Welcome to your CDP Climate Change Questionnaire 2023

C0. Introduction

C0.1

(C0.1) Give a general description and introduction to your organization.

BAT is a FTSE top-10, multi-category consumer goods business with more than 50,000 employees worldwide, sales across more than 170 markets and a large agricultural and non-agricultural supply chain. Spread across six continents, our operating regions for the relevant period are the United States of America; Americas and Sub-Saharan Africa; Europe; and Asia-Pacific and Middle East. BAT Group generated revenue of £27.66 billion in 2022 and profit from operations of £10.5 billion. BAT's purpose is to build A Better Tomorrow™ by reducing the health impact of its business through offering a greater choice of enjoyable and less risky products*† for adult consumers.

The company's Strategic Portfolio is made up of its global cigarette brands and a growing range of reduced-risk*† New Category tobacco and nicotine products and traditional non-combustible tobacco products. These include vapour, tobacco heating products, modern oral products including tobacco-free nicotine pouches, as well as traditional oral products such as snus and moist snuff. BAT has set stretching sustainability targets, including: making all packaging reusable, recyclable or compostable by 2025; halving CO2e emissions across scope 1, 2 & 3 and achieving carbon neutral operations for scope 1 & 2 GHG emissions by 2030; and, achieving net zero GHG emissions across its value chain (scope 1, 2 & 3) by 2050.

2022 marked BAT's 21st consecutive year in the Dow Jones Sustainability Index (DJSI) World Indices, representing the top 10% of ESG performers globally according to DJSI's assessment criteria. The Financial Times identified BAT as a Climate Leader for the third year running in 2023, placing it in the top 3% of companies in Europe for achieving reductions in scope 1 and 2 emissions intensity. * 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 US, including Vuse, Velo, Grizzly, Kodiak, and Camel Snus, are subject to Food & Drug Administration (FDA) regulation and no reduced-risk claims will be made as to these products without FDA clearance.

C0.2

(C0.2) State the start and end date of the year for which you are reporting data and indicate whether you will be providing emissions data for past reporting years.

Reporting year

Start date

December 1, 2021

End date

November 30, 2022

Indicate if you are providing emissions data for past reporting years

No

C0.3

(C0.3) Select the countries/areas in which you operate.

Algeria
Argentina
Australia
Bangladesh
Belarus
Bosnia & Herzegovina
Brazil
Canada
Chile
Colombia
Croatia
Czechia
Fiji
France
Germany
Honduras
Hungary
Indonesia
Italy
Japan
Jordan
Kazakhstan
Kenya
Malaysia
Mexico
Mozambique
Netherlands
Nigeria

Pakistan
Papua New Guinea
Paraguay
Poland
Republic of Korea
Romania
Russian Federation
Samoa
Saudi Arabia
Serbia
Singapore
South Africa
Spain
Sri Lanka
Sudan
Sweden
Switzerland
Trinidad and Tobago
Turkey
Ukraine
United Arab Emirates
United Kingdom of Great Britain and Northern Ireland
United States of America
Uzbekistan
Venezuela (Bolivarian Republic of)
Viet Nam
Zambia
Zimbabwe

C0.4

(C0.4) Select the currency used for all financial information disclosed throughout your response.

GBP

C0.5

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your chosen approach for consolidating your GHG inventory.

Operational control

C-AC0.6/C-FB0.6/C-PF0.6

(C-AC0.6/C-FB0.6/C-PF0.6) Are emissions from agricultural/forestry, processing/manufacturing, distribution activities or emissions from the consumption

of your products – whether in your direct operations or in other parts of your value chain – relevant to your current CDP climate change disclosure?

	Relevance
Agriculture/Forestry	Elsewhere in the value chain only [Agriculture/Forestry/processing/manufacturing/Distribution only]
Processing/Manufacturing	Both direct operations and elsewhere in the value chain [Processing/manufacturing/Distribution only]
Distribution	Both direct operations and elsewhere in the value chain [Processing/manufacturing/Distribution only]
Consumption	Both direct operations and elsewhere in the value chain [Processing/manufacturing/Distribution only]

C-AC0.6b/C-FB0.6b/C-PF0.6b

(C-AC0.6b/C-FB0.6b/C-PF0.6b) Why are emissions from agricultural/forestry activities undertaken on your own land not relevant to your current CDP climate change disclosure?

Row 1

Primary reason

Do not own/manage land

Please explain

BAT doesn't directly own any tobacco farms. We purchase tobacco from our contracted farmers either on our own leaf operations or from third party suppliers. We do work with farmers on our value chain, as well as with our suppliers, to promote sustainable farming practices and best practices for environmental management via Sustainable Tobacco Programme, which is an industry-wide programme and other initiatives. All agricultural supply chain related emissions are captured as Scope 3.

C-AC0.7/C-FB0.7/C-PF0.7

(C-AC0.7/C-FB0.7/C-PF0.7) Which agricultural commodity(ies) that your organization produces and/or sources are the most significant to your business by revenue? Select up to five.

Agricultural commodity

Tobacco

% of revenue dependent on this agricultural commodity

More than 80%

Produced or sourced

Sourced

Please explain

As BAT does not own tobacco farms. We buy around 400,000 tons of tobacco leaf each year, grown by 81,000 directly contracted farmers and an estimated 195,000 farmers from strategic 3rd party suppliers in 29 countries. This volume of tobacco is used for our combustible and tobacco heated products. Those two categories contributed to more than 90% of our revenue in 2022 and hence that's the portion dependent on tobacco as an agricultural commodity.

C0.8

(C0.8) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.)?

Indicate whether you are able to provide a unique identifier for your organization	Provide your unique identifier
Yes, an ISIN code	GB0002875804
Yes, a Ticker symbol	BATS / LEI - 213800FKA5MF17RJKT63

C1. Governance

C1.1

(C1.1) Is there board-level oversight of climate-related issues within your organization?

Yes

C1.1a

(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual or committee	Responsibilities for climate-related issues
Board-level committee	Risk related climate change matters are under the governance remit of the Audit Committee. The Audit Committee is responsible for reviewing the effectiveness of the Group's risk management and internal controls systems, including those relating to climate change. The Audit Committee reviews the Group risk register twice a year and regularly reviews the Group's progress against climate-related targets, for example our emission reduction targets, (verified by SBTi), target for carbon neutral operations across Scope 1 and 2 GHG emissions by 2030, and target for Net Zero GHG

	emissions across our value chain by 2050. The Audit Committee also receives reports from the Group's Regional Audit and CSR committees and Corporate Audit Committee, which monitor the effectiveness of business risk management and internal controls across regions and global functions. The Chair of the Audit Committee provides a full briefing to the Board following each Audit Committee meeting, including decisions taken and key topics discussed by the Audit Committee. Example of climate-related oversight: In 2022, the Audit Committee oversaw the evolution of our approach to reporting in alignment with the TCFD framework. The Audit Committee also considered climate change risks and their impact on the Group, to ensure robust processes are in place to manage both physical and transitional climate change risks, and annual reporting on the identification, assessment, and management of those risks, in alignment with the TCFD framework.

C1.1b

(C1.1b) Provide further details on the board's oversight of climate-related issues.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Please explain
Scheduled – some meetings	Reviewing and guiding annual budgets Overseeing major capital expenditures Overseeing acquisitions, mergers, and divestitures Overseeing and guiding employee incentives Reviewing and guiding strategy Overseeing and guiding the development of a transition plan	Our Board has oversight of our climate strategy and climate-related risks and opportunities. Our Board has strategic oversight of our sustainability agenda and takes climate-related considerations into account where applicable when making strategic decisions, including in relation to budgeting, risk management and overseeing capital expenditure. The Board endorses all Group environmental targets and, in 2022, it approved our new target to reach 50% renewable energy use by 2030. The Board reviews climate-related action plans, and monitors implementation and performance of climate-related objectives and targets. For example, in 2022, the Board was briefed by the Director, Operations on preparations for the Group's first Low Carbon Transition Plan, detailing the Group's roadmap to reach Net Zero emissions by 2050. The Board receives an update twice per year from the Director, Operations on our environmental performance and progress against glidepaths towards achieving the Group's environmental targets, including in relation to climate (targets aligned to net zero emissions by 2050) and renewable energy. The

	Overseeing the setting of corporate targets Monitoring progress towards corporate targets Reviewing and guiding the risk management process	Board also reviews our approach to stakeholder engagement and how the Group responds to stakeholder considerations. In 2022, these considerations included the Group's progress in reducing Scope 3 emissions, which represent around 90% of the Group's total carbon footprint. The Board reviews the Group risk register annually, which incorporates climate-related risks. The Board reviews the Group budget annually which takes into account capital allocation to deliver the Group's sustainability agenda and associated targets. In 2022, the Board approved a revised version of the Group's Environment Policy, which highlights our priorities for climate change mitigation e.g., emission reduction and increasing the use of renewable energy. The Audit Committee is responsible for reviewing the effectiveness of the Group's risk management and internal controls systems, including those relating to climate change. The Audit Committee reviews the Group risk register twice per year and regularly reviews the Group's progress against its ESG metrics, including emission targets that address climate-related issues (progress against 2030 Scopes 1 and 2 carbon neutral operations and 2050 net zero value chain GHG emissions). The Remuneration Committee determines any annual changes to the remuneration of Management Board members. This may include salary adjustments, which are determined considering performance against individual objectives. For more information on these please refer to C1.3a.

C1.1d

(C1.1d) Does your organization have at least one board member with competence on climate-related issues?

	Board member(s) have competence on climate-related issues	Criteria used to assess competence of board member(s) on climate-related issues
Row 1	Yes	The criteria used to assess board member(s) competence on climate related issues, is if board members understand how climate-related

		issues affect the BAT Group and climate-related risks and opportunities in the BAT Group context. Board members have experience in guiding management or oversight of operational companies within industries impacted by climate-related issues, where judgements are required to manage climate-related risks and opportunities. These industries (of which one or more board members has experience) include fast moving consumable goods, for example, tobacco and beverages, where climate issues impact supply chains and present transitional risks; infrastructure, for example, railway, where physical climate risk needs to be mitigated and adapted to; and renewable energy generation and distribution, where climate risks need to be mitigated and adapted to, whilst also presenting transitional opportunities.

C1.2

(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.

Position or committee

Other C-Suite Officer, please specify

Director, Operations

Climate-related responsibilities of this position

Managing annual budgets for climate mitigation activities
Managing major capital and/or operational expenditures related to low-carbon products or services (including R&D)
Providing climate-related employee incentives
Developing a climate transition plan
Implementing a climate transition plan
Integrating climate-related issues into the strategy
Conducting climate-related scenario analysis
Setting climate-related corporate targets
Monitoring progress against climate-related corporate targets
Managing value chain engagement on climate-related issues
Assessing climate-related risks and opportunities
Managing climate-related risks and opportunities

Coverage of responsibilities

Reporting line

CEO reporting line

Frequency of reporting to the board on climate-related issues via this reporting line

Quarterly

Please explain

The Director, Operations, is a member of the Management Board reporting directly into the CEO for the full year 2022 and has overall responsibility for delivery of the Group's climate strategy, mitigation activities and environmental targets, including climate-related risks and opportunities and associated global budgets. The Board is updated on climate-related matters. This includes an update twice per year from the Director, Operations on progress on the Group's sustainability agenda and performance against environmental targets; an annual review of the risk register including climate-related risks; review and approval of the Combined Annual and ESG Report and Form 20-F which includes reporting on the Group's climate-related performance for the year; and additional focused updates as required. The Director, Operations is accountable for overseeing delivery of climate related targets and led development of our Low Carbon Transition Plan. The Director, Operations receives updates on progress on climate-related strategy and targets through the Operations Sustainability Forum (OSF) that meets up to 4 times a year and is supported by the Group Head of Operations Development, Sustainability, and functional teams. In 2022, these updates included progress against our climate change targets and improvement plans and digitisation of our non-financial data, including emission and energy – which aims to automate our reporting, including, increasing the speed of reporting and supporting 'what-if' scenario planning. The Director, Operations also chairs the Environmental Sustainability Committee, meeting around 6 times a year to review environmental roadmaps, strategies, risk, and opportunities, with updates provided to Management Board level.

C1.3

(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?

	Provide incentives for the management of climate-related issues	Comment
Row 1	Yes	BAT uses different mechanisms to incentivise the management of climate-related issues. We incentivise some but not all of our employees by creating a positive link between achieving environmental performance objectives & eligibility for an annual bonus. Eligibility to receive an annual bonus under the Group International Executive Incentive Scheme is impacted by annual performance assessments, which considers in the round progress against performance objectives, which may include environmental metrics, non-environmental metrics and other factors. The value of the bonus is tied to non-environmental metrics as set out in the Remuneration Policy described on page 165 of the 2022 Combined Annual and ESG Report.

		We also use non-monetary incentives for example, through recognition in our internal scheme ‘Celebrating our Success’ which highlights best practice on operational initiatives including those linked to the environment.

C1.3a

(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).

Entitled to incentive

Other C-Suite Officer

Type of incentive

Monetary reward

Incentive(s)

Bonus - % of salary

Performance indicator(s)

Achievement of climate transition plan KPI
Progress towards a climate-related target
Achievement of a climate-related target
Reduction in absolute emissions
Energy efficiency improvement
Increased share of renewable energy in total energy consumption
Reduction in total energy consumption
Company performance against a climate-related sustainability index (e.g., DJSI, CDP Climate Change score etc.)

Incentive plan(s) this incentive is linked to

Not part of an existing incentive plan

Further details of incentive(s)

Our Director, Operations, a C-Suite Officer, is responsible for the delivery of our climate-related targets as part of the overall sustainability agenda. The most important targets are externally communicated and linked to evaluation of the Director’s performance and remuneration.

The Director’s performance objectives contain environmental targets, which are directly linked to his assessment of performance alongside other non-environmental performance objectives. The Directors’ eligibility for an annual bonus under the Group’s IEIS plan is based on his performance assessment, which considers performance against environmental metrics, non-environmental metrics and other factors. The value of the company bonus plan is tied to non-environmental metrics as set out in the Remuneration Policy described on page 165 of the 2022 Combined Annual and ESG

Report.

The Group's emission and energy reduction targets are examples of environmental metrics contained within the Directors performance objectives. The threshold for success is achieving or exceeding the targeted amount of emission/energy reduction for the year, as described by target glidepaths. For example, by the end of 2022 a reduction of 14% in BAT's Scope 1 & 2 Emissions (vs. 2020 baseline) was required and a reduction of 21% (vs. 2020 baseline) was achieved, exceeding the target threshold for this year, meaning the Director met this performance objective which contributed to the eligibility for an annual bonus payment.

Explain how this incentive contributes to the implementation of your organization's climate commitments and/or climate transition plan

BAT has aligned its business model to a world in which the rise in global average temperature is no more than 1.5 ºC above pre-industrial levels. External targets have been set for BAT's Operations to reach carbon operations by 2030, and net zero across our value chain by 2050 at the latest. BAT has glidepaths in place to track and monitor progress towards this, with clear annual targets on the emissions reduction and energy reduction / efficiency required to achieve our 2030 and 2050 goals.

Our Director, Operations is the most senior person accountable for BAT's sustainability agenda, including delivery our carbon neutrality and net zero targets. Achievement of the annual milestones required to progress towards these targets form part of the Director, Operations Performance Objectives. As the achievement of these annual objectives is linked to the eligibility for a bonus payment (% of salary), a financial incentive is provided by BAT, to the Director to deliver them.

C2. Risks and opportunities

C2.1

(C2.1) Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?

Yes

C2.1a

(C2.1a) How does your organization define short-, medium- and long-term time horizons?

	From (years)	To (years)	Comment
Short-term	0	2	The Group's Risk Management Manual provides guidance of the assignment of a "Risk Time Frame". These are used to consider the period over which the consequence of the risk, should it occur,

			impacts the business. A short-term impact is defined as an 18 month time frame for business risks.
Medium-term	2	5	The Group's Risk Management Manual provides guidance of the assignment of a "Risk Time Frame". These are used to consider the period over which the consequence of the risk, should it occur, impacts the business. A medium-term impact is defined between 18 months and 5 years for business risks.
Long-term	5	10	The Group's Risk Management Manual provides guidance of the assignment of a "Risk Time Frame". These are used to consider the period over which the consequence of the risk, should it occur, impacts the business. A long-term impact is defined as more than 5 years for business risks.

C2.1b

(C2.1b) How does your organization define substantive financial or strategic impact on your business?

The BAT Group follows a standardised methodology for risk management across the BAT Group, embedded at BAT Group, functional, direct-reporting business unit (DRBU) and individual market levels to identify, assess and monitor financial and non-financial risks faced at every level of the business. These risks encompass both direct operations and our supply/value chain. Risks are assessed biannually and prioritised at three levels by reference to their impact (high/medium/low) and likelihood (probable/possible/unlikely) as per our Group Risk Management Manual.

Substantive financial or strategic impact refers to the significant and meaningful effect that risks can have on the financial or strategic aspects of the business. Risks are assessed both quantitively and qualitatively using a Risk Impact Matrix set out in the Group Risk Management Manual. In financial (quantitative) terms, substantive financial or strategic impact is defined as an impact between £60mn and £120mn (low), between £120mn and £250mn (medium) and in excess of £250mn (high) on Operating Profit, Net Finance Cost or Operating Cash Flow (representing the impact in any single year). Strategic impact refers to such factors as reputational, safety, legal and environmental impacts which are also included within the Risk Impact Matrix and are considered within each risk assessment. These metrics apply to Group risks, with reducing thresholds set at functional and DRBU levels.

The time frame is used to consider the period over which the consequence of the risk, should it occur, impacts the business. Frequency of impact is considered through the assessment of the timeframe of each risk and reported in accordance with our Risk Management Manual. This is used to consider the period over which the consequences of the risk, should it occur, impacts the business. Time frames are defined within question C2.1a.

Long-term risks could develop over several years after the initial event occurs, and therefore generally relate to strategic decisions. Short-term risks have their impact immediately after the event occurs and tend to cause disruption to normal operations. For example, the growth of

illicit trade could be a long-term risk; the failure to achieve an expected price increase could be a short-term risk. Where a risk has a mixture of time frame the default definition should be the longest-term.

The Group maintains a climate change risk on the Group risk register. The risk sets out the impact on the Group to ensure robust processes are in place to manage transitional climate change risks (in compliance with the Green Finance Strategy published by the UK Government in July 2019 setting out disclosure expectations for listed companies in accordance with the TCFD recommendations). The Climate Change risk template (which is used during the risk assessment process to capture risk information, analysis, and record mitigation activities) specifically calls out transitional climate related risk factors, such as ESG matters influencing investor decisions, evolving climate change legislation and changes in Consumer behaviours & expectations related to environmental issues. These “Drivers” of the risk are factored into the Financial Impact Value, Likelihood (Probability) rating and ultimate Risk Score. Assigned mitigation activities are also logged against the risk & are tracked/monitored.

In addition to the above, the Group has embedded physical climate related risk factors into its business risk register (both at functional & at Group level) and its associated risk templates.

Work commenced H2 2022 to develop and establish a stand-alone ESG risk register, in addition to the existing business risk register. This will enable greater visibility of each ESG risk and associated risk mitigation activities. The ESG risk register will be finalised H1 2023 & the ESG risks will be reviewed bi-annually, in line with the Group’s ERM methodology & enhanced GRMM. Moreover, each ESG risk will be linked to risks on the Group business risk register to ensure completeness & consistency throughout the assessment and reporting process. The risks identified in both the ESG and business risk registers will inform the Group’s TCFD risk disclosures.

C2.2

(C2.2) Describe your process(es) for identifying, assessing and responding to climate-related risks and opportunities.

Value chain stage(s) covered

Direct operations
Upstream
Downstream

Risk management process

Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment

More than once a year

Time horizon(s) covered

Short-term

Medium-term
Long-term

Description of process

The central Enterprise Risk Management (ERM) team oversees the Group's bi-annual risk review and reporting exercise and applies a standardised methodology (outlined in the Group's Risk Management Manual) for risk assessment across the Group, embedded at Group, functional, direct-reporting business unit (DRBU) and individual market levels. Risk data (from each business level) is collected and recorded within the Group's Risk Management System (SAP GRC RM) which applies intelligent aggregation of risk impact scores. DRBU risk scores aggregate up to produce a Regional risk score for each individual risk. The system also provides standardised risk management output documents which support the bi-annual risk assessment process and are used, in part, to drive the risk debates at various Risk Committee meetings. Risk review processes are completed by multidisciplinary teams (e.g. Manufacturing, Leaf, Supply Chain, Procurement, Commercial). In addition, external assessments take place as required and may focus on specific areas (e.g. leaf growing, strategic factories) or end markets depending on risk mapping indications.

Climate Change Risk and Impacts are identified as a result of both internal and external risk assessments considering short, medium, and long term (as completed in TCFD scenario analysis and materiality risk mapping). Local risk assessments are carried out in all BAT sites as part of Risk Prevention and Mitigation practices at least twice a year and are linked with business continuity plans focusing on, but not restricted to, short- and medium-term risks (it varies in line with risk type and nature).

The Group risk management process has four stages, Identify, Assess & Evaluate, Manage and Monitor.

The first stage identifies the potential events that could adversely impact achievement of business objectives, including the failure to capitalise on opportunities. This involves identifying the relevant strategy and objectives; understanding who the stakeholders are and what their objectives are; and analysing the overall environment. Risk can be identified by the relevant Leadership Team, Risk Management Committee or any senior manager involved in managing risks.

The second stage of the Group risk management process is to assess and evaluate the risk/opportunity to determine its impact on the relevant business strategy/objective and whether the risk/opportunity is likely to occur. This allows risks/opportunities to be prioritised. The assessment is done using two scales, both from 1 to 3, the combination of which provides a total risk rating, from 1 to 9. This step helps us to understand the risk exposure faced by the Company. To do this, details are provided on impact, likelihood and total risk rating. The potential impact of a risk/opportunity is evaluated through the Group's Risk Impact Matrices. These are used to measure the potential impact of a risk on a Group, functional, direct-reporting business unit (DRBU) and individual market level relative to 5 Impact Categories covering financial, reputational,

safety, legal and environmental impact metrics. This evaluation is converted into a number from 1 to 3 (from low to high) based on the relevant Risk Impact Matrix. The risk/ opportunity is then evaluated based on the current net impact. This evaluation is arrived at by considering the reasonably foreseeable gross impact and the expected impact of current mitigation activities in place to manage the risk. The likelihood of the risk having the evaluated impact is rated from 1 to 3 (low to high) based on the assessment by the Risk Manager and Risk Owner.

Examples of identification of risks and opportunities at the facility level would be working with our factories in making them more resilient to climate change impacts through investment in building fabric and energy systems, reducing energy consumption and potential exposures to climate change regulation. The risks and opportunities assessed cover both physical risks and opportunities and transitional ones.

The third stage of the Group risk management process is to manage and assess the current activities in place to manage identified risks and can lead to an agreed list of additional activities required to further manage the risk, where the risk appetite is to remove or reduce downside risks and to maximise upside risks. The list of further activities are agreed by the relevant Leadership Teams to ensure that all key risks have an effective risk response.

The fourth and final stage of the Group risk management process is the on-going monitoring of the risk, including the assurance that current activities to manage risks remains effective, as well as a review of whether the additional activities identified as required are being delivered in accordance with the agreed timelines.

Risk mitigation activities are reported on and reviewed by each Regional Risk Committee and the Group Risk Management Committee (GRMC) twice a year and the Group's Audit Committee six times a year.

In order to prepare TCFD scenarios, BAT has embedded both ESG and climate-related risk factors into its business risk register (both at functional and at Group level) and these are called out and assessed within associated risk templates to better quantify financial impacts and mitigations costs and ensure robust processes are in place to manage transitional climate change risks (in compliance with the Green Finance Strategy published by the UK Government in July 2019).

Work commenced H2 2022 to develop and establish a stand-alone ESG risk register, in addition to the existing business risk register This will enable greater visibility of each ESG risk and associated risk mitigation activities. The ESG risk register will be finalised H1 2023 and the ESG risks will be reviewed bi-annually, in line with the Group's ERM methodology and enhanced Group Risk Management Manual. Moreover, each ESG risk will be linked to risks on the Group business risk register to ensure completeness and consistency throughout the assessment and reporting process. The risks identified in the business risk registers will inform the Group's TCFD risk disclosures.

C2.2a

(C2.2a) Which risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	This risk is particularly relevant to BAT because it directly affects our license to operate. The existence of robust climate change regulations, appropriate enforcement actions and meaningful sanctions against non-compliances are critical for assessing the climate change risk we face as a business. Sites are required to comply with applicable regulations related to their environmental impact in terms of climate change, as well as compliance with BAT's internal EH&S requirements (e.g. emissions from operations are reported and actions aiming at their reduction must be documented, evidence of phase out of certain substances over time must be kept, etc.) as a minimum, to demonstrate compliance and ensure license to operate. We monitor existing regulations and signal potential changes and consider these in the future deployment of our manufacturing and supply chain networks – for example where investments should be targeted considering carbon taxes affecting the cost of doing business in some markets. In some local markets there can be a lack of regulatory frameworks governing climate-change issues - in the absence of such frameworks, a minimum standard of performance is established in our Environment Policy Statement, part of Group EHS Policy Manual and supporting Policy guidelines or, the more stringent requirement between BAT EHS Policy or local legislation will prevail. Independent regulatory audits are carried out in a number of markets every year and in most of the markets where we operate, BAT is also subject to inspections by regulatory agencies (e.g. EPA in the US, local EU Environmental Agencies, Environmental Agencies at Province and Federal levels in Brazil, etc).
Emerging regulation	Relevant, always included	This risk is particularly important to BAT because, in addition to the emergence of robust climate change regulations and their appropriate enforcement being critical for assessing climate change risks in countries where we operate, our compliance with such regulation is critical for maintaining our licenses to operate. Therefore, local entities are required to monitor emerging regulations in various ways, including through involvement in climate-change regulations forums and business bodies. Our local entities subscribe to regulatory monitoring services that provide regulatory insights, including legislative developments. We also have an equivalent process at the Group level

		for global regulatory monitoring on climate-related legislative developments. Our monitoring helps us keep abreast of emerging regulations, which help us assess and recalibrate our strategic priorities. In this category, the main risks facing BAT are an increase in carbon pricing including the expansion of the EU ETS impacting our supply chain and product related taxes such as Extended Producer Responsibility or Plastic Taxes (e.g. those recently implemented in the UK and Spain, although financial implications to date are not material to the business). These risks will increase our cost to operate, prompting us to invest in assets that could help mitigate some of the additional costs. In addition, some of these taxes would impact our suppliers thereby increasing purchase costs.
Technology	Relevant, always included	BAT is committed to reducing the impact of our operations on the environment and has set several challenging targets to reduce the emissions generated by our supply chain and wider value chain, reduce waste and water consumption, and increase our use of renewable energy (in turn reducing our reliance on fossil fuel energy sources). These commitments and science-based targets are aligned to the 1.5C scenario. To deliver these commitments and internally plan for financial and operational requirements, we have established glidepaths at factory, regional, and global level with the deployment of new technology being a key enabler to the delivery of our goals and targets. BAT aims to reduce its CO2e emissions by, amongst other things, increasing its energy efficiency (consumption of energy per unit of production) and/or by replacing current energy/fuel sources for cleaner ones. In the context of leaf deployment, as disclosed in 2.3 risk 001, and 2.4 opportunity 002 and 003, technology plays a crucial role in improving farmer resilience, increasing their financial returns, and reducing emissions generated through farming (and particularly curing processes). Our Global Leaf Agronomy Development Centre is based in Brazil and is responsible for developing and deploying new cutting-edge technologies to our Leaf Operations. BAT's risks relate to failure to invest in new technology (e.g. higher efficiency machines) and current assets becoming non-compliant and the associated cost of write-downs. In addition, changes in the portfolio product mix may require higher than anticipated levels of investment to meet the stated ESG targets.

Legal	Relevant, always included	It is expected, following COP26, that the level of environmental policies and legal requirements will increase over the medium term. We have Legal teams at a local, regional, and global level and they are responsible for ensuring compliance with applicable legal requirements and keeping abreast of emerging regulatory developments. In the event emerging regulations are considered to have a relevant operational or financial impact on our business, these are captured within risk registers and monitored via our risk processes to ensure they are implemented effectively. Legal compliance is a “must meet” condition to operate at BAT sites. Therefore, the risk of non-compliance of applicable legal requirements is always part of the risk mapping and sites’ actions / contingency plans. An example of this risk is the national EPR schemes that EU Member States were required to have in place by 5 January 2023 as set out in the EU Single Use Plastics Directive and forms part of the response to our disclosure in section 2.3 risk 002.
Market	Relevant, always included	We continue to assess the impact of climate change on market risks and believe these present transition risks to our business. Specifically, we anticipate potential shifts in demand and supply for energy, commodities, cost of capital, and insurance products. Examples of potential risk/ impact on our business include: • The cost of energy on our direct operations could be impacted as demand increases for renewable energy forms and energy providers are required to build infrastructure to uplift supply to meet demand. We have considered this risk further within section 2.3 risk 003 and 2.4 opportunity 001. • Potential supply issues affecting our access to tobacco to meet our requirements and the potential impact on tobacco prices because of chronic climate change factors impacting weather conditions and growing productivity levels. We have considered this risk further within section 2.3 risk 001. • The potential impact on our cost of capital in the event of either reduced profitability (due to incremental operating costs due to climate change) or our ESG performance not meeting the expectations of our stakeholders. We have considered this risk further within section 2.3 risk 004. • As part of our TCFD reporting within our annual report, we also considered other potential manifestations of this risk, including access to insurance markets (to mitigate the risk of acute climate change) as well as the impact of energy costs across our wider value chain

		(indirect energy costs embedded within the costs of our materials/ finished goods purchases). We have established challenging targets and external commitments with an ambition of being industry leader in reducing our impact on the environment in which we operate. These commitments are aligned to the 1.5C scenario and span across emissions, water, and waste. Whilst market forces are not fully controllable, by reducing energy requirements, driving the use of renewable energy, driving the rollout of technological advances to improve our production efficiencies (both manufacturing and agriculturally in the field), and the use of hedging contracts to mitigate short term energy price volatility, we aim to mitigate these market risks as far as possible.
Reputation	Relevant, always included	Maintaining our reputation as a responsible company has always been of crucial importance to BAT, ensuring we meet and exceed the expectations of our stakeholders. As the impact of climate change are becoming more apparent, and policy setters implement policies to slow the pace of climate change, expectations on BAT as a global FMCG from market participants and wider society are increasing, and our ambition is to exceed these expectations through industry leadership by placing ESG at the core of our strategy. Reputational risk could impact our business in several ways, with material potential impacts identified as part of our work in preparation for TCFD reporting in FY22, including: • Consumer expectation and how this may impact purchasing decisions, requiring us to continue to meet the emerging needs of our consumers and wider stakeholders and communicate our environmental performance effectively with our consumers. • Potential risk regarding effective access to capital and cost of debt in the event BAT falls short of meeting the expectations of financial stakeholders, which could potentially impact our ability to issue bonds or borrow money (due to increase in interest rates). This risk has been further disclosed within 2.3 risk 004. For example, there is a global focus around all matters related to plastic. We are researching and trying to find alternatives to cellulose acetate for conventional cigarettes filters. We have already aligned our pledges to the UK Plastics Pact and committed to, by 2025: - Have 30% average recycled content across all plastic packaging;

		- 100% of our packaging (including plastic) will be reusable, recyclable or compostable; and - Have takeback schemes in all markets where we sell our new category devices. We have externally communicated a series of challenging commitments to reduce the impact of our business on the environment (spanning across emissions, waste, and water), and are actively increasing our disclosure to improve awareness of our ESG performance (both in our formal reporting - for example, in Combined ESG and Annual report, TCFD reporting and via our corporate and brand websites).
Acute physical	Relevant, always included	Acute physical risks were identified during TCFD scenario mapping and risk analysis. Extreme weather events are expected to increase in frequency and severity due to climate change and can impact our operations, infrastructure, and suppliers, and impact the overall effectiveness of our supply chain. In particular, this risk has the ability to impact our access to tobacco, a critical component of our products, through increased prevalence of flooding and extreme weather (including hail, hurricanes, El Niño and other weather events which impact the areas where we grow and purchase tobacco) which may impact supply/ production of tobacco in any particular growing season and compromise our ability to source sufficient tobacco to meet our demand. This risk is mitigated through our sourcing strategy (i.e. sourcing each of the key tobacco types from several locations to mitigate the potential impact that could arise from acute weather events) and through our duration policies which stipulate minimum safety stock levels (typically between 9 -12 months - depending on the quality of tobacco, its role in our products, and our ability to substitute that tobacco type) to ensure we are able to mitigate the impact of crop failures in any given year. Duration policies for finished goods (i.e. combustibles and new category products), semi-finished materials, and other critical inputs (e.g. paper, filter tow, etc), as well as multi supplier sourcing strategies similarly mitigate the potential impact in our broader supply chain. Business continuity plans are in place and reviewed annually. They are designed to enable us to alter factory production plans/ sourcing to mitigate supply chain disruption that may extend beyond the period protected through inventory durations. Wherever possible, insurance policies are put in place through our

		Global Treasury and Risk function to mitigate potential financial losses that could arise through acute risks.
Chronic physical	Relevant, always included	Longer term changes in weather patterns due to climate change could potentially significantly impact our operations, particularly our access to leaf tobacco (grown through our own operations or purchased from 3rd parties). These changes could impact temperatures, level of rainfall, soil water stress, and the overall viability of tobacco growing in those Regions, either due to the climate no longer being suitable for tobacco growing or the land being repurposed by government intervention to prioritise the growing of food crops. We monitor this type of risk through data collected through our network of field technicians as part of annual crop monitoring process and use this data to understand trends and shape longer term crop planning. We also commissioned an independent study that was completed in 2020, analysing predicted weather changes across our top 10 growing locations, with soil stress indicators used to estimate impact on yield, production volumes, and overall cost of tobacco. This analysis is disclosed within 2.3 Risk 001 – whilst the impact varied across regions with increases and decreases in yield forecast, the overall impact on the cost of tobacco was estimated to be less than 5% of our total cost of tobacco at Group level. We will reperform this analysis overtime to ensure we have the information needed to mitigate the impact of this risk on our business. At present we believe our Global Agronomy Development activities, with specific focus on water efficiency and roll out of agriculture best practices, are sufficient to mitigate the chronic risk climate change poses to our tobacco supply chain.

C2.3

(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.3a

(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Risk 1

Where in the value chain does the risk driver occur?

Upstream

Risk type & Primary climate-related risk driver

Chronic physical

Other, please specify

Potential increased operating costs due to changes in precipitation patterns and extreme variability in weather patterns leading to agricultural supply chain disruption and reduced production capacity

Primary potential financial impact

Increased direct costs

Company-specific description

Access to tobacco is of pivotal importance to the Group as it is a key component to our combustibles and new categories businesses (tobacco heated products "THP", as well as our Vapour and Modern oral categories). The Group sourced around 400m kgs of tobacco in 2022 from 29 different countries (including 14 vertically integrated leaf operations).

Climate change poses a risk to agriculture production because of changes to precipitation and temperature and the resulting impact on the effectiveness of tobacco production and the Group's ability to procure sufficient tobacco leaf to meet our demand.

Specifically risks include:
• Acute physical risks (including increased prevalence of flooding and extreme weather, such as hail, hurricanes, El Niño and other weather events, which impact the areas in which we grow and purchase tobacco) which may impact production of tobacco in any particular growing season and compromise our ability to source sufficient tobacco to meet our demand. This risk is mitigated through our sourcing strategy (sourcing each of the key tobacco types from several locations to mitigate the potential impact that could arise from acute weather events) and through our duration policies which stipulate minimum stock levels (typically between 9 -12 months - depending on the quality of tobacco, its role in our products, and our ability to substitute that tobacco type) to ensure we are able to mitigate the impact of crop failures in any given year.
• Chronic physical risks arising from ongoing changes to weather patterns impacting temperatures, level of rainfall, soil, water stress, and the overall viability of tobacco growing in those Regions, either due to the climate no longer being suitable for tobacco growing or the land being repurposed by government intervention to prioritise the growing of food crops.

To assess chronic physical risk, an independent study was undertaken to understand the potential impacts of climate change across our largest 10 tobacco source countries (Brazil, US, Zimbabwe, Bangladesh, Pakistan, India, Mozambique, Turkey, Mexico, and Indonesia) which accounted for 84% of the total Group tobacco purchase volume in 2022.

Time horizon

Long-term

Likelihood

More likely than not

Magnitude of impact

Low

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

10,000,000

Potential financial impact figure – maximum (currency)

47,000,000

Explanation of financial impact figure

The Hadgen2-ES model (Developed by the Hadley Centre of the Meteorological Office, UK) was used to forecast the weather pattern for the period 2021- 2050 for the growing regions in scope.

In total we assessed 88 sub-national jurisdictions, accessing historical weather data of > 3,100 weather stations and generating > 5,400 weather forecast maps.

Climate-related risks to tobacco-growing conditions were assessed by examining the impact of possible changes in temperature, rain, and water balance in the soil. The analysis was done at regional level, covering all growing Regions where we source tobacco, with anticipated growing conditions forecast for each decade from 2020 to 2050.

Having forecast soil stress levels anticipated, projections of growing yield were made and compared to growing yield projections (farmers productivity - kg/ha) which enabled us to compute the estimated impact on production cost and tobacco prices in the future with the annual impact versus 2020 tobacco costs used to estimate the risk.

By way of example, farmer yield in the Karnataka Province growing region of India was approximately 1,548 kg/ ha in 2020 and has been estimated to decrease to 1,457 by 2030 and 1,526 by 2040 resulting in a decrease in yield of between 5.9% (by 2030) and 1.4% (by 2040) and a corresponding increase in tobacco cost.

Based on the Regions where we grow tobacco and the estimated Group demand for tobacco in the future (with assumptions for demand reduction applied of between 1 – 2% per annum depending on location) with favourable and unfavourable impacts on

yield, the potential financial impact on annual cost of tobacco of between £10m and £47m (less than 5% of overall Group tobacco purchases).

Financial estimates were also generated up until 2050, using the same modelling approach, with the results used for the purposes of the Group's 2022 TCFD reporting.

Cost of response to risk

7,200,000

Description of response and explanation of cost calculation

Global leaf research & agronomy deployment is a key aspect of our strategy for driving our environmental & social goals across the leaf operations where we grow tobacco, ensuring the application of best practice and long-term sustainability of the communities working with or supported by tobacco production.

The Global Leaf Agronomy Development (GLAD) Centre conducts world-class research, from development & testing in the lab to real-world field trials with farmers, often in partnership with academic & research institutions. Our activities are split into 4 strategic pillars; farmer profitability, carbon management, biodiversity and water & climate change,

Situated in Brazil, and leveraging decades of experience in tobacco growing, our GLAD Centre identifies tailored solutions for application and deployment across both our leaf operations and strategic 3rd party suppliers, with the following focus areas:

- Soil Science & Plant Nutrition, Water and Emissions
- Leaf Breeding, Seed Technology, Seed Production & Industrialisation,
- Mechanisation & Curing
- Crop Protection, Agriculture best practice
- Substrates, Botanicals, Bioprocess, Leaf Chemistry

Mitigation plans for each country have been established, with specific best practice workstreams initiated to include solar powered technology to lower the cost of drip irrigation, drought tolerance mapping, seed development & precision irrigation pilots. For example, in 2022, drip irrigation was expanded in our Operations in Chile and Vietnam. Reduction of water consumption, higher efficiency of fertilizer (Lower CO2 emissions due Nitrogen fertilizer) and labour reduction, are the key benefits of this system.

An example of tailored innovation targeted at mitigating water risk can be found in Bangladesh and Pakistan. An Alternative Furrow Irrigation was already deployed in 14,962 ha. The results from trials and commercial scale, showed water usage reduction up to 8%-10% compared to traditional furrow irrigation. We plan to increase the adoption of this technique to reach 85% of our Bangladesh farmer base by 2025 & 100% by 2030, as well as looking at affordable alternative solutions incl. drip irrigation technology.

The cost of response is based on the amount we invest annually in Global Leaf

Agronomy Development activities, all aimed to improve farmer resilience & the sustainability of their farms.

Comment

Identifier

Risk 2

Where in the value chain does the risk driver occur?

Downstream

Risk type & Primary climate-related risk driver

Emerging regulation

Carbon pricing mechanisms

Primary potential financial impact

Increased indirect (operating) costs

Company-specific description

Under a sustainable transition it is likely there will be increased regulation on our products as regulators and policy makers seek to slow the pace of climate change, with one of the more acute examples being carbon pricing to incentivise the reduction in emissions.

As of 1 August 2022, there were 68 explicit carbon pricing mechanisms (taxes or tradable allowances – Emissions Trading Schemes (ETS)) around the world. The jurisdictions (countries/ groups of countries/of provinces) covered by these mechanisms represent more than 70% of global GDP. Further policies are likely to emerge globally over the course of the next 15 to 20 years. By end of 2022, 2 of our factories were covered by ETS whilst 10 operations were subject to carbon taxes.

Furthermore, there is a risk that carbon pricing is applied to all Scope 3 emissions, which suppliers will pass on to BAT.

Time horizon

Long-term

Likelihood

Likely

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

125,000,000

Potential financial impact figure – maximum (currency)

240,000,000

Explanation of financial impact figure

Detailed modelling was performed by an external consultant based on (i) All emissions priced at location of consumption (i.e. mapped to sales projections) to reflect move to point of consumption-based mechanisms like EU Carbon Border Tax Adjustment (ii) All Scope 3 emissions included on the basis that all value chain emissions will need to be covered within the economy to reach net zero (however, biogenic categories have included but not priced into the model) (iii) Model used glidepath for BAT Low Carbon Transition Plan reflecting BAT's latest 1.5°C-aligned, absolute reduction targets that accommodate net zero criteria and definitions (approved by the SBTi in July 2022).

The REMIND-MAgPIE 3.0-4.4 carbon tax projections at a country level were used to estimate the potential future tax charges.

The financial numbers reflect two scenarios – Net Zero 2050 (maximum impact) and Delayed Transition (minimum impact) and represent the maximum cost after which the reduction in emissions more than offset the absolute increase in unit carbon taxes.

Cost of response to risk

27,000,000

Description of response and explanation of cost calculation

The costs to respond to the risk has been based on the total investment cost in 2022 (£27m) of ESG initiatives including product related initiatives which positively impacted CO2 emissions and it is envisaged that a similar level of investment would be required throughout the coming years as part of the Low Carbon Transition Plan. This planned reduction in emissions in our total supply chain relies upon aggressive scope 3 reduction initiatives, both internal (e.g. as technology to drive lower consumer and end of product life emissions) and external (e.g. suppliers reducing their own emissions), the exact nature of which has not been quantified.

Comment

Identifier

Risk 3

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Market

Other, please specify

Increased costs due to increased energy costs impacting direct operating costs

Primary potential financial impact

Increased direct costs

Company-specific description

We have set a series of challenging targets under our Low Carbon Transition Plan to reduce our energy usage and emission, and shield us, as far as possible, from energy cost inflationary pressures. Our goals of emission reduction and reduced dependency on fossil fuel forms of energy complement each other, given almost 80% of the Group Scope 1 and 2 emissions are being generated by our Operating facilities.

Under a sustainable transition (Network for Greening the Financial System (NFGS) divergent net zero scenario) there may be a significant increase in demand for green energy as companies seek to meet their public commitments to reduce scope 1, 2 & 3 emissions to make progress towards their goal of achieving carbon neutrality. As the energy sector seeks to expand supply of greener energy forms, there is a risk that the costs of electricity and natural gas will increase (as surcharges are placed on fossil fuels to drive the decarbonisation policy agenda), impacting the cost of energy used in our sites. The cost of energy around the Group is circa £100m with purchased electricity and natural gas accounting for 89% of the energy incurred.

In light of the impact of geo political events over the last two years on the supply of energy and costs incurred, the development and installation of more efficient machinery and the leveraging of greener, renewable energy sources, will not only support the Group's delivery of its ESG targets but will also generate opportunities to reduce the impact of carbon taxes and insulate the Group from future energy cost inflation (both fossil fuel derived energy forms as a consequence of geo-political restrictions on supply, as well as globally companies increasing their demands in greener energy in pursuit of their own ESG commitments).

The external events in 2022, which were out of our control, continue to impact the supply and price of energy and have impacted the likelihood of this risk materialising. This will continue to be reassessed as part of our group risk process.

Time horizon

Medium-term

Likelihood

Likely

Magnitude of impact

Low

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

63,000,000

Potential financial impact figure – maximum (currency)

93,000,000

Explanation of financial impact figure

The financial estimates were based on the Group's 4 largest energy types (natural gas, standard electricity, renewable electricity and diesel) which accounted for 89% of our total energy consumption (and 94% of energy costs) in 2022.

Our future factory demand was estimated based on Group volume growth rates assumptions, with our combustibles volume assumed to continue to reduce at a rate marginally better than industry norms. New Category growth rates were set in accordance with our Group's plans to deliver £5bn in New Category revenue by 2025, with projected energy consumption requirements based on these assumed volume movements, with assumptions overlaid to consider the continued favourable impact of energy efficiency improvements through Integrated Work System activities, as well as considerations of automation related improvements for New Category production (estimates based on recent performance trends).

Using detailed energy cost information from 2022, unit energy costs were computed for each manufacturing site. Based on future energy requirement, the 12 Regional price indexes from the REMIND-MAgPIE model were used to project potential future energy unit costs at each of our factories.

A further overlay in the analysis was performed to reflect the transition towards 100% electricity sourced in operations sites to be renewable by 2030, with an assumed premium of ~2.3% vrs standard electricity grid tariffs as demand increases for renewable energy forms.

Two Network for Greening the Financial System (NFGS) scenarios were used in the analysis performed; the first represented the divergent net zero scenario which sought to limit global warming to 1.5 degrees, which saw a projected energy cost increase of £93m in 2030 compared to baseline as demand for electricity rises as the world seeks to decarbonise rapidly and policy setters apply climate related targets across all sectors.

The second scenario assumed current policies continued to be applied (climate inaction scenario), which saw a projected energy cost increase of £63m in 2030 compared to baseline.

We anticipate the impact over the short to medium term being closer to the lower range

estimate but may move towards the upper range over the longer term as post COP26 policies are implemented.

Cost of response to risk

20,000,000

Description of response and explanation of cost calculation

To ensure the delivery of external commitments (see “Company specific description” above) made in relation to emission reduction and carbon neutrality ambitions, glidepaths have been developed for our factories with plans designed to reduce emissions, drive energy efficiency, and move Group energy requirements towards renewable energy sources.

The Group's use of renewable energy has increased from 11% in 2019 to 32% in 2022 demonstrating the extensive effort underway to reduce our dependency on fossil fuels and mitigate potential future energy price rises.

In 2022, just under £20m was invested in energy efficiency / sourcing related capital projects across the group. Projects delivered included:
- Solar heating, cooling, and PV equipment (e.g. Turkey, Pakistan, Bangladesh)
- Boiler replacement (biomass, heat pumps and others) (e.g. Croatia, Germany)
- Efficient building energy management system (e.g. Nigeria, Trinidad)
- LED / Automated Lighting (e.g. Hungary, Indonesia)
- Efficient HVAC automation systems (e.g. Pakistan)

The costs to respond to the risk has been based on the average investment cost in energy efficiency / sourcing projects of ~£-20m p.a. until at least 2030.

In addition to projects to move energy consumption towards renewable sources, the Group continues to target improved efficiency of infrastructure through IWS methodologies and footprint related projects, reducing idleness of infrastructure and optimising our use of energy. Product lifecycle analysis, greater recycling of our products through take-back schemes, and improved product design all assist in delivering production efficiencies and reduce the exposure of the Group to potential future energy cost increases.

Where possible, energy hedging (typically over a period of 12 – 18 months) is used as a mechanism to mitigate the impact of short-term shocks to our manufacturing-based energy costs, with a risk mitigation framework stipulating level of coverage to be achieved through hedging. Similar mechanisms are being used by the Group to lock the cost of renewable energy over the medium term (mitigating the premiums in pricing expected versus standard electricity), through the use of virtual power purchase agreements.

Comment

Identifier

Risk 4

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Market

Other, please specify

Potential increase in cost and / or decrease in access to capital markets in the event of climate change driven increases to operating costs and / or ESG concerns from investors.

Primary potential financial impact

Decreased access to capital

Company-specific description

The Group access the capital market to provide funding for business operations. c.40% of the Group’s funding is in form of debt based on latest market capitalisation estimates.

BAT current credit rating of Baa2 (Moody's, or BBB+ S&P) is based on our scale and broad geographical diversification, solid brand portfolio, strong market positions in both developed and emerging markets and our strong profit performance, and also reflects the speed in which we are transforming our business to multi-category (New Categories and beyond) to mitigate the impact of volume decline on combustible products.

As at year ended 2022 the Group has £42.4bn of bonds, with the vast majority financed in USD at interest rates ranging from 1.7% to 8.1% and maturity dates ranging from 2023 to 2052.

Climate impacts have the potential to impact the businesses profitability as well as investor’s perception of BAT’s efforts in addressing ESG concerns. This may impact investor’s demand for BAT debt which will affect BAT’s cost of funds as well as our ability to access capital, which may have potential knock-on impacts to our future interest costs and may impact the overall profitability of our business.

Time horizon

Medium-term

Likelihood

Unlikely

Magnitude of impact

Low

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

31,000,000

Potential financial impact figure – maximum (currency)

62,000,000

Explanation of financial impact figure

The financial impact provided was performed for the purposes of TCFD reporting by the Group within its YE 2022 annual reporting. Although there is no precedence in the market to value the potential impact of climate change on financing costs, based on our ongoing engagement with our banking partners we have estimated that the potential impact on our cost of debt to be similar in magnitude to a credit rating decline of 1 to 2 notches (i.e. Moody's from Baa2 towards Baa3, S&P from BBB+ towards BBB), potentially increasing our cost of debt by between 0.25% and 0.50%, although our credit rating remains unaffected.

The drivers of this potential impact include;
(a) potential operating cost increase or revenue decline due to direct climate change impacts that may lead to a credit rating decline;
(b) implied tobacco credit spreads widen versus investment grade comparables with the same credit ratings,

A financial analysis was performed of the profile of our debt (with £42.4bn of bonds issued by the Group as at 31/12/22). Based on the maturity of existing debt, we modelled the impact of potential increased borrowing costs that the Group may potentially incur on the debt that is due to mature in the period 2024 – 2026 (an amount valued at £12.4bn as at 31/12/22), with an impact of between £31m and £62m estimated in the event of a +0.25% and +0.50% increase in borrowing costs respectively.

It is noted that this financial impact is considered indicative, assuming that the Group ceases to prioritise the climate related responses within ESG, (which would go against the Group's current strategy) and assumes all maturing debt is refinanced.

Cost of response to risk

40,000,000

Description of response and explanation of cost calculation

BAT ensures that our climate change response as well as ESG targets are; (1) well defined; (2) ambitious; (3) relevant to stakeholders and; (4) well communicated. This allows stakeholders and potential investors to properly appraise their investment opportunities with BAT as well as provide feedback to ensure that BAT has meaningful dialogues with them to manage our access to and cost of capital.

ESG is central to the Group's strategy and reducing the impact of our business on the

environment and increasing our resilience to climate change are a key part of BAT's ESG ambitions.

The cost of response reflects the amount the Group invested in 2022 within Operations on ESG activities including:
• Capex investment to improve the efficiency and reduce the GHG emissions of our factories and Green Leaf Threshing infrastructure, as well as machinery required to facilitate product specification changes to reduce the environmental impact of our products
• Investment in ESG product innovation activities (environmentally improved filter materials, inner bundling, improving the recyclability of plastics packaging as outlined at pages 54-55 of the 2022 Combined Annual and ESG Report.
• Investment in Global Leaf Agronomy activities to enhance farmer livelihoods, and drive environmental excellence (water reduction, carbon management, agricultural best practice) as outlined at pages 62-63 of the 2022 Combined Annual and ESG Report.
• Investment in our Operations Centre of Excellence with responsibilities including carbon emission reduction (e.g. decarbonisation roadmaps/renewable energy and energy efficiency projects), waste (and end of life management) and water stewardship (e.g. Water Roadmaps for sites in water-stressed areas) as outlined at pages 52,55 and 58 - 59 of the 2022 Combined Annual and ESG Report.

The Group's performance against its external targets and goals are disclosed annually within our Combined Annual and ESG Report. A tangible outcome of these efforts includes reducing the likely impact of climate change on our business, as well as ensuring our ESG performance meets the expectations of our stakeholders and assists in mitigating the likelihood and impact of credit rating changes and future costs of debt.

Comment

It is recognised that it is difficult to separate the impact of climate related responses on the cost of capital. BAT's key capital rating will be largely driven by its ability to build a sustainable future through attracting consumers to its New Category Products and ensuring this category becomes commercially viable. The overall cost of response only considers the investments in ESG initiatives whereas the costs to respond to the wider risk on cost of capital will be significantly higher as it would need to include investment in new products and marketing activities. For example, we spent £323m in 2022 on R&D activities, the majority of which related to New Category Products.

C2.4

(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.4a

(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Opp1

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Resource efficiency

Primary climate-related opportunity driver

Use of more efficient production and distribution processes

Primary potential financial impact

Reduced direct costs

Company-specific description

Improving energy efficiency is an important part of our Low Carbon Transition Plan by enabling our Operating sites to achieve our carbon neutrality targets and reduce overall Scope 1 and 2 emissions. Almost 80% of these emissions are being generated by these Operating facilities.

In planning the delivery of Group targets, glidepaths have been developed at a factory, Region, and Group level, to track our progress and prioritise our investments towards initiatives that deliver the most effective emission reductions and energy cost reduction. In addition, a focus on top losses caused by inefficient use of energy, are analysed and remediating actions are put in place under the Group's IWS programme.

Factory glidepaths are regularly assessed and with proposals for investments in energy efficiency initiatives such as building energy management systems, Heating, Ventilation and Air Conditioning (HVAC) systems, solar heating, cooling, and boiler replacements. These proposals are reviewed centrally and incorporate the use of our Internal Carbon Price to reflect the future cost of carbon to the business.

The reduction in losses either through best practices or use of more efficient machinery will not only support the Group's delivery of its ESG targets but also generate opportunities to reduce the impact of carbon taxes and mitigate the risks of future energy cost inflation.

Time horizon

Long-term

Likelihood

Likely

Magnitude of impact

Low

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

22,000,000

Potential financial impact figure – maximum (currency)

40,000,000

Explanation of financial impact figure

In 2022, 69 initiatives to reduce carbon emissions were implemented across 66 of our operating facilities. These initiatives delivered a total reduction in our scope 1 and 2 emissions of 15,011 MT CO2e (~2.7% of the Group 2020 baseline). The annualised energy cost saving of these initiatives implemented amounted to £2.9m, with a one-off capex cost of £7m. Continued investment is planned for up until 2030 and will play a crucial role in helping the Group make progress towards its targets.

The financial estimate of the potential benefit of these initiatives include both the cost of direct energy that is anticipated to be saved as a consequence of the installation of more energy efficient plant and machinery, as well as the financial benefit of emission reduction, using our Internal Carbon Pricing to the value of this benefit. The lower financial estimate assumes £2m of energy cost reduction initiatives being implemented for a period of 8 years reducing scope 1 and 2 emissions by 10,000 MT CO2e p.a. together with an average internal carbon price of £80 per MT (total financial impact £22m). The upper range assumes £3m of energy cost reduction initiatives being implemented for a period of 8 years reducing scope 1 and 2 emissions by 20,000 MT CO2e p.a. together with an average internal carbon price of £100 per MT (total financial impact £40m).

Whilst we fully intend to optimise the efficiency of our infrastructure as far as possible, we recognise emission reduction may get more challenging over time, depending on technological developments, as high impact initiatives are prioritised in the early years of our transition. Consequently, the range of benefits reflects different scenarios on the average savings and timing of delivery up to 2030. Additionally, we also recognise uncertainties relating to internal carbon pricing in the future as it depends on level of supply and demand, hence estimating these at an average of £80-£100 per MT based on current available market data.

Cost to realize opportunity

68,000,000

Strategy to realize opportunity and explanation of cost calculation

Glidepaths have been developed at local factory, regional, and global level to map the delivery of these targets, The Operations ESG team operates as a Centre of Excellence and work in collaboration with the Regional Engineering team, the Group Head of Manufacturing technology, and Local/ Regional Operations directors to provide insights, technologies, and best practice, tailored to the local environment to ensure suitability to drive energy efficiency programmes & emissions reduction. Where possible, local engagement/ collaboration is also performed with universities with a view of accessing new to world technologies that can be rolled out across Group infrastructure. Opportunity areas are identified and prioritised, with Internal Carbon Pricing and Marginal Abatement Costing tools used to appraise projects and allocate ESG funding, with glidepath delivery tracked to ensure that pace and reach of transformation are in line with our overall targets and ambition.

Through renewable solar on-site generation we decreased our reliance on national energy grids, where energy sourced from fossil fuels make up a large % of the grids' energy mix. 26 sites were generating renewable energy on-site. As of last year, we had on-site solar generation coming online in Kenya, Uzbekistan, and Bangladesh.

In 2022 69 projects spanned across our 66 Group factories & GLTs and included the following initiatives:
- Building energy management systems (e.g. Bangladesh)
- Compressors, Vacuums, and Heating, Ventilation & Air Conditioning (HVAC) systems (e.g. South Korea, Nigeria, Mexico)
- Lighting upgrades and LED roll out (e.g. Indonesia, Brazil)
- Solar heating, cooling, and Photovoltaic equipment (e.g. Solomon Islands, Kenya, Uzbekistan)

As noted above, the costs to realise the opportunity has been based on the average investment cost over 2021/22 and have been projected to estimate the costs of similar programmes as the Group continues to drive projects to deliver our targets, with an average multiple of 8 years assumed (mid-point of 5 - 9 years used in the benefits above, (8*£8.5m = £68m cost to achieve).

Comment

Identifier

Opp2

Where in the value chain does the opportunity occur?

Downstream

Opportunity type

Resilience

Primary climate-related opportunity driver

Other, please specify

Favourably impact farmer profitability and increase their resilience to climate change

Primary potential financial impact

Reduced direct costs

Company-specific description

There is an opportunity to increase tobacco yields and reduce the impact of climate related changes for our farmers. BAT purchase around 400,000 MT of packed tobacco a year and, as such, security of supply is a fundamental requirement to the Group's future success.

In 2022, the Group sourced 63% of its annual tobacco requirement via 14 vertically integrated leaf operations like Brazil, Mexico, Bangladesh & Pakistan, which hold direct purchasing contracts with more than c81,000 farmers. This strategy of direct sourcing is considered to provide the Group with the best opportunity to gain access to high quality, sustainably sourced tobacco. These direct-contract purchases are then supplemented through purchases from strategic and other 3rd party suppliers.

The resilience of our farmer base to climate change is therefore of pivotal importance, ensuring their prosperous livelihood, which in turn ensures the future viability of tobacco production and the Group's access to tobacco.

We continuously seek to reinforce our directly contracted farmer base resilience through the development of tailored best practise techniques developed by our Global Leaf Agronomy Development centre based in Brazil as well as through local regional/ country level partnerships. These initiatives, once developed and tested, are rolled out to our contracted farmer base via our network of field technicians who are responsible for working with the farmer throughout the growing season. As well as focusing on environmental best practice, a key aspect of our strategy is the continuous improvement of farmer yield (kg/ ha) with the following key benefits:

a) improves the financial returns of our directly contracted farmer base and their financial sustainability;
b) also facilitates the repurposing of land for crop diversification and improved income from non-tobacco crops; and
c) reduces our Scope 3 emissions (by reducing amount of curing fertilisers needed per kg)

Whilst farmer yield is impacted by weather and other uncontrollable events, our field performance data collected through the growing season shows a continuous improvement in farmer yield over time, demonstrating the success of our strategy in delivering best practice techniques to our farmer base. In Bangladesh as an example we had an increase of 12.2% in yield compared to 2019.

We believe that opportunity is ongoing and it will remain as an area for continuous improvement.

Time horizon

Long-term

Likelihood

Likely

Magnitude of impact

Low

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

5,000,000

Potential financial impact figure – maximum (currency)

7,500,000

Explanation of financial impact figure

As part of our Sustainability and farmer living income goals, we collect data to estimate income levels generated by our contracted farmers and those farmers contracted by our strategic third party suppliers through the production of tobacco and non-tobacco crops, as well as other forms of income they generate through the year. The data collected includes total volume produced, farmer yield, % of crop diversification, production costs, and dependents living on the farms, allowing us to understand income levels vs in-country indices such as rural and urban living wages. This visibility allows us to understand the financial health of our contracted farmer base and those of strategic third party suppliers representing around 80% of our tobacco purchases, better understand the factors leading to lower vs higher incomes (extent of the impact of alternative crops/ production efficiency, increased use of labour) and take targeted interventions with our contracted farmers as part of our social goals, and encourage our strategic third-party suppliers to do the same in their respective spheres of influence.

For example,using this data across our 14 leaf operations, and based on production volumes, number of farmers, and average yield (which ranges depending on tobacco type, growing conditions, and size of farm amongst other factors), we were able to estimate the benefit of a 1% yield improvement across our contracted farmer base in our leading 5 leaf operations which generated a potential increase in farm revenue of £2.4mn. When pro-rated to our globally contracted volumes, this indicates a benefit of up to c. 40kg per hectare increase in tobacco production and a potential increase in farm revenues of up to £7.5mn per annum at a global level.

In light of our historic performance and ability to deploy best practise to our farms, this yield improvement was considered conservative but demonstrates the potential benefit that could arise from our continued global leaf research and agronomy efforts.

The increase in production efficiency also raises the possibility of farmers repurposing their land for the purposes of non-tobacco growing activities. Our directly contracted farmers utilise c. 88,000ha across our largest 5 operations for tobacco growing, with a 1% yield improvement giving up to 900 ha which could be repurposed for other activities.

Cost to realize opportunity

7,200,000

Strategy to realize opportunity and explanation of cost calculation

Global leaf research and agronomy deployment is a key aspect of our strategy for driving our environmental and social goals across the leaf operations we grow tobacco, ensuring the application of best practice, and long term sustainability of the communities working with or supported by tobacco production.

Our leaf research activities is split into 4 strategic pillars: farmer profitability, carbon management, biodiversity, and water & climate change, with ongoing workstreams designed to support the delivery of our targets and goals.

Situated in Brazil (our largest leaf operation globally) and leveraging decades of experience in tobacco growing, the leaf research centre seeks tailored solutions for application and deployment across all 12 of our leaf operations (as well as strategic 3rd parties), with the following focus areas:

Soil Science & Plant Nutrition, Water management, Emissions, and pest management
Leaf Breeding, Seed Technology, Seed production & Industrialization, Mechanization & Curing
Crop Protection, Agrochemicals, Agriculture best practice
Substrates, Botanicals, Bioprocess, Leaf Chemistry

Our Global Leaf Agronomy Development Centre has a cost of about £7.2mn annually between investments and operating costs and its core purpose is to improve farmer resilience and the sustainability of their farms. We have therefore allocated this £7.2 mn as the cost to achieve the goal of favourably impacting farmer profitability and increasing their resilience to climate change.

Using our network of leaf technicians and senior leaf leadership teams in each of the operations, improvement needs are identified and form the basis of focus areas and active workstreams within our Global Leaf Agronomy Development Centre, with technology solutions identified and technology deployment plans developed over a time horizon of up to 5 years.

In 2022 deployment of technology specifically targeting farmer profitability improvement included elite seed varieties in Bangladesh, Mexico and Pakistan. Mechanization to reduce labour in soil management in Fiji, Kenya are being deployed. Other technologies like stitching machine aiming labour reduction in the curing phase is being deployed in Pakistan and under development in Bangladesh.

Comment

Identifier

Opp3

Where in the value chain does the opportunity occur?

Downstream

Opportunity type

Energy source

Primary climate-related opportunity driver

Use of lower-emission sources of energy

Primary potential financial impact

Reduced indirect (operating) costs

Company-specific description

Tobacco growing is a key contributor to the emissions within the Group's value chain, contributing total scope 3 emissions of 1,966 thousand tonnes CO2e in 2021 (32% of the Group's scope 3 emissions). Whilst on farm activities such as fertiliser usage and farm equipment contribute to these emissions, the largest component relates to practices used to cure flue-cured Virginia and Dark Fire Cured tobacco which represent more than 70% of our tobacco purchases.

The Group has recognised the impact on environment and biodiversity and has had programmes in place for many years to ensure wood used for curing is sustainability sourced, with >99% of wood used for curing since 2016 being sourced from sustainable means, and more than 80% of our tobacco purchased in 2022 being cured using renewable fuels (sustainable wood, biomass, sun curing).

The Group has also sought to remove coal as a fuel source for curing. As of 2021, less than 10% of the total tobacco sourced by the Group was cured using coal, and programmes are in place to remove it entirely from the remaining locations where coal is still used by the farmer base for curing (predominantly used as a fuel source in Zimbabwe and South Africa, and partially used in China and Vietnam). In 2022 less than 6% of the volume was cured with coal, a considerable achievement.

Whilst relating to less than 10% of tobacco purchases, the emissions accounted for 28% of the emissions generated in 2021 (leaf value chain emission, excluding biogenics),

and therefore remains a key priority of the Group in meeting its emission reduction objectives of net zero across our value chain (scope 1, 2, and 3 emissions) by 2050).

By maximising the efficiency of curing processes and fuel used by our farmers (direct contract, as well as indirect via strategic suppliers), we estimate that the emissions generated by curing can be reduced by up to 90% (depending on tobacco barn type and alternative fuel used) versus coal used in these countries (and included within our 2020 emissions baseline), and will contribute to our emissions reduction journey.

Time horizon

Medium-term

Likelihood

Very likely

Magnitude of impact

Low

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

3,650,000

Potential financial impact figure – maximum (currency)

7,300,000

Explanation of financial impact figure

The financial estimate provided relates to the reduction in curing emissions expected to be delivered on the purchases we make from our strategic supplier based in Zimbabwe (which amounted to 19% of our curing emissions in 2021, excl. biogenics), with a rollout plan in place to transition the strategic supplier's farmer base from coal to renewable fuels by 2025.

Pilots were performed in 2021 to test alternative options for curing fuel including wood, wood chips, briquettes, and wood logs. The results of the trial demonstrated that the level of emissions generated by coal amounted to 2.64kg CO2e vs 1 kg of coal used, with alternative wood fuels being approximately 0.12kg Co2e vs 1 kg of wood (~95% lower emissions). Given the properties of the alternative fuel sources, the thermal efficiency was 2.1 times lower than the coal being replaced, and as such, the overall reduction in emissions amounted to 90% ((0.12*2.1)/2.64).

We therefore anticipate curing emissions for our purchased tobacco from our strategic supplier in Zimbabwe will reduce cumulatively by 61,000 MT CO2e in the next three years.

We have estimated the financial benefit associated with this emission reduction through the anticipated cost of carbon. Our internal cost of carbon has been considered as a proxy for the benefits that the coal removal project will deliver, with indicative prices of £60 per MT for 2022 (lower range = £3.65m) rising to £120 per MT for 2030 (upper range = £7.3m).

Cost to realize opportunity

750,000

Strategy to realize opportunity and explanation of cost calculation

As noted within Opportunity #3, our Global Leaf Agronomy Development Centre plays a key role in our climate change strategy, with Carbon management being one of its four strategic pillars. We launched programme Curing 2.0 in 2021 with multiple workstreams and initiatives being developed in 2021 and 2022 which consider optimised curing barn construction (optimised for the farmer base, affordability, and materials available in the countries they operate), as well as the fuel(s) being used to cure the tobacco to optimise thermal efficiency/ emissions being generated.

In 2021 we introduced 33,000 directly contracted farmers across 4 countries (Brazil, Sri Lanka, Bangladesh and Pakistan) to fuel-efficient curing technologies, with the barns piloted in Brazil and Sri Lanka demonstrating a reduction of at least 30% in fuel and 14% in electricity used, with Bangladesh and Pakistan showing a 15% reduction compared to traditional models. Deployment plans have been established to roll these technologies out to our directly contracted farmer base aligned with local priorities and needs.

Specifically in Zimbabwe, our strategic third-party supplier has performed pilots of wood, wood chip, and briquettes across 5% of their contracted farmer base across both small scale and commercial farmers. Leveraging the expertise of our Global Leaf Agronomy Development Centre based in Brazil, assessments were performed to analyse the best combination of barn type and fuel use. Trials were successful and our strategic third-party supplier has rollout plans in place to remove coal from use as a curing fuel.

As part of the rollout plan, our strategic third-party supplier has analysed logistics routes to deliver the alternative fuel from wood farms to the supplier base, with backloading (wood for following season taken back by the farmer as the current crop is delivered to the buying floors) used wherever possible to reduce transport costs/ emissions. Based on the analysis performed, including the cost of timber and the volume of renewable fuel required (noting reduced thermal efficiency vs coal) the cost of replacing coal has been estimated at £0.05 per kg of tobacco purchased (~£750,000) per annum based on current volumes being purchased.

Comment

Identifier

Opp4

Where in the value chain does the opportunity occur?

Downstream

Opportunity type

Resource efficiency

Primary climate-related opportunity driver

Use of more efficient modes of transport

Primary potential financial impact

Reduced direct costs

Company-specific description

Emissions from logistics and distribution accounted for 4% of the Group's 2020 Scope 3 emissions. In-line with BAT Group ambition to achieve -50% reduction in Scopes 1 to 3 GHG emissions by 2030 and net zero GHG emissions across our value chain in entire supply chain by 2050, the company is continuously seeking opportunities to optimize their transportation operation and reduce the resultant freight emissions. Through improved forecast accuracy and planning, the focus has been to reduce air freight associated with our New Category products and move towards lower emission transportation.

Since 2021 there has been a reduction in the usage of air freight and increase in the utilization of sea freight for New Categories product. In 2021 60% was transferred through sea freight and this increased to 75% in 2022. The company will continue to seek to optimise the use of sea freight in its logistics network.

Time horizon

Short-term

Likelihood

More likely than not

Magnitude of impact

Low

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

8,000,000

Potential financial impact figure – maximum (currency)

16,000,000

Explanation of financial impact figure

The financial benefits associated with the increased use of sea freight in the transporting of finished goods components has two elements – the reduction in logistics costs in transporting our product from the suppliers to our distribution centres, as well as the reduction in scope 3 emissions, with the cost of carbon being used as a proxy to estimate the financial benefits associated with the reduction in emissions being targeted.

The minimum financial benefits have been based on the benefit of moving from a baseline of 60% sea freight to 75% sea freight based on 2022 forecasted volumes. This results in a logistics benefit of between ~£8-£10m. The maximum potential benefit is based on sea freight reaching 90%.

Cost to realize opportunity

1,400,000

Strategy to realize opportunity and explanation of cost calculation

Our supply chain operation is continuously looking for opportunities & innovations to adopt carbon efficient solutions for transportation. One of the key strategies is to minimize airfreight. In order implement the reduction in air freight, especially in the transportation on New Categories product, team is focusing on planning smart and ahead to avoid last minute delivery urgencies.

The process of early forecasting and longer lead time allocation for material movement is maturing with time, enabling gradual reduction in the use of air freight. Air freight for regular product movement has been capped through adding an extra layer of approval process for any unplanned air shipment.

While there were challenges in route selection and the allocation of lead times in 2022, due to on-going geo-political tension, we believe that we will have opportunity to utilize more sea freight in coming years through continued prioritization of sea freight for regular material movement and stringent scrutiny for urgent air freight cases.

The cost to respond reflects the uplift in inventory to ensure sufficiency of supply, given additional transport time of sea freight (shipment period 5-6 weeks). The financial estimate provided relates to additional 5-6 weeks of inventory for those products that have less than 75% of sea freight.

Comment

C3. Business Strategy

C3.1

(C3.1) Does your organization’s strategy include a climate transition plan that aligns with a 1.5°C world?

Row 1

Climate transition plan

Yes, we have a climate transition plan which aligns with a 1.5°C world

Publicly available climate transition plan

Yes

Mechanism by which feedback is collected from shareholders on your climate transition plan

We have a different feedback mechanism in place

Description of feedback mechanism

We engage with and receive feedback from shareholders on environmental, social & governance (ESG) / sustainability matters generally, and climate change matters specifically, including our climate transition plan and our commitments to halve absolute GHG emissions by 2030 and achieve Net Zero by 2050 across our value chain (scope 1, 2 & 3). We engage with shareholders and collect feedback on our TCFD Report, which includes key elements of our climate transition plan and detailed financial modelling on the timing and materiality of key climate-related risks and opportunities, including on a 1.5°C-aligned transition. Our comprehensive Investor Relations (IR) programme includes: IR general and ESG-specific roadshows across our shareholder base; Specific IR ESG communications materials; and, 1:1 ESG-specific meetings with shareholders. BAT attendees include, amongst others, our Chief Growth Officer (the Management Board member responsible for ESG / sustainability), Director of Scientific Research (Management Board member responsible for science and R&D), Chief Sustainability Officer, Head of IR, Senior Investor Sustainability Manager, and Head of ESG. Our Chairman and Chief Executive also receive feedback on ESG matters, including on our climate transition, during their regular interactions with investors. Additionally, shareholders also have opportunities to ask questions on any matter, including our climate transition, at our Annual General Meeting.

Frequency of feedback collection

More frequently than annually

Attach any relevant documents which detail your climate transition plan (optional)

BAT's Low Carbon Transition Plan aligned with a 1.5°C trajectory is publicly available here:
https://www.bat.com/group/sites/UK__9D9KCY.nsf/vwPagesWebLive/DOAWWEKR/$file/BAT_Low_Carbon_Transition_Plan_2022.pdf

C3.2

(C3.2) Does your organization use climate-related scenario analysis to inform its strategy?

	Use of climate-related scenario analysis to inform strategy

Row 1	Yes, qualitative and quantitative

C3.2a

(C3.2a) Provide details of your organization's use of climate-related scenario analysis.

Climate-related scenario	Scenario analysis coverage	Temperature alignment of scenario	Parameters, assumptions, analytical choices
Physical climate scenarios RCP 8.5	Company-wide		Analytical choices made aligned to climate scenarios from the UN IPCC methodology and GHG trajectories for RCP 8.5. We named this 'Climate Inaction, >3 degree'. This provides us with the worst case of climate risk and scenario for BAT. We further analysed 3 timeframes: short (2022-2027), medium (2028 -2037) and long term (2038-2050). We included financial modelling elements: carbon pricing projects, financial data, energy, consumption and customer trends. Parameters are the 10 largest tobacco source/ growing countries, the regional temperature behaviour over time, precipitation, and soil water levels (surplus and deficit). This was assessed and risk calculated relative to the growing conditions. Assumptions include the impact of crop yields/ access and cost to tobacco and financial impact of the scenario. These were modelled to determine the highest risk countries and develop mitigation plans.
Transition scenarios Bespoke transition scenario	Company-wide	3.1ºC - 4ºC	Analytical choices made aligned to climate scenarios that result in warming of 3-4 degrees. We named this 'Climate Inaction, >3 degree'. We further analysed 3 timeframes: short (2022-2027), medium (2028 -2037) and long term (2038-2050). We included data sets such as REMIND-MAgPIE 3.0-4.4 with 'Divergent Net Zero' scenario and customer, energy, financial and regulatory elements. Parameters include the scale and timing of transition impacts on plastic regulation and tax, energy pricing and consumer preference, assessed to calculate risks and opportunities within a given market at a point in time Assumptions include changes in relevant emerging legislation e.g. plastic tax and renewable energy,

			changes in energy consumption based on product growth and energy efficiency forecasts.
Physical climate scenarios RCP 2.6	Company-wide		Analytical choices made aligned to climate scenarios from the UN IPCC methodology and GHG trajectories for RCP 2.6. We named this 'Sustainable Transition < 2 degree'. We further analysed 3 timeframes: short (2022-2027), medium (2028 -2037) and long term (2038-2050). We included financial modelling elements: carbon pricing projects, financial data, energy, consumption and customer trends. Parameters are the 10 largest tobacco source/ growing countries, the regional temperature behaviour over time, precipitation, and soil water levels (surplus and deficit). This was assessed and risk calculated relative to the growing conditions.
Transition scenarios Bespoke transition scenario	Company-wide	1.5ºC	Analytical choices made aligned to climate scenarios that limit warming to 1.5 degrees. We named this (Sustainable Transition <2 degrees). We further analysed 3 timeframes: short (2022-2027), medium (2028 -2037) and long term (2038-2050). We included data sets such as REMIND-MAgPIE 3.0-4.4 with 'Divergent Net Zero' scenario and customer, energy, financial and regulatory elements. Parameters include the scale and timing of transition impacts on plastic regulation and tax, energy pricing and consumer preference, assessed to calculate risks and opportunities within a given market at a point in time Assumptions include changes in relevant emerging legislation e.g. plastic tax and renewable energy, changes in energy consumption based on product growth and energy efficiency forecasts.

C3.2b

(C3.2b) Provide details of the focal questions your organization seeks to address by using climate-related scenario analysis, and summarize the results with respect to these questions.

Row 1

Focal questions

The focal questions that scenario analysis helps us to answer are - how might the impact and likelihood of our material risks and opportunities change under three time horizons: short term (2022 – 2027), medium term (2028 – 2037), and longer term (2038 – 2050) and two climate scenarios, Sustainable Transition (1.5 degree warming) and Climate Inaction (>3 degree warming).

Material risks are those that could have a significant effect on our operations, strategy and financial planning if they are not managed appropriately. In contrast, material opportunities may improve our financial performance over time in the event they can be realised.

Results of the climate-related scenario analysis with respect to the focal questions

We identified three climate-related opportunity areas and seven climate-related threats, which span transitional Opportunities: O1 Products & services; O2 Energy sourcing and O3 Resource efficiency), Transitional risks: T1 Emerging regulation on carbon pricing; T2 Emerging Regulation on Products; T3 Increased Cost of Capital; T4 Increased Insurance Premiums; T5 Increased Energy Prices and Physical risks: T6 Acute & T7 Chronic. These are described in the TCFD disclosure section of the 2022 Combined Annual Report.

The results of the Sustainable Transition scenario highlighted increased Transitional risk of compliance costs due to emerging regulation, cost of green energy and carbon taxation arising from Government policies. The impact would be greatest in the medium term as these regulatory costs outweighed the reduction in emissions and energy consumption as part of BAT's Low Carbon Transition Plan. In addition, higher costs & reduced access to both insurance and capital markets were identified across the three time-horizons. This analysis has informed the decision to undertake a more comprehensive review of BAT's energy strategy including seeking opportunities in Purchase Power Agreements in certain countries over the next few years and continue supporting energy reduction initiatives.

Physical risk analysis under the Sustainable Transition showed that whilst there were some favourable and unfavourable impacts on yield across the three time horizons and two scenarios, the risk of potential financial impact on annual cost of tobacco is less than 5 %. We believe the impacts on yield can be mitigated through agronomy action plans, which avoid yield driven cost of production increases.

The results of the Climate Inaction scenario showed the cost of Transition risks will be lower, and impact delayed, as little or no change to current regulation is projected.

In contrast to Transition risks, Physical risks were shown to be most severe under Climate Inaction (the scenario sees a world where warming exceeds a 3°C threshold) due to increased frequency and severity of climate-related events and consequential potential financial impact on our business. In response, more extensive mitigation may be required incl. investments in working capital to increase our supply chain resilience &

this will continue to be monitored.

While there are challenges ahead, the Group is well placed to address them. We believe we have the resilience & agility to create new transitional growth opportunities, supported by our global reach, supply chain flexibility, diverse product portfolio and capital strength. The insights gained from the modelling performed further strengthen the importance & relevance of our climate strategy and net zero carbon emissions target to mitigate these risks. We will continue to review each material climate related risk & opportunity and build upon our existing mitigation strategies to enhance the resilience of our business to climate change.

C3.3

(C3.3) Describe where and how climate-related risks and opportunities have influenced your strategy.

	Have climate-related risks and opportunities influenced your strategy in this area?	Description of influence
Products and services	Yes	We recognise the importance of linking our sustainability ambitions to our products. We are building brands with purpose with a view to meet the changing needs of consumers and to generate growth. Sustainability is a key part of that purpose. Our Group-wide circular economy strategy and life cycle analysis (LCAs) across our product categories support this. Our Product strategy is multi-faceted, considering both the materials used in its production to reduce their environmental impact at source (recyclable, compostable products no unnecessary single use plastic) as well as ensuring takeback schemes are in place in countries where we market New Category devices, to facilitate responsible disposal of used device, in line with local logistical, legal and regulatory requirements and infrustructures. In addition, 92% of packaging was resuable, recyclable or compostable. Our stakeholder engagement programme demonstrates that consumers care about products with a reduced environmental impact and targets have been set to achieve 30% of average recycled content in plastic packaging and our waste going to landfill to be less than 1% by 2025. Where permitted to do so, we articulate our commitment to

		reduce the environmental impact of our products (including digital platforms to enhance consumer engagement via our Corporate and brand websites as demonstrated by Vuse) to raise awareness of our ESG ambition and performance to date with a view of enhancing consumer buy-in, brand loyalty, and generating growth through increasing market share of our products to realise the opportunities presented by climate change.
Supply chain and/or value chain	Yes	Risks & opportunities posed to our supply chain include ability to grow/ access tobacco, risks of impending regulation, and increasing costs of energy. Whilst these risks are not new, the likelihood of these risks occurring are acerbated by climate change and we seek to ensure that our strategy continues to mitigate the risks as far as possible. Examples of how our strategies have been impacted include: Access to Leaf tobacco – we have a long track record of agronomic excellence and rollout of farmer best practise. A new agronomy centre is being established in Asia to supplement our global centre in Brazil which will assist in the rollout of technologies for Asian growing markets to ensure efficient use of water and minimise the impact of climate change on growing yields in the future. For example, tailored seed varieties, and deployment of farming best practices such as alternative row irrigation, drip irrigation, and plough techniques to minimise the effects of flood driven soil erosion. Inventory durations and our sourcing footprint continue to be reviewed to ensure supply risk is mitigated by diversification of sourcing and holding sufficient levels of inventory to mitigate the risk of supply shortfalls via flooding, drought, fire & other risks posed by climate change. Carbon-smart farming programme - taking a strategic approach on reducing emissions from tobacco using agriculture's ability to remove carbon from the atmosphere. We have launched the programme in Brazil, Bangladesh, Mexico & Pakistan and the United States will join soon. These countries represent our largest in-house leaf operations and learnings from these countries will help further develop and scale up the programme as part of our wider climate strategy.

		Supplier Engagement – we continue to increase the number of suppliers we engage in CDP, extending to nearly 220 direct and indirect suppliers in 2022 (up from 64 in 2021). In addition to the Supplier Code of Conduct and invitations to CDP Supply Chain programme, we introduced a “Supplier Pledge” to our top 60 suppliers. This Pledge requests that suppliers engage in activities such as disclosing to CDP, monitoring and reducing GHG emissions and establishing targets and action plans. We intend to deploy the Pledge on a wider scale in the future. Energy costs on direct operations – see strategy on renewable energy within operations.
Investment in R&D	Yes	We are investing in R&D to develop alternatives products that not only reduce risk to health, but their environmental impact. The strategy focuses on initiatives to improve recyclability and increase the use of recycled & recyclable materials. This strategy of using less virgin material helps reduce both waste and CO2e emissions. Our targets are: - 100% of plastic packaging to be reusable, recyclable, or compostable by 2025; and - 30% average recycled content across all plastic packaging by 2025. In 2022, we changed the pack profile of our Vapour refills in Canada and included recycled cardboard content. The reduced pack profile resulted in a 15% reduction in CO2e per unit and a 45% saving in paper use in Canada. We plan to roll out the reduced pack profile and recycled board content across the Group over the course of 2023. Our glo device packaging is recyclable, where local facilities exist, and we have worked to eliminate any unnecessary plastic packaging from it. We've removed all plastic wrap from glo device packaging, which has resulted in a saving of 20 metric tonnes of plastic per year. In 2022, we also reduced the device box size by over 55% vs 2021, which has resulted in a saving of 300 metric tonnes of paper per year, and a 65% reduction in CO2e footprint from the changes to our device packaging. Globally, over 80% of the cans used in our Velo products

		are recyclable, where local facilities exist. In the U.S., Traditional Oral product containers (Grizzly moist snuff and Camel Snus) are made from plastic (polypropylene) & steel, which are recyclable, where facilities exist. We have made progress in improving the recyclability of plastic packaging in cigarettes. 93% of our plastic packaging for cigarettes can be recycled and all poly film, as well as tear-off strips used on packs, can be recycled (subject to local recycling infrastructure). We are also conducting trials on alternative plastic-free materials for cellulose acetate cigarette filters (filters classified as having plastic content). These actions align with the transitional opportunity identified in C3.2b where market share can be captured due to consumer preference for 'sustainability leaders', which is enabled through innovation guided by sustainability goals.
Operations	Yes	Our strategy across operational sites is to use decarbonisation assessments and value stream mapping to eliminate losses and identify opportunities to reduce CO2e emissions and energy use. This underpinned by our target to reduce Scope 1 & 2 emission by 50% vs. our 2020 baseline in 2030. Our internal Energy Standard provides guidance on decarbonisation and seeks consistency in the way climate-related initiatives are financially assessed with our Internal Carbon Price glidepath. Each of our manufacturing facilities has a detailed decarbonisation roadmap to clearly demonstrate its contribution to and the actions needed to reach our targets. The Operations Sustainability team operates as a Centre of Excellence for Scopes 1 and 2, collaborating with Regional Engineering teams, Group Heads of Manufacturing Technology, and Local and Regional Operations directors to provide insights, technologies and best practices to drive energy-efficiency programmes, emissions reductions and increase renewable energy use. In 2022, we implemented more than 69 initiatives that resulted in the reduction of nearly 15,011 tCO2e emissions. This is equivalent to 2.8% of our 2020 baseline. The projects included establishing smart energy management systems that optimise consumption, upgrading and replacing heating and lighting, air conditioning systems, installing solar heating, and replacing boilers with less

		polluting alternatives such as biomass. Furthermore, we continued expanding our green electricity purchasing program in countries such as Indonesia, Vietnam, Honduras, etc as well PV deployment in Pakistan, Uzbekistan, Kenya helping reduce 43,130 tCO2e.

C3.4

(C3.4) Describe where and how climate-related risks and opportunities have influenced your financial planning.

	Financial planning elements that have been influenced	Description of influence
Row 1	Revenues Direct costs Capital expenditures Capital allocation Access to capital	Short, medium, and long term financial planning is performed by the Group and considers all factors likely to influence business performance, including climate related risks and opportunities. Examples of how our financial planning has been influenced in 2022 by climate change factors include: Revenues – Volume, market share growth, and pricing forms a key part of our profitability. Climate change considerations include but are not limited to the competitiveness of our products, ensuring they meet consumer needs, and perform better than our competition. We continuously seek insights through consumer research to understand consumer need spaces which feed into future product innovation, and monitor market share data to track our performance vs business plans. For example, providing consumers the opportunity to return used devices through Take-Back schemes for responsible disposal is an important part of glo and Vuse's brand planning. We continue to take in the learnings from our experience and look for ways to improve in this area. Physical risks driven by climate change also play into revenue planning, ensuring we have sufficient inventory durations (with a trade off on working capital and funding costs) to mitigate short term supply risks whilst our business continuity plans are mobilised, with a view to mitigate impact on our consumers. Direct costs – A key metric for financial planning is cost of sales and ability to manage the impact of inflation on overall profitability. Ways in which climate change considerations can impact cost of sales and, as such, are considered as part of our financial planning include increasing costs of tobacco leaf as a consequence of supply led constraints (El Nino weather events, flooding, drought, hail storms) impacting yield and production volumes; the cost of raw materials and impact of specification changes as we introduce innovation to reduce the environmental impact of our products (e.g. improving the recyclability of our products, the

		increased use of recyclable packaging and materials); the cost of regulation as demonstrated via EPR in Europe; as well as the cost of energy impacting our direct operations as well as our wider value chain as we transition away from fossil fuels. Capital allocation – the Group use established processes to determine base budget allocation for future periods and resource allocation requests are made for significant incremental funding requirements. For example, in 2022, more capital was allocated to fund the expansion of the Global Sustainability Team which included Operations' ESG Centre of Excellence teams and for a larger capital investment budget. Capital investment – we fund a dedicated capital investment budget used to progress the delivery of our ESG commitments. In 2022, this amounted to £27 million, with investments directed towards equipment to drive energy efficiency and renewable energy generation, water recycling and efficiency projects, waste reduction, and product innovation-led specification improvements to drive recyclability and reduce waste. Financial planning is used to prioritise budgets, with the use of MACC, Internal Carbon Pricing and Balance Scorecards (assessing impact on environmental and social targets of the specific investment case). Access to capital - Climate risk/opportunities impact BAT's financing in a couple of ways: (1) climate change may impact the business financially through potentially higher costs and/or our consumers ability to buy our products which, if materialised, would impact our profitability and credit ratings and; (2) perception of our investors towards our ESG progress which could reduce their willingness to invest in BAT or restrict our access to capital. Both of these, if they were to materialise, would result in higher cost of funding for BAT. The process of managing this risk is embedded in our financing principles which is agreed and reported to the main board. Operationally, funding is also discussed at the Corporate Committee and at the Corporate Finance Committee (chaired by our Finance Director). We also have a monthly Treasury Risk Committee where we monitor this. In terms of metrics, we have an established medium term target credit rating which seeks to achieve a balance between balance sheet requirements and access to capital as well as various other metrics. In addition, the Corporate Treasury team is embedded in key discussions on ESG as well as dialogues through debt investor engagement to understand the dynamics of ESG impact on funding and capital markets and take appropriate actions to mitigate against any potential impact of our access to capital due to ESG factors.

C3.5

(C3.5) In your organization's financial accounting, do you identify spending/revenue that is aligned with your organization's climate transition?

	Identification of spending/revenue that is aligned with your organization's climate transition
Row 1	Yes, we identify alignment with our climate transition plan

C3.5a

(C3.5a) Quantify the percentage share of your spending/revenue that is aligned with your organization's climate transition.

Financial Metric

CAPEX

Type of alignment being reported for this financial metric

Alignment with our climate transition plan

Taxonomy under which information is being reported

Objective under which alignment is being reported

Amount of selected financial metric that is aligned in the reporting year (unit currency as selected in C0.4)

27,000,000

Percentage share of selected financial metric aligned in the reporting year (%)

5

Percentage share of selected financial metric planned to align in 2025 (%)

5

Percentage share of selected financial metric planned to align in 2030 (%)

5

Describe the methodology used to identify spending/revenue that is aligned

● Capital investment initiatives that contribute to a reduction in GHG emissions across the supply chain as set out in the Group's Low Carbon Transition Plan.
● To ensure the delivery of emission targets set across Scope 1-3, glidepaths have been established, with capital investment and operating budgets set to support the delivery of these planned reductions. 2022 spend related to emission reduction initiatives included those relating to factories emission reduction (examples include solar

panel installations at our factories in Turkey and Mexico, as well as Bio Mass Boilers / Heatpumps in South Korea and Hungary) and the use of materials that generate less emissions (such as moving to fully recyclable innerbundling for packs “reloc” and “maxim” cigarette packs).
● The forecasted investment is expected to increase to ~7% of total spend in 2023 but on average is estimated to be ~5% over medium term
● It is recognised that EU Taxonomy criteria is more restrictive. Therefore absolute values and percentages quoted would be lower than those quoted in the above table.

C4. Targets and performance

C4.1

(C4.1) Did you have an emissions target that was active in the reporting year?

Absolute target

C4.1a

(C4.1a) Provide details of your absolute emissions target(s) and progress made against those targets.

Target reference number

Abs 1

Is this a science-based target?

Yes, and this target has been approved by the Science Based Targets initiative

Target ambition

1.5°C aligned

Year target was set

2021

Target coverage

Company-wide

Scope(s)

Scope 1
Scope 2

Scope 2 accounting method

Market-based

Scope 3 category(ies)

Base year

2020

Base year Scope 1 emissions covered by target (metric tons CO2e)

342,034

Base year Scope 2 emissions covered by target (metric tons CO2e)

198,830

Base year Scope 3, Category 1: Purchased goods and services emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 2: Capital goods emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 4: Upstream transportation and distribution emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 5: Waste generated in operations emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 6: Business travel emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 7: Employee commuting emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 8: Upstream leased assets emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 9: Downstream transportation and distribution emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 10: Processing of sold products emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 11: Use of sold products emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 12: End-of-life treatment of sold products emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 13: Downstream leased assets emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 14: Franchises emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 15: Investments emissions covered by target (metric tons CO2e)

Base year Scope 3, Other (upstream) emissions covered by target (metric tons CO2e)

Base year Scope 3, Other (downstream) emissions covered by target (metric tons CO2e)

Base year total Scope 3 emissions covered by target (metric tons CO2e)

Total base year emissions covered by target in all selected Scopes (metric tons CO2e)

540,864

Base year Scope 1 emissions covered by target as % of total base year emissions in Scope 1

100

Base year Scope 2 emissions covered by target as % of total base year emissions in Scope 2

100

Base year Scope 3, Category 1: Purchased goods and services emissions covered by target as % of total base year emissions in Scope 3, Category 1: Purchased goods and services (metric tons CO2e)

Base year Scope 3, Category 2: Capital goods emissions covered by target as % of total base year emissions in Scope 3, Category 2: Capital goods (metric tons CO2e)

Base year Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions covered by target as % of total base year emissions in Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) (metric tons CO2e)

Base year Scope 3, Category 4: Upstream transportation and distribution covered by target as % of total base year emissions in Scope 3, Category 4: Upstream transportation and distribution (metric tons CO2e)

Base year Scope 3, Category 5: Waste generated in operations emissions covered by target as % of total base year emissions in Scope 3, Category 5: Waste generated in operations (metric tons CO2e)

Base year Scope 3, Category 6: Business travel emissions covered by target as % of total base year emissions in Scope 3, Category 6: Business travel (metric tons CO2e)

Base year Scope 3, Category 7: Employee commuting covered by target as % of total base year emissions in Scope 3, Category 7: Employee commuting (metric tons CO2e)

Base year Scope 3, Category 8: Upstream leased assets emissions covered by target as % of total base year emissions in Scope 3, Category 8: Upstream leased assets (metric tons CO2e)

Base year Scope 3, Category 9: Downstream transportation and distribution emissions covered by target as % of total base year emissions in Scope 3, Category 9: Downstream transportation and distribution (metric tons CO2e)

Base year Scope 3, Category 10: Processing of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 10: Processing of sold products (metric tons CO2e)

Base year Scope 3, Category 11: Use of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 11: Use of sold products (metric tons CO2e)

Base year Scope 3, Category 12: End-of-life treatment of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 12: End-of-life treatment of sold products (metric tons CO2e)

Base year Scope 3, Category 13: Downstream leased assets emissions covered by target as % of total base year emissions in Scope 3, Category 13: Downstream leased assets (metric tons CO2e)

Base year Scope 3, Category 14: Franchises emissions covered by target as % of total base year emissions in Scope 3, Category 14: Franchises (metric tons CO2e)

Base year Scope 3, Category 15: Investments emissions covered by target as % of total base year emissions in Scope 3, Category 15: Investments (metric tons CO2e)

Base year Scope 3, Other (upstream) emissions covered by target as % of total base year emissions in Scope 3, Other (upstream) (metric tons CO2e)

Base year Scope 3, Other (downstream) emissions covered by target as % of total base year emissions in Scope 3, Other (downstream) (metric tons CO2e)

Base year total Scope 3 emissions covered by target as % of total base year emissions in Scope 3 (in all Scope 3 categories)

Base year emissions covered by target in all selected Scopes as % of total base year emissions in all selected Scopes

100

Target year

2030

Targeted reduction from base year (%)

50

Total emissions in target year covered by target in all selected Scopes (metric tons CO2e) [auto-calculated]

270,432

Scope 1 emissions in reporting year covered by target (metric tons CO2e)

307,708

Scope 2 emissions in reporting year covered by target (metric tons CO2e)

112,764

Scope 3, Category 1: Purchased goods and services emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 2: Capital goods emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 4: Upstream transportation and distribution emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 5: Waste generated in operations emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 6: Business travel emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 7: Employee commuting emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 8: Upstream leased assets emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 9: Downstream transportation and distribution emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 10: Processing of sold products emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 11: Use of sold products emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 12: End-of-life treatment of sold products emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 13: Downstream leased assets emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 14: Franchises emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 15: Investments emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Other (upstream) emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Other (downstream) emissions in reporting year covered by target (metric tons CO2e)

Total Scope 3 emissions in reporting year covered by target (metric tons CO2e)

Total emissions in reporting year covered by target in all selected scopes (metric tons CO2e)

420,472

Does this target cover any land-related emissions?

Yes, it covers land-related CO2 emissions/removals associated with bioenergy and non-land related emissions (e.g. non-FLAG SBT with bioenergy)

% of target achieved relative to base year [auto-calculated]

44.5184001893

Target status in reporting year

Underway

Please explain target coverage and identify any exclusions

BAT commits to reduce absolute scope 1 and 2 GHG emissions 50% by 2030 from a 2020 base year.* BAT also commits to reduce absolute scope 3 GHG emissions from purchased goods and services, upstream transportation and distribution, use of sold products, and end of life treatment of sold products 50% by 2030 from a 2020 base year. BAT commits that 20% of its suppliers by spend covering purchased goods and services will have science-based targets by 2025.

*The target boundary includes land-related emissions and removals from bioenergy feedstocks.

In alignment with the SBTi Forest, Land, and Agriculture (FLAG) Emissions Guidance published in 2022, and anticipating the forthcoming release of the final GHG Protocol Land Sector & Removals Guidance in 2024, BAT aims to establish SBTi FLAG-targets tailored to our value chain in 2024.

Plan for achieving target, and progress made to the end of the reporting year

BAT's strategy to achieve the 50% reduction target involves addressing Scope 2 emissions (market based) through the implementation of green electricity procurement methods (EAC's, green contracts, and PPA's) tailored to the specific characteristics of each market. Moreover, we aim to further enhance on-site generation to minimize Scope 1 emissions. This entails transitioning from coal or diesel to cleaner burner fuels like natural gas and, whenever feasible, embracing biomass alternatives. Additionally, we are committed to continuously advancing our energy efficiency initiatives and expanding on-site solar. In 2022, we made substantial progress by effectively executing our plan, resulting in a 22% reduction in both Scope 1 and Scope 2 (market-based) emissions compared to our 2020 baseline (420,472 / 540,864) -1 = -22%.

List the emissions reduction initiatives which contributed most to achieving this target

Target reference number

Abs 2

Is this a science-based target?

Yes, and this target has been approved by the Science Based Targets initiative

Target ambition

1.5°C aligned

Year target was set

2021

Target coverage

Company-wide

Scope(s)

Scope 3

Scope 2 accounting method

Scope 3 category(ies)

Category 1: Purchased goods and services
Category 4: Upstream transportation and distribution
Category 11: Use of sold products
Category 12: End-of-life treatment of sold products

Base year

2020

Base year Scope 1 emissions covered by target (metric tons CO2e)

Base year Scope 2 emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 1: Purchased goods and services emissions covered by target (metric tons CO2e)

4,011,245

Base year Scope 3, Category 2: Capital goods emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 4: Upstream transportation and distribution emissions covered by target (metric tons CO2e)

225,088

Base year Scope 3, Category 5: Waste generated in operations emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 6: Business travel emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 7: Employee commuting emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 8: Upstream leased assets emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 9: Downstream transportation and distribution emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 10: Processing of sold products emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 11: Use of sold products emissions covered by target (metric tons CO2e)

640,627

Base year Scope 3, Category 12: End-of-life treatment of sold products emissions covered by target (metric tons CO2e)

323,971

Base year Scope 3, Category 13: Downstream leased assets emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 14: Franchises emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 15: Investments emissions covered by target (metric tons CO2e)

Base year Scope 3, Other (upstream) emissions covered by target (metric tons CO2e)

Base year Scope 3, Other (downstream) emissions covered by target (metric tons CO2e)

Base year total Scope 3 emissions covered by target (metric tons CO2e)

5,200,931

Total base year emissions covered by target in all selected Scopes (metric tons CO2e)

5,200,931

Base year Scope 1 emissions covered by target as % of total base year emissions in Scope 1

Base year Scope 2 emissions covered by target as % of total base year emissions in Scope 2

Base year Scope 3, Category 1: Purchased goods and services emissions covered by target as % of total base year emissions in Scope 3, Category 1: Purchased goods and services (metric tons CO2e)

100

Base year Scope 3, Category 2: Capital goods emissions covered by target as % of total base year emissions in Scope 3, Category 2: Capital goods (metric tons CO2e)

Base year Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions covered by target as % of total base year emissions in Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) (metric tons CO2e)

Base year Scope 3, Category 4: Upstream transportation and distribution covered by target as % of total base year emissions in Scope 3, Category 4: Upstream transportation and distribution (metric tons CO2e)

100

Base year Scope 3, Category 5: Waste generated in operations emissions covered by target as % of total base year emissions in Scope 3, Category 5: Waste generated in operations (metric tons CO2e)

Base year Scope 3, Category 6: Business travel emissions covered by target as % of total base year emissions in Scope 3, Category 6: Business travel (metric tons CO2e)

Base year Scope 3, Category 7: Employee commuting covered by target as % of total base year emissions in Scope 3, Category 7: Employee commuting (metric tons CO2e)

Base year Scope 3, Category 8: Upstream leased assets emissions covered by target as % of total base year emissions in Scope 3, Category 8: Upstream leased assets (metric tons CO2e)

Base year Scope 3, Category 9: Downstream transportation and distribution emissions covered by target as % of total base year emissions in Scope 3, Category 9: Downstream transportation and distribution (metric tons CO2e)

Base year Scope 3, Category 10: Processing of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 10: Processing of sold products (metric tons CO2e)

Base year Scope 3, Category 11: Use of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 11: Use of sold products (metric tons CO2e)

100

Base year Scope 3, Category 12: End-of-life treatment of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 12: End-of-life treatment of sold products (metric tons CO2e)

100

Base year Scope 3, Category 13: Downstream leased assets emissions covered by target as % of total base year emissions in Scope 3, Category 13: Downstream leased assets (metric tons CO2e)

Base year Scope 3, Category 14: Franchises emissions covered by target as % of total base year emissions in Scope 3, Category 14: Franchises (metric tons CO2e)

Base year Scope 3, Category 15: Investments emissions covered by target as % of total base year emissions in Scope 3, Category 15: Investments (metric tons CO2e)

Base year Scope 3, Other (upstream) emissions covered by target as % of total base year emissions in Scope 3, Other (upstream) (metric tons CO2e)

Base year Scope 3, Other (downstream) emissions covered by target as % of total base year emissions in Scope 3, Other (downstream) (metric tons CO2e)

Base year total Scope 3 emissions covered by target as % of total base year emissions in Scope 3 (in all Scope 3 categories)

92.6

Base year emissions covered by target in all selected Scopes as % of total base year emissions in all selected Scopes

92.6

Target year

2030

Targeted reduction from base year (%)

50

Total emissions in target year covered by target in all selected Scopes (metric tons CO2e) [auto-calculated]

2,600,465.5

Scope 1 emissions in reporting year covered by target (metric tons CO2e)

Scope 2 emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 1: Purchased goods and services emissions in reporting year covered by target (metric tons CO2e)

3,703,409

Scope 3, Category 2: Capital goods emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 4: Upstream transportation and distribution emissions in reporting year covered by target (metric tons CO2e)

208,240

Scope 3, Category 5: Waste generated in operations emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 6: Business travel emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 7: Employee commuting emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 8: Upstream leased assets emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 9: Downstream transportation and distribution emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 10: Processing of sold products emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 11: Use of sold products emissions in reporting year covered by target (metric tons CO2e)

661,953

Scope 3, Category 12: End-of-life treatment of sold products emissions in reporting year covered by target (metric tons CO2e)

226,589

Scope 3, Category 13: Downstream leased assets emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 14: Franchises emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 15: Investments emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Other (upstream) emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Other (downstream) emissions in reporting year covered by target (metric tons CO2e)

Total Scope 3 emissions in reporting year covered by target (metric tons CO2e)

4,800,191

Total emissions in reporting year covered by target in all selected scopes (metric tons CO2e)

4,800,191

Does this target cover any land-related emissions?

Yes, it covers land-related CO2 emissions/removals associated with bioenergy and non-land related emissions (e.g. non-FLAG SBT with bioenergy)

% of target achieved relative to base year [auto-calculated]

15.4103178835

Target status in reporting year

Underway

Please explain target coverage and identify any exclusions

BAT commits to reduce absolute scope 1 and 2 GHG emissions 50% by 2030 from a 2020 base year.* BAT also commits to reduce absolute scope 3 GHG emissions from purchased goods and services, upstream transportation and distribution, use of sold products, and end of life treatment of sold products 50% by 2030 from a 2020 base year. BAT commits that 20% of its suppliers by spend covering purchased goods and services will have science-based targets by 2025.

*The target boundary includes land-related emissions and removals from bioenergy feedstocks.

In alignment with the SBTi Forest, Land, and Agriculture (FLAG) Emissions Guidance published in 2022, and anticipating the forthcoming release of the final GHG Protocol Land Sector & Removals Guidance in 2024, BAT aims to establish SBTi FLAG-targets tailored to our value chain in 2024.

Plan for achieving target, and progress made to the end of the reporting year

Scope 3 GHG emissions (including biogenic emissions and removals) comprise most of our total carbon footprint, contributing to 91% of our total value chain emissions in 2021.

In order to reduce Scope 3 emissions, we are focusing our efforts on the most carbon-intensive categories first, taking the following approach: 1. Collaborating with tobacco farmers through carbon-smart farming; 2. Using sustainable tobacco curing fuels by eliminating residual use of coal for curing while ensuring gross deforestation does not occur in the process; 3. Building a more climate-resilient supply chain partnership with direct and indirect suppliers; and 4. Fostering a circular economy throughout our value chain by increasingly using readily recyclable materials, designing for end of life, and implementing product Take-Back schemes for our New Category devices.

Due to the complexity of consolidating and verifying Scope 3 data in accordance with the GHG Protocol, we report on Scope 3 one year behind. Therefore, please note that current emissions populated above are related to our reporting year 2022 (Dec-21 to Nov-22) for Scope 1 and Scope 2 while Scope 3 emissions correspond to the reporting year 2021 (Dec-20 to Nov-21). The 2022 reporting period Scope 3 emissions figures are underway.

List the emissions reduction initiatives which contributed most to achieving this target

C4.2

(C4.2) Did you have any other climate-related targets that were active in the reporting year?

Target(s) to increase low-carbon energy consumption or production
Net-zero target(s)
Other climate-related target(s)

C4.2a

(C4.2a) Provide details of your target(s) to increase low-carbon energy consumption or production.

Target reference number
Low 1

Year target was set
2018

Target coverage
Company-wide

Target type: energy carrier
All energy carriers

Target type: activity
Consumption

Target type: energy source
Renewable energy source(s) only

Base year
2017

Consumption or production of selected energy carrier in base year (MWh)
3,148,397

% share of low-carbon or renewable energy in base year
9.1

Target year
2025

% share of low-carbon or renewable energy in target year
30

% share of low-carbon or renewable energy in reporting year
32.9

% of target achieved relative to base year [auto-calculated]

113.8755980861

Target status in reporting year

Achieved

Is this target part of an emissions target?

No

Is this target part of an overarching initiative?

No, it's not part of an overarching initiative

Please explain target coverage and identify any exclusions

The parameter is: Percentage (%), share of renewable energy used (Mwh) in direct energy used (MWh), i.e. energy used by our sites & offices and fleet vehicles.

Renewable energy use (MWh) covers the use of renewable fuels as well as purchased green electricity, heat and steam. Use of renewable fuels helps to reduce Scope 1 CO2e emissions since emissions factors associated with renewable fuels are significantly lower than that of non-renewable fuels. Use of purchased renewable electricity, heat and steam allows to reduce Scope 2 CO2e emissions as per Market-Based method since emissions factors associated with renewable electricity are zero or significantly lower than that of standard grid electricity. Thus, actions to achieve this target contribute to achievement of Emissions Target Abs 1.

There are no exclusions in the scope of the target and parameter monitored against it.

Plan for achieving target, and progress made to the end of the reporting year

List the actions which contributed most to achieving this target

1) On-site electricity generation from our 26 solar installations (newly installed in 6 countries e.g. Pakistan and Uzbekistan) 2) Renewable electricity purchases and extension to new countries e.g. Indonesia, US. Vietnam, Korea, Honduras. 3) Usage biomass for steam generation e.g. Brazil, Switzerland, Sri Lanka; and 4) Energy efficiency activities aimed at reducing the use of non-renewable energy use such as installing energy consumption systems as well as driving our Energy Conservation (ENERCON) program for energy usage optimization.

Target reference number

Low 2

Year target was set

2022

Target coverage

Company-wide

Target type: energy carrier

All energy carriers

Target type: activity

Consumption

Target type: energy source

Renewable energy source(s) only

Base year

2020

Consumption or production of selected energy carrier in base year (MWh)

2,568,143

% share of low-carbon or renewable energy in base year

26.8

Target year

2030

% share of low-carbon or renewable energy in target year

50

% share of low-carbon or renewable energy in reporting year

32.9

% of target achieved relative to base year [auto-calculated]

26.2931034483

Target status in reporting year

New

Is this target part of an emissions target?

No.

Is this target part of an overarching initiative?

No, it's not part of an overarching initiative

Please explain target coverage and identify any exclusions

The parameter is: Percentage (%), share of renewable energy used (Mwh) in direct energy used (MWh), i.e. energy used by our sites & offices and fleet vehicles.

Renewable energy use (MWh) covers the use of renewable fuels as well as purchased green electricity, heat and steam. Use of renewable fuels helps to reduce Scope 1 CO2e emissions since emissions factors associated with renewable fuels are significantly lower than that of non-renewable fuels. Use of purchased renewable electricity, heat and steam supports reduction in Scope 2 CO2e emissions as per Market-Based method since emissions factors associated with renewable electricity are zero or significantly lower than that of standard grid electricity. Thus, actions to achieve

this target contribute to achievement of Emissions Target Abs 1.

There are no exclusions in the scope of the target and parameter monitored against it.

Plan for achieving target, and progress made to the end of the reporting year

The plan for achieving the Renewable energy target includes:

1/ energy generated from renewable fuels at our sites (e.g. wood fuel, bio mass fuels) and in fleet vehicles, owned or leased (e.g. biodiesel)
2/ purchased renewable electricity, hot water and steam
3/ renewable energy generated on site using non-fuel technology (e.g. with photovoltaic installations or solar water heaters)
These focus on:
1/ opportunities to purchase of electrical energy that is by 100% generated from renewable sources with proper substantiation thereof
2/ opportunities for on-site renewable energy generation such as biomass.

In 2022 the % of Renewable energy in direct energy use was 32.9%
% of target achievement is calculated as follows: (32.9%- 26.8%)/ (50% - 26.8%) = 26.2%, subject to rounding.

List the actions which contributed most to achieving this target

Target reference number

Low 3

Year target was set

2020

Target coverage

Company-wide

Target type: energy carrier

Electricity

Target type: activity

Consumption

Target type: energy source

Renewable energy source(s) only

Base year

2017

Consumption or production of selected energy carrier in base year (MWh)

982,285

% share of low-carbon or renewable energy in base year

10.71

Target year

2030

% share of low-carbon or renewable energy in target year

100

% share of low-carbon or renewable energy in reporting year

75.2

% of target achieved relative to base year [auto-calculated]

72.225333184

Target status in reporting year

Underway

Is this target part of an emissions target?

No.

Is this target part of an overarching initiative?

No, it's not part of an overarching initiative

Please explain target coverage and identify any exclusions

The parameter is: Percentage (%), share of renewable electricity (MWh) in total electricity purchased (MWh) by our Operations sites. Operations sites refers to all BAT-owned cigarette manufacturing factories, sites manufacturing other tobacco or nicotine products, such as snus, modern oral and e-liquids and green leaf threshing (GLT) tobacco processing sites. Use of purchased renewable allows to reduce Scope 2 CO2e emissions as per Market-Based method since emissions factors associated with renewable electricity are zero or significantly lower than that of standard grid electricity. Thus, actions to achieve this target contribute to achievement of Emissions Target Abs 1. The target and parameter monitored against it does not cover electricity generated on site for consumption from both renewable (e.g. solar installations) and non-renewable sources (e.g. diesel used by stand-by generators).

Plan for achieving target, and progress made to the end of the reporting year

The target has been active throughout the reporting year 2022. We expanded renewable electricity purchases at our Operations sites in Indonesia, US, Vietnam, South Korea and Honduras. However, as part of our increased ambition we have increased our target for renewable energy consumption covering all the energy carriers and all direct operations from 30% to 50% of total energy consumption, and in an effort to simplify we have prioritized total renewable energy consumption over purchased renewable electricity which is one of the energy carriers. As such, we retired the target in the beginning of 2023 reporting year and haven't reflected it in our 2022 Combined Annual and ESG report.

List the actions which contributed most to achieving this target

C4.2b

(C4.2b) Provide details of any other climate-related targets, including methane reduction targets.

Target reference number
Oth 1

Year target was set
2018

Target coverage
Company-wide

Target type: absolute or intensity
Absolute

Target type: category & Metric (target numerator if reporting an intensity target)
Waste management
metric tons of waste generated

Target denominator (intensity targets only)

Base year
2017

Figure or percentage in base year
160,124

Target year
2025

Figure or percentage in target year
136,105

Figure or percentage in reporting year
125,686

% of target achieved relative to base year [auto-calculated]
143.3781589575

Target status in reporting year
Achieved

Is this target part of an emissions target?

CO2e emissions associated with managing waste generated constitute a minor part of Scope 3 emissions, thus there are no additional targets focussing on this category specifically.

Is this target part of an overarching initiative?

No, it's not part of an overarching initiative

Please explain target coverage and identify any exclusions

The target was to decrease the absolute volume of waste generated by 15% by 2025. After achieving our original target of 15% 3 years early, in 2022 we increased our group target to 25%. In monitoring the parameter against the target we follow the GRI 306: Waste 2020 Standard, namely Disclosure 306-3 for waste generated from our direct operations. As well as data from BAT facilities, this also includes construction waste generated in BAT premises from on-site constructions, building modifications or extensions. Our 2017 baseline figure is 160,124 tonnes. Baseline is not adjusted in case of closure or acquisition of new sites. Target covers all waste generated across our direct operations, without any exclusions.

Plan for achieving target, and progress made to the end of the reporting year

List the actions which contributed most to achieving this target

In 2022, as well as achieving a further 8.6% reduction in absolute waste versus 2021, we also passed our initial target of a 15% reduction in waste from operations by 2025 against a 2017 baseline, achieving a 21.5% reduction.

These improvements were achieved by utilising existing processes from our Integrated Work System (IWS) to increase machinery operational efficiency and reduce waste, conducting loss analysis and value stream mapping. Further we optimized our material management through internal reuse and suppliers take-back schemes to reduce waste.

Target reference number

Oth 2

Year target was set

2021

Target coverage

Company-wide

Target type: absolute or intensity

Absolute

Target type: category & Metric (target numerator if reporting an intensity target)

Waste management
metric tons of waste generated

Target denominator (intensity targets only)

Base year
2017

Figure or percentage in base year
160,124

Target year
2025

Figure or percentage in target year
120,093

Figure or percentage in reporting year
125,686

% of target achieved relative to base year [auto-calculated]
86.0283280458

Target status in reporting year
New

Is this target part of an emissions target?
CO2e emissions associated with managing waste generated constitute a minor part of Scope 3 emissions, thus there are no additional targets focussing on this category specifically.

Is this target part of an overarching initiative?
No, it’s not part of an overarching initiative

Please explain target coverage and identify any exclusions
The target is to decrease the absolute volume of waste generated by 25% by 2025. The target was enhanced in 2022 to replace the target to decrease the absolute volume of waste generated by 15% by 2025, which was achieved 3 years in advance of the target horizon.

In monitoring the parameter against the target we follow the GRI 306: Waste 2020 Standard, namely Disclosure 306-3 for waste generated from our direct operations. As well as data from BAT facilities, this also includes construction waste generated in BAT premises from on-site constructions, building modifications or extensions.

Our 2017 baseline figure is 160,124 tonnes. Baseline is not adjusted in case of closure or acquisition of new sites. Target covers all waste generated across our direct operations, without any exclusions.

Plan for achieving target, and progress made to the end of the reporting year

In 2022 we achieved our initial target of reducing waste generated from our operations by 15% by 2025 vs 2017 baseline. As such, we increased it to a 25% reduction by 2025, against a 2017 baseline.

We plan to continue work toward waste reduction through cooperation with purchased materials suppliers to reduce packaging, material management optimization and driving loss analysis and value stream mapping.

List the actions which contributed most to achieving this target

Target reference number

Oth 3

Year target was set

2018

Target coverage

Company-wide

Target type: absolute or intensity

Absolute

Target type: category & Metric (target numerator if reporting an intensity target)

Waste management

Percentage of total waste generated that is recycled

Target denominator (intensity targets only)

Base year

2017

Figure or percentage in base year

81.58

Target year

2025

Figure or percentage in target year

90

Figure or percentage in reporting year

84.33

% of target achieved relative to base year [auto-calculated]

32.6603325416

Target status in reporting year

Revised

Is this target part of an emissions target?

CO2e emissions associated with managing waste generated constitute a minor part of Scope 3 emissions, thus there are no additional targets focussing on this category specifically.

Is this target part of an overarching initiative?

No, it's not part of an overarching initiative

Please explain target coverage and identify any exclusions

The target is to recycle at least 90% of waste that we generate by 2025. In 2022 the target was revised by changing the commitment from 95% to 90%. The previous target was set before alignment with new GRI 306: Waste 2020 Standard stipulating to exclude waste to energy, incl. incineration for energy recovery and converting waste into fuel, as a form of recycling. Our revised target of 90% in line with the targets of our industry peers and is considered reasonable taking into account our current performance and actions plan to drive the glidepath to 2025 commitment.

Our definition of Waste generation is aligned with GRI 306: Waste 2020 Standard, while the definition of Waste Recycled covers both Waste Recycled and Waste Preparation for Reuse as per GRI 306: Waste 2020 Standard. Recycling is operation applied to items or materials that have become waste to ensure they fulfil a purpose in place of new items or materials that would otherwise have been used for that purpose. This does not include energy recovery, neither via incineration, nor via conversion into fuel. Each our reporting unit reports the total amount of waste generation and its breakdown by final destination, including recycling. Recycling rate is calculated as Waste Recycled (tonnes) divided by Waste Generated (tonnes).

Our 2017 baseline figure is 81.58%. Baseline is not adjusted in case of closure or acquisition of new sites. Target covers all waste generated across our direct operations, without any exclusions.

Plan for achieving target, and progress made to the end of the reporting year

In order to achieve our target for waste recycling we plan to continue the search for and work with recycling services suppliers, implement waste segregation at source at our sites as well as driving loss analysis and value stream mapping to reduce waste generation and direct higher proportion of it to recycling.

List the actions which contributed most to achieving this target

Target reference number

Oth 4

Year target was set

2021

Target coverage

Company-wide

Target type: absolute or intensity

Absolute

Target type: category & Metric (target numerator if reporting an intensity target)

Waste management

Other, please specify

Percentage of total waste generated that is sent to landfill

Target denominator (intensity targets only)

Base year

2017

Figure or percentage in base year

10.11

Target year

2025

Figure or percentage in target year

1

Figure or percentage in reporting year

4.95

% of target achieved relative to base year [auto-calculated]

56.641053787

Target status in reporting year

New

Is this target part of an emissions target?

CO2e emissions associated with managing waste generated constitute a minor part of Scope 3 emissions, thus there are no additional targets focussing on this category specifically.

Is this target part of an overarching initiative?

No, it's not part of an overarching initiative

Please explain target coverage and identify any exclusions

The target is to decrease the percentage of waste generated across our direct operations that is sent to landfill to less than 1% by 2025.

This is the target newly set in 2022 on the account that that landfilling is the least preferable option in waste management hierarchy because of its negative impacts on the environment and human health.

The target complements our target for achieving 90% waste recycling rate by 2025 and replaces the previous target (i.e. 100% of Operations site at zero waste to landfill). The new target (less than 1% to landfill) extends the commitment to the whole scope of our direct operations, while taking into consideration that at certain geographies landfill is the only legally appropriate option of disposing certain types of waste.

In monitoring the parameter against the target we follow the GRI 306: Waste 2020 Standard, namely Disclosure 306-5 for waste directed to disposal.

Each reporting unit reports the total amount of waste generation and its breakdown by final destination, including landfill.

Our 2017 baseline figure is 10.11%. Baseline is not adjusted in case of closure or acquisition of new sites.

Target covers all waste generated across our direct operations, without any exclusions.

Plan for achieving target, and progress made to the end of the reporting year

In order to achieve our target for waste to landfill reduction we plan to continue the search for and work with recycling services suppliers, implement waste segregation at source at our sites as well as driving loss analysis and value stream mapping to reduce waste generation and divert more waste from landfill.

List the actions which contributed most to achieving this target

C4.2c

(C4.2c) Provide details of your net-zero target(s).

Target reference number

NZ1

Target coverage

Company-wide

Absolute/intensity emission target(s) linked to this net-zero target

Abs1

Abs2

Target year for achieving net zero

2050

Is this a science-based target?

Yes, we consider this a science-based target, and we have committed to seek validation of this target by the Science Based Targets initiative in the next two years

Please explain target coverage and identify any exclusions

By joining the UN-supported Race to Zero global campaign, BAT has affirmed its commitment to taking decisive action on climate change. As part of this commitment, BAT is dedicated to establish a long term and net zero science-based targets that aim for net-zero emissions across its entire value chain by 2050.

The urgent need to prevent the average global temperature from rising beyond 1.5°C above pre-industrial levels necessitates substantial and widespread efforts. As a company, BAT recognizes its pivotal role in driving change and is therefore aligning its existing sustainability targets with this critical trajectory. Our ultimate objective is to achieve net-zero emissions throughout our value chain no later than 2050.

The Race to Zero campaign stands as the largest alliance ever assembled, united by the common goal of reducing global emissions by 50% by 2030 and attaining net-zero carbon emissions by 2050. This alliance underscores the collective resolve to combat climate change and sets the stage for unprecedented collaboration and innovation.

Do you intend to neutralize any unabated emissions with permanent carbon removals at the target year?

Yes

Planned milestones and/or near-term investments for neutralization at target year

In order to fulfil our ambitious climate objectives, we have developed a comprehensive climate strategy that encompasses not only our own business operations but also our broader value chain. Our milestones consist of short-term targets, approved by SBTi, aimed at achieving a 50% reduction in Scopes 1, 2, and 50% reduction in Scope 3 emissions by 2030 compared to a 2020 baseline. Additionally, we are committed to achieving carbon neutrality in our direct operations by 2030.

To achieve a 50% reduction in Scopes 1 and 2 emissions, we have established a renewable energy use target of 50% by 2030. This target is supported by an increase in the utilization of renewable energy sources and power purchase agreements (PPAs). We are also investing in on-site renewable energy generation projects such as solar and biomass.
Furthermore, we are accelerating our Energy Conservation (ENERCON) program, which focuses on energy efficiency, through investments in energy-efficient projects and management systems. Additionally, we are actively expanding the deployment of electric, plug-in hybrid, and hybrid vehicles to minimize emissions from our fleet.

To address Scope 3 emissions, we are working on establishing a climate-resilient supply chain that involves both direct and indirect suppliers. This effort is reinforced by our objective of having 20% of our suppliers set Science-Based targets by 2025.

Building on the expertise of our Global Leaf Agronomy Development team we have launched Carbon Smart Farming. Through this initiative we are working with farmers to find more efficient and sustainable fuel alternatives for tobacco curing, as an example in 2022 we met our internally set milestone for BAT Group's own leaf operations to not use coal for curing. Through the same initiative we are looking at practices in the farm to build resilience against climate change.

Finally, we are committed to fostering circularity throughout our value chain by incorporating design concepts that consider the end-of-life phase of our products and increasing the utilization of more recycled / recyclable materials. This will help us minimize waste and make progress towards our goals.

Planned actions to mitigate emissions beyond your value chain (optional)

C4.3

(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.

Yes

C4.3a

(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	205	0
To be implemented*	114	25,000
Implementation commenced*	19	18,103
Implemented*	69	15,011
Not to be implemented	0	0

C4.3b

(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.

Initiative category & Initiative type

Energy efficiency in buildings

Building Energy Management Systems (BEMS)

Estimated annual CO2e savings (metric tonnes CO2e)

1,052

Scope(s) or Scope 3 category(ies) where emissions savings occur

Scope 1
Scope 2 (location-based)
Scope 2 (market-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

149,948

Investment required (unit currency – as specified in C0.4)

453,000

Payback period

1-3 years

Estimated lifetime of the initiative

16-20 years

Comment

Installation of metering systems for energy, compressed air and vacuum for further addressing key consumers based on the measurements; detection and early fixing of leakages/ losses.

Initiative category & Initiative type

Energy efficiency in buildings
Heating, Ventilation and Air Conditioning (HVAC)

Estimated annual CO2e savings (metric tonnes CO2e)

813

Scope(s) or Scope 3 category(ies) where emissions savings occur

Scope 2 (location-based)
Scope 2 (market-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

238,212

Investment required (unit currency – as specified in C0.4)

712,003

Payback period

1-3 years

Estimated lifetime of the initiative

11-15 years

Comment

Modernization of Heating, Ventilation and Air Conditioning (HVAC) systems in key and auxiliary departments, incl. replacement of HVAC components where losses of energy were identified. Implemented at certain factories & Green Leaf Threshing plants in line with 5-year energy saving plans.

Initiative category & Initiative type

Energy efficiency in buildings
Insulation

Estimated annual CO2e savings (metric tonnes CO2e)

571

Scope(s) or Scope 3 category(ies) where emissions savings occur

Scope 1

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

19,667

Investment required (unit currency – as specified in C0.4)

52,000

Payback period

1-3 years

Estimated lifetime of the initiative

6-10 years

Comment

Improved insultation of steam valves and distribution systems.

Initiative category & Initiative type

Energy efficiency in buildings
Lighting

Estimated annual CO2e savings (metric tonnes CO2e)

313

Scope(s) or Scope 3 category(ies) where emissions savings occur

Scope 2 (location-based)
Scope 2 (market-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

74,402

Investment required (unit currency – as specified in C0.4)

224,011

Payback period

1-3 years

Estimated lifetime of the initiative

6-10 years

Comment

Lighting management, incl. LED lighting installation & use of natural lighting, equipping buildings with insulation panels. Implemented across factories and Green Leaf Threshing plants.

Initiative category & Initiative type

Energy efficiency in production processes
Compressed air

Estimated annual CO2e savings (metric tonnes CO2e)

985

Scope(s) or Scope 3 category(ies) where emissions savings occur

Scope 2 (location-based)
Scope 2 (market-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

189,596

Investment required (unit currency – as specified in C0.4)

490,000

Payback period

1-3 years

Estimated lifetime of the initiative

11-15 years

Comment

Replacement and improvement of compressed air generation system to improve efficiency and reduce losses. Implemented at certain factories & Green Leaf Threshing plants in line with 5-year energy saving plans.

Initiative category & Initiative type

Energy efficiency in production processes
Motors and drives

Estimated annual CO2e savings (metric tonnes CO2e)

676

Scope(s) or Scope 3 category(ies) where emissions savings occur

Scope 2 (location-based)
Scope 2 (market-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

98,866

Investment required (unit currency – as specified in C0.4)

207,510

Payback period

1-3 years

Estimated lifetime of the initiative

6-10 years

Comment

Replacement of motors and drives for more efficient models. Implemented at certain factories & Green Leaf Threshing plants in line with 5-year energy saving plans.

Initiative category & Initiative type

Energy efficiency in production processes
Reuse of steam

Estimated annual CO2e savings (metric tonnes CO2e)

1,105

Scope(s) or Scope 3 category(ies) where emissions savings occur

Scope 1

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

140,399

Investment required (unit currency – as specified in C0.4)

328,198

Payback period

1-3 years

Estimated lifetime of the initiative

16-20 years

Comment

Upgrade of steam generation and supply system to recover and reuse steam; flash steam recovery in boilers. Implemented at certain factories & Green Leaf Threshing plants in line with 5-year energy saving plans.

Initiative category & Initiative type

Other, please specify

Other, please specify

Vacuum

Estimated annual CO2e savings (metric tonnes CO2e)

215

Scope(s) or Scope 3 category(ies) where emissions savings occur

Scope 2 (location-based)

Scope 2 (market-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

30,739

Investment required (unit currency – as specified in C0.4)

159,000

Payback period

4-10 years

Estimated lifetime of the initiative

16-20 years

Comment

Replacement and improvement of vacuum generation system to improve efficiency and reduce losses. Implemented at certain factories & Green Leaf Threshing plants in line with 5-year energy saving plans.

Initiative category & Initiative type

Energy efficiency in production processes
Process optimization

Estimated annual CO2e savings (metric tonnes CO2e)

3,969

Scope(s) or Scope 3 category(ies) where emissions savings occur

Scope 1
Scope 2 (location-based)
Scope 2 (market-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

1,191,309

Investment required (unit currency – as specified in C0.4)

1,256,613

Payback period

1-3 years

Estimated lifetime of the initiative

11-15 years

Comment

Set of energy efficiency initiatives, equipment utilisation optimisation, Variable Speed Drives, control improvements, harmonics reduction, others.

Initiative category & Initiative type

Energy efficiency in production processes
Smart control system

Estimated annual CO2e savings (metric tonnes CO2e)

2,684

Scope(s) or Scope 3 category(ies) where emissions savings occur

Scope 1

Scope 2 (location-based)
Scope 2 (market-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
451,517

Investment required (unit currency – as specified in C0.4)
1,384,000

Payback period
1-3 years

Estimated lifetime of the initiative
16-20 years

Comment
Solution for automatic control of Heating, Ventilation and Air Conditioning (HVAC) and boilers in some factories and Green Leaf Threshing plants (Artificial Intelligence).

Initiative category & Initiative type
Energy efficiency in production processes
Waste heat recovery

Estimated annual CO2e savings (metric tonnes CO2e)
388

Scope(s) or Scope 3 category(ies) where emissions savings occur
Scope 1

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
91,700

Investment required (unit currency – as specified in C0.4)
240,000

Payback period
1-3 years

Estimated lifetime of the initiative
11-15 years

Comment

Recovery of waste heat through heat exchangers. Implemented at certain factories in line with 5-year energy saving plans.

Initiative category & Initiative type

Low-carbon energy generation
Solar PV

Estimated annual CO2e savings (metric tonnes CO2e)

2,240

Scope(s) or Scope 3 category(ies) where emissions savings occur

Scope 2 (location-based)
Scope 2 (market-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

209,656

Investment required (unit currency – as specified in C0.4)

1,604,282

Payback period

4-10 years

Estimated lifetime of the initiative

16-20 years

Comment

Installation of solar panels for on-site electricity generation.

C4.3c

(C4.3c) What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Dedicated budget for energy efficiency	We continue to fund a dedicated ESG capital investment budget for use in delivering our ESG objectives and external commitments including investment in projects to improve the efficiency of our factory infrastructure (emissions, water, waste), drive product innovation related projects which improve our environment credentials (increased use of recycled material, removal of single use plastics), and projects to enhance our social performance (farmer livelihoods via mechanisation, yield improvement projects, and others).

	Internal Carbon Price and marginal abatement cost metrics are used as a means of prioritising projects and allocating the dedicated budget. The Capital investment budget amounted to £20mn in 2021 and is set to rise to £42mn in 2023.
Compliance with regulatory requirements/standards	At a site level there is an allocated budget to ensure compliance with regulatory requirements and standards (including those related to climate change). Budgetary requirements are reviewed on an annual basis during a planning and budget allocation process; and as and when a new regulatory requirement/standard is introduced. An example is the investment in emissions reduction activities relating to the compliance with both the UK Streamlined Energy and Carbon Reporting (SECR) and the European Union Energy Savings Opportunity Scheme (ESOS). We observe that a growing number of companies outside the EU are beginning to develop clearer commitments which favour local partners for implementation of emissions reduction technologies.
Employee engagement	Employee engagement and related initiatives are a critical element in how we reduce energy consumption/CO2e emissions. Such initiatives have an allocated budget at a site level. This is reviewed on yearly basis during a planning and budget allocation process. Emissions reductions are partially included in reward scheme throughout organisational structure. Awareness and communication campaign are in place to imbed energy saving and waste reduction culture. World Earth Day & Environment Day are celebrated annually across BAT to trigger related local campaigns.

C4.5

(C4.5) Do you classify any of your existing goods and/or services as low-carbon products?

No

C5. Emissions methodology

C5.1

(C5.1) Is this your first year of reporting emissions data to CDP?

No

C5.1a

(C5.1a) Has your organization undergone any structural changes in the reporting year, or are any previous structural changes being accounted for in this disclosure of emissions data?

Row 1

Has there been a structural change?

Yes, a divestment

Name of organization(s) acquired, divested from, or merged with

Our factory in US (Santa Fe Nautral Tobacco company, Oxford site)

Details of structural change(s), including completion dates

Our factory in US stopped operations, site was sold to a 3rd party. Date: June 2022

C5.1b

(C5.1b) Has your emissions accounting methodology, boundary, and/or reporting year definition changed in the reporting year?

	Change(s) in methodology, boundary, and/or reporting year definition?
Row 1	No

C5.1c

(C5.1c) Have your organization's base year emissions and past years' emissions been recalculated as a result of any changes or errors reported in C5.1a and/or C5.1b?

	Base year recalculation	Base year emissions recalculation policy, including significance threshold	Past years' recalculation
Row 1	No, because the impact does not meet our significance threshold	The effect of divestments occurred between 2021 and 2022 and is <2% of our annual Scope 1 and 2 emissions, which is not material at the Group level, thus no recalculation of emissions baseline and no restatement of previously reported figures is needed. The divested sites/ businesses continued environmental reporting until the time the divestment occurred.	No

C5.2

(C5.2) Provide your base year and base year emissions.

Scope 1

Base year start

December 1, 2019

Base year end

November 30, 2020

Base year emissions (metric tons CO2e)

342,034

Comment

2020 was selected as the baseline as BAT have obtained SBTi sign-off for our near-term targets in line with 1.5°C trajectory. BAT committed to reduce absolute scope 1 and 2 GHG emissions 50% by 2030 from a 2020 base year.*

BAT also committed to reduce absolute scope 3 GHG emissions from purchased goods and services, upstream transportation and distribution, use of sold products, and end of life treatment of sold products 50% by 2030 from a 2020 base year.

*The target boundary includes land-related emissions and removals from bioenergy feedstocks.

Scope 2 (location-based)

Base year start

December 1, 2019

Base year end

November 30, 2020

Base year emissions (metric tons CO2e)

417,572

Comment

2020 was selected as the baseline as BAT have obtained SBTi sign-off for our near-term targets in line with 1.5°C trajectory. BAT committed to reduce absolute scope 1 and 2 GHG emissions 50% by 2030 from a 2020 base year.* BAT also committed to reduce absolute scope 3 GHG emissions from purchased goods and services, upstream transportation and distribution, use of sold products, and end of life treatment of sold products 50% by 2030 from a 2020 base year.

The targets for Scope 1 and 2 CO2e emissions are as per Market-based approach. Yet, we keep tracking Scope 2 emissions as per Location-based approach for comparison and analysis of effect of renewable electricity purchases.

*The target boundary includes land-related emissions and removals from bioenergy feedstocks

Scope 2 (market-based)

Base year start

December 1, 2019

Base year end

November 30, 2020

Base year emissions (metric tons CO2e)

198,830

Comment

2020 was selected as the baseline as BAT have obtained SBTi sign-off for our near-term targets in line with 1.5°C trajectory. BAT committed to reduce absolute scope 1 and 2 GHG emissions 50% by 2030 from a 2020 base year.* BAT also committed to reduce absolute scope 3 GHG emissions from purchased goods and services, upstream transportation and distribution, use of sold products, and end of life treatment of sold products 50% by 2030 from a 2020 base year. *The target boundary includes land-related emissions and removals from bioenergy feedstocks.

Scope 3 category 1: Purchased goods and services

Base year start

December 1, 2019

Base year end

November 30, 2020

Base year emissions (metric tons CO2e)

4,011,245

Comment

2020 was selected as the baseline as BAT have obtained SBTi sign-off for our near-term targets in line with 1.5°C trajectory. BAT committed to reduce absolute scope 1 and 2 GHG emissions 50% by 2030 from a 2020 base year.* BAT also committed to reduce absolute scope 3 GHG emissions from purchased goods and services, upstream transportation and distribution, use of sold products, and end of life treatment of sold products 50% by 2030 from a 2020 base year.

Please refer to Scope 3 methodology details in section C6.5.

*The target boundary includes land-related emissions and removals from bioenergy feedstocks.

Scope 3 category 2: Capital goods

Base year start

December 1, 2019

Base year end

November 30, 2020

Base year emissions (metric tons CO2e)

177,040

Comment

2020 was selected as the baseline as BAT have obtained SBTi sign-off for our near-term targets in line with 1.5°C trajectory. BAT committed to reduce absolute scope 1 and 2 GHG emissions 50% by 2030 from a 2020 base year.* BAT also committed to reduce absolute scope 3 GHG emissions from purchased goods and services, upstream transportation and distribution, use of sold products, and end of life treatment of sold products 50% by 2030 from a 2020 base year.

Please refer to Scope 3 methodology details in section C6.5.

*The target boundary includes land-related emissions and removals from bioenergy feedstocks

Scope 3 category 3: Fuel-and-energy-related activities (not included in Scope 1 or 2)

Base year start

December 1, 2019

Base year end

November 30, 2020

Base year emissions (metric tons CO2e)

133,606

Comment

2020 was selected as the baseline as BAT have obtained SBTi sign-off for our near-term targets in line with 1.5°C trajectory. BAT committed to reduce absolute scope 1 and 2 GHG emissions 50% by 2030 from a 2020 base year.* BAT also committed to reduce absolute scope 3 GHG emissions from purchased goods and services, upstream transportation and distribution, use of sold products, and end of life treatment of sold products 50% by 2030 from a 2020 base year.

Please refer to Scope 3 methodology details in section C6.5.

*The target boundary includes land-related emissions and removals from bioenergy feedstocks.

Scope 3 category 4: Upstream transportation and distribution

Base year start

December 1, 2019

Base year end

November 30, 2020

Base year emissions (metric tons CO2e)

225,088

Comment

2020 was selected as the baseline as BAT have obtained SBTi sign-off for our near-term targets in line with 1.5°C trajectory. BAT committed to reduce absolute scope 1 and 2 GHG emissions 50% by 2030 from a 2020 base year.* BAT also committed to reduce absolute scope 3 GHG emissions from purchased goods and services, upstream transportation and distribution, use of sold products, and end of life treatment of sold products 50% by 2030 from a 2020 base year.

Please refer to Scope 3 methodology details in section C6.5.

*The target boundary includes land-related emissions and removals from bioenergy feedstocks.

Scope 3 category 5: Waste generated in operations

Base year start

December 1, 2019

Base year end

November 30, 2020

Base year emissions (metric tons CO2e)

8,831

Comment

2020 was selected as the baseline as BAT have obtained SBTi sign-off for our near-term targets in line with 1.5°C trajectory. BAT committed to reduce absolute scope 1 and 2 GHG emissions 50% by 2030 from a 2020 base year.* BAT also committed to reduce absolute scope 3 GHG emissions from purchased goods and services, upstream transportation and distribution, use of sold products, and end of life treatment of sold products 50% by 2030 from a 2020 base year.

Please refer to Scope 3 methodology details in section C6.5.

*The target boundary includes land-related emissions and removals from bioenergy feedstocks.

Scope 3 category 6: Business travel

Base year start

December 1, 2019

Base year end

November 30, 2020

Base year emissions (metric tons CO2e)

7,737

Comment

2020 was selected as the baseline as BAT have obtained SBTi sign-off for our near-term targets in line with 1.5°C trajectory. BAT committed to reduce absolute scope 1 and 2 GHG emissions 50% by 2030 from a 2020 base year.* BAT also committed to reduce absolute scope 3 GHG emissions from purchased goods and services, upstream transportation and distribution, use of sold products, and end of life treatment of sold products 50% by 2030 from a 2020 base year.

Please refer to Scope 3 methodology details in section C6.5.

*The target boundary includes land-related emissions and removals from bioenergy feedstocks.

Scope 3 category 7: Employee commuting

Base year start

December 1, 2019

Base year end

November 30, 2020

Base year emissions (metric tons CO2e)

53,468

Comment

2020 was selected as the baseline as BAT have obtained SBTi sign-off for our near-term targets in line with 1.5°C trajectory. BAT committed to reduce absolute scope 1 and 2 GHG emissions 50% by 2030 from a 2020 base year.* BAT also committed to reduce absolute scope 3 GHG emissions from purchased goods and services, upstream transportation and distribution, use of sold products, and end of life treatment of sold products 50% by 2030 from a 2020 base year.

Please refer to Scope 3 methodology details in section C6.5.

*The target boundary includes land-related emissions and removals from bioenergy feedstocks.

Scope 3 category 8: Upstream leased assets

Base year start

December 1, 2019

Base year end

November 30, 2020

Base year emissions (metric tons CO2e)

0

Comment

Emissions from leased assets are included in Scopes 1 & 2.

Scope 3 category 9: Downstream transportation and distribution

Base year start

December 1, 2019

Base year end

November 30, 2020

Base year emissions (metric tons CO2e)

27,385

Comment

2020 was selected as the baseline as BAT have obtained SBTi sign-off for our near-term targets in line with 1.5°C trajectory. BAT committed to reduce absolute scope 1 and 2 GHG emissions 50% by 2030 from a 2020 base year.* BAT also committed to reduce absolute scope 3 GHG emissions from purchased goods and services, upstream transportation and distribution, use of sold products, and end of life treatment of sold products 50% by 2030 from a 2020 base year.

Please refer to Scope 3 methodology details in section C6.5.

*The target boundary includes land-related emissions and removals from bioenergy feedstocks

As part of our 1.5ºC Science-Based Target approval process we have added Scope 3 Category 9 (Downstream Transportation and Distribution) to our 2020 baseline.

Scope 3 category 10: Processing of sold products

Base year start

December 1, 2019

Base year end

November 30, 2020

Base year emissions (metric tons CO2e)

0

Comment

BAT's products are not processed by third parties.

Scope 3 category 11: Use of sold products

Base year start

December 1, 2019

Base year end

November 30, 2020

Base year emissions (metric tons CO2e)

640,627

Comment

2020 was selected as the baseline as BAT have obtained SBTi sign-off for our near-term targets in line with 1.5°C trajectory. BAT committed to reduce absolute scope 1 and 2 GHG emissions 50% by 2030 from a 2020 base year.* BAT also committed to reduce absolute scope 3 GHG emissions from purchased goods and services, upstream transportation and distribution, use of sold products, and end of life treatment of sold products 50% by 2030 from a 2020 base year.

Please refer to Scope 3 methodology details in section C6.5.

*The target boundary includes land-related emissions and removals from bioenergy feedstocks.

Scope 3 category 12: End of life treatment of sold products

Base year start

December 1, 2019

Base year end

November 30, 2020

Base year emissions (metric tons CO2e)

323,971

Comment

2020 was selected as the baseline as BAT have obtained SBTi sign-off for our near-term targets in line with 1.5°C trajectory. BAT committed to reduce absolute scope 1 and 2 GHG emissions 50% by 2030 from a 2020 base year.* BAT also committed to reduce absolute scope 3 GHG emissions from purchased goods and services, upstream transportation and distribution, use of sold products, and end of life treatment of sold products 50% by 2030 from a 2020 base year.

Please refer to Scope 3 methodology details in section C6.5.

*The target boundary includes land-related emissions and removals from bioenergy feedstocks.

Scope 3 category 13: Downstream leased assets

Base year start

December 1, 2019

Base year end

November 30, 2020

Base year emissions (metric tons CO2e)

0

Comment

BAT does not lease assets to third parties.

Scope 3 category 14: Franchises

Base year start

December 1, 2019

Base year end

November 30, 2020

Base year emissions (metric tons CO2e)

4,895

Comment

2020 was selected as the baseline as BAT have obtained SBTi sign-off for our near-term targets in line with 1.5°C trajectory. BAT committed to reduce absolute scope 1 and 2 GHG emissions 50% by 2030 from a 2020 base year.* BAT also committed to reduce absolute scope 3 GHG emissions from purchased goods and services, upstream transportation and distribution, use of sold products, and end of life treatment of sold products 50% by 2030 from a 2020 base year.

Please refer to Scope 3 methodology details in section C6.5.

*The target boundary includes land-related emissions and removals from bioenergy feedstocks.

Scope 3 category 15: Investments

Base year start

December 1, 2019

Base year end

November 30, 2020

Base year emissions (metric tons CO2e)

0

Comment

BAT does not have equity or debt investments.

Scope 3: Other (upstream)

Base year start

December 1, 2019

Base year end

November 30, 2020

Base year emissions (metric tons CO2e)

0

Comment

Scope 3 emissions assessment performed by BAT with support of external sustainability consultant identified no other upstream activities, emission from which would be relevant.

Scope 3: Other (downstream)

Base year start

December 1, 2019

Base year end

November 30, 2020

Base year emissions (metric tons CO2e)

0

Comment

Scope 3 emissions assessment performed by BAT with support of external sustainability consultant identified no other downstream activities, emission from which would be relevant.

C5.3

(C5.3) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.

Defra Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance, 2019
IEA CO2 Emissions from Fuel Combustion
IPCC Guidelines for National Greenhouse Gas Inventories, 2006
The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)
The Greenhouse Gas Protocol Agricultural Guidance: Interpreting the Corporate Accounting and Reporting Standard for the Agricultural Sector
The Greenhouse Gas Protocol: Scope 2 Guidance
The Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Standard

C6. Emissions data

C6.1

(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO2e?

Reporting year

Gross global Scope 1 emissions (metric tons CO2e)

307,708

Comment

Scope 1 emissions are direct emissions from sources owned or controlled by BAT. These are emissions associated with use of fuel at facilities under our operational control and by our vehicle fleet as well as CO2 used for the production of Dry Ice Expanded Tobacco (DIET). Fuels include both renewable, such as wood fuel, biodiesel etc., and non-renewable ones, such as natural gas, LPG, diesel, coal etc. Data is collected from invoices, telematics, fuel cards, meter readings and other documentation and logged within our EHS Reporting Tool. DEFRA Greenhouse Gas Reporting: Conversion Factors 2021 are used to convert to CO2e.The set of emissions factors used for calculations is updated on annual basis.

Scope 1 CO2e emissions decreased by 10.0% compared to the 2021. This was driven by energy saving projects originated based on Efficiency Assessments recommendations, as well as from identification of energy losses and prompt actions upon as part of the Energy Conservation Daily management system in manufacturing and leaf sites. There have also been many route optimizations, some outsourcing of distributions' activities and replacements of vehicles to less carbon-intensive models in the commercial side of the business. In addition, there was effect of the divestment and production decrease by 5% at our tobacco and nicotine products making facilities and by 8% at our green leaf threshing sites.

C6.2

(C6.2) Describe your organization's approach to reporting Scope 2 emissions.

Row 1

Scope 2, location-based

We are reporting a Scope 2, location-based figure

Scope 2, market-based

We are reporting a Scope 2, market-based figure

Comment

Scope 2 CO2e emissions include indirect emissions associated with the purchase of electricity, hot water and steam which is consumed at our locations. Data is collected from invoices, internal metering and in some instances via our Building Management System (BMS).

Scope 2 Location-based CO2e emissions are calculated using International Energy Agency 2021 country specific emission factors. The set of emissions factors used for calculations is updated on annual basis.

Scope 2 Market-based CO2e emissions are calculated from supplier-specific emissions factors. To ensure reported Market-based CO2e emissions meet the 'Good quality criteria' as per GHG Protocol Scope 2 Guidance, we specify market-based factors only when these are supported by contractual instruments. For renewables, electricity procurement is either unbundled energy attribute certificates (I-RECs, GoOs, RECs, etc.) or Green electricity products from an energy supplier (supported by energy attribute certificates or Power Purchase Agreement). Whenever market-based factors are not available, market-based Scope 2 CO2e emissions are calculated using International Energy Agency 2021 country specific emission factors, same as in the Location-based method.

C6.3

(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO2e?

Reporting year

Scope 2, location-based

356,070

Scope 2, market-based (if applicable)

112,764

Comment

In 2022 our Scope 2 CO2e emissions-Location based decreased by 9.4% compared to 2021.This was driven mostly by implementation of energy saving projects as per energy Efficiency Assessments recommendations, focused on electricity, as well as from the identification of energy losses and prompt implementation of solutions as part of the Energy Conservation Daily management system in manufacturing and leaf sites. The supporting driver is replacing purchased electricity with renewable electricity generated at owned/operated sites via solar technology (e.g. Pakistan, Uzbekistan). Further factors are production decrease and divestments in certain geographies.

In 2022, our Scope 2 CO2e emissions–Market Based decreased by 33.8% compared to 2021. This was driven by the same factors as the decrease in Scope 2 CO2e emissions-Location based as well as additional renewable electricity sourcing in a range of countries (e.g. Indonesia, US, Vietnam, Korea, Honduras etc).

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1, Scope 2 or Scope 3 emissions that are within your selected reporting boundary which are not included in your disclosure?

No

C6.5

(C6.5) Account for your organization's gross global Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

3,703,409

Emissions calculation methodology

Supplier-specific method
Average data method
Spend-based method
Fuel-based method
Distance-based method
Site-specific method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

46

Please explain

Purchased Goods and Services have been calculated using BAT procurement data captured across our operations:

Materials: Purchased materials were extracted from the BAT Procurement System, and materials were allocated into broad categories based on taxonomy. In some instances, Units of Measure (UoMs) used within the procurement system required alteration to a standard weight measurement (i.e. kilograms). BAT utilise a library of UoM conversion factors which is based upon multiple evidence points such as material specifications and/or item specific weighing. The standard weight was used to allocate emission factors as follows:

LCAs: specific product LCAs were utilised where available and/or proxy LCAs used where appropriate.

In the absence of these datasets, the Ecoinvent v3.7.1 database was utilised. If the Ecoinvent v3.7.1 database did not have the relevant emission factors, we used a combination approach based upon the different materials used in the product.

Services: Spend data was used to estimate emissions. Two methods were used:

Supplier Specific emission factors: CDP data was used to source supplier specific Scope 1, 2 and 3
(upstream) reported emissions and annual revenue. Emissions per GBP revenue were then calculated per supplier and applied to the GBP spend by BAT for the corresponding supplier. This was applied where supplier specific emissions and revenue were published.

Average Emissions Intensity: An average emissions intensity of tCO2e per GBP spend was calculated based on the Supplier Specific emission factors per service category (i.e. HR, Professional, Facility, Marketing, Production and Technology Services). This average emission factor was then applied to the remaining spend per service category that have not already been accounted for.

For further details on our Scope 3 methodology please refer to our Scope 3 Simplified Methodology available on BAT.com

Due to the complexity of consolidating and verifying Scope 3 data in accordance with the GHG Protocol, we report one year behind. Therefore, please note that the Scope 3 emissions populated correspond to the reporting year 2021 (Dec-20 to Nov-21). The 2022 reporting period Scope 3 emissions figures are underway.

Capital goods

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

142,083

Emissions calculation methodology

Spend-based method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Capital Goods expenditure is extracted from Category 1 Purchased Goods and Services data and includes general production (machinery) and technology (hardware and IT infrastructure) equipment. Quantis Scope 3 Evaluator emission factors for Food Beverage and Tobacco and Electrical and Optical Equipment are utilised to convert spend volumes into emissions.

Due to the complexity of consolidating and verifying Scope 3 data in accordance with the GHG Protocol, we report one year behind. Therefore, please note that the Scope 3 emissions populated correspond to the reporting year 2021 (Dec-20 to Nov-21). The 2022 reporting period Scope 3 emissions figures are underway.

Fuel-and-energy-related activities (not included in Scope 1 or 2)

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

188,050

Emissions calculation methodology

Average data method
Site-specific method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Fuel and energy related data is recorded within our EHS Reporting Tool and includes purchased fuels (coal, bioethanol, fuel oil, natural gas, petrol, wood logs, CNG, diesel, biodiesel, LPG), electricity, heat (hot water) and steam. The data covers a reporting period of November 2020 to December 2021. DEFRA 2021 emission factors were applied to the energy consumption to calculate emissions.

Due to the complexity of consolidating and verifying Scope 3 data in accordance with the GHG Protocol, we report one year behind. Therefore, please note that the Scope 3 emissions populated correspond to the reporting year 2021 (Dec-20 to Nov-21). The 2022 reporting period Scope 3 emissions figures are underway.

Upstream transportation and distribution

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

208,240

Emissions calculation methodology

Supplier-specific method
Average data method
Distance-based method
Site-specific method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

29

Please explain

Freight movements of in-bound and out-bound finished goods or semi-finished products/materials owned by BAT, including all modes of transport (i.e. air, road, rail and sea) fall within this category. BAT calculate movement up until the change of product/material ownership. Data is either provided direct from suppliers (in CO2e) based on their emission calculation methodology, or within our EHS Reporting Tool and converted to emissions using DEFRA 2021 emission factors.

Upstream transport which is undertaken within BAT owned or leased vehicles is reported within Scope 1 under vehicle fuel.

Due to the complexity of consolidating and verifying Scope 3 data in accordance with the GHG Protocol, we report one year behind. Therefore, please note that the Scope 3 emissions populated correspond to the reporting year 2021 (Dec-20 to Nov-21). The 2022 reporting period Scope 3 emissions figures are underway.

Waste generated in operations

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

8,273

Emissions calculation methodology

Waste-type-specific method
Site-specific method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Waste volumes (tonnes) and disposal route (excluding waste incineration onsite which is captured in Scope 1) are recorded within our EHS Reporting Tool. DEFRA 2021 emission factors were allocated dependent upon disposal route (i.e. landfill, combustion or recycled).

Due to the complexity of consolidating and verifying Scope 3 data in accordance with the GHG Protocol, we report one year behind. Therefore, please note that the Scope 3 emissions populated correspond to the reporting year 2021 (Dec-20 to Nov-21). The 2022 reporting period Scope 3 emissions figures are underway.

Business travel

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

14,050

Emissions calculation methodology

Supplier-specific method
Average data method
Distance-based method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

80

Please explain

Business Travel is recorded within our EHS Reporting Tool. For air, data includes passenger kilometre and class of travel, the data for rail includes passenger km and for rental vehicles it includes fuel used (litres or kg). DEFRA 2021 emission factors were allocated.

80% of data is provided by our Tier-1 business travel supplier. The remaining 20% are captured by the BAT sites through our EHS reporting tool. This is a mix of local suppliers data gathering and distance times travel modes estimates.

Assumptions: all air travel is assumed to be international and to ensure consistency with historic reporting, radiative forcing is not included.

Due to the complexity of consolidating and verifying Scope 3 data in accordance with the GHG Protocol, we report one year behind. Therefore, please note that the Scope 3 emissions populated correspond to the reporting year 2021 (Dec-20 to Nov-21). The 2022 reporting period Scope 3 emissions figures are underway.

Employee commuting

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

59,088

Emissions calculation methodology

Average data method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Employee headcount (including direct contractors) and location are recorded within our EHS Reporting Tool. The average commuting mode (i.e. car, rail, walk, etc) and distance have been referenced from Numbeo, a source aligned to GHG guidance. DEFRA 2021 emission factors were allocated against total distances across transport modes (i.e. return journey for the typical amount of working days per year) to calculate emissions.

Assumptions: all employees are assumed to commute to their place of work, as opposed to work from home, and walking and cycling are assumed to have zero emissions. In total, it was assumed each employee commuted twice a day for 234 days in 2021. No calculations for homeworking are included.

Due to the complexity of consolidating and verifying Scope 3 data in accordance with the GHG Protocol, we report one year behind. Therefore, please note that the Scope 3 emissions populated correspond to the reporting year 2021 (Dec-20 to Nov-21). The 2022 reporting period Scope 3 emissions figures are underway.

Upstream leased assets

Evaluation status

Not relevant, explanation provided

Please explain

Emissions from leased assets are included in Scopes 1 & 2.

Downstream transportation and distribution

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

30,687

Emissions calculation methodology

Average data method
Average product method
Distance-based method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

The emissions associated with the transportation of products sent from BAT to retailer, paid for by a third-party, in addition to customers travelling from retailers having bought BAT products, are included in this category. Emissions are calculated based on total weight of products sold by BAT in the reporting period and an average travel distance for both scenarios to calculate total tonne km for each product type.

Due to the complexity of consolidating and verifying Scope 3 data in accordance with the GHG Protocol, we report one year behind. Therefore, please note that the Scope 3 emissions populated correspond to the reporting year 2021 (Dec-20 to Nov-21). The 2022 reporting period Scope 3 emissions figures are underway.

Processing of sold products

Evaluation status

Not relevant, explanation provided

Please explain

BAT's products are not processed by third parties.

Use of sold products

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

661,953

Emissions calculation methodology

Average data method
Average product method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

BAT produce a variety of products from cigarettes to New Category products. Specific product LCAs were utilised where available and/or proxy LCAs were allocated. The emissions associated with the use of products sold by BAT are defined as follows:

• Tobacco Heating Products / Vapour: emissions associated with charging of devices throughout a device's lifetime, and emissions associated with the use of eliquid and tobacco blend
• Tobacco Combustion: emissions associated with the combustion of cigarettes including cigarette paper and tobacco blend
• Lighter Fuel: emissions associated with the use of lighter fuel to light all products sold in 2021

Assumption: it was assumed that 90% of cigarette paper and tobacco blend are combusted in cigarettes and similar products. The remaining 10% and the filter tow component of the product are assessed in Category 12 End of Life Treatment.

Due to the complexity of consolidating and verifying Scope 3 data in accordance with the GHG Protocol, we report one year behind. Therefore, please note that the Scope 3

emissions populated correspond to the reporting year 2021 (Dec-20 to Nov-21). The 2022 reporting period Scope 3 emissions figures are underway.

End of life treatment of sold products

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

226,589

Emissions calculation methodology

Average data method
Average product method
Waste-type-specific method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

End of Life emissions accounts for the disposal of final products and associated packaging used for sale and transportation of BAT products. LCAs, where available, and/or proxy LCAs, were used to understand the split of different disposal routes for different material types of BAT products. The disposal route splits were then adjusted to reflect the end market in which products were sold, using recycling research BAT undertook into its 20 key markets as part of a Waste Footprint mapping exercise.

Assumptions: A Waste Footprint exercise, using market-specific recycling research allowed for a market specific emission factor to be attributed to those top 20 markets. Where market-specific information was not available, global average emission factors were taken. Recycling rates provided through the Waste Footprint exercise were also halved to consider consumer behaviour.

Due to the complexity of consolidating and verifying Scope 3 data in accordance with the GHG Protocol, we report one year behind. Therefore, please note that the Scope 3 emissions populated correspond to the reporting year 2021 (Dec-20 to Nov-21). The 2022 reporting period Scope 3 emissions figures are underway.

Downstream leased assets

Evaluation status

Not relevant, explanation provided

Please explain

BAT does not lease assets to third parties.

Franchises

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

1,009

Emissions calculation methodology

Average data method
Site-specific method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

BAT have a franchise agreement for NC stores in the EU, for which emissions from electricity, gasoil and natural gas are estimated using Real Estate Environmental Benchmark data and IEA 2021 and DEFRA 2021 emission factors.

Due to the complexity of consolidating and verifying Scope 3 data in accordance with the GHG Protocol, we report one year behind. Therefore, please note that the Scope 3 emissions populated correspond to the reporting year 2021 (Dec-20 to Nov-21). The 2022 reporting period Scope 3 emissions figures are underway.

Investments

Evaluation status

Not relevant, explanation provided

Please explain

BAT does not have equity or debt investments.

Other (upstream)

Evaluation status

Not relevant, explanation provided

Please explain

Scope 3 emissions assessment performed by BAT with support of external sustainability consultant identified no other upstream activities, emission from which would be relevant.

Other (downstream)

Evaluation status

Not relevant, explanation provided

Please explain

Scope 3 emissions assessment performed by BAT with support of external sustainability consultant identified no other downstream activities, emission from which would be relevant.

C-AC6.8/C-FB6.8/C-PF6.8

(C-AC6.8/C-FB6.8/C-PF6.8) Is biogenic carbon pertaining to your direct operations relevant to your current CDP climate change disclosure?

Yes

C-AC6.8a/C-FB6.8a/C-PF6.8a

(C-AC6.8a/C-FB6.8a/C-PF6.8a) Account for biogenic carbon data pertaining to your direct operations and identify any exclusions.

CO2 emissions from biofuel combustion (processing/manufacturing machinery)

Emissions (metric tons CO2)

34,092

Methodology

Default emissions factors

Please explain

These are emissions from biofuels (e.g. wood fuel, biodiesel) used by our sites for on-site generation of steam, heat and electricity. Emissions are calculated based on amounts of fuels used reported by our units across the Group via our environmental reporting system and DEFRA 2021 factors for biofuels, outside of scopes.

CO2 emissions from biofuel combustion (other)

Emissions (metric tons CO2)

4,448

Methodology

Default emissions factors

Please explain

These are emissions from biofuels (e.g. biodiesel, bioethanol) used by our fleet vehicles used in distribution, marketing and other activities. Emissions are calculated based on amounts of fuels used reported by our units across the Group via our environmental reporting system and DEFRA 2021 factors for biofuels, outside of scopes.

C-AC6.9/C-FB6.9/C-PF6.9

(C-AC6.9/C-FB6.9/C-PF6.9) Do you collect or calculate greenhouse gas emissions for each commodity reported as significant to your business in C-AC0.7/FB0.7/PF0.7?

Agricultural commodities

Tobacco

Do you collect or calculate GHG emissions for this commodity?

Yes

Reporting emissions by

Total

Emissions (metric tons CO2e)

1,599,910

Denominator: unit of production

Change from last reporting year

Lower

Please explain

BAT don't own any tobacco farms; thus, we have no Scope 1 and 2 emissions associated with production of tobacco leaf as agricultural commodity. A Scope 3 assessment was performed in 2021, thus we have calculated emissions from Tobacco as an agricultural commodity within our Scope 3 (cat 1). These are emissions associated with Purchased tobacco leaf for both combustibles and PRRP products, including biogenic emissions and removals. Scope 3 assessment for 2022 is under way.

Our historical CDP responses to question C-AC6.9/C-FB6.9/C-PF6.9 state the reportable emissions related to agricultural commodity - tobacco excluding biogenic emissions and removals. However, the tobacco curing process is one of the biggest contributors to biogenic emissions throughout our leaf value chain. Therefore, the figure of 1,599,910 tCO2e reported for 2021 is including biogenic emissions and removals within our upstream tobacco value chain. In 2020 the figure related to agricultural commodity - tobacco was 1,968,601 tCO2e including biogenic emissions and removals within our upstream tobacco value chain. In relation to the total emissions of 2021 compared to those of 2020, we had a reduction that occurred due to the change in the volume of tobacco purchased in different countries, which have a lower emission factor, in addition to contributions from a more efficient curing processes.

Explain why you do not calculate GHG emission for this commodity and your plans to do so in the future

C6.10

(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Intensity figure

0.0000152

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)

420,472

Metric denominator

unit total revenue

Metric denominator: Unit total

27,654,776,658

Scope 2 figure used

Market-based

% change from previous year

21.2

Direction of change

Decreased

Reason(s) for change

Change in renewable energy consumption
Other emissions reduction activities
Divestment
Change in output
Change in revenue

Please explain

Decrease by 21.2% vs 0.0000193 in 2021. Decrease is driven by decrease in combined Scope 1 and 2 (Market-based) emissions by 15.1% vs 2021, which was driven by emissions reduction activities as reported in CC6.3, while revenue increased by 7.7% vs 2021)

C7. Emissions breakdowns

C7.1

(C7.1) Does your organization break down its Scope 1 emissions by greenhouse gas type?

Yes

C7.1a

(C7.1a) Break down your total gross global Scope 1 emissions by greenhouse gas type and provide the source of each used greenhouse warming potential (GWP).

Greenhouse gas	Scope 1 emissions (metric tons of CO2e)	GWP Reference
CO2	304,647	IPCC Fourth Assessment Report (AR4 - 100 year)
CH4	1,181	IPCC Fourth Assessment Report (AR4 - 100 year)
N2O	1,880	IPCC Fourth Assessment Report (AR4 - 100 year)

C7.2

(C7.2) Break down your total gross global Scope 1 emissions by country/area/region.

Country/area/region	Scope 1 emissions (metric tons CO2e)
Algeria	871
Argentina	2,237
Bangladesh	17,743
Belarus	1,362
Brazil	9,162
Canada	2,681
Chile	5,870
Croatia	6,471
Germany	10,923
Honduras	1,462
Hungary	1,410
Indonesia	6,340
Italy	1,317
Japan	1,030
Jordan	47
Kenya	4,461
Malaysia	1,030
Mexico	11,151
Mozambique	311

Netherlands	1,057
Nigeria	21,280
Sudan	1,515
Pakistan	10,233
Papua New Guinea	1,718
Poland	13,395
Romania	8,580
Russian Federation	13,602
Serbia	1,460
Singapore	771
South Africa	10,803
Republic of Korea	4,054
Sri Lanka	1,594
Sweden	320
Switzerland	1,752
Turkey	17,224
United Kingdom of Great Britain and Northern Ireland	2,376
Ukraine	2,974
Uzbekistan	4,986
Venezuela (Bolivarian Republic of)	2,752
Viet Nam	706
United States of America	81,664
Colombia	604
Bosnia & Herzegovina	651
Samoa	112
Zambia	451
Zimbabwe	884
Australia	450
Fiji	1,419
France	700
Kazakhstan	630
Czechia	737
Saudi Arabia	1,720
Trinidad and Tobago	1,187
Spain	663

Paraguay	17
United Arab Emirates	50
Other, please specify Other countries with small business, not material in terms of total emissions. There are BAT units in 30 countries, that in total give less than 3.7% of total Scope 1 and 2 Market-based emissions (less than 2.2% of Scope 1 emissions).	6,378

C7.3

(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.

By activity

C7.3c

(C7.3c) Break down your total gross global Scope 1 emissions by business activity.

Activity	Scope 1 emissions (metric tons CO2e)
Manufacturing and Processing	215,887
Offices, Warehouses, Retail	8,230
Vehicle Fleet	83,591

C-AC7.4/C-FB7.4/C-PF7.4

(C-AC7.4/C-FB7.4/C-PF7.4) Do you include emissions pertaining to your business activity(ies) in your direct operations as part of your global gross Scope 1 figure?

Yes

C-AC7.4b/C-FB7.4b/C-PF7.4b

(C-AC7.4b/C-FB7.4b/C-PF7.4b) Report the Scope 1 emissions pertaining to your business activity(ies) and explain any exclusions. If applicable, disaggregate your agricultural/forestry by GHG emissions category.

Activity

Processing/Manufacturing

Emissions (metric tons CO2e)

215,887

Methodology

Default emissions factor

Please explain

These are our Scope 1 emissions from tobacco processing at green leaf threshing plants and manufacturing cigarettes, other tobacco products and New Categories' Products etc. at our factories. In 2022 these decreased by 6% vs 2021 due to decrease in production and energy efficiency activities. The emissions are calculated from 1/ various types of fuels used on site (e.g. natural gas, diesel, heavy fuel etc.) with application of DEFRA 2021 emissions factors and 2/ Direct input of CO2 input DIET (dried ice expanded tobacco) process.

Activity

Distribution

Emissions (metric tons CO2e)

72,580

Methodology

Default emissions factor

Please explain

These are our Scope 1 emissions from Trade Marketing & Distribution vehicles. In 2022 these decreased by 5% vs 2021. The decrease is driven by change of route to market model implying reduction of distribution fleet in certain geographies, fuel saving programs as well as gradual shift to hybrid and electric vehicles across the Group. Emissions form these vehicles constitute 87% of emissions from all vehicles by BAT. The emissions are calculated from various types of fuels used by fleet vehicles (e.g. petrol, diesel, LPG). DEFRA 2021 emissions factors set is applied for calculations.

C7.5

(C7.5) Break down your total gross global Scope 2 emissions by country/area/region.

Country/area/region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
United States of America	94,867	10,567
Brazil	9,229	0
Turkey	5,993	0
Russian Federation	16,450	376
Poland	32,149	666
Bangladesh	27,235	27,235
Indonesia	15,884	76
Nigeria	738	738
Mexico	14,046	0

South Africa	17,906	3,134
Romania	14,481	1,054
Pakistan	10,277	9,685
Republic of Korea	18,851	16,727
Germany	2,887	0
Croatia	3,432	92
United Kingdom of Great Britain and Northern Ireland	3,191	10
Chile	6,198	0
Uzbekistan	6,155	6,155
Ukraine	4,130	4,130
Kenya	962	962
Hungary	3,614	795
Singapore	4,745	4,745
Venezuela (Bolivarian Republic of)	3,405	3,405
Argentina	2,743	301
Switzerland	163	0
Honduras	1,460	247
Netherlands	1,530	82
Canada	593	0
Serbia	2,835	115
Viet Nam	3,701	562
Sri Lanka	2,959	0
Trinidad and Tobago	3,044	3,044
Japan	195	0
Algeria	1,344	1,344
Malaysia	1,135	815
Sweden	57	5
Papua New Guinea	308	308
Belarus	65	65
Italy	204	0
Sudan	1,452	1,452
Colombia	109	9
Australia	506	38
Bosnia & Herzegovina	2,070	2,070
Mozambique	34	34

Jordan	772	0
Samoa	95	95
Zimbabwe	1,126	1,126
Zambia	361	361
Fiji	731	731
France	10	10
Kazakhstan	94	94
Czechia	28	28
Saudi Arabia	838	838
Spain	19	16
United Arab Emirates	240	0
Paraguay	0	0
Other, please specify Other countries with small business, not material in terms of total emissions. There are BAT units in 30 countries, that in total give less than 3.7% of total Scope 1 and 2 Market-based emissions (less than 2.4% of Scope 2 market - based emissions).	8,423	8,423

C7.6

(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.

By activity

C7.6c

(C7.6c) Break down your total gross global Scope 2 emissions by business activity.

Activity	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Manufacturing and Processing	319,805	87,301
Offices, Warehouses, Retail	36,206	25,404
Vehicle Fleet	59	59

C7.7

(C7.7) Is your organization able to break down your emissions data for any of the subsidiaries included in your CDP response?

No

C7.9

(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?

Decreased

C7.9a

(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined), and for each of them specify how your emissions compare to the previous year.

	Change in emissions (metric tons CO2e)	Direction of change in emissions	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	43,130	Decreased	8.71	Change is driven by: decrease from emissions due to additional renewable electricity purchases (e.g. Indonesia, US, Vietnam, Korea, Honduras etc.) and more on-site renewable electricity generation with solar panels incl. newly and expanded installations in 6 countries (e.g. Pakistan, Uzbekistan,). This allowed to reduce emissions by 43,130 tCO2e. - (43,130/495,407) *100% = -8.71%
Other emissions reduction activities	15,011	Decreased	3.03	Change is driven by: decrease from emissions due to a wide range of energy efficiency projects in building and process improvements at our operation sites . This allowed to reduce emissions by 15,011 tCO2e. - (15,011/495,407) *100% = -3.03%
Divestment	8,415	Decreased	1.7	Change is driven by divestment of facilities in Indonesia and Myanmar, discontinuation of operations in Iran as well as closure of a few other smaller businesses. The above divestments occurred in 2021 reporting year, which means the business were operational for part of 2021 and non-operational in 2022. Further, in 2022 we divested our facility in US (Santa Fe Natural Tobacco company), as reflected in

				question 5.1a. Yet, this divestment had smaller effect on year-on-year emissions variances. This resulted in emissions decrease by 8,415 tCO2e. -(8,415/ 495 407) *100% = - 1.70%
Acquisitions	0	No change	0	No acquisitions in the reporting period.
Mergers	0	No change	0	No mergers in the reporting period.
Change in output	9,907	Decreased	2	With the exclusion of closed sites, production of finished goods (e.g. cigarettes, snus, modern oral etc.) and semi-finished goods (e.g. threshed tobacco leaf, DIET) in BAT decreased by 3.00% in 2022 vs 2021. This resulted in decrease of emissions by 9,907 tCO2e. -(9,907/ 495,407) * 100% = -2.00%
Change in methodology	0	No change	0	No change in methodology in the reporting period.
Change in boundary	0	No change	0	No material change in boundary in the reporting period.
Change in physical operating conditions	0	No change	0	No material change in physical operating conditions in the reporting period.
Unidentified	0	No change	0	No unidentified drivers of change in the reporting period.
Other	1,528	Increased	0.31	Changes in Sales & Distribution models, leading to expansion of vehicle fleet in some geographies e.g. Saudi Arabia and intensification of trade marketing activities in a few others. This resulted in an increase of emissions by 1,528 tCO2e. (1,528/ 495,407) * 100% = 0.31%

C7.9b

(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Market-based

C8. Energy

C8.1

(C8.1) What percentage of your total operational spend in the reporting year was on energy?

More than 0% but less than or equal to 5%

C8.2

(C8.2) Select which energy-related activities your organization has undertaken.

	Indicate whether your organization undertook this energy-related activity in the reporting year
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	Yes
Consumption of purchased or acquired steam	Yes
Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	Yes

C8.2a

(C8.2a) Report your organization's energy consumption totals (excluding feedstocks) in MWh.

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total (renewable and non-renewable) MWh

Consumption of fuel (excluding feedstock)	LHV (lower heating value)	109,580	1,316,469	1,426,049
Consumption of purchased or acquired electricity		646,615	254,750	901,365
Consumption of purchased or acquired heat		2,418	242	2,660
Consumption of purchased or acquired steam		3,135	2,129	5,264
Consumption of self-generated non-fuel renewable energy		8,907		8,907
Total energy consumption		770,655	1,573,590	2,344,245

C8.2b

(C8.2b) Select the applications of your organization's consumption of fuel.

	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of electricity	Yes
Consumption of fuel for the generation of heat	Yes
Consumption of fuel for the generation of steam	Yes
Consumption of fuel for the generation of cooling	No
Consumption of fuel for co-generation or tri-generation	Yes

C8.2c

(C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.

Sustainable biomass

Heating value

LHV

Total fuel MWh consumed by the organization

109,446

MWh fuel consumed for self-generation of electricity

52

MWh fuel consumed for self-generation of heat

14,000

MWh fuel consumed for self-generation of steam

95,394

MWh fuel consumed for self- cogeneration or self-trigeneration

0

Comment

Sustainable fuels that we use comprise biodiesel, bio gasoline, wood fuel (e.g. wood chips, wood pellets) and other biomass fuels such as paddy husk. Bio gasoline and biodiesel are used mostly in our fleet vehicles, to a large extent in South America (e.g. Brazil). Minor amount of biodiesel is consumed by manufacturing facilities. Wood fuel is mostly consumed by our factory and green leaf threshing plants (GLTs) in Brazil for steam and cooling generation. Minor amount is consumed in our warehousing facilities in Switzerland and Poland for heat generation. Minor amount of other biomass fuels is used in Sri Lanka for leaf curing that is done on site.

Other biomass

Heating value

LHV

Total fuel MWh consumed by the organization

0

MWh fuel consumed for self-generation of electricity

0

MWh fuel consumed for self-generation of heat

0

MWh fuel consumed for self-generation of steam

0

MWh fuel consumed for self- cogeneration or self-trigeneration

0

Comment

We don't use biomass fuels that are not sustainable. Biomass fuels that we source are in most cases certified (e.g. wood fuel used in Switzerland). Whenever fuel certification schemes are absent, we ensure that biofuel is waste or by-product of agricultural process (e.g. rice husk used on Sri Lanka) or a commercial wood fuel sourced in line

with applicable legal requirements, incl. those addressing deforestation and conversion prevention (e.g. wood fuel used in Brazil).

Other renewable fuels (e.g. renewable hydrogen)

Heating value

LHV

Total fuel MWh consumed by the organization

135

MWh fuel consumed for self-generation of electricity

0

MWh fuel consumed for self-generation of heat

135

MWh fuel consumed for self-generation of steam

0

MWh fuel consumed for self- cogeneration or self-trigeneration

0

Comment

This is certified biogas used by one of our facilities in Sweden.

Coal

Heating value

LHV

Total fuel MWh consumed by the organization

14,591

MWh fuel consumed for self-generation of electricity

0

MWh fuel consumed for self-generation of heat

77

MWh fuel consumed for self-generation of steam

14,514

MWh fuel consumed for self- cogeneration or self-trigeneration

0

Comment

Coal is used for on-site energy generation (steam, heat) by some of our facilities (e.g. South Africa, Zimbabwe).

Oil

Heating value

LHV

Total fuel MWh consumed by the organization

466,994

MWh fuel consumed for self-generation of electricity

62,293

MWh fuel consumed for self-generation of heat

337,565

MWh fuel consumed for self-generation of steam

67,136

MWh fuel consumed for self- cogeneration or self-trigeneration

0

Comment

Oil-type fuels comprise petrol, diesel oil, heavy fuel oil and light fuel oil. Diesel is widely used across BAT geography of operations by both fleet vehicles and on-site generators. Petrol is used by Fleet vehicles in a wide range of geographies. Heavy fuel is used for generation of energy in different forms on site at a few factories and green leaf threshing plants (GLTs), while light fuel oil is used for heating at a minor number of our facilities.

Gas

Heating value

LHV

Total fuel MWh consumed by the organization

834,883

MWh fuel consumed for self-generation of electricity

0

MWh fuel consumed for self-generation of heat

217,996

MWh fuel consumed for self-generation of steam

451,560

MWh fuel consumed for self- cogeneration or self-trigeneration

165,327

Comment

Gas-type fuels comprise Natural gas as well as forms thereof, such as CNG and LPG. Natural gas is widely used across BAT geography for on-site generation of energy in the form of steam and heat. On top, it is used for tri-generation (e.g. our facility in Turkey).

CNG is used by industrial vehicles on site (e.g. forklift trucks) and fleet vehicles as well as in boilers. LPG is used by Fleet vehicles, industrial vehicles on site (e.g. forklift trucks) and in on-site canteens.

Other non-renewable fuels (e.g. non-renewable hydrogen)

Heating value

LHV

Total fuel MWh consumed by the organization

0

MWh fuel consumed for self-generation of electricity

0

MWh fuel consumed for self-generation of heat

0

MWh fuel consumed for self-generation of steam

0

MWh fuel consumed for self- cogeneration or self-trigeneration

0

Comment

Non other non-renewable fuels that cannot be classified as oil, gas or coal are currently used by our sites. Non-renewable hydrogen is not used.

Total fuel

Heating value

LHV

Total fuel MWh consumed by the organization

1,426,049

MWh fuel consumed for self-generation of electricity

62,345

MWh fuel consumed for self-generation of heat

569,773

MWh fuel consumed for self-generation of steam

628,604

MWh fuel consumed for self- cogeneration or self-trigeneration

165,327

Comment

Over 99.8% of fuel that is used for energy generation at our sites is consumed within our organization. The only facility selling energy is our factory in Croatia, which supplies steam and minor amount of heat to 3rd party located in the immediate vicinity.

C8.2d

(C8.2d) Provide details on the electricity, heat, steam, and cooling your organization has generated and consumed in the reporting year.

	Total Gross generation (MWh)	Generation that is consumed by the organization (MWh)	Gross generation from renewable sources (MWh)	Generation from renewable sources that is consumed by the organization (MWh)
Electricity	70,269	70,269	7,976	7,976
Heat	569,938	569,938	14,300	14,300
Steam	628,604	628,001	95,394	95,394
Cooling	0	0	0	0

C8.2e

(C8.2e) Provide details on the electricity, heat, steam, and/or cooling amounts that were accounted for at a zero or near-zero emission factor in the market-based Scope 2 figure reported in C6.3.

Country/area of low-carbon energy consumption

Republic of Korea

Sourcing method

Purchase from an on-site installation owned by a third party (on-site PPA)

Energy carrier

Electricity

Low-carbon technology type

Solar

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

107

Tracking instrument used

Contract

Country/area of origin (generation) of the low-carbon energy or energy attribute

Republic of Korea

Are you able to report the commissioning or re-powering year of the energy generation facility?

Yes

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

2022

Comment

Our factory in Korea concluded a contract with 3rd party for placement and operating a solar installation at factory's premises. The installation became operational in 2022, generated electricity is supplied directly to the factory. The factory covered 11% of its electricity consumed in 2022 by renewable attributes. Electricity purchased from an on-site installation owned by a third party contributes to 3% of total renewable electricity purchased.

Country/area of low-carbon energy consumption

Indonesia

Sourcing method

Purchase from an on-site installation owned by a third party (on-site PPA)

Energy carrier

Electricity

Low-carbon technology type

Solar

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

1,490

Tracking instrument used

Contract

Country/area of origin (generation) of the low-carbon energy or energy attribute

Indonesia

Are you able to report the commissioning or re-powering year of the energy generation facility?

Yes

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

2021

Comment

Our factory in Indonesia concluded a contract with 3rd party for placement and operating a solar installation at factory's premises. The installation became operational in September 2021, generated electricity is supplied directly to the factory. The factory covered 100% of its electricity consumed in 2022 by renewable attributes. Electricity purchased from an on-site installation owned by a third party contributes to 7% of total renewable electricity purchased.

Country/area of low-carbon energy consumption

Viet Nam

Sourcing method

Purchase from an on-site installation owned by a third party (on-site PPA)

Energy carrier

Electricity

Low-carbon technology type

Solar

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

818

Tracking instrument used

Contract

Country/area of origin (generation) of the low-carbon energy or energy attribute

Viet Nam

Are you able to report the commissioning or re-powering year of the energy generation facility?

Yes

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

2022

Comment

Our factory in Vietnam concluded a contract with 3rd party for placement and operating a solar installation at factory's premises. The installation became operational in 2022, generated electricity is supplied directly to the factory. The factory covered 100% of its electricity consumed in 2022 by renewable attributes. Electricity purchased from an on-site installation owned by a third party contributes to 17% of total renewable electricity purchased in Vietnam for our factory and offices.

Country/area of low-carbon energy consumption

Paraguay

Sourcing method

Default delivered electricity from the grid (e.g. standard product offering by an energy supplier) from a grid that is 95% or more low-carbon and where there is no mechanism for specifically allocating low-carbon electricity

Energy carrier

Electricity

Low-carbon technology type

Renewable energy mix, please specify

Default country energy mix >95% renewable content

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

176

Tracking instrument used

Contract

Country/area of origin (generation) of the low-carbon energy or energy attribute

Paraguay

Are you able to report the commissioning or re-powering year of the energy generation facility?

No

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

Comment

Our offices are located in Paraguay, which is a country with default grid mix of low-carbon electricity is over 95% and no mechanism for actively sourcing low-carbon electricity from the grid (i.e. energy attribute certificates or another attribute tracking system) - as per CDP definitions.

Country/area of low-carbon energy consumption

Republic of Korea

Sourcing method

Unbundled procurement of energy attribute certificates (EACs)

Energy carrier

Electricity

Low-carbon technology type

Wind

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

2,939

Tracking instrument used

Korean REC

Country/area of origin (generation) of the low-carbon energy or energy attribute

Republic of Korea

Are you able to report the commissioning or re-powering year of the energy generation facility?

No

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

Comment

Our factory in Korea covered 11% of its electricity consumed in 2022 by renewable attributes. 97% of renewable electricity purchased is covered by Korean RECs (72% - from wind technology, 25% - from solar technology) the rest 3% is from an on-site installation owned by a third party. Across BAT Procurement departments of respective sites hold contracts with utilities or suppliers of such electricity. The copies of corresponding certificates and/or other contractual documents for the reporting units claiming to purchase low carbon electricity are collected via our on-line environmental reporting system.

Country/area of low-carbon energy consumption

Republic of Korea

Sourcing method

Unbundled procurement of energy attribute certificates (EACs)

Energy carrier

Electricity

Low-carbon technology type

Solar

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

1,059

Tracking instrument used

Korean REC

Country/area of origin (generation) of the low-carbon energy or energy attribute

Republic of Korea

Are you able to report the commissioning or re-powering year of the energy generation facility?

No

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

Comment

Our factory in Korea covered 11% of its electricity consumed in 2022 by renewable attributes. 97% of renewable electricity purchased is covered by Korean RECs (72% - from wind technology, 25% - from solar technology) the rest 3% is from an on-site installation owned by a third party. Across BAT Procurement departments of respective sites hold contracts with utilities or suppliers of such electricity. The copies of corresponding certificates and/or other contractual documents for the reporting units claiming to purchase low carbon electricity are collected via our on-line environmental reporting system.

Country/area of low-carbon energy consumption

Indonesia

Sourcing method

Unbundled procurement of energy attribute certificates (EACs)

Energy carrier

Electricity

Low-carbon technology type

Geothermal

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

19,140

Tracking instrument used

TIGR

Country/area of origin (generation) of the low-carbon energy or energy attribute

Indonesia

Are you able to report the commissioning or re-powering year of the energy generation facility?

Yes

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

1987

Comment

Our factory in Indonesia covered 100% of its electricity consumed in 2022 by renewable attributes. 93% of renewable electricity purchased is covered by TIGRs from geothermal technology, the rest 7% is from an on-site installation owned by a third party. Across BAT Procurement departments of respective sites hold contracts with utilities or suppliers of such electricity. The facility started with partial renewable electricity sourcing from an on-site installation owned by a third party and achieved 100% in 2022 by attribution through TIGRs. The copies of corresponding certificates and/or other contractual documents for the reporting units claiming to purchase low carbon electricity are collected via our on-line environmental reporting system.

Country/area of low-carbon energy consumption

Viet Nam

Sourcing method

Unbundled procurement of energy attribute certificates (EACs)

Energy carrier

Electricity

Low-carbon technology type

Small hydropower (<25 MW)

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

786

Tracking instrument used

I-REC

Country/area of origin (generation) of the low-carbon energy or energy attribute

Viet Nam

Are you able to report the commissioning or re-powering year of the energy generation facility?

Yes

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

2015

Comment

Our factory and offices in Vietnam covered 100% of its electricity consumed in 2022 by renewable attributes. 83% of renewable electricity purchased is covered by I-RECs (76% - from 2 generators using small hydro technology, 7% - from one generator using large hydro technology), the rest 17% is from an on-site installation owned by a third party. Across BAT Procurement departments of respective sites hold contracts with utilities or suppliers of such electricity. The copies of corresponding certificates and/or other contractual documents for the reporting units claiming to purchase low carbon electricity are collected via our on-line environmental reporting system.

Country/area of low-carbon energy consumption

Viet Nam

Sourcing method

Unbundled procurement of energy attribute certificates (EACs)

Energy carrier

Electricity

Low-carbon technology type

Large hydropower (>25 MW)

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

350

Tracking instrument used

I-REC

Country/area of origin (generation) of the low-carbon energy or energy attribute

Viet Nam

Are you able to report the commissioning or re-powering year of the energy generation facility?

Yes

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

2014

Comment

Our factory and offices in Vietnam covered 100% of its electricity consumed in 2022 by renewable attributes. 83% of renewable electricity purchased is covered by I-RECs (76% - from 2 generators using small hydro technology, 7% - from one generator using large hydro technology), the rest 17% is from an on-site installation owned by a third party. Across BAT Procurement departments of respective sites hold contracts with utilities or suppliers of such electricity. The copies of corresponding certificates and/or other contractual documents for the reporting units claiming to purchase low carbon electricity are collected via our on-line environmental reporting system.

Country/area of low-carbon energy consumption

Viet Nam

Sourcing method

Unbundled procurement of energy attribute certificates (EACs)

Energy carrier

Electricity

Low-carbon technology type

Small hydropower (<25 MW)

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

2,867

Tracking instrument used

I-REC

Country/area of origin (generation) of the low-carbon energy or energy attribute

Viet Nam

Are you able to report the commissioning or re-powering year of the energy generation facility?

Yes

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

2010

Comment

Our factory and offices in Vietnam covered 100% of its electricity consumed in 2022 by renewable attributes. 83% of renewable electricity purchased is covered by I-RECs (76% - from 2 generators using small hydro technology, 7% - from one generator using large hydro technology), the rest 17% is from an on-site installation owned by a third party. Across BAT Procurement departments of respective sites hold contracts with utilities or suppliers of such electricity. The copies of corresponding certificates and/or

other contractual documents for the reporting units claiming to purchase low carbon electricity are collected via our on-line environmental reporting system.

Country/area of low-carbon energy consumption

Argentina

Sourcing method

Unbundled procurement of energy attribute certificates (EACs)

Energy carrier

Electricity

Low-carbon technology type

Large hydropower (>25 MW)

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

8,479

Tracking instrument used

I-REC

Country/area of origin (generation) of the low-carbon energy or energy attribute

Argentina

Are you able to report the commissioning or re-powering year of the energy generation facility?

Yes

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

1972

Comment

Our factory in Argentina covered 100% of its electricity consumed in 2022 by I-RECs. Respective renewable electricity was generated by large hydro technology. Across BAT Procurement departments of respective sites hold contracts with utilities or suppliers of such electricity. The copies of corresponding certificates and/or other contractual documents for the reporting units claiming to purchase low carbon electricity are collected via our on-line environmental reporting system.

Country/area of low-carbon energy consumption

Australia

Sourcing method

Retail supply contract with an electricity supplier (retail green electricity)

Energy carrier

Electricity

Low-carbon technology type

Renewable energy mix, please specify

Solar, Hydro

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

682

Tracking instrument used

Contract

Country/area of origin (generation) of the low-carbon energy or energy attribute

Australia

Are you able to report the commissioning or re-powering year of the energy generation facility?

No

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

Comment

Our organization in Australia comprising Head offices and several other offices across the country covered 93% of its electricity consumed in 2022 by renewable electricity attributes. Respective renewable electricity was supplied under 'green tariff' contact and is generated from different technologies, comprising solar and hydro. Across BAT Procurement departments of respective sites hold contracts with utilities or suppliers of such electricity. The copies of corresponding certificates and/or other contractual documents for the reporting units claiming to purchase low carbon electricity are collected via our on-line environmental reporting system.

Country/area of low-carbon energy consumption

Brazil

Sourcing method

Unbundled procurement of energy attribute certificates (EACs)

Energy carrier

Electricity

Low-carbon technology type

Solar

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

196

Tracking instrument used

I-REC

Country/area of origin (generation) of the low-carbon energy or energy attribute

Brazil

Are you able to report the commissioning or re-powering year of the energy generation facility?

Yes

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

2018

Comment

Our factory, 2 green leaf threshing plants and R&D centre in Brazil covered 100% of its electricity consumed in 2022 by I-RECs. Respective renewable electricity was generated mostly (97%) from Wind technology from several generation facilities. The rest was generated from hydro (2.7%) and solar (0.3%) technology. Across BAT Procurement departments of respective sites hold contracts with utilities or suppliers of such electricity. The copies of corresponding certificates and/or other contractual documents for the reporting units claiming to purchase low carbon electricity are collected via our on-line environmental reporting system.

Country/area of low-carbon energy consumption

Brazil

Sourcing method

Unbundled procurement of energy attribute certificates (EACs)

Energy carrier

Electricity

Low-carbon technology type

Large hydropower (>25 MW)

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

2,347

Tracking instrument used

I-REC

Country/area of origin (generation) of the low-carbon energy or energy attribute

Brazil

Are you able to report the commissioning or re-powering year of the energy generation facility?

Yes

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

2014

Comment

Our factory, 2 green leaf threshing plants and R&D centre in Brazil covered 100% of its electricity consumed in 2022 by I-RECs. Respective renewable electricity was generated mostly (97%) from Wind technology from several generation facilities. The rest was generated from hydro (2.7%) and solar (0.3%) technologies. Across BAT Procurement departments of respective sites hold contracts with utilities or suppliers of such electricity. The copies of corresponding certificates and/or other contractual documents for the reporting units claiming to purchase low carbon electricity are collected via our on-line environmental reporting system.

Country/area of low-carbon energy consumption

Brazil

Sourcing method

Unbundled procurement of energy attribute certificates (EACs)

Energy carrier

Electricity

Low-carbon technology type

Wind

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

46,581

Tracking instrument used

I-REC

Country/area of origin (generation) of the low-carbon energy or energy attribute

Brazil

Are you able to report the commissioning or re-powering year of the energy generation facility?

Yes

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

2014

Comment

Our factory, 2 green leaf threshing plants and R&D centre in Brazil covered 100% of its electricity consumed in 2022 by I-RECs. Respective renewable electricity was generated mostly (97%) from Wind technology from several generation facilities. The rest was generated from hydro (2.7%) and solar (0.3%) technologies. Across BAT Procurement departments of respective sites hold contracts with utilities or suppliers of such electricity. The copies of corresponding certificates and/or other contractual documents for the reporting units claiming to purchase low carbon electricity are collected via our on-line environmental reporting system.

Country/area of low-carbon energy consumption

Brazil

Sourcing method

Unbundled procurement of energy attribute certificates (EACs)

Energy carrier

Electricity

Low-carbon technology type

Wind

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

4,074

Tracking instrument used

I-REC

Country/area of origin (generation) of the low-carbon energy or energy attribute

Brazil

Are you able to report the commissioning or re-powering year of the energy generation facility?

Yes

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

2018

Comment

Our factory, 2 green leaf threshing plants and R&D centre in Brazil covered 100% of its electricity consumed in 2022 by I-RECs. Respective renewable electricity was generated mostly (97%) from Wind technology from several generation facilities. The rest was generated from hydro (2.7%) and solar (0.3%) technologies. Across BAT Procurement departments of respective sites hold contracts with utilities or suppliers of such electricity. The copies of corresponding certificates and/or other contractual documents for the reporting units claiming to purchase low carbon electricity are collected via our on-line environmental reporting system.

Country/area of low-carbon energy consumption

Brazil

Sourcing method

Unbundled procurement of energy attribute certificates (EACs)

Energy carrier

Electricity

Low-carbon technology type

Wind

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

35,199

Tracking instrument used

I-REC

Country/area of origin (generation) of the low-carbon energy or energy attribute

Brazil

Are you able to report the commissioning or re-powering year of the energy generation facility?

Yes

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

2021

Comment

Our factory, 2 green leaf threshing plants and R&D centre in Brazil covered 100% of their electricity consumed in 2022 by I-RECs. Respective renewable electricity was generated mostly (97%) by Wind technology from several generation facilities. The rest was generated from hydro (2.7%) and solar (0.3%) technologies Across BAT

Procurement departments of respective sites hold contracts with utilities or suppliers of such electricity. The copies of corresponding certificates and/or other contractual documents for the reporting units claiming to purchase low carbon electricity are collected via our on-line environmental reporting system.

Country/area of low-carbon energy consumption

Canada

Sourcing method

Unbundled procurement of energy attribute certificates (EACs)

Energy carrier

Electricity

Low-carbon technology type

Wind

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

4,569

Tracking instrument used

US-REC

Country/area of origin (generation) of the low-carbon energy or energy attribute

Canada

Are you able to report the commissioning or re-powering year of the energy generation facility?

Yes

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

2011

Comment

Our organization in Canada comprising Head offices and several other offices and warehousing facilities across the country covered 100% of its electricity consumed in 2022 by US-RECs. Respective renewable electricity was generated from Wind technology. The organization started sourcing renewable electricity in 2022. Across BAT Procurement departments of respective sites hold contracts with utilities or suppliers of such electricity. The copies of corresponding certificates and/or other contractual documents for the reporting units claiming to purchase low carbon electricity are collected via our on-line environmental reporting system.

Country/area of low-carbon energy consumption

Chile

Sourcing method

Unbundled procurement of energy attribute certificates (EACs)

Energy carrier

Electricity

Low-carbon technology type

Large hydropower (>25 MW)

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

970

Tracking instrument used

I-REC

Country/area of origin (generation) of the low-carbon energy or energy attribute

Chile

Are you able to report the commissioning or re-powering year of the energy generation facility?

Yes

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

1963

Comment

Our factory in Chile covered 100% of its electricity consumed in 2022 by I-RECs. Respective renewable electricity was generated by hydro technology at several generation facilities. Across BAT Procurement departments of respective sites hold contracts with utilities or suppliers of such electricity. The copies of corresponding certificates and/or other contractual documents for the reporting units claiming to purchase low carbon electricity are collected via our on-line environmental reporting system.

Country/area of low-carbon energy consumption

Chile

Sourcing method

Unbundled procurement of energy attribute certificates (EACs)

Energy carrier

Electricity

Low-carbon technology type

Large hydropower (>25 MW)

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

10,387

Tracking instrument used

I-REC

Country/area of origin (generation) of the low-carbon energy or energy attribute

Chile

Are you able to report the commissioning or re-powering year of the energy generation facility?

Yes

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

1959

Comment

Our factory in Chile covered 100% of its electricity consumed in 2022 by I-RECs. Respective renewable electricity was generated by hydro technology from several generation facilities. Across BAT Procurement departments of respective sites hold contracts with utilities or suppliers of such electricity. The copies of corresponding certificates and/or other contractual documents for the reporting units claiming to purchase low carbon electricity are collected via our on-line environmental reporting system.

Country/area of low-carbon energy consumption

Chile

Sourcing method

Unbundled procurement of energy attribute certificates (EACs)

Energy carrier

Electricity

Low-carbon technology type

Solar

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

2,616

Tracking instrument used

I-REC

Country/area of origin (generation) of the low-carbon energy or energy attribute

Chile

Are you able to report the commissioning or re-powering year of the energy generation facility?

Yes

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

2020

Comment

Our green leaf threshing plants, offices and warehousing facilities in Chile covered 100% of their electricity consumed in 2022 by I-RECs. Respective renewable electricity was generated by solar technology. Across BAT Procurement departments of respective sites hold contracts with utilities or suppliers of such electricity. The copies of corresponding certificates and/or other contractual documents for the reporting units claiming to purchase low carbon electricity are collected via our on-line environmental reporting system.

Country/area of low-carbon energy consumption

Colombia

Sourcing method

Unbundled procurement of energy attribute certificates (EACs)

Energy carrier

Electricity

Low-carbon technology type

Hydropower (capacity unknown)

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

522

Tracking instrument used

I-REC

Country/area of origin (generation) of the low-carbon energy or energy attribute

Colombia

Are you able to report the commissioning or re-powering year of the energy generation facility?

Yes

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

1992

Comment

Our organization in Colombia comprising Head offices and several other offices and warehousing facilities across the country covered 100% of its electricity consumed in 2022 by I-RECs. Respective renewable electricity was generated from hydro technology. The organization started sourcing renewable electricity in 2022. Across BAT Procurement departments of respective sites hold contracts with utilities or suppliers of such electricity. The copies of corresponding certificates and/or other contractual documents for the reporting units claiming to purchase low carbon electricity are collected via our on-line environmental reporting system.

Country/area of low-carbon energy consumption

Croatia

Sourcing method

Retail supply contract with an electricity supplier (retail green electricity)

Energy carrier

Electricity

Low-carbon technology type

Renewable energy mix, please specify

Solar, Wind, Hydropower

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

14,805

Tracking instrument used

Other, please specify

ZelEn Certificate

Country/area of origin (generation) of the low-carbon energy or energy attribute

Croatia

Are you able to report the commissioning or re-powering year of the energy generation facility?

No

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

Comment

Our factory in Croatia consumes 100% renewable electricity that is backed-up by ZelEn certificates and purchased under green tariff. The electricity represents renewable energy mix and is generated from a number of technologies, including solar, wind and hydro. Across BAT Procurement departments of respective sites hold contracts with utilities or suppliers of such electricity. The copies of corresponding certificates and/or other contractual documents for the reporting units claiming to purchase low carbon electricity are collected via our on-line environmental reporting system.

Country/area of low-carbon energy consumption

Croatia

Sourcing method

Retail supply contract with an electricity supplier (retail green electricity)

Energy carrier

Electricity

Low-carbon technology type

Hydropower (capacity unknown)

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

3,918

Tracking instrument used

Other, please specify

ZelEn Certificate

Country/area of origin (generation) of the low-carbon energy or energy attribute

Croatia

Are you able to report the commissioning or re-powering year of the energy generation facility?

No

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

Comment

Our green leaf threshing plant and several offices across Croatia consume renewable electricity that is backed-up by ZelEn certificates and purchased under green tariff. Renewable attributes cover 100% of electricity consumption by green leaf threshing plant and 5% of electricity consumption by office locations. The electricity is generated

with Hydro technology. Across BAT Procurement departments of respective sites hold contracts with utilities or suppliers of such electricity. The copies of corresponding certificates and/or other contractual documents for the reporting units claiming to purchase low carbon electricity are collected via our on-line environmental reporting system.

Country/area of low-carbon energy consumption

Germany

Sourcing method

Retail supply contract with an electricity supplier (retail green electricity)

Energy carrier

Electricity

Low-carbon technology type

Renewable energy mix, please specify

Solar, Wind, Hydropower

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

8,336

Tracking instrument used

Contract

Country/area of origin (generation) of the low-carbon energy or energy attribute

Germany

Are you able to report the commissioning or re-powering year of the energy generation facility?

No

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

Comment

Our factory, retail and several offices across Germany consume 100% renewable electricity that is sold under green tariff. The electricity represents renewable energy mix and is generated from a number of technologies, including solar, wind and hydro. Across BAT Procurement departments of respective sites hold contracts with utilities or suppliers of such electricity. The copies of corresponding certificates and/or other contractual documents for the reporting units claiming to purchase low carbon electricity are collected via our on-line environmental reporting system.

Country/area of low-carbon energy consumption

Honduras

Sourcing method

Unbundled procurement of energy attribute certificates (EACs)

Energy carrier

Electricity

Low-carbon technology type

Solar

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

3,621

Tracking instrument used

I-REC

Country/area of origin (generation) of the low-carbon energy or energy attribute

Honduras

Are you able to report the commissioning or re-powering year of the energy generation facility?

Yes

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

2015

Comment

Our factory in Honduras covered 100% of its electricity consumed in 2022 by I-RECs. Respective renewable electricity was generated from solar technology. The factory started sourcing renewable electricity in 2022. Across BAT Procurement departments of respective sites hold contracts with utilities or suppliers of such electricity. The copies of corresponding certificates and/or other contractual documents for the reporting units claiming to purchase low carbon electricity are collected via our on-line environmental reporting system.

Country/area of low-carbon energy consumption

Hungary

Sourcing method

Retail supply contract with an electricity supplier (retail green electricity)

Energy carrier

Electricity

Low-carbon technology type

Renewable energy mix, please specify

Hydropower, Solar

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

12,330

Tracking instrument used

Contract

Country/area of origin (generation) of the low-carbon energy or energy attribute

Czechia

Are you able to report the commissioning or re-powering year of the energy generation facility?

Yes

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

2001

Comment

Our 3 factories in Hungary making a range of tobacco and modern oral products consume 100% renewable electricity that is sold under green tariff. The electricity represents renewable energy mix and is generated from a number of technologies, including solar and hydro, at several facilities in Czech Republic and Slovakia (2001 Solenicze CZ, 2004 Vyssi Brod CZ, 2011 Kosice SK, 2012 Kamyk and Vltavou CZ). Across BAT Procurement departments of respective sites hold contracts with utilities or suppliers of such electricity. The copies of corresponding certificates and/or other contractual documents for the reporting units claiming to purchase low carbon electricity are collected via our on-line environmental reporting system.

Country/area of low-carbon energy consumption

Italy

Sourcing method

Retail supply contract with an electricity supplier (retail green electricity)

Energy carrier

Electricity

Low-carbon technology type

Renewable energy mix, please specify

Solar, Wind, Hydropower

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

714

Tracking instrument used

GO

Country/area of origin (generation) of the low-carbon energy or energy attribute

Italy

Are you able to report the commissioning or re-powering year of the energy generation facility?

No

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

Comment

Our offices and warehousing facilities across Italy consume 100% renewable electricity that is purchased under green tariff. The electricity represents renewable energy mix and is generated from a number of technologies, including solar, wind and hydro. Across BAT Procurement departments of respective sites hold contracts with utilities or suppliers of such electricity. The copies of corresponding certificates and/or other contractual documents for the reporting units claiming to purchase low carbon electricity are collected via our on-line environmental reporting system.

Country/area of low-carbon energy consumption

Japan

Sourcing method

Unbundled procurement of energy attribute certificates (EACs)

Energy carrier

Electricity

Low-carbon technology type

Sustainable biomass

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

399

Tracking instrument used

NFC – Renewable

Country/area of origin (generation) of the low-carbon energy or energy attribute

Japan

Are you able to report the commissioning or re-powering year of the energy generation facility?

Yes

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

2004

Comment

Our offices in Japan covered 100% of its electricity consumption in 2022 by renewable electricity certificates issued under one of the national schemes. Respective renewable electricity was generated from sustainable biomass. Across BAT Procurement departments of respective sites hold contracts with utilities or suppliers of such electricity. The copies of corresponding certificates and/or other contractual documents for the reporting units claiming to purchase low carbon electricity are collected via our on-line environmental reporting system.

Country/area of low-carbon energy consumption

Jordan

Sourcing method

Unbundled procurement of energy attribute certificates (EACs)

Energy carrier

Electricity

Low-carbon technology type

Solar

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

1,838

Tracking instrument used

I-REC

Country/area of origin (generation) of the low-carbon energy or energy attribute

Jordan

Are you able to report the commissioning or re-powering year of the energy generation facility?

Yes

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

2018

Comment

Our factory and offices in Jordan covered 100% of the electricity consumed in 2022 by I-RECs. Respective renewable electricity was generated by solar technology. Across BAT Procurement departments of respective sites hold contracts with utilities or suppliers of such electricity. The copies of corresponding certificates and/or other contractual documents for the reporting units claiming to purchase low carbon electricity are collected via our on-line environmental reporting system.

Country/area of low-carbon energy consumption

Malaysia

Sourcing method

Unbundled procurement of energy attribute certificates (EACs)

Energy carrier

Electricity

Low-carbon technology type

Large hydropower (>25 MW)

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

480

Tracking instrument used

I-REC

Country/area of origin (generation) of the low-carbon energy or energy attribute

Malaysia

Are you able to report the commissioning or re-powering year of the energy generation facility?

Yes

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

2014

Comment

Our head office in Malaysia covered part of its electricity consumed in 2022 with I-RECs. Respective renewable electricity was generated by Hydro technology. Across BAT

Procurement departments of respective sites hold contracts with utilities or suppliers of such electricity. The copies of corresponding certificates and/or other contractual documents for the reporting units claiming to purchase low carbon electricity are collected via our on-line environmental reporting system.

Country/area of low-carbon energy consumption

Mexico

Sourcing method

Unbundled procurement of energy attribute certificates (EACs)

Energy carrier

Electricity

Low-carbon technology type

Solar

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

3,502

Tracking instrument used

I-REC

Country/area of origin (generation) of the low-carbon energy or energy attribute

Mexico

Are you able to report the commissioning or re-powering year of the energy generation facility?

Yes

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

2022

Comment

Our head offices and several offices and warehousing facilities across Mexico covered 100% of electricity consumed in 2022 by I-RECs. Respective renewable electricity was generated with solar technology. Across BAT Procurement departments of respective sites hold contracts with utilities or suppliers of such electricity. The copies of corresponding certificates and/or other contractual documents for the reporting units claiming to purchase low carbon electricity are collected via our on-line environmental reporting system.

Country/area of low-carbon energy consumption

Mexico

Sourcing method

Unbundled procurement of energy attribute certificates (EACs)

Energy carrier

Electricity

Low-carbon technology type

Solar

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

31,754

Tracking instrument used

I-REC

Country/area of origin (generation) of the low-carbon energy or energy attribute

Mexico

Are you able to report the commissioning or re-powering year of the energy generation facility?

Yes

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

2020

Comment

Our factory and green leaf threshing plant in Mexico covered 100% of electricity consumed in 2022 by I-RECs. Respective renewable electricity was generated with solar technology. Across BAT Procurement departments of respective sites hold contracts with utilities or suppliers of such electricity. The copies of corresponding certificates and/or other contractual documents for the reporting units claiming to purchase low carbon electricity are collected via our on-line environmental reporting system.

Country/area of low-carbon energy consumption

Netherlands

Sourcing method

Retail supply contract with an electricity supplier (retail green electricity)

Energy carrier

Electricity

Low-carbon technology type

Wind

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

3,919

Tracking instrument used

GO

Country/area of origin (generation) of the low-carbon energy or energy attribute

Netherlands

Are you able to report the commissioning or re-powering year of the energy generation facility?

No

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

Comment

Our factory and offices in the Netherlands consume renewable electricity generated with wind technology to cover 100% of electricity needs in 2022. Across BAT Procurement departments of respective sites hold contracts with utilities or suppliers of such electricity. The copies of corresponding certificates and/or other contractual documents for the reporting units claiming to purchase low carbon electricity are collected via our on-line environmental reporting system.

Country/area of low-carbon energy consumption

Pakistan

Sourcing method

Unbundled procurement of energy attribute certificates (EACs)

Energy carrier

Electricity

Low-carbon technology type

Solar

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

1,687

Tracking instrument used

I-REC

Country/area of origin (generation) of the low-carbon energy or energy attribute

Pakistan

Are you able to report the commissioning or re-powering year of the energy generation facility?

Yes

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

2019

Comment

Our facility in Pakistan producing modern oral across covered its electricity consumed in 2022 by I-RECs. Respective renewable electricity was generated with solar technology. The facility commenced renewable electricity sourcing from 2022 reporting year. Across BAT Procurement departments of respective sites hold contracts with utilities or suppliers of such electricity. The copies of corresponding certificates and/or other contractual documents for the reporting units claiming to purchase low carbon electricity are collected via our on-line environmental reporting system.

Country/area of low-carbon energy consumption

Poland

Sourcing method

Retail supply contract with an electricity supplier (retail green electricity)

Energy carrier

Electricity

Low-carbon technology type

Wind

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

47,137

Tracking instrument used

GO

Country/area of origin (generation) of the low-carbon energy or energy attribute

Poland

Are you able to report the commissioning or re-powering year of the energy generation facility?

Yes

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

2010

Comment

Our 2 factories in Poland consume 100% renewable electricity that is purchased under green tariff. The electricity is generated using wind technology at several facilities across Poland (Chotów - 2010, Gostyczyna - 2012, Broniewek - 2014, Staniew, Nasiegniewo, Wojnowice - 2015, Kłoda, Zabłocie, Żukowice - 2020). Across BAT Procurement departments of respective sites hold contracts with utilities or suppliers of such electricity. The copies of corresponding certificates and/or other contractual documents for the reporting units claiming to purchase low carbon electricity are collected via our on-line environmental reporting system. multiple windmill onshore power plants.

Country/area of low-carbon energy consumption

Romania

Sourcing method

Retail supply contract with an electricity supplier (retail green electricity)

Energy carrier

Electricity

Low-carbon technology type

Renewable energy mix, please specify

Solar, Wind, Hydropower, Thermal, Biomass

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

38,895

Tracking instrument used

GO

Country/area of origin (generation) of the low-carbon energy or energy attribute

Romania

Are you able to report the commissioning or re-powering year of the energy generation facility?

No

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

Comment

Our factory in Romania consumes 100% renewable electricity that is purchased under green tariff. The electricity represents renewable energy mix and is generated from a number of technologies, including solar, wind, hydro and biomass at several facilities in Romania. Across BAT Procurement departments of respective sites hold contracts with utilities or suppliers of such electricity. The copies of corresponding certificates and/or other contractual documents for the reporting units claiming to purchase low carbon electricity are collected via our on-line environmental reporting system.

Country/area of low-carbon energy consumption

Russian Federation

Sourcing method

Project-specific contract with an electricity supplier

Energy carrier

Electricity

Low-carbon technology type

Wind

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

24,746

Tracking instrument used

Contract

Country/area of origin (generation) of the low-carbon energy or energy attribute

Russian Federation

Are you able to report the commissioning or re-powering year of the energy generation facility?

Yes

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

2011

Comment

Our factory in Russia Saint Petersburg has covered 100% of its electricity consumption by renewable energy attributes. A contract with a company operating a wind farm has been concluded to cover 59% of the factory's electricity needs. The rest electricity consumption is covered through I-RECs. Across BAT Procurement departments of respective sites hold contracts with utilities or suppliers of such electricity. The copies of corresponding certificates and/or other contractual documents for the reporting units

claiming to purchase low carbon electricity are collected via our on-line environmental reporting system.

Country/area of low-carbon energy consumption

Russian Federation

Sourcing method

Unbundled procurement of energy attribute certificates (EACs)

Energy carrier

Electricity

Low-carbon technology type

Large hydropower (>25 MW)

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

10,000

Tracking instrument used

I-REC

Country/area of origin (generation) of the low-carbon energy or energy attribute

Russian Federation

Are you able to report the commissioning or re-powering year of the energy generation facility?

Yes

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

1959

Comment

Our factory in Russia Saint Petersburg covered 100% of its electricity consumed in 2022 by renewable energy attributes. 30% of this electricity is covered by I-RECs for electricity generated with Large Hydro technology at 2 generation facilities. The rest electricity consumption is covered by project-specific contract and I-RECs for electricity generated with solar technology. Across BAT Procurement departments of respective sites hold contracts with utilities or suppliers of such electricity. The copies of corresponding certificates and/or other contractual documents for the reporting units claiming to purchase low carbon electricity are collected via our on-line environmental reporting system.

Country/area of low-carbon energy consumption

Russian Federation

Sourcing method

Unbundled procurement of energy attribute certificates (EACs)

Energy carrier

Electricity

Low-carbon technology type

Large hydropower (>25 MW)

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

2,796

Tracking instrument used

I-REC

Country/area of origin (generation) of the low-carbon energy or energy attribute

Russian Federation

Are you able to report the commissioning or re-powering year of the energy generation facility?

Yes

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

2004

Comment

Our factory in Russia Saint Petersburg covered 100% of its electricity consumed in 2022 by renewable energy attributes. 30% of this electricity is covered by I-RECs for electricity generated with Large Hydro technology at 2 generation facilities. The rest electricity consumption is covered by project-specific contract and I-RECs for electricity generated with solar technology. Across BAT Procurement departments of respective sites hold contracts with utilities or suppliers of such electricity. The copies of corresponding certificates and/or other contractual documents for the reporting units claiming to purchase low carbon electricity are collected via our on-line environmental reporting system.

Country/area of low-carbon energy consumption

Russian Federation

Sourcing method

Unbundled procurement of energy attribute certificates (EACs)

Energy carrier

Electricity

Low-carbon technology type

Solar

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

5,323

Tracking instrument used

I-REC

Country/area of origin (generation) of the low-carbon energy or energy attribute

Russian Federation

Are you able to report the commissioning or re-powering year of the energy generation facility?

Yes

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

2019

Comment

Our factory in Russia Saint Petersburg and a facility in Russia Saratov covered 100% of its electricity consumed in 2022 by renewable energy attributes. 11% of electricity consumption of Saint Petersburg factory and 100% of electricity consumption of Saratov facility are covered by I-RECs for electricity generated with Solar technology at 1 facility. The rest electricity consumption is covered by project-specific contract. Across BAT Procurement departments of respective sites hold contracts with utilities or suppliers of such electricity. The copies of corresponding certificates and/or other contractual documents for the reporting units claiming to purchase low carbon electricity are collected via our on-line environmental reporting system.

Country/area of low-carbon energy consumption

Serbia

Sourcing method

Retail supply contract with an electricity supplier (retail green electricity)

Energy carrier

Electricity

Low-carbon technology type

Large hydropower (>25 MW)

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

3,651

Tracking instrument used

GO

Country/area of origin (generation) of the low-carbon energy or energy attribute

Serbia

Are you able to report the commissioning or re-powering year of the energy generation facility?

Yes

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

1970

Comment

Our factory in Serbia consumes 100% renewable electricity that is purchased under green tariff. The electricity is generated using hydro technology. Across BAT Procurement departments of respective sites hold contracts with utilities or suppliers of such electricity. The copies of corresponding certificates and/or other contractual documents for the reporting units claiming to purchase low carbon electricity are collected via our on-line environmental reporting system. multiple windmill onshore power plants

Country/area of low-carbon energy consumption

South Africa

Sourcing method

Unbundled procurement of energy attribute certificates (EACs)

Energy carrier

Electricity

Low-carbon technology type

Sustainable biomass

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

11,242

Tracking instrument used

I-REC

Country/area of origin (generation) of the low-carbon energy or energy attribute

South Africa

Are you able to report the commissioning or re-powering year of the energy generation facility?

Yes

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

1992

Comment

Our factory in South Africa covered 100% of its electricity consumed in 2022 with I-RECs. 71% of respective renewable electricity was generated by sustainable biomass combustion technology, while 29% - by solar technology. Across BAT Procurement departments of respective sites hold contracts with utilities or suppliers of such electricity. The copies of corresponding certificates and/or other contractual documents for the reporting units claiming to purchase low carbon electricity are collected via our on-line environmental reporting system.

Country/area of low-carbon energy consumption

South Africa

Sourcing method

Unbundled procurement of energy attribute certificates (EACs)

Energy carrier

Electricity

Low-carbon technology type

Solar

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

4,530

Tracking instrument used

I-REC

Country/area of origin (generation) of the low-carbon energy or energy attribute

South Africa

Are you able to report the commissioning or re-powering year of the energy generation facility?

Yes

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

2014

Comment

Our factory in South Africa covered 100% of its electricity consumed in 2022 with I-RECs. 71% of respective renewable electricity was generated by sustainable biomass combustion technology, while 29% - by solar technology. Across BAT Procurement departments of respective sites hold contracts with utilities or suppliers of such electricity. The copies of corresponding certificates and/or other contractual documents for the reporting units claiming to purchase low carbon electricity are collected via our on-line environmental reporting system.

Country/area of low-carbon energy consumption

Sri Lanka

Sourcing method

Unbundled procurement of energy attribute certificates (EACs)

Energy carrier

Electricity

Low-carbon technology type

Small hydropower (<25 MW)

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

4,844

Tracking instrument used

I-REC

Country/area of origin (generation) of the low-carbon energy or energy attribute

Sri Lanka

Are you able to report the commissioning or re-powering year of the energy generation facility?

Yes

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

2016

Comment

Our factory, offices green leaf threshing plant and other leaf operations facilities covered 100% of electricity consumed in 2022 by I-RECs. Respective renewable electricity was

generated by run of river (small hydro) technology. Across BAT Procurement departments of respective sites hold contracts with utilities or suppliers of such electricity. The copies of corresponding certificates and/or other contractual documents for the reporting units claiming to purchase low carbon electricity are collected via our on-line environmental reporting system.

Country/area of low-carbon energy consumption

Sweden

Sourcing method

Retail supply contract with an electricity supplier (retail green electricity)

Energy carrier

Electricity

Low-carbon technology type

Hydropower (capacity unknown)

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

4,069

Tracking instrument used

GO

Country/area of origin (generation) of the low-carbon energy or energy attribute

Sweden

Are you able to report the commissioning or re-powering year of the energy generation facility?

No

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

Comment

Our factory in Sweden consumes 100% renewable electricity that is purchased under green tariff. The electricity is generated using hydro technology. Across BAT Procurement departments of respective sites hold contracts with utilities or suppliers of such electricity. The copies of corresponding certificates and/or other contractual documents for the reporting units claiming to purchase low carbon electricity are collected via our on-line environmental reporting system. multiple windmill onshore power plants.

Country/area of low-carbon energy consumption

Switzerland

Sourcing method

Retail supply contract with an electricity supplier (retail green electricity)

Energy carrier

Electricity

Low-carbon technology type

Large hydropower (>25 MW)

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

6,624

Tracking instrument used

GO

Country/area of origin (generation) of the low-carbon energy or energy attribute

Italy

Are you able to report the commissioning or re-powering year of the energy generation facility?

Yes

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

2004

Comment

Our factory in Switzerland consumes renewable electricity that is by 100% backed-up by GoOs under the contract. Renewable technology used for energy generation is hydro. Across BAT Procurement departments of respective sites hold contracts with utilities or suppliers of such electricity. The copies of corresponding certificates and/or other contractual documents for the reporting units claiming to purchase low carbon electricity are collected via our on-line environmental reporting system.

Country/area of low-carbon energy consumption

Switzerland

Sourcing method

Retail supply contract with an electricity supplier (retail green electricity)

Energy carrier

Electricity

Low-carbon technology type

Renewable energy mix, please specify

Solar, Wind, Hydropower, Thermal, Biomass, Waste

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

80

Tracking instrument used

Contract

Country/area of origin (generation) of the low-carbon energy or energy attribute

Switzerland

Are you able to report the commissioning or re-powering year of the energy generation facility?

Yes

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

2020

Comment

Our offices in Switzerland consume 100% renewable electricity (mix from 90% hydro and 10% of wind and solar) under green tariff. Across BAT Procurement departments of respective sites hold contracts with utilities or suppliers of such electricity. The copies of corresponding certificates and/or other contractual documents for the reporting units claiming to purchase low carbon electricity are collected via our on-line environmental reporting system.

Country/area of low-carbon energy consumption

Turkey

Sourcing method

Unbundled procurement of energy attribute certificates (EACs)

Energy carrier

Electricity

Low-carbon technology type

Hydropower (capacity unknown)

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

13,837

Tracking instrument used

I-REC

Country/area of origin (generation) of the low-carbon energy or energy attribute

Turkey

Are you able to report the commissioning or re-powering year of the energy generation facility?

Yes

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

2009

Comment

Our factory, offices and warehousing facilities in Turkey covered 100% of electricity consumption in 2022 by I-RECs. Respective renewable electricity was generated by hydro technology. Across BAT Procurement departments of respective sites hold contracts with utilities or suppliers of such electricity. The copies of corresponding certificates and/or other contractual documents for the reporting units claiming to purchase low carbon electricity are collected via our on-line environmental reporting system.

Country/area of low-carbon energy consumption

United Arab Emirates

Sourcing method

Unbundled procurement of energy attribute certificates (EACs)

Energy carrier

Electricity

Low-carbon technology type

Solar

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

475

Tracking instrument used

I-REC

Country/area of origin (generation) of the low-carbon energy or energy attribute

United Arab Emirates

Are you able to report the commissioning or re-powering year of the energy generation facility?

Yes

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

2017

Comment

Our office in UAE, Dubai covered 100% of its electricity consumed in 2022 with I-RECs. Respective renewable electricity was generated by solar technology. Across BAT Procurement departments of respective sites hold contracts with utilities or suppliers of such electricity. The copies of corresponding certificates and/or other contractual documents for the reporting units claiming to purchase low carbon electricity are collected via our on-line environmental reporting system.

Country/area of low-carbon energy consumption

United Kingdom of Great Britain and Northern Ireland

Sourcing method

Retail supply contract with an electricity supplier (retail green electricity)

Energy carrier

Electricity

Low-carbon technology type

Renewable energy mix, please specify

Solar, Wind, Hydropower, Thermal, Biomass, Waste

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

14,873

Tracking instrument used

REGO

Country/area of origin (generation) of the low-carbon energy or energy attribute

United Kingdom of Great Britain and Northern Ireland

Are you able to report the commissioning or re-powering year of the energy generation facility?

No

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

Comment

Our Head office and R&D facility in UK consume renewable electricity (renewable energy mix with major component coming from wind energy and the rest - form solar, hydro, waste and biomass) that in backed-up by REGO certificates and is supplied under green tariff. Across BAT Procurement departments of respective sites hold contracts with utilities or suppliers of such electricity. The copies of corresponding certificates and/or other contractual documents for the reporting units claiming to purchase low carbon electricity are collected via our on-line environmental reporting system.

Country/area of low-carbon energy consumption

United Kingdom of Great Britain and Northern Ireland

Sourcing method

Retail supply contract with an electricity supplier (retail green electricity)

Energy carrier

Electricity

Low-carbon technology type

Wind

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

247

Tracking instrument used

REGO

Country/area of origin (generation) of the low-carbon energy or energy attribute

United Kingdom of Great Britain and Northern Ireland

Are you able to report the commissioning or re-powering year of the energy generation facility?

No

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

Comment

Our offices in UK consume 100% renewable electricity supplied under the green tariff. The technology used for this electricity generation is wind. Across BAT Procurement departments of respective sites hold contracts with utilities or suppliers of such electricity. The copies of corresponding certificates and/or other contractual documents for the reporting units claiming to purchase low carbon electricity are collected via our on-line environmental reporting system.

Country/area of low-carbon energy consumption

United States of America

Sourcing method

Unbundled procurement of energy attribute certificates (EACs)

Energy carrier

Electricity

Low-carbon technology type

Large hydropower (>25 MW)

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

51,343

Tracking instrument used

US-REC

Country/area of origin (generation) of the low-carbon energy or energy attribute

Canada

Are you able to report the commissioning or re-powering year of the energy generation facility?

Yes

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

1965

Comment

Seven of our factories and an R&D facility in the US covered 100% of their electricity consumption in 2022 by US -RECs. 23% of such electricity is generated with large hydro technology in 1 facility in Canada. Across BAT Procurement departments of respective sites hold contracts with utilities or suppliers of such electricity. The copies of corresponding certificates and/or other contractual documents for the reporting units claiming to purchase low carbon electricity are collected via our on-line environmental reporting system.

Country/area of low-carbon energy consumption

United States of America

Sourcing method

Unbundled procurement of energy attribute certificates (EACs)

Energy carrier

Electricity

Low-carbon technology type

Large hydropower (>25 MW)

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

11,849

Tracking instrument used

US-REC

Country/area of origin (generation) of the low-carbon energy or energy attribute

United States of America

Are you able to report the commissioning or re-powering year of the energy generation facility?

Yes

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

1964

Comment

Seven of our factories and an R&D facility in the US covered 100% of their electricity consumption in 2022 by US -RECs. 17% of such electricity is generated with large hydro technology in 2 generation facilities in US. Across BAT Procurement departments of respective sites hold contracts with utilities or suppliers of such electricity. The copies of corresponding certificates and/or other contractual documents for the reporting units claiming to purchase low carbon electricity are collected via our on-line environmental reporting system.

Country/area of low-carbon energy consumption

United States of America

Sourcing method

Unbundled procurement of energy attribute certificates (EACs)

Energy carrier

Electricity

Low-carbon technology type

Large hydropower (>25 MW)

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

25,711

Tracking instrument used

US-REC

Country/area of origin (generation) of the low-carbon energy or energy attribute

United States of America

Are you able to report the commissioning or re-powering year of the energy generation facility?

Yes

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

1925

Comment

Seven of our factories and an R&D facility in the US covered 100% of their electricity consumption in 2022 by US -RECs. 17% of such electricity is generated with large hydro technology in 2 generation facilities in US. Across BAT Procurement departments of respective sites hold contracts with utilities or suppliers of such electricity. The copies of corresponding certificates and/or other contractual documents for the reporting units claiming to purchase low carbon electricity are collected via our on-line environmental reporting system.

Country/area of low-carbon energy consumption

United States of America

Sourcing method

Unbundled procurement of energy attribute certificates (EACs)

Energy carrier

Electricity

Low-carbon technology type

Small hydropower (<25 MW)

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

4,335

Tracking instrument used

US-REC

Country/area of origin (generation) of the low-carbon energy or energy attribute

United States of America

Are you able to report the commissioning or re-powering year of the energy generation facility?

Yes

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

1940

Comment

Seven of our factories and an R&D facility in the US covered 100% of their electricity consumption in 2022 by US -RECs. 2% of such electricity is generated with small Hydro technology at 1 generation facility in US. Across BAT Procurement departments of respective sites hold contracts with utilities or suppliers of such electricity. The copies of corresponding certificates and/or other contractual documents for the reporting units claiming to purchase low carbon electricity are collected via our on-line environmental reporting system.

Country/area of low-carbon energy consumption

United States of America

Sourcing method

Unbundled procurement of energy attribute certificates (EACs)

Energy carrier

Electricity

Low-carbon technology type

Sustainable biomass

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

50,582

Tracking instrument used

US-REC

Country/area of origin (generation) of the low-carbon energy or energy attribute

United States of America

Are you able to report the commissioning or re-powering year of the energy generation facility?

Yes

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

2013

Comment

Seven of our factories and an R&D facility in the US covered 100% of their electricity consumption in 2022 by US -RECs. 58% of such electricity is generated with sustainable biomass combustion technology at 4 generation facilities in US. Across BAT Procurement departments of respective sites hold contracts with utilities or suppliers of such electricity. The copies of corresponding certificates and/or other contractual documents for the reporting units claiming to purchase low carbon electricity are collected via our on-line environmental reporting system.

Country/area of low-carbon energy consumption

United States of America

Sourcing method

Unbundled procurement of energy attribute certificates (EACs)

Energy carrier

Electricity

Low-carbon technology type

Sustainable biomass

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

10,758

Tracking instrument used

US-REC

Country/area of origin (generation) of the low-carbon energy or energy attribute

United States of America

Are you able to report the commissioning or re-powering year of the energy generation facility?

Yes

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

2010

Comment

Seven of our factories and an R&D facility in the US covered 100% of their electricity consumption in 2022 by US -RECs. 58% of such electricity is generated with sustainable biomass combustion technology at 4 generation facilities in US. Across BAT Procurement departments of respective sites hold contracts with utilities or suppliers of such electricity. The copies of corresponding certificates and/or other contractual

documents for the reporting units claiming to purchase low carbon electricity are collected via our on-line environmental reporting system.

Country/area of low-carbon energy consumption

United States of America

Sourcing method

Unbundled procurement of energy attribute certificates (EACs)

Energy carrier

Electricity

Low-carbon technology type

Sustainable biomass

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

61,112

Tracking instrument used

US-REC

Country/area of origin (generation) of the low-carbon energy or energy attribute

United States of America

Are you able to report the commissioning or re-powering year of the energy generation facility?

Yes

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

2009

Comment

Seven of our factories and an R&D facility in the US covered 100% of their electricity consumption in 2022 by US -RECs. 58% of such electricity is generated with sustainable biomass combustion technology at 4 generation facilities in US. Across BAT Procurement departments of respective sites hold contracts with utilities or suppliers of such electricity. The copies of corresponding certificates and/or other contractual documents for the reporting units claiming to purchase low carbon electricity are collected via our on-line environmental reporting system.

Country/area of low-carbon energy consumption

United States of America

Sourcing method

Unbundled procurement of energy attribute certificates (EACs)

Energy carrier

Electricity

Low-carbon technology type

Sustainable biomass

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

3,898

Tracking instrument used

US-REC

Country/area of origin (generation) of the low-carbon energy or energy attribute

United States of America

Are you able to report the commissioning or re-powering year of the energy generation facility?

Yes

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

2008

Comment

Seven of our factories and an R&D facility in the US covered 100% of their electricity consumption in 2022 by US -RECs. 58% of such electricity is generated with sustainable biomass combustion technology at 4 generation facilities in US. Across BAT Procurement departments of respective sites hold contracts with utilities or suppliers of such electricity. The copies of corresponding certificates and/or other contractual documents for the reporting units claiming to purchase low carbon electricity are collected via our on-line environmental reporting system.

C8.2g

(C8.2g) Provide a breakdown by country/area of your non-fuel energy consumption in the reporting year.

Country/area

United States of America

Consumption of purchased electricity (MWh)

247,114

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

247,114

Country/area

Brazil

Consumption of purchased electricity (MWh)

88,396

Consumption of self-generated electricity (MWh)

475

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

88,871

Country/area

Bangladesh

Consumption of purchased electricity (MWh)

58,458

Consumption of self-generated electricity (MWh)

162

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

58,620

Country/area

Poland

Consumption of purchased electricity (MWh)

48,134

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

48,134

Country/area

Russian Federation

Consumption of purchased electricity (MWh)

43,866

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

43,866

Country/area

Nigeria

Consumption of purchased electricity (MWh)

1,801

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

1,801

Country/area

Turkey

Consumption of purchased electricity (MWh)

13,837

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

13,837

Country/area

Mexico

Consumption of purchased electricity (MWh)

35,257

Consumption of self-generated electricity (MWh)

142

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

35,399

Country/area

Pakistan

Consumption of purchased electricity (MWh)

29,286

Consumption of self-generated electricity (MWh)

4,001

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

33,287

Country/area

Romania

Consumption of purchased electricity (MWh)

41,949

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

41,949

Country/area

South Africa

Consumption of purchased electricity (MWh)

19,118

Consumption of self-generated electricity (MWh)

1,735

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

20,853

Country/area

Croatia

Consumption of purchased electricity (MWh)

19,236

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

19,236

Country/area

Germany

Consumption of purchased electricity (MWh)

8,336

Consumption of self-generated electricity (MWh)

770

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

9,106

Country/area

Indonesia

Consumption of purchased electricity (MWh)

20,729

Consumption of self-generated electricity (MWh)

3

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

20,732

Country/area

Chile

Consumption of purchased electricity (MWh)

13,973

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

13,973

Country/area
Uzbekistan

Consumption of purchased electricity (MWh)
12,422

Consumption of self-generated electricity (MWh)
213

Consumption of purchased heat, steam, and cooling (MWh)
0

Consumption of self-generated heat, steam, and cooling (MWh)
108

Total non-fuel energy consumption (MWh) [Auto-calculated]

12,743

Country/area
United Kingdom of Great Britain and Northern Ireland

Consumption of purchased electricity (MWh)
15,167

Consumption of self-generated electricity (MWh)
0

Consumption of purchased heat, steam, and cooling (MWh)
0

Consumption of self-generated heat, steam, and cooling (MWh)
0

Total non-fuel energy consumption (MWh) [Auto-calculated]

15,167

Country/area
Kenya

Consumption of purchased electricity (MWh)
8,936

Consumption of self-generated electricity (MWh)

474

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

9,410

Country/area

Venezuela (Bolivarian Republic of)

Consumption of purchased electricity (MWh)

10,826

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

10,826

Country/area

Ukraine

Consumption of purchased electricity (MWh)

11,233

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

11,233

Country/area

Hungary

Consumption of purchased electricity (MWh)

12,394

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

4,545

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

16,939

Country/area

Argentina

Consumption of purchased electricity (MWh)

9,525

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

9,525

Country/area

Canada

Consumption of purchased electricity (MWh)

4,569

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

4,569

Country/area

Singapore

Consumption of purchased electricity (MWh)

12,273

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

12,273

Country/area

Switzerland

Consumption of purchased electricity (MWh)

6,705

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

6,705

Country/area

Sri Lanka

Consumption of purchased electricity (MWh)

4,844

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

4,844

Country/area

Viet Nam

Consumption of purchased electricity (MWh)

4,854

Consumption of self-generated electricity (MWh)

8

Consumption of purchased heat, steam, and cooling (MWh)

3,135

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

7,997

Country/area

Honduras

Consumption of purchased electricity (MWh)

4,357

Consumption of self-generated electricity (MWh)

513

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

4,870

Country/area

Sudan

Consumption of purchased electricity (MWh)

4,639

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

4,639

Country/area

Trinidad and Tobago

Consumption of purchased electricity (MWh)

5,389

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

5,389

Country/area

Netherlands

Consumption of purchased electricity (MWh)

4,043

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

213

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

4,256

Country/area

Serbia

Consumption of purchased electricity (MWh)

3,805

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

45

Total non-fuel energy consumption (MWh) [Auto-calculated]

3,850

Country/area

Saudi Arabia

Consumption of purchased electricity (MWh)

1,358

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

1,358

Country/area

Sweden

Consumption of purchased electricity (MWh)

4,126

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

23

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

4,149

Country/area

Fiji

Consumption of purchased electricity (MWh)

1,707

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

1,707

Country/area

Papua New Guinea

Consumption of purchased electricity (MWh)

658

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

658

Country/area

Algeria

Consumption of purchased electricity (MWh)

2,775

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

2,775

Country/area

Italy

Consumption of purchased electricity (MWh)

715

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

715

Country/area

Malaysia

Consumption of purchased electricity (MWh)

1,706

Consumption of self-generated electricity (MWh)

56

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

1,762

Country/area

Belarus

Consumption of purchased electricity (MWh)

177

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

177

Country/area

Bosnia & Herzegovina

Consumption of purchased electricity (MWh)

2,817

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

2

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

2,819

Country/area

Japan

Consumption of purchased electricity (MWh)

399

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

399

Country/area

Zimbabwe

Consumption of purchased electricity (MWh)

1,371

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

12

Total non-fuel energy consumption (MWh) [Auto-calculated]

1,383

Country/area

Zambia

Consumption of purchased electricity (MWh)

2,263

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

2,263

Country/area

France

Consumption of purchased electricity (MWh)

194

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

194

Country/area

Colombia

Consumption of purchased electricity (MWh)

567

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

567

Country/area

Czechia

Consumption of purchased electricity (MWh)

63

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

63

Country/area

Kazakhstan

Consumption of purchased electricity (MWh)

146

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

146

Country/area

Spain

Consumption of purchased electricity (MWh)

96

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

96

Country/area

Australia

Consumption of purchased electricity (MWh)

736

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

736

Country/area

Jordan

Consumption of purchased electricity (MWh)

1,838

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

1,838

Country/area

Mozambique

Consumption of purchased electricity (MWh)

399

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

399

Country/area

United Arab Emirates

Consumption of purchased electricity (MWh)

475

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

475

Country/area

Samoa

Consumption of purchased electricity (MWh)

207

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

207

Country/area

Paraguay

Consumption of purchased electricity (MWh)

176

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

176

Country/area

Republic of Korea

Consumption of purchased electricity (MWh)

36,400

Consumption of self-generated electricity (MWh)

191

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

36,591

Country/area

Other, please specify

Other countries with small business, not material in terms of total emissions. There are BAT units in 30 countries, that in total give less than 3.7% of total Scope 1 and 2 Market-based emissions (less than 1.6% of non-fuel energy consumption).

Consumption of purchased electricity (MWh)

14,485

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

6

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

14,491

C9. Additional metrics

C9.1

(C9.1) Provide any additional climate-related metrics relevant to your business.

Description

Other, please specify

% farmers' sustainable wood fuel sources

Metric value

99.99

Metric numerator

n/a

Metric denominator (intensity metric only)

n/a

% change from previous year

0.1

Direction of change

Increased

Please explain

BAT tobacco supply chain represents 1/3 of total scope 3 emissions, mainly attributed to the curing process of flue cured tobacco, although also included are other activities performed in the field such as crop inputs application, transport and mechanization. One of the most representative fuels used in the curing process is wood, with 99.99% coming from sustainable sources. Sustainable wood sources are defined in the BAT Biodiversity Operational Standard as: wood resources harvested legally from planted sources in such a way that does not cause any detrimental social, environmental or economic impact. This may include wood sourced from exotic species that have not been planted; and wood sourced from existing legal plantations. Considering the total volume of purchased cured tobacco, we have 83% of leaf volumes cured using renewable fuels and sustainable methods. Our Thrive Sustainable Agriculture and Farmer Livelihoods program guides and monitors the tobacco production to a more sustainable way. Through our field technician's technical visits we provide support and knowledge for farmers, encouraging them to apply more sustainable practices such as the use of recommended inputs (e.g. fertilisers, tobacco seed varieties, agrochemicals etc) and elimination of hazardous pesticides, the use of sustainable and renewable sources of fuel, no deforestation of native and natural vegetation, proper waste management, water preservation, and others. Taking all this into account BAT had a more than 10% reductions of CO2 emissions in 2021 compared to 2020.

C10. Verification

C10.1

(C10.1) Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	Third-party verification or assurance process in place

C10.1a

(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 emissions, and attach the relevant statements.

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

BAT_Annual_Report_Form_20-F_2022 (1).pdf

Page/ section reference

See attached Independent Limited Assurance report – pages – 94 to 95.

Scope 1 CO2e emissions data were in scope of Independent Limited Assurance by KPMG. Assurance was carried out in accordance with ISAE 3410. Verified figure of Scope 1 CO2e emissions is in p.94.

Relevant standard

ISAE 3410

Proportion of reported emissions verified (%)

100

C10.1b

(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 2 emissions and attach the relevant statements.

Scope 2 approach

Scope 2 location-based

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

BAT_Annual_Report_Form_20-F_2022 (1).pdf

Page/ section reference

See attached Independent Limited Assurance report, pages 94 to 95.

Scope 2 CO2e emissions data were in scope of Independent Limited Assurance by KPMG. Assurance was carried out in accordance with ISAE 3410. Verified figure of Scope 2 CO2e emissions is in p.94.

Relevant standard

ISAE 3410

Proportion of reported emissions verified (%)

100

Scope 2 approach

Scope 2 market-based

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

BAT_Annual_Report_Form_20-F_2022 (1).pdf

Page/ section reference

See attached Independent Limited Assurance report, pages 94 to 95.

Scope 2 CO2e emissions data were in scope of Independent Limited Assurance by KPMG. Assurance was carried out in accordance with ISAE 3410. Verified figure of Scope 2 CO2e emissions is in p.94.

Relevant standard

ISAE 3410

Proportion of reported emissions verified (%)

100

C10.1c

(C10.1c) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.

Scope 3 category

Scope 3: Purchased goods and services
Scope 3: Capital goods
Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2)
Scope 3: Upstream transportation and distribution

Scope 3: Waste generated in operations
Scope 3: Business travel
Scope 3: Employee commuting
Scope 3: Downstream transportation and distribution
Scope 3: Use of sold products
Scope 3: End-of-life treatment of sold products
Scope 3: Franchises

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

BAT_Annual_Report_Form_20-F_2022 (1).pdf

Page/section reference

See attached Independent Limited Assurance report, pages 94 to 95.

Scope CO2e emissions data were in scope of Independent Limited Assurance by KPMG. Assurance was carried out in accordance with ISAE 3410. Verified figure of Scope 3 CO2e emissions is in p.94.

Relevant standard

ISAE 3410

Proportion of reported emissions verified (%)

100

C10.2

(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?

Yes

C10.2a

(C10.2a) Which data points within your CDP disclosure have been verified, and which verification standards were used?

Disclosure module verification relates to	Data verified	Verification standard	Please explain

C4. Targets and performance	Energy consumption	Limited assurance ISAE3000 standard	The scope of verification (Independent limited assurance performed by KPMG) covered: total direct energy use, renewable energy consumption and, based on the above, calculation of Renewable energy as a % of total direct energy use. Verification of the data points is performed annually; scope is companywide. For full Assurance Statement - see page 94 to 95 of the attachment. Relevant figures are in page 94
C4. Targets and performance	Waste data	Limited assurance ISAE3000 standard	The scope of verification (Independent limited assurance performed by KPMG) covered: Waste generated. Verification of the data points is performed annually; scope is companywide. For full Assurance Statement - see page 94 to 95 of the attachment. Relevant figures are in page 94
C4. Targets and performance	Waste data	Limited assurance ISAE3000 standard	The scope of verification (Independent limited assurance performed by KPMG) covered: % of waste recycled. Verification of the data points is performed annually; scope is company wide. For full Assurance Statement - see page 94 to 95 of the attachment. Relevant figures are in page 94
C4. Targets and performance	Waste data	Limited assurance ISAE3000 standard	The scope of verification (Independent limited assurance performed by KPMG) covered: hazardous waste and radioactive waste generated. Verification of the data points is performed annually; scope is companywide. For full Assurance Statement - see page 94 to 95 of the attachment. Relevant figures are in page 94.

C11. Carbon pricing

C11.1

(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?

Yes

C11.1a

(C11.1a) Select the carbon pricing regulation(s) which impacts your operations.

Canada federal fuel charge

Denmark carbon tax

EU ETS
France carbon tax
Norway carbon tax
Poland carbon tax
South Africa carbon tax
Sweden carbon tax
Switzerland carbon tax
Switzerland ETS
Ukraine carbon tax
Other carbon tax, please specify
Croatia carbon tax
Other carbon tax, please specify
Belgium carbon tax

C11.1b

(C11.1b) Complete the following table for each of the emissions trading schemes you are regulated by.

EU ETS

% of Scope 1 emissions covered by the ETS

2.76

% of Scope 2 emissions covered by the ETS

0

Period start date

January 1, 2022

Period end date

December 31, 2022

Allowances allocated

1,640

Allowances purchased

4,900

Verified Scope 1 emissions in metric tons CO2e

8,394

Verified Scope 2 emissions in metric tons CO2e

0

Details of ownership

Facilities we own and operate

Comment

Our facility (cigarette factory) in Poland Augustow is under EU ETS. The scheme is applied to emissions from fuel combustion on site to generate energy, incl. natural gas (boiler house and air dryer) and oil; it doesn't cover emissions from fuel use by company vehicles. The scheme is not applicable to Scope 2 emissions.

Reported verified Scope 1 emissions for our facility in Augustow cover both emissions from fuel use on site (mostly natural gas) and in fleet vehicles. Reported verified Scope 2 emissions are as per Market-based method and are equal to 0, while the site sources 100% renewable electricity. For our factory in Augustow the last free EUA allocation for 2022 was equal to 1640 tCO2e.

EUA allowances were purchased on the market in September 2022 in the amount of 4900 tCO2e. The remaining part of 2022 emissions was covered by allowances purchased/allocated in previous years.

Switzerland ETS

% of Scope 1 emissions covered by the ETS

0.5

% of Scope 2 emissions covered by the ETS

0

Period start date

January 1, 2022

Period end date

December 31, 2022

Allowances allocated

1,787

Allowances purchased

0

Verified Scope 1 emissions in metric tons CO2e

1,491

Verified Scope 2 emissions in metric tons CO2e

0

Details of ownership

Facilities we own and operate

Comment

Our facility (cigarette factory) in Switzerland is under the Swiss ETS, which is linked to the EU ETS. The scheme is applied to emissions from fuel combustion on site for energy generation, which constitutes major part of Scope 1 emissions; it doesn't cover emissions from fuel use by company vehicles. The scheme is not applicable to Scope 2 emissions.

According to the Swiss confederation legislation, a company subject to ETS can ask the authorities to develop emissions reduction glidepath for it. Whenever company's emissions are lower than the glidepath, it is exempt from paying carbon tax for relevant equivalent amount.

The BAT factory in Switzerland entered such a scheme and committed to reduce its CO2e emissions by signing an agreement with the Swiss confederation. A glidepath had been defined for the period 2013-2020. Throughout the period, our facility had been performing better than the target, which allowed to convert the difference into tradable CO2e certificates (CHF 100 / ton) and refund carbon taxes. Later the agreement was extended to cover 2021 - 24. New glidepath was defined and agreed.

In 2022 CO2e emissions of our factory in Switzerland were below the target given by authorities (1797 tCO2e), hence no additional purchase of emissions allowance was needed.

For over the decade our factory in Switzerland implemented a range of decarbonization initiatives, such as energy saving, replacement of natural gas boiler at the warehouse for biomass fuel boiler and sourcing 100% renewable electricity, which allowed it to meet commitment to the authorities and further, subject to purchase of carbon offsets and verification as per PAS2060 standard, become carbon neutral in regards to each of the years from 2020 till 2022 (the status is to be maintained).

C11.1c

(C11.1c) Complete the following table for each of the tax systems you are regulated by.

Canada federal fuel charge

Period start date

December 1, 2021

Period end date

November 30, 2022

% of total Scope 1 emissions covered by tax

0.87

Total cost of tax paid

79,090

Comment

BAT Canada pays 1. a federal fuel charge applicable to fuel used by company vehicles used for trade marketing and 2. a federal fuel charge for natural gas used for heating in the Canadian warehouses and head office. The payment is based on the rate of average 50 CAN $/tonne of Carbon Dioxide Equivalent in 2022

Denmark carbon tax

Period start date

December 1, 2021

Period end date

November 30, 2022

% of total Scope 1 emissions covered by tax

0.09

Total cost of tax paid

60,469

Comment

Denmark Carbon Tax is applied to fuel used (diesel and petrol) by our vehicles fleet at the end market. Carbon tax is applied based on fixed rate per litre of diesel and per litre of petrol and is included in the price of fuel. In the market we have an office that uses electrical energy only and fleet vehicles for trade marketing activities.

France carbon tax

Period start date

December 1, 2021

Period end date

November 30, 2022

% of total Scope 1 emissions covered by tax

0.22

Total cost of tax paid

78,480

Comment

France Carbon Tax is applied to fuel used (diesel and petrol) by our vehicles fleet at the end market. Carbon tax is applied based on fixed rate per litre of diesel and per litre of petrol and is included in the price of fuel.

Norway carbon tax

Period start date

December 1, 2021

Period end date

November 30, 2022

% of total Scope 1 emissions covered by tax

0.02

Total cost of tax paid

8,214

Comment

Norway Carbon Tax is applied to fuel used (diesel and petrol) by our vehicles fleet at the end market. Carbon tax is applied based on fixed rate per litre of diesel and per litre of petrol and is included in the price of fuel. In the market we have an office that uses electrical energy only and fleet vehicles for trade marketing activities.

Poland carbon tax

Period start date

December 1, 2021

Period end date

November 30, 2022

% of total Scope 1 emissions covered by tax

1.48

Total cost of tax paid

1,100

Comment

Carbon Tax in Poland is applied to fuel used (diesel and petrol) by vehicles fleet in the country. Carbon tax is applied based on fixed rate per litre of diesel and per litre of petrol.
Note: Our factory in Poland Augustow is regulated by ETS, while our factory in Ostrzeszów consumes very minor amounts of fuel subject to carbon tax, thus is exempt from it.

South Africa carbon tax

Period start date

December 1, 2021

Period end date

November 30, 2022

% of total Scope 1 emissions covered by tax

2.78

Total cost of tax paid

9,382

Comment

Our factory in South Africa is subject to carbon tax as the total installed thermal capacity of the combined stationary fuel combustion equipment on site exceeds the threshold (10

MW(th)) as per Carbon Tax Act. Emissions from fuel use by vehicles fleet are not in scope of the taxation scheme.

Sweden carbon tax

Period start date

December 1, 2021

Period end date

November 30, 2022

% of total Scope 1 emissions covered by tax

0.1

Total cost of tax paid

25,278

Comment

Sweden Carbon Tax is applied to fuel used (diesel and petrol) by vehicles fleet in the country. Carbon tax is applied based on fixed rate per litre of diesel and per litre of petrol (included in the price). All Scope 1 emissions are associated with fuel use by vehicles since the only. Fuel used on site by our factory is natural gas covered by biogas certificates.

Switzerland carbon tax

Period start date

December 1, 2021

Period end date

November 30, 2022

% of total Scope 1 emissions covered by tax

0.5

Total cost of tax paid

0

Comment

Switzerland Carbon tax is applicable to natural gas and fuel oil used at our facility in Boncourt. The sum of the tax for the reporting period is 155 thousand GBP. However, due to the fact that BAT Switzerland is registered in EU ETS and relevant emissions reduction program, carbon taxes are refunded because of Scope 1 emissions from fuels used on site are significantly below (by 17%) the allowance. Thus, refunding taxes serves as a kind of allowances trading. The tax is not applicable to fuels used by fleet vehicles in trade marketing and other activities.

Ukraine carbon tax

Period start date

December 1, 2021

Period end date

November 30, 2022

% of total Scope 1 emissions covered by tax

0.55

Total cost of tax paid

524

Comment

Our factory in Ukraine pays a tax on CO2e emissions from the use fuel use on site, which is applicable to natural gas and diesel oil. Payment is done annually on the basis of volumes of natural gas used in the reporting period. The tax is not applicable to other fuels use on site as well as fuels used by fleet vehicles in trade marketing and other activities.

Other carbon tax, please specify

Period start date

December 1, 2021

Period end date

November 30, 2022

% of total Scope 1 emissions covered by tax

1.74

Total cost of tax paid

5,357

Comment

Croatia Carbon Tax: BAT facilities in Croatia (factory and green leaf threshing plant) pay a governmental fee on CO2e emissions from the use of natural gas, fuel oil and diesel on site. This is required for facilities that are not covered by ETS and emit more than 450 tCO2e per year. Payment is done annually based on the report of calculated emissions (the methodology implies use of number of worked hours and fuel used by each type of equipment, e.g. boiler, dryer etc.) in the central informational governmental system. The fee is not applicable to fuel used by fleet vehicles.

Other carbon tax, please specify

Period start date

December 1, 2021

Period end date

November 30, 2022

% of total Scope 1 emissions covered by tax

0.09

Total cost of tax paid

28,393

Comment

In Belgium the employer has to pay a solidarity contribution for company cars that can also be used for private purposes, which is based on the cars fuel consumption and energy label. A minimum amount is always applied. In the end market we have offices using mostly electricity, and a minor amount of fuel. Scope 1 emissions in the end market are also generated from fleet vehicles used for trade marketing activities.

C11.1d

(C11.1d) What is your strategy for complying with the systems you are regulated by or anticipate being regulated by?

Our strategy is to comply with both current and future regulations in respect of Carbon Pricing and other related taxes and to take appropriate action to reduce the cost of regulations through lowering the basis for these emissions. At a global level, our Centre of Excellence for Carbon Taxes and ETS keeps up to date information on current and emerging regulations and interacts with the relevant BAT entities. The Centre develops glidepaths for Carbon Emissions and Energy reduction plans, which encompass engineering and technical initiatives and the implementation of the "EnerCon" Energy conservation system to address losses. These are reflected in BAT's 2030 Low Carbon Transition Plan and through these efforts, the Group will significantly decrease emissions and associated payments under the applicable ETS and carbon tax schemes. Furthermore, we use an internal carbon price (ICP) to incentivise investments into projects that reduce CO2e emissions as well as a balance scorecard that considers the impact of projects on both the environment and society. Together, these incentivise initiatives that support the Low Carbon Transition Plan whilst disincentivising those that do not. Each factory has CO2e reduction glidepaths reflecting the investment and efficiency initiatives that are planned to be undertaken.

We have implemented robust internal compliance mechanisms to ensure adherence to the requirements of ETS (Emissions Trading Scheme) and carbon tax schemes that are applicable to our sites. Cross-functional teams, including Operations, Legal and Finance, diligently monitor and collaborate with regulatory authorities to ensure a comprehensive understanding of the applicability of these schemes to our facilities. We focus on determining the scope of application, such as emissions under Scope 1 and/or Scope 2, as well as emissions associated with specific types of fuels used allowing markets to anticipate ETS schemes and carbon taxes applicable to them in upcoming years and preparing them for management systems and budget allocation.

As a result of the strategy, our facilities that are regulated by ETS, take necessary measures based on the number of allowances allocated and their emissions performance. This includes purchasing additional allowances, utilizing allowances trading tools, or employing other reimbursement mechanisms. For example, as a result of this strategy, our facility in Switzerland

receives a tax reimbursement due to its significant progress in emissions reduction, which is well below the stipulated glidepath outlined in the local ETS and in Poland we are continuing to invest in heat recovery systems.

2022 also saw the implementation of a plastic taxes in the UK with further countries implementing similar taxes over the next few years (e.g. Spain implemented plastic tax on 1st January 2023). As a consequence of our strategy to reduce the cost of regulations and our external commitment to ensure at least 30% average recycled content in plastic packaging, projects are underway to increase recycled content in our products which will be implemented over the next few years.

C11.2

(C11.2) Has your organization canceled any project-based carbon credits within the reporting year?

Yes

C11.2a

(C11.2a) Provide details of the project-based carbon credits canceled by your organization in the reporting year.

Project type

Agroforestry

Type of mitigation activity

Carbon removal

Project description

Project VCU 799: Uganda, Mayuge, Eastern Uganda, Bukaleba Forest Project (BFP), Agriculture Forestry and Other Land Use. The project activity is to establish and manage exotic and indigenous reforestation on degraded shrub and grassland.

Credits canceled by your organization from this project in the reporting year (metric tons CO2e)

160

Purpose of cancellation

Voluntary offsetting

Are you able to report the vintage of the credits at cancellation?

Yes

Vintage of credits at cancellation

2011

Were these credits issued to or purchased by your organization?

Purchased

Credits issued by which carbon-crediting program

VCS (Verified Carbon Standard)

Method(s) the program uses to assess additionality for this project

Consideration of legal requirements
Investment analysis
Market penetration assessment

Approach(es) by which the selected program requires this project to address reversal risk

Monitoring and compensation

Potential sources of leakage the selected program requires this project to have assessed

Activity-shifting
Market leakage

Provide details of other issues the selected program requires projects to address

Besides the main aims of the project which are i) To establish and manage forest plantations to meet the growing demand for high quality wood products and ii) To sequester carbon dioxide through forest planting, the project is also aimed:
i) To promote environmental conservation such as soil conservation, protection of water sources and enhancement of biodiversity through the protection and management of existing indigenous flora and fauna and where possible enrichment planting with indigenous tree species.
ii) To facilitate socio-economic development of the local communities through:
- Promotion of tree planting/afforestation activities in the local communities;
- Provision of employment opportunities;
- Support for development initiatives for the communities through the sale of carbon credits;
- Establishing of community woodlots in the villages around BFP on community owned land, with the objective of increasing fuel and timber supply within the communities;
- Designating 10% of the carbon revenues generated by the project to community development initiatives in the villages surrounding BFP;
ii) To develop local infrastructure including roads, health centers, water supply and communication systems.

Comment

Offsets for our factories in Malaysia and Jordan as well as offices and fleet in Jordan for the PAS2060 carbon neutrality verification process.

Project type

Reforestation

Type of mitigation activity

Carbon removal

Project description

Project VCU 959: Uruguay, Cerro Chato/ Valentines an Cerro Chato/ Valentines and Regis/ Garao Regions, ‘Guanaré’ Forest Plantations on degraded grasslands under extensive grazing, Agriculture Forestry and Other Land Use. The project is performed on land previously under extensive grazing by beef cattle, on which forest plantations for obtaining high-value, long-lived timber products and for sequestering large amounts of carbon dioxide from the atmosphere will be established.

Credits canceled by your organization from this project in the reporting year (metric tons CO2e)

4,237

Purpose of cancellation

Voluntary offsetting

Are you able to report the vintage of the credits at cancellation?

Yes

Vintage of credits at cancellation

2015

Were these credits issued to or purchased by your organization?

Purchased

Credits issued by which carbon-crediting program

VCS (Verified Carbon Standard)

Method(s) the program uses to assess additionality for this project

Consideration of legal requirements
Investment analysis
Barrier analysis
Market penetration assessment

Approach(es) by which the selected program requires this project to address reversal risk

Monitoring and compensation

Potential sources of leakage the selected program requires this project to have assessed

Activity-shifting
Market leakage

Provide details of other issues the selected program requires projects to address

The project activity is implemented on degraded land, which is expected to continue to degrade in the absence of the project and hence the land cannot be expected to revert to a non-degraded state without human intervention. Forests consist of Eucalyptus grandis and to a lesser extent Eucalyptus globulus, Eucalyptus dunnii, Eucalyptus maidenii and Pinus taeda plantations managed with a rotation length up to 22 years, forest to be re-planted upon clear-cut. The plantations are established on land previously used for cattle grazing.
The main objectives of the project activity are wood production, land restoration and carbon sequestration through afforestation. All practices will be compatible with FSC standard for sustainable forest management.
On top of the main purpose, the project will result in a significant contribution to sustainable development of Uruguay, mainly through: i) increased employment and quality of employment; ii) rural development (decentralization); iii) increased gross value of production; iv) improved fiscal balance; v) biodiversity preservation and vi) improvement and preservation of soil quality.

Comment

Offsets for our Head Office and research centre in the UK cover emissions from fuel use on site and by fleet vehicles, electricity use, employees commuting and business travel.

Project type

Agroforestry

Type of mitigation activity

Carbon removal

Project description

Project VCU 1162: China, Jangxi, Jiangxi Province Le'an County Forest Farm Carbon Sink Project. The Project involves the improved forestry management, such as conversion of logged to protection forest. The forestry management converts logged to Protected Forest (LtPF)

Credits canceled by your organization from this project in the reporting year (metric tons CO2e)

20,000

Purpose of cancellation

Voluntary offsetting

Are you able to report the vintage of the credits at cancellation?

Yes

Vintage of credits at cancellation

2015

Were these credits issued to or purchased by your organization?

Purchased

Credits issued by which carbon-crediting program

VCS (Verified Carbon Standard)

Method(s) the program uses to assess additionality for this project

Consideration of legal requirements
Investment analysis
Market penetration assessment

Approach(es) by which the selected program requires this project to address reversal risk

Monitoring and compensation

Potential sources of leakage the selected program requires this project to have assessed

Activity-shifting
Market leakage

Provide details of other issues the selected program requires projects to address

The implementation of the project activity includes the Improved Forest Management (IFM) of the forests in from the conversion of logged to protected forest.

The project activity will contribute to the environment (biodiversity conservation and soil erosion control), thus contribute to sustainable development.

Comment

Offsets for Carbon Neutrality on the back of an assured LCA and verified by third party.

Project type

Agroforestry

Type of mitigation activity

Carbon removal

Project description

Project VCU 1664: China, Yunnan province, Xishuangbanna Improved Forest Management Project.
The project area is tropical secondary forest on agricultural land. The main object of the project is to improve the forest coverage rate, protect local ecological environment, reduce carbon emissions and carbon sequestration by enhance the management level and converse logged to protected forest within the project area. The implementation of the project will result in significant carbon sequestration and improve the sustainable development of ecological system.

Credits canceled by your organization from this project in the reporting year (metric tons CO2e)

54,000

Purpose of cancellation

Voluntary offsetting

Are you able to report the vintage of the credits at cancellation?

Yes

Vintage of credits at cancellation

2015

Were these credits issued to or purchased by your organization?

Purchased

Credits issued by which carbon-crediting program

VCS (Verified Carbon Standard)

Method(s) the program uses to assess additionality for this project

Consideration of legal requirements
Investment analysis
Market penetration assessment

Approach(es) by which the selected program requires this project to address reversal risk

Monitoring and compensation

Potential sources of leakage the selected program requires this project to have assessed

Activity-shifting
Market leakage

Provide details of other issues the selected program requires projects to address

The project activity will significantly improve the forest management conditions within the project area and benefit local ecological environment. The implementation of the project will not only achieve a reliable measurable carbon sequestration by reducing commercial timer, but also contribute to sustainable development of the local community, host country by means of:
- As one of the most precious ecological resources, forest is key to biodiversity and all life forms. The protection of local forest will enrich the biodiversity and provide more opportunity for adaptive response to natural challenges and economic development (e.g. climate change and new medical discoveries);
- Offer job opportunities. Instead of casual labour demand for forest timber, the protected forest will create some employment opportunities for forest management. The related training process will improve the skill of the local employees.
- Meet the strategy development plan of host country and local area. After the

implementation of the project, the increasing forest coverage rate will benefit the local environmental condition by producing more oxygen and absorb more greenhouse gas.

Comment

Offsets for Carbon Neutrality on the back of an assured LCA and verified by third party.

Project type

Agroforestry

Type of mitigation activity

Carbon removal

Project description

Project VCU 1715: China, Inner Mongolia Autonomous, Inner Mongolia Wu'erqihan IFM (conversion of logged to protected forest), Agriculture Forestry and Other Land Use.

Credits canceled by your organization from this project in the reporting year (metric tons CO2e)

11,704

Purpose of cancellation

Voluntary offsetting

Are you able to report the vintage of the credits at cancellation?

Yes

Vintage of credits at cancellation

2013

Were these credits issued to or purchased by your organization?

Purchased

Credits issued by which carbon-crediting program

VCS (Verified Carbon Standard)

Method(s) the program uses to assess additionality for this project

Consideration of legal requirements
Investment analysis
Barrier analysis
Market penetration assessment

Approach(es) by which the selected program requires this project to address reversal risk

Monitoring and compensation

Potential sources of leakage the selected program requires this project to have assessed

Activity-shifting
Market leakage

Provide details of other issues the selected program requires projects to address

The implementation of the project activity converses the trees to protected forest. The species involved in the project are Birch and Larch.
The project activity will contribute to the environment (biodiversity conservation and soil erosion control), thus contribute to sustainable development.

Comment

Offsets for our manufacturing facilities in Poland, Argentina, Brazil, Chile, Serbia and Viet Nam, GLT in Mexico as well as for our offices and fleet in Colombia, Japan and Viet Nam for the PAS2060 carbon neutrality verification process.

Project type

Agroforestry

Type of mitigation activity

Carbon removal

Project description

Project VCU 1718: China, Inner Mongolia Autonomous, Inner Mongolia Keyihe IFM (conversion of logged to protected forest) Project.

Credits canceled by your organization from this project in the reporting year (metric tons CO2e)

481

Purpose of cancellation

Voluntary offsetting

Are you able to report the vintage of the credits at cancellation?

Yes

Vintage of credits at cancellation

2013

Were these credits issued to or purchased by your organization?

Purchased

Credits issued by which carbon-crediting program

VCS (Verified Carbon Standard)

Method(s) the program uses to assess additionality for this project

Consideration of legal requirements
Investment analysis
Market penetration assessment

Approach(es) by which the selected program requires this project to address reversal risk

Monitoring and compensation

Potential sources of leakage the selected program requires this project to have assessed

Activity-shifting
Market leakage

Provide details of other issues the selected program requires projects to address

The implementation of the project activity converses the trees to protected forest. The species involved in the project are Birch and Larch.

The project activity will contribute to the environment (biodiversity conservation and soil erosion control), thus contribute to sustainable development.

Comment

Offsets for our factory in Argentina for the PAS2060 carbon neutrality verification process.

Project type

Agroforestry

Type of mitigation activity

Carbon removal

Project description

Project VCU 1935: China, Hubei Province, Hubei Hongshan IFM (Conversion of Logged to Protected Forest), Agriculture Forestry and Other Land Use.

Credits canceled by your organization from this project in the reporting year (metric tons CO2e)

4,859

Purpose of cancellation

Voluntary offsetting

Are you able to report the vintage of the credits at cancellation?

Yes

Vintage of credits at cancellation

2015

Were these credits issued to or purchased by your organization?

Purchased

Credits issued by which carbon-crediting program

VCS (Verified Carbon Standard)

Method(s) the program uses to assess additionality for this project

Consideration of legal requirements
Investment analysis
Market penetration assessment

Approach(es) by which the selected program requires this project to address reversal risk

Monitoring and compensation

Potential sources of leakage the selected program requires this project to have assessed

Activity-shifting
Market leakage

Provide details of other issues the selected program requires projects to address

The implementation of the project activity converses the trees to protected forest. The species involved in the project are Oak, Masson Pine, Broad- Leaved Mixed Forest and Coniferous and Broad-Leaved Mixed Forest.
The project activity will contribute to the environment (biodiversity conservation and soil erosion control), thus contribute to sustainable development.

Comment

Offsets for our manufacturing facilities in Hungary, Argentina, Brazil, Chile and Sweden, as well as GLT in Brazil for the PAS2060 carbon neutrality verification process.

Project type

Agroforestry

Type of mitigation activity

Carbon removal

Project description

Project VCU 1935: China, Hubei Province, Hubei Hongshan IFM (Conversion of Logged to Protected Forest), Agriculture Forestry and Other Land Use.

Credits canceled by your organization from this project in the reporting year (metric tons CO2e)

47,047

Purpose of cancellation

Voluntary offsetting

Are you able to report the vintage of the credits at cancellation?

Yes

Vintage of credits at cancellation

2018

Were these credits issued to or purchased by your organization?

Purchased

Credits issued by which carbon-crediting program

VCS (Verified Carbon Standard)

Method(s) the program uses to assess additionality for this project

Consideration of legal requirements
Investment analysis
Market penetration assessment

Approach(es) by which the selected program requires this project to address reversal risk

Monitoring and compensation

Potential sources of leakage the selected program requires this project to have assessed

Activity-shifting
Market leakage

Provide details of other issues the selected program requires projects to address

The implementation of the project activity conserves the trees to protected forest. The species involved in the project are Oak, Masson Pine, Broad- Leaved Mixed Forest and Coniferous and Broad-Leaved Mixed Forest.
The project activity will contribute to the environment (biodiversity conservation and soil erosion control), thus contribute to sustainable development.

Comment

Offsets for Carbon Neutrality on the back of an assured LCA and verified by third party.

Project type

Agroforestry

Type of mitigation activity

Carbon removal

Project description

Project VCU 2322: Canada, Monet Forest Conservation Project, Agriculture Forestry and other land use
VCS Improved Forest Management (IFM) – Logged to Protected Forest (LtPF) conservation project aims at preserving intact the whole forest property by preventing logging on a productive forest area.

Credits canceled by your organization from this project in the reporting year (metric tons CO2e)

2,700

Purpose of cancellation

Voluntary offsetting

Are you able to report the vintage of the credits at cancellation?

Yes

Vintage of credits at cancellation

2016

Were these credits issued to or purchased by your organization?

Purchased

Credits issued by which carbon-crediting program

VCS (Verified Carbon Standard)

Method(s) the program uses to assess additionality for this project

Consideration of legal requirements
Investment analysis
Market penetration assessment

Approach(es) by which the selected program requires this project to address reversal risk

Monitoring and compensation

Potential sources of leakage the selected program requires this project to have assessed

Activity-shifting
Market leakage

Provide details of other issues the selected program requires projects to address

The conservation project in mostly dedicated for allowing the biomass of standing trees to fix more CO2 than the baseline scenario. In line with applicable regulations, the forest is managed following sustainability criteria, considering the following elements:
• The preservation of biological diversity;
• The maintenance and improvement of the condition and productivity of forest ecosystems;

• The conservation of soil and water;
• The maintenance of forest ecosystem contributions to major ecological cycles;
• The maintenance of the many socio-economic benefits society derives from forests; and
• The consideration, in making development choices, of the values and needs expressed by the populations concerned.

Comment

Offsets for our offices, warehousing facilities and fleet in Canada for the PAS2060 carbon neutrality verification process.

Project type

Agroforestry

Type of mitigation activity

Carbon removal

Project description

Project VCU 2361: Paraguay, San Pedro, Canindeyu. Afforestation in cooperation with local landowners for Forestal San Pedro S.A
The project aims to establish and manage sustainable forest plantations for the sequestration of carbon and the production of quality timber in Eastern Paraguay.

Credits canceled by your organization from this project in the reporting year (metric tons CO2e)

5,000

Purpose of cancellation

Voluntary offsetting

Are you able to report the vintage of the credits at cancellation?

Yes

Vintage of credits at cancellation

2015

Were these credits issued to or purchased by your organization?

Purchased

Credits issued by which carbon-crediting program

VCS (Verified Carbon Standard)

Method(s) the program uses to assess additionality for this project

Consideration of legal requirements
Investment analysis
Market penetration assessment

Approach(es) by which the selected program requires this project to address reversal risk

Monitoring and compensation

Potential sources of leakage the selected program requires this project to have assessed

Activity-shifting

Provide details of other issues the selected program requires projects to address

The project activity will contribute to the environment (biodiversity conservation and soil erosion control), thus contribute to sustainable development.

Comment

Offsets for Carbon Neutrality on the back of an assured LCA and verified by third party.

Project type

Reforestation

Type of mitigation activity

Carbon removal

Project description

Project VCU 2404: India, Odisha, Andhra Pradesh and Chhattisgarh, Reforestation of degraded land by Mangalam Timber Products Limited, Agriculture Forestry and Other Land Use.

The project activity involves carbon sequestration of degraded lands through reforestation activities. Many discrete parcels of degraded land that is owned by small and poor farmers/ tribal who do not have the capability of plantation without any external financial support and technical guidance are reforested under Farm Forestry Scheme.

Credits canceled by your organization from this project in the reporting year (metric tons CO2e)

3,724

Purpose of cancellation

Voluntary offsetting

Are you able to report the vintage of the credits at cancellation?

Yes

Vintage of credits at cancellation

2001

Were these credits issued to or purchased by your organization?

Purchased

Credits issued by which carbon-crediting program

VCS (Verified Carbon Standard)

Method(s) the program uses to assess additionality for this project

Consideration of legal requirements
Investment analysis
Barrier analysis
Market penetration assessment

Approach(es) by which the selected program requires this project to address reversal risk

Monitoring and compensation

Potential sources of leakage the selected program requires this project to have assessed

Activity-shifting
Market leakage

Provide details of other issues the selected program requires projects to address

Besides increasing the forest cover and improvement in biodiversity in the area, the project activity would also provide enhanced sources of livelihood and income in rural areas by generating large employment opportunities.

The project has been undertaken to protect the land which was severely degraded or degrading. Prior to the project activity the lands were wastelands due to severe soil erosion without considerable flora. The reforestation under the proposed project activity is on degraded land which was lying barren since decades. The farmers who own the land are mainly poor farmers/tribal who do not have the capability of growing plantation of their own without any external financial support and technical guidance. In absence of the project activity the land would have continued as degraded land or degrading would continue further.

Comment

Offsets for our manufacturing facility, offices and fleet in Switzerland and Sri Lanka as well as GLT in Sri Lanka for the PAS2060 carbon neutrality verification process.

Project type

Agroforestry

Type of mitigation activity

Carbon removal

Project description

Paroo Shire, Queensland (Australia) - Werai Park Forest Regeneration (ERF103091). Human Induced Regeneration (HIR).

The aim of HIR projects is to establish permanent native forests through assisted regeneration from in-situ seed sources (including rootstock and lignotubers) on land that was cleared of vegetation and where regrowth was suppressed for at least 10 years prior to the project having commenced.

Credits canceled by your organization from this project in the reporting year (metric tons CO2e)

1,300

Purpose of cancellation

Voluntary offsetting

Are you able to report the vintage of the credits at cancellation?

Yes

Vintage of credits at cancellation

2022

Were these credits issued to or purchased by your organization?

Purchased

Credits issued by which carbon-crediting program

Emissions Reduction Fund of the Australian Government

Method(s) the program uses to assess additionality for this project

Consideration of legal requirements

Approach(es) by which the selected program requires this project to address reversal risk

Monitoring and compensation

Potential sources of leakage the selected program requires this project to have assessed

Activity-shifting

Provide details of other issues the selected program requires projects to address

The project activity will contribute to the environment (biodiversity conservation and soil erosion control), thus contribute to sustainable development.

Comment

Offsets for our offices, warehousing facilities and fleet in Australia for the PAS2060 carbon neutrality verification process.

Project type

Agroforestry

Type of mitigation activity

Carbon removal

Project description

Project ACR509: US, Florida, Levy County, Kite Hammock IFM (Improved Forest Management) project .
Kite Hammock IFM has employed a conservation easement that limits harvest within the easement boundaries to 15% of the forestland annually. Implementing the management plan to no harvest in the project boundaries will enhance the Carbon stock for the present and future.

Credits canceled by your organization from this project in the reporting year (metric tons CO2e)

6,498

Purpose of cancellation

Voluntary offsetting

Are you able to report the vintage of the credits at cancellation?

Yes

Vintage of credits at cancellation

2017

Were these credits issued to or purchased by your organization?

Purchased

Credits issued by which carbon-crediting program

ACR (American Carbon Registry)

Method(s) the program uses to assess additionality for this project

Consideration of legal requirements
Barrier analysis
Market penetration assessment

Approach(es) by which the selected program requires this project to address reversal risk

Monitoring and compensation

Potential sources of leakage the selected program requires this project to have assessed

Activity-shifting
Market leakage

Provide details of other issues the selected program requires projects to address

The project is supposed enhance water quality while securing the long-term viability and integrity of the hardwood structure that provides a significant groundwater recharge area. The project will also serve as a connecting corridor for Black Bear, white tailed deer and home for the gopher tortoise. The tall, native pines provide nesting habitat for the Migratory Swallow-tailed Kite for which the project is named.
Thus, the project contributes to SDG goals: 06: Clean Water and Sanitation;13: Climate Action; 15: Life on Land

Comment

Offsets for our factories and R&D centre in US for the PAS2060 carbon neutrality verification process.

Project type

Agroforestry

Type of mitigation activity

Carbon removal

Project description

Project ACR595: US, Kentucky, Anew - Elk Forestry Project
The project activity is improved forest management, with Elk Forest's forest management practices representing a significant improvement in the carbon storage and conservation value.
The project ensures long-term sustainable management of the forests, which could otherwise undergo significant commercial timber harvesting.

Credits canceled by your organization from this project in the reporting year (metric tons CO2e)

6,000

Purpose of cancellation

Voluntary offsetting

Are you able to report the vintage of the credits at cancellation?

Yes

Vintage of credits at cancellation

2020

Were these credits issued to or purchased by your organization?

Purchased

Credits issued by which carbon-crediting program

ACR (American Carbon Registry)

Method(s) the program uses to assess additionality for this project

Consideration of legal requirements

Barrier analysis
Market penetration assessment

Approach(es) by which the selected program requires this project to address reversal risk

Monitoring and compensation

Potential sources of leakage the selected program requires this project to have assessed

Activity-shifting
Market leakage

Provide details of other issues the selected program requires projects to address

By committing to maintain forest CO2 stocks above the baseline level, the project will provide significant climate benefits through carbon sequestration. The project focuses on sustainable, natural forest growth and maintenance harvests for essential activities, recreation, wildlife habitat and forest health. Thus, the project activity will contribute to the environment (biodiversity conservation and soil erosion control).

Comment

Offsets for Carbon Neutrality on the back of an assured LCA and verified by third party.

C11.3

(C11.3) Does your organization use an internal price on carbon?

Yes

C11.3a

(C11.3a) Provide details of how your organization uses an internal price on carbon.

Type of internal carbon price

Shadow price

How the price is determined

Social cost of carbon
Benchmarking against peers
Other, please specify

BAT used as reference a) the EU's Emissions Trading Scheme b) World Bank trends, c) Joseph Stiglitz social cost of carbon assumptions

Objective(s) for implementing this internal carbon price

Change internal behavior
Drive energy efficiency
Drive low-carbon investment

Identify and seize low-carbon opportunities
Stakeholder expectations
Stress test investments
Reduce supply chain emissions

Scope(s) covered

Scope 1
Scope 2

Pricing approach used – spatial variance

Uniform

Pricing approach used – temporal variance

Evolutionary

Indicate how you expect the price to change over time

2022 set at £60 per tCO2 and rise to £82.50 in 2025 and £120 for 2030.

Prices are reviewed annually and issued by the Group's Centre of excellence for use by the business.

A number of sources are used to estimate ICP prices, including initiatives under UNCFFF (International Emissions Trading, Joint Implementation and Clean Development Mechanism, New Approaches under Article 6 of the Paris Agreement), and outside of the UNFCCC including (The voluntary Carbon market, Result-based Climate Finance).

Actual price(s) used – minimum (currency as specified in C0.4 per metric ton CO2e)

60

Actual price(s) used – maximum (currency as specified in C0.4 per metric ton CO2e)

60

Business decision-making processes this internal carbon price is applied to

Capital expenditure
Operations

Mandatory enforcement of this internal carbon price within these business decision-making processes

Yes, for some decision-making processes, please specify

Used for all Operations related capital investments (being the most significant proportion of Group capex) with future roll out planned for other capex items in 2023.

Explain how this internal carbon price has contributed to the implementation of your organization’s climate commitments and/or climate transition plan

The application of the internal carbon price ensures the NPV and Business Case of proposed investment considers costs of carbon offset for emissions being generated & assists in the prioritisation of projects that support the Group's objectives in reducing carbon emissions.

This process not only ensured that the NPV of projects delivered a financial return (after accounting for the cost of carbon) but also facilitated the application of marginal abatement considerations and project prioritisation of the Group's ESG related capital expenditure (which amounted to £27mn in 2022), ensuring those projects that delivered the most beneficial carbon reductions were prioritised and progressed.

Concurrently, as part of the Group's emission target delivery plans, glidepaths of planned emission reduction have been developed and are periodically reviewed by Senior management throughout the course of the year. The application of ICP and emission impact tracking enables visibility of the impact of new projects (adverse and favourable) and allows the glidepaths to be updated accordingly.

In addition, to further supplement the ICP process, a balance scorecard was designed to appraise investment cases to consider their impact across our broad environmental and social objectives (i.e. not just considerations of emissions impact, but also considering impact on water, waste, and our social agenda). The revised process was trialled in 2022 for all Operations Capital expenditure which enabled the approach to be calibrated before the planned roll out to all BAT capex investment cases in 2023.

C12. Engagement

C12.1

(C12.1) Do you engage with your value chain on climate-related issues?

Yes, our suppliers
Yes, our customers/clients
Yes, other partners in the value chain

C12.1a

(C12.1a) Provide details of your climate-related supplier engagement strategy.

Type of engagement

Innovation & collaboration (changing markets)

Details of engagement

Collaborate with suppliers on innovative business models to source renewable energy

% of suppliers by number

100

% total procurement spend (direct and indirect)

15.9

% of supplier-related Scope 3 emissions as reported in C6.5

43.2

Rationale for the coverage of your engagement

On Information collection, we require that 100% of our tobacco suppliers participate in the Sustainable Tobacco Programme, an industry-wide program where, among several other topics, reporting on climate change data is required. This includes 100% of fuel types and its amount used to cure the tobacco crops. This is one of the data used to calculate the Group Scope 3 emissions. Once a year, we also request similar information to the suppliers participating in our Thrive Programme (representing over 80% of the tobacco purchased by volume in 2022), where they need to provide more granular information on several additional data points associated with CO2e emissions, such as fuels and energy used in the farm, mileage covered to transport tobacco from the farms to the buying points and distance covered to distribute crop agri inputs.

On Innovation and collaboration, our Global Leaf Agronomy Development Centre in Brazil is also crucial for providing technological data-driven and science-based carbon-smart solutions. These are then rolled-out to our 81,000+ contracted farmers by our Extension Services of expert field technicians. The centre conducts world-class research – from development and testing in the lab to real-world field trials with farmers – often in partnership with highly respected academic and research institutions. We test and deploy these technologies in the producing countries, not just in BAT Group's own leaf operations but also in partnerships with third party suppliers and entities. To support this, the centre established a new Leaf Up innovation programme in 2020. In 2021 we had identified the start-ups to enhance our existing capabilities and develop new technologies and practices that also support carbon-smart farming and started to run the proof-of-concepts on cutting-edge innovations. In 2022 we finalized the proof of concepts pilots and validated some technologies that now is in proof of application phase or in final development phase in areas such as longer-term weather forecasting, smart irrigation technology, remote sensing monitoring for deforestation, curing virtual simulator training. We plan to make such technologies available to all our field technicians. The Leaf Up program started to integrate new projects to strengthen and bring access to more cutting-edge technologies.

Impact of engagement, including measures of success

Approximately one third of our Scope 3 CO2e emissions is in our tobacco supply chain. The majority comes from using fuels to cure tobacco leaves. In 2022 we achieved 83% of our annual leaf volumes cured using renewable fuels and methods, such as sustainable wood, biomass and sun curing, which is monitored through our Thrive program in order to track our measure of success. We've introduced our directly contracted farmers to innovative, fuel-efficient curing technologies. We're also focused on eliminating the use of coal as a fuel for curing, which represented less than 10% of

the volume in 2021 and less than 6% in 2022. One of the ways to achieve these reductions is through engagement with farmers, bringing new fuel alternatives for the curing process, as for example in Vietnam where they replaced coal with firewood. We are working on trials that show 40% emission reduction when compared to wood. Another initiative is the automation of traditional curing barns (160 units) in Pakistan, where a monitoring device can help the reduction of fuel up to 12% compared to the controls. This technology is being tested in Bangladesh as well. The results will help us to prioritise investments for driving further emissions reduction. We also have a carbon smart farming program that takes a strategic approach focused on both reducing emissions from tobacco farming and, crucially, leveraging the positive effect agriculture could have in removing carbon from the atmosphere. For the past two years, we have been working in partnership with a specialist consultancy to validate this approach and monitor, report and verify the results. We plan to develop a system that can be easily applied by small farmers. The systems will form the basis of our carbon-smart farming programme, empowering our directly contracted farmers to incorporate carbon-smart farming into their business model. It will also provide us with verified data to measure progress against our 2050 ambition and to validate the impact of different carbon-smart strategies. In 2022, the pilot was expanded to Bangladesh, Mexico, and Pakistan, starting with establishing partnerships with specialized local institutions and representative selection of farmers for the planned activities.

Comment

Addressing climate risks and opportunities across our value chain is key to the sustainability of our business. Given our supply chain (Scope 3) emissions represent around 91% of our total carbon footprint, we are engaging with our suppliers on various ways, measuring performance against indicators and asking data for tracking improvements, as well as deploying technologies that can support reduction in emissions. In 2019-2020 we conducted a climate change study involving 10 of our major tobacco-leaf-sourcing countries and have cascaded the results and the recommended key actions to mitigate risks to the farmers in these locations. In our tobacco supply chain, we are helping our directly contracted farmers and those of our strategic suppliers to reduce Scope 3 emissions through more efficient curing technologies, smarter use of fertilisers and increasing yields with a higher amount of tobacco harvested per hectare (kilos per hectare). These all contribute to reduced emissions. Our Global Leaf Agronomy Development Centre continues to develop innovative curing technologies and a range of alternative fuels that help reduce the carbon impact of our directly contracted farmers. Some examples are i. Improving energy efficiency: Upgrading curing barns to automated ‘loose leaf’ models can enable at least a 30% reduction in fuel use; ii. Using a range of alternative and more sustainable curing fuels, including the use of sugarcane bagasse briquettes in Kenya, jute sticks, rice husk briquettes and other agricultural waste in Bangladesh, rice paddy husks in Sri Lanka, wood biomass pellets in India, to mention a few; iii. Trials to understand the feasibility to replace LPG and/or diesel gas by renewable sources like wood or pellets are under technical discussion in Venezuela, Chile, and Mexico. Acquisition of new curing barns are being driven to move to the use of wood instead of

gas in Mexico Also alternatives to eliminate the use of coal in curing to a sustainable and renewable source of fuel.

Type of engagement

Engagement & incentivization (changing supplier behavior)

Details of engagement

Climate change performance is featured in supplier awards scheme

% of suppliers by number

19.7

% total procurement spend (direct and indirect)

83.7

% of supplier-related Scope 3 emissions as reported in C6.5

45.7

Rationale for the coverage of your engagement

BAT has introduced a set of questionnaires related to ESG for the supplier selection process that should be used for Procurement Strategic Sourcing since 2021.Within BAT procurement process, any contract award in excess of £150k requires a detailed assessment of supplier's capability, including ESG performance, due to the potential risk posed by supplier relationships of this size.

As such, 19.7% of our non-tobacco suppliers by number, 83.7% by total group spend, and 45.7% of total emissions of directs purchased good and services are covered by this process. The ESG questionnaire assesses supplier performance across science-based target status, Life Cycle Analysis capability, GHG Emissions Reporting, renewable energy performance and overall emissions reduction targets. Through this we are building supplier capability, and working to progress through defined phases of capability, ensuring progress so suppliers are ready to be handed over into the overall procurement process.

Impact of engagement, including measures of success

The ESG supplier questionnaire was designed to raise the profile of ESG requirements by embedding them as a mandatory part of BAT's supplier selection process for strategic sourcing. This introduction has allowed us to engage more effectively with our suppliers during the commercial process and where appropriate drive improvement actions that can be embedded. For instance, in 2022, BAT undertook steps to establish baseline of our strategic board supplier's ESG maturity via the supplier selection process. Based on this, the group of suppliers' detailed understanding of ESG credentials which includes climate change metrics such as science-based targets, Life Cycle Analysis, Emission per MT were obtained via monthly engagement sessions. This engagement has driven completion of Life Cycle Analysis in 2022 for this group of strategic suppliers. As a result, this information allows BAT to factor in ESG implications in its sourcing decisions.

Comment

As we increase the weighting of ESG performance in supplier awards, and enhance the contractual requirements around the stated performance, we anticipate future reductions of GHG emissions as part of our ongoing commercial processes. Additionally, we will roll-out the specific supplier capability build program to the wider business, with the aim of covering up to 95% of emissions not just through the supplier award process, but also the capability framework. We are confident this approach will contribute to our progress towards our corporate targets, and have received external recognition of the approach, e.g., Gartner, mentioned BAT's approach as best in class during their Supply Chain Symposium/Xpo in June '23

Type of engagement

Innovation & collaboration (changing markets)

Details of engagement

Other, please specify

Agricultural supply chain collaboration

% of suppliers by number

84

% total procurement spend (direct and indirect)

13.4

% of supplier-related Scope 3 emissions as reported in C6.5

36.3

Rationale for the coverage of your engagement

BAT collaborates with leaf suppliers to reduce climate impacts caused by the agricultural supply chain. The 84% refers to tobacco suppliers and our expectation is to achieve close to 100% in 2023. In 2021, building on our decades of experience in sustainable agriculture we developed a new carbon smart farming programme. In 2022 we continue to carry out research work on technologies, new curing technologies and best soil management practices to address issues and bring solution on carbon removals and reductions in partnership with farmers. Some of these good practices and technologies are already being implemented. This takes a strategic approach focused on both reducing emissions from tobacco farming and crucially leveraging the positive effect agriculture could have in removing carbon from the atmosphere. As an example, we are running a project called 'Carbon performance in agricultural production models' in 4 strategic markets, Bangladesh, Brazil, Pakistan and Mexico, which represents 49% of our emissions across our leaf supply chain, in order to define the best soil management practices for carbon removal. Approximately 1/3 of our Scope 3 CO2e emissions is in our Tobacco Supply Chain. The majority comes from using fuel to cure tobacco leaves.

Impact of engagement, including measures of success

The measure of success is the year-on-year reduction on farmer's emissions as well as the ability to cascade best practices to minimise emissions via soil management as an example. To assess this conformance, we use Thrive that covers 84% of our volume base, 4% increase when comparing to previous year, and we check performance year on year. Regarding emissions, 2021 decreased by more than 10% when compared to 2020 emissions and we continue working through the Global Leaf Agronomy Development team to identify the best combination of curing technology and fuel types to help halve our emissions by 2030.

Comment

C12.1b

(C12.1b) Give details of your climate-related engagement strategy with your customers.

Type of engagement & Details of engagement

Education/information sharing

Run an engagement campaign to education customers about your climate change performance and strategy

% of customers by number

100

% of customer - related Scope 3 emissions as reported in C6.5

100

Please explain the rationale for selecting this group of customers and scope of engagement

Climate related issues are becoming more important to consumers as knowledge about these issues increases. This can impact consumer sentiment and preference for purchasing products from companies. Therefore, it is important to communicate our climate change performance and strategy to consumers and demonstrate that we are taking action to reduce climate impacts. We publish our educational resources on our website which enables all of consumers to access this information. Our online platforms and corporate reports describe our strategy, management approach and performance on climate-related issues. Communication campaigns also highlight verified climate related credentials of our activities and product portfolio. For example, Vuse has reduced its carbon emissions by c.55% (as of March 2023) through its sustainability initiatives since launched in 2019, whilst offsetting the remaining 45%. We also engage with customers directly through our new category device take back scheme.

Impact of engagement, including measures of success

We measure the success of our education and information sharing in two ways. 1) Providing timely and relevant information on our climate strategy on our online platforms

and external reports. In practice this means publishing new topical reports for external stakeholders e.g., a Low Carbon Transition Plan, and 2) Measuring the volume of traffic to climate-related online resources. An increasing trend in traffic volume is our measure for success.

Over the last year we have updated climate-related information on BAT.com. This includes the publication of our Low Carbon Transition Plan, publishing our 2022 TCFD reporting and CDP Climate Change Disclosure, meeting our success criteria for 1.

Downloads of our combined ESG report increased by 202% compared to our 2021 ESG Report, between the time periods of March to June for each year, meeting our success criteria for 2. This time period has been selected due to the publication date of our 2022 report in February and the time the analysis took place in June.

Type of engagement & Details of engagement

Collaboration & innovation

Other, please specify

Provide all consumers with a means of responsible disposal of Vapour & THP Devices

% of customers by number

100

% of customer - related Scope 3 emissions as reported in C6.5

100

Please explain the rationale for selecting this group of customers and scope of engagement

To provide consumers with a means of disposing their Vapour and THP (tobacco heating products) devices responsibly, we aimed to launch a take back scheme and defined our measure of success as availability of such a scheme in all markets where we sell devices. The take back scheme provides a complimentary means for customers to return our devices (any BAT product that contains a battery or printed circuit board – including Vuse Go) for responsible disposal – regardless of condition.

Impact of engagement, including measures of success

In 2021 and 2022 we continue to be committed to having take back schemes in all markets where we sell New Category devices. In 2022, we fulfilled this commitment and had such a scheme in place in 50 markets. We recognise the need to improve customer participation. For example, BAT Romania are running a year-long initiative where a tree is planted for every glo device responsibly disposed via the local take back scheme. In 2023, we refreshed our internal minimum standard that Markets will need to adhere to. We aim to continue to review and improve how we manage our product waste, based on our learnings and supported by emerging technologies.

C12.1d

(C12.1d) Give details of your climate-related engagement strategy with other partners in the value chain.

Emissions from our fleet makes up 20% of our Scope 1 and 2 emissions in 2022. This means our fleet operatives and partners are an important group in our value chain to engage with on climate related issues. We are working with our fleet partners to transition to electric battery, plug-in hybrid and self-charging hybrid vehicles, for example, in Australia, Italy, the U.S., South Korea and Jordan. While we transition our fleet, we are also reducing associated emissions through several initiatives. We optimise travel routes through telematic systems in vehicles. These systems help alert drivers and us of improvement actions in driving that are designed to enhance both road safety, as well as fuel efficiency, which could lead to reduced emissions. Between 2020 and 2022, these combined efforts have reduced fleet emissions by around 10%.

C12.2

(C12.2) Do your suppliers have to meet climate-related requirements as part of your organization's purchasing process?

Yes, climate-related requirements are included in our supplier contracts

C12.2a

(C12.2a) Provide details of the climate-related requirements that suppliers have to meet as part of your organization's purchasing process and the compliance mechanisms in place.

Climate-related requirement

Complying with regulatory requirements

Description of this climate related requirement

BAT recognises that we rely on our suppliers for the delivery of many important products and services and for assistance in delivering corporate sustainability commitments.

We are committed to pursuing best practice in environmental management and reducing the impacts of the Group on the natural environment, both in our own operations and in our wider value chain. We believe that, while underpinned by a contractual relationship, this reliance needs to be based on a bond of trust between BAT and suppliers.

We have enhanced our Supplier Code of Conduct (SCoC) and stated our expectations for suppliers to identify, understand and actively work towards avoiding, minimising, and mitigating their impacts on the natural environment. In the SCoC, we underline the importance of acting together with trusted suppliers to deliver our ESG policy. Suppliers are an extension of BAT's business, and this updated SCoC strengthens the principles of working together and understand the standards and behaviours expected when working with BAT.

The enhanced SCoC has been approved and will be deployed in 2023/24. We expect our ALL suppliers to meet these commitments and ensure that their employees, partners and subcontractors will do the same. Both parties should be open and transparent with each other and report any instances of non-compliance. In these circumstances, the first step is for BAT and the supplier to discuss and, where appropriate, agree suitable remedial actions.

% suppliers by procurement spend that have to comply with this climate-related requirement

100

% suppliers by procurement spend in compliance with this climate-related requirement

100

Mechanisms for monitoring compliance with this climate-related requirement

Supplier self-assessment

Response to supplier non-compliance with this climate-related requirement

Suspend and engage

Climate-related requirement

Climate-related disclosure through a public platform

Description of this climate related requirement

BAT has a stated intention of prompting suppliers to act on measuring and managing GHG emissions reductions via public transparency.

Some of our suppliers were invited to disclose to CDP (Carbon Disclosure Project) based their contribution to BAT's Scope 3 emissions. For impacted suppliers the requirement is an annual climate disclosure through the completion of the CDP questionnaire. These disclosures would be required to be made available via the CDP website.

210 of our highest impact suppliers, or 60% scope 3 emissions coverage, were invited to disclose. Through a rigorous supplier engagement process between May-Sept 2022 BAT was able to maximize the supplier response rate. It was critical that we supported suppliers' disclosure, so we included a supplier education programme during the '22 disclosure cycle i.e. capacity build webinars. This helped not to only maximise response rate but to also improve the quality of the submissions.

What we got from this: We achieved a 94% response rate from our invited suppliers and were classified as Supplier Engagement Leader by CDP.

How have we used this: Using the CDP data we benchmarked our suppliers' maturity

and created a framework that has allowed us to have a focussed engagement with our suppliers and start a dialogue at an appropriate level.

% suppliers by procurement spend that have to comply with this climate-related requirement

70

% suppliers by procurement spend in compliance with this climate-related requirement

65

Mechanisms for monitoring compliance with this climate-related requirement

Supplier self-assessment
Off-site third-party verification

Response to supplier non-compliance with this climate-related requirement

Retain and engage

Climate-related requirement

Setting a science-based emissions reduction target

Description of this climate related requirement

As part of our recently approved science-based targets (SBTs) (1.5°C Pathway), BAT has committed that 20% of its suppliers by spend covering Purchased Goods & Services will set SBTs by 2025.

Through CDP disclosure and continued supplier engagement we obtained a baseline of our suppliers' science-based target status and preparedness for submission.

We have driven SBTs through our structured engagement framework, ‘A Better Tomorrow, Together’. We deployed a phased emissions maturity programme that requires suppliers to have SBTs in place to exit Stage 2 (Efficiency) and enter the 3rd and final phase (Integration). We have deployed or have plans to deploy this structured framework across 55% of our emissions.

Furthermore, we created a set of Climate Supplier Minimum Standards and included a requirement for suppliers relating to SBTs.

Currently 12% of suppliers in our ‘A Better Tomorrow, Together’ programme have an approved SBTs. A we are encouraging and supporting many more suppliers to start the process.

Our Minimum Standard has been set based on a fiscal threshold of £10m spend. By 2025 we expect to have all suppliers at Stage 3 (Submit) in the science-based target application process.

% suppliers by procurement spend that have to comply with this climate-related requirement

20

% suppliers by procurement spend in compliance with this climate-related requirement

12

Mechanisms for monitoring compliance with this climate-related requirement

Certification

Supplier scorecard or rating

Response to supplier non-compliance with this climate-related requirement

Retain and engage

Climate-related requirement

Climate-related disclosure through a non-public platform

Description of this climate related requirement

It is BAT policy that any contract awarded more than £150k requires an assessment of supplier's ESG capability. More than 80% of BAT's Scope 3 emissions are covered under this procurement policy.

ESG criteria is present in the selection process, but we wanted to enhance the questions specifically on Climate. We also wanted to mandate full compliance in the application of the questionnaire. Finally, we wanted to review the weighting of ESG in the overall supplier selection process.

We included 15 focussed questions on emissions reduction, assessing performance across SBTi, LCA capability, Emissions Reporting, renewable energy performance and overall emissions reduction targets. We weighted the total ESG allocation as follows: E 40%, S 40%, G 20%. Finally, we mandated that all questions must be answered and scored by the Procurement team.

We have now mandated a 10% weighting for ESG across total RFx scoring and for our New Categories business we have uplifted that weighting to 20% due to the end of life of New Category products.

We trained the procurement team on the refreshed RFX document and have been monitoring compliance in its application

% suppliers by procurement spend that have to comply with this climate-related requirement

100

% suppliers by procurement spend in compliance with this climate-related requirement

100

Mechanisms for monitoring compliance with this climate-related requirement

Supplier self-assessment

Supplier scorecard or rating

Response to supplier non-compliance with this climate-related requirement

Exclude

C-AC12.2/C-FB12.2/C-PF12.2

(C-AC12.2/C-FB12.2/C-PF12.2) Do you encourage your suppliers to undertake any agricultural or forest management practices with climate change mitigation and/or adaptation benefits?

Yes

C-AC12.2a/C-FB12.2a/C-PF12.2a

(C-AC12.2a/C-FB12.2a/C-PF12.2a) Specify which agricultural or forest management practices with climate change mitigation and/or adaptation benefits you encourage your suppliers to undertake and describe your role in the implementation of each practice.

Management practice reference number

MP1

Management practice

Integrated pest management

Description of management practice

Solutions vary according to the growing region, type of property, options available from market to market, eventually property by property.

Your role in the implementation

Knowledge sharing

Operational

Explanation of how you encourage implementation

Engagement via technical assistance directly in the field (scheduled periodic visits), showing the benefits of integrated pest management, through demonstration in the field or training. BAT encourage their directly contracted farmers and also their strategic suppliers to implement integrated pest management techniques. One of these techniques in the use of natural biocontrol agents. Our Global Leaf Agronomy Development Centre works to continuously enhance integrated pest management

strategies, which are then deployed to the farmers by our Field Technicians. Ongoing developments include: selection of disease-resistant tobacco varieties; the use of biological control strategies that can lead to a reduction in the use of agrochemicals and biodiversity preservation.

Climate change related benefit

Emissions reductions (mitigation)
Increasing resilience to climate change (adaptation)
Reduced demand for fertilizers (adaptation)
Reduced demand for pesticides (adaptation)

Comment

In 2022, biological control strategies were recommended in 9 of the Group's own Leaf Operations. For example, in Brazil, 33% of our directly contracted farmers use some form of biological control techniques for pest control, as an example to the use of natural predators for specific seedbed pests for insect control. In Bangladesh we have introduced, in our contracted farmers, bio-fungicides in seedbeds & pheromone traps. BAT continues to map commercially available biocontrol alternatives globally and look to introduce these to our directly contracted farmers. BAT will also deliver tailored training on integrated pest management techniques to support implementation of biocontrol techniques where available. In addition to the biocontrol, BAT is reducing agrochemical use and any contamination risk through decreasing chemical run-off and water-pollution risks, disposal schemes for empty agrochemical containers, higher-yielding & more disease-resistant tobacco seed varieties.

Management practice reference number

MP2

Management practice

Knowledge sharing

Description of management practice

Field technicians from our Leaf operations, perform field visits to our directly contracted farmers, which occurs, approximately, once a month during the entire season for 100% of farmers. They act as a direct and key link between the farmers and BAT, building trusted relationships and working with the farmers to develop their skills, promote better yields and maintain standards which includes providing agronomy support and the recommendation of sustainable curing technologies and alternative fuels. Our strategic third-party leaf suppliers have a similar approach with their own contracted farmers. Our strategic third-party leaf suppliers also provide their farmers with training to help build their skills, knowledge and awareness on a range of topics including natural resources preservation. In 2022, it was reported through our Thrive assessments that there were more than 129,000+ people engaged via farmer training, covering topics like natural resources preservation which includes forest conservation, soil management and also themes related to biodiversity.

Your role in the implementation

Knowledge sharing

Explanation of how you encourage implementation

Engagement via technical assistance directly in the field (scheduled periodic visits) which is delivered for 100% of farmers.

Climate change related benefit

Emissions reductions (mitigation)
Reduced demand for fossil fuel (adaptation)
Reduced demand for fertilizers (adaptation)
Reduced demand for pesticides (adaptation)

Comment

Field technicians act as a key, direct link between farmers & BAT. They build trusted relationships & work with the farmers to develop their skills, promote better yields & maintain standards. BAT global leaf agronomy centre develops innovative farming techniques & technologies which are deployed to our contracted farmers by expert field tech. These innovative technologies & solutions, incl. sustainable conservationist soil best practices + hybrid tobacco seed varieties, offer greater yields & higher quality, helping boost farmers' profits at the same time as reducing the need for more land to be used for tobacco growing, less fuel for curing process through technologies improvement or with the change for more sustainable type of fuel. Sustainable farming practices bring environmental & livelihood benefits to farmers. Support & technologies provided to contracted farmers in Brazil, as an example, over the past 10 years led to a 40% increase in yields, in terms of kilogram per hectare.

Management practice reference number

MP5

Management practice

Reducing energy use

Description of management practice

Via trials supported by our Global Leaf Agronomy Development Centre we identify the most efficient curing methods resulting in reduced energy use.

Your role in the implementation

Knowledge sharing
Operational

Explanation of how you encourage implementation

Engagement via technical assistance directly in the field (scheduled periodic visits) for 100% of directly contracted farmers, sharing innovative solutions and possibilities to increase their energy efficiency.

Climate change related benefit

Increasing resilience to climate change (adaptation)
Reduced demand for fossil fuel (adaptation)

Comment

Based on our footprint of where we buy tobacco from, main energy consumed is from curing. Our technical assistance teams provide advice on the ways to improve curing efficiency. Upgrading curing barns to automated 'loose leaf' models can enable at least a 30% reduction in fuel use. These innovative curing technologies have been introduced to our directly contracted farmers in 4 countries. E.g. In Brazil, 55% of directly contracted farmers benefit from this technology and 37% with other type of efficient air forced barns. It makes the curing process more efficient but also 45% less labour intensive. In Sri Lanka, where the farmers already had sustainable sources of curing fuel, implementing an automated paddy husk feeder in the Loose-leaf barns had a 37% reduction in fuel on a semi-commercial scale of 20 barns. This also helps reduce farmers operating costs. The same approach is expected by our third-party suppliers.

Management practice reference number

MP6

Management practice

Waste management

Description of management practice

Solutions vary according to the growing region, type of property, options available from market to market, programs in place by municipalities, industry approach programs and others.

Your role in the implementation

Knowledge sharing

Explanation of how you encourage implementation

Engagement via technical assistance directly in the field (scheduled periodic visits), encouraging farmers for a safe disposal and explaining the importance of doing so to keep the family safe and also to protect the environment from soil and water contamination.

Climate change related benefit

Emissions reductions (mitigation)

Comment

BAT policy requires all tobacco suppliers to dispose empty agrochemical containers safely. In some countries, BAT provides additional support to collect and safely dispose of empty containers for pesticides and other agrochemicals. For example, in Brazil, BAT partners with an industry scheme that collects and recycles containers from over 100,000 farms across the country. In Chile 100% of our directly contracted farmers have reported to have safely disposed of Crop Protection Agent containers in 2022. In Croatia, almost 80% of our directly contracted farmers participate in a municipal waste

programme for recycling seedling trays and empty agrochemical containers. This allows them to dispose of waste safely and also reduce uncontrolled waste incineration without energy recovery.

Management practice reference number

MP8

Management practice

Crop diversity

Description of management practice

If farmers continuously grows the same crop on the same area - land ('monocropping') it risks depletion of soil nutrients and increases the probability of diseases and pests occurrence. Crop rotation is recognised as one of the best practice approach to protecting and enhancing soil health and also reducing pressure from pests and diseases. We have always encouraged crop diversification – it not only increases farmers' resilience by preventing reliance on just one crop but also helps to enhance food security and to preserve soil health.

Your role in the implementation

Knowledge sharing
Operational

Explanation of how you encourage implementation

Implementation is encouraged via agricultural technical assistance visits from our technicians at the farms of our directly contracted farmers.

Climate change related benefit

Increasing resilience to climate change (adaptation)
Reduced demand for fertilizers (adaptation)

Comment

In 2022, 92.8% of tobacco farmers in our supply chain were reported to grow other crops in addition to tobacco which is monitored by our field technicians and reported in our Thrive program. Thrive is our tobacco sustainability programme where all elements around sustainable tobacco production are tracked, it provides us with a greater level of understanding on how our suppliers and farmers are responding to our priorities.

Management practice reference number

MP3

Management practice

Reforestation

Description of management practice

In the curing process of tobacco is common to use wood as a fuel, and relying on this natural resource, we have programmes in place to avoid and also to combat deforestation, promoting the use of sustainable wood as well as farmer's self-sufficiency. For this, among other actions, we're providing farmers with seedlings, wherever possible, so they can meet future fuel needs without causing deforestation.

Your role in the implementation

Knowledge sharing
Operational

Explanation of how you encourage implementation

We deliver training and education for farmers in order to explain and give them the knowledge of the importance and benefits of reforestation. We also provide saplings of trees for farmer´s reforestation in most of the places where we operate. BAT has the target to achieve 100% of wood used by the directly contracted farmers for tobacco curing to be from sustainable source. In 2022 we had 99.998% of the tobacco volume cured with sustainable source of wood. Ongoing work complemented with deforestation risk assessments maintain focus on the subject and allow us to improve our approach year on year. We have also run a proof of concept for remote sensing deforestation monitoring in order to bring new technologies for better accuracy and strengthening current monitoring.

Climate change related benefit

Increasing resilience to climate change (adaptation)
Reduced demand for fertilizers (adaptation)

Comment

We provide our directly contracted farmers with tree saplings as sources of sustainable fuel for tobacco curing, as well as training in forest and biodiversity management. Our third-party suppliers are expected to follow similar practices with their own contracted farmers. Since the 1970s, we have provided more than 400 million saplings to our directly contracted farmers and their local communities to promote wood self-sufficiency in Brazil, Kenya, Bangladesh and Pakistan.

The largest programs are run in Pakistan and Bangladesh (e.g. our Bonayan afforestation programme through which we have distributed over 115 million free saplings to rural communities since it started).

Management practice reference number

MP7

Management practice

Fertilizer management

Description of management practice

Soil management practices, how farmer´s land is prepared to grow the crops and also the technique used to apply fertiliser can contribute to carbon emissions reduction. This

is the concept of our Carbon Smart Farming initiative that takes a strategic approach focused on both reducing emissions from tobacco farming and also leveraging the positive effect agriculture could have in removing carbon from the atmosphere. The latter may be achieved by planting trees, as well as through methods like cover crops and conservation tillage that may keep the soil covered and undisturbed which can lead to reductions in the need for fertiliser application and losses from nitrogen volatilization.

Nitrogen fertiliser with lower emissions were tested for Air Cured Burley and showed similar performance to traditional fertilisation, however with lower CO2 emissions.

Usage of High Wide Base with Mulching to grow tobacco is a technology that reduce the losses of soil to surrounding areas. Doing so enhances efficiency in the fertiliser usage. Higher Efficiency in fertilisation means that the amount applied into the soil will be better used by the plants, reducing the need for additional application of fertilisers, avoiding extra CO2 emissions.

The technological package for fertilisation taking into consideration each soil type and its nutrient stocks is a way to reduce the use of nitrogen fertiliser. Countries like Brazil and Mexico are going into a direction where the nitrogen fertilisation needs to follow a more tailored solution depending upon soil organic matter content, taking into account the current availability of nutrients, demanding less application of excess of nitrogen.

Additionally, in the search for new solutions, we are evaluating new management strategies that allow the elimination of nitrogen use.

Your role in the implementation

Knowledge sharing

Explanation of how you encourage implementation

Implementation of smarter use of fertilizers is encouraged via agricultural techniques and also best practices for soil and water conservation which is shared through our field technicians' field visit of our directly contracted farmers.

Climate change related benefit

Increasing resilience to climate change (adaptation)
Reduced demand for fertilizers (adaptation)

Comment

In 2021, 76 % of tobacco hectares reported to have appropriate best practice soil and water management plans implemented and in 2022 82% of tobacco hectares reported to have appropriate best practice in regard to soil and water management practices (all those % is related to the total tobacco volume reported in Thrive). We aim to achieve 100% of hectares (entire tobacco supply chain) following these best practices.

Management practice reference number

MP4

Management practice

Diversifying farmer income

Description of management practice

We encourage our farmers to grow others crops in addition to tobacco, towards a diverse portfolio of crops that can also be rotated with tobacco crop. We believe it improves food security and increases farmers' resilience by providing additional sources of income. In 2022, 92.8% of our farmers in the Tobacco Supply Chain were reported to be growing other crops.

Your role in the implementation

Knowledge sharing

Explanation of how you encourage implementation

Educating and supporting our directly contracted farmers to grow other crops for food or as additional sources of income, providing free seeds, crop inputs and training, as well as help accessing markets to sell their production. Encouraging cultivation of corn, wheat and pastureland after the tobacco harvest. The Group's own Leaf Operations and strategic third-party suppliers educate and support tobacco farmers on crop diversification, with more than 87,206 people engaged via training delivered in 2022.

Climate change related benefit

Increasing resilience to climate change (adaptation)
Reduced demand for fertilizers (adaptation)

Comment

Rural poverty is recognised as a primary root cause for issues such as child and forced labour, as well as poor safety and environmental standards.

Enhancing farmer livelihoods helps tackle such issues and strengthen our supply chain.

Profitable farms with good incomes mean farmers are more likely to adhere to safety standards and look after the environment.

The practice is coupled with crop rotation practices.

C-AC12.2b/C-FB12.2b/C-PF12.2b

(C-AC12.2b/C-FB12.2b/C-PF12.2b) Do you collect information from your suppliers about the outcomes of any implemented agricultural/forest management practices you have encouraged?

Yes

C12.3

(C12.3) Does your organization engage in activities that could either directly or indirectly influence policy, law, or regulation that may impact the climate?

Row 1

External engagement activities that could directly or indirectly influence policy, law, or regulation that may impact the climate

Yes, we engage directly with policy makers

Does your organization have a public commitment or position statement to conduct your engagement activities in line with the goals of the Paris Agreement?

Yes

Attach commitment or position statement(s)

We will work with governments, NGOs, academics and other key stakeholders to develop effective and environmentally responsible solutions to the challenges that we face. We seek to conduct our engagement activities in line with the goals of the Paris Agreement.

Env Policy BAT com 25 Jul 2023 - Final_.pdf

Describe the process(es) your organization has in place to ensure that your external engagement activities are consistent with your climate commitments and/or climate transition plan

External engagement on all policy matters, including environmental/climate change policy, is coordinated through Legal and External Affairs (LEX). LEX will also, where appropriate, consult with subject-matter experts on such matters. This approach is replicated across the group, at a regional and end market level. Such an approach ensures all of our direct and indirect activities are aligned with our overall approach to climate change, and our overall business strategy.

In addition, we engage with our external stakeholders on our climate commitments and transition plan through our Combined Annual and ESG report. Our internal processes and communications are utilised to engage with our employees on our climate change strategy, encouraging them to act in line with this strategy when acting on behalf of the organization. BAT has a Global Environmental, Health & Safety Policy Manual which is distributed to all BAT Group operating companies for their local implementation in their operating environments. According to the Global Environmental, Health & Safety Policy Manual, the local companies are encouraged to engage with the relevant authorities and other interest groups in terms of climate change in line with the Group strategy.

C12.3a

(C12.3a) On what policy, law, or regulation that may impact the climate has your organization been engaging directly with policy makers in the reporting year?

Specify the policy, law, or regulation on which your organization is engaging with policy makers

Request for Information: Development of Best Practices for Collection of Batteries to be Recycled and Voluntary Battery Labeling Guidelines

Category of policy, law, or regulation that may impact the climate

Low-carbon products and services

Focus area of policy, law, or regulation that may impact the climate

Circular economy

Policy, law, or regulation geographic coverage

National

Country/area/region the policy, law, or regulation applies to

United States of America

Your organization's position on the policy, law, or regulation

Neutral

Description of engagement with policy makers

Provided public facing comments in response to EPA's Request for Information on Development of Best Practices for Collection of Batteries to be Recycled and Voluntary Battery Labelling Guidelines.

Details of exceptions (if applicable) and your organization's proposed alternative approach to the policy, law or regulation

Have you evaluated whether your organization's engagement on this policy, law, or regulation is aligned with the goals of the Paris Agreement?

Yes, we have evaluated, and it is aligned

Please explain whether this policy, law or regulation is central to the achievement of your climate transition plan and, if so, how?

This policy does not materially contribute to our climate transition plan.

C12.4

(C12.4) Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Publication

In mainstream reports, incorporating the TCFD recommendations

Status

Complete

Attach the document

BAT_Annual_Report_Form_20-F_2022 (1).pdf

Page/Section reference

Pages 70 to 81

Content elements

Governance
Strategy
Risks & opportunities
Emissions figures
Emission targets
Other metrics

Comment

We have reported in line with the full suite of TCFD recommendations in our 2022 ARA

C12.5

(C12.5) Indicate the collaborative frameworks, initiatives and/or commitments related to environmental issues for which you are a signatory/member.

	Environmental collaborative framework, initiative and/or commitment	Describe your organization's role within each framework, initiative and/or commitment
Row 1	Business Ambition for 1.5C Race to Zero Campaign	We are signatories of the Business Ambition for 1.5 campaign and committed to setting 1.5 degree aligned science-based climate targets for Scope 1 and Scope 2. We fulfilled this commitment in 2022 following verification of our emission reduction targets by SBTi (Science Based Targets Initiative). We are also members of the Race to Zero campaign. Our role in this campaign is to demonstrate leadership by aligning to the criteria. Examples of our company meeting these criteria include, setting near-term and long-term emission reduction targets, publishing a Low Carbon Transition Plan, implementing and reporting annual on our performance through our Combined ESG and Annual Report, TCFD and CDP disclosure.

C13. Other land management impacts

C-AC13.2/C-FB13.2/C-PF13.2

(C-AC13.2/C-FB13.2/C-PF13.2) Do you know if any of the management practices mentioned in C-AC12.2a/C-FB12.2a/C-PF12.2a that were implemented by your suppliers have other impacts besides climate change mitigation/adaptation?

Yes

C-AC13.2a/C-FB13.2a/C-PF13.2a

(C-AC13.2a/C-FB13.2a/C-PF13.2a) Provide details of those management practices implemented by your suppliers that have other impacts besides climate change mitigation/adaptation.

Management practice reference number

MP1

Overall effect

Positive

Which of the following has been impacted?

Biodiversity

Description of impacts

Coverage: BAT's directly contracted farmers and those of strategic suppliers cover 84% of sourced tobacco.

BAT, leveraging on the many years of experience of its Global Leaf Agronomy Development Centre, works with its directly contracted farmers to train them and develop their skills to promote better yields and higher quality, soil and water best practices. as well as to encourage the use of sustainable fuel for curing.

Applying sustainable farming practices and use of sustainable fuel allows to reduce environmental impact of the activities in farms and curing, thus reducing negative impact on the natural habitat at the adjacent areas and preserving species of fauna and flora presented in these areas.

Have any response to these impacts been implemented?

No

Description of the response(s)

The impact is positive, thus no response is required

Management practice reference number

MP2

Overall effect

Positive

Which of the following has been impacted?

Biodiversity
Soil
Water
Yield

Description of impacts

Coverage: contracted farmers and those of strategic suppliers cover more than 80% of sourced tobacco.
BAT, leveraging on the many years of experience of the Global Leaf Agronomy Development Centre, works with the directly contracted farmers to train them and develop their skills to promote better yields and higher quality, soil and water best practices as well as to encourage them for using sustainable fuel for curing.
Applying sustainable farming practices and use of sustainable fuel allows to minimize environmental impact of the activities in farms and curing, thus minimizing negative impact on the natural habitat at the adjacent areas and preserving species of fauna and flora presented in these areas.

Have any response to these impacts been implemented?

No

Description of the response(s)

The impact is positive, thus no response is required

Management practice reference number

MP3

Overall effect

Positive

Which of the following has been impacted?

Biodiversity
Soil

Description of impacts

Forests are natural sources for carbon sequestration, improving farmer's and environment's climate resilience. At the same time, reforestation activities allow to preserve forests which are a habitat of animals and plants, thus have positive effect on preserving the biodiversity.

Have any response to these impacts been implemented?

No

Description of the response(s)

The impact is positive, thus no response is required

Management practice reference number

MP4

Overall effect

Positive

Which of the following has been impacted?

Water

Yield

Description of impacts

BAT Global leaf agronomy centre develops new tobacco seed varieties that offer greater yields, as well as higher quality and resistance to diseases. This helps to boost farmers' profits as well as to grow leaf more efficiently using the same area of land and similar amounts of water while applying less pesticides. Overall yield improvement is linked with improved social metrics which are also essential to our farmer's livelihood approach.

Have any response to these impacts been implemented?

No

Description of the response(s)

The impact is positive, thus no response is required

C15. Biodiversity

C15.1

(C15.1) Is there board-level oversight and/or executive management-level responsibility for biodiversity-related issues within your organization?

	Board-level oversight and/or executive management-level responsibility for biodiversity-related issues	Description of oversight and objectives relating to biodiversity
Row 1	Yes, both board-level oversight and executive management-level responsibility	Our Group governance framework ensures Board-level oversight of ESG including biodiversity-related issues. Board oversight includes review of performance against biodiversity & deforestation targets and annual review of the Group risk register (which includes forest-related risks). The Board has delegated certain responsibilities to the Audit Committee (AC),

		responsible for reviewing the effectiveness of Group risk management and internal controls systems, (including for biodiversity issues). The AC reviews the Group risk register twice/year and progress on forest-related targets. The AC's remit includes engagement of external providers to conduct assurance over ESG metrics (including biodiversity-related metrics) and related data in annual reporting and monitoring assurance work. This approach was adopted in 2021 to further enhance the Group's rigour in reporting ESG-related information. Our Management Board (MB), chaired by the CEO, is responsible for overseeing the implementation of Group strategy and policies. The Director, Operations (DO) is a member of the MB reporting directly into the CEO. The DO has overall responsibility for delivery of the Group's biodiversity strategy, environmental targets and related risks and opportunities. The Board is updated on ESG topics (which include biodiversity-related issues) on a quarterly basis. This consists of review of the Group's environment strategy, targets & performance twice per year, an annual review of the risk register (which includes biodiversity related risks), review and approval of the Combined Annual and ESG Report and Form 20-F which include our biodiversity-related performance for the year, and additional focused updates on our ESG progress. The DO chairs and receives updates from functional leaders and teams on biodiversity-related strategy and targets through Sustainability & Environmental Forums that meet 4-6 times a year. The MB receives updates on biodiversity-related risks and strategic plans, along with risk mitigation plans. This includes monitoring by the Group Risk Management Committee, chaired by the Finance & Transformation Director.

C15.2

(C15.2) Has your organization made a public commitment and/or endorsed any initiatives related to biodiversity?

	Indicate whether your organization made a public commitment or endorsed any initiatives related to biodiversity	Biodiversity-related public commitments	Initiatives endorsed
Row 1	Yes, we have made public commitments and publicly endorsed initiatives related to biodiversity	Commitment to Net Positive Gain Commitment to No Net Loss Adoption of the mitigation hierarchy approach	Other, please specify Business for Nature Call to Action

C15.3

(C15.3) Does your organization assess the impacts and dependencies of its value chain on biodiversity?

Impacts on biodiversity

Indicate whether your organization undertakes this type of assessment

Yes

Value chain stage(s) covered

Upstream

Tools and methods to assess impacts and/or dependencies on biodiversity

Biodiversity indicators for site-based impacts
IBAT – Integrated Biodiversity Assessment Tool
STAR – Species Threat Abatement and Restoration metric

Please explain how the tools and methods are implemented and provide an indication of the associated outcome(s)

In 2022 was commissioned a Biodiversity Risk Assessment, mapping 69,200 of our directly contracted and categorising them on Low, Medium & High risk. Farmers assessed represented 91.5% of BAT's directly contracted farmers in 2021 crop year, with a total farm area of 318,000 hectares. The assessment was done against five global biodiversity risk indicators, using Integrated Biodiversity Assessment tool(IBAT) ; i. Risk against the Ecosystem Intactness Index; ii. Proximity to World Heritage Sites and/or Alliance for Zero Extinction sites; iii. Proximity to Key Biodiversity Areas; iv. Risk against STAR Threat Abatement - STAR-T; v. Risk against STAR Restoration = STAR=R. STAR stands for Species Threat Abatement & Restoration. The assessment analysed the geo location of farmers and specific risk for each of the five indicators. The results show that, based on a combined Biodiversity Risk Score, 98% of farms assessed (96.4% of the total assessed farmed area) were classified as low biodiversity risk. Medium biodiversity risk areas represented less than 1% of the total farm area assessed in each country. Regarding STAR indicators, the results show a very low level of assessed risk to areas of high biodiversity significance. 75 hectares are classified with high START-T significance and 1 hectare with high STAR-R significance. This means that farmers are in regions with high significance for threatened or endemic species of birds, mammals and/or amphibia; it does not mean the farmers are causing the threat or damaging the environment but that there is increased risk or significance to their activities. Farmers classified as high risk in the combined score assessment have been locally re-assessed on the ground by our Field Technicians (FTs) and checked for potential impact / risk on biodiversity posed by their farming practices. We also checked for any cultural or economic dependency of the farmers for some native species. In cases where risk is found, farmers are required to adopt a biodiversity management plan (BMP), including where needed remediation actions to mitigate any farm operational risk. The BMP is then monitored by the Field Technicians until the conclusion of the agreed actions taken to remediate / eliminate the existing risks. Out of

the 981 farmers classified as high risk in the study, 807 remain in our supply chain and 632 have implemented a BMP, with a total farm area of 6,362 hectares.

Dependencies on biodiversity

Indicate whether your organization undertakes this type of assessment

Yes

Value chain stage(s) covered

Upstream

Tools and methods to assess impacts and/or dependencies on biodiversity

STAR – Species Threat Abatement and Restoration metric

Please explain how the tools and methods are implemented and provide an indication of the associated outcome(s)

As an agriculture activity, our tobacco growing is dependent on ecosystems , such as forest products (710k tonnes of wood in 2022), soil and freshwater (33% of the hectares of tobacco sourcing area used irrigation in 2022) and land (282K hectares of tobacco in 2022).

Based on this dependency, in 2022 we worked with The Biodiversity Consultancy - “TBC”, to calculate the land use footprint, based on crop year 2021 and using TBC’s Biodiversity Extent, Condition and Significance (BECS) method. The land occupancy footprint is expressed in units of Mean Species Abundance Hectares (MSA.ha), which represent the equivalent area of converting an undisturbed ecosystem into a completely artificial surface (e.g., a tarmacked car park). The Extent portion is the physical area of habitat occupied to produce the crop. The Condition is expressed in MSA.ha which is the biodiversity loss equivalent of turning one ha of pristine habitat into a car park. MSA is based on GLOBIO model, it gives the estimated condition of biodiversity, measuring the amount of biodiversity loss on occupied land, based on the quality of an ecosystem according to current land use practices. Significance provides a ‘weighting’ to the impact, based on the type of biodiversity (species or ecosystems) that are impacted and the ‘value’ of that biodiversity globally; it is estimated using STAR data. Total biodiversity footprint across BAT directly contracted suppliers was calculated at 270,000 MSA.ha. We work with leaf suppliers to promote sustainable agriculture practice and preserve the ecosystem provided by the natural resources we use to grow tobacco, prioritising our in-house operations first. Example of this is the adoption of sustainable soil and water management practices in our Tobacco Supply Chain. In 2022 82% of tobacco hectares reported in Thrive programme had an appropriate best practice of soil and water management plans implemented, an increase from 76% in 2021.

C15.4

(C15.4) Does your organization have activities located in or near to biodiversity-sensitive areas in the reporting year?

Yes

C15.4a

(C15.4a) Provide details of your organization's activities in the reporting year located in or near to biodiversity -sensitive areas.

Classification of biodiversity -sensitive area

Key Biodiversity Area (KBAs)

Country/area

Brazil

Name of the biodiversity-sensitive area

Brazil - Parque Nacional do Iguaçu
Brazil - Parque Nacional dos Campos Gerais do Paraná
Brazil - Parque Provincial Piñalito y alrededores
Brazil - Reserva de la Biósfera Yabotí
Brazil - Parque Nacional da Serra Geral
Brazil - Campos do Planalto das Araucárias
Brazil – Campos de Cima da Serra
Brazil - Santiago pampas
Brazil - Médio Rio Camaquã
Brazil - San Pedro
Brazil - General Carneiro

Proximity

Up to 10 km

Briefly describe your organization's activities in the reporting year located in or near to the selected area

In 2022, we commissioned The Biodiversity Consultancy to conduct a geospatial Biodiversity Risk Assessment, mapping our contracted farmers against five global Biodiversity indicators and categorising them based on Low, Medium & High risk .The assessment mapped 69,200 of our directly contracted farmers against a recognized range of Biodiversity Indicators such as Ecosystem Intactness Index, proximity to World heritage sites and/or Alliance for Zero Extinction sites/ Key Biodiversity Areas and Species Threat Abatement and Restoration Score, and shown that 981 farmers were classified as high risk for the combined score risk of the study. We assessed the farmer-by-farmer case, understanding what was the respective indicator that put them on high-risk category. Based on this desktop exercise, we did an on the ground assessment checking what could be potential operational farming practices or potential risk factors to the biodiversity. 632 farmers were confirmed to be still in our contract base for 2022 and had adopted a biodiversity management plan. The relevant operational activity is tobacco farming.

Indicate whether any of your organization's activities located in or near to the selected area could negatively affect biodiversity

Yes, but mitigation measures have been implemented

Mitigation measures implemented within the selected area

Operational controls

Explain how your organization's activities located in or near to the selected area could negatively affect biodiversity, how this was assessed, and describe any mitigation measures implemented

Our agriculture activities have potential impact and dependency on biodiversity, and use of ecosystem services, such as forest products, soil, and water. Conventional agricultural practices can be resource intensive as they can be associated with deforestation, pollution, and biodiversity loss. To mitigate this risk, we continue to develop, advance, and implement sustainable agricultural practices that help to preserve natural capital, like reduction in the use of agrochemicals and soil erosion, as well as preservation of soil fertility. Farmers classified as high risk in the Biodiversity Risk Assessment were re-assessed on the ground by our field technicians and, if further risks were identified, a biodiversity management plan was implemented. Factors looked at during the assessment included activities that could be causing risk to biodiversity, presence of endangered animal species, presence of invasive plant species, animal and vegetal species that may have benefits for the agriculture or socio-cultural-economic interest, and presence of natural habitats patches.

Aside of this individual approach, we focus on developing and deploying practices and programmes to promote and leverage sustainable agriculture practices in our directly contracted farmers first. To reduce the risk of deforestation, we promote afforestation of no invasive species to produce wood in the farms that grow tobacco. We provide our directly contracted farmers with tree saplings as sources of sustainable fuel for tobacco curing. Our third-party suppliers are expected to follow similar practices with their contracted farmers. We also promote the use of alternative fuels to cure tobacco. In 2022 22% of our contracted farmers used other types of biomass fuels for tobacco curing. Forests or other natural areas being cleared to create farmland for tobacco is a risk that we are working hard to reduce. We monitor our directly contracted farmers regarding farmland expansion and the risk of natural ecosystems conversion. This includes the risk of encroaching on legally protected areas and/or recognised biodiversity areas. Regular, scheduled farm visits are used alongside unannounced visits. Where non-compliance is found, prompt action is taken. Before we contract with new farmers, we undertake due diligence to check for their ability to comply with deforestation conversion free (DFC) status. If any cases of deforestation are observed, the relevant farmer will be put under remediation to reforest in the same eco-region and/or jurisdiction. We ask our third-party suppliers to take equivalent steps. Training on best practices in sustainable agriculture practices, appropriate to growing conditions, are provided to the directly contracted farmers in our supply chain, with 129,000 people trained in topics associated with natural resources preservation in 2022 in our own operations and those of strategic 3rd party suppliers.

Classification of biodiversity -sensitive area

Key Biodiversity Area (KBAs)

Country/area

Mexico

Name of the biodiversity-sensitive area

Mexico - Lower Central Basin
Mexico - Reserva Ecológica Sierra de San Juan
Mexico - Marismas Nacionales
Mexico - Selvas Nayaritas

Proximity

Up to 10 km

Briefly describe your organization's activities in the reporting year located in or near to the selected area

In 2022, we commissioned The Biodiversity Consultany to conduct a geospatial Biodiversity Risk Assessment, mapping our contracted farmers against five global Biodiversity indicators and categorising them based on Low, Medium & High risk .The assessment mapped 69,200 of our directly contracted farmers against a recognized range of Biodiversity Indicators such as Ecosystem Intactness Index, proximity to World heritage sites and/or Alliance for Zero Extinction sites/ Key Biodiversity Areas and Species Threat Abatement and Restoration Score, and shown that 981 farmers were classified as high risk for the combined score risk of the study. We assessed the farmer-by-farmer case, understanding what was the respective indicator that put them on high-risk category. Based on this desktop exercise, we did an on the ground assessment checking what could be potential operational farming practices or potential risk factors to the biodiversity. 632 farmers were confirmed to be still in our contract base for 2022 and had adopted a biodiversity management plan. The relevant operational activity is tobacco farming.

Indicate whether any of your organization's activities located in or near to the selected area could negatively affect biodiversity

Yes, but mitigation measures have been implemented

Mitigation measures implemented within the selected area

Operational controls

Explain how your organization's activities located in or near to the selected area could negatively affect biodiversity, how this was assessed, and describe any mitigation measures implemented

Our agriculture activities have potential impact and dependency on biodiversity, and use of ecosystem services, such as forest products, soil, and water. Conventional agricultural practices can be resource intensive as they can be associated with deforestation, pollution, and biodiversity loss. To mitigate this risk, we continue to develop, advance, and implement sustainable agricultural practices that help to preserve natural capital, like reduction in the use of agrochemicals and soil erosion, as

well as preservation of soil fertility. Farmers classified as high risk in the Biodiversity Risk Assessment were re-assessed on the ground by our field technicians and, if further risks were identified, a biodiversity management plan was implemented. Factors looked at during the assessment included activities that could be causing risk to biodiversity, presence of endangered animal species, presence of invasive plant species, animal and vegetal species that may have benefits for the agriculture or socio-cultural-economic interest, and presence of natural habitats patches.

Aside of this individual approach, we focus on developing and deploying practices and programmes to promote and leverage sustainable agriculture practices in our directly contracted farmers first. To reduce the risk of deforestation, we promote afforestation of no invasive species to produce wood in the farms that grow tobacco. We provide our directly contracted farmers with tree saplings as sources of sustainable fuel for tobacco curing. Our third-party suppliers are expected to follow similar practices with their contracted farmers. We also promote the use of alternative fuels to cure tobacco. In 2022 22% of our contracted farmers used other types of biomass fuels for tobacco curing. Forests or other natural areas being cleared to create farmland for tobacco is a risk that we are working hard to reduce. We monitor our directly contracted farmers regarding farmland expansion and the risk of natural ecosystems conversion. This includes the risk of encroaching on legally protected areas and/or recognised biodiversity areas. Regular, scheduled farm visits are used alongside unannounced visits. Where non-compliance is found, prompt action is taken. Before we contract with new farmers, we undertake due diligence to check for their ability to comply with deforestation conversion free (DFC) status. If any cases of deforestation are observed, the relevant farmer will be put under remediation to reforest in the same eco-region and/or jurisdiction. We ask our third-party suppliers to take equivalent steps. Training on best practices in sustainable agriculture practices, appropriate to growing conditions, are provided to the directly contracted farmers in our supply chain, with 129,000 people trained in topics associated with natural resources preservation in 2022 in our own operations and those of strategic 3rd party suppliers.

Classification of biodiversity -sensitive area

Key Biodiversity Area (KBAs)

Country/area

Venezuela (Bolivarian Republic of)

Name of the biodiversity-sensitive area

Venezuela - Parque Nacional Guatopo
Veneuela - Zona Protectora Macizo Montañoso del Turimiquire
Venezuela - Parque Nacional San Esteban
Venezuela – Palmichal
Venezuela - Parque Nacional El Guácharo
Venezuela - Parque Nacional Henri Pittier

Proximity

Up to 10 km

Briefly describe your organization's activities in the reporting year located in or near to the selected area

In 2022, we commissioned The Biodiversity Consultany to conduct a geospatial Biodiversity Risk Assessment, mapping our contracted farmers against five global Biodiversity indicators and categorising them based on Low, Medium & High risk .The assessment mapped 69,200 of our directly contracted farmers against a recognized range of Biodiversity Indicators such as Ecosystem Intactness Index, proximity to World heritage sites and/or Alliance for Zero Extinction sites/ Key Biodiversity Areas and Species Threat Abatement and Restoration Score, and shown that 981 farmers were classified as high risk for the combined score risk of the study. We assessed the farmer-by-farmer case, understanding what was the respective indicator that put them on high-risk category. Based on this desktop exercise, we did an on the ground assessment checking what could be potential operational farming practices or potential risk factors to the biodiversity. 632 farmers were confirmed to be still in our contract base for 2022 and had adopted a biodiversity management plan. The relevant operational activity is tobacco farming.

Indicate whether any of your organization's activities located in or near to the selected area could negatively affect biodiversity

Yes, but mitigation measures have been implemented

Mitigation measures implemented within the selected area

Operational controls

Explain how your organization's activities located in or near to the selected area could negatively affect biodiversity, how this was assessed, and describe any mitigation measures implemented

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Aside of this individual approach, we focus on developing and deploying practices and programmes to promote and leverage sustainable agriculture practices in our directly contracted farmers first. To reduce the risk of deforestation, we promote afforestation of no invasive species to produce wood in the farms that grow tobacco. We provide our

directly contracted farmers with tree saplings as sources of sustainable fuel for tobacco curing. Our third-party suppliers are expected to follow similar practices with their contracted farmers. We also promote the use of alternative fuels to cure tobacco. In 2022 22% of our contracted farmers used other types of biomass fuels for tobacco curing. Forests or other natural areas being cleared to create farmland for tobacco is a risk that we are working hard to reduce. We monitor our directly contracted farmers regarding farmland expansion and the risk of natural ecosystems conversion. This includes the risk of encroaching on legally protected areas and/or recognised biodiversity areas. Regular, scheduled farm visits are used alongside unannounced visits. Where non-compliance is found, prompt action is taken. Before we contract with new farmers, we undertake due diligence to check for their ability to comply with deforestation conversion free (DFC) status. If any cases of deforestation are observed, the relevant farmer will be put under remediation to reforest in the same eco-region and/or jurisdiction. We ask our third-party suppliers to take equivalent steps. Training on best practices in sustainable agriculture practices, appropriate to growing conditions, are provided to the directly contracted farmers in our supply chain, with 129,000 people trained in topics associated with natural resources preservation in 2022 in our own operations and those of strategic 3rd party suppliers.

Classification of biodiversity -sensitive area

Key Biodiversity Area (KBAs)

Country/area

Viet Nam

Name of the biodiversity-sensitive area

Vietnam - Chu Yang Sin

Proximity

Up to 10 km

Briefly describe your organization’s activities in the reporting year located in or near to the selected area

In 2022, we commissioned The Biodiversity Consultany to conduct a geospatial Biodiversity Risk Assessment, mapping our contracted farmers against five global Biodiversity indicators and categorising them based on Low, Medium & High risk .The assessment mapped 69,200 of our directly contracted farmers against a recognized range of Biodiversity Indicators such as Ecosystem Intactness Index, proximity to World heritage sites and/or Alliance for Zero Extinction sites/ Key Biodiversity Areas and Species Threat Abatement and Restoration Score, and shown that 981 farmers were classified as high risk for the combined score risk of the study. We assessed the farmer-by-farmer case, understanding what was the respective indicator that put them on high-risk category. Based on this desktop exercise, we did an on the ground assessment checking what could be potential operational farming practices or potential risk factors to the biodiversity. 632 farmers were confirmed to be still in our contract base for 2022 and

had adopted a biodiversity management plan. The relevant operational activity is tobacco farming.

Indicate whether any of your organization's activities located in or near to the selected area could negatively affect biodiversity

Yes, but mitigation measures have been implemented

Mitigation measures implemented within the selected area

Operational controls

Explain how your organization's activities located in or near to the selected area could negatively affect biodiversity, how this was assessed, and describe any mitigation measures implemented

Our agriculture activities have potential impact and dependency on biodiversity, and use of ecosystem services, such as forest products, soil, and water. Conventional agricultural practices can be resource intensive as they can be associated with deforestation, pollution, and biodiversity loss. To mitigate this risk, we continue to develop, advance, and implement sustainable agricultural practices that help to preserve natural capital, like reduction in the use of agrochemicals and soil erosion, as well as preservation of soil fertility. Farmers classified as high risk in the Biodiversity Risk Assessment were re-assessed on the ground by our field technicians and, if further risks were identified, a biodiversity management plan was implemented. Factors looked at during the assessment included activities that could be causing risk to biodiversity, presence of endangered animal species, presence of invasive plant species, animal and vegetal species that may have benefits for the agriculture or socio-cultural-economic interest, and presence of natural habitats patches.

Aside of this individual approach, we focus on developing and deploying practices and programmes to promote and leverage sustainable agriculture practices in our directly contracted farmers first. To reduce the risk of deforestation, we promote afforestation of no invasive species to produce wood in the farms that grow tobacco. We provide our directly contracted farmers with tree saplings as sources of sustainable fuel for tobacco curing. Our third-party suppliers are expected to follow similar practices with their contracted farmers. We also promote the use of alternative fuels to cure tobacco. In 2022 22% of our contracted farmers used other types of biomass fuels for tobacco curing. Forests or other natural areas being cleared to create farmland for tobacco is a risk that we are working hard to reduce. We monitor our directly contracted farmers regarding farmland expansion and the risk of natural ecosystems conversion. This includes the risk of encroaching on legally protected areas and/or recognised biodiversity areas. Regular, scheduled farm visits are used alongside unannounced visits. Where non-compliance is found, prompt action is taken. Before we contract with new farmers, we undertake due diligence to check for their ability to comply with deforestation conversion free (DFC) status. If any cases of deforestation are observed, the relevant farmer will be put under remediation to reforest in the same eco-region and/or jurisdiction. We ask our third-party suppliers to take equivalent steps. Training on best practices in sustainable agriculture practices, appropriate to growing conditions, are provided to the directly contracted farmers in our supply chain, with 129,000 people

trained in topics associated with natural resources preservation in 2022 in our own operations and those of strategic 3rd party suppliers.

Classification of biodiversity -sensitive area

Key Biodiversity Area (KBAs)

Country/area

Bangladesh

Name of the biodiversity-sensitive area

Bangladesh - Jamuna-Brahmaputra river
Bangladesh - Pablakhali Wildlife Sanctuary

Proximity

Up to 10 km

Briefly describe your organization's activities in the reporting year located in or near to the selected area

In 2022, we commissioned The Biodiversity Consultany to conduct a geospatial Biodiversity Risk Assessment, mapping our contracted farmers against five global Biodiversity indicators and categorising them based on Low, Medium & High risk .The assessment mapped 69,200 of our directly contracted farmers against a recognized range of Biodiversity Indicators such as Ecosystem Intactness Index, proximity to World heritage sites and/or Alliance for Zero Extinction sites/ Key Biodiversity Areas and Species Threat Abatement and Restoration Score, and shown that 981 farmers were classified as high risk for the combined score risk of the study. We assessed the farmer-by-farmer case, understanding what was the respective indicator that put them on high-risk category. Based on this desktop exercise, we did an on the ground assessment checking what could be potential operational farming practices or potential risk factors to the biodiversity. 632 farmers were confirmed to be still in our contract base for 2022 and had adopted a biodiversity management plan. The relevant operational activity is tobacco farming.

Indicate whether any of your organization's activities located in or near to the selected area could negatively affect biodiversity

Yes, but mitigation measures have been implemented

Mitigation measures implemented within the selected area

Operational controls

Explain how your organization's activities located in or near to the selected area could negatively affect biodiversity, how this was assessed, and describe any mitigation measures implemented

Our agriculture activities have potential impact and dependency on biodiversity, and use of ecosystem services, such as forest products, soil, and water. Conventional

agricultural practices can be resource intensive as they can be associated with deforestation, pollution, and biodiversity loss. To mitigate this risk, we continue to develop, advance, and implement sustainable agricultural practices that help to preserve natural capital, like reduction in the use of agrochemicals and soil erosion, as well as preservation of soil fertility. Farmers classified as high risk in the Biodiversity Risk Assessment were re-assessed on the ground by our field technicians and, if further risks were identified, a biodiversity management plan was implemented. Factors looked at during the assessment included activities that could be causing risk to biodiversity, presence of endangered animal species, presence of invasive plant species, animal and vegetal species that may have benefits for the agriculture or socio-cultural-economic interest, and presence of natural habitats patches.

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Classification of biodiversity -sensitive area

Key Biodiversity Area (KBAs)

Country/area

Sri Lanka

Name of the biodiversity-sensitive area

Knuckles Range
Rattota and associated hydrobasin
Udawattakele

Gannoruwa Forest
Deniyalanda and associated hydrobasin
Hakgala / Meepilimana
Dunhinda falls and associated hydrobasin
Halgran Oya and associated hydrobasin
Haputale
Horton plains / Ohiya / Pattipola-Ambewela
Kalupahana
Kandapola-Seethaeliya / Pedro
Minneriya / Girithale / Kaudulla
Namunukula
Polonnaruwa
Sigiriya
Wasgomuwa
Wirawila Tank

Proximity

Up to 10 km

Briefly describe your organization's activities in the reporting year located in or near to the selected area

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Indicate whether any of your organization's activities located in or near to the selected area could negatively affect biodiversity

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C15.5

(C15.5) What actions has your organization taken in the reporting year to progress your biodiversity-related commitments?

	Have you taken any actions in the reporting period to progress your biodiversity-related commitments?	Type of action taken to progress biodiversity- related commitments

Row 1	Yes, we are taking actions to progress our biodiversity-related commitments	Land/water protection Education & awareness Livelihood, economic & other incentives

C15.6

(C15.6) Does your organization use biodiversity indicators to monitor performance across its activities?

	Does your organization use indicators to monitor biodiversity performance?	Indicators used to monitor biodiversity performance
Row 1	Yes, we use indicators	Pressure indicators Response indicators

C15.7

(C15.7) Have you published information about your organization's response to biodiversity-related issues for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Report type	Content elements	Attach the document and indicate where in the document the relevant biodiversity information is located
In voluntary sustainability report or other voluntary communications	Content of biodiversity-related policies or commitments Impacts on biodiversity Details on biodiversity indicators Risks and opportunities Biodiversity strategy	Page 56 - 57 1

[1]BAT_Annual_Report_Form_20-F_2022 (1).pdf

C16. Signoff

C-FI

(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

C16.1

(C16.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	Tadeu Marroco - Chief Executive	Chief Executive Officer (CEO)