

Environmental **S**ocial **G**overnance

Scrutinizing Tobacco Industry Claims: Report Findings

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National Council
Against Smoking_{NPC}



ESG



ENVIRONMENTAL

Climate change strategy,
Biodiversity,
Water efficiency,
Energy efficiency,
Carbon intensity,
Environmental
management system



SOCIAL

Equal opportunities,
Freedom of association,
Health and safety,
Human rights,
Customer &
products responsibility,
Child labour



GOVERNANCE

Business ethics,
Compliance,
Board independence,
Executive compensation,
Shareholder democracy

E	BAT 2021	BAT 2022	BAT 2023	PMI 2021	PMI 2022	PMI 2023
	Climate	Climate	Climate	Tackle climate change	Tackle climate change	Tackle climate change
	Water	Water	Water	Water	Water	Water
	Waste			Reduce post-consumer waste	Reduce post-consumer waste	Reduce post-consumer waste
		Circular economy	Circular economy	Preserve nature	Preserve nature	
	Biodiversity and ecosystem	Biodiversity and ecosystem	Biodiversity and ecosystem	Materials and product eco-design	Materials and product eco-design	Environmental management

S	BAT 2021	BAT 2022	BAT 2023	PMI 2021	PMI 2022	PMI 2023
	Farmers livelihoods	Farmers livelihoods	Farmers livelihoods	Socioeconomic well-being of tobacco farming communities	Socioeconomic well-being of tobacco farming communities	Socioeconomic well-being of tobacco farming communities
				Foster an empowered & inclusive workplace	Foster an empowered & inclusive workplace	Foster an empowered & inclusive workplace
	Human rights	Human rights	Human rights	Respect for human rights	Respect for human rights	Respect for human rights
				Improve the quality of life within supply chain	Improve the quality of life within supply chain	Improve the quality of life within supply chain
	Health rights	Provide a voice	Provide a voice			
				Product health impact	Product health impact	Product health impact
	People & culture	People, diversity & culture	Employees, diversity & culture	Diversity & inclusion	Diversity & inclusion	Diversity & inclusion

	BAT 2021	BAT 2022	BAT 2023	PMI 2021	PMI 2022	PMI 2023
G	Business ethics	Ethics & integrity	Ethics & integrity	Business transformation metrics	Business transformation metrics	
	Responsible marketing	Responsible marketing	Marketing & communications			
				Manage sustainability	Manage sustainability	
	Regulatory & policy					
	Tax transparency					

	BAT 2021	BAT 2022	BAT 2023	PMI 2021	PMI 2022	PMI 2023
H		Harm Reduction	Harm Reduction	Nicotine Science	Nicotine Science	Nicotine Science
			Supply engagement			
						Purposefully phase out cigarettes
						Maximize benefits of Smoke-free products
						Seek net positive impact in wellness & healthcare

BAT 2021 ANNUAL REPORT

- **E:** Vuse became the first ever global carbon neutral vape brand. p3
- **S:** BAT is clear that combustible cigarettes pose serious health risks. The only way to avoid these risks is **not to start smoking or to quit.** p4
- **G:** Claims it is able to make a valuable contribution to policy development relating to their industry. p60
- **H:** Claims Tobacco Harm Reduction (THP) is an important public health strategy that aims to minimise the harm caused by combustible products. p23



BAT 2022 ANNUAL REPORT

- **E:** BAT asserts its commitment to protecting the ecosystems where they operate, enhancing their resilience, and preventing deforestation, among other efforts, i.e., Forest conservation, land use change, sustainable agriculture, tobacco curing. p52
- **S:** Farmers in their Tobacco Supply Chain have access to Personal Protective Equipment (PPE) for agrochemical use and harvesting. p96
- **G:** In South Africa, BAT has launched a pilot for their modern oral product, 'Velo', in Johannesburg, with a guided trail and expansion into key accounts delivering encouraging early results. p40



BAT 2023 ANNUAL REPORT

- **E:** BAT has been working with Ocean Plastics Technologies, a community-based waste plastic recycling solution in South Africa on a vapour pod recycling pilot. **The project was expected to recycle approximately 250,000 pods per month and create an estimated 16 jobs per recycling container.** p85
- **S:** BAT recognises and supports the objective of governments to reduce smoking rates and its associated health impact, they believe that people should be able to make better choices by opting for smokeless alternatives instead of cigarettes. p19
- ‘Sadly, there were four fatalities of employees and contractors in 2023’ –two employees in Mexico, a BAT-supervised contractor in South Africa, and an independent contractor in Bangladesh. p92



Continued...

- **G:** Claims that trading conditions have continued to be difficult in South Africa with the growth in illicit trade following the ban on the sale of tobacco products introduced during the COVID-19 pandemic is becoming further entrenched. p246
- The future of THP has always depended on robust science and ensuring that this science is accessible to audiences outside the scientific community is critical. p33
- Conducted a cross-sectional clinical study claiming that exclusive Vuse users had significantly lower exposure to tobacco toxicants. p32



PMI 2021 INTERGRATED REPORT

- **E:** 86% recycling rate of *IQOS* devices returned to PMI centralized recycling hubs. p11
- Believe that “with the right regulatory encouragement and support from civil society, cigarette sales can end within 10 to 15 years in many countries” (PMI)
- **S:** 40.7% of management positions are held by women, exceeding their 2022 target of 40% (2021: 39.7%). p11
- **G:** PMI’s global policy on data privacy sets a standard for privacy governance and accountability. p92
- **H:** While nicotine is addictive and not risk-free, it is not the primary cause of smoking-related diseases, such as cardiovascular, respiratory diseases, and cancer.



PMI 2022 ESG HIGHLIGHTS REPORT

- **E:** When recycling is not possible, PMI seeks to recover waste materials and use them to generate energy, by applying a 'zero waste' principle. p82
- **S:** PMI claims that the cultivation of complementary crops beyond tobacco can improve farmers income while enhancing resilience against climate change and economic uncertainty. p62
- **G:** After analysing results of resilience deep-dive workshops piloted in South Africa in 2021, PMI decided to build resilience training into broader initiatives and resources, including their approach to lifelong learning, as well as training programs for leaders and new managers. p58



PMI 2023 INTERGRATED REPORT

- **E:** Zero coal is used as curing fuel for the tobacco PMI sources and, devices have 70% effective recycling rate of their smoke-free electronic devices. p52
- **S:** PMI requests their colleagues to voluntarily self-identify as part of an underrepresented group based on gender, nationality, sexual orientation, ethnicity, disability, creed, or other dimension. p53
- **G:** Claims that their standard is clear, they do not bribe anyone, anywhere, for any reason...bribery is unacceptable their policy prohibits all forms of bribery and facilitation payments. p86



BAT ESG ROADMAP

Our ESG Roadmap

Our ESG Roadmap contains some of our key sustainability ambitions and targets, metrics and performance tracking.

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						
Topic	Ambitions and targets	Metrics	Performance tracking			
			2023	2022	2021	Status
H Harm reduction	£5bn by 2025 in revenue from New Categories	New Category revenues (£bn)	3.3	2.9	2.1	■
	50m by 2030 consumers of our Non-Combustible products	No. of consumers (millions), ^{①②} excluding Russia and Belarus	23.9	20.7	17.1	■
E Climate change	Net Zero GHG emissions by 2050	Scope 1 and 2 (market-based) CO ₂ e emissions (thousand tonnes) ^{①②}	362	420	495	■
	50% reduction in Scope 1 and 2 GHG emissions by 2030 (vs 2020 baseline) ¹	Scope 1 and 2 CO ₂ e emissions intensity (tonnes per £m revenue) ^{①②}	13.3	15.2	19.3	■
	50% reduction in Scope 3 GHG emissions by 2030 (vs 2020 baseline) ¹	% Scope 1 and 2 CO ₂ e emissions reduction vs 2020 baseline	33.1	22.3	8.4	■
Circular economy	25% reduction in waste generated in own operations by 2025 (vs 2017 baseline)	% reduction in waste generated	28.2	21.5	14.1	✓
	100% packaging to be reusable, recyclable or compostable by 2025	% packaging reusable, recyclable or compostable	94	92	92	■
Biodiversity and ecosystems	Deforestation and Conversion Free tobacco supply chain by 2025	% sources of wood used by our contracted farmers for curing fuels that are from sustainable sources ^{①②}	99.99	99.99	99.89	■
	Deforestation Free pulp and paper supply chain by 2025	% of pulp and paper materials sourced with low risk of deforestation	69.3	N/A	N/A	■
	Forest Positive in our tobacco supply chain by 2025 (vs 2021 baseline)	Hectares of forests planted for conservation and Forest Positive	68.8	27.6	N/A	■
Water	35% less water use by 2025	% reduction in water withdrawn vs 2017 baseline	39.2	32.6	27.6	✓
	100% operations sites Alliance for Water Stewardship certified by 2025	% operations sites Alliance for Water Stewardship (AWS) certified	68.8	36.4	15.0	■

























S Employees, diversity and culture	Increase to 45% by 2025 proportion of women in Management roles ^{①②}	% female representation in Management roles ^{①②}	42	41	39	■
	Increase to 40% by 2025 proportion of women on Senior Leadership teams ^{①②}	% female representation on Senior Leadership teams ^{①②}	39	30	27	■
	Zero accidents aiming for zero accidents Group-wide each year	Lost Time Incident Rate (LTIR) ^{①②}	0.17	0.19	0.20	■
		Number of serious injuries and fatalities to employees and contractors ^{①②}	25	36	31	■
Human rights ³	Zero child labour aiming for zero incidents in our tobacco supply chain by 2025	% farms with incidents of child labour identified ^{①②}	0.15	0.38	0.70	■
		% incidents of child labour identified and reported as resolved by the end of the growing season ^{①②}	100	100	100	✓
Farmer livelihoods and communities ³	Prosperous livelihoods we are committed to working to enable prosperous livelihoods for all farmers in our tobacco supply chain	% farmers in our Thrive Supply Chain ³ reported to grow other crops for food or as additional sources of income ^{①②}	93.3	92.8	95.6	■
G Marketing and communications	Full compliance aiming for full compliance with marketing regulations	Incidents of non-compliance with marketing regulations resulting in a fine or penalty ^{①②④}	3	2	N/A	■
	Ethics and integrity	100% SoBC compliance aiming for full adherence to our Standards of Business Conduct (SoBC)	Number of established SoBC breaches ^{5①②}	123	84	99
		Number of disciplinary actions taken as a result of established SoBC breaches that resulted in people leaving BAT ^{①②}	79	58	46	■
Supplier engagement	100% of product material and high-risk indirect suppliers having at least one independent audit within a three-year cycle	% product material and higher-risk indirect service suppliers having an independent labour audit within a three-year cycle ^{①②}	58.8	36.6	22.0	■

PMI ESG ROADMAP

2025 Roadmap

11 headline goals connected to 8 strategies.

Our roadmap outlines our key commitments and informs the route of our long-term plan.

	Goals	Priority ESG topics	Primary SDGs
 Purposefully phase out cigarettes	1 Intentionally work toward phasing out cigarettes by ensuring that smoke-free products represent at least 30% of our shipment volumes and more than half of our net revenues by 2025 while continuing to reduce our combustible shipment volume	Product health impact	
	2 Develop and commercialize science-based smoke-free alternatives, making them available in 100 markets (of which at least half in low- and middle-income markets) and continuing to increase the total number of users	Product health impact; Sales, marketing, and consumer communications	
	3 Deploy robust youth access prevention programs in indirect retail channels and ensure that sales of our products abide by our Marketing Codes	Product health impact; Sales, marketing, and consumer communications	
	4 Leverage scientific and development capabilities to generate at least USD 1 billion in annual net revenues from products in wellness and healthcare	Innovation in wellness and healthcare	 
 Reduce post-consumer waste	5 Reduce post-consumer waste and prevent littering by implementing comprehensive programs covering all our consumables	Materials and product eco-design; Post-consumer waste	 
	6 Follow eco-design and circularity principles for all smoke-free electronic devices		
 Foster an empowered and inclusive workplace	7 Nurture a more diverse culture that promotes equity and inclusion by providing access to lifelong learning to all our employees and improving gender and local representation in management globally	Diversity and inclusion; Human capital development	   
	8 Eradicate systemic child labor in our tobacco supply chain	Socioeconomic well-being of tobacco-farming communities	 
 Improve the quality of life of people in our supply chain	9 Ensure all contracted tobacco farmers make a living income, and partner with our direct suppliers to promote a living wage for their workers	Socioeconomic well-being of tobacco-farming communities	 
	10 Achieve carbon neutrality in our operations and accelerate our decarbonization toward net zero across our value chain	Climate	 
 Preserve nature	11 Promote biodiversity, address critical water challenges, ensure no conversion of natural ecosystems, and halt deforestation in both our tobacco and pulp and paper supply chains	Biodiversity; Water	 



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“Transparency is essential. This is about authentic reporting of your business activities and how they impact the communities, social fabric and environment.” Perry Boeker

Thank you!

