Harm Reduction

- *"Our purpose of building A Better Tomorrow by reducing the health impact of our business means that we are committed to our business transformation...As consumer preferences and technology rapidly evolve, the availability of scientifically-substantiated, less risky products is crucial to effective tobacco harm reduction and we are determined to transform our business."*³(Jack Bowles, CEO, BAT Annual Report 2021).

Change Since 2020 Index

- BAT's global Volume Sales of HRPs (in particular cigarettes) declined in 2019-2021 (CAGR: -1.2%). RRP Volume Sales increased (CAGR: +14.9%), driven in particular by its Vuse closed system vaping product in the USA, and Velo non-tobacco nicotine pouches globally.
- BAT expanded its RRP portfolio in 2020 through the acquisition of Dryft Sciences LLC's non-tobacco nicotine pouch product assets.
- BAT increased its score in the Strategy and Management category, by further clarifying its remuneration policy in 2021, disclosing the specific amount (15%⁴) linked to RRP performance.

¹ Note: In its 2021 Annual Report, BAT reports that it operates in "more than 175 markets", BAT. (2022). *2021 Annual Report*, Accessed August 22, 2022, from [www.bat.com/group/sites/UK_9D9KCY.nsf/vwPagesWebLive/DOAWWGJT/\\$file/BAT_Annual_Report_and_Form_20-F_2021.pdf](http://www.bat.com/group/sites/UK_9D9KCY.nsf/vwPagesWebLive/DOAWWGJT/$file/BAT_Annual_Report_and_Form_20-F_2021.pdf)

² Listed high to low in order of company's global volume sales in 2021.

³ British American Tobacco Plc. (2021). *Annual Report 2021*, Page 4, Accessed August 15, 2022, from

[www.bat.com/group/sites/UK_9D9KCY.nsf/vwPagesWebLive/DOAWWGJT/\\$file/BAT_Annual_Report_and_Form_20-F_2021.pdf](http://www.bat.com/group/sites/UK_9D9KCY.nsf/vwPagesWebLive/DOAWWGJT/$file/BAT_Annual_Report_and_Form_20-F_2021.pdf)

⁴ Ibid. Page 128 "New Categories Revenue"

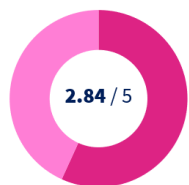
Key Performance Indicators

Strategy & Management (Category Score: 4.96/5 - Category⁵ Rank 2/15)



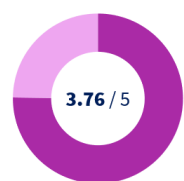
- BAT publicly acknowledges its role in, and has made a formal commitment to reducing, tobacco-related death and disease through its “Building a Better Tomorrow”⁶ strategy.
- BAT has an objective related to tobacco harm reduction, and the objective is time-bound and measurable (“£5 billion in New Category revenues by 2025”⁷).

Product Sales (Category Score: 2.84/5 - Category Rank 4/15)



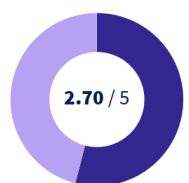
- BAT has the second-highest Volume Sales of HRPs (2021: 683.1 billion stick equivalents).⁸
- With 10% of its total volumes coming from RRP, BAT has the fourth-highest score for Ratio of Volume Sales (RRPs versus HRPs).

Capital Allocation & Expenditure (Category Score: 3.76/5 - Category Rank 3/15)



- At 83%, BAT’s allocation of R&D Expenditure on RRP (versus its total R&D expenditure) is the third-highest of the Index Companies.
- At 70%, BAT’s allocation of Capital Expenditure (RRPs versus HRPs) ranks it in second place.

Product Offer (Category Score: 2.70/5 - Category Rank 4/15)



- BAT offers HRPs (cigarettes, fine cut tobacco, cigars and cigarillos and pipe tobacco) in 34 Index Countries, and RRP (moist snuff, heated tobacco, e-liquids, closed system vaping products, snus, non-tobacco nicotine pouches, chewing tobacco, and NRT products) in 21 Index Countries.
- In terms of product categories, BAT has four HRPs, compared to eight RRP, in its portfolio.

Marketing Policy & Compliance (Category Score: 3.25/5 - Category Rank 2/15)

⁵ Each category is made up of multiple indicators. Certain indicator-level ranks are also listed in the text below.

⁶ British American Tobacco Plc. (2021). *Annual Report 2021*, Page 4, Accessed August 15, 2022, from [www.bat.com/group/sites/UK__9D9KCY.nsf/vwPagesWebLive/DOAWWGJT/\\$file/BAT_Annual_Report_and_Form_20-F_2021.pdf](http://www.bat.com/group/sites/UK__9D9KCY.nsf/vwPagesWebLive/DOAWWGJT/$file/BAT_Annual_Report_and_Form_20-F_2021.pdf)

⁷ Ibid. Page 3

⁸ Negative indicator, i.e. a higher number indicates lower performance.



- BAT’s Youth Access Prevention Policy (“Adult only” principle) is outlined in its International Marketing Principles, which is published on BAT’s corporate website.⁹
- BAT publicly discloses numbers and details of reported violations and established breaches of its Youth Access Prevention Policy, following audits by a third party.¹⁰

Lobbying & Advocacy (Category Score: 2.50/5 - Category Rank 2/15)



- BAT discloses its policy positions related to tobacco harm reduction through its corporate website and in its annual ESG report.¹¹
- BAT does not disclose specific lobbying activities and memberships in all jurisdictions in which it operates.

⁹ British American Tobacco Plc. (2021). *International Marketing Principles*, Accessed August 15, 2022, from [www.bat.com/group/sites/UK__9D9KCY.nsf/vwPagesWebLive/DOBK5DHJ/\\$file/BAT_International_Marketing_Principles.pdf](http://www.bat.com/group/sites/UK__9D9KCY.nsf/vwPagesWebLive/DOBK5DHJ/$file/BAT_International_Marketing_Principles.pdf).

¹⁰ British American Tobacco Plc. (2021). *ESG Report 2021*, Page 88, Accessed August 15, 2022, from [www.bat.com/group/sites/UK__9D9KCY.nsf/vwPagesWebLive/DOAWWEKR/\\$file/BAT_ESG_Report_2021.pdf](http://www.bat.com/group/sites/UK__9D9KCY.nsf/vwPagesWebLive/DOAWWEKR/$file/BAT_ESG_Report_2021.pdf)

¹¹ Ibid

Key Figures: **British American Tobacco**



Headquarters:
UK



Rank: 4/15 ▼
2020 Index restated rank: **3/15**



Ownership:
Publicly Traded

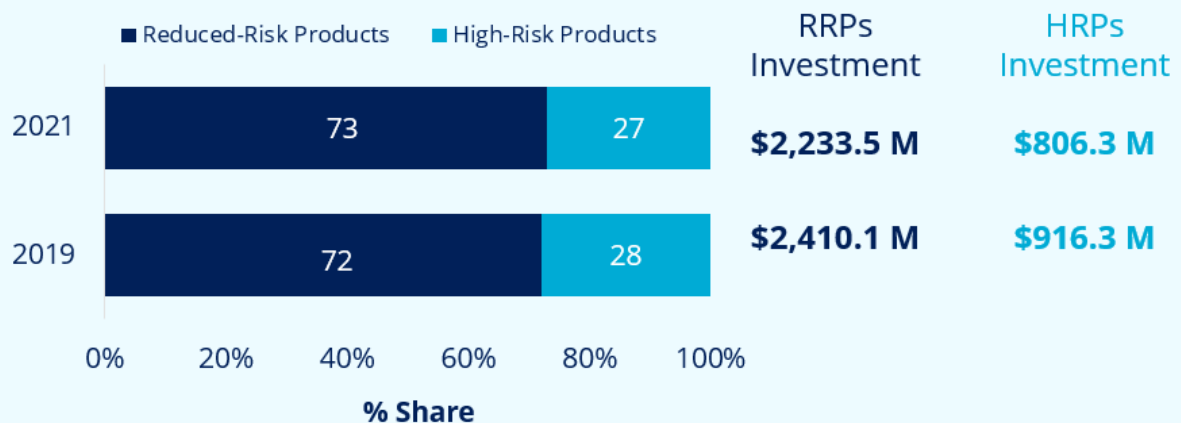


Final Score: 3.34/5 ▲
2020 Index restated score: **3.28/5**

Value sales: HRP & RRP



Capital Allocation and Expenditure*: HRP & RRP



*Capital Allocation and Expenditure includes Marketing, M&A, R&D and Capital Expenditure

Source: Tobacco Transformation Index 2022 and Index 2020, <https://tobaccotransformationindex.org/> Euromonitor International