

Welcome to your CDP Forests Questionnaire 2023

F0. Introduction

F0.1

(F0.1) Give a general description of 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.

Throughout the questionnaire, we refer to 'tobacco supply chain' or 'Tobacco Supply Chain'. 'Tobacco Supply Chain' refers to the tobacco supplied by our directly contracted farmers and those of our strategic third-party suppliers, who participate in our annual Thrive assessment,

representing over 80% of the tobacco purchased by volume in 2022 whereas 'tobacco supply chain' covers all tobacco used in our combustibles & tobacco heating products.

F0.2

(F0.2) State the start and end date of the year for which you are reporting data.

	Start Date	End Date
Reporting year	December 1, 2021	November 30, 2022

F0.3

(F0.3) Select the currency used for all financial information disclosed throughout your response.

GBP

F0.4

(F0.4) Select the forest risk commodity(ies) that you are, or are not, disclosing on (including any that are sources for your processed ingredients or manufactured goods); and for each select the stages of the supply chain that best represents your organization's area of operation.

Timber products

Commodity disclosure

Disclosing

Stage of the value chain

Manufacturing

Are you disclosing information on embedded commodities?

Yes

Palm oil

Commodity disclosure

Not disclosing

Stage of the value chain

Manufacturing

Explanation if not disclosing

BAT sources approximately 1,900 tons of glycerin derived ultimately from palm oil. This is less than 0.1% of global palm oil production. As a result of the deforestation risk assessment undertaken by BAT palm oil does not represent a material risk of deforestation. This is due to the very low amount of palm oil that is utilised in BAT products.

Cattle products

Commodity disclosure

This commodity is not produced, sourced or used by our organization

Soy

Commodity disclosure

Not disclosing

Stage of the value chain

Manufacturing

Explanation if not disclosing

BAT sources approximately 4,300 tons of glycerin derived ultimately from soy. This is less than 0.002% of global soy production. As a result of the deforestation risk assessment undertaken by BAT soy does not represent a material risk of deforestation. This is due to the very low amount of soy that is utilised in BAT products.

Other - Rubber

Commodity disclosure

This commodity is not produced, sourced or used by our organization

Other - Cocoa

Commodity disclosure

Not disclosing

Stage of the value chain

Manufacturing

Explanation if not disclosing

BAT sources approximately 500 tons of cocoa used in production of products. This is less than 0.1% of global cocoa volume. As a result of the deforestation risk assessment undertaken by BAT cocoa does not represent a material risk of deforestation. This is due to the very low amount of cocoa that is utilised in BAT products.

Other - Coffee

Commodity disclosure

This commodity is not produced, sourced or used by our organization

F0.5

(F0.5) Select the option that describes the reporting boundary for which forests-related impacts on your business are being reported

Operational control

F0.6

(F0.6) 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
Myanmar
Netherlands
Nigeria
Pakistan
Papua New Guinea
Poland
Republic of Korea
Romania
Russian Federation
Samoa
Saudi Arabia
Serbia
Singapore
South Africa
Sri Lanka
Sudan
Sweden

- Switzerland
- Trinidad and Tobago
- Turkey
- Ukraine
- United Kingdom of Great Britain and Northern Ireland
- United States of America
- Uzbekistan
- Venezuela (Bolivarian Republic of)
- Viet Nam
- Zambia
- Zimbabwe

F0.7

(F0.7) Are there any parts of your direct operations or supply chain that are not included in your disclosure?

No

F0.8

(F0.8) 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

F1. Current state

F1.1

(F1.1) How does your organization produce, use or sell your disclosed commodity(ies)?

Timber products

Activity

- Using as input into manufacturing process for power generation
- Using as input into product manufacturing
- Distributing/packaging

Form of commodity

- Softwood logs
- Sawn timber, veneer, chips

Paper
Boards, plywood, engineered wood
Primary packaging
Secondary packaging
Tertiary packaging
Cellulose-based textile fiber
Wood-based bioenergy

Source

Smallholders
Multiple contracted producers
Trader/broker/commodity market

Country/Area of origin

Argentina
Austria
Bangladesh
Brazil
Bulgaria
Chile
China
Croatia
Czechia
Finland
Germany
India
Indonesia
Italy
Japan
Kenya
Malaysia
Mexico
Mozambique
Nigeria
Pakistan
Philippines
Poland
Republic of Korea
Singapore
South Africa
Sweden
Switzerland
Thailand
United States of America
Viet Nam
Zimbabwe

% of procurement spend

11-20%

Comment

Materials sourced from third party suppliers for the manufacturing of our products:

- i) Board and paper for primary, secondary and tertiary packaging
- ii) Specialty papers and cellulose acetate tow

Materials used by our direct Leaf suppliers:

Firewood from fast growing planted trees, sawdust/wood waste and biomass to cure Flue Cured and Dark Fire Cured tobacco and for barn construction (less than 1.7% of the total volume of wood used by the farmers).

F1.2

(F1.2) Indicate the percentage of your organization’s revenue that was dependent on your disclosed forest risk commodity(ies) in the reporting year.

	% of revenue dependent on commodity	Comment
Timber products	100%	At BAT 100% of our cigarettes, tobacco heated products and some other nicotine/tobacco products utilise timber derivative products. In addition, the majority of BAT products utilise pulp and paper based materials (e.g. packaging).

F1.5

(F1.5) Does your organization collect production and/or consumption data for your disclosed commodity(ies)?

	Data availability/Disclosure
Timber products	Consumption data available, disclosing

F1.5a

(F1.5a) Disclose your production and/or consumption figure, and the percentage of commodity volumes verified as deforestation- and/or conversion-free.

Forest risk commodity

Timber products

Data type

Consumption data

Commodity production/ consumption volume

1,171,123

Metric for commodity production/ consumption volume

Metric tons

Data coverage

Full commodity production/consumption

Have any of your reported commodity volumes been verified as deforestation- and/or conversion-free?

Yes

% of reported volume verified as deforestation- and/or conversion-free

83.45

Please explain

The risk of deforestation derives from the need of using wood for curing leaves or to build curing barns. The risk for conversion of natural ecosystem is due to the risk of deforestation to plant tobacco and/ or production forests. Thrive Programme, direct supplier self-assessments and STP programme collects data for 100% of the wood used in our leaf supply chain. These feed into risk assessments such as 3rd party data verification and Global Forest Watch (GFW). In 2022 it was reported that 99.9% of the BAT directly contracted farmers were monitored against wood use and compliance with DCF status, and 93% of the farmers were monitored in BAT's tobacco supply chain. In 2022, from the total wood volume reported used in the tobacco purchased, 88% was DCF, with no cases of conversion of ecosystems, and a small area of 0.24 (out of the total 37,000 of native forest in their premises) hectares were deforested to harvest wood for tobacco curing in Brazil. The deforested area was restored (110% i.e. 0.264 hectares), in the same biome of the deforestation.

In 2022 we started to perform a geospatial risk assessment, based on Global Forest Watch (GFW) database, results show that 81% farmers were in low deforestation risk locations.

For Pulp & Paper materials we use a combination of supplier and sourcing control mechanisms: i) sustainable sourcing with specific forest related criteria for supplier selection and volume allocation, ii) supplier management protocols for evaluating and monitoring, iii) data gathering, in process measures and risk assessments, iv) traceability up to mill via FSC/PEFC CoC, v) compliance to local/regional forest regulations. Since 2021 we prioritise sourcing from low-risk areas and responsibly managed forests. In 2022 97.5% of our board volume (over 40% of total P&P) originated from low-risk countries. We aim to purchase from suppliers certified by leading international forest programs that provide evidence on traceability and monitoring systems aligned with international frameworks (e.g., SBTi FLAG, AFI, Proforest). In 2022 we sourced 94% of our P&P materials from FSC and/or PEFC CoC certified suppliers (89% in 2021) and we began collecting data from Tier 1 and Tier 2 suppliers twice a year, including physical volumes certification verification and material traceability

up to at least mill level. To monitor compliance, we perform desk audits focused on high-risk areas and key suppliers, and FSC and PEFC databases.

F1.5b

(F1.5b) Provide a breakdown of your DCF and non-DCF volumes relevant to your stage in the supply chain according to how verification is achieved and the highest level of traceability, respectively.

Timber products – DCF

% of DCF production/consumption volume from areas with no or negligible risk of deforestation/conversion

40.72

% of DCF production/consumption volume verified through monitoring systems

49.43

% of DCF production/consumption volume physically certified

9.85

Total percentage of production/consumption volume reported (DCF) [auto-calculated]

100

Timber products – Non DCF

% of non-DCF production/consumption volume from unknown origin

12.02

% of non-DCF production/consumption volume traceable only as far as country level

0

% of non-DCF production/consumption volume traceable only as far as sub-national area

58.88

% of non-DCF production/consumption volume traceable only as far as processing facility level

29.1

% of non-DCF production/consumption volume traceable to production unit level

0

Total percentage of production/consumption volume reported (non-DCF) [(auto-calculated)]

100

F1.5c

(F1.5c) For your disclosed commodity(ies), indicate the percentage of the production/consumption volume sourced by national and/or sub-national jurisdiction of origin.

Forest risk commodity

Timber products

Country/Area of origin

Brazil

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Paraná

% of total production/consumption volume

7.57

Please explain

In Brazil, that represents 28.70% of our total annual leaf purchases, 100% of the farmers were monitored for wood use and traceability. 100% of the Flue Cured Virginia tobacco type is cured with the use of wood. This jurisdiction is in Atlantic Forest biome.

We consolidate the global numbers of data reported and make the calculation of the share of each jurisdiction and country against the total Timber product consumed reported in CDP. Wood global data is provided for 99.9% of 81,000+ of the BAT directly contracted farmers who monitor curing fuel type, including use of wood for tobacco curing and construction with our Farmer Sustainability Management (FSM) system (95% of farmers monitoring coverage). FSM captures data on type and volume of wood and origin, if from or off-farm. Monitoring results demonstrate that around 34,000 (42%) use wood for curing and 99.9% of contracted farmers' wood fuels were observed as from sustainable sources.

Our Leaf Operations report the total volume of wood used in Thrive Programme, with breakdown per sub-national jurisdiction and at country level. Data reported in Thrive is validated by an independent third-party consultancy.

Note: Sustainable wood sources are defined 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 identified invasive exotic species that have not been planted; and wood sourced from existing legal plantations. This definition does not include conversion of natural forests to plantations to produce wood for tobacco curing.

Forest risk commodity

Timber products

Country/Area of origin

Brazil

State or equivalent jurisdiction

Specify state/equivalent jurisdiction
Rio Grande do Sul

% of total production/consumption volume

12.48

Please explain

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Forest risk commodity

Timber products

Country/Area of origin

Brazil

State or equivalent jurisdiction

Specify state/equivalent jurisdiction
Santa Catarina

% of total production/consumption volume

9.53

Please explain

In Brazil, that represents 28.70% of our total annual leaf purchases, 100% of the farmers were monitored for wood use and traceability. 100% of the Flue Cured Virginia tobacco type is cured with the use of wood. This jurisdiction is in Atlantic Forest biome.

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Forest risk commodity

Timber products

Country/Area of origin

Brazil

State or equivalent jurisdiction

Specify state/equivalent jurisdiction
Minas Gerais

% of total production/consumption volume

0.69

Please explain

This 0.69% comes from tobacco processing plants is wood fuel used by our factory in Brazil. The wood fuel originates from commercial eucalyptus plantations that are managed in line with applicable legal requirements, have all the necessary authorities permits and are subject to monitoring as legally required. Traceability to plantation is in place. This jurisdiction is in Atlantic Forest biome.

Forest risk commodity

Timber products

Country/Area of origin

Brazil

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Bahia

% of total production/consumption volume

0.59

Please explain

Pulp & paper materials information is provided by our Tier 1 and Tier 2 suppliers at least twice a year. We collect volumes delivered from each location, including mill name, CoC certificate code, country and state, total volume delivered to BAT and split by certification scheme. Volumes are actuals, full year 2022 for board, paper, speciality papers and cellulose acetate tow.

Forest risk commodity

Timber products

Country/Area of origin

Brazil

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Rio de Janeiro

% of total production/consumption volume

0.53

Please explain

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Forest risk commodity

Timber products

Country/Area of origin

Kenya

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Nyanza

% of total production/consumption volume

1.46

Please explain

In Kenya, that represents 1.10% of our total annual leaf purchases, 100% of the farmers using wood were monitored for wood use and traceability and 97% of the Flue Cured Virginia tobacco type is cured with the use of wood, the remaining 3% is cured with other types of biomasses. This jurisdiction is in Tropical & Subtropical Moist Broadleaf Forests, the Tropical & Subtropical Grasslands, Savannas and Shrublands biomes.

We consolidate the global numbers of data reported and make the calculation of the share of each jurisdiction and country against the total Timber product consumed reported in CDP. Wood global data is provided for 99.9% of 81,000+ of the BAT directly contract famers who monitor curing fuel type, including use of wood for tobacco curing and construction with our Farmer Sustainability Management (FSM) system (95% of farmers monitoring coverage). FSM capture data on type and volume of wood and origin, if from or off-farm. Monitoring results demonstrate that around 34,000 (42%) use wood for curing and 99.9% of contracted farmers' wood fuels were observed as from sustainable sources.

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Forest risk commodity

Timber products

Country/Area of origin

Kenya

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Western

% of total production/consumption volume

0.56

Please explain

In Kenya, that represents 1.10% of our total annual leaf purchases, 100% of the farmers using wood were monitored for wood use and traceability and 97% of the Flue Cured Virginia tobacco type is cured with the use of wood, the remaining 3% is cured with other types of biomasses. This jurisdiction is in Tropical & Subtropical Moist Broadleaf Forests, the Tropical & Subtropical Grasslands, Savannas and Shrublands biomes.

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Forest risk commodity

Timber products

Country/Area of origin

Kenya

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Eastern

% of total production/consumption volume

0.09

Please explain

In Kenya, that represents 1.10% of our total annual leaf purchases, 100% of the farmers were using wood monitored for wood use and traceability and 97% of the Flue Cured Virginia tobacco type is cured with the use of wood, the remaining 3% is cured with other types of biomasses. This jurisdiction contains a mix of biomes: Tropical & Subtropical Grasslands, Savannas & Shrublands, Tropical & Subtropical Moist Broadleaf Forests and Montane Grasslands & Shrublands. We consolidate the global numbers of data reported and make the calculation of the share of each jurisdiction and country against the total Timber product consumed reported in CDP. Wood global data is provided for 99.9% of 81,000+ of the BAT directly contract farmers who monitor curing fuel type, including use of wood for tobacco curing and construction with our Farmer Sustainability Management (FSM) system (95% of farmers monitoring coverage). FSM capture data on type and volume of wood and origin, if from or off-farm. Monitoring results demonstrate that around 34,000 (42%) use wood for curing and 99.9% of contracted farmers' wood fuels were observed as from sustainable sources.

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Forest risk commodity

Timber products

Country/Area of origin

Viet Nam

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Cao Bang

% of total production/consumption volume

0.11

Please explain

In Vietnam, that represents 1.11% of our total annual leaf purchases, 100% of the farmers using wood were monitored for wood use and traceability and, 95% of the Flue Cured Virginia tobacco type is cured with the use of wood, the remaining 5% is cured with other types of biomasses. This jurisdiction is in Tropical & Subtropical Moist Broadleaf Forest biome.

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Forest risk commodity

Timber products

Country/Area of origin

Viet Nam

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Dak Lak

% of total production/consumption volume

0.17

Please explain

In Vietnam, that represents 1.11% of our total annual leaf purchases, 100% of the farmers using wood were monitored for wood use and traceability and 95% of the Flue Cured Virginia tobacco type is cured with the use of wood, the remaining 5% is cured with other types of biomasses. This jurisdiction is in Tropical & Subtropical Dry Broadleaf Forest biome.

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Forest risk commodity

Timber products

Country/Area of origin

Viet Nam

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Lang Son

% of total production/consumption volume

0.18

Please explain

In Vietnam, that represents 1.11% of our total annual leaf purchases, 100% of the farmers using wood were monitored for wood use and traceability and 95% of the Flue Cured Virginia tobacco type is cured with the use of wood, the remaining 5% is cured with other types of biomasses. This jurisdiction is in Tropical & Subtropical Moist Broadleaf Forest biome.

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and construction with our Farmer Sustainability Management (FSM) system (95% of farmers monitoring coverage). FSM capture data on type and volume of wood and origin, if from or off-farm. Monitoring results demonstrate that around 34,000 (42%) use wood for curing and 99.9% of contracted farmers' wood fuels were observed as from sustainable sources.

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Forest risk commodity

Timber products

Country/Area of origin

Viet Nam

State or equivalent jurisdiction

Specify state/equivalent jurisdiction
Tay Ninh

% of total production/consumption volume

0.16

Please explain

In Vietnam, that represents 1.11% of our total annual leaf purchases, 100% of the farmers using wood were monitored for wood use and traceability and 95% of the Flue Cured Virginia tobacco type is cured with the use of wood, the remaining 5% is cured with other types of biomasses. This jurisdiction is in Tropical & Subtropical Dry Broadleaf Forest biome.

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Forest risk commodity

Timber products

Country/Area of origin

Viet Nam

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Gai Lai

% of total production/consumption volume

0.81

Please explain

In Vietnam, that represents 1.11% of our total annual leaf purchases, 100% of the farmers using wood were monitored for wood use and traceability and 95% of the Flue Cured Virginia tobacco type is cured with the use of wood, the remaining 5% is cured with other types of biomasses. This jurisdiction is in Tropical & Subtropical Moist Broadleaf Forest biome.

We consolidate the global numbers of data reported and make the calculation of the share of each jurisdiction and country against the total Timber product consumed reported in CDP. Wood global data is provided for 99.9% of 81,000+ of the BAT directly contract famers who monitor curing fuel type, including use of wood for tobacco curing and construction with our Farmer Sustainability Management (FSM) system (95% of farmers monitoring coverage). FSM capture data on type and volume of wood and origin, if from or off-farm. Monitoring results demonstrate that around 34,000 (42%) use wood for curing and 99.9% of contracted farmers' wood fuels were observed as from sustainable sources.

Our Leaf Operations report the total volume of wood used in Thrive Programme, with breakdown per sub-national jurisdiction and at country level. Data reported in Thrive is validated by an independent third-party consultancy.

Note: Sustainable wood sources are defined 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 identified invasive exotic species that have not been planted; and wood sourced from existing legal plantations. This definition does not include conversion of natural forests to plantations to produce wood for tobacco curing.

Forest risk commodity

Timber products

Country/Area of origin

Viet Nam

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Binh Duong

% of total production/consumption volume

0.53

Please explain

Pulp & paper materials information is provided by our Tier 1 and Tier 2 suppliers at least twice a year. We collect volumes delivered from each location, including mill name, CoC certificate code, country and state, total volume delivered to BAT and split by certification scheme. Volumes are actuals, full year 2022 for board, paper, speciality papers and cellulose acetate tow.

Forest risk commodity

Timber products

Country/Area of origin

India

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Mysuru

% of total production/consumption volume

5.21

Please explain

In India, that represents 8.61% of our total annual leaf purchases, 100% of the farmers were using wood are monitored for wood use and traceability and our local supplier uses wood to cure 58.9% of their crop, the remaining 41.1% is cured with other kinds of biomasses. This Jurisdiction is in the Tropical & Subtropical Dry Broadleaf Forests biomes.

Our third-party leaf suppliers use their own monitoring systems to monitor their farmer base with their respective field technicians. Our Leaf Operations and the strategic third parties leaf suppliers report the volume of wood used through the Thrive Programme with breakdown per sub-national jurisdiction and at country level. Thrive cover 84% of all BAT's tobacco purchases in 2022. Remaining wood data was reported via supplier self-assessments shared with BAT directly or via the industry programme STP that covers 100% of leaf suppliers. In total all 22 suppliers that use wood in tobacco curing reported data in 2022. Results from this combined monitoring approach have shown that 88% of the total wood volume is verified as DCF Reported data in both Thrive and STP are validated by independent third-party consultancy.

Note: Sustainable wood sources are defined 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 identified invasive exotic species that have not been planted; and wood sourced from existing legal plantations. This definition does not include conversion of natural forests to plantations to produce wood for tobacco curing.

Forest risk commodity

Timber products

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction
West Nusa Tenggara

% of total production/consumption volume

0.25

Please explain

In Indonesia, that represents 1.44% of our total annual leaf purchases, 19% of the farmers using wood were monitored for wood use and traceability and our local supplier uses wood to cure 21% of their flue cured tobacco crop, the remaining 80% is cured with other kinds of biomasses. This Jurisdiction is in the Subtropical Dry Broadleaf Forest biome.

Our third-party leaf suppliers use their own monitoring systems to monitor their farmer base with their respective field technicians. Our Leaf Operations and the strategic third parties leaf suppliers report the volume of wood used through the Thrive Programme with breakdown per sub-national jurisdiction and at country level. Thrive cover 84% of BAT's tobacco purchases in 2022. Remaining wood data was reported via self-assessments shared with BAT directly or via the industry programme STP that covers 100% of leaf suppliers. In total all 22 suppliers that use wood in tobacco curing reported data in 2022. Results from this combined monitoring approach have shown that 88% of

the total wood volume is verified as DCF Reported data in both Thrive and STP are validated by independent third-party consultancy.

Note: Sustainable wood sources are defined 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 identified invasive exotic species that have not been planted; and wood sourced from existing legal plantations. This definition does not include conversion of natural forests to plantations to produce wood for tobacco curing.

Forest risk commodity

Timber products

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Central Java

% of total production/consumption volume

0.07

Please explain

In Indonesia, that represents 1.44% of our total annual leaf purchases, 19% of the farmers using wood were monitored for wood use and traceability and our local supplier uses wood to cure 21% of their flue cured tobacco crop, the remaining 80% is cured with other kinds of biomasses. This Jurisdiction is Tropical and Subtropical Moist Broadleaf Forests biomes.

Our third-party leaf suppliers use their own monitoring systems to monitor their farmer base with their respective field technicians. Our Leaf Operations and the strategic third parties leaf suppliers report the volume of wood used through the Thrive Programme with breakdown per sub-national jurisdiction and at country level. Thrive cover 84% of BAT's tobacco purchases in 2022. Remaining wood data was reported via self-assessments shared with BAT directly or via the industry programme STP that covers 100% of leaf suppliers. In total all 22 suppliers that use wood in tobacco curing reported data in 2022. Results from this combined monitoring approach have shown that 88% of the total wood volume is verified as DCF Reported data in both Thrive and STP are validated by independent third-party consultancy.

Note: Sustainable wood sources are defined 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 identified invasive exotic species that have not been planted; and wood sourced from existing

legal plantations. This definition does not include conversion of natural forests to plantations to produce wood for tobacco curing.

Forest risk commodity

Timber products

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

East Java

% of total production/consumption volume

0.04

Please explain

In Indonesia, that represents 1.44% of our total annual leaf purchases, 19% of the farmers using wood were monitored for wood use and traceability and our local supplier uses wood to cure 21% of their flue cured tobacco crop, the remaining 80% is cured with other kinds of biomasses. This Jurisdiction is Tropical and Subtropical Moist Broadleaf Forests biomes.

Our third-party leaf suppliers use their own monitoring systems to monitor their farmer base with their respective field technicians. Our Leaf Operations and the strategic third parties leaf suppliers report the volume of wood used through the Thrive Programme with breakdown per sub-national jurisdiction and at country level. Thrive cover 84% of BAT's tobacco purchases in 2022. Remaining wood data was reported via suppliers' self-assessments shared with BAT directly or via the industry programme STP that covers 100% of leaf suppliers. In total all 22 suppliers that use wood in tobacco curing reported data in 2022. Results from this combined monitoring approach have shown that 88% of the total wood volume is verified as DCF Reported data in both Thrive and STP are validated by independent third-party consultancy.

Note: Sustainable wood sources are defined 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 identified invasive exotic species that have not been planted; and wood sourced from existing legal plantations. This definition does not include conversion of natural forests to plantations to produce wood for tobacco curing.

Forest risk commodity

Timber products

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Banten

% of total production/consumption volume

0.25

Please explain

Pulp & paper materials information is provided by our Tier 1 and Tier 2 suppliers at least twice a year. We collect volumes delivered from each location, including mill name, CoC certificate code, country and state, total volume delivered to BAT and split by certification scheme. Volumes are actuals, full year 2022 for board, paper, speciality papers and cellulose acetate tow.

Forest risk commodity

Timber products

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Karawang

% of total production/consumption volume

0.11

Please explain

Pulp & paper materials information is provided by our Tier 1 and Tier 2 suppliers at least twice a year. We collect volumes delivered from each location, including mill name, CoC certificate code, country and state, total volume delivered to BAT and split by certification scheme. Volumes are actuals, full year 2022 for board, paper, speciality papers and cellulose acetate tow.

Forest risk commodity

Timber products

Country/Area of origin

Mozambique

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Tete

% of total production/consumption volume

0.05

Please explain

In Mozambique, that represents 2.65% of our total annual leaf purchases, 98% of the farmers using wood were monitored for wood use and traceability and our local supplier uses wood to cure 50% of their dark fire cured tobacco crop, the remaining 50% is cured with other kinds of biomasses. This Jurisdiction is in the Tropical & Subtropical Grasslands, Savannas & Shrublands biomes.

Our third-party leaf suppliers use their own monitoring systems to monitor their farmer base with their respective field technicians. Our Leaf Operations and the strategic third parties leaf suppliers report the volume of wood used through the Thrive Programme with breakdown per sub-national jurisdiction and at country level. Thrive cover 84% of BAT's tobacco purchases in 2022. Remaining wood data was reported via self-assessments shared with BAT directly or via the industry programme STP that covers 100% of leaf suppliers. In total all 22 suppliers that use wood in tobacco curing reported data in 2022. Results from this combined monitoring approach have shown that 88% of the total wood volume is verified as DCF Reported data in both Thrive and STP are validated by independent third-party consultancy.

Note: Sustainable wood sources are defined 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 identified invasive exotic species that have not been planted; and wood sourced from existing legal plantations. This definition does not include conversion of natural forests to plantations to produce wood for tobacco curing.

Forest risk commodity

Timber products

Country/Area of origin

Zimbabwe

State or equivalent jurisdiction

Specify state/equivalent jurisdiction
Manicaland

% of total production/consumption volume

0.76

Please explain

In Zimbabwe, that represents 5.55% of our total annual leaf purchases, 65% of the farmers using wood were monitored for wood use and traceability and our local supplier uses wood to cure 53% of their flue cured tobacco crop, the remaining 50% is cured with fossil fuel. This Jurisdiction is in the is in the Tropical & Subtropical Grasslands, Savannas & Shrublands and the Montane Grasslands & Shrublands biomes.

Our third-party leaf suppliers use their own monitoring systems to monitor their farmer base with their respective field technicians. Our Leaf Operations and the strategic third parties leaf suppliers report the volume of wood used through the Thrive Programme with breakdown per sub-national jurisdiction and at country level. Thrive cover 84% of BAT's tobacco purchases in 2022. Remaining wood data was reported via suppliers' self-assessments shared with BAT directly or via the industry programme STP that covers 100% of leaf suppliers. In total all 22 suppliers that use wood in tobacco curing reported data in 2022. Results from this combined monitoring approach have shown that 88% of the total wood volume is verified as DCF Reported data in both Thrive and STP are validated by independent third-party consultancy.

Note: Sustainable wood sources are defined 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 identified invasive exotic species that have not been planted; and wood sourced from existing legal plantations. This definition does not include conversion of natural forests to plantations to produce wood for tobacco curing.

Forest risk commodity

Timber products

Country/Area of origin

Zimbabwe

State or equivalent jurisdiction

Specify state/equivalent jurisdiction
Mashonaland Central

% of total production/consumption volume

2.69

Please explain

In Zimbabwe, that represents 5.55% of our total annual leaf purchases, 65% of the farmers using wood were monitored for wood use and traceability and our local supplier uses wood to cure 53% of their flue cured tobacco crop, the remaining is cured with fossil fuel. This Jurisdiction is in the is in the Tropical & Subtropical Grasslands and Savannas & Shrublands biomes.

Our third-party leaf suppliers use their own monitoring systems to monitor their farmer base with their respective field technicians. Our Leaf Operations and the strategic third parties leaf suppliers report the volume of wood used through the Thrive Programme with breakdown per sub-national jurisdiction and at country level. Thrive cover 84% of BAT's tobacco purchases in 2022. Remaining wood data was reported via suppliers' self-assessments shared with BAT directly or via the industry programme STP that covers 100% of leaf suppliers. In total all 22 suppliers that use wood in tobacco curing

reported data in 2022. Results from this combined monitoring approach have shown that 88% of the total wood volume is verified as DCF Reported data in both Thrive and STP are validated by independent third-party consultancy.

Note: Sustainable wood sources are defined 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 identified invasive exotic species that have not been planted; and wood sourced from existing legal plantations. This definition does not include conversion of natural forests to plantations to produce wood for tobacco curing.

Forest risk commodity

Timber products

Country/Area of origin

Zimbabwe

State or equivalent jurisdiction

Specify state/equivalent jurisdiction
Mashonaland East

% of total production/consumption volume

1.12

Please explain

In Zimbabwe, that represents 5.55% of our total annual leaf purchases, 65% of the farmers using wood were monitored for wood use and traceability and our local supplier uses wood to cure 53% of their flue cured tobacco crop, the remaining 50% is cured with fossil fuel. This Jurisdiction is in the is in the Tropical & Subtropical Grasslands and Savannas & Shrublands biomes.

Our third-party leaf suppliers use their own monitoring systems to monitor their farmer base with their respective field technicians. Our Leaf Operations and the strategic third parties leaf suppliers report the volume of wood used through the Thrive Programme with breakdown per sub-national jurisdiction and at country level. Thrive cover 84% of BAT's tobacco purchases in 2022. Remaining wood data was reported via suppliers' self-assessments shared with BAT directly or via the industry programme STP that covers 100% of leaf suppliers. In total all 22 suppliers that use wood in tobacco curing reported data in 2022. Results from this combined monitoring approach have shown that 88% of the total wood volume is verified as DCF Reported data in both Thrive and STP are validated by independent third-party consultancy.

Note: Sustainable wood sources are defined 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 identified invasive exotic species that have not been planted; and wood sourced from existing

legal plantations. This definition does not include conversion of natural forests to plantations to produce wood for tobacco curing.

Forest risk commodity

Timber products

Country/Area of origin

Zimbabwe

State or equivalent jurisdiction

Specify state/equivalent jurisdiction
Mashonaland West

% of total production/consumption volume

1.15

Please explain

In Zimbabwe, that represents 5.55% of our total annual leaf purchases, 65% of the farmers using wood were monitored for wood use and traceability and our local supplier uses wood to cure 53% of their flue cured tobacco crop, the remaining 50% is cured with fossil fuel. This Jurisdiction is in the is in the Tropical & Subtropical Grasslands and Savannas & Shrublands biomes.

Our third-party leaf suppliers use their own monitoring systems to monitor their farmer base with their respective field technicians. Our Leaf Operations and the strategic third parties leaf suppliers report the volume of wood used through the Thrive Programme with breakdown per sub-national jurisdiction and at country level. Thrive cover 84% of BAT's tobacco purchases in 2022. Remaining wood data was reported via suppliers' self-assessments shared with BAT directly or via the industry programme STP that covers 100% of leaf suppliers. In total all 22 suppliers that use wood in tobacco curing reported data in 2022. Results from this combined monitoring approach have shown that 88% of the total wood volume is verified as DCF Reported data in both Thrive and STP are validated by independent third-party consultancy.

Note: Sustainable wood sources are defined 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 identified invasive exotic species that have not been planted; and wood sourced from existing legal plantations. This definition does not include conversion of natural forests to plantations to produce wood for tobacco curing.

Forest risk commodity

Timber products

Country/Area of origin

Philippines

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Philippines Abra, Locos Norte, Llocos Sur, La Union, Calabarzon

% of total production/consumption volume

0.16

Please explain

In Philippines, that represents 0.27%% of our total annual leaf purchases, our local supplier uses wood to cure 98% of their flue cured tobacco crop, the remaining 2% is cured with other type of biomass. These Jurisdictions are in the Tropical & Subtropical Moist Broadleaf Forests and Tropical & Subtropical Coniferous Forests biomes.

Our third-party leaf suppliers use their own monitoring systems to monitor their farmer base with their respective field technicians. Our Leaf Operations and the strategic third parties leaf suppliers report the volume of wood used through the Thrive Programme with breakdown per sub-national jurisdiction and at country level. Thrive cover 84% of BAT's tobacco purchases in 2022. Remaining wood data was reported via suppliers' self-assessments shared with BAT directly or via the industry programme STP that covers 100% of leaf suppliers. In total all 22 suppliers that use wood in tobacco curing reported data in 2022. Results from this combined monitoring approach have shown that 88% of the total wood volume is verified as DCF Reported data in both Thrive and STP are validated by independent third-party consultancy.

Note: Sustainable wood sources are defined 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 identified invasive exotic species that have not been planted; and wood sourced from existing legal plantations. This definition does not include conversion of natural forests to plantations to produce wood for tobacco curing.

Pulp & paper materials information is provided by our Tier 1 and Tier 2 suppliers at least twice a year. We collect volumes delivered from each location, including mill name, CoC certificate code, country and state, total volume delivered to BAT and split by certification scheme. Volumes are actuals, full year 2022 for board, paper, speciality papers and cellulose acetate tow.

Forest risk commodity

Timber products

Country/Area of origin

Mexico

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Nayarit

% of total production/consumption volume

0.6

Please explain

In Mexico, that represents 2.88% of our total annual leaf purchases, 65% of the farmers using wood were monitored for wood use and traceability and our local supplier and 20% of the Flue Cured Virginia tobacco type is cured with the use of wood, the remaining 80% is cured with LPG (gas). This jurisdiction contains a mix of biomes Mangroves, Tropical & Subtropical Dry Broadleaf Forests and Tropical & Subtropical Coniferous Forests.

We consolidate the global numbers of data reported and make the calculation of the share of each jurisdiction and country against the total Timber product consumed reported in CDP. Wood global data is provided for 99.9% of 81,000+ of the BAT directly contract famers who monitor curing fuel type, including use of wood for tobacco curing and construction with our Farmer Sustainability Management (FSM) system (95% of farmers monitoring coverage). FSM capture data on type and volume of wood and origin, if from or off-farm. Monitoring results demonstrate that around 34,000 (42%) use wood for curing and 99.9% of contracted farmers' wood fuels were observed as from sustainable sources.

Our Leaf Operations report the total volume of wood used in Thrive Programme, with breakdown per sub-national jurisdiction and at country level. Data reported in Thrive is validated by an independent third-party consultancy.

Note: Sustainable wood sources are defined 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 identified invasive exotic species that have not been planted; and wood sourced from existing legal plantations. This definition does not include conversion of natural forests to plantations to produce wood for tobacco curing.

Forest risk commodity

Timber products

Country/Area of origin

Mexico

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Campeche

% of total production/consumption volume

0.02

Please explain

Pulp & paper materials information is provided by our Tier 1 and Tier 2 suppliers at least twice a year. We collect volumes delivered from each location, including mill name, CoC certificate code, country and state, total volume delivered to BAT and split by certification scheme. Volumes are actuals, full year 2022 for board, paper, speciality papers and cellulose acetate tow.

Forest risk commodity

Timber products

Country/Area of origin

Argentina

State or equivalent jurisdiction

Specify state/equivalent jurisdiction
Buenos Aires

% of total production/consumption volume

0.04

Please explain

Pulp & paper materials information is provided by our Tier 1 and Tier 2 suppliers at least twice a year. We collect volumes delivered from each location, including mill name, CoC certificate code, country and state, total volume delivered to BAT and split by certification scheme. Volumes are actuals, full year 2022 for board, paper, speciality papers and cellulose acetate tow.

Forest risk commodity

Timber products

Country/Area of origin

Malaysia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction
Selangor

% of total production/consumption volume

0.13

Please explain

Pulp & paper materials information is provided by our Tier 1 and Tier 2 suppliers at least twice a year. We collect volumes delivered from each location, including mill name, CoC certificate code, country and state, total volume delivered to BAT and split by

certification scheme. Volumes are actuals, full year 2022 for board, paper, speciality papers and cellulose acetate tow.

Forest risk commodity

Timber products

Country/Area of origin

Nigeria

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Ibadan

% of total production/consumption volume

0.56

Please explain

Pulp & paper materials information is provided by our Tier 1 and Tier 2 suppliers at least twice a year. We collect volumes delivered from each location, including mill name, CoC certificate code, country and state, total volume delivered to BAT and split by certification scheme. Volumes are actuals, full year 2022 for board, paper, speciality papers and cellulose acetate tow.

Forest risk commodity

Timber products

Country/Area of origin

Thailand

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Ratchaburi

% of total production/consumption volume

0.12

Please explain

Pulp & paper materials information is provided by our Tier 1 and Tier 2 suppliers at least twice a year. We collect volumes delivered from each location, including mill name, CoC certificate code, country and state, total volume delivered to BAT and split by certification scheme. Volumes are actuals, full year 2022 for board, paper, speciality papers and cellulose acetate tow.

Forest risk commodity

Timber products

Country/Area of origin

Any other countries/areas

State or equivalent jurisdiction

% of total production/consumption volume

51.21

Please explain

This proportion of the volume includes countries not listed as high-risk countries, named Bangladesh, Pakistan, USA, Croatia, Italy, South Africa, which in total represent 47.7% of the tobacco leaf annual purchase. Our third-party leaf suppliers use their own monitoring systems to monitor their farmer base with their respective field technicians. Our Leaf Operations and the strategic third parties leaf suppliers report the volume of wood used through the Thrive Programme with breakdown per sub-national jurisdiction and at country level. Thrive covered 84% of BAT's tobacco purchases in 2022. Remaining wood data was reported via suppliers' self-assessments shared with BAT directly or via the industry programme STP that covers 100% of the leaf suppliers. In total all 22 suppliers that use wood in tobacco curing reported data in 2022. Results from this combined monitoring approach have shown that 88% of the total wood volume is verified as DCF. Reported data in both Thrive and STP are validated by independent third-party consultancy.

NOTE: Sustainable wood sources are defined 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 identified invasive exotic species that have not been planted; and wood sourced from existing legal plantations. This definition does not include conversion of natural forests to plantations to produce wood for tobacco curing.

For P&P third party supply, approximately 85% originates from 17 different low risk areas/countries (USA, Finland, Sweden, China, Pakistan, Austria, Bangladesh, Japan, South Africa, Chile, South Korea, Germany, Poland, Singapore, Czech Republic, Croatia, Bulgaria) as defined by CDP. Information is provided by our T1 and T2 suppliers at least twice a year. We collect volumes delivered from each location, including mill name, CoC certificate code, country and state, total volume delivered to BAT and split by certification scheme. Volumes are actuals, full year 2022 for board, paper, speciality papers and cellulose acetate tow.

F1.6

(F1.6) Has your organization experienced any detrimental forests-related impacts?

Yes

F1.6a

(F1.6a) Describe the forests-related detrimental impacts experienced by your organization, your response, and the total financial impact.

Forest risk commodity

Timber products

Impact driver type

Reputational and markets

Primary impact driver

Uncertainty about product origin and/or legality

Primary impact

Increased operating costs

Description of impact

Our business relies on timber as Flue Cured Virginia, the tobacco representing about 70% of our annual purchases requires a form of fuel for the farmers to cure it. Wood and biomass are the most viable sources to do so. In certain countries, like Brazil, farmers cure 100% of their crop with wood. Most farmers in our tobacco supply chain are small scale, in remote areas, and therefore it can be challenging to ensure wood has been sourced in fair conditions, sustainably and is not associated with deforestation. In 2022 there were cases of clearing less than one hectare of forest to harvest wood in Brazil, a minimal impact on the forest coverage in our Brazilian farms (more than 30K has of native forest). Tobacco cured with that wood was segregated and not purchased by BAT for use in our products. Despite its small scale, cases like this do have substantive impact as they impact on our reputation and goals of no gross deforestation. Finally, the global market for wood gets disrupted frequently due to the large scale of wildfires which in return increases prices for sustainable wood. This poses an additional risk to the organisation either by increasing operating costs (ranging from £1.3 mn and going up to £45mn if we have to source in other origins instead) or by causing reputational challenges to ensure wood legality and sustainability.

Primary response

Engagement with suppliers

Total financial impact

3,350,000

Description of response

Our suppliers engage with tobacco farmers for on the ground monitoring, training & deploying recommendations for sustainable agriculture practices. Monitoring systems provide due diligence around deforestation conversion free (DCF) status. Leaf suppliers are asked to comply with our policies & standards, through the Leaf Supplier Manual & guidance provided in the Sustainable Tobacco Programme (STP), in which we expect

participation of 100% of the leaf suppliers. STP is an industry-wide initiative in collaboration with other manufacturers to bring together best practice to drive continuous improvement. Engagement with local stakeholders is done for collaboration on initiatives like afforestation and farmers training. In Brazil, the tobacco industry union, to which our local suppliers are associated, carried out a geospatial monitoring programme, in partnership with the Ministry of Environment. The programme tracked the evolution of production systems and the conservation of the Atlantic Forest in tobacco farming areas in Rio Grande do Sul State across 6,899 km². The initiative ran for 6 years and demonstrated an increase in native forest area in the monitored regions. In 2022 a no deforestation training campaign was done in Zimbabwe in partnership with international & local farmers associations, with near 1K farmers. In 2022 we increased expenditures on biodiversity/ DCF programmes and run biodiversity and deforestation geospatial risk assessment in the tobacco supply chain.

F1.7

(F1.7) Indicate whether you have assessed the deforestation or conversion footprint for your disclosed commodities over the past 5 years, or since a specified cutoff date, and provide details.

Forest risk commodity

Timber products

Have you monitored or estimated your deforestation/conversion footprint?

Yes, we monitor deforestation/conversion footprint in our supply chain

Coverage

Full consumption volume

Reporting deforestation/conversion since a specified cutoff date or during the last five years?

During the last 5 years

Known or estimated deforestation/ conversion footprint (hectares)

15.24

Describe methods and data sources used to monitor or estimate deforestation/ conversion footprint

BAT have public targets for no gross deforestation of primary forest, net zero deforestation of natural managed forests, no conversion of natural ecosystems by 2025 and to have a net positive impact on forests in the Tobacco Supply Chain by 2025. We monitor our contracted farmer base against these indicators on an ongoing basis and report the results annually. This is based on a combination of on the ground checks by field technicians enhanced by remote sensing methods to understand the risk profile of the farmers based on their location. In 2022, 95% of our 81,000+ contracted farmers were monitored in our Farmer Sustainability Management system, with data collected by

field technicians during on-farm visits, which take place approximately once a month during the crop season. Monitoring is based on physical observations of forest coverage on the farm at any point in time. Controls are in place, including creation of prompt actions if cases of any non-compliance are observed. Prompt actions are tracked and analysed centrally to ensure senior oversight and to drive management action. We understand that our 3rd party suppliers follow similar methodologies. Annually the results of this monitoring are submitted to our bespoke Thrive platform, covering 84% of the total volume purchased. The remaining data points are collected via the industry initiative Sustainable Tobacco Programme (STP). In 2022 100% of the wood used by leaf suppliers was assessed for the risk of deforestation. In 2022, we commissioned an external, expert consultancy to conduct a Deforestation Risk Assessment, mapping our contracted farms and 3rd party supplier growing regions against 4 global deforestation indicators: Tree Cover, Forest Loss, Deforestation Hotspots and Forest Landscape Integrity Index. The Combined Deforestation Risk scores for our directly contracted farmers indicated that 81% are low deforestation risk, 8% medium and 11% high deforestation risk. The same scores for the total Leaf supply chain indicated that 68% of volume represents low deforestation risk, 17% medium and 15% of the volume was produced in areas considered to have high risk of deforestation. We then worked with the leaf suppliers, completing first our own leaf operations, to develop action plan to increase traceability of off-farm wood and on maintaining wood self-sufficiency produced by the farmers.

F2. Procedures

F2.1

(F2.1) Does your organization undertake a forests-related risk assessment?

Yes, forests-related risks are assessed

F2.1a

(F2.1a) Select the options that best describe your procedures for identifying and assessing forests-related risks.

Timber products

Value chain stage

Direct operations
Supply chain

Coverage

Full

Risk assessment procedure

Assessed in an environmental risk assessment

Frequency of assessment

Annually

How far into the future are risks considered?

> 6 years

Tools and methods used

Internal company methods
External consultants
Global Forest Watch Pro
IBAT for Business

Issues considered

Availability of forest risk commodities
Quality of forests risk commodities
Impact of activity on the status of ecosystems and habitats
Regulation
Climate change
Impact on water security
Tariffs or price increases
Corruption
Social impacts

Stakeholders considered

Customers
Employees
Investors
Local communities
Other forest risk commodity users/producers at a local level
Suppliers

Please explain

To identify, understand and assess forest-related risk we do multi-monitoring approach such as farmer monitoring, geospatial risk assessment and 3rd parties' assessment. The combination of methods allows us to assess current and longer-term risks in the forest landscape. The main risk to our leaf supply chain is the deforestation to harvest wood for tobacco curing or clear land to plant the crop.

BAT's Thrive programme expects suppliers to provide data on key indicators including natural capital covering 84% of tobacco volume purchased in 2022 (2021 was 80%). The data feeds into risk identification assessment procedures such as field technicians monitor wood usage and DCF status in all crop stages on directly contracted farms with our proprietary app FSM. 3rd party leaf suppliers use similar systems. In 2022 we performed a geospatial risk assessment of directly contracted farmers against deforestation indicators of Tree Cover, Forest Loss, Deforestation Hotspots, Forest Landscape Integrity Index (from Global Forest Watch data base). 11% of farmers were identified in locations with high risk and were scoped action plans. Similar risk analysis was also conducted to assess broader biodiversity risks of farms based on the IBAT database, assessing the proximity of the farmers to World Heritage Sites, Alliance for

Zero Extinction Sites and Key Biodiversity Areas. In 2022 our operation in Pakistan has proceeded a study with University of Agriculture Peshawar to wood use and traceability and in Vietnam we have mapped the supply with FSC support. We also analyse total farm income including wood price in the crop cost of production, measuring impact on farmers livelihoods.

For Pulp & Paper materials we identify and assess risks by enabling traceability to source of origin from forest via mill and by monitoring compliance vs. minimum standards we have enhanced since 2021 for high impact categories suppliers (>85% of volume): CoC certification by leading forest certification programs (FSC/PEFC/SFI), specific forest related criteria and scoring mechanism for strategic tender process to prioritise sourcing from low-risk areas, compliance to local & regional regulations, maturity of traceability and control capabilities and existence of procedures/policies to guarantee adherence of their own suppliers. We undertake desk audits focused on high-risk areas & key suppliers.

F2.2

(F2.2) For each of your disclosed commodity(ies), has your organization mapped its value chains?

	Value chain mapping
Timber products	Yes, we have mapped the entire value chain

F2.2a

(F2.2a) Provide details of your organization’s value chain mapping for its disclosed commodity(ies).

Forest risk commodity

Timber products

Scope of value chain mapping

- Tier 1 suppliers
- Tier 2 suppliers
- Smallholders

% of total suppliers covered within selected tier(s)

100

Description of mapping process and coverage

Of our 81,000+ directly contracted farmers, we monitored 99.9% of them regarding curing fuel type, including use of wood for tobacco curing via Farmers System Management app and other means. In total around 34,000 farmers (42%) use wood for curing and 99.9% of contracted farmers’ wood fuels were observed as being from sustainable sources. Our third-party suppliers’ users of wood take a very similar

approach using their own monitoring systems to monitor their farmers. BAT Leaf Operations and strategic 3rd party leaf suppliers, covering 84% of our tobacco purchases in 2022, report the results of wood use monitored in Thrive programme, directly reported suppliers' self-assessments, and STP. In 2022 93% of the farmers users of wood were monitored across the supply chain.

Note: Sustainable wood sources are defined as wood harvested legally from planted sources in a way that does not cause any detrimental social, environmental, or economic impact. This may include wood sourced from identified invasive exotic species and wood sourced from existing legal plantations. The definition does not include conversion of natural forests to plantations in order to produce wood for tobacco curing.

During the above mentioned monitoring, we also map if the wood is sourced from on-farm production forests or if it is from off-farm sources. In 2022, 100% of the total wood volume reported was mapped to at least State or equivalent out of which, 40% of the wood was sourced from production forests planted by the tobacco farmers, the remaining wood is produced by local wood suppliers normally in the same State, Province, or Municipality. We disclose 100% of the wood used for tobacco curing and / or curing barns construction in our CDP submission, both by BAT owned operations and from third party suppliers.

To map our pulp & paper materials supply chain we gather information directly from our tier 1 and tier 2 suppliers. We collect volumes delivered from each location, including mill name, CoC certificate code, country, state, total volume delivered to BAT by factory/location and split by certification scheme when applicable; our approach is aligned to AFi. Actual volumes and sourcing footprint for each full year are verified against our ERP and our e-sourcing platform, by category and material type.

Your own production and primary processing sites: attach a list of facility names and locations (optional)

Your suppliers' production and primary processing sites: attach a list of names and locations (optional)

F2.3

(F2.3) Do you use a classification system to determine risk of deforestation and/or conversion of other ecosystems for your sourcing areas, and if yes, what methodology is used, and what is the classification used for?

Use of a classification system to determine deforestation	Methodology used for classifying levels of risk	Use of risk classification	Attachment indicating risk classification for each
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and/or conversion risk of sourcing areas			sourcing area (optional)
1 Yes, we use a classification system	<p>BAT is focused on operationalising and improving its biodiversity management framework, including setting corporate commitments and targets, developing an operating standard, and using risk assessments for biodiversity and deforestation. In this context, in 2022 in partnership with The Biodiversity Consultancy, we conducted a global analysis of BAT's biodiversity footprint and risk assessment for both Biodiversity and Deforestation. As part of the scope of the study the potential deforestation risks associated with direct supply farms and 3rd party leaf suppliers growing regions was assessed. Deforestation risk was assessed against four global indicators, all of which were selected from peer review: Tree Cover (Identify areas of high forest cover), Forest Loss (Identify areas of high forest loss between 2002 and 2020), Deforestation Hotspots (Identify areas of significantly increasing deforestation) and Forest Landscape Integrity Index (FLII, measure the significance of forests based on the degree of modifications). The data source for all the indicators</p>	<p>The output of the deforestation risk assessment is used in conjunction with the results of the farmers monitoring results, which is reported by leaf suppliers in our Thrive platform. In 2022, 93% of the farmers who used wood in our tobacco supply chain were monitored by BAT Group's Leaf Operations and by our 3rd party leaf suppliers regarding the use of wood and compliance on DCF status. We use the results of the risk classification system and of the farmer monitoring to prioritize development and deployment of action plans and initiatives like afforestation programmes to provide saplings to farmers to produce their own wood used in tobacco production. For 100% of the leaf suppliers using wood, we expect such suppliers to monitor 100% of the farmers, to ensure wood used is sourced from sustainable and traceable sources, provide farmers training, deploy afforestation programmes and supply 100% DCF tobacco volume to BAT. In our Tobacco Supply Chain, we are working towards our aim of having a net positive impact</p>	

	<p>was the Tree Cover and Forest Loss Data Layer from Global Forest Watch (GFW). The assessment was done at the tobacco farmer level for the vertically integrated BAT Leaf Operations and for the sub-national jurisdiction level for the 3rd party leaf suppliers. Each farm (direct suppliers) or administrative area (3rd party suppliers) was scored from Low (1) to High (3) across the four indicators to assess deforestation risk. As there were four criteria, the minimum possible score is 4 (score of 1, low, for each criterion) while the maximum is 12 (score of 3, high, for each criterion). Scores for all criteria were combined to give an overall score of Low, Medium, or High for the level of deforestation risk associated with the farm or the growing region. For the directly contracted farmer base 81% of farms (81% of the total area) were classified as Low deforestation risk. 8% of farms (3% of the total area) were classified as High deforestation risk. 11% of farms (16% of the total area) were classified as medium deforestation risk. For the 3rd party suppliers, 49% of the area is likely to have Low deforestation risk, 30% Medium and 21% Low risk.</p>	<p>on forests by 2025. Our objective is to increase primary native forests and biodiversity value. To achieve this goal, 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 contracted farmers. Since the 1970s, we have provided more than 400 million saplings to our contracted farmers and their local communities to promote wood self-sufficiency in Brazil, Kenya, Bangladesh and Pakistan. We also developed alternative sources of tobacco curing fuel, to minimize deforestation risk that may be present in the growing regions and in the farms. In 2022, 22% of our contracted farmers used alternative, locally available biomass fuels for tobacco curing. This includes sugarcane bagasse briquettes in Kenya and jute sticks and rice husks in Sri Lanka and Bangladesh. Also in 2022, as part of our Thrive programme, we continued to engage with farmers on training, with 129,017 people participating. Training was delivered through farm visits and communication material, covering best practices on natural resource</p>	
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		<p>preservation, forest, biodiversity, and soil management. 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 no deforestation, no natural ecosystems conversion and relevant biodiversity practices. 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.</p>	
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F3. Risks and opportunities

F3.1

(F3.1) Have you identified any inherent forests-related risks with the potential to have a substantive financial or strategic impact on your business?

	Risk identified?
Timber products	Yes

F3.1a

(F3.1a) 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 BAT 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 quantitatively 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 the BAT 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 as (I) Short Term (less than 2 years); Medium Term (2 years to 5 years) and Long Term (5 years to 10 years) or a mixture of the above.

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 that encompasses Deforestation as an issue directly impacting our climate strategy. 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 and expectations related to environmental issues. Assigned mitigation activities are also logged against the risk and 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 and 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 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 both the ESG and business risk registers will inform the Group's TCFD risk disclosures.

F3.1b

(F3.1b) For your disclosed forest risk commodity(ies), provide details of risks identified with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.

Forest risk commodity

Timber products

Type of risk

Reputational and markets

Geographical scale

Global

Where in your value chain does the risk driver occur?

Supply chain

Primary risk driver

Increased commodity prices

Primary potential impact

Supply chain disruption

Company-specific description

This risk is related with the fact that BAT is sourcing tobacco leaf from 22 suppliers that rely on wood usage to cure the tobacco leaves, equivalent to 61% of BAT total timber commodity reported and about 17.9% of BAT's procurement spend reported in CDP. In most countries where our suppliers are, it is illegal to cause any deforestation of primary and native forests and we are taking various actions to minimise the likelihood of that regulation not being complied with. We updated our operating standard on how we expect suppliers to comply with local laws and to ensure DCF status for the farmers and crop volumes, stating that the presence of deforestation is not accepted and in cases of non-compliance, we will require a restoration plan. Should the farmers fail to comply with those standards then they may cause disruption to our supply chain which impacts our access to enough tobacco, as well as potentially causing damage to BAT's reputation and influence investor to disinvest in BAT.

Timeframe

1-3 years

Magnitude of potential impact

Medium-low

Likelihood

Likely

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact (currency)

Potential financial impact figure - minimum (currency)

1,280,000

Potential financial impact figure - maximum (currency)

3,700,000

Explanation of financial impact

Based on the environment in which BAT buys tobacco and on an independent analysis of deforestation, 11% of our contracted farmers are estimated to be near high risk of deforestation based on their location. If we take an assumption that 10% to 50% of those might have that risk materialised then that will cause disruption to our supply chain for a volume of between 2.5 and 7.7 million kgs on a given year based on a global average of throughput per farmer, since BAT will not be supporting purchases from those farmers. As our footprint is geographically diversified this initial risk can be mitigated by purchasing this tobacco elsewhere at an assumed premium of £0.5 per kg resulting in a potential financial impact from £1.28 to £3.7M. BAT has long term agreements in place to purchase tobacco, so when we must go to the open market to find tobacco then it is assumed to be more expensive.

Primary response to risk

Greater due diligence

Description of response

BAT has a comprehensive monitoring system, which field technicians (FT) use to monitor farmers, gather data on amount & source of wood, its legal compliance and DCF status. This allows us to understand the risk levels to make timely interventions. In 2022 was found a total of 0.24 hectares of deforestation in small holders farmers harvesting 12,909 Kgs of wood. This demonstrate that the FTs carry out the necessary on ground assessments, providing us visibility to act and respond. We included this amount of forest cleared (0.24 ha) in a reforestation plan we ran with a local NGO, to reforest 20 hectares which is equivalent to all the non-compliant cases since 2020 plus 10% of additional area to be restored in the same biome. In '22 100% of tobacco monitored under Thrive, representing 84% of BAT's tobacco purchases in 2022, was free of gross deforestation of primary native forest. Unannounced visits are also done to verify the cases are resolved, as well are done randomly to check compliance. We monitor suppliers' compliance with DCF status via Thrive & STP programmes. We work continuously to achieve greater due diligence, creating new operating standards on biodiversity and forests to provide guidance to suppliers and farmers.

Cost of response

3,350,000

Explanation of cost of response

This is the estimated cost in 2022 and it contains a portion of the field technician's employment costs assuming that up to 20% of their time can be dedicated in forest related matters and training. This is because on the ground risk assessments and observations take time and require frequent visits along the crop cycle to understand area planted, wood used, its purpose and its source. Field technicians are essential to support us conducting the required due diligence to comply with the targets we are setting. Further to this, it includes additional activities taking place at a global scale like externally conducted deforestation risk assessments and development of biodiversity and forest specific operating standards to provide guidance to the operations we work with. We believe this response is necessary and we do believe the increased due diligence will continue.

Forest risk commodity

Timber products

Type of risk

Chronic physical

Geographical scale

Global

Where in your value chain does the risk driver occur?

Supply chain

Primary risk driver

Increased ecosystem vulnerability

Primary potential impact

Reduction or disruption in production capacity

Company-specific description

The main tobacco type used in BAT Products, representing more than 70% of our purchases, is Flue Cured Virginia that requires a source of fuel to cure the leaves. In Brazil specifically, one of the countries where we buy more than 25% of our global leaf requirements, farmers use exclusively sustainable wood to cure their Virginia crop and 70% maintain supply via on-farm production. Remaining volumes come from off-farm local wood suppliers. Wood is from various species of eucalyptus. We know this production is at risk to be disrupted based on rising temperatures, rainfall patterns and overall water availability, so in 2022 we conducted a study with an independent consultancy to understand the risk of climate change on timber species, and production in 6 countries (and all the 17 growing regions in those origins) that are dependent on use of wood in tobacco cropping, modelling weather scenario until 2050. Brazil was part of the scope of the study which found that *E.saligna* and *E.benthami* currently used for less than 5% of the crop we buy from Brazil (from 8% in 2021) overall have a high-risk profile due to rising temperatures, overall climatic conditions and rainfall patterns.

Timeframe

>6 years

Magnitude of potential impact

Medium

Likelihood

Likely

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact (currency)

Potential financial impact figure - minimum (currency)

670,000

Potential financial impact figure - maximum (currency)

1,350,000

Explanation of financial impact

This is based on the percentage of tobacco we purchase which is cured with those species as of in 2022 representing less than 5% of our purchases in our operation in Brazil. In case we are not able to continue purchasing tobacco from those regions due to loss of the specific Eucalyptus species plantations in that area, we might need to purchase from another source, estimated to cost £0.5/kg more. The range varies to show loss of 50-100% of the high-risk wood species identified as with potential to cause this type of disruption. BAT has long term agreements in purchasing tobacco, so when we must go to the open market to find tobacco it is assumed to be more expensive.

Primary response to risk

Promotion of best practice and awareness

Description of response

In Brazil, our local operation works with around 17K contracted tobacco farmers and since late 70's developed an afforestation programme to promote wood production in the farms. To date more than 110 million saplings were distributed to the farmers, resulting in more than 20K hectares of Eucalyptus currently planted, generating more than 100% of wood self-sufficiency to the farmers that have planted the trees and 70% of the total wood used by the farmers comes from on-farm plantations. As smallholders, in various cases farmers do not have enough area to grow production forests, buying wood from local Eucalyptus providers, including other tobacco farmers that also produce wood as an alternative source of income. We track the wood from off-farm to make sure is from DCF source. We mitigate the risk of climate change by producing in more than one region, minimizing the risk of severe weather. In 2022 we reduced the use of Eucalyptus species more susceptible to climate change to less than 5% of the wood used by our contracted farmers (from about 8% in 2021). Yet we focus on farmer training on use of sustainable wood for curing and construction and in 2022 100% of the

13K farmers using wood were trained on this topic. We will maintain this focus in the future, to ensure that the wood requirements for tobacco production in our supply chain can be sustainably met. In 2022 99.9% of wood used by our contracted farmers was from sustainable sources, (stable against 2021).

Cost of response

7,200,000

Explanation of cost of response

The Global Leaf Agronomy Development centre has a cost of £7.2mn annually (based on 2022) between investments and operating costs and as its core purpose is to improve farmer resilience and the sustainability of their farms. Activities are 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 and therefore we allocate this as the cost to respond to that risk. 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 research centre, with technology solutions identified and technology deployment plans developed for long term and revised every year.

F3.2

(F3.2) Have you identified any forests-related opportunities with the potential to have a substantive financial or strategic impact on your business?

	Have you identified opportunities?
Timber products	Yes

F3.2a

(F3.2a) For your selected forest risk commodity(ies), provide details of the identified opportunities with the potential to have a substantive financial or strategic impact on your business.

Forest risk commodity

Timber products

Type of opportunity

Resilience

Where in your value chain does the opportunity occur?

Supply chain

Primary forests-related opportunity

Increased resilience to impacts of climate change

Company-specific description

BAT is dependent on the availability of sustainable wood for the farmers to cure Flue Cured Virginia and Dark Fire cured, which represent more than 70% of BAT's total tobacco purchases. As we are increasing the use of renewable fuels (predominantly wood and biomass) in the curing process the demand for wood in the future is likely to increase. At the same time, the amount of wood used has a direct impact on the total scope 3 emissions. BAT have committed to net zero across our value chain by 2050 at the latest. We also have 2030 target, which has been approved by Science Based Target initiative, namely to halving Scope 1, 2 & 3 CO₂e emissions by 2030 from a 2020 base year and internal ambition to reduce leaf emissions by 50% by 2030. Building on many years of experience, our Global Leaf Agronomy Development centre, focused on driving our Environmental and Social goals across tobacco production and the communities where we operate, has launched a programme called Curing 2.0 to address the opportunity of reduced fuel consumption through curing efficiency and alternative fuels to reduce Green House Gas emissions. This programme explores the potential to deliver significant efficiencies in the amount of wood used, either by different barn designs or by different type of the fuel, and it is tailored to specific market conditions. In 2022 we carried out trials in Pakistan, Brazil, Croatia & Bangladesh. Based on the first results we could achieve up to a 24% reduction on required firewood in Pakistan and up to 30% in Brazil by migrating into a more energy efficient barn design. The timescales for implementation are within a 5-year horizon and we explore those as part of the operational glidepaths we have with in-house and strategic suppliers, representing 80% of total purchased volumes. While we are achieving this opportunity, the ultimate gain is better positioning in terms of addressing and combating climate change alongside reduced wood consumption and operating costs to the farmer.

Estimated timeframe for realization

4-6 years

Magnitude of potential impact

High

Likelihood

Very likely

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)

6,600,000

Potential financial impact figure – maximum (currency)

10,900,000

Explanation of financial impact figure

Based on the work the Global Leaf Agronomy Development centre is conducting and programmes like Curing 2.0 we calculated the cost savings of farmers requiring less wood to cure leaves. We did this by estimating a range between 20% and 30% reduced consumption on the 2022 figure. Based on the initial pilot results in countries like Pakistan and Brazil, this is expected to be an achievable opportunity. Furthermore, we plotted two price ranges on the wood cost per kilo to cater for potentially reduced availability due to increased demand and/ or reduced supply due to climatic conditions. The additional benefit of decreasing our overall emissions is not yet captured and it is expected to further increase the value of that opportunity.

Cost to realize opportunity

3,180,000

Strategy to realize opportunity

The above cost is related to the curing efficiency projects planned to be developed by our Global Leaf Agronomy Development (GLAD) centre for a period of 6 years who are responsible for providing science-based carbon-smart solutions globally on behalf of BAT. These are then rolled out to our contracted farmers by our field technicians ("FTs"). GLAD conduct world-class research, from development and testing in labs to real-world field trials with farmers. To realize the opportunity, we drive global collaboration with internal and external leaf suppliers to support our Scope 3 targets, which include research programmes for trials on new curing barns and collaborate with farmers to develop and deploy curing efficiency initiatives. To deploy Curing 2.0 programme we focus on the development of a global platform and standard model for the technology, then seek local suppliers that can support in the commercialisation. We start deployment through demonstrating the new initiatives and designs in leader farmers, plan for a semi-commercial adoption and finally we streamline implementation in wider farmer base. In parallel we have a training plan for 100% of the FTs and to farmers according to their profile (early adopter or follower). Collective trainings like field days, and individual or mini groups sessions are undertaken. In Brazil, we created a technology diffusion technical team, which consists of FTs dedicated to train and cascade new technology to farmers, including tobacco curing technology. To date, trials were implemented in our Leaf Operations in Brazil, Pakistan, and Bangladesh. In Brazil the use of efficient curing barns is already deployed to cure about 90% of the crop volume in our directly contracted farmers. Next step is to advance in the adoption of improved versions of the curing barns to provide higher efficiency in the amount of wood per kilo of tobacco cured. In Pakistan and Bangladesh trials were implemented using local suppliers to manage the cost of the curing equipment and a 5-year development and deployment plan is created. We also streamline farmer training, regarding curing techniques and efficiency, both for the new technologies and for the existing models. In 2022 104,000 people were trained, across BAT Leaf Operations and strategic 3rd party suppliers.

Forest risk commodity

Timber products

Type of opportunity

Efficiency

Where in your value chain does the opportunity occur?

Supply chain

Primary forests-related opportunity

Increased efficiency of commodity production

Company-specific description

BAT is dependent on the availability of sustainable wood to ensure curing of Flue Cured Virginia, one of the main tobacco types bought, representing more than 70% of total purchases. Farmers we work with either grow exotic plantations on their farm or buy sustainable wood off-farm. For our contracted farmers' base, we track the source of the wood, and if on-farm the specific species used. The primary opportunity when doing so is that it allows us to continuously engage with our supplier base to manage and protect forest resources, and the more we do this, the more sustainable and resilient our overall supply chain becomes. Furthermore, as we progress our strategy to increase the proportion of fuel coming from renewable sources, the demand for wood is likely to increase in certain locations which can lead to increased prices. That leads us to the opportunity of supporting proactively the management of cost by farmers to allow them to choose the best supply model on how to source that wood. We continue to work with our directly contracted farmers and third-party suppliers to promote the sustainable use of forest resources. This includes training in forest management, distributing tree saplings for a sustainable source of fuel and helping farmers to switch to locally available alternative fuels. By supporting these and other activities, we aim to realise the opportunity to continue improving the sustainability and resilience of our supply chain, which in turn will help to protect our business in the future, resulting in cost savings too. For example, through our close engagement with our suppliers, including with training and afforestation support, we are working to reduce the risk of supply chain disruption caused by reduced availability of sustainable wood. This work is current and ongoing. Furthermore, we are evaluating through supplier glidepaths what is the best option and mix for each operation to achieve 100% wood self-sufficiency, via on and off-farm production.

Estimated timeframe for realization

>6 years

Magnitude of potential impact

Medium

Likelihood

Likely

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)

2,880,000

Potential financial impact figure – maximum (currency)

6,900,000

Explanation of financial impact figure

These financials reflect the opportunity of reducing cost of production for the farmers which can use on-farm instead of purchased wood. In Brazil, where we have the biggest tobacco operation and 100% of the Flue Cured tobacco is cured with wood, the farmers produce 70% of the wood used on their own farms. The remaining 30% is bought from off-farm local wood suppliers. The financial opportunity reflects a possibility to improve the production coming from on-farm to be 75% or 80%, rather than from off-farm. As the demand for wood increases, we have considered that the price of wood could increase up to 20% over a 6-year period. We continuously review the opportunity considering the overall crop volume, wood requirements and market dynamics.

Cost to realize opportunity

300,000

Strategy to realize opportunity

The strategy is based on the increase of wood produced on farms, which also will improve traceability. The cost to realize the opportunity relates to the supplying of trees saplings to the directly contracted farmers in Brazil assuming the farmer has available land as well as the associated training. It doesn't include the opportunity cost in case there isn't any land available. Our local operation works with around 17K contracted tobacco farmers and since the late 70's has developed an afforestation programme to promote wood production in the farms. To date more than 110 million saplings were distributed and more than 20K hectares of Eucalyptus is currently planted. This generates more than 100% of wood self-sufficiency to the farmers that have planted the trees and 70% of the total wood used by them comes from on-farm plantations. As smallholders, in various cases farmers do not have enough area to grow production forests. They buy wood from local Eucalyptus providers. We estimate that there is still an opportunity to increase the percentage of wood sourced from on-farm plantation, potentially increasing to 75% or 80% of the wood used by the farmers. The cost is associated with funding the saplings cost, incentivizing the farmers to increase their planted Eucalyptus area. This will also leverage traceability, once we increase the percentage of wood volume produced on farm, in line with our operational standard. Farmer training is provided on topics such as: use of sustainable wood for curing and construction, curing efficiency and / or curing barn management and maintenance. In 2022 100% of the 13K farmers using wood in Brazil were trained on the above-mentioned topics, and we also had 185,000 participations in trainings on these topics across the Thrive monitored supply chain.

F4. Governance

F4.1

(F4.1) Is there board-level oversight of forests-related issues within your organization?

Yes

F4.1a

(F4.1a) Identify the position(s) of the individual(s) (do not include any names) on the board with responsibility for forests-related issues.

Position of individual or committee	Responsibilities for forest-related issues
Board-level committee	<p>The Audit Committee (AC) is responsible for reviewing the effectiveness of the Group's risk management & internal controls systems. The AC also reviews the Group risk register (incl. deforestation & soil health-related risks) twice a year, regularly reviews the Group's progress against forest-related targets (e.g., no gross & net zero deforestation) & receives reports from the Group's Regional Audit, CSR & Corporate Audit Committees, which monitor the effectiveness of regional & global function risk management & internal controls. The Chair of the AC provides a briefing to the Board following each meeting.</p> <p>Decision example: In 2022, the AC oversaw the work of the Group's external provider of assurance over ESG metrics, which incl. Group forest targets. The Audit Committee also reviewed our Group risk register, which includes forest risks & their impact in our tobacco supply chain, to ensure appropriate monitoring & reporting mechanisms are in place (see pg. 345, 2022 ARA).</p>

F4.1b

(F4.1b) Provide further details on the board's oversight of forests-related issues.

	Frequency that forests-related issues are a scheduled agenda item	Governance mechanisms into which forests-related issues are integrated	Please explain
Row 1	Scheduled - some meetings	<p>Monitoring implementation and performance</p> <p>Monitoring progress towards corporate targets</p>	<p>The Board takes forest-related considerations into account where applicable when making strategic decisions, incl. risk management, overseeing capital expenditure, oversight of forest strategy & forest-related risks and opportunities. In 2022, the Board approved an updated Group Environment</p>

		<p>Overseeing major capital expenditures</p> <p>Overseeing the setting of corporate targets</p> <p>Providing employee incentives</p> <p>Reviewing and guiding annual budgets</p> <p>Reviewing and guiding business plans</p> <p>Reviewing and guiding corporate responsibility strategy</p> <p>Reviewing and guiding major plans of action</p> <p>Reviewing and guiding public policy engagement</p> <p>Reviewing and guiding risk management policies</p> <p>Reviewing and guiding strategy</p> <p>Setting performance objectives</p>	<p>policy, which includes our commitments to forest & biodiversity targets and endorsed our target for zero conversion of natural ecosystems in our Tobacco Supply Chain by 2025. The Board monitors progress against forest-related action plans, objectives and targets through biannual updates from the Director, Operations (DO) on performance & progress towards achieving the Group's DCF targets. The Board reviews the Group risk register. The Board also reviews our approach to stakeholder engagement and how the Group responds to increasing stakeholder focus on the importance of biodiversity, which included our biodiversity and deforestation risk assessment activities. The Audit Committee (AC) is responsible for reviewing the Group's risk management and internal controls systems, including forest-related risks, reviews the Group risk register twice per year and reviews the Group's progress against forest metrics. 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.</p>
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F4.1d

(F4.1d) Does your organization have at least one board member with competence on forests-related issues?

Row 1

Board member(s) have competence on forests-related issues

Yes

Criteria used to assess competence on forests-related issues

The criteria used to assess board member(s) competence on forest-related issues, is if board members understand how forest-related issues affect the BAT Group and forest-related risks and opportunities in the BAT Group context. Board members have experience in management oversight of operational companies within industries

impacted by forest-related issues, where judgements are required to manage forest-related risks and opportunities. These industries (of which one or more board members has experience) include fast moving consumable goods for example, tobacco, where impacts on forests can be caused due to direct operations and supply chain activity and must be mitigated; and mining, where exposure to deforestation risks due to extractive operations must be managed appropriately.

F4.2

(F4.2) Provide the highest management-level position(s) or committee(s) with responsibility for forests-related issues (do not include the names of individuals).

Name of the position(s) and/or committee(s)	Forests-related responsibilities of this position	Frequency of reporting to the board on forests-related issues	Please explain
Other C-Suite Officer, please specify Director, Operations	Managing annual budgets relating to the implementation of forest-related policies and commitments Managing major capital and/or operational expenditures, related to low-impact forest products or services (including R&D) Providing forests-related employee incentives Integrating forests-related issues into business strategy Setting forests-related corporate targets Monitoring progress against forests-related corporate targets Managing public policy engagement that may impact forests Assessing forests-related risks and opportunities	Quarterly	The Director, Operations (DO) is a member of the Management Board (MB) reporting directly into the CEO for full year 2022 and has overall responsibility for delivery of the Group’s forest strategy; delivery against targets such as no gross deforestation, net zero deforestation of managed forests in our supply chain by 2025 and zero conversion of natural ecosystems in our tobacco supply chain (new target for 2022, approved by the Board); assessing and managing risks and opportunities and associated policies / budgets. The Board is updated on forest-related performance. This includes an update twice per year from the Director, Operations on progress on the Group’s sustainability agenda and performance against environmental targets (including forest targets); an annual review of the risk register (which includes forest-related risks); review and approval of the Combined Annual and ESG Report and Form 20-F which includes reporting on forest-related performance for the year; and additional focused updates on our ESG progress as required. The DO receives updates

	<p>Managing forests-related risks and opportunities</p> <p>Assessing future trends in forest risk commodity demand</p>		<p>from functional leaders and teams on forest-related strategy implementation and targets through Sustainability & Environmental Forums that meet 4 times a year. Forest-related risks are also monitored the Group Risk Management Committee, chaired by the Finance Director.</p>
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F4.3

(F4.3) Do you provide incentives to C-suite employees or board members for the management of forests-related issues?

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

F4.3a

(F4.3a) What incentives are provided to C-Suite employees or board members for the management of forests-related issues (do not include the names of individuals)?

	Role(s) entitled to incentive?	Performance indicator	Contribution of incentives to the achievement of your organization's forests-related commitments	Please explain

<p>Monetary reward</p>	<p>Other C-suite Officer</p>	<p>Ending deforestation and/or conversion of other natural ecosystems Increasing commodity volumes with credible third-party certification Increased engagement with suppliers on forests-related issues Increased investment in forests-related R&D</p>	<p>BAT works closely with the farmers in our Tobacco supply chain to protect biodiversity and forest resources. We also aim to use only paper- and pulp-based packaging materials that are sustainable sourced from suppliers with CoC certifications.</p> <p>External targets have been set for zero conversion of natural ecosystems in our tobacco supply chain by 2025 and zero gross deforestation of primary native forests in our paper, pulp and Tobacco Supply Chain.</p> <p>BAT has glidepaths in place to track and monitor progress towards our 2025 ambition, with clear annual targets required to achieve our goal.</p> <p>Our Director, Operations is the most senior person accountable for BAT's sustainability agenda, including delivery of our biodiversity and forest related 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</p>	<p>Our Director, Operations, a C-Suite Officer is a member of the Management Board and responsible for delivery of our forest targets as part of the overall sustainability agenda. The most important targets are externally communicated and linked, amongst other areas, to evaluation of our Director, Operations' performance and remuneration.</p> <p>The Director's performance objectives and remuneration are linked, amongst other things to the achievement of our forest targets for no gross deforestation, net zero deforestation of managed forests in our tobacco and paper and pulp supply chains by 2025, and net positive on forests in the tobacco supply chain by 2025.</p> <p>Performance is measured by determining whether operations are on track to achieve 2025 targets via specific actions/ steps taken within the year aligned with their glidepath; as an example, tracking our progress towards 100% certification (i.e. FSC or equivalent) in paper and pulp supply chain as part of our net zero deforestation commitment, with 91% or higher being the measure of success for 2022. In 2022, 94% FSC (or</p>
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			financial incentive is provided by BAT, to the Director to deliver them.	equivalent) certification was achieved, meeting the target threshold for this year, meaning the Director met this performance objective which contributed to the eligibility for an annual bonus payment.
Non-monetary reward	Other C-suite Officer	Ending deforestation and/or conversion of other natural ecosystems Increasing commodity volumes with credible third-party certification Increased engagement with suppliers on forests-related issues Increased investment in forests-related R&D	Recognition of the best forest-related achievements delivered by our global teams is important in driving the achievement of BAT's external forest-related targets, including zero conversion of natural ecosystems in our tobacco supply chain by 2025 and zero gross deforestation of primary native forests in our paper, pulp and Tobacco Supply Chain. Overall target achievement is only possible if our global operations sites achieve their individual targets that are aligned to these and defined by target glidepaths. BAT's internal 'Celebrating our Success' programme for our Global Operations function helps to support the delivery of these individual site-level targets though both sharing best practice and celebrating the best contributions at the highest level. Increasing awareness of best practice and exemplary performance at site-level helps other sites in driving their own targets and ambitions. The potential of being celebrated at the highest level of the Global Operations function (the	On a quarterly basis, our Director, Operations (a C-Suite Officer) leads the 'Celebrating our Success' programme (non-monetary recognition), where nominations of outstanding achievement across the function are celebrated. All Regions and Sub-Functions across the internal BAT Global Operations team are invited to submit nominations and the winners are announced and celebrated during the quarterly Global Operations Webcast, to which all Global Operations employees are invited. In 2022, there were 27 nominations relating to ESG topics, and within these, 5 nominations from 4 different countries, related to Forest-related initiatives. Achieving, and making progress towards our external forest-related targets is made possible by exemplary performance at both regional and site level. Indicative cases were around the set up and continuation of reforestation programmes in some of the biggest tobacco in-house operations like Kenya &

			<p>winners are announced by our Director, Operations – a C-Suite Officer and Management Board member) and this recognition also being shared with the entire Global function, also incentivises achievement above and beyond sites own targets.</p>	<p>Bangladesh, showing commitment to preserve natural resources.</p>
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F4.4

(F4.4) Did your organization include information about its response to forests-related risks in its most recent mainstream financial report?

Yes (you may attach the report – this is optional)

 BAT_Annual_Report_Form_20-F_2022 (2).pdf


F4.5

(F4.5) Does your organization have a policy that includes forests-related issues?

Yes, we have a documented forests policy that is publicly available

F4.5a

(F4.5a) Select the options to describe the scope and content of your policy.

 Env Policy BAT com 25 Jul 2023 - Final_.pdf

Row 1

Scope

Company-wide

Commodity coverage

Timber products

Content

Commitment to eliminate conversion of natural ecosystems

Commitment to no land clearance by burning or clearcutting

Commitment to eliminate deforestation

Commitment to remediation, restoration and/or compensation of past harms

Secure Free, Prior and Informed Consent (FPIC) of indigenous people and local communities


Adoption of the UN International Labour Organization principles

Commitment to resolving both social and environmental issues in own operations and supply chain

Commitment to protect rights and livelihoods of local communities

Commitments beyond regulatory compliance
Commitment to stakeholder awareness and engagement
Commitment to align with the SDGs
Recognition of the overall importance of forests and other natural ecosystems
Description of business dependency on forests
Recognition of potential business impact on forests and other natural ecosystems
Description of forest risk commodities, parts of the business, and stages of value-chain covered by the policy
List of timebound milestones and targets
Description of forests-related performance standards for direct operations
Description of forests-related standards for procurement

Document attachment

 Env Policy BAT com 25 Jul 2023 - Final_.pdf

Please explain

There are few forest-derived commodities that are significant to our organisation from a spend/consumption perspective, therefore the commodity specific policy aligns with the company wide Group Environment Policy. Our BAT Group Standards of Business Conduct (SOBC) describe the sets of rules and standards that BAT work by, including a focus on the environment and references to our Group Environment Policy where forestry stewardship is included. In the SOBC we also state BAT's dependency and impact on environmental resources, goals regarding environmental responsibility, and specific targets including biodiversity and forests. The Policy mentions BAT's desire to implement programmes to support targets of no gross deforestation of primary native forests, net zero deforestation of natural managed forests and no conversion of natural ecosystems and net positive impacts on forests in our Tobacco Supply Chain by 2025. Group Environment Policy is supported by our Biodiversity Statement, which sets out the principles to manage our biodiversity footprint across our operations, based on a mitigation hierarchy, describing the steps to avoid, minimise, restore, or offset biodiversity loss. For our suppliers, our Supplier Code of Conduct (SCoC) defines the minimum standards we expect, including specific criteria for environmental sustainability. The SCoC is complemented by our Leaf Supplier Manual (LSM), where we set clear communication on expectations regarding compliance with legislation and our policies. These include sustainability minimum requirements for areas such as farmers monitoring, best practices for biodiversity protection, due diligence around DCF status. In addition, the industry's Sustainable Tobacco Programme that BAT is a member of touches on criteria around biodiversity and afforestation that leaf suppliers are expected to adhere to. BAT conducts a detailed regular review of our SOBC and SCoC (usually every two years) to ensure they remain at the forefront of best practice; the most recent review was in 2021. We review the Group Environment Policy and the LSM on an annual basis. The Director, Operations recommends policy updates to the Board for endorsement before any changes are implemented. 94% of our Paper & Pulp materials area certified and FSC-certified businesses are required to uphold principles of free prior and informed consent (FPIC).

F4.6

(F4.6) Has your organization made a public commitment to reduce or remove deforestation and/or forest degradation from its direct operations and/or supply chain?

Forest risk commodity	Public commitments made
Timber products	Yes

F4.6a

(F4.6a) Has your organization endorsed any of the following initiatives as part of its public commitment to reduce or remove deforestation and/or forest degradation?

Other, please specify
Business For Nature

F4.6b

(F4.6b) Provide details on your public commitment(s), including the description of specific criteria, coverage, and actions.

Forest risk commodity

Timber products

Criteria

- No conversion of natural ecosystems
- Zero gross deforestation/ no deforestation
- Zero net deforestation
- Restoration and compensation to address past deforestation and conversion
- No land clearance by burning or clearcutting
- Secure Free, Prior and Informed Consent (FPIC) of indigenous people and local communities
- Promotion of gender equality and women's empowerment
- Adoption of the UN International Labour Organization principles
- Facilitate the inclusion of smallholders into the supply chain
- Build community capacity and incentivize engagement in multi-stakeholder processes

Operational coverage

Direct operations and supply chain

% of total production/ consumption covered by commitment

100%

Cutoff date

2020

Forest risk countries/areas that the cutoff date applies to

Applied globally

Reason for selecting cutoff date

Specific to commitment

Commitment target date

2021-25

Please explain

In 2021 we defined targets to aim for no gross deforestation of primary native forests in our tobacco, paper and pulp Supply Chains, net zero deforestation by 2025 of managed natural forests in our tobacco, paper and pulp Supply Chains, and net positive impact on forests in our Tobacco Supply Chain by 2025. As outlined in our approach on how to achieve those targets based on the data we had, we decided to complement with a combination of methods; deforestation risk assessments and operating standards followed by pilots of satellite monitoring in Brazil, Kenya, Pakistan, and Bangladesh, which are still in progress. In 2022 we included a new target to have zero conversion of natural ecosystems in our Tobacco Supply Chain by 2025. Due diligence and education are two important areas to achieve our no gross deforestation commitment. We monitor our directly contracted farmers and in case of any non-compliance incidents, prompt actions are raised, and immediate action is taken to assess the case. We also collect the same information from our strategic 3rd party suppliers, representing together with our in-house operations about 97% of our 2022 tobacco purchases. In 2022 we had 99.99% of wood used by our contracted farmers monitored as coming from sustainable sources. The minor non-compliant portion was about 5 farmers in Brazil that used wood from native forest, in an equivalent area of 0.24 hectares. This area is then included in the restoration plan with an additional 10% of the equivalent area, that is done in the same jurisdiction and biome, as per our operating standards. As per our cut-off date of 1st of January 2020, since 2020 a total of about 15 hectares were deforested and all this area plus an additional 10% are reforested in the same biome. Since 2016 monitoring of our contracted farmers' fuel use for curing shows at least 99% of wood was sustainably sourced. We also build community capacity and include smallholder farmers training with the aim to ensure the use of sustainably sourced wood to avoid deforestation. Our Leaf Operations and 3rd party suppliers provide training to the farmers on subjects like natural resource preservation, forest, and biodiversity. In 2022, 129,000 people were engaged in those trainings in countries like Brazil, Pakistan & Bangladesh. Where wood is used, we promote forestry programmes to enable farmers to produce their own through planted production forests, mitigating the risk of deforestation of primary forests. In the last 40 years we have distributed 400 mn tree saplings in those programmes with a diverse range of native and fast-growing species. For instance, in Bangladesh, through our flagship programme Bonayan, the largest private sector afforestation programme in the country, we have also distributed medicinal and fruit plants to promote conservation and restoration of natural lands. We monitor the plantation of tobacco as well in new farmland, to avoid any new plantation in converted ecosystems, like in deforested land. The opening of new areas to plant tobacco on our contracted farmer base has been minimal in the last years (4 hectares).

To progress our net positive target on forests in the Tobacco Supply Chain, we participate in afforestation programmes for net positive impact on forest in many locations like Kenya, Brazil, Pakistan & Bangladesh. To meet our net zero deforestation commitment in managed forests we have explored verification schemes and partnerships with local regulatory bodies in the USA where we use timber by-products to cure Dark Fire tobacco. Finally, through FSC, which represents the largest portion of our certified volume, we adopted the latest FSC guidelines issued on 2021 on securing a participatory and equitable approach to decision making through the implementation of free, prior and informed consent (FPIC), for instance in Brazil.

F5. Business strategy

F5.1

(F5.1) Are forests-related issues integrated into any aspects of your long-term strategic business plan, and if so how?

	Are forests-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	Yes, forests-related issues are integrated	11-15	<p>Our Sustainability agenda is integral to our Group strategy and purpose to build “A Better Tomorrow”. To achieve excellence in environmental management, biodiversity and ecosystems sit as a key pillar, as well Climate Change and both areas are strictly connected to contribute to the UN Climate Action Global Goal to which we are committed to. BAT has the global public goals of achieving Net Zero Emissions across our value chain by 2050 at the latest and our Forest targets are integral particularly in the tobacco supply chain to deliver this. Further to this there are targets of, zero gross deforestation of primary native forests, net zero deforestation of managed natural forests in our supply chain and zero conversion of natural ecosystems as well as Net positive impact on forests in our Tobacco Supply Chain by 2025. The above are underpinned by 100% sustainable wood used in curing in our directly contracted farmers. The latter is an ongoing target defined in 2010 and monitored since 2005.</p> <p>In 2022 we undertook a Double Materiality Assessment (DMA) to understand and explore the importance of sustainability topics to both stakeholders and our business, mapping topics with high importance, including</p>

			<p>biodiversity and ecosystems to form the basis of our sustainability agenda and reporting. Forest issues are supported by our ongoing work to work towards having 100% sustainable and traceable wood, monitoring programmes and operating standards across our supply chain. This is also reflected in BAT's own annual internal control review of the Group, to ensure security of supply in the long term (>10 years). We constantly review volume forecast and compare with the need of wood to cure the future crops and translate this information into number of saplings to be distributed in our afforestation programmes, considering it takes 5 to 8 years to harvest the trees planted and they are harvested 3 times over their lifecycle. In the last 40 years our afforestation programmes had distributed more than 400 million saplings. We work with our leaf operations and strategic third-party suppliers on 5-year agronomy plans, planning the development and deployment of new technologies and best practices and build up operational glidepaths, which are reviewed annually, for no deforestation and no conversion indicators like the percentage of sustainable and traceable wood.</p>
<p>Strategy for long-term objectives</p>	<p>Yes, forests-related issues are integrated</p>	<p>11-15</p>	<p>The wood consumption in our tobacco supply chain impacts our long-term goal to achieve 50% reduction in Scope 1, 2 & 3 CO2e emissions by 2030 compared to 2020 baseline, which is an integral part of our Climate Change strategy. The amount of wood used as a fuel to cure the tobacco we purchase is part of the Scope 3 emissions and directly impacted by the specific amount used. BAT has committed to Science Based Targets with delivery expected in 2030 and 2050 which relates directly to tackling deforestation in our tobacco supply chain. The Global Leaf Agronomy Development (GLAD) [Centre?] forms a key aspect of our strategy for driving those targets across the countries we grow tobacco, ensuring the development and application of best practices, and long-term sustainability of the communities working with or supported by tobacco production. Carbon management, biodiversity, no deforestation and / or conversion and climate change are some of GLAD's strategic pillars where it helps farmers to deploy innovative, low-carbon curing technologies and farming techniques. Examples are programme Curing 2.0 which was launched in 2020. This was able to identify among other parts efficiencies in required wood to cure leaf and</p>

			<p>Carbon Smart Farming 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 with increased use of regenerative agriculture practices like increased use of cover crops and minimum tillage that may keep the soil covered and undisturbed, as well as planting trees. We work with our leaf operations and third-party suppliers on 5-year agronomy plans, as well as 10 years operational glidepaths, with plans revised at least annually, to monitor the adoption of those best practices and progress towards our targets for sustainable and traceable wood which links with the business priority, to ensure security of supply in the long term (>10 years).</p>
Financial planning	Yes, forests-related issues are integrated	11-15	<p>When new technologies and/ or technical practices are being developed by our Global Leaf Agronomy Development (GLAD) Centre, the costs / gains on efficiency of those recommendations are also mapped and quantified to be presented in the final recommendation of each technology. Development trials are done minimally for 3 years, it may take more than 10 years of development and trials in case of new seed varieties. At times, a technically viable technology has its deployment postponed or not approved due to the cost to implement or low gains on productivity. If proven to have a viable cost and the new recommendation can have quantified the financial benefit to the farmer and / or to the company (like reducing the amount of wood to cure per kilo of tobacco and therefore reducing not only the wood dependency due to a better curing efficiency but also impacting positively the crop cost of production to the farmers) then the new recommendation is approved to progress to implementation. An example is the “Loose-Leaf curing barn model”. Next step is for BAT leaf operations to work on operational glidepaths, predicting the year-on-year level of deployment / adoption of the new initiative alongside the local cost benefit analysis. Based on this long term glidepath financial planning will also take place, putting annual budget preview for Opex and Capex that will be required to deploy any new technology or recommendation. The glidepath is than revised annually as well as the financial forecast.</p> <p>All the above activities are part of our financial planning</p>

			covering a longer than ten-year horizon when applicable and looked at as part of our Net Zero strategy. These activities are integral to BAT's ability to continue operating aligned with BAT's strategic objectives. The selected timeframe shows the strategic importance we allocate to forests related matters and our commitment to incorporate the increased operating costs to achieve our targets at any time a budget exercise takes place.
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F6. Implementation

F6.1

(F6.1) Did you have any forests-related timebound and quantifiable targets that were active during the reporting year?

Yes

F6.1a

(F6.1a) Provide details of your forests-related timebound and quantifiable target(s) and progress made.

Target reference number

Target 1

Forest risk commodity

Timber products

Year target was set

2016

Target coverage

Company-wide

Target category

Traceability

Metric

% of volume traceable to traceability point

Traceability point

State or equivalent

Third-party certification scheme

Base year

2016

Base year figure

0

Target year

2025

Target year figure

100

Reporting year figure

60

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

60

Target status in reporting year

Underway

Is this target linked to a commitment?

Zero net/gross deforestation

Please explain

In 2021 BAT established the targets of Zero gross deforestation of primary native forests (on going), net zero deforestation of managed natural forests by 2025 and net positive impact on forests in our tobacco leaf supply chain by 2025. In 2022 we added a goal for no conversion of natural ecosystems in our Tobacco Supply Chain by 2025. To substantiate the above targets, we also work with our leaf suppliers to have 100% of the wood traceable back to at least the sub-national jurisdiction in the tobacco origins where wood is used to cure tobacco leaves. As a minimum for off-farm wood traceability we ask farmers to provide a receipt of buying or inform wood provider name and address, type, and amount of wood.

Since 2016 we have launched Thrive, the tobacco sustainability programme which keeps track of all the elements around sustainable tobacco production. Leaf suppliers are required to report in Thrive their wood volume used, as well in directly reported suppliers' self-assessments and STP reports Wood origin is also monitored. Data from 2022 shows that 60% of the wood used was traceable back to state or equivalent sub-national jurisdiction (from 57% in 2021). 40% is traceable back to forest plantations (from 34% in 2021). This level of traceability permitted to confirm that 88% of the wood used in 2022 had formal evidence of DCF status. We have glidepaths in place and assigned budget to increase this to 100% aligned with our forest targets.

Target reference number

Target 2

Forest risk commodity

Timber products

Year target was set

2016

Target coverage

Company-wide

Target category

Engagement with direct suppliers

Metric

% of direct suppliers engaged

Traceability point

Third-party certification scheme

Base year

2016

Base year figure

0

Target year

2022

Target year figure

100

Reporting year figure

100

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

100

Target status in reporting year

Achieved

Is this target linked to a commitment?

Zero net/gross deforestation

Please explain

Our business depends on biodiversity and natural resources, including firewood which are necessary for the farmers to dry Flue Cured and Dark Fire Cured tobacco leaves, representing more than 70% of our total tobacco purchases. To achieve our DCF targets we need to engage with our contracted farmers to prevent deforestation and

ensure that our wood supply chain is sustainable and resilient, coming at no risk to cause deforestation either on-farm or off-farm. We also aim to frequently engage with 100% of our leaf suppliers (especially the ones depending on wood for tobacco curing) to ensure alignment of targets and the implementation of required DCF standards, including cascade of policies, operating standards, and request to monitor performance and wood use data from our leaf supply chain. These reports must be in Thrive, STP and suppliers' self-assessments directly reported to BAT and in 2022 100% of the suppliers were engaged in these reports. Thrive and STP were deployed in 2016. Thrive covered 84% of our tobacco volume procured in 2022 reporting year and 100% of the leaf suppliers are required to participate in STP, which is annually achieved. In parallel we also ask for direct data on wood reported by suppliers using wood, which in total, together with Thrive covered 97% of the tobacco volume procured in 2022 and 100% of the wood use data was reported. This engagement target is ongoing, and we will continue to provide trainings in forest and biodiversity management and cascade best practices particularly in tobacco curing and fuel usage. In 2022, more than 136,000 people were engaged via farmer trainings delivered by our leaf operations and strategic third-party suppliers, covering topics of natural resource preservation and environmental best practices (127,000 in 2021). In countries like Zimbabwe, where we observe an additional challenge for sustainable wood due to suppliers transitioning to wood instead of coal for curing, we partnered with International Tobacco Grower association to design a campaign with the local farmer associations and unions in partnership with other tobacco suppliers. More than 1,000 farmers participated in that campaign.

Target reference number

Target 3

Forest risk commodity

Timber products

Year target was set

2021

Target coverage

Company-wide

Target category

Third-party certification

Metric

% of volume third-party certified

Traceability point

Third-party certification scheme

FSC Chain of Custody

PEFC Chain of Custody

Base year

2021

Base year figure

89

Target year

2025

Target year figure

100

Reporting year figure

94

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

45.4545454545

Target status in reporting year

Underway

Is this target linked to a commitment?

Zero net/gross deforestation

Please explain

Since 2021 we have been mapping our supply chain based on the intensity of Pulp & Paper related materials and have engaged closely with key primary and secondary packaging, fine/specialty papers, and cellulose acetate tow materials suppliers

We prioritise sourcing from suppliers with a chain of custody certification from international forest certification programs such as FSC, PEFC and SFI and track and monitor their certification status to mill, to ensure they are supporting BAT's deforestation commitments and management of the extended supply chain.

By the end of 2022 94% of our materials were sustainably sourced from suppliers with CoC certifications.

Out of the total volume sourced from certified suppliers, 36% came from suppliers with FSC CoC, 20% from suppliers with PEFC CoC and 44% with suppliers with both. During 2023 we will continue working with our suppliers to close the gap to 100%.

F6.2

(F6.2) Do you have traceability system(s) in place to track and monitor the origin of your disclosed commodity(ies)?

	Do you have system(s) in place?	Supply chain coverage	Description of traceability system	Exclusions
Timber products	Yes	Volume from direct suppliers only	<p>We monitor wood traceability to the farm & tree production unit level. Our field technicians provide on the ground technical assistance to 81,000 directly contracted farmers, visiting them at every crop stage, monitoring various aspects, incl. use of wood as curing fuel in tobacco production; data is reported in our Farmer Sustainability Management system. In 2022, results showed that of 34,000 farmers (42%) used wood for tobacco curing & 99.9% of contracted farmers' wood fuels were identified as from sustainable sources. Also mapped was that 60% of the wood sourced by directly contracted farmers was from on & off-farm production forests with formal evidence of traceability, the remainder was monitored as coming from planted production forests and not from primary native forest, sourced from off-farm suppliers with no formal evidence of traceability. As a minimum for off-farm wood traceability we ask farmers to provide a receipt of buying or inform wood provider name & address, type & amount of wood. We ask 3rd party suppliers to follow similar methods. Data from leaf suppliers covering 84% of BAT's tobacco purchased in 2022 are consolidated annually in our Thrive system. Remaining wood data was reported via suppliers' self-assessments shared with BAT directly or via the industry programme STP.</p> <p>For traceability in our Pulp & Paper (P&P) supply chain we focus on source of origin from forest via mill to converter and into BAT factories and we have minimum standards in place with our suppliers. This includes: 1) annual review of certification status 2) bi-annual direct data gathering from key Tier1 and Tier 2 suppliers in high impact categories (>85% of total wood-based materials volume): volumes delivered from each location, mill name, CoC certificate code, country, state, total volume delivered to</p>	Not applicable

			<p>BAT by factory/location and if applicable, split by certification scheme. Actual volumes & sourcing footprint are verified annually against our ERP by category and material type. We complement this process by sourcing from suppliers with CoC certifications by leading international forest certification programs (FSC, PEFC, SFI). enabling strong traceability systems & built-in capabilities to provide enough transparency on both certified and traced wood fibres. In 2022 94% of our P&P based materials were sustainably sourced from FSC &/or PEFC CoC certified suppliers.</p>	
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F6.2a

(F6.2a) Provide details on the level of traceability your organization has for its disclosed commodity(ies).

Forest risk commodity	Point to which commodity is traceable	Countries/areas to which this traceability point applies	% of total production/consumption volume traceable
Timber products	Tree plantation	Brazil	20.12
Timber products	Tree plantation	Kenya	1.5
Timber products	Tree plantation	Bangladesh	2.2
Timber products	Tree plantation	Pakistan	0.34
Timber products	Tree plantation	Viet Nam	0.05
Timber products	Tree plantation	Italy	0.01
Timber products	Tree plantation	Croatia	0.03
Timber products	Tree plantation	Switzerland	0.02
Timber products	Tree plantation	Mozambique	0.01
Timber products	Mill	United States of America	7.82

Timber products	Mill	Sweden	4.99
Timber products	Mill	Finland	6.01
Timber products	Mill	China	3.83
Timber products	Mill	Pakistan	2.34
Timber products	Mill	Austria	1.81
Timber products	Mill	Bangladesh	1.24
Timber products	Mill	Brazil	1.11
Timber products	Mill	Japan	0.64
Timber products	Mill	South Africa	0.59
Timber products	Mill	Chile	0.56
Timber products	Mill	Nigeria	0.56
Timber products	Mill	Viet Nam	0.52
Timber products	Mill	Indonesia	0.36
Timber products	Mill	Malaysia	0.13
Timber products	Mill	Thailand	0.12
Timber products	State or equivalent	Bangladesh	4.63
Timber products	State or equivalent	Brazil	8.02
Timber products	State or equivalent	India	5.2
Timber products	State or equivalent	Kenya	0.61

Timber products	State or equivalent	Mozambique	0.03
Timber products	State or equivalent	Pakistan	6.69
Timber products	State or equivalent	United States of America	3.13
Timber products	State or equivalent	Viet Nam	1.37
Timber products	State or equivalent	Zimbabwe	4.84
Timber products	State or equivalent	South Africa	0.01
Timber products	State or equivalent	Indonesia	0.36
Timber products	State or equivalent	Philippines	0.01
Timber products	State or equivalent	Mexico	0.59
Timber products	State or equivalent	Croatia	0.21
Timber products	State or equivalent	Republic of Korea	0.66
Timber products	State or equivalent	Germany	0.4
Timber products	State or equivalent	Poland	0.38
Timber products	State or equivalent	Singapore	0.33
Timber products	State or equivalent	Czechia	0.31
Timber products	State or equivalent	Bulgaria	0.15
Timber products	State or equivalent	Poland	0.01
Timber products	Not traceable		1.98

F6.3

(F6.3) Have you adopted any third-party certification scheme(s) for your disclosed commodity(ies)?

	Third-party certification scheme adopted?	% of total production and/or consumption volume certified
Timber products	Yes	34.99

F6.3a

(F6.3a) Provide a detailed breakdown of the volume and percentage of your production and/or consumption by certification scheme.

Forest risk commodity

Timber products

Third-party certification scheme

FSC Chain of Custody

Chain-of-custody model used

% of total production/consumption volume certified

34.99

Form of commodity

Softwood logs
 Sawn timber, veneer, chips
 Pulp
 Paper
 Primary packaging
 Secondary packaging
 Tertiary packaging
 Cellulose-based textile fiber

Volume of production/ consumption certified

147,192

Metric for volume

Metric tons

Is this certified by more than one scheme?

No

Please explain

Since 2021 we have been mapping our supply chain based on the intensity of Pulp & Paper related materials and have engaged closely with key primary and secondary packaging, fine/specialty papers, and cellulose acetate tow materials suppliers.

We prioritise sourcing from suppliers with chain of custody certification from international forest certification programs such as FSC, PEFC and SFI and track and monitor their certification status to mill, to ensure they are supporting BAT's deforestation commitments and management of the extended supply chain.

By the end of 2022 94% of our materials had been sustainably sourced from suppliers with CoC certifications. Out of the total volume sourced from certified suppliers, 36% came from suppliers with FSC CoC, 20% from suppliers with PEFC CoC and 44% with suppliers with both. During 2023 we will continue working with our suppliers to close the gap to 100%.

Our factory in Switzerland uses wood fuel pellets that are FSC Chain of Custody certified under and have the 'Schweizer Holz' ('Swiss Wood') label. The label makes allows consumers to identify the origin of wood products and ensures such product have been sourced legally.

Forest risk commodity

Timber products

Third-party certification scheme

FSC Chain of Custody

Chain-of-custody model used

% of total production/consumption volume certified

44.3

Form of commodity

Softwood logs
Sawn timber, veneer, chips
Pulp
Paper
Primary packaging
Secondary packaging
Tertiary packaging
Cellulose-based textile fiber

Volume of production/ consumption certified

181,421

Metric for volume

Metric tons

Is this certified by more than one scheme?

Yes

Please explain

Since 2021 we have been mapping our supply chain based on the intensity of Pulp & Paper related materials and have engaged closely with key primary and secondary packaging, fine/specialty papers, and cellulose acetate tow materials suppliers.

We prioritise sourcing from suppliers with a chain of custody certification from international forest certification programs such as FSC, PEFC and SFI and track and monitor their certification status to mill, to ensure they are supporting BAT's deforestation commitments and management of the extended supply chain.

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Our factory in Switzerland uses wood fuel pellets that are FSC Chain of Custody certified under and have the 'Schweizer Holz' ('Swiss Wood') label. The label makes allows consumers to identify the origin of wood products and ensures such product have been sourced legally.

Forest risk commodity

Timber products

Third-party certification scheme

PEFC Chain of Custody

Chain-of-custody model used

% of total production/consumption volume certified

19.8

Form of commodity

Softwood logs
Sawn timber, veneer, chips
Pulp
Paper
Primary packaging
Secondary packaging
Tertiary packaging
Cellulose-based textile fiber

Volume of production/ consumption certified

81,153

Metric for volume

Metric tons

Is this certified by more than one scheme?

No

Please explain

Since 2021 we have been mapping our supply chain based on the intensity of Pulp & Paper related materials and have engaged closely with key primary and secondary packaging, fine/specialty papers, and cellulose acetate tow materials suppliers.

We prioritise sourcing from suppliers with a chain of custody certification from international forest certification programs such as FSC, PEFC and SFI and track and monitor their certification status to mill, to ensure they are supporting BAT's deforestation commitments and management of the extended supply chain.

By the end of 2022 94% of our materials had been sustainably sourced from suppliers with CoC certifications. Out of the total volume sourced from certified suppliers, 36% came from suppliers with FSC CoC, 20% from suppliers with PEFC CoC and 44% with suppliers with both. During 2023 we will continue working with our suppliers to close the gap to 100%.

F6.4

(F6.4) For your disclosed commodity(ies), do you have a system to control, monitor, or verify compliance with no conversion and/or no deforestation commitments?

	A system to control, monitor or verify compliance
Timber products	Yes, we have a system in place for our no conversion and/or deforestation commitments

F6.4a

(F6.4a) Provide details on the system, the approaches used to monitor compliance, the quantitative progress, and the non-compliance protocols, to implement your no conversion and/or deforestation commitment(s).

Forest risk commodity

Timber products

Operational coverage

Supply chain

Description of control systems

We monitor our contracted farmers monthly during the crop season on the use of sustainable wood & no deforestation. Our leaf operations use the Farmer Sustainability Management system. At the end of every visit farmers acknowledge consent with a digital signature. If non-compliance is found, Prompt Actions are raised & tracked for resolution incl. farmers geo-coordinates & photos. Unannounced visits are conducted to check the consistency & accuracy of the data captured and to ensure Prompt Actions are resolved. All 3rd party suppliers follow similar processes using their own systems. All leaf suppliers are required to report performance on no deforestation at least once a year, in Thrive, STP & by suppliers' self-assessments. On top of monitoring, in 2022 we conducted a geo-spatial deforestation risk assessment for 100% of the tobacco supply chain. Farmers located in high-risk areas for deforestation receive reinforced monitoring & were assisted to create action plans where required.

Monitoring and verification approach

- Geospatial monitoring tool
- Ground-based monitoring system
- First-party verification
- Third-party verification

% of total volume in compliance

91-99%

% of total suppliers in compliance

91-99%

Response to supplier non-compliance

- Retain & engage
- Suspend & engage
- Exclude

% of non-compliant suppliers engaged

100%

Procedures to address and resolve non-compliance with suppliers

- Developing time-bound targets and milestones to bring suppliers back into compliance
- Providing information on appropriate actions that can be taken to address non-compliance
- Assessing the efficacy and efforts of non-compliant supplier actions through consistent and quantified metrics

Please explain

We apply a multi-monitoring approach to monitor compliance and implementation of DCF commitments. In 2022, we conducted geospatial monitoring of deforestation risk assessment at the farm level in our Leaf Operations and for the growing regions of the 3rd party leaf suppliers, prioritizing action plans for high-risk farmers and areas. Ground based monitoring at farm level is carried out by our field technicians along the crop season. They monitor implementation of recommended practices, outcomes related to DCF status and protection of natural ecosystems. They record data from the forest

production units, the species and amount of wood used and, wood sources. Non-compliance is recorded, and any deforested or converted area should be restored by the next crop for the farmer to keep the contract. Data from monitoring is reported via Thrive, direct self-assessments and STP, covering 100% of the tobacco volume purchased. This data is validated and limited assured by an independent 3rd party. Additional third-party verification may be used at least every three years to assess the comprehensive current state, check supply chain compliance and verify results in community/ landscape level. In Brazil this was done in partnership with a Federal University. In Vietnam a supply chain assessment and mapping were done with FSC support. For BAT’s pulp & board-based materials we review certification status and volumes annually. We gather learnings and agree actions to achieve our targets.

F6.6

(F6.6) For your disclosed commodity(ies), indicate if you assess your own compliance and/or the compliance of your suppliers with forest regulations and/or mandatory standards.

	Assess legal compliance with forest regulations
Timber products	Yes, from suppliers

F6.6a

(F6.6a) For your disclosed commodity(ies), indicate how you ensure legal compliance with forest regulations and/or mandatory standards.

Timber products

Procedure to ensure legal compliance

All leaf suppliers are expected to comply with the BAT’s Supplier Code of Conduct (SCoC), including providing us with ‘received and read’ confirmations, as part of the Leaf Supplier Manual, which is reviewed and submitted to 100% of leaf suppliers on an annual basis. Requirements in SCoC include the need for suppliers to comply with all applicable laws, codes and regulations wherever they operate. Suppliers are also expected to submit Sustainable Tobacco Programme and Thrive self-assessments, including requests to the suppliers to state how they ensure legal compliance with forest regulations and/or mandatory standards in the jurisdictions where they operate. We can also make ad-hoc requests to suppliers in risk countries to submit additional information on how they are complying with their national laws.

Country/Area of origin

Argentina
 Brazil
 India
 Indonesia
 Kenya
 Malaysia

Mexico
Mozambique
Philippines
Viet Nam
Zimbabwe

Law and/or mandatory standard(s)

General assessment of legal compliance
Brazilian Forest Code

Comment

In Kenya we ensure legal compliance for the Forest Conservation and Management Act and the Tobacco Growing & Marketing Regulation, requiring businesses to provide farmers annually with a certain number of tree seedlings per hectare. We distribute more seedlings than required by law and monitor the survival rate. In Vietnam, there are clauses in farmer contracts and our field technicians monitor use of sustainable wood. In Mexico farmers and wood supplier provide evidence the wood is sourced from legal sources. In Indonesia wood is sourced from state-owned unproductive rubber wood plantations that need regeneration; wood suppliers are geo-localized, monitored by drones and are required to comply with regulations, including a certificate that the wood used by the farmers is sourced from legal sources. In Philippines wood plantations should be registered under the Certificate of Tree Plantation Ownership, issued by the Department of Environment and Natural Resources. In India farmers are monitored for sustainability of the wood and trained on how to comply with laws and regulations related to deforestation. In Zimbabwe wood used for curing tobacco is either sourced from legally implemented commercial plantations or through a permit to collect wood from the Rural Council or the Environmental Management Agency who allocate where wood can be collected as per the Zimbabwe Forest Act requirement. In Mozambique, farmers are trained and monitored regarding compliance with Mozambique Forestry Legislation. In Brazil, our directly contracted farmers are enrolled in the Rural Environmental Registry, which establish conditions to the wood and land use. At a group level, suppliers to BAT are expected to comply with generally accepted international standards as well as local laws and regulations, as part of mandatory terms in our Leaf supplier Manual. Comprehensive farmer monitoring complements above programmes, on the ground verifying and assessing compliance with local legislations regarding no deforestation. Wood used in factories come from legal production forests. For P&P materials in Brazil, Indonesia, Mexico, Malaysia, Mexico, Argentina, Nigeria, and Thailand we use a combination of supplier and sourcing control mechanisms including traceability up to mill level via FSC/PEFC CoC and checking compliance to forest regulations.

F6.7

(F6.7) Are you working with smallholders to support good agricultural practices and reduce deforestation and/or conversion of natural ecosystems?

	Are you working with smallholders?	Type of smallholder engagement approach	Smallholder engagement approach	Number of smallholders engaged	Please explain
Timber products	Yes, working with smallholders	Supply chain mapping Capacity building Financial and commercial incentives	Supplier questionnaires on environmental and social indicators Offering on-site technical assistance and extension services Providing agricultural inputs Investing in pilot projects Prioritizing support for smallholders in high-risk deforestation regions Purchase guarantee linked to best agricultural practices	81,825	Our Global Leaf Agronomy Development Centre develops sustainable farming techniques & technologies that help increase efficiency & productivity, reducing environmental impact. These are deployed to our contracted farmers by the field technicians. We have introduced our contracted farmers to technologies like automated curing barns that reduce wood fuel use up to 30% and make the curing process more efficient and 50% less labour-intensive. In some countries, we facilitate crop insurance for contracted farmers, incl. coverage for unexpected events & natural disasters such as hailstorms. We provide our contracted farmers with training to help build their skills, knowledge & awareness on a range of social and environmental topics including natural resources preservation and sustainable wood use. In 2022 more than 285,000 attendances

				<p>were registered in trainings by our leaf suppliers. Field technicians visit our contracted farmers approximately once a month during the growing season, acting as a direct link between the farmers and BAT, building trusted relationships and working to develop farmers' skills, providing agronomic support in all crop phases, including technical assistance and support on the adoption of curing technologies and the use of sustainable and renewable sources of curing fuels. Since 2016, monitoring of our contracted farmers' fuel use for curing has shown at least 99.9% of wood was from sustainable sources. In addition, 22% of our contracted farmers use alternative, locally available biomass fuels for curing, such as sugarcane bagasse briquettes, jute sticks and rice husk. We also work to eliminate potential risk of forests being cleared to grow tobacco. Before any expansion of farming on new land, we require contracted farmers to conduct a detailed environmental and</p>
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					<p>regulatory evaluation. This process should factor in local legislation, the presence of rare or endangered species, the threat of deforestation, and proximity to areas of high biodiversity value. In 2022 we completed a deforestation risk assessment, which demonstrated that 81% of our contracted farmers are in areas with low risk for deforestation, 8% medium and 11% high risk of deforestation. Farmers contracts also have binding clauses on the rights and obligations of farmers regarding social and environmental issues, and the causes for termination in case clauses are breached.</p>
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F6.8

(F6.8) Indicate if you are working with your direct suppliers to drive action on forests-related issues and if so, provide details of the engagement.

Forest risk commodity

Timber products

Are you working with direct suppliers?

Yes, working with direct suppliers

Action(s) on forests-related issues driven by engagement

Ending deforestation and/or conversion of other ecosystems

Type of engagement

Supply chain mapping

Capacity building
Innovation and collaboration

Details of engagement

Supplier questionnaires on environmental and social indicators
Offering on-site training and technical assistance
Disseminating technical materials
Investing in pilot projects
Support suppliers to set their own no deforestation/conversion commitments across their entire commodity operation
Collaborate with suppliers on innovations to reduce forest-related impacts in products and services

Description of engagement

In 2022 100% of our leaf suppliers have confirmed acceptance of our Supplier Code of Conduct – SCoC. The SCoC requires our leaf suppliers to comply with all applicable laws and regulations wherever they operate (in 2022, 22 out of the 47 leaf suppliers use wood). Through our Leaf Supplier Manual, we request an annual confirmation of receipt and adherence of the the SCoC. These requirements are also in line with our 2025 goals to have no gross deforestation of primary native forest in our Tobacco Supply Chain, net zero deforestation of managed forests and no conversion of natural ecosystems and to promote net positive impact on forests in our Tobacco Supply Chain. As part of the Industry's Sustainable Tobacco Programme (STP) we support suppliers by providing technical guidance from recognized sources like FAO, FSC and Articles, to help them to understand their challenges and create action plans. STP also requires suppliers to report information on legal wood plantations and sustainable wood in line with 100% wood traceability requirements. When the programme was launched, multiple trainings were conducted to support suppliers to understand the guidance, requirements, and application of the Programme. In Thrive, our leaf operations and strategic 3rd party suppliers, covering 84% of the annual volume we purchase, are expected to report the amount of sustainable and legal wood used in tobacco curing and in the same way, every year we provide training to cascade the latest and updated requirements, as well provide feedback regarding priority areas for action plans or to any improvement needed, with the goal to support them in the implementation of their targets, including 100% traceability. Additionally, we ask leaf suppliers in specific risk countries to report the key actions they are taking to comply with their local legislation. We do support suppliers with research and technology deployment to enhance the curing conditions and reduce the amount of wood used for curing.

% of suppliers engaged by procurement spend covered by engagement

17.9

Explain the impact of your engagement on the selected action

In 2022 100% of our leaf suppliers received the Leaf Supplier Manual and have provided formal confirmation of receipt. The Iso BAT ESG Pledge was cascaded to Leaf Suppliers, signed by board members and by the global head of leaf. Our Thrive programme covered 84% of the tobacco volume purchased in 2022, and 100% of leaf

suppliers users of wood were engaged in data reporting and action plan disclosure through, suppliers' self-assessment, Sustainable Tobacco Programme and Thrive. 93% of the farmers in our tobacco supply chain using wood were monitored regarding use of sustainable wood and occurrence of deforestation and / or conversion of natural ecosystems. In 2022 our leaf suppliers trained 129,000 people in topics like forest conservation, biodiversity, and soil management. Example of engagement, in 2022 a no deforestation training campaign was done in partnership with 5 international and local farmers associations, with nearly 1k small farmers. In 2022 99.9% of the wood reported by our directly contracted farmers was reported as coming from sustainable sources. Similarly, when considering the entire supplier base, 88% of the wood used in our leaf supply chain was classified as DCF in CDP and 60% is traceable back to sub-national jurisdiction. In 2022, we reviewed results of the pilots of new satellite monitoring systems of native forests, which are still in place. These tests focus on tracking, preventing and promptly acting against potential deforestation. In 2022, led by our Global Leaf Agronomy Development Team we continued trials of more efficient curing systems in our Leaf Operations

Is this engagement helping your suppliers engage with their suppliers on the selected action?

Yes

Does this engagement contribute to achieving a reported target?

Yes, please specify target ID(s)

Target 2

F6.9

(F6.9) Indicate if you are working beyond your first-tier supplier(s) to drive action on forests-related issues, and if so, provide details of the engagement.

Forest risk commodity

Timber products

Are you working beyond first tier?

Yes, working beyond first tier

Action(s) on forest-related issues driven by engagement

Ending deforestation and/or conversion of other ecosystems

Type of engagement

Supply chain mapping

Capacity building

Innovation and collaboration

Details of engagement

Supplier questionnaires on environmental and social indicators

On-site meetings with indirect suppliers

- Offering on-site training and technical assistance
- Disseminating technical materials
- Investing in pilot projects
- Collaborate with suppliers on innovations to reduce forest-related impacts in products and services

Description of engagement

In 2022 93% of the applicable farmers in the tobacco supply chain were monitored regarding wood use and traceability. We support our farmers through rigorous monitoring and by developing sustainable agriculture best practice in our Global Leaf Agronomy Development Centre which are then deployed to contracted farmers through the expert technical assistance of our field technicians. We work directly with the tobacco farmers in our supply chain to support the deployment and activation our DCF targets and commitments. We are working towards having 100% of wood used by our contracted farmers for tobacco curing to be from sustainable sources. We support our directly contracted farmers with afforestation, biodiversity, and environmental conservation programmes and to deploy techniques that help to reduce curing fuel demand like new tobacco curing technologies. We develop, advance and implement sustainable agricultural practices and deploy afforestation programmes to promote the planting of production forests to avoid the harvest of native forest for wood used in tobacco curing. Our leaf operations and third-party suppliers work with tobacco farmers in the supply chain to provide training in natural resources, forest and biodiversity management. 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 no deforestation, no natural ecosystems conversion and relevant biodiversity practices. 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.

Explain the impact of your engagement on the selected action

99.99% of wood used by our contracted farmers for tobacco curing in 2022 was from sustainable sources. One case of use of native forest wood was found in Brazil and the equivalent amount of forest (less than 1 hectare) was addressed as restoration in the same biome, as part of a wider programme that set net positive impact on forest. In the last 40 years we have distributed 400 million trees via afforestation programmes in Brazil, Kenya, Bangladesh, and Pakistan. In 2022 22% of our contracted farmers used alternative, locally available biomass fuels for tobacco curing. These include sugar cane bagasse briquettes in Kenya, and jute sticks and rice husks in Bangladesh. In 2022, it was reported through our Thrive questionnaires, that there were 129,000 people engaged via farmer training (combination of on-site training, group trainings and distribution of technical materials). Delivered by our leaf operations and strategic third-party suppliers, this training covered best practice on natural resource preservation, forest, biodiversity, and soil management. In 2022 We monitored 100% of our directly contracted farmers regarding farmland expansion and the risk of natural ecosystems conversion (including wetlands, peatlands, grasslands, woodlands, and wet and dry savannah – in addition to forests). This includes the risk of encroaching on legally protected areas and/or recognised biodiversity areas. In total leaf supplier base, 93% of

the farmers users of wood were monitored and 100% of the wood was traceable back to farmers or at least to State or equivalent sub-national jurisdiction level.

Does this engagement contribute to achieving a reported target?

Yes, please specify target ID(s)

Target 1

F6.10

(F6.10) Do you engage in landscape (including jurisdictional) approaches to progress shared sustainable land use goals?

Do you engage in landscape/jurisdictional approaches?	
Row 1	Yes, we engage in landscape/ jurisdictional approaches

F6.10a

(F6.10a) Indicate the criteria you consider when prioritizing landscapes and jurisdictions for engagement in collaborative approaches to sustainable land use and provide an explanation.

	Criteria for prioritizing landscapes/jurisdictions for engagement	Explain your process for prioritizing landscapes/jurisdictions for engagement
Row 1	Company has operational presence in area Opportunity to protect and restore natural ecosystems Risk of deforestation, forests/land degradation, or conversion of other natural ecosystems Risk of biodiversity loss Risk of supplier non-compliance in area	To prioritise landscapes/jurisdictions for engagement we use a mix of strategic, operational, and environmental aspects of the tobacco supply chain and wood use footprint. First start with our internal targets and what actions are required to meet the targets in the specific jurisdictions in which we source tobacco cured with wood and / or where wood is used in curing barns construction. We monitor the leaf suppliers' performance and adherence against the targets through the Thrive Programme, which is an in house-developed 'ecosystem' to collect data and associated indicators across aspects of farmers' livelihoods and global indicators, like the compliance with DCF status. Since 2016 we use Thrive to track performance of the leaf suppliers. The data reported in Thrive is based on on-the-ground farmers monitoring. We also prioritise action according to the volume of tobacco sourced and highest volume of wood as well to the highest deforestation and biodiversity risks, based on risk assessment. Our most recent risk assessment included a combination of indicators for both biodiversity and forests. We apply this risk/opportunity screening to our landscape prioritisation to ensure we are implementing activities where they have the best chance of mitigating risk, reducing harm, and securing positive outcomes for

		<p>biodiversity. Beyond this initial screening we are evaluating how we can maximise our efforts and positive impact, considering geographical complexity and local/regional requirements to engage with other players in the market as well as local organisations and regulatory bodies. BAT Group is committed with NPI on Forests in their Tobacco Supply Chain, meaning that the adverse impacts to biodiversity/forests from business activities are outweighed by positive outcomes from actions to avoid and minimise impacts, restore affected biodiversity as well as from offsetting the business impacts. Leaf suppliers forest programmes shall be developed to have significant positive impact in the landscape of the growing regions, considering the natural conditions and native species that can work to keep and / or enhance biodiversity functions on the areas where the initiatives will be realised. Forest programmes shall be tailored and developed by the leaf suppliers themselves or they should seek to participate in existing forest conservation programmes developed by other stakeholders.</p>
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F6.10b

(F6.10b) Provide details of your engagement with landscape/jurisdictional approaches to sustainable land use during the reporting year.

Landscape/Jurisdiction ID

LJ1

Country/Area

Bangladesh

Name of landscape or jurisdiction area

Chottogram North Leaf Region, Chottogram South Leaf Region, Allardorgah, Chechua, Jhenaidah, Meherpur, Manikginj, Rangpur

Types of partners engaged in the initiative design and implementation

National government
 Subnational government
 Local communities
 Local producers/smallholder
 Academics/ researchers

Type of engagement

Convener: High level of engagement in set-up, design, management and implementation

Funder: Provides full or partial financial support

Goals supported by engagement

Avoided deforestation/conversion of natural ecosystems and/or decreased degradation rate

Increased and/or maintained protected areas

Natural ecosystems conserved and/or restored

Biodiversity protected and/or restored

Ecosystem services maintained and/or enhanced

Improved business models that enable inclusion (including smallholders)

Income diversification amongst producers in area

Ensuring local communities and smallholders benefit from the outcomes of LA/JA approach

Implementation of livelihood activities/practices that reduce pressure on forests

Company actions supporting approach

Co-design and develop goals, strategies and an action plan with timebound targets and milestones for the initiative

Collaborate on establishing and managing monitoring system(s) for deforestation, natural ecosystem conversion and/or degradation

Help establish effective mechanisms for undertaking human rights due diligence, risk management, monitoring, verification, and grievance resolution

Support local governments (or equivalent) to enhance landscape governance structure, and provide them with resources to develop and implement sustainable landscape policies and/or management plan(s)

Capacity building for farmers, smallholders and local communities to implement good agricultural practices (including improved efficiency, crop diversification and adoption of certification)

Description of engagement

BAT Bangladesh operates the country's longest-running private sector-driven afforestation programme. Now in its 41st year, the programme has so far distributed 115 million fruit, forestry and medicinal plant saplings free of charge to diverse beneficiaries. formal partnership with governmental and non-governmental organizations to promote production, distribution and plantation of native trees in public land and in farms and communities where tobacco is grown, with the goal to promote sustainable use of wood for different purposes and extra income generation to the farmers.

Engagement start year

1980

Engagement end year

Not defined

Estimated investment over the project period (currency)

4,000,000

Is a collective monitoring framework used to measure progress?

Yes, progress is collectively monitored using a shared external framework, please specify

State the achievements of your engagement so far, and how progress is monitored

The programme has so far distributed 115 million fruit, forestry, and medicinal plant saplings free of charge to diverse beneficiaries. The objective of the programme has been to raise awareness of the importance of a greener environment. Its goal is to increase the tree-covered land area of Bangladesh by 2030. In 2022, our afforestation programme supported the livelihoods of over 5,100 beneficiaries through the distribution of 5 million saplings. At present, the project is operating in more than 18 districts across the country. We estimate a total area of 6,300 hectares of land covered with trees since the project started. We commissioned Nielsen Corporation for an independent survey in 2020 to assess the impact of the programme on the farmers and communities. As many as 800 people were enlisted as part of the study, where 400 people (intervention area) received saplings while 400 people (control area) did not receive any saplings. Study results showed that 77% of beneficiaries earn money by tree plantation, while 49% state an increase in income and 33% of the beneficiaries invest money earned from the tree plantation in other businesses and ecological impact: the increased number of trees help balance the environment with intensive meaningful change brought about by the afforestation programme. BAT Bangladesh also monitor 100% of their contracted farmers regarding agricultural best practices implementation (like biological control), DCF status and sustainability of the wood used in the applicable farmers. Farmer training is also a deployed initiative, 2022 had a total of 285,905 participations of farmers in 11,439 training sessions involving environmental, social and sustainable agriculture matters, like workers’ rights, use of sustainable wood, integrated pest management, farm business management, crop diversification and child labour prevention. Our afforestation programmes follow FAO Global Forest Resources Assessment Terms and Definitions, where planted forests are defined as forests composed of trees established through planting and/or deliberate seeding and where the planted/seeded trees are expected to constitute more than 50 percent of the growing stock at maturity. BAT recommend suppliers that the planted forest area must be monitored to verify the survival rate quantification of the area planted and the number of trees that have become viable and survived after at least one year of the planting date.

F6.10c

(F6.10c) For each of your disclosed commodities, provide details of the production/consumption volumes from each of the jurisdictions/landscapes you engage in.

Indicate landscape/jurisdiction ID	Does any of your commodity production/consumption volume originate from this landscape/jurisdiction, and	Commodity	% of total production/consumption
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	are you able/willing to disclose information on this volume?		volume from this landscape/jurisdiction
LJ1	Yes, we do produce/consume from this landscape/jurisdiction, and we are able/willing to disclose volume data	Timber products	6.85

F6.11

(F6.11) Do you participate in any other external activities and/or initiatives to promote the implementation of your forests-related policies and commitments?

Forest risk commodity

Timber products

Do you participate in activities/initiatives?

Yes

Activities

Involved in multi-partnership or stakeholder initiatives

Country/Area

Viet Nam

Subnational area

Please specify

Cao Bang, Lang Son, Dak Lak, Tay Ninh, Gia Lai

Initiatives

Forest Stewardship Council (FSC)

Please explain

In Vietnam, we engaged FSC to conduct an assessment to map the wood supply chain. In one of BAT's growing regions, farmers buy wood by-products to be used as curing fuel. These by-products are sourced from wood suppliers from the timber and rubber industry. FSC helped us to map those suppliers and whether their chains of custody are sufficient to guarantee wood is sustainable and not associated with deforestation. In another growing region, farmers harvest wood on their own land, from plantations established years prior. FSC conducted an assurance assessment in partnership with us, to establish these farmers hold licenses granted by the government, permitting them to legally grow plantations and harvest at specific rates.

Forest risk commodity

Timber products

Do you participate in activities/initiatives?

Yes

Activities

Involved in multi-partnership or stakeholder initiatives

Country/Area

Croatia

Subnational area

Please specify

Virovitica, Kutjevo

Initiatives

Forest Stewardship Council (FSC)

Please explain

In Croatia just 4% of the crop volume was cured with wood in 2022 and 100% of the wood used in curing came from FSC certified sources. These initiatives allow us to enhance traceability, supporting our targets of Net Zero deforestation in managed Forests and Net Positive on Forests by 2025 and connects with our Environment policy outlining the requirement for robust governance and collaboration with external partners.

F6.12

(F6.12) Is your organization supporting or implementing project(s) focused on ecosystem restoration and long-term protection?

Yes

F6.12a

(F6.12a) Provide details on your project(s), including the extent, duration, and monitoring frequency. Please specify any measured outcome(s).

Project reference

Project 1

Project type

Natural regeneration

Expected benefits of project

Restoration of natural ecosystem(s)

Is this project originating any carbon credits?

No

Description of project

The Private Natural Heritage Reserve - RPPN of UNISC (University of Santa Cruz) was created in 2005, from the donation of 221 hectares of land, by BAT Brazil (formerly called Souza Cruz) to the Associação Pró-Ensino in Santa Cruz do Sul - APESC. Within this area of natural beauty, the 221 hectares were officially transformed into an RPPN through Ordinance No. 16, of March 18, 2009, published in the Official Gazette on March 19, 2009, with the main function of preserving the environment region's environment. The area was declared as a private natural heritage reserve and since then 100% of the area was kept solely for restoration and conservation purposes. UNISC's RPPN is one of the largest in Rio Grande do Sul, being a refuge for several species of fauna and flora. And, in this way, the region has the privilege of having a sample of the Atlantic Forest biome, which will be preserved in perpetuity, encouraging the protection of biodiversity, and expanding the protected areas in the country. The area contributes to pollination of crops, to the regulation of air, climate, and water quality, among other ecosystem services. The UNISC RPPN is in the State of Rio Grande do Sul, in the municipality of Sinimbu, 25 km away from its downtown. The RPPN area cannot be managed for any other purpose than the natural conservation. Geolocation: GeoHack - Santa Cruz do Sul University Private Natural Heritage Reserve https://geohack.toolforge.org/geohack.php?pagename=Santa_Cruz_do_Sul_University_Private_Natural_Heritage_Reserve¶ms=29_23_00_S_52_32_00_W_region:BR_type:landmark

Where is the project taking place in relation to your value chain?

Project based in area with direct operations

Start year

2005

Target year

Indefinitely

Project area to date (Hectares)

221

Project area in the target year (Hectares)

221

Country/Area

Brazil

Latitude

-29.38

Longitude

-52.53

Monitoring frequency

Six-monthly or more frequently

Total investment over the project period (currency)

620,000

For which of your expected benefits are you monitoring progress?

Net gain in biodiversity and ecosystem integrity

Reduce/halt biodiversity loss

Restoration of natural ecosystem(s)

Please explain

When the RPPN it was created, much of the vegetation was secondary, in various stages of regeneration, with fragments of forest with numerous trails for human movement and the presence of exotic plant species. When the RPPN was created, the area was characterized by 60% of virgin areas, 20% of secondary areas and secondary forests in regeneration and 20% of land recently occupied by agriculture and livestock by small farmers. In satellite images it was possible to visualize the access road and numerous trails for human displacement. Since the donation of the area, in 2006, the University started a regular monitoring programme. Monitoring results show that currently, the vegetation is so dense that there are no more areas of undergrowth. Practically the entire RPPN is covered by vegetation in advanced stages of conservation. Current satellite images show that it is no longer possible to see the old trails and roads, which were covered by native vegetation. Scientific studies were carried out and later published on the fauna found in the RPPN. Sixteen species of wild mammals were recorded, eight of which are endangered, including the red howler monkey (*Alouatta guariba clamitans*), capuchin monkey (*Cebus nigritus*), tayra (*Eira barbara*), coati (*Nasua nasua*), black cat maracajá (*Leopardus wiedii*), water opossum (*Chironectes minimus*), otter (*Lontra longicaudis*) and paca (*Cuniculus paca*). Furthermore, 169 species of birds were identified in the area, most of which are forest species and 44 are endemic to the Atlantic Forest. Five species threatened with extinction in Rio Grande do Sul found, named uru (*Odontophorus capueira*), dove (*Patagioenas cayennensis*), squirrel thrush (*Trichloria malachitacea*), tovacuçu (*Grallaria varia*) and white parrot (*Amazona pretrei*), the latter threatened worldwide (IUCN Red List). In addition to these, other rare species or those in the “near threatened” (Near Threatened - IUCN) category of extinction are found. Activities of ecotourism and environmental education are also realized in the area, coordinated by the University.

F7. Verification

F7.1

(F7.1) Do you verify any forests information reported in your CDP disclosure?

Yes

F7.1a

(F7.1a) Which data points within your CDP disclosure have been verified, and which standards were used?

Disclosure module

F6. Implementation

Data points verified

F6.2 – 99.9% of wood used by our contracted farmers for curing fuels that are from sustainable sources and 94% of our Pulp & Paper based materials were sustainably sourced from FSC and/or PEFC CoC certified suppliers.

Verification standard

KPMG LLP were engaged by British American Tobacco p.l.c. to provide limited assurance over Selected Information described and disclosed in the Combined Annual and ESG Report 2022, and used in this CDP submission. This assessment is done annually, including information from BAT Operations and strategic third-party suppliers. We chose to externally assure those data points due to their material scope to our sustainability impact. The assurance is required to increase confidence for our stakeholders that we capture accurately the volume of wood consumed, as well as the Prompt Actions raised with their level of resolution. The assurance was done in accordance with International Standard on Assurance Engagements (UK) 3000 – ‘Assurance Engagements other than Audits or Reviews of Historical Financial Information’ (‘ISAE (UK) 3000’). Both Standards were selected due to their high relevance for investors and shareholders.

Please explain

These metrics are used to measure progress against the BAT Group targets of zero gross deforestation and net zero deforestation by 2025. Deforestation is a topic of interest to external stakeholders, therefore was selected for external assurance.

KPMG stated that based on the work performed and the evidence obtained, nothing came to their attention that caused them to believe that the Selected Information listed in page 94 of the Combined Annual and ESG Report 2022 had not been properly prepared, in all material respects, in accordance with the Reporting Criteria. We understand that independent review and assurance of our ESG metrics is crucial to helping stakeholders place trust in our sustainability progress and reported information and in the data and processes underpinning our ESG strategy. It supports our commitment to openness and transparency.

F8. Barriers and challenges

F8.1

(F8.1) Describe the key barriers or challenges to eliminating deforestation and/or conversion of other natural ecosystems from your direct operations or from other parts of your value chain.

Forest risk commodity

Timber products

Coverage

Direct operations

Supply chain

Primary barrier/challenge type

Lack of adequate traceability systems

Comment

Ensuring and managing detailed traceability to a high level of granularity is an extremely challenging and complex activity. It requires significant resources and capability to manage in a way which is usable to bring about tangible progress. The farmers we work with are based in remote areas, like in Pakistan and Bangladesh rural areas; and they regularly buy wood from their local supplier. It is then our role to work with local partners to create the traceability of that wood to its source. Examples of markets where we face that challenge is in Bangladesh, where a large portion of our directly contracted farmers are in remote areas, like Chittagong Hill Tracts. Additionally, in certain countries, like in the USA, farmers use the by-products of wood which is used in other industries and therefore there isn't an existing system in place to trace the origin of that wood. We have been working towards a solution ever since we mapped our supply chain and are working to resolve it by 2025 aligned with our external commitments.

Forest risk commodity

Timber products

Coverage

Supply chain

Primary barrier/challenge type

Cost of sustainably produced/certified products

Comment

Currently BAT sees the market conditions for timber products and pulp is in very high demand with considerable scarcity amongst certain materials specifications. Against a backdrop of considerable inflationary pressure, rising energy costs and certain amounts of product scarcity, the increasing intensity of certification requirements is a probable impact on costs. Our final products depend on the use of paper and pulp-based materials, as a result therefore the potential knock-on impact for customers through the value chain is significant.

F8.2

(F8.2) Describe the main measures that would improve your organization's ability to manage its exposure to deforestation and/or conversion of other natural ecosystems.

Forest risk commodity

Timber products

Coverage

Direct operations

Supply chain

Main measure

Investment in monitoring tools and traceability systems

Comment

Under our biodiversity approach for our tobacco supply chain, we are working with an external, expert consultancy to develop operating standards for biodiversity in tobacco. One of the main requirements is to encourage all tobacco suppliers to work towards having 100% of the off-farm wood sourced with traceability back to the site of production. When the wood is sourced from off-farm locations, suppliers will be required to implement verifiable and traceable evidence that the wood is coming from sustainable sources, not involved in deforestation for both harvesting the wood and / or planting the production forest. It's expected that the leaf suppliers must be able to demonstrate to BAT or to any appointed party completing an audit, through reporting and / or documentation, where the off-farm wood suppliers are located, as well their production forests, complete with geospatial information, including coordinates of the supplier location and of their respective production forests. Acceptable documentation examples include, but are not limited to, receipt, invoice, delivery slip or transport authorization shall be used to prove the origin of the wood. More efforts put into making certification programmes collaborative and accessible throughout the timber supply chain will be extremely beneficial. This will be especially true for small organisations or smallholders for whom obtaining these elements may be out of reach. In addition to the investments described above BAT is also working hard with its suppliers within the timber supply chains to engage and drive for their support to enable as much coverage as possible for all elements involved.

F17 Signoff

F-FI

(F-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.

F17.1

(F17.1) Provide the following information for the person that has signed off (approved) your CDP forests response.

	Job Title	Corresponding job category
Row 1	Tadeu Marroco - Chief Executive	Chief Executive Officer (CEO)