



BAT Vietnam ESG Report 2021

Thinking sustainably. Acting responsibly.



Welcome to our ESG Report 2021

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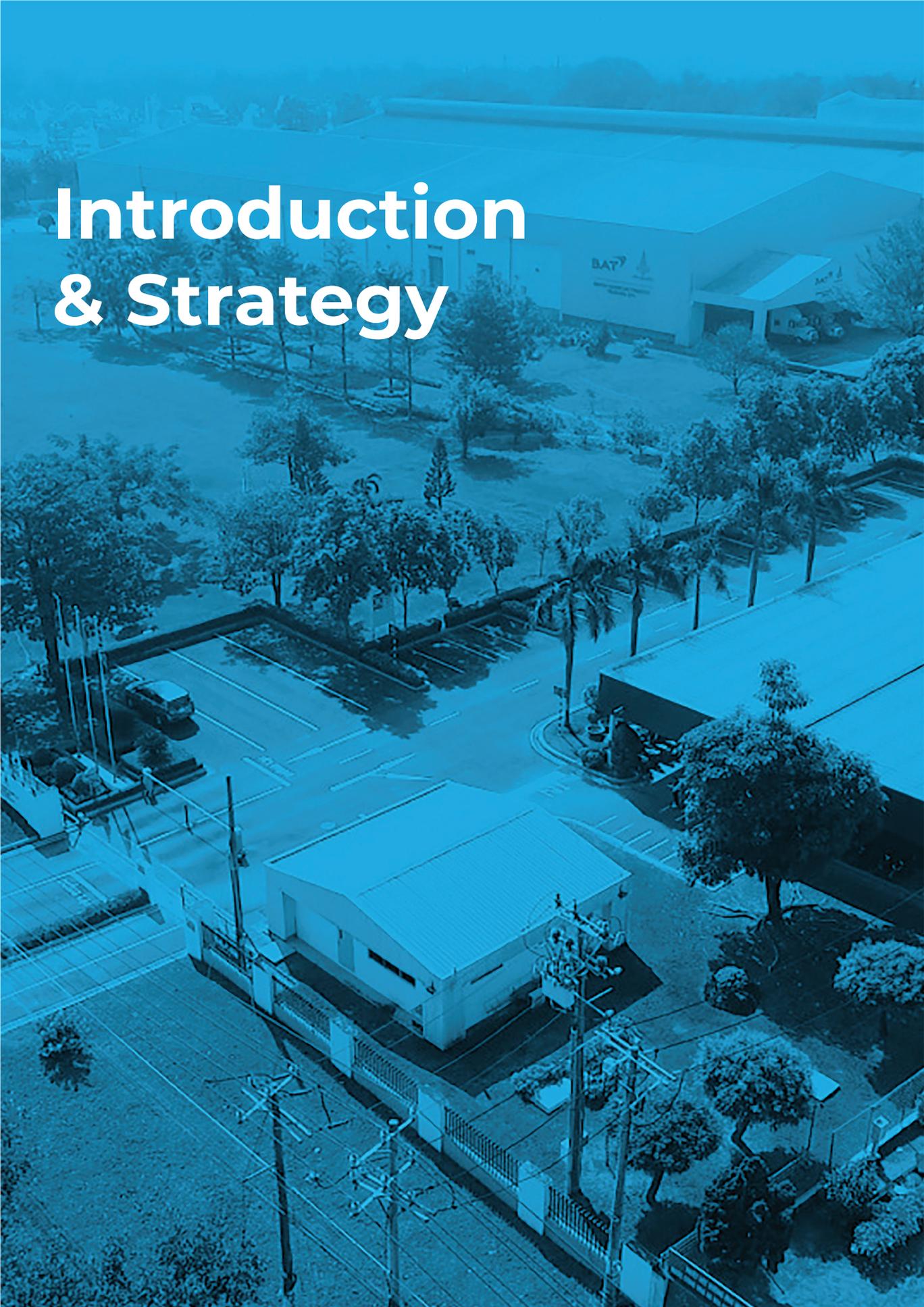
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About this report and its purpose

The BAT Vietnam ESG report 2021 marks the celebration of our 27-year journey. This document provides a strategic vision with clear standards and goals and offers an overview of our activities and performance. Our targets and goals align with the BAT's Group purpose, and the common goals of the Government, which are to join the business community and contribute to the National Agenda for Sustainable Development 2030 and continue to create value for all our stakeholders.

Copies are printed on recycled papers.



Introduction & Strategy

General Manager's Review

“ The Group is dedicated to putting sustainability front and centre in everything it does - driving excellence in environmental management, delivering positive social impacts, and embedding robust corporate governance. ”



“ We constantly seek to create values for all our stakeholders. ”

“ Acting responsibly and with integrity in everything we do underpins our whole approach and forms the foundation of our culture and values as a company. ”

Dear stakeholders,

Welcome to BAT Vietnam's first-ever ESG report!

Over the last 27-year journey of establishment and development, BAT Vietnam has become one of many successful international businesses in the country by continuing to maintain and embrace its commitments to achieving growth in a more sustainable way, showing great progress in each pillar of the Environment, Social, Governance (ESG) initiatives.

Transforming for A Better Tomorrow™

Across the Group, BAT is transforming its business with our leading purpose to build A Better Tomorrow™ by reducing the health impact of our business. In doing so, we are creating multi-stakeholder value. BAT is transforming: creating new products, backed by science, that provide adult smokers with enjoyable, less risky* alternatives.

At the same time, the Group is dedicated to putting sustainability front and centre in everything it does - driving excellence in environmental management, delivering positive social impacts, and embedding robust corporate governance.

BAT Vietnam pursues the philosophy of sustainable development embedded in our Group's sustainability agenda. We constantly seek to create values for all our stakeholders: for farmers in our supply chain via investing in stable growing areas and supporting higher incomes and better livelihoods; for employees through creating and maintaining a safe working environment and providing them with a dynamic and purposeful place to work.

Acting responsibly and with integrity in everything we do underpins our whole approach and forms the foundation of our culture and values as a company. We regard robust governance as a key element upholding the

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

General Manager's Review

sustainable, long-term growth of our business. In line with the Group's ethos, our ethos is about being bold, fast, empowered, responsible, and diverse to create a future-fit culture at BAT Vietnam.

As a company leading the transformation in Vietnam, we always align our actions with the Group's sustainability development goals, and put people front and centre of our journey. This will enable us to hold our ambitious targets and make progress towards them.

Our journey through the pandemic

In 2021, like other enterprises, BAT Vietnam experienced challenges as the pandemic caused numerous obstacles, such as interruptions in the supply chain and production, threats to the health, safety, and well-being of our employees, difficulty accessing COVID-19 vaccinations and rising costs.

In spite of those obstacles, we kept a strong will and overcame these challenges with fantastic staff unity, complying with the "stay-at-work" model - an adaptive policy, initiated and encouraged by the Vietnamese Government and applied by many corporations in Vietnam to safely maintain production and ensure incomes for laborers during the pandemic. The solidarity and determination of our staff to fight the pandemic has also created a positive and optimistic "stay-at-work" environment. The values in BAT's culture has been proven and fostered by maintaining and strengthening employee cohesion and development despite the many challenges caused by the COVID-19 pandemic.

I'm grateful to every member of our company for helping to achieve great results in 2021, despite it being such a challenging year.

Our Vietnam goals

The most hazardous period of COVID-19 has gradually come to an end. It is now the proper time for us to perform even better, and further strengthen our ESG pillars.

Through the initiatives that have been undertaken within BAT Vietnam, we continue to reduce environmental impacts and promote a shift towards a circular economy. Water and energy efficiency programs are some of our highlights of 2021, showing a promising future for our sustainability goals and ambitions.

Besides using 30% of total energy from renewable sources, we have set a clear target for BAT Vietnam to recycle 35% of water and net-zero deforestation by 2025. We are committed to enabling prosperous livelihoods for all farmers in our tobacco supply chain and continue to maintain 100% of operation sites to achieve zero waste to landfill, zero accidents company-wide, and 100% adherence to our Standards of Business Conduct (SoBC). Those are our ESG commitments in the years to come.

Last but not least, BAT Vietnam's sustainability goals are aligned to the common aims of the Group and the Government to join the business community to contribute to the National Agenda for Sustainable Development 2030 according to the 17 Sustainable Development Goals (SDG) of the United Nations. For more on how we're contributing to the SDGs, see [page 14](#). These are backed by clear and measurable goals and targets for each area, as detailed in our ESG Roadmap on [page 11](#).

I hope our detailed and transparent report for 2021 will be informative and give you an insight into our sustainability commitments.

DANIEL HSU
General Manager

“ I'm grateful to every member of our company for helping to achieve great results in 2021, despite it being such a challenging year. ”

“ BAT Vietnam's sustainability goals are aligned to the common aims of the Group and the Government to join the business community to contribute to the National Agenda for Sustainable Development 2030 according to the 17 Sustainable Development Goals (SDG) of the United Nations. ”

BAT Vietnam at a glance



After 27 years of development in Vietnam, BAT Vietnam has become one of the leading multinational Fast-Moving Consumer Goods (FMCG) companies in the country. Today, BAT is one of the most successful international businesses in Vietnam. With the Group's ethos

being Bold, Fast, Empowered, Diverse and Responsible, BAT Vietnam empowers our people, fosters a vibrant and rewarding workplace, and continues to create long-term values for our stakeholders in Vietnam.

Our clear purpose is spoken the

loudest by the values we have created for our stakeholders. We are building on these strong foundations to accelerate progress towards a more sustainable future, putting sustainability front and centre in every action across the business.



Top BAT's
MOST MODERN
cut-rag processing
factories



12 years
accident free



TOP 100
sustainable companies in
Vietnam in
2017, 2018, 2021



ZERO
waste to landfill achieved
at both of our operations
sites since April, 2021



Over **100,000**
beneficiaries through our
Community Investment
activities in 2020 & 2021



100%
of employees completing
the Standards of Business
Conduct (SoBC) sign-off &
training, elevating the SoBC
to become a proud signature
culture of BAT Vietnam

Our 27-year journey in Vietnam

1994



BAT started its operations in Vietnam in October 1994 and has been one of the leading international FMCG companies over the past 27 years. It is notable that even long before entering the Vietnamese market, BAT's brands were being circulated and had become well-known in Vietnam market through critical licensing transactions between BAT and some key factories of Vietnam Tobacco Corporation (Vinataba) - the biggest State-owned tobacco company in Vietnam and other partners such as Sai Gon Industry Corporation, Khanh Viet Corporation.

2001



In 2001, BAT established a partnership with Vinataba, through a US\$40-million joint venture company named British American Tobacco-Vinataba Joint Venture (BAT-Vinataba JV), with the main business function of processing tobacco. It was the first foreign-invested joint venture company in Vietnam in the tobacco industry, with an operation license of 50 years, to underline the BAT Group's strong commitment to Vietnam's economic development.



Also in 2001, the representative office of BAT Marketing Singapore Pte Ltd was established in Ho Chi Minh City in order to conduct market research activities as well as connect with local businesses in Vietnam.

2004



In 2004, the BAT-Vinataba JV officially opened a cut-rag plant in Dong Nai Province to supply Vinataba and other factories. This plant has been recognized as one of the most modern cut-rag processing factories in the BAT Group.

2011



BAT conducted trials and registered new hybrid varieties in growing areas, which helped to improve productivity, the prime factor in boosting farmers' incomes. Enlarging the area of highly productive hybrid varieties like CSC07 and PVH51 is the key dynamic for productivity improvement.

Our 27-year journey in Vietnam

2014



In 2014, BAT formed a second partnership with Vinataba by establishing the VINA-BAT JV Co. to produce cigarettes.

2016



In October 2016, BAT and Saigon Industry Corporation (CNS) celebrated the 30th anniversary of a successful partnership in Vietnam.

2017



With positive contributions to the local socio-economy, especially the tobacco industry, BAT and its joint venture entities in Vietnam have been awarded the certificate of merit by the Prime Minister, Ministry of Industry and Trade, Vietnam Labor Federation.



The seedling production greenhouse project was kicked off. The project has helped to improve seedling quality with the survival rate increased to 90%, along with crop uniformity. This project strongly supports BAT Vietnam’s ESG agenda thanks to water and agrochemical reduction through technology, which resulted in a streamlined workforce and increased yield and quality of crops.



BAT Vietnam was for the first time honored to be in the Top 100 Most Sustainable Enterprises in Vietnam ranked by the Vietnam Chamber of Commerce and Industry - Vietnam Business Council for Sustainable Development (VCCI - VBCSD).

2018



The second year BAT Vietnam has been honored on the list of 100 Most Sustainable Enterprises in Vietnam organized by VCCI - VBCSD.

Our 27-year journey in Vietnam

2019



BAT Vietnam won the Top Employer Award for the first time.



The launch of the drone project to protect farmers from being exposed to Crop Protection Agents (CPAs). The project has not only provided a safer working environment for farmers but also helped to increase the efficiency and balance of agrochemicals on crops by reducing agrochemical use and labor costs.



BAT-Vinataba JV was conferred the safety award by the Group in recognition of 10 years of zero accidents.

2020



The Loose-Leaf Barn project was successfully deployed with aim to reduce curing fuel as well as GHG (greenhouse gas) emissions and improve curing quality. With better capacity and efficiency, this project provides a safer curing barn loading work process, and directly helps to reduce stack collection labor, wood consumption, and waste.



The Farmer Sustainability Management (FSM) program strengthens farm monitoring with a new digital system by tracking any potential issues such as human rights, curing fuel and afforestation, health and safety for prompt remediation.

2021



The third year that BAT was honored on the list of 100 Most Sustainable Enterprises in Vietnam organized by VCCI - VBCSD.



BAT Vietnam was named winner of the Asia Responsible Enterprise Award (AREA) 2021 for two categories: Investment in People and Corporate Governance.



Both operations sites, BAT-Vinataba JV in Dong Nai province and VINA-BAT JV in Ho Chi Minh City, achieved zero waste to landfill.

BAT Group's Sustainability Agenda

At BAT, our Sustainability Agenda is integral to our Group's strategy and purpose to build A Better Tomorrow™. It reflects our commitment to reducing the health impact of our business. This is underpinned by excellence across Environmental, Social, and Governance (ESG) priorities.

H

Reduce the HEALTH impact

-  Consumer choice
-  World-class science
-  Standards & Regulation

E

Excellence in ENVIRONMENTAL management

-  Climate change
-  Waste
-  Water
-  Biodiversity & afforestation

S

Delivering a positive SOCIAL impact

-  Farmer livelihoods
-  Human rights
-  Health & safety
-  People & culture

G

Robust corporate GOVERNANCE

-  Business ethics
-  Responsible marketing
-  Regulation & policy engagement

Creating shared value for

-  Consumers
-  Employees
-  Society
-  Shareholders

Our ESG roadmap

The goals of BAT Vietnam's sustainability development activities and chapters are aligned to the common goals of the Government, to join the business community to contribute to the National Agenda for Sustainable Development 2030 according to the 17 Sustainable Development Goals of the United Nations. These are backed by clear and measurable goals and targets for each area, as detailed in our ESG Roadmap below.

On track or met target ● Acceleration required ◆ Ongoing focus area ■

BAT Vietnam's Progress tracking

ESG Topic	BAT Group's Goals	BAT Vietnam's Goals	Metrics	2021	2020	2019	Status	Scope of BAT Vietnam 2021 report	Data period of BAT Vietnam 2021 report	
E Climate change	Net zero achieve carbon neutral operations (scope 1 & 2 CO ₂ e emissions) by 2030 & net zero emissions across our value chain by 2050	Carbon Neutrality achieve carbon neutral operations (scope 1 & 2 CO ₂ e emissions) by 2030	Total scope 1 and 2 (Market-based) CO ₂ e emissions (thousand tonnes)	3,414	2,910	3,459	■	BAT-Vinataba JV & representative office	December 1, 2020 to November 30, 2021	
			Scope 1 CO ₂ e emissions (thousand tonnes)	618	632	652	●			
			Scope 2 CO ₂ e emissions (thousand tonnes)*	2,796	2,279	2,807	■			
	30% by 2025 of total energy from renewable sources	30% by 2025 of total energy from renewable sources	Total direct energy use (GJ)	36,437	36,112	36,412	■			
			Renewable energy use (GJ)	9,638	28	0	●			
			Renewable energy use as % of total direct energy use	26.45%	0.08%	0.00%	●			
	Waste	-15% by 2025 of the absolute volume of waste generated (vs 2017 baseline)	-15% by 2025 of the absolute volume of waste generated (vs 2017 baseline)	Waste generated (tonnes)	1,927	1,818	1,838			■
				Waste to landfill (tonnes)	0.18	3.30	4.88			●
		100% by 2025 of operations sites to achieve zero waste to landfill	ZERO waste to landfill at operations sites	Waste to landfill from Operations site (tonnes)	0.00	3.14	4.70			●
				% waste recycled	99.76%	99.64%	99.68%			●
95% every year Recycle at least 95% of our total waste generated from direct operations each year		95% every year Recycle at least 95% of our total waste generated from direct operations each year	% of water recycled	28.81%	26.86%	25.76%	●			
Water	-35% by 2025 of total amount of water withdrawn (vs 2017 baseline)	-35% by 2025 of total amount of water withdrawn (vs 2017 baseline)	Water withdrawn (cubic metres m ³)	22,941	23,444	23,861	●			
			35% by 2025 of water to be recycled by 2025	% of water recycled	28.81%	26.86%	25.76%	●		
				Net zero deforestation by 2025 aiming for net zero deforestation of managed forest in our supply chain & net positive impact on forests in our tobacco supply chain	Net zero deforestation by 2025 aiming for net zero deforestation of managed forest in our supply chain & net positive impact on forests in our tobacco supply chain	% of sources of wood used for tobacco curing by farmers in our supply chain is from sustainable sources	100%	100%	100%	●
1,692 farmers in BAT Vietnam's tobacco supply chain as of 2021	October 2020 to June 2021 (following crop season)									
S Farmer livelihoods	Livelihoods committed to enabling prosperous livelihoods for all farmers in our tobacco supply chain	Livelihoods committed to enabling prosperous livelihoods for all farmers in our tobacco supply chain	Average yield (kilograms per hectare)	2,984	2,928	N/A	●	1,692 Farmers in BAT Vietnam's tobacco supply chain as of 2021	October 2020 to June 2021 (following crop season)	
			% of tobacco farmers reported to grow other crops for food or as additional sources of income	88	91	N/A	■			
	Zero by 2025 aiming for zero child labour in our tobacco supply chain by 2025	Zero aiming for zero child labour in our tobacco supply chain each year	% of farms with incidents of child labour identified	0	0	0	●			
			Zero aiming for zero accidents group-wide each year	Zero aiming for zero accidents company-wide each year	Number of work related accidents resulting in fatalities, injuries & lost workdays	0	0			0
45% by 2025 increase the proportion of women in management roles to 45%	45% by 2025 increase the proportion of women in management roles to 45%	% of female representation in management roles			39	42	N/A	■	All permanent employees G3+*	1 January 2021 to 31 December 2021
G Business ethics	100% aiming for full adherence to our Standards of Business Conduct (SoBC)	100% aiming for full adherence to our Standards of Business Conduct (SoBC)	% adherence	100	100	100	●	All employees, including those under 3 rd party contract	1 January 2021 to 31 December 2021	
			100% aiming for full adherence to our Youth Access Prevention (YAP) guidelines	100% aiming for full adherence to our Youth Access Prevention (YAP) guidelines	% adherence	100	100			100

* Scope 2 Market-based emissions equals Scope 2 Location-based emissions since no supplier-specific factor is attributed to purchased energy (electricity, steam)

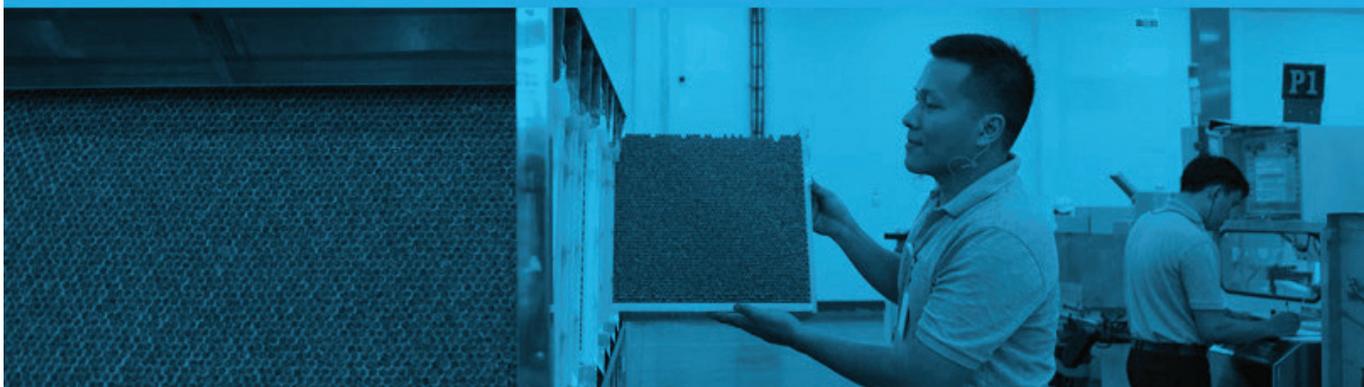
Creating shared value

BAT Vietnam's ESG activities have long-lasting values for consumers, our employees, society, the industry & the Government of Vietnam.



Values created for consumers

- ◆ **Brands they can trust** that are manufactured to high quality & high standards
- ◆ **The consistent exploration** of the ever-evolving space of scientifically substantiated reduced-risk* alternatives
- ◆ **Responsible marketing** that does not engage nor target youth, with 100% compliance with Youth Access Prevention (YAP) and International Marketing Principles (IMP)



Values created for employees

- ◆ **A diverse and inclusive workplace** that treats everyone equally
- ◆ **Opportunities for a rewarding career** by nurturing and investing in people
- ◆ **A dynamic, inspiring, and safe place to work** that values employees' well-being and listens to their views
- ◆ **Pride in working for an organization** that takes its responsibilities seriously and emphasizes **Delivery with integrity** in everything we do



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

Creating shared value



Values created for society

- ◆ **Minimizing impacts on the environment**, increasing climate change resilience, preserving and protecting natural resources
- ◆ **Supporting and improving the livelihoods** of our farmers, and communities
- ◆ **Raising standards and improving workplace conditions** for the people in our supply chain



Values created for industry & government

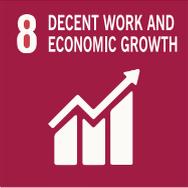
- ◆ **Contributing positive impacts** to Vietnam's economy
- ◆ **Protecting the industry via leading Anti-Illicit Trade (AIT)** in raising awareness & education and partnership with Law Enforcement Agencies (LEAs) to improve enforcement
- ◆ **Excellence in manufacturing** towards a 0-loss culture via Integrated Working System (IWS)



Our Contribution to the SDGs

BAT Vietnam has mapped our Sustainability Agenda to the eight UN Sustainable Development Goals (SDGs) that are most relevant to our business and stakeholders. We also connect those ESG priorities and focuses on the Vietnam National Action Plan for Sustainable Development Goals 2030.



SDG	Content	Our Agenda
	<p>Good Health and Well-Being</p> <p>At BAT Vietnam, we strive to ensure the health and safety of not only our employees but also farmers and contractors in our tobacco supply chain.</p> <p>With the motto “Your safety is our top priority”, we take great pride in providing our employees with a safe workplace, be it at the factory, the office or in the fields. This is proven by 12 years of 0 accidents, thousands of safety observations recorded via our safety programs tackling unsafe behaviours and unsafe conditions which help prevent work accidents from happening. This safety practice is also an important part of our Integrated Working System (IWS) program through which we have successfully engaged our partners and suppliers towards a 0-loss culture in manufacturing, including lost workdays due to work-related accidents.</p> <p>We ensure 100% of farmers in our supply chain are protected with personal protective equipment (PPE). At the same time, we have applied mechanization and different technology-based programs to help increase their productivity and income while reducing labor and exposure to agrochemicals.</p> <p>Besides providing direct support for our farmers, we support the wider communities with our social programs that cover issues ranging from women’s empowerment to rural development. Most recently, we also shared the weight of the pandemic with vaccine donation and other forms of support to aid the communities in much-needed time.</p>	 <p>Health & safety</p>
	<p>Decent Work and Economic Growth</p> <p>By the motto of our Leaf Development program “They grow, we grow”, BAT Vietnam assists farmers in our supply chain by providing them with agricultural tools and practices developed by our leaf team. These tools and techniques assist farmers in increasing yields, promoting crop diversification, and increasing farm productivity.</p>	 <p>Human rights</p>  <p>Farmer livelihoods</p>
	<p>Industry, Innovation, and Infrastructure</p> <p>BAT Vietnam is leading the way in agricultural innovation by implementing the drip irrigation systems, the Loose Leaf Barn project as well as drone fertilizer applicators to help increase the farming efficiency while protecting our farmers.</p>	 <p>Waste</p>  <p>Farmer livelihoods</p>

Our Contribution to the SDGs

SDG	Content	Our Agenda
	<p>Reduced Inequalities</p> <p>BAT Vietnam is committed to eliminating inequality across our business value chain. Our workforce is a good mix of international and local talents, among which 43% are women, and 50% are Vietnamese holding a senior position.</p>	 <p>Farmer livelihoods</p>  <p>People & culture</p>
	<p>Responsible Consumption and Production</p> <p>At BAT Vietnam, zero waste to landfill has been proudly achieved at our operation sites. Circularity is also at the core of our stance, putting waste management at the front of our strategy. This has strongly demonstrated our successful commitment to the Recover principle of Circularity, setting the other two principles Simplify and Maximise to be the next goals.</p> <p>Our approach to responsible marketing is to market tobacco products to adult consumers only and ensure they are not designed to appeal to youth.</p> <p>Our approach to responsible marketing does not engage nor appeal to youth, with 100% compliance to Youth Access Prevention (YAP) and International Marketing Principles (IMP).</p>	 <p>Waste</p>  <p>Responsible marketing</p>
	<p>Climate Action</p> <p>BAT Vietnam is addressing climate risks and opportunities across our value chain, reflecting a commitment to the sustainable development of our business. Our bold ambition for carbon-neutral operations in scope 1 and 2 by 2030 is supported by a range of targets covering energy, waste, water, and biodiversity.</p> <p>BAT Vietnam's 2021 performance has made significant progress with the result of a 26% increase in renewable energy in total direct energy use. These achievements have been thanks to a wide range of meaningful and practical activities, including energy saved by switching to 100% LED.</p>	 <p>Climate change</p>  <p>Biodiversity & afforestation</p>  <p>Waste</p>  <p>Water</p>
	<p>Life on Land</p> <p>At BAT Vietnam, we are committed to protecting and preserving valuable water resources through various water management activities. This includes the prevention and early detection of leakages, adhering to maintenance regime, replacing equipment with more water efficient models, and improving technology for the operating process to reduce water withdrawal and increase the recycling rate of water by using treated water for landscapes.</p> <p>We are aiming for net-zero deforestation of managed forests in our supply chain and net positive impact on forests by working with the farmers in our supply chain to advance sustainable agricultural practices and preserving natural resources.</p>	 <p>Water</p>  <p>Biodiversity & afforestation</p>
	<p>Peace, Justice, and Strong Institutions</p> <p>The high standards of business integrity we are committed to upholding are enshrined in our Standards of Business Conduct (SoBC) and reflected in our Supplier Code of Conduct (SCoC). We constantly promote enforcement and transparency by making it clear to all our employees, suppliers, and partners that our ethical conduct standards must not be compromised for the sake of results.</p>	 <p>Business ethics</p>

Our sustainability agenda



Excellence in ENVIRONMENTAL management



Climate change

Aligning with the Group's strategy, BAT Vietnam explores opportunities to minimize our climate impact across our value chain.

BAT Vietnam's Goals

- ◆ Carbon neutral operations (scope 1 & 2 CO₂e emissions) by 2030
- ◆ 30% of total energy from renewable sources by 2025

Our 2021 highlights

- ◆ 26% of energy from renewable sources thanks to the model shift towards biomass steam boiler at BAT-Vinataba JV in Dong Nai
- ◆ 100% switched to LED lamps at both of the operation sites, reducing the average annual energy usage by 12%, equivalent to 302 tons of CO₂e emissions (vs 2018)



Water

Water management is vital to not only sustainable farming but also direct operations. It's both our responsibility and for good business to use water efficiently.

BAT Vietnam's Goals

- ◆ Reduce 35% of total amount of water withdrawn (vs 2017 baseline) by 2025
- ◆ Increase water recycling rate to 35% by 2025. This helps save fresh water and reduce water withdrawn

Our 2021 highlights

- ◆ Water withdrawn reduced to 22,941 m³ (vs. 23,444 m³ in 2020) despite the additional increase in water use during the "stay-at-work" period
- ◆ 29% of water was recycled



Waste

At BAT Vietnam, circularity and driving a zero-waste economy are at the core of our stance.

BAT Vietnam is adopting circular economy principles of the Group to create more efficient operations, and offer our employees opportunities to renew and reduce our environmental impact on the planet.

BAT Vietnam's Goals

- ◆ Reduce 15% of the absolute volume of waste generated (vs 2017 baseline) by 2025
- ◆ ZERO waste to landfill at operations sites
- ◆ Recycle at least 95% of our total waste generated from direct operations each year

Our 2021 highlights

- ◆ Total waste to landfill reduced from 3.30 tons in 2020 to 0.18 tons in 2021
- ◆ Achieved zero waste to landfill at both operations sites
- ◆ Over 99% of our waste was recycled



Biodiversity and Afforestation

Biodiversity and afforestation are the other two important topics of our sustainable development, especially when it comes to our business, where natural resources such as timber, clean water, and healthy soils play crucial roles.

BAT Vietnam's Goals

- ◆ Aiming for net zero deforestation of managed forest in our supply chain & net positive impact on forests in our tobacco supply chain by 2025

Our 2021 highlights

- ◆ 100% of wood used for tobacco curing by farmers in our supply chain is from sustainable sources

Environment initiatives

Reducing power consumption for lighting by 40%

Among the initiatives that have been undertaken within BAT's operations in Vietnam to reduce environmental impact, and promote a shift towards a circular economy, energy efficiency programs are one of the highlight stories. In an attempt to minimize our environmental impact, both of our operations sites have entirely switched from traditional light bulbs to LED lamps, which has helped save approximately 40% of power consumption for lighting. In less than three years of conversions, the two operations site managed to replace conventional light bulbs with all LED lamps by early 2021.

The use of LED lamps is regarded as an efficient way to save energy, reducing the average annual energy usage by 12%, equivalent to 302 tons of CO₂e emissions (vs 2018 when the project had not started yet).

40%
power consumption for lighting saved

100%
switched to LED

302
tons of CO₂e emissions reduced



The lighting system at BAT-Vinataba JV in Dong Nai province has been converted 100% to LED lights

Water recycling reaches 29%

Water recycling increased to 29% in 2021 from 26% in 2020 by reusing water for the deodorization system and irrigation. These activities are being carried out daily at both of our operations sites in Vietnam to maintain and protect our water resources.

With what has been achieved this year, BAT Vietnam is proud to stand among other members across the Group because water recycling has increased and water withdrawn decreased year-on-year thanks to a focus on leak management activities and changes in maintenance procedures to save water.



BAT-Vinataba JV in Dong Nai province takes advantage of the treated wastewater reuse system for watering plants

Conserving water through technology application

Conservation of water resources is a crucial aspect of tobacco growing, and we offer instructions to farmers on field models. We encourage and support farmers with modern technology to prevent soil and water contamination and to control irrigation and drainage to preserve water resource.

By applying modern drip irrigation technology, BAT Vietnam and farmers in our supply chain have saved about 1,260 cubic meters/ha/crop. Particularly for the Winter-Spring crop of Gia Lai province in 2021, 177 hectares used drip irrigation instead of the traditional method and saved more than 223,000 cubic meters of water. At this rate, the technology is expected to be transferred and applied to about 500 hectares of growing areas in the Central Highlands, which is estimated to save about 700,000 cubic meters of irrigation water during the Winter-Spring 2022 crop.

177
hectares applied
drip irrigation

+223,000
cubic meters of water
has been saved



By applying drip irrigation, BAT Vietnam has saved 223,000m³ water in 2021

Zero waste to landfill

As an essential part of the circular economy model at BAT Vietnam, target to reach zero waste to landfill is something we are proactively driving.

In September 2020, BAT-Vinataba JV in Dong Nai reached a significant milestone: zero waste to landfill. All waste is sorted before being transferred to functional units for treatment.

Following this achievement, our second operation site in Ho Chi Minh City celebrated the milestone of zero waste to landfill in April 2021. To achieve this, the plant has organized many training sessions on waste categorization for all employees as well as launched other environmental initiatives.

We are proud to say that since April 2021, there has been no waste sent to landfill from BAT's operations sites in Vietnam.



Employees at the VINA-BAT JV in Ho Chi Minh City show their determination to reach zero waste to landfill through environmental activities such as garbage sorting

This milestone, aligned with the Group's ESG agenda, is a result of continuous commitment to maintaining excellence in environmental management

and an improvement from the operations system in order to demonstrate BAT's responsibility and commitment to sustainable development in Vietnam.

Delivering a positive **SOCIAL** impact



Farmer livelihoods

BAT Vietnam is committed to enhancing farmer livelihoods for all farmers in our supply chain. The 2021 pandemic and its impacts have not weakened but tested and proven our social responsibility through the continuous values we have created for society despite the presented obstacles.

BAT Vietnam's Goals

◆ We are committed to enabling prosperous livelihoods for all farmers in our tobacco supply chain

Our 2021 highlights

◆ Achieved average productivity of 2,984 kg/ha yield, increasing 56kg/ha vs. 2021. The increased productivity directly helped to provide the capital to reinvest in technology and mechanization to reduce labour and increase production efficiency.



Human rights

The BAT Group respects the rights of people across its entire supply chain and its own operations. The Group has an integrated approach to protecting human rights. BAT Vietnam strictly follows this guideline and ensure it is closely monitored in our tobacco supply chain every year.

BAT Vietnam's Goals

◆ Aiming for zero child labour in our tobacco supply chain each year

Our 2021 highlights

◆ Monitored zero child labour in our tobacco supply chain



Health & safety

Across the Group, minimizing risks of accidents in the workplace and ensuring a safe working environment for employees are the top concerns of BAT. This has been supported by 12 years accident-free of BAT Vietnam.

BAT Vietnam's Goals

◆ Aiming for zero accidents company-wide each year

Our 2021 highlights

◆ Zero accidents company-wide reported in 2021



People & Culture

BAT's ethos is about being bold, fast, empowered, responsible, and diverse. This is a strong foundation for us to create a future-fit culture at BAT Vietnam. We believe it empowers our people, fosters a vibrant and rewarding workplace and promotes long-term value.

BAT Vietnam's Goals

◆ Increase the proportion of women in management roles to 45% by 2025

Our 2021 highlights

◆ 39% female representation in management roles

Tobacco Leaf Development program: “They grow, we grow”

The Tobacco Leaf Development program plays an increasingly important role in ensuring a sustainable and high-quality supply of tobacco leaf.

The program applies advanced technologies to help farmers grow high-quality tobacco leaf without damaging the environment. This program is one of our important activities in Vietnam. Since 2000, we have closely coordinated with partners to offer technical support and financial assistance indirectly to thousands of farmers in Vietnam. With experience in growing tobacco in 16 countries

around the world, our global and local tobacco leaf experts are sent to growing areas for efficient transfer of advanced cultivation and processing techniques to local farmers.

Thanks to this program, in 2021 we delivered positive impacts on farmers in our supply chain by increasing the crop yield and their income through mechanization and application of new technology to help save labor costs and other resources, enhancing a safer and more efficient working environment.

57%
of growing area are covered by Hybrid variety

3% yield increase compared to 2020

About **5,200** working days reduced



Supporting communities

Responding to the pandemic, BAT Vietnam contributed US\$50,000, equivalent to over VND1.1 billion, to the Vietnam Government’s official COVID-19 Vaccine Fund. Besides the national vaccine fund, BAT Vietnam has also donated necessities, hand sanitizers, and medical items to directly help local communities, especially in Gia Lai, where we have one of the largest leaf-growing areas in Vietnam.

Over **VND1.1 billion** was contributed to the Vietnam Government’s official COVID-19 Vaccine Fund

+6,000 beneficiaries from our social activities in 2021



BAT Vietnam helps the people of Gia Lai province to overcome difficulties during the Covid-19 epidemic with necessities

The contribution was then recognized by the local government when the company was honored to receive the Certificate of Merit from the Chairman of the People’s Committee of Ia Pa District for outstanding achievements in the prevention of the Covid-19 pandemic.

When the pandemic was under control, in April 2021, BAT Vietnam’s board of management, together with our partners, took a trip to Gia Lai again and handed over two charity houses to two disadvantaged families. By conducting such activities, BAT Vietnam has supported people in Gia Lai province in overcoming difficulties as well as contributing to improving the local infrastructure of the Ia Broai Commune.



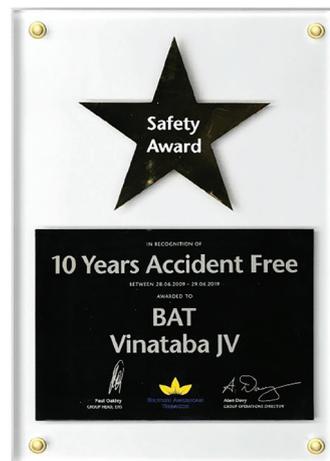
Certificate of Merit from the Chairman of the People’s Committee of the Ia Pa District for the company in the prevention of the Covid-19 epidemic

Creating a safe, fulfilling and rewarding workplace

12 years of zero accidents

Minimizing risks of accidents at the workplace and ensuring a safe working environment for employees is one of the top priorities of BAT Vietnam. 2021 has marked the remarkable milestone of 12 years accident free at BAT Vietnam since 2009, thanks to our safety measures:

- ◆ Organizing workshops and providing safety guidelines for all employees and regularly organizing activities to improve employees' awareness of industrial safety.
- ◆ Organizing safety driving courses and providing helmets for all employees who regularly use motorbikes for their work.
- ◆ Training firefighting teams to handle fire and equipping offices/factories with the most advanced firefighting equipment.
- ◆ Establishing safety-oriented contractor management system, including training on our safety standards, supervision of contractors works.



BAT Vietnam continues to maintain zero accidents since the 10 Year Accident-Free award in 2019

Building and elevating future-fit talents

By investing in talents, strengthening our culture and values, and maintaining a fulfilling, rewarding and responsible work environment, we stand out in an increasingly competitive international employment market. We are developing the next generation of diverse leaders, and our commitment to talent investment has been well received and appreciated by our employees.

BAT Vietnam sustained Training and Development across the organization despite 2021 being such a challenging year.

21
Promotions

56
Lateral Moves

+229
Training Sessions

+3,512 Training Session Participants

+5,095 learning hours recorded via our digital training platform Grid



2021 Your Voice

Your Voice is BAT's biennial global employee opinion survey where all employees across the Group have the opportunity to share their views on a number of topics that aim to make our working environment better. In the 2021 survey, BAT Vietnam achieved outstanding results, improving in 5 out of 12 categories versus its 2019 results.

Well-being and connectivity ensured during COVID-19 pandemic

In 2021, despite the pandemic, BAT Vietnam always cared for its employees, thereby building a strong and cohesive community. Responding to the prolonged pandemic, employees' working conditions have changed, but that hasn't faded that sense of community spirit. In fact, it has been enhanced significantly through a wide range of activities:

The Wellness Week online program

The program is a series of five talks running from June 21 to 25. More than 100 people were trained about the different aspects of wellness and its importance.



The Wellness Week helps to raise awareness about different aspects of wellness through five sharing sessions run by leaders and experts

Better health - greener globe: Exercise for Trees

In the 17 weeks leading up to June, BAT Vietnam launched the "Exercise for Trees" program to plant trees based on the distance our employees have covered which is 29,461 kilometres, exceeding the program's initial goal of 10,000 kilometres. This resulted in 2,000 trees being gifted to Dong Nai province.



BAT Vietnam employees participate in the Exercise for Trees program

Successfully operating the "stay-at-work" model

The prolonged effect of COVID-19 pandemic in 2021 posed some severe threats to Vietnam's economy, causing not only a massive disruption to many manufacturing and supply chain in Vietnam but also unemployment for factory workers who could not benefit from work-from-home conditions. In response to the situation, the "stay-at-work" model was initiated and encouraged by the Vietnamese Government as an adaptive policy to safely maintain the factory production and ensure incomes for laborers during the pandemic. BAT Vietnam has successfully operated this model by providing a well-conditioned place to stay and work, maintaining a safe environment, and promoting a positive mentality among the employees.



BAT has also ensured COVID-19 safety in the workplace and maintained production



Employees are always upbeat and positive

Robust corporate GOVERNANCE



Business ethics

In line with the Group's principle, we at BAT Vietnam are committed to sustaining a culture of integrity. Our business standards should never be compromised for the sake of results.

BAT Vietnam's Goals

◆ 100% aiming for full adherence to our Standards of Business Conduct (SoBC)

Our 2021 highlights

◆ Ensured 100% adherence to our Standards of Business Conduct (SoBC)



Responsible Marketing

Compliance with the International Marketing Principles of the Group, responsible marketing is a fundamental requirement of marketing principles at BAT Vietnam. Our marketing is aimed only at adult consumers and is not designed to engage or appeal to youth.

BAT Vietnam's Goals

◆ 100% aiming for full adherence to our Youth Access Prevention (YAP) guidelines

Our 2021 highlights

◆ Ensured 100% adherence to our Youth Access Prevention (YAP) guidelines

Raising standards, leading the industry

Acting responsibly and with integrity wherever we operate underpins our whole approach and forms the foundation of our culture and values as a company. We regard robust corporate governance as a key element underpinning the sustainable, long-term growth of our business.

Our Standards of Business Conduct (SoBC) is our core policy document covering areas such as speaking up (whistleblowing), anti-bribery and corruption, anti-money laundering and tax evasion, anti-illicit trade, lobbying and engagement, respect in the workplace, human rights, and political and charitable contributions, among others. This is complemented by our Supplier Code of Conduct (SCoC), which clearly defines the minimum standards we expect from all our suppliers, our principles for engagement and International Marketing Principles (IMP) as well as supporting procedures, including our Third-Party Anti-Bribery and Corruption (ABAC) procedure.

We understand that conducting our affairs with honesty, integrity, and transparency is key if we are to continue to develop as a responsible, successful, and sustainable business. Our corporate behaviour approach is strongly built on:

- ◆ **Delivery with integrity:** We are committed to sustaining a culture of integrity. Our business standards should never be compromised for the sake of results.
- ◆ **Protecting human rights:** We respect the rights of people across our entire supply chain and our own operations. We have an integrated approach to protecting human rights in our supply chain.
- ◆ **Marketing responsibly:** We are committed to marketing all our products responsibly and only to adult consumers.

Robust corporate GOVERNANCE

100% communication on Youth Access Prevention (YAP) guidelines

BAT Vietnam absolutely supports and always complies with prevailing laws, and regulations of Vietnam prohibiting the trading of tobacco products to anyone under the age of 18. In addition, every year BAT Vietnam reinforces the communication of minimum age laws for tobacco purchase through our Point of Sale Marketing (POSM) with the YAP message “No tobacco sale to people under 18 years old”. We responsibly deliver our products by requesting our distributors to strictly comply with YAP and communicate with retailers and dealers.

In 2021, we have proudly maintained the 100% rate of our YAP communication to our distributors and ensured 100% of involved employees are trained to adhere to our International Marketing Principles (IMP) and related guidelines.



Spotlight

In 2021, BAT Vietnam was honored by Asia Responsible Enterprise in the Corporate Governance category for our “Delivery with Integrity” program

The award recognizes and honors deserving Asian businesses for championing sustainable and responsible business practices in 7 categories: Green Leadership, Social Empowerment, Health Promotion, Investment in People, Corporate Governance, Circular Economy Leadership, and Responsible Business Leadership. By winning this award, BAT Vietnam has become the first tobacco company and one of the 6 winners of this category in the region.



BAT Vietnam's employees filling up the “Integrity Tree” with their vows to Deliver with Integrity

Awards & recognition



BAT Vietnam’s sustainability efforts and commitment to high standards have been recognised by notable independent external bodies. In 2021, BAT Vietnam earned numerous honorable and prestigious awards and recognitions.



HR Asia - Best Companies to Work For in Asia 2021



Vietnam HR Excellence - Employee Engagement Award



We were named the winner of the **Asia Responsible Enterprise Award (AREA) 2021** in two categories: **Investment in People** and **Corporate Governance**, becoming the first tobacco company in the region to have won both awards.



BAT Vietnam also made the **Top 13 of the 100 Most Sustainable Companies in Vietnam** by VCCI - VBCSD. This has marked the third year BAT Vietnam was honored in this exceptional list.



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