

## IMPACT AREA

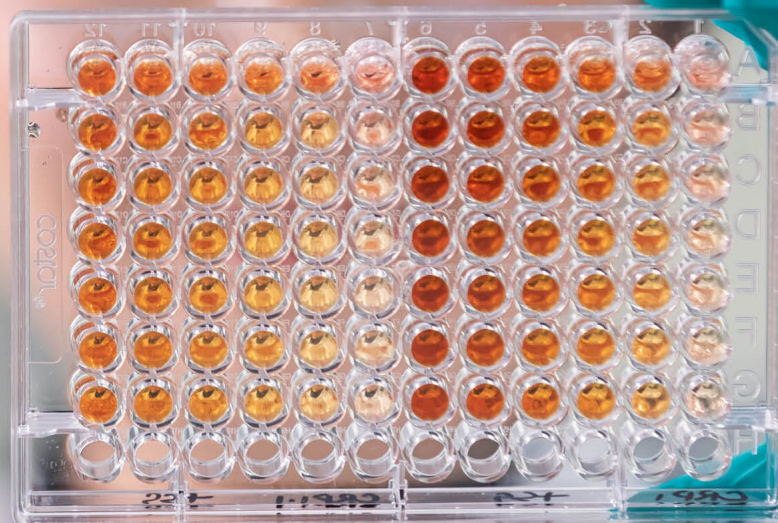
**THR**

## GLOBAL CHALLENGE

**Tobacco Harm Reduction acceptance is not without roadblocks.**

Achieving our THR ambition requires changes in consumer behaviour and in society itself, particularly regarding regulations and public health policies.

This involves access to new markets that currently do not allow for Smokeless products and working towards the acceptance of THR.



## LOCAL ACTIONS

# Investing in research and development to contribute to THR

## Sweden: Soon to be Europe's First 'Smoke-free' Country

The widespread adoption of oral nicotine products and snus in Sweden has helped reduce smoking rates among people over 16 from 15% in 2008 to 5.3% in 2024.<sup>1</sup>

The World Health Organization (WHO) considers countries to be smoke-free when smoking prevalence is less than 5% of the population.<sup>2</sup> Making these products more widely available could help achieve similar outcomes in other countries.

In 2024, we published the findings from a multi-year study by our Research and Science teams. The results contributed to the weight of evidence that our Velo nicotine pouches should be considered as a reduced-risk<sup>†</sup> alternative product compared to traditional cigarettes.<sup>3</sup>

An additional study tested the toxicological impact of Velo pouches containing different flavours and nicotine strength, and showed no increase in the adverse impact on cells further underscoring the reduced-risk profile of Velo pouches relative to cigarettes.<sup>4</sup>



WHO considers **countries to be smoke-free** when smoking prevalence is less than 5%<sup>2</sup>



Sweden has demonstrated that Tobacco Harm Reduction can be accelerated through providing smokers access to Smokeless products.



**Asli Ertonguc**

Area Director, Western Europe



New Zealand's case illustrates how regulation can drive THR.

**Peter Simmons**

Area Director, APMEA South & GM Australia

## A Global THR Leader

Following in the footsteps of Sweden, New Zealand is also on the verge of becoming smoke-free by 2025. This success can be attributed to the government's pragmatic endorsement of Vapour products, alongside regulations to prevent underage access.

In New Zealand, the introduction of Vapour products is associated with a decrease in the daily smoking rate, which dropped to 6.9% in 2023/24.<sup>5</sup> With smoking rates so low, ASH New Zealand says the country remains on track to reach its 2025 smoke-free goal of less than 5%.<sup>6</sup>

### Notes:

1. Swedish Government Statistics. Available at: [fohm-app.folkhalsomyndigheten.se/Folkhalsodata/pwweb/sv/A\\_Folkhalsodata/A\\_Folkhalsodata\\_\\_B\\_HLV\\_\\_aLevnanor\\_\\_aagLevnanortobak/hlv/tobcfod.px](https://fohm-app.folkhalsomyndigheten.se/Folkhalsodata/pwweb/sv/A_Folkhalsodata/A_Folkhalsodata__B_HLV__aLevnanor__aagLevnanortobak/hlv/tobcfod.px)
  2. World Health Organization, Tobacco-free generations: Protecting children from tobacco in the WHO European Region. 2017. Available at: [www.who.int/europe/publications/m/item/tobacco-free-generations---protecting-children-from-tobacco-in-the-who-european-region#](https://www.who.int/europe/publications/m/item/tobacco-free-generations---protecting-children-from-tobacco-in-the-who-european-region#)
  3. [www.sciencedirect.com/science/article/pii/S1383571824000147?via%3Dihub](https://www.sciencedirect.com/science/article/pii/S1383571824000147?via%3Dihub)
  4. [www.sciencedirect.com/science/article/pii/S2214750021000317?via%3Dihub](https://www.sciencedirect.com/science/article/pii/S2214750021000317?via%3Dihub)
  5. [www.health.govt.nz/publications/annual-update-of-key-results-202324-new-zealand-health-survey](https://www.health.govt.nz/publications/annual-update-of-key-results-202324-new-zealand-health-survey)
  6. [www.ash.org.nz/smoking\\_rate\\_continues\\_record\\_decline\\_to\\_only\\_6\\_8\\_daily\\_use\\_m\\_ori\\_and\\_pacific\\_rates\\_are\\_also\\_reduced](https://www.ash.org.nz/smoking_rate_continues_record_decline_to_only_6_8_daily_use_m_ori_and_pacific_rates_are_also_reduced)
- \* 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 U.S., including Vuse, Velo, Grizzly, Kodiak, and Camel Snus, are subject to FDA regulation and no reduced-risk claims will be made as to these products without agency clearance.



Go online to learn more about our approach to sustainability  
[bat.com/sustainability-and-esg](https://bat.com/sustainability-and-esg)



## Sustainable Future

# Our Tobacco Harm Reduction ambition

## OUR AMBITION

### Migrating adult smokers from cigarettes to Smokeless products.

To begin with, we are very clear that Smokeless products are not risk-free.

The best choice any adult smoker can make will always be quitting combustible tobacco products completely. Yet many do not.

We believe that progressive, evidence-based regulation – supported by meaningful enforcement – is the key to reducing smoking rates.

We seek to engage with public health authorities and regulators, to support the development of policies and strategies that balance THR objectives with key concerns, such as underage access, environmental impacts and product safety.



Scientific engagement is vital now more than ever. The science behind Smokeless products is what will guide regulation, and support wider acceptance of Tobacco Harm Reduction. 



**Dr Elaine Round**  
Group Head of Life Sciences



# How we'll get there

## Migrating smokers to Smokeless products.

We invest more than £300 million a year in the research and development of Smokeless products. We continue to enhance our capabilities while collaborating with researchers around the globe.

Our multidisciplinary team of scientists make sure all our products meet high quality standards in line with our Product Stewardship Framework and our Group Quality Policy Statement, which set out our approach to developing and manufacturing our products responsibly and formalise how we strive to deliver high-quality products.

Our Global Toxicology team conducts in-depth toxicological and safety risk assessments of the ingredients and materials we use to ensure that they meet the standards required to bring our products to market.

**+** Read more about our policies and procedures on [pages 116 to 117](#)

### Ambitions:



**50% of our revenue** from Smokeless products by 2035

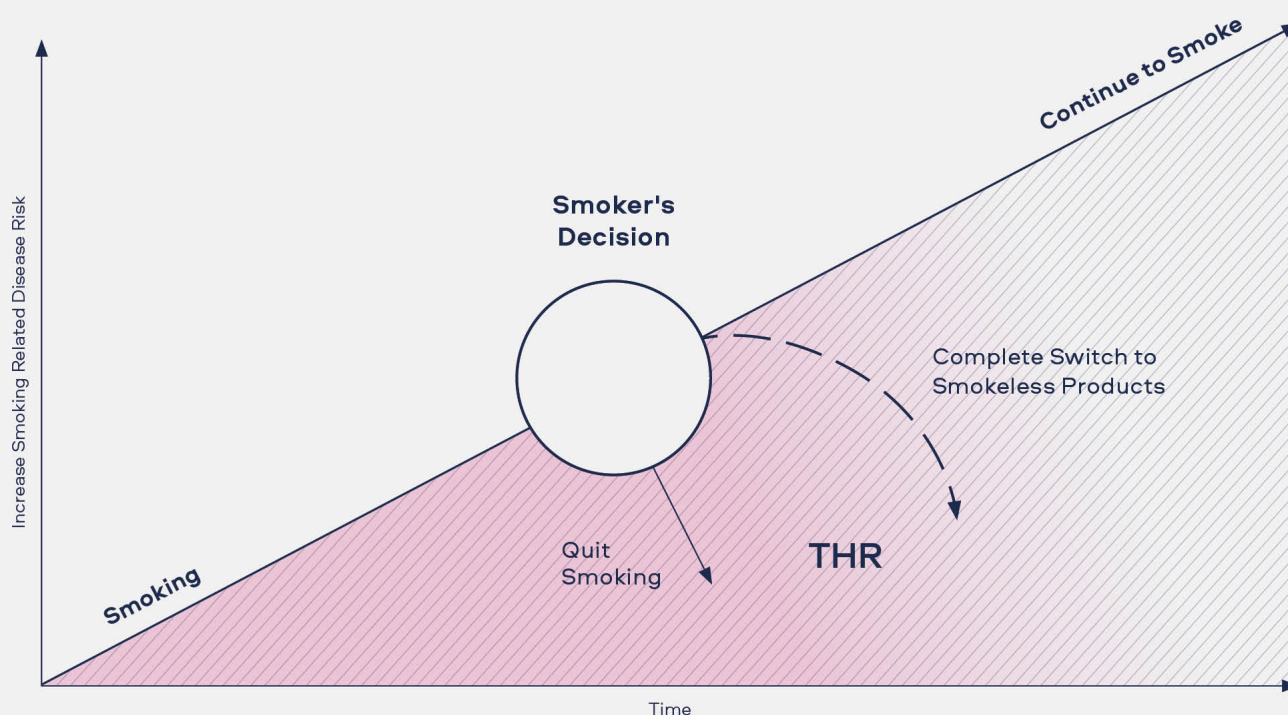


**50m consumers<sup>†</sup>** of our Smokeless products by 2030

**+** <sup>†</sup>Find out more: Refer to the BAT 'Reporting Criteria' for a full description of key terms and definitions at [bat.com/reporting](https://bat.com/reporting)

## An illustrative model of Tobacco Harm Reduction (THR) potential

The concept of THR aims to mitigate the adverse health effects associated with continued smoking by encouraging adult smokers who will not otherwise quit to switch completely to reduced-risk<sup>†</sup> alternatives<sup>1</sup>. It offers such smokers a method of using non-combustible forms of tobacco and nicotine with the potential to lower an individual's disease risk, resulting in a net public health benefit.



**+** Learn more about THR strategy at [asmokelessworld.com/gb/en](https://asmokelessworld.com/gb/en)

### Notes:

\* Based on the weight of evidence and assuming a complete switch from cigarette smoking. These products are not risk free and are addictive.

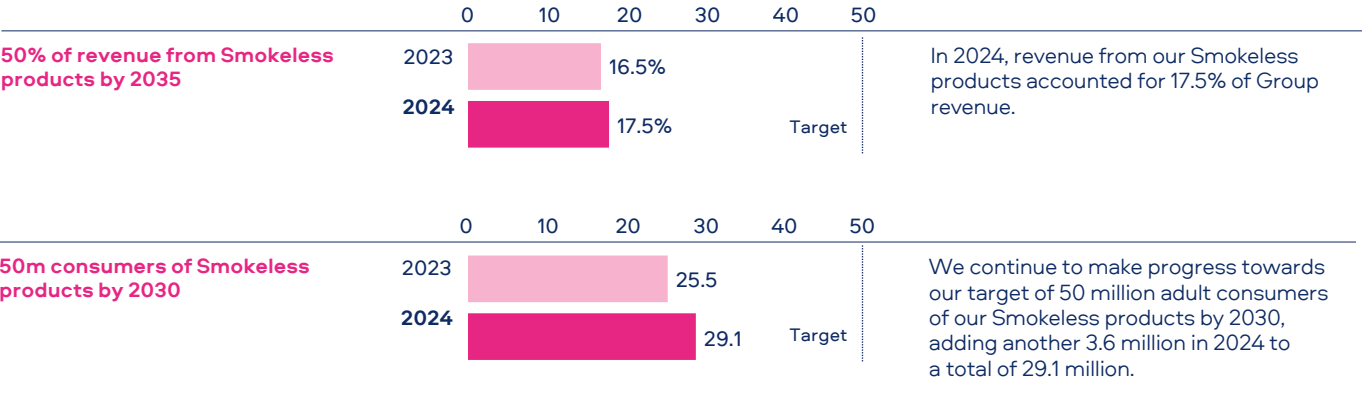
† Our products as sold in the U.S., including Vuse, Velo, Grizzly, Kodiak, and Camel Snus, are subject to FDA regulation and no reduced-risk claims will be made as to these products without agency clearance.

1. Royal College of Physicians. E-cigarettes and harm reduction: An evidence review. RCP, 2024. Available at: [www.rcp.ac.uk/policy-and-campaigns/policy-documents/e-cigarettes-and-harm-reduction-an-evidence-review](https://www.rcp.ac.uk/policy-and-campaigns/policy-documents/e-cigarettes-and-harm-reduction-an-evidence-review)

# What we're doing

## Our commitment to THR through the development, scientific assessment and commercialisation of our Smokeless products.

### Summary of progress towards our ambitions



### Making a Smokeless World a reality

In 2024, we set out our vision to Build a Smokeless World by introducing Omni™, a progress summary of our efforts to create A Better Tomorrow™.

Omni™ openly addresses the big questions facing our organisation and provides an overview of the science supporting our Smokeless products. It also summarises the global THR evidence base compiled over the last decade.

We published our 'Commitment to Responsible Vaping Products', containing new and ambitious goals to address legitimate stakeholder concerns about underage access, product safety and environmental impact.

### Backing the role of appropriate regulation

Appropriate regulation, transparency, and accountability are essential for Smokeless products to reach their full potential. A balanced approach that factors in views of all stakeholders – including those of BAT – and the latest body of evidence is key.

### Scientific rigour and due diligence

Our research in Smokeless products not only focuses on the compliance of our products with all relevant regulations where they are sold, it also contributes valuable data to the scientific community.

Our studies follow standardised regulatory-endorsed methodologies where those exist, in line with requisite quality standards and practices (e.g. good laboratory practice and good clinical practice), and where possible, are conducted through third-party contract research organisations.

### Putting our expertise to work

With consumer insights and significant investments in science and R&D, we strive to deliver innovations that anticipate and satisfy consumer preferences.

We collaborate with external partners and our corporate venturing arm, Btomorrow Ventures (BTV), to gain access to emerging technologies and trends.

### Case study



## Commitment to responsible vaping products

We have published a series of ambitions, supported by evidence-based solutions for our Vapour devices.

Our efforts include the prevention of underage access and appeal through our responsible approach to flavours and marketing, as well as the introduction of device features.

We have set clear targets for the increased implementation of age-gating technologies and accidental use restriction features.

By the end of 2026, we aim to offer at least one vapour system with age verification technology in markets that collectively make up at least 80% of our global net turnover for Vapour products.

**+** Learn more at [bat.com/content/dam/batcom/global/news-and-features/2024/october/bat-publishes-new-industry-leading-ambitions-for-responsible-vaping/bats-commitment-to-responsible-vaping-products.pdf](https://bat.com/content/dam/batcom/global/news-and-features/2024/october/bat-publishes-new-industry-leading-ambitions-for-responsible-vaping/bats-commitment-to-responsible-vaping-products.pdf)



## Case study



### Setting standards for retailers

We have Underage Access Prevention (UAP) programmes in place to help prevent our products from being accessed by or sold, whether through BAT or any third-party business entity with whom we have a customer relationship.

We engage with our third-party retail customers and distributors to adhere to the Group's responsible marketing standards.

For example, in the U.S., we support TruAge™, a digital ID check solution that enhances current age-verification systems while protecting consumer privacy.<sup>1</sup> The TruAge™ programme is available free of charge to help retailers comply with our contractual age-verification requirements.

BTV has recently invested in a human technology company, that develops advanced systems to replicate disease states and human responses to therapeutics. Its technology is designed to facilitate the acceleration of drug discovery and reduce the need for animal studies.

In 2024, we attended more than 60 conferences, presenting on the science behind our Smokeless products. These conferences ranged from large general conferences on toxicology to more specialist events on nicotine and tobacco science. We also ensure that the research and content we share at conferences is accessible to the public via our dedicated website, [bat-science.com](https://bat-science.com).

More than 270 peer-reviewed papers have been published in a range of global journals about our Smokeless products.

**+** Read more about **our research and scientific engagement in the Omni™** at [asmokelessworld.com/gb/en](https://asmokelessworld.com/gb/en)

### Our Responsible Marketing Principles

Our International Marketing Principles were updated and renamed Responsible Marketing Principles (RMP).

Our approach to responsible marketing is governed by our RMP and Responsible Marketing Code (RMC). They apply to all BAT entities and marketing suppliers as appropriate to local conditions. These principles emphasise responsible marketing, which is accurate and adult-targeted and may be stricter than local law requires.

Our RMP, RMC and supporting guidelines govern how we market our products, with a particular focus on designing products strictly for adult smokers and nicotine consumers.

Topics included UAP, mandatory health warnings and digital marketing content.

The RMP and RMC are underpinned by detailed guidelines and toolkits to facilitate their consistent application.<sup>2</sup>

Processes are in place for reviewing and approving marketing content to facilitate compliance with both our standards and local laws.

### Reporting and resolving incidents of non-compliance

Any allegations of non-compliance are managed and escalated by the relevant market. Regional Heads of Legal report any relevant findings to the Regional Audit Committee and remediation actions are implemented, as appropriate.

In 2024, we identified two incidents of non-compliance with local marketing regulations resulting in a fine or penalty and zero incidents of non-compliance with local regulations resulting in a regulatory warning.<sup>3</sup>

### Marketing in a digital age

We only use social media where the audience is predominantly adult.

We do not use open social media for our combustibles brands.

Where we use social media partnerships to promote Smokeless products, we only select third-parties whose audience is predominately adult.

Our e-commerce and social media channels must also adhere to the requirements set out in the RMP and RMC.

Our Digital Confidence Unit (DCU) is dedicated to monitoring social media content 24/7 for compliance and reputational management purposes.

To provide oversight, the team reviews our social media posts to check for compliance with the RMP and RMC.

The DCU engages with markets, as appropriate, to swiftly remediate any incidents identified.

## What's Next

### Expanding our Smokeless products capabilities.

- Exploring innovative methods to assess health risks and the harm reduction potential of from Smokeless products.
- Leveraging Omni™ to further engage with stakeholders, including scientists, public health authorities, regulators, policy makers, and investors.
- Continuing to collaborate with stakeholders on the public health opportunities of THR.

#### Notes:

1. TruAge™, Available at: [www.mytruage.org/](https://www.mytruage.org/)
2. BAT, Responsible Marketing Principles and Code available here: [www.bat.com/sustainability-and-esg/governance-and-ethics/marketing-our-products-responsibly](https://www.bat.com/sustainability-and-esg/governance-and-ethics/marketing-our-products-responsibly)
3. Incidents of non-compliance with regulations that result in warning or in fine or penalty are dealt with at End Market level. To collect the 'Incidents of non-compliance with regulations resulting in warning/fine or penalty' compliance data, the local teams are asked to report any instances or potential instances of breach, which may include allegations of inappropriate marketing, or investigations regarding marketing non-compliance that they are aware of in their market. Incidents are only reported here when a fine or warning is issued.

#### <sup>†</sup> Definitions:

**Smokeless products:** Refers to our Heated Products, Modern Oral, Traditional Oral and Vapour categories.