

C0. Introduction

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C0.1

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

BAT is a FTSE top-10, multi-category consumer goods business with more than 52,000 employees worldwide, sales across more than 175 markets and a large agricultural and non-agricultural supply chain. Spread across six continents, our operating regions are the United States of America; Americas and Sub-Saharan Africa; Europe; and Asia-Pacific and Middle East. BAT Group generated revenue of £25.68 billion in 2021 and profit from operations of £10.2 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 continues to be clear that combustible cigarettes pose serious health risks, and the only way to avoid these risks is not to start or to quit smoking. BAT encourages those who would otherwise continue to smoke to switch completely to scientifically substantiated, reduced-risk alternatives\*†. In delivering this, BAT is transforming into a truly consumer-centric multi-category consumer products business. BAT's ambition is to have 50 million consumers of its non-combustible products by 2030 and to generate £5billion of New Categories revenue by 2025. In 2021, we had 18.3 million consumers of our non-combustible products, an increase of 4.8 million on the year before; in the first half of 2022, the milestone of 20 million consumers of non-combustible products was passed. Continued New Categories growth is driving faster transformation of the business, with New Categories revenue growth of 45%# in the first half of 2022, on top of 51%# growth in FY2021 (# at constant rates of exchange).

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: eliminating unnecessary single-use plastic and making all plastic packaging reusable, recyclable or compostable by 2025; halving CO2e emissions across scope 1, 2 & 3 - and achieving carbon neutrality for scope 1 & 2 - by 2030; and, achieving net zero emissions across its value chain (scope 1, 2 & 3) by 2050. In 2021, BAT signed-up to the UN-backed Race to Zero campaign for tackling climate change.

2021 marked BAT's 20th 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; alongside being awarded gold class in the S&P Global Sustainability Yearbook 2021. The Financial Times identified BAT as a Climate Leader for the second year running in 2022, placing it in the top 3% of companies in Europe for achieving reductions in scope 1 and 2 emissions intensity.

\* Based on the weight of evidence and assuming a complete switch from cigarette smoking. These products are not risk free and are addictive.  
 † Our products as sold in the US, including Vuse, Velo, Grizzly, Kodiak, and Camel Snus, are subject to Food & Drug Administration (FDA) regulation and no reduced-risk claims will be made as to these products without FDA clearance

C0.2

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**(C0.2) State the start and end date of the year for which you are reporting data.**

	Start date	End date	Indicate if you are providing emissions data for past reporting years	Select the number of past reporting years you will be providing emissions data for
Reporting year	December 1 2020	November 30 2021	No	<Not Applicable>

C0.3

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

Algeria  
Argentina  
Australia  
Bangladesh  
Belarus  
Bosnia & Herzegovina  
Brazil  
Canada  
Chile  
Colombia  
Croatia  
Cuba  
Czechia  
Fiji  
France  
Germany  
Honduras  
Hungary  
Indonesia  
Iran (Islamic Republic of)  
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

**C0.4**

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

GBP

**C0.5**

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

Operational control

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

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**(C-AC0.6/C-FB0.6/C-PF0.6) Are emissions from agricultural/forestry, processing/manufacturing, distribution activities or emissions from the consumption of your products – whether in your direct operations or in other parts of your value chain – relevant to your current CDP climate change disclosure?**

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

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

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

Row 1

**Primary reason**

Do not own/manage land

**Please explain**

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

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

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

**Agricultural commodity**

Tobacco

**% of revenue dependent on this agricultural commodity**

More than 80%

**Produced or sourced**

Sourced

**Please explain**

While BAT does not own tobacco farms, we buy around 400,000 tons of tobacco leaf each year. This is grown by 75,000 farmers directly contracted by BAT and more than 250,000 farmers from strategic third party suppliers in more than 30 countries. The tobacco is used for our combustible and tobacco heated products and these two categories contributed more than 90% of our revenue in 2021, hence this the portion dependent on tobacco as an agricultural commodity.

**C0.8**

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

Indicate whether you are able to provide a unique identifier for your organization	Provide your unique identifier
Yes, an ISIN code	GB0002875804

**C1. Governance**

**C1.1**

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

Yes

**C1.1a**

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

Position of individual(s)	Please explain
Board-level committee	The BAT Group has a clearly defined governance framework to ensure Board-level oversight of climate-related matters across the Group. Our Board has strategic oversight of our Sustainability Agenda (including climate-related matters). The Board has delegated certain responsibilities to the Audit Committee, which is responsible for reviewing the effectiveness of the Group's risk management and internal controls systems, including those relating to climate change. The Audit Committee is underpinned by our Regional Audit and CSR Committees. Our Management Board, chaired by the Chief Executive, has overall responsibility for overseeing the implementation of Group strategy and policies, including those relating to ESG. The Director, Operations has overall responsibility for delivery of the Group's climate strategy and environmental targets. Please refer to page 60 of the BAT Annual Report and Form 20-F for our governance framework in relation to ESG. Example of climate-related oversight: Progress Towards Net Zero Emissions The Board endorsed the Group's revised carbon emissions target of net zero value chain emissions by 2050 and reviewed progress made in 2021 against the glidepath towards achieving the Group's emission targets (including progress against 2030 Scope 1 and 2 carbon neutral and 2050 net zero value chain carbon emissions targets). This is discussed on pages 47, 61 and 110 of the BAT Annual Report and Form 20-F. As the Board review related to performance for the 2021 reporting year, this review took place in February 2022, after the full year 2021 performance data was available. In September 2021, revised Audit Committee terms of reference were adopted by the Board to extend the remit of the Audit Committee to include responsibilities for the engagement of external providers to conduct assurance over ESG metrics (including total Scope 1,2 and 3 emissions and renewable energy use) and related information in annual reporting, monitoring the assurance work and reviewing its effectiveness. This approach was adopted to further enhance the Group's rigour in reporting ESG-related information (including climate-related metrics) and stakeholder trust in the Group's ESG metrics.

**C1.1b**

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

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Scope of board-level oversight	Please explain
Scheduled – some meetings	<ul style="list-style-type: none"> <li>Reviewing and guiding strategy</li> <li>Reviewing and guiding major plans of action</li> <li>Reviewing and guiding risk management policies</li> <li>Reviewing and guiding annual budgets</li> <li>Reviewing and guiding business plans</li> <li>Setting performance objectives</li> <li>Monitoring implementation and performance of objectives</li> <li>Overseeing major capital expenditures, acquisitions and divestitures</li> <li>Monitoring and overseeing progress against goals and targets for addressing climate-related issues</li> </ul>	<Not Applicable>	Our Board has oversight of our climate strategy and climate-related risks and opportunities. The Board has approved all Group environmental targets, including our carbon emissions targets. The Board reviews the Group's environment strategy, targets and performance and major plans of action twice per year. Examples of climate-related oversight: The Board endorsed the Group's revised carbon emissions target of net zero value chain emissions by 2050 and reviewed progress made in 2021 against the glidepath towards achieving the Group's emission targets (including progress against 2030 Scope 1 and 2 carbon neutral and 2050 net zero value chain carbon emissions targets). These targets support the Group's ambition to reduce emissions in-line with 1.5 degree warming trajectory. This is discussed on pages 47, 61 and 110 of the BAT Annual Report and Form 20-F. As progress against that emissions-reduction glidepath related to performance in the 2021 reporting year, this review took place in February 2022, after the full year 2021 performance data was available. In addition, the Board reviews the Group risk register, which includes climate-related risks, annually. The Board reviews the Group budget annually, which takes into account capital allocation to deliver the Group's ESG agenda and targets. The Board reviews and approves the Annual Report and Form 20-F, and ESG Report, on an annual basis, both of which report on the Group's progress on climate-related matters. In 2021, the Board also received a deep-dive ESG briefing covering our climate strategy, performance and approach to reporting in alignment with the TCFD framework. The Audit Committee is responsible for reviewing the effectiveness of the Group's risk management and internal controls systems, including those relating to climate change. The Audit Committee reviews the Group risk register twice per year and reviews the Group's progress against its ESG metrics, including our Group's emission targets that address climate-related issues (progress against 2030 Scope 1 and 2 carbon neutral and 2050 net zero value chain carbon emissions), twice per year.

**C1.1d**

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

	Board member(s) have competence on climate-related issues	Criteria used to assess competence of board member(s) on climate-related issues	Primary reason for no board-level competence on climate-related issues	Explain why your organization does not have at least one board member with competence on climate-related issues and any plans to address board-level competence in the future
Row 1	Yes	The criteria used to assess board member(s) competence on climate related issues, is if board members understand how climate-related issues affect the BAT Group and climate-related risks and opportunities in the BAT Group context. Board members have experience in guiding management or oversight of operational companies within industries impacted by climate-related issues, where judgements are required to manage climate-related risks and opportunities. These industries (of which one or more board members has experience) include fast moving consumable goods, for example, tobacco and beverages, where climate issues impact supply chains and present transitional risks; infrastructure, for example, railway, where physical climate risk needs to be mitigated and adapted to; and renewable energy generation and distribution, where climate risks need to be mitigated and adapted to, whilst also presenting transitional opportunities.	<Not Applicable>	<Not Applicable>

**C1.2**

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

Name of the position(s) and/or committee(s)	Reporting line	Responsibility	Coverage of responsibility	Frequency of reporting to the board on climate-related issues
Other C-Suite Officer, please specify (Director, Group Operations)	<Not Applicable>	Both assessing and managing climate-related risks and opportunities	<Not Applicable>	Quarterly

**C1.2a**

**(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored (do not include the names of individuals).**

Our Management Board (equivalent to an Executive Committee), chaired by the Chief Executive (CEO) (also an Executive Director on the Board), has overall responsibility for overseeing the implementation of Group strategy and policies, including those relating to climate change and climate-related issues. Members of the Management Board are responsible for overseeing delivery against ESG targets for areas under their individual remit. The Director, Operations, is a member of the Management Board reporting directly into the CEO. The Director, Operations, has overall responsibility for delivery of the Group's climate strategy and environmental targets, including climate-related risks and opportunities.

The Board is updated on climate-related issues on a quarterly basis. This consists of a twice per year progress report by the Director, Operations on climate strategy and environmental targets, an annual review of the risk register including climate-related risks, review and approval of the Annual Report and Form 20-F and ESG report which include our climate-related performance for the year, and additional focused updates, for example in 2021, a deep-dive ESG briefing covering our climate strategy, performance and approach to reporting in alignment with the TCFD framework.

The Director, Operations receives updates on progress on climate-related strategy and targets through the Operations Sustainability Forum that meets 4-6 times a year and is supported by the Group Head of Operations Development and Sustainability and functional teams. The Director, Operations also chairs the Environmental Sustainability Committee, meeting around 6 times a year to review environmental roadmaps, strategies, risk and opportunities, with updates provided to the Management Board.

The Management Board receive regular updates on material risks and strategic plans, including those relating to climate change, along with associated risk mitigation plans. This includes regular monitoring by the Group Risk Management Committee, chaired by the Finance & Transformation Director.

**C1.3**

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

	Provide incentives for the management of climate-related issues	Comment
Row 1	Yes	As part of BAT's performance management system, all employees are expected to have performance objectives in line with their responsibilities, linked to the evaluation of their performance and their remuneration. These are expected to include objectives and targets on climate-related issues for employees with responsibilities in this area, and / or those working on specific climate-related projects, programmes and initiatives (e.g. new product development), as well as delivery against the Group's climate-related objectives, targets and KPIs. For example, the personal objectives of the Director, Operations (a C-suite officer) include, amongst other things, the attainment of BAT's CO2e emissions reduction targets.

## C1.3a

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

Entitled to incentive	Type of incentive	Activity incentivized	Comment
Other C-Suite Officer	Monetary reward	Emissions reduction target Energy reduction target	Our Director, Operations, a C-Suite Officer who is a member of the Management Board, is responsible for the delivery of our climate-related targets as part of the overall sustainability agenda. The most important targets are externally communicated and linked to evaluation of the Director's performance and remuneration. The Director's performance objectives and remuneration are linked to, amongst other things, the achievement of our carbon targets for reduction in CO2e emissions (also supported by energy efficiency and renewable energy sourced as a percentage of total direct energy used indicators). The Director's performance is measured by determining whether operations are on track to achieve our 2025 targets via specific actions/ steps taken within the year, aligned with each target's glidepath.
Business unit manager	Monetary reward	Emissions reduction target	Performance indicators include areas around: reduction in CO2e emissions (also supported by energy efficiency and renewable energy sourced as a percentage of total direct energy used indicators), reduction of water withdrawn, increase of water recycling and reduction of waste to landfill, and increasing waste recycled. Meeting these objectives are linked to the evaluation of the relevant individuals' performance and remuneration.
Chief Procurement Officer (CPO)	Monetary reward	Emissions reduction target Supply chain engagement	Our Global Head of Procurement has performance indicators which include areas around: reduction in CO2e emissions through the CDP Supply Chain Programme, direct supplier engagement and supplier selection. In addition, there are additional performance objectives related to deforestation targets and BAT's Social objectives. Meeting these objectives are linked to the evaluation of our Global Head of Procurement's performance and remuneration.
Procurement manager	Monetary reward	Emissions reduction target Supply chain engagement	Performance indicators include areas around: reduction in CO2e emissions through the CDP Supply Chain Programme direct supplier engagement and supplier selection. In addition, there are additional objectives related to deforestation targets and BAT's Social objectives. Meeting these objectives are linked to the evaluation of the relevant individuals' performance and remuneration.
Buyers/purchasers	Monetary reward	Emissions reduction target Supply chain engagement	Individuals fulfilling an equivalent role have performance indicators which include areas around: reduction in CO2e emissions through the CDP Supply Chain Programme, direct supplier engagement and supplier selection. In addition, there are further objectives related to deforestation targets and BAT's Social objectives. Meeting these objectives are linked to the evaluation of the relevant individuals' performance and remuneration.

## C2. Risks and opportunities

### C2.1

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

Yes

### C2.1a

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

	From (years)	To (years)	Comment
Short-term	0	2	The Group's Risk Management Manual provides guidance of the assignment of a "Risk Time Frame". These are used to consider the period over which the consequence of the risk, should it occur, impacts the business. A short-term impact is defined as an 18 month time frame for business risks.
Medium-term	2	5	The Group's Risk Management Manual provides guidance of the assignment of a "Risk Time Frame". These are used to consider the period over which the consequence of the risk, should it occur, impacts the business. A medium-term impact is defined between 18 months and 5 years for business risks.
Long-term	5	10	The Group's Risk Management Manual provides guidance of the assignment of a "Risk Time Frame". These are used to consider the period over which the consequence of the risk, should it occur, impacts the business. A long-term impact is defined as more than 5 years for business risks.

### C2.1b

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

There is a standardised methodology for risk management across the Group, embedded at 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, including those arising from both our direct operations and our supply/value chain.

Risks are assessed biannually and prioritised at three levels by reference to their impact (high/medium/low) and likelihood (probable/possible/unlikely) as per our Group Risk Management Manual, which has been approved and periodically (at least once per year) reviewed by the Group Risk Management Committee.

The impact of each risk is assessed on a residual risk basis across various categories. 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). Qualitative risk factors, such as reputational, safety, legal and environmental impacts are also included within the Risk Impact Matrix and are considered within each risk assessment. These metrics apply to group risks, with reducing thresholds set at functional and DRBU levels.

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

Long-term risks could develop over several years after the initial event occurs, and therefore generally relate to strategic decisions. Short-term risks have their impact immediately after the event occurs and tend to cause disruption to normal operations. For example, the growth of illicit trade could be a long-term risk; the failure to achieve an expected price increase could be a short-term risk; while a change in the excise structure could be both a long term and a short term risk. Where a risk has a mixture of time frame the default definition should be the longest-term.

The Group maintains a climate change risk on the Group risk register. The risk sets out the impact on the Group to ensure robust processes are in place to manage transitional climate change risks (in compliance with the Green Finance Strategy published by the UK Government in July 2019 setting out disclosure expectations for listed companies in accordance with the TCFD recommendations).

The Climate Change risk template (which is used during the risk assessment process to capture risk information, analysis, and record mitigation activities) specifically calls out transitional climate related risk factors, such as ESG matters influencing investor decisions, evolving climate change legislation and changes in Consumer behaviours and expectations related to environmental issues. These "Drivers" of the risk are factored into the Financial Impact Value, Likelihood (Probability) rating and ultimate Risk Score. Assigned mitigation activities are also logged against the risk 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.

To date, BAT has not experienced any climate-related instances of substantive financial or strategic impact.

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## **C2.2**

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

**Value chain stage(s) covered**

Direct operations  
Upstream  
Downstream

**Risk management process**

Integrated into multi-disciplinary company-wide risk management process

**Frequency of assessment**

More than once a year

**Time horizon(s) covered**

Short-term  
Medium-term  
Long-term

**Description of process**

Climate Change Risk and Impacts are identified as a result of both internal and external risk assessments considering short, medium, and long term (as completed in TCFD scenario analysis and materiality risk mapping). Local risk assessments are carried out in all BAT sites as part of Risk Prevention and Mitigation practices at least twice a year and are linked with business continuity plans focusing on, but not restricted to, short- and medium-term risks (it varies in line with risk type and nature). The central ERM team oversees the Group's bi-annual risk review and reporting exercise. This applies a standardised methodology (outlined in the Group's Risk Management Manual) for risk assessment across the Group, embedded at Group, functional, direct-reporting business unit (DRBU) and individual market levels. Risk data (from each business level) is collected and recorded within the Group's Risk Management System (SAP GRC RM) which applies intelligent aggregation of risk impact scores. For example, DRBU risk scores aggregate up to produce a Regional risk score for each individual risk. The system also provides standardised risk management output documents which support the bi-annual risk assessment process and are used, in part, to drive the risk debates at various Risk Committee meetings. Risk review processes are completed by multidisciplinary teams including managers from Manufacturing, Leaf, Engineering, Sustainability, EHS, Manufacturing, Supply Chain, Procurement and Commercial. Climate change related risks are now highly connected to Product Development, Manufacturing, Supply Chain, Finance and Marketing, including for example, TCFD compliance, the risk of not being able to deliver on climate change commitments. The inclusion of Marketing and Finance functions in climate change related risk assessments directly relate to the increased exposure to Transition Risks. External assessments take place as required and may focus on specific areas of our Supply Chain (e.g. leaf growing, strategic factories) or end markets depending on risk mapping indications.. The Group risk management process has four stages, Identify, Assess & Evaluate, Manage and Monitor. The first stage identifies the potential events that could adversely impact achievement of business objectives, including the failure to capitalise on opportunities. This involves identifying the relevant strategy and objectives; understanding who the stakeholders are and what their objectives are; and analysing the overall environment. Risk can be identified by the relevant Leadership Team, Risk Management Committee or any senior manager involved in managing risks. The second stage of the Group risk management process is to assess and evaluate the risk/opportunity to determine its impact on the relevant business strategy/objective and whether the risk/opportunity is likely to occur. This allows risks/opportunities to be prioritised. The assessment is done using two scales, both from 1 to 3, the combination of which provides a total risk rating, from 1 to 9. This step helps us to understand the risk exposure faced by the Company. To do this, details are provided on impact, likelihood and total risk rating. The potential impact of a risk/opportunity is evaluated through the Group's Risk Impact Matrices. These are used to measure the potential impact of a risk on a Group, functional, direct-reporting business unit (DRBU) and individual market level relative to 5 Impact Categories covering financial, reputational, safety, legal and environmental impact metrics. This evaluation is converted into a number from 1 to 3 (from low to high) based on the relevant Risk Impact Matrix. The risk/ opportunity is then evaluated based on the current net impact. This evaluation is arrived at by considering the reasonably foreseeable gross impact and the expected impact of current mitigation activities in place to manage the risk. The likelihood of the risk having the evaluated impact is rated from 1 to 3 (low to high) based on the assessment by the Risk Manager and Risk Owner. Examples of identification of risks and opportunities at the facility level would be working with our factories in making them more resilient to climate change impacts through investment in building fabric and energy systems, reducing energy consumption and potential exposures to climate change regulation. The risks and opportunities assessed cover both physical risks and opportunities and transitional ones. The third stage of the Group risk management process is to manage and assess the current activities in place to manage identified risks and can lead to an agreed list of additional activities required to further manage the risk, where the risk appetite is to remove or reduce downside risks and to maximise upside risks. The list of further activities are agreed by the relevant Leadership Teams to ensure that all key risks have an effective risk response. The fourth and final stage of the Group risk management process is the on-going monitoring of the risk, including the assurance that current activities to manage risks remains effective, as well as a review of whether the additional activities identified as required are being delivered in accordance with the agreed timelines. Risk mitigation activities that are in place, as well as those under development are monitored continuously by relevant Risk Managers. In addition, risk mitigation activities are reported on and reviewed by each Regional Risk Committee and the Group Risk Management Committee (GRMC) twice a year and the Group's Audit Committee six times a year. In order to prepare TCFD scenarios, BAT has embedded both ESG and climate-related risk factors into its business risk register (both at functional and at Group level) and these are called out and assessed within associated risk templates to better quantify financial impacts and mitigations costs. Further examples of the above climate related risk management process can be evidenced in the Group's risk register and the associated risk templates (which are used to capture risk information, analysis, and record mitigation activities). This contains, for example, a Supply Chain Disruption risk template. This specifically calls out climate related risk factors such as severe weather events caused by climate change, social dislocation and unrest and the reduced availability of conventional energy. These "Drivers" of the risk are factored into the Financial Impact Value, likelihood (probability) and ultimate Risk Score. Assigned mitigation activities are also logged against the risk and are tracked/monitored.

**C2.2a**

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

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	The existence of robust climate change regulations, and a sufficiency of resource to enforce such regulations is a critical consideration in understanding the climate change risk we face as a business. Sites are required to comply with applicable regulations related to their environmental impact in terms of climate change, as well as compliance with BAT EH&S Policy requirements (e.g. emissions from operations are reported and actions aiming at their reduction must be documented, evidence of phase out of certain substances over time must be kept, etc.) as a minimum, to demonstrate compliance and ensure license to operate. In some end-markets there can be a lack of regulatory frameworks governing climate-change issues - in the absence of such frameworks, a minimum standard of performance is established in our Environment Policy, the environmental part of Group EH&S Policy Manual and supporting Policy guidelines or, the more stringent requirement between BAT EH&S Policy or Local Legislation will prevail. Independent regulatory audits are carried out in a number of markets every year and in most of the markets where we operate, BAT is also subject to inspections by regulatory agencies (e.g. EPA in the US, local EU Environmental Agencies, Environmental Agencies at Province and Federal levels in Brazil, etc.) So, this risk is particularly relevant to BAT because it directly affects our license to operate. Climate change regulations have driven and accelerated the way we apply the control measures to speed up the climate change control that we apply at our markets. An example of risk type: Carbon taxes have affected our cost of doing business in some markets.



	Relevance & inclusion	Please explain
Emerging regulation	Relevant, always included	This risk is particularly important to BAT because not only does the existence of robust climate change regulations, and a sufficiency of resource to enforce such regulations are critical considerations in understanding the climate change risks in countries we operate, but also the compliance requirements to keep our licenses to operate. Therefore, sites are required to monitor emerging regulations through cooperation with authorities and involvement in thematic climate-change regulations' forums. Locally such monitoring is performed by LEX (Legal and External Affairs) and EH&S. Every BAT company has a regulatory monitoring service which follows up and shares with EH&S and legal teams draft legislation text that is being debated by the end market legislative bodies, or up for public consultation as soon as they become public. This offers BAT the opportunity to track the potential impact to operations, e.g. changes in processes / equipment potentially required to meet emerging regulation. Examples of risk type: • TCFD reporting in our FY21 Annual Report, and certain EU taxonomy reporting requirements with effect from FY22 • EPR adoption across EU member states (analysed within Risk #002 below) and expansion of the EU ETS carbon trading market Furthermore, we continue to monitor legislative developments in countries that are considering the introduction of carbon taxes. We also monitor local incentives for green energy production or purchases. Our monitoring allows us to be aware of any emerging regulations that may help us recalibrate/refresh our strategic priorities.
Technology	Relevant, always included	BAT is committed to reducing the impact of our operations on the environment and has set several challenging targets to reduce the emissions generated by our supply chain and wider value chain, reduce waste and water consumption, and increase our use of renewable energy (in turn reducing our reliance on fossil fuel energy sources). These commitments and science-based targets are aligned to the 1.5C scenario. To deliver these commitments and internally plan for financial and operational requirements, we have established glidepaths at factory, regional, and global level with the deployment of new technology being a key enabler to the delivery of our goals and targets. BAT aims to reduce its CO2e emissions by increasing its energy efficiency (consumption of energy per unit of production) and/or by replacing current energy/fuel sources for cleaner ones. As disclosed in section 2.3 risk 003 and section 2.4 opportunity 001, 75 initiatives were deployed in 2021 at a cost of £9.99m which reduced our energy costs by £2.2m and emissions by 18,371MT (3.4% of our 2020 baseline), and our continued success will be dependent on the deployment of currently available and emerging technologies and the replacement of legacy equipment. In the context of factories/ Green Leaf Threshing facilities, the risk posed by technology is managed by our Operations ESG Centre of excellence, in collaboration with our Head of Manufacturing technology, who are responsible for identifying breakthrough technologies and sharing best practise across our 72 operations sites globally. These efforts are coordinated through our Operations Sustainability forums held quarterly and incorporated into Regional glide paths. Financial and operational resources are prioritised using ICP and MAC tools. In addition, more locally driven initiatives working in collaboration with universities and local enterprise are managed by our in-country operations managers and are also shared via the Operations sustainability forum to share best practices. In the context of leaf deployment, as disclosed in 2.3 risk 001, and 2.4 opportunity 002 and 003, technology plays a crucial role in improving farmer resilience, increasing their financial returns, and reducing emissions generated through farming (and particularly curing processes). Our Global Leaf Agronomy Development centre is based in Brazil and is responsible for developing and deploying new to world technologies to our Leaf Operations.
Legal	Relevant, always included	It is expected, following COP26, that the level of environmental policies and legal requirements will increase over the medium term. We have Legal compliance teams based at a local, regional, and global level who are responsible for ensuring the requirements of current and emerging legal requirements are understood and complied with. In the event emerging regulations are considered to have a relevant operational or financial impact on our business, these are captured within risk registered and monitored via our risk processes to ensure they are implemented effectively. Legal Compliance is a "must meet" condition to operate at BAT sites. Therefore, the risk of not being able to meet any new or upcoming legislation is always part of the risk mapping and sites' actions/ contingency plans. An example of this risk is the national adoption of EPR in the EU and UK which is effective in member states by January 2023 and forms the response to our disclosure in section 2.3 risk 002.
Market	Relevant, always included	We continue to assess the impact of climate change on market risks and believe these present transition risks to our business. Specifically we anticipate potential shifts in demand and supply for energy, commodities, cost of capital, and insurance products. Examples of potential risk/ impact on our business include: • The cost of energy on our direct operations could be impacted as demand increases for renewable energy forms and energy providers are required to build infrastructure to uplift supply to meet demand. We have considered this risk further within section 2.3 risk 003 and 2.4 opportunity 001. • Potential supply issues affecting our access to tobacco to meet our demand requirements and the potential impact on tobacco prices because of chronic climate change factors impacting weather conditions and growing productivity levels. We have considered this risk further within section 2.3 risk 001. • The potential impact on our cost of capital in the event of either reduced profitability (due to incremental operating costs due to climate change) or our ESG performance not meeting the expectations of our stakeholders. We have considered this risk further within section 2.3 risk 004. • As part of our TCFD reporting within our annual report, we also considered other potential manifestations of this risk, including access to insurance markets (to mitigate the risk of acute climate change) as well as the impact of energy costs across our wider value chain (indirect energy costs embedded within the costs of our materials/ finished goods purchases). We have established challenging targets and external commitments with an ambition of being industry leader in reducing our impact on the environment and communities in which we operate. These commitments are aligned to the 1.5C scenario and span across emissions, water, and waste. Whilst market forces are not fully controllable, by reducing energy requirements, driving the use of renewable energy, driving the rollout of technological advances to improve our production efficiencies (both manufacturing and agriculturally in the field), and the use of hedging contracts to mitigate short term energy price volatility, we aim to mitigate these market risks as far as possible.
Reputation	Relevant, always included	Maintaining our reputation as a responsible company has always been of crucial importance to BAT, ensuring we meet and exceed the expectations of our stakeholders. As the impact of climate change are becoming more apparent, and policy setters implement policies to slow the pace of climate change, expectations on BAT as a global FMCG from market participants and wider society are increasing, and our ambition is to exceed these expectations through industry leadership by placing ESG at the core of our strategy. Reputational risk could impact our business in several ways, with material potential impacts identified as part of our work in preparation for TCFD reporting in FY21, including: • Consumer expectation and how this may impact purchasing decisions, requiring us to continue to meet the emerging needs of our consumers and wider stakeholders and communicate our environmental performance effectively with our consumers. • Potential risk regarding effective access to capital and cost of debt in the event BAT falls short of meeting the expectations of financial stakeholders, which could potentially impact our ability to issue bonds or borrow money (due to increase in interest rates). This risk has been further disclosed within 2.3 risk 004. For example, there is a global focus around all matters related to plastic. We are researching and trying to find alternatives to cellulose acetate for conventional cigarettes filters. We have already aligned our pledges to the UK Plastics Pact and committed to, by 2025: - Eliminate all unnecessary single use plastic packaging; - Have 30% average recycled content across all plastic packaging; - Have 100% of our plastic packaging will be reusable, recyclable or compostable; and We have implemented take-back schemes for all new category devices. We have made a series of challenging external commitments to reduce the impact of our business on the environment (spanning across emissions, waste, and water), and are actively increasing our disclosure (both in terms of formal reporting – Annual report and accounts, TCFD reporting, our ESG reports, and consumer awareness via corporate and brand websites) to improve awareness of our strong ESG performance.
Acute physical	Relevant, always included	Acute physical risks were identified during TCFD scenario mapping and risk analysis. Extreme weather events are expected to increase in frequency and severity due to climate change and can impact our operations, infrastructure, and suppliers, and impact the overall effectiveness of our supply chain. In particular, this risk has the ability to impact our access to tobacco, a critical component of our products, through increased prevalence of flooding and extreme weather (including hail, hurricanes, El Nino and other weather events which impact the areas in which we grow and purchase tobacco) which may impact supply/ production of tobacco in any particular growing season and compromise our ability to source sufficient tobacco to meet our demand. This risk is mitigated through our sourcing strategy (sourcing each of the key tobacco types from several locations to derisk the potential impact that could arise from acute weather events) and through our duration policies which stipulate minimum safety stock levels (typically between 9 -12 months - depending on the quality of tobacco, its role in our products, and our ability to substitute that tobacco type) to ensure we are able to mitigate the impact of crop failures in any given year. Duration policies for finished goods (combustibles and new category products), semi-finished materials, and other critical inputs (paper, filter tow, etc), as well as multi supplier sourcing strategies similarly mitigate the potential impact. Business continuity plans are in place and reviewed annually. They are designed to enable us to alter factory production plans/ sourcing to mitigate supply chain disruption that may extend beyond the period protected through inventory durations. Wherever possible, insurance policies are put in place through our Global Treasury and Risk function to mitigate potential financial losses that could arise through acute risks.
Chronic physical	Relevant, always included	Longer term changes in weather patterns due to climate change could potentially significantly impact our operations and particularly our access to leaf tobacco (grown through our own operations or purchased from 3rd parties). These changes may potentially impact temperatures, level of rainfall, soil water stress, and the overall viability of tobacco growing in those Regions, either due to the climate no longer being suitable for tobacco growing or the land being repurposed by government intervention to prioritise the growing of food crops. We monitor this type of risk through data collected through our network of field technicians as part of annual crop monitoring process and use this data to understand trends and shape longer term crop planning. We also commissioned an independent study that was completed in 2020, analysing predicted weather changes across our top 10 growing locations, with soil stress indicators used to estimate impact on yield, production volumes, and overall cost of tobacco. This analysis is disclosed within 2.3 Risk 001 – whilst the impact varied across regions with increases and decreases in yield forecast, the overall impact on yield was estimated to be lower than 5% at Group level. We will continue to reperform this analysis overtime to ensure we have the best information available to assist us in mitigating the impact of this risk on our business. At present we believe our Global Agronomy Development activities, with specific focus on water efficiency and roll out of agriculture best practices, are sufficient to mitigate the chronic risk climate change poses to our tobacco supply chain.

## C2.3

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

Yes

## C2.3a

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

**Identifier**

Risk 1

**Where in the value chain does the risk driver occur?**

Upstream

**Risk type & Primary climate-related risk driver**

Chronic physical	Other, please specify (Potential increased operating costs due to changes in precipitation patterns and extreme variability in weather patterns leading to agricultural supply chain disruption and reduced production capacity)
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**Primary potential financial impact**

Increased direct costs

**Climate risk type mapped to traditional financial services industry risk classification**

&lt;Not Applicable&gt;

**Company-specific description**

Access to tobacco is of pivotal importance to the Group as it is a key component to our cigarette and new category businesses (tobacco heated products "THP", as well as our Vapour and Modern oral categories). The Group sourced ~400m kgs of tobacco in 2021 from 33 different countries (including 12 vertically integrated leaf operations). Climate change poses a risk to agriculture production because of changes to precipitation and temperature and the resulting impact on the effectiveness of tobacco production and the Group's ability to procure sufficient tobacco leaf to meet our demand. Specifically risks include:

- Acute physical risks (including increased prevalence of flooding and extreme weather (including hail, hurricanes, El Nino and other weather events which impact the areas in which we grow and purchase tobacco) which may impact production of tobacco in any particular growing season and compromise our ability to source sufficient tobacco to meet our demand. This risk is mitigated through our sourcing strategy (sourcing each of the key tobacco types from several locations to de-risk the potential impact that could arise from acute weather events) and through our duration policies which stipulate minimum stock levels (typically between 9 -12 months - depending on the quality of tobacco, its role in our Products, and our ability to substitute that tobacco type) to ensure we are able to mitigate the impact of crop failures in any given year.
- Chronic physical risks arising from ongoing changes to weather patterns impacting temperatures, level of rainfall, soil, water stress, and the overall viability of tobacco growing in those Regions, either due to the climate no longer being suitable for tobacco growing or the land being repurposed by government intervention to prioritise the growing of food crops. To assess chronic physical risk, an independent study was undertaken to understand the potential impacts of climate change across our largest 10 source countries (Brazil, US, Zimbabwe, Bangladesh, Pakistan, India, Mozambique, Turkey, Mexico, and Indonesia) which accounted for 84% of the total tobacco volume bought by the Group in 2021. The water stress index in 6 of these 10 locations are considered either high or very high risk by the Aqueduct water stress index, and as such understanding potential climate changes in the future is important for the resilience of our farming base and the sustainability of our business.

**Time horizon**

Long-term

**Likelihood**

More likely than not

**Magnitude of impact**

Low

**Are you able to provide a potential financial impact figure?**

Yes, an estimated range

**Potential financial impact figure (currency)**

&lt;Not Applicable&gt;

**Potential financial impact figure – minimum (currency)**

7500000

**Potential financial impact figure – maximum (currency)**

40000000

**Explanation of financial impact figure**

The Hadgen2-ES model (Developed by the Hadley Centre of the Meteorological Office, UK) was used to forecast the weather pattern for the period 2021- 2050 for the growing regions in scope. In total we assessed 88 sub-national jurisdictions, accessing historical weather data of > 3,100 weather stations and generating > 5,400 weather forecast maps. Climate-related risks to tobacco-growing conditions were assessed examining the impact of possible changes in temperature, rain, and water balance in the soil. The analysis was done at regional level, covering all growing Regions where we source tobacco, with anticipated growing conditions forecast for each decade from 2020 to 2050. Having forecast soil stress levels anticipated, projections of growing yield were made and compared to growing yield projections (farmers productivity - kg/ha) which enabled us to compute the estimated impact on production cost and tobacco prices in the future with the annual impact versus 2020 tobacco costs used to estimate the risk. By way of example, farmer yield in the Karnataka Province growing region of India was approximately 1,548 kg/ ha in 2020 and has been estimated to decrease to 1,457 by 2030 and 1,526 by 2040 resulting in a decrease in yield of between 5.9% (by 2030) and 1.4% (by 2040) and a corresponding increase in tobacco cost. Based on the Regions we grow tobacco and the estimated Group demand for tobacco in the future (with assumptions for demand reduction applied of between 1 – 2% per annum depending on location) with favourable and unfavourable impacts on yield, the potential financial impact on annual cost of tobacco of between £7.5 and £40m ( less than 5% overall). Financial estimates were also generated up until 2050, using the same modelling approach, with the results used for the purposes of the Group's 2021 TCFD Annual report.

**Cost of response to risk**

6200000

**Description of response and explanation of cost calculation**

Global leaf research & agronomy deployment is a key aspect of our strategy for driving our environmental & social goals across the leaf operations where we grow tobacco, ensuring the application of best practice and long-term sustainability of the communities working with or supported by tobacco production. The centre conducts world-class research, from development & testing in the lab to real-world field trials with farmers– often in partnership with academic & research institutions. Our leaf research 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 & goals. Situated in Brazil (our largest leaf operation globally) and leveraging decades of experience in tobacco growing, the scope of the leaf research centre is to identify tailored solutions for application and deployment across all our leaf operations and strategic 3rd parties, with the following focus areas: Soil Science & Plant Nutrition, Water Management, Emissions, and Pest Management Leaf Breeding, Seed Technology, Seed Production & Industrialisation, Mechanisation & Curing Crop Protection, Agrochemicals, Agriculture best practice Substrates, Botanicals, Bioprocess, Leaf Chemistry The cost of response is based on the amount we invest which is about £6.2mn annually in Global Leaf Research & Deployment activities, all aimed to improve farmer resilience & the sustainability of their farms. Based on the results of soil stress analysis, bespoke mitigation plans for each country were established, with specific best practice workstreams initiated to include solar powered technology to lower the cost of drip irrigation, drought tolerance mapping, seed development & precision irrigation pilots. Drip irrigation & soil management improvement rollouts are planned in 7 and 3 of our leaf operations respectively by 2025. An example of tailored innovation targeted at mitigating water risk can be found in Bangladesh

(high risk per Aqueduct index). An Alternative Furrow Irrigation was piloted in 2021 which involved 13,592 farmers, covering 37% of hectares contracted by BAT in 2021. The Pilot demonstrated results of water usage reduction by between 5 and 8%. We plan to increase the adoption of this technique to reach 85% of our Bangladesh farmer base by 2025 & 100% by 2030, as well as looking at affordable alternative solutions incl. drip irrigation technology.

**Comment**

**Identifier**

Risk 2

**Where in the value chain does the risk driver occur?**

Downstream

**Risk type & Primary climate-related risk driver**

Emerging regulation	Mandates on and regulation of existing products and services
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**Primary potential financial impact**

Increased direct costs

**Climate risk type mapped to traditional financial services industry risk classification**

<Not Applicable>

**Company-specific description**

Under a sustainable transition it is likely there will be increased regulation on our products as regulators and policy setters seek to slow the pace of climate change, with one of the more acute examples being potential plastic taxes being charged to incentivise the reduction in waste, enhance the use of recyclable material, and assist in paying for clean-up costs. In the context of the tobacco industry, the main contributor of waste currently relates to cigarette butts (used filters) and waste arising from used consumables and product packaging as our business transitions towards New Category offerings. The EU Single Use Plastic (SUP) Extended Producer Responsibility (EPR) scheme that is in the process of being implemented in the UK and EU is an example of regulatory policies aimed at plastic pollution that are expected to increase over time. The scope of the SUP EPR scheme in EU relates to all tobacco products with filters containing plastic (combustibles, as well as New Category tobacco heating products (THP)) and obligates producers to cover the costs of: litter clean-up, transport & treatment waste collection, transport & treatment data gathering & reporting awareness raising measures. The scheme was already fully implemented in France in 2021 and is currently being adopted at national level in the remaining 26 member states – with the policy due to be implemented by January 2023 across all member states. The policy will impact ~15% of our global volume. Across our top 12 markets in the EU, this legislation will impact 79bn of cigarette and THP sales, and whilst schemes being implemented vary, will lead to a cost of ~£7,300 per tonne of plastic in our products. Whilst policies have so far emerged in the UK and EU, further policies are likely to emerge globally over the course of the next 15 to 20 years. These were considered and disclosed within our 2021 TCFD Annual Report disclosure. Please note that our response in this section focuses on the SUP EPR scheme in the EU as this is the only development in relation to which we have a clear view of the impact.

**Time horizon**

Medium-term

**Likelihood**

Very likely

**Magnitude of impact**

Medium

**Are you able to provide a potential financial impact figure?**

Yes, an estimated range

**Potential financial impact figure (currency)**

<Not Applicable>

**Potential financial impact figure – minimum (currency)**

100000000

**Potential financial impact figure – maximum (currency)**

150000000

**Explanation of financial impact figure**

The mechanisms for the EPR schemes are still being finalised with individual member states in the EU, with the policy frameworks varying between plastic weight in the products and/ or fixed fees per units being sold. There is also variation in how the programme are likely to be implemented across the member states, with some opting for tobacco specific schemes with costs being recovered from industry participants in those markets (e.g. France and Germany), with others considering the tobacco sector joining existing schemes and sharing a proportion of the overall costs incurred. For the purposes of this CDP submission we have estimated the costs based on current working estimates of our share of schemes anticipated to be adopted. These estimates are based on either Gov't legislation implemented, Gov't estimates provided as part of the mechanism discussions with the industry or based on Industry working groups estimates established at country level. Our current estimate for the total annualised impact of the EU SUP EPR scheme is between £100m and £150m p.a., which we will start to incur from 2023 or 2024. By way of example: • Germany – The German Association of Local Public Utilities (VKU) has estimated an industry cost of €225mn based on a unit based tariff by product category, with our share currently estimated at €40m based on our current volumes of 14.4bn (cigarettes and THP). It is noted a revised Gov't study is currently being performed by VKU which may impact the ultimate costs we incur. • Poland – the regulator is proposing a charge of between 0.01 – 0.05 per pack (industry cost of between £5-25m). Our share is estimated at £3.4m based on our current volumes of 12.2bn (cigarettes and THP) • France – since initial adoption in 2021 the industry cost per year were capped at €10m and €20m for 2021 and 2022 respectively. These may increase to ~€80m in 2023, with our share estimated at €6.7m based on our current volumes of 5.1bn (cigarettes only) • UK – Gov't estimates of scheme costs indicate our share of £4.1m based on our current volumes of 2.0bn (cigarettes only) As explained above, the financial estimate provided relate only to the EU SUP EPR scheme.

**Cost of response to risk**

35250000

**Description of response and explanation of cost calculation**

It is anticipated following COP26 that regulation seeking to reduce carbon emissions and plastic usage will emerge through tax and other financial mechanisms as regulators seek to slow the pace of climate change and the EU SUP EPR is an example of future legislation. As part of our commitment to ESG and sustainability we are committed to reducing our environmental impact of our business and our products. With reference to EU SUP EPR our strategy is multi-faceted. From a policy framework perspective, our efforts will be focused on working with member state regulators and other industry players to seek to ensure appropriate mechanisms are implemented, with specific focus on a) seeking to ensure policies implemented appropriately reflect the cost of waste collection, and b) seeking to ensure the mechanics of the schemes are transparent and auditable. Please refer to further comments outlined within the “comments” section. In addition to framework enactment, we are continuing to refine our product offerings through product innovation to reduce their environmental impact. Specifically with regard to EPR, we have active workstreams to replace cellulose-acetate

filters with more environmentally friendly alternatives. Whilst the development is in early stages of validation, the Product cost impact from pilot trials has been used to estimate future costs to respond to the risk of emerging regulation. The cost quoted is an estimate of the product cost impact arising from the replacement on monoacetate filters as well as incremental annual depreciation of factory filter equipment, with a cost estimate of £0.35 per mille, and an overall cost of £35.3mn for a volume of ~100bn sticks. To further address the environmental impact of our products, and to pre-empt possible future regulation that may arise, we have set several targets to be met by 2025 including: • 30% average recycled content across all plastic packaging; • Zero unnecessary single use plastics in our packaging; and • 100% plastic packaging to be reusable, recyclable, or compostable. Examples of such activities include removal of unnecessary - plastic in Vapour products, removal of unnecessary single use plastic packaging such as polypropylene film wrapping in new category starter kits and devices, the removal of unnecessary plastic in devices and starter kits trays, as well as the transition away from plastic materials for inner bundling and reloc packs.

**Comment**

From a policy framework perspective, our efforts will be focused on working with member state regulators and other industry players to seek to ensure appropriate mechanisms are implemented, with specific focus on: • Seeking to ensure the methodology implemented appropriately reflects the cost of waste collection arising from the duty paid industry. Specific consideration of incidence of littering, a consistent policy framework (with a well-defined cost calculation methodology) and ensuring the industry is not penalised for the cost of littering arising from illicit trade are key elements that need to be addressed by regulators. By way of example of disparities that exist with current EU draft legislation, costs being proposed by some EU member states amount to ~£25,000 per plastic tonne compared to estimated average of £7,300, with refinement required to standardise policy approaches. We have sought to set up and participate in Industry Working Groups and commission independent cost studies (utilising EY/ Deloitte and other specialists) to assist in framework creation. • Seeking to ensure that the specific mechanics of the scheme (industry specific scheme or an already established scheme tobacco industry joins) are transparent and auditable, as well as appropriately governed and administered across member states.

**Identifier**

Risk 3

**Where in the value chain does the risk driver occur?**

Direct operations

**Risk type & Primary climate-related risk driver**

Market	Other, please specify (Increased costs due to increased energy costs impacting direct operating costs as well as the cost of raw materials)
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**Primary potential financial impact**

Increased direct costs

**Climate risk type mapped to traditional financial services industry risk classification**

<Not Applicable>

**Company-specific description**

The Group had Operating facilities in 72 locations in 2021, and a direct cost of energy for these facilities of £85.2mn, corresponding to an overall power usage of 7.2m GJ. Purchased electricity and natural gas account for 88% of the costs of energy incurred. Under a sustainable transition (NGFS divergent net zero scenario) there may be a significant increase in demand for green energy as companies seek to meet their public commitments to reduce scope 1, 2 & 3 emissions to make progress towards their goal of achieving carbon neutrality. As the energy sector seeks to expand supply of greener energy forms, there is a risk that the costs of electricity and natural gas will increase (as surcharges are placed on fossil fuels to drive the decarbonisation policy agenda), impacting the cost of energy used in our 72 sites (factories, GLTs, warehouses, and offices) globally. Our goals of emission reduction and reduced dependency on fossil fuel forms of energy complement each other and given almost 80% of the Group Scope 1 and 2 emissions are being generated by our 72 Operating facilities, we have set a series of challenging targets spanning the next 30 years to reduce our energy usage and emission, and shield us, as far as possible, from energy cost inflationary pressures: • Scope 1 and 2 Carbon neutrality by 2030 • Net zero across value chain by 2050 • 30% of energy sourced to be renewable by 2025 • 100% electricity sourced in operations sites to be renewable by 2030 In light of the impact of geo political events in 2022 on the supply of energy and costs incurred, the development and installation of more efficient machinery and the leveraging of greener, renewable energy sources, will not only support the Group's delivery of its ESG targets but will also generate opportunities to reduce the impact of carbon taxes and insulate the Group from future energy cost inflation (both fossil fuel derived energy forms as a consequence of geo-political restrictions on supply, as well as green energy as globally companies increase their demands in pursuit of their own ESG commitments). Uncontrollable external events in 2022 impacting the supply and price of energy has impacted the likelihood of this risk materialising and will be subject to our annual reassessment procedures as part of our 2022 reporting cycle.

**Time horizon**

Medium-term

**Likelihood**

Likely

**Magnitude of impact**

Low

**Are you able to provide a potential financial impact figure?**

Yes, an estimated range

**Potential financial impact figure (currency)**

<Not Applicable>

**Potential financial impact figure – minimum (currency)**

17050000

**Potential financial impact figure – maximum (currency)**

86150000

**Explanation of financial impact figure**

The financial estimates were based on the Group's 4 largest energy types (natural gas, standard electricity, renewable electricity and diesel) which accounted for 88% of our total energy consumption (and 94% of energy costs) in 2021. Our future factory demand was estimated based on Group volume growth rates assumptions, with our combustibles volume assumed to continue to reduce into the future at a rate marginally better than industry norms. New Category growth rates were set in accordance with our Group's plans to deliver £5bn in New Category revenue (an average growth rate of 25% over the 4 year period), with projected energy consumption requirements based on these assumed volume movements, with assumptions overlaid to consider the continued favourable impact of energy efficiency improvements through IWS activities, as well as considerations of automation related improvements for New Category production (estimates based on recent performance trends). Using detailed energy cost information from 2021, unit energy costs were computed for each manufacturing site. Based on future energy requirement, the 12 Regional price indexes from the REMIND-MAGPIE model were used to project potential future energy unit costs at each of our factories. A further overlay in the analysis was performed to reflect the Group's target to transition towards 100% electricity sourced in operations sites to be renewable by 2030, with an assumed premium of ~1.58% vrs standard electricity grid tariffs as demand increases for renewable energy forms. Two NGFS scenarios were used in the analysis performed; the first represented the divergent net zero scenario which sought to limit global warming to 1.5 degrees, which saw a projected energy cost increase of 197% (vs the Group's baseline energy cost of £13.10 per GJ) as policy

setters apply policies across all sectors. The potential financial impact under this scenario amounted to £86.2mn. The second scenario assumed current policies continued to be applied (climate inaction scenario), which resulted in energy cost projections of 18.9% (vs the Group's baseline). The potential financial impact under this scenario amounted to £17.0mn. We anticipate the impact over the short to medium term being closer to the lower range estimate but may move towards the upper range over the longer term as post COP26 policies are implemented by policy setters.

#### Cost of response to risk

70000000

#### Description of response and explanation of cost calculation

To ensure the delivery of external commitments (see "Company specific description" above) made in relation to emission reduction and carbon neutrality ambitions, detailed glidepaths have been developed for our factories with investment plans designed to reduce emissions, drive energy efficiency, and move Group energy requirements towards renewable energy sources. The Group's use of renewable energy has increased from 10.8% in 2019 to 28.6% in 2021 demonstrating the extensive effort underway to reduce our dependency on fossil fuels and mitigate potential future energy price rises. In 2021, 75 projects spanning 33 Group factories & GLTs (a total capex investment of £9.99m) were delivered which resulted in the reduction of £2.2m in energy costs (an energy cost saving of ~2.6%), with several initiatives also decreasing the Group's dependency on grid supplied energy (solar & biomass initiatives). Projects delivered included: - building energy management systems - HVAC systems - Lighting upgrades and LED roll out - solar heating, cooling, and PV equipment - boiler replacement (biomass and other) The costs to respond to the risk has been based on the investment cost in 2021 (£9.99mn) and have been projected to estimate the costs of similar programmes for 2022 - 2029 as the Group continues to drive projects to deliver our targets, with an average multiple of 7 years assumed ( $7 * £9.99m = £70m$  cost to achieve). In addition to projects to move energy consumption towards renewable sources, the Group continues to target improved efficiency of infrastructure through IWS methodologies and footprint related projects, reducing idleness of infrastructure and optimising our use of energy. Product lifecycle analysis, greater recycling of our products through take-back schemes, and improved product design all assist in delivering production efficiencies and reduce the exposure of the Group to potential future energy cost increases. Where possible, energy hedging (typically over a period of 12 – 18months) is used as a mechanism to mitigate the impact of short term shocks to our manufacturing based energy costs, with a risk mitigation framework stipulating level of coverage to be achieved through hedging. Similar mechanisms are being used by the Group to lock the cost of renewable energy over the medium term (mitigating the premiums in pricing expected versus standard electricity), through the use of virtual power purchase agreements.

#### Comment

#### Identifier

Risk 4

#### Where in the value chain does the risk driver occur?

Direct operations

#### Risk type & Primary climate-related risk driver

Market	Other, please specify (Potential increase in cost and / or decrease in access to capital markets in the event of climate change driven increases to operating costs and / or ESG concerns from investors.)
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#### Primary potential financial impact

Decreased access to capital

#### Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

#### Company-specific description

The Group access the capital market to provide funding for business operations. c.40% of the Group's funding is in form of debt based on latest market capitalisation estimates. BAT current credit rating of Baa2 (Moody's, or BBB+ S&P) is based on our scale and broad geographical diversification, solid brand portfolio, strong market positions in both developed and emerging markets and our strong profit performance, and also reflects the speed in which we are transforming our business to multi category (New Categories and beyond) to mitigate the impact of volume decline on combustible products. As at year ended 2021 the Group has £37.8bn of bonds, with the vast majority financed in USD at interest rates ranging from 1.7% to 8.1% and maturity dates ranging from 2022 to 2050. Climate impacts have the potential to impact the businesses profitability as well as investor's perception of BAT's efforts in addressing ESG concerns. This may impact investor's demand for BAT debt which will affect BAT's cost of funds as well as our ability to access capital, which may have potential knock-on impacts to our future interest costs and may impact the overall profitability of our business.

#### Time horizon

Medium-term

#### Likelihood

Unlikely

#### Magnitude of impact

Low

#### Are you able to provide a potential financial impact figure?

Yes, an estimated range

#### Potential financial impact figure (currency)

<Not Applicable>

#### Potential financial impact figure – minimum (currency)

27000000

#### Potential financial impact figure – maximum (currency)

53000000

#### Explanation of financial impact figure

The financial impact provided was performed for the purposes of TCFD adoption by the Group within its YE 2021 annual reporting, with energy costs considered to be a transitional risk under the Sustainable transition to keep Global temperatures within 1.5 degrees (in line with the long term temperature goal of the Paris Agreement). Although there is no precedence in the market to value the potential impact of climate change on financing costs, based on our ongoing engagement with our banking partners we have estimated that the potential impact on our cost of debt to be similar in magnitude to a credit rating decline of 1 to 2 notches (i.e. Moody's from Baa2 towards Baa3, S&P from BBB+ towards BBB), potentially increasing our cost of debt by between 0.25% and 0.50%, although our credit rating remains unaffected. The drivers of this potential impact include; (a) potential operating cost increase or revenue decline due to direct climate change impacts that may lead to a credit rating decline; (b) implied tobacco credit spreads widen versus investment grade comparables with the same credit ratings, A financial analysis was performed of the profile of our debt (with £37.8bn of bonds issued by the Group as at 31/12/21). Based on the maturity of existing debt, we modelled the impact of potential increased borrowing costs that the Group may potentially incur on the debt that is due to mature in the period 2024 – 2026 (an amount valued at £10.7bn as at 31/12/21), with an impact of between £27m and £53m estimated in the event of a +0.25% and +0.50% increase in borrowing costs respectively. It is noted that this financial impact is considered indicative assuming that

the Group ceases to prioritise ESG (although the Group has placed ESG and sustainability of our business at the "Front and Centre" of our strategy) and assumes all maturing debt is refinanced.

**Cost of response to risk**

32800000

**Description of response and explanation of cost calculation**

BAT ensures that our climate change response as well as ESG targets are; (1) well defined; (2) ambitious; (3) relevant to stakeholders and; (4) well communicated. This allows stakeholders and potential investors to properly appraise their investment opportunities with BAT as well as provide feedback to ensure that BAT has meaningful dialogues with them to manage our access to and cost of capital. The Group has placed ESG as front and centre of its strategy which includes reducing the impact of our business on the environment and increasing our resilience to climate change. In 2021 the Group invested £32.8m within Operations on ESG activities including: • Capex investment to improve the efficiency of our factory and GLT infrastructure, as well as machinery required to facilitate product specification changes to reduce the environmental impact of our Products • Investment in ESG Product innovation activities (environmentally improved filter materials, inner bundling, removal of SUP) • Investment in Global Leaf Agronomy activities to improve farmer livelihoods, and drive environmental excellence (water reduction, carbon management, agricultural best practice) • Investment in our Operations Centre of Excellence with responsibilities including carbon emission reduction, waste (and end of life management) and water excellence. The Group's performance against its external targets and commitments are disclosed annually within our annual report and ESG reports, with the movement towards our targets demonstrating our ambition to be industry leader. A tangible outcome of these efforts includes reducing the likely impact of climate change on our business, as well as ensuring our ESG performance meets the expectations of our stakeholders, and assists in mitigating the likelihood and impact of credit rating changes and future costs of debt.

**Comment**

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C2.4

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

Yes

C2.4a

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

**Identifier**

Opp1

**Where in the value chain does the opportunity occur?**

Direct operations

**Opportunity type**

Energy source

**Primary climate-related opportunity driver**

Use of lower-emission sources of energy

**Primary potential financial impact**

Reduced direct costs

**Company-specific description**

The Group had Operating facilities in 72 locations in 2021, and a direct cost of energy for these facilities of £85.2mn with purchased electricity and natural gas accounting for 88% of the costs of energy incurred. Total Group Scope 1 and 2 emissions amounted to 495,407 MT CO<sub>2</sub>e, a 7% reduction versus the Group's 2020 baseline (baseline emissions 540,864 MT CO<sub>2</sub>e), with almost 80% of the Group emissions being generated by these 72 Operating facilities. Recognising the importance of reducing the environmental impact of our operations, the Group has set a series of challenging targets spanning the next 30 years including: • Scope 1 and 2 Carbon neutral operations by 2030 • Net zero emissions across our value chain (Scope 1, 2 and 3) by 2050 • Renewable energy sourced to 30% by 2025 • 100% of electricity sourced in operations site to be renewable by 2030 Given the significance of the cost of energy across our Operation locations and the proportion of Group emissions being generated, it is of critical importance emission reduction initiatives are delivered to ensure the Group can deliver its goals. In light of the impact of geo political events in 2022 on the supply of energy and costs incurred, the development and installation of more efficient machinery and the leveraging of greener, renewable energy sources, will not only support the Group's delivery of its ESG targets but will also generate opportunities to reduce the impact of carbon taxes and insulate the Group from future energy cost inflation (both fossil fuel derived energy forms as a consequence of geo-political restrictions on supply, as well as green energy as globally companies increase their demands in pursuit of their own ESG commitments. In planning the delivery of Group targets, glidepaths have been developed at a factory, Region, and Group level, to track our progress and prioritise our investment (utilising ICP within business cases and MAC tools) towards initiatives that deliver the most effective emission reductions and energy cost reduction.

**Time horizon**

Long-term

**Likelihood**

Likely

**Magnitude of impact**

Low

**Are you able to provide a potential financial impact figure?**

Yes, an estimated range

**Potential financial impact figure (currency)**

<Not Applicable>

**Potential financial impact figure – minimum (currency)**

16400000

**Potential financial impact figure – maximum (currency)**

39400000

### Explanation of financial impact figure

In 2021, 75 initiatives to reduce carbon emissions were implemented across 34 of our 72 operating facilities. These initiatives delivered a total reduction in our scope 1 and 2 emissions of 18,371 MT CO<sub>2</sub>e (~3.4% of the Group 2020 baseline). The annualised energy cost saving of the initiatives implemented amounted to £2.2m, with a one-off capex cost of £9.99m. Continued investment is planned for 2022 and 2023 (with current plans for these years amounting to ~200% of that invested in ESG related capex in 2021), and will play a crucial role in ensuring the Group is able to meet our targets. The financial estimate of these initiatives includes both the cost of direct energy that is anticipated to be saved as a consequence of the installation of more energy efficient plant and machinery, but also includes the financial benefit of emission reduction, with estimated carbon credits used to proxy the value of this benefit. As energy costs have increased significantly in 2022 as a consequence of the Geo-political environment, the actual costs incurred in 2021 (and saved via the 75 initiatives implemented) were used for the purposes of quantifying the potential financial opportunities associated with efficient plant and machinery. Both financial estimates have used the benefits achieved in 2021 (£2.2mn of energy cost reduction, 18,371 MT CO<sub>2</sub>e of emissions reduction) as a basis to project potential benefits that may be realised. The lower financial estimate assumes similar levels of initiatives being implemented for a period of 5 years, with carbon credit costs being estimated at £60 per MT (calculation  $5 * £2.2mn + 5 * 18,371 * £60 = £16.4mn$ ). The upper range assumes a similar level of initiatives being implemented for 9 years, with a carbon credit cost of £120 per MT (calculation  $9 * £2.2mn + 9 * 18,371 * £120 = £39.4mn$ ). Whilst we fully intend to optimise the efficiency of our infrastructure as far as possible, we recognise emission reduction may get more challenging over time, depending on technological developed, as high impact initiatives are prioritised in the early years of our transition – hence quantifying the benefits between a multiple of 5-9 times of what was achieved in 2021. Additionally we also recognise carbon credit costs in the future are uncertain depending on level of supply and demand, hence estimating these at between £60-£120 per MT based on current available market data.

### Cost to realize opportunity

70000000

### Strategy to realize opportunity and explanation of cost calculation

Energy efficiency and greener forms of energy is a key part of the Group's environmental targets as demonstrated by commitments to increase the amount of renewable energy we source to 30% by 2025, 100% of electricity sourced in operations sites to be renewable by 2030, and carbon neutral for scope 1 and 2 by 2030. Glidepaths have been developed at local factory, regional, and global level to target the delivery of these targets, with detailed project plans in place for current year and current year +1. The Operations ESG team operate as a Centre of Excellence and work in collaboration with the Regional Engineering team, the Group Head of Manufacturing technology, and Local/ Regional Operations directors to provide insights, technologies, and best practice, tailored to the local environment to ensure suitability to drive energy efficiency programmes & emissions reduction. Local engagement/ collaboration is also performed with universities with a view of accessing new to world technologies that can be rolled out across Group infrastructure. Opportunity areas are identified and prioritised, with ICP/ MAC tools used to appraise projects and allocate ESG funding, with glidepath delivery tracked to ensure pace and reach of transformation is in line with our overall targets and ambition. Through renewable self-generation we decrease our reliance on national energy grids, where energy sourced from fossil fuels make up a large % of the grids' energy mix. 19 sites were generating renewable energy on-site. As of last year, we had on-site solar generation coming online in Pakistan, Indonesia, Germany, and South Korea. In 2021 75 projects spanned 33 Group factories & GLTs and included the following initiatives: - building energy management systems - HVAC systems - Lighting upgrades and LED roll out - solar heating, cooling, and PV equipment - boiler replacement (biomass and other) These efforts resulted in 5 of our manufacturing sites being carbon neutral by the end of 2021 (increasing to 15 as at June 2022). As noted above, the costs to realise the opportunity has been based on the investment cost in 2021 (£9.99mn) and have been projected to estimate the costs of similar programmes for 2022 - 2029 as the Group continues to drive projects to deliver our targets, with an average multiple of 7 years assumed (mid point of 5 - 9 years used in the benefits above,  $7 * £9.99m = £70m$  cost to achieve).

### Comment

#### Identifier

Opp2

#### Where in the value chain does the opportunity occur?

Downstream

#### Opportunity type

Resilience

#### Primary climate-related opportunity driver

Other, please specify (Favourably impact farmer profitability and increase their resilience to climate change)

#### Primary potential financial impact

Reduced direct costs

#### Company-specific description

BAT purchase around 400,000 MT of packed tobacco a year and security of supply is a fundamental requirement to the Group's future success and is threatened by the risks posed by Climate change. The Group sourced in 2021 58% of its annual tobacco requirements via 12 vertically integrated leaf operations like Brazil, Mexico, Bangladesh & Pakistan, which hold direct purchasing contracts with >75,000 farmers. This strategy of direct sourcing is considered to provide the Group with the best opportunity to gain access to high quality, sustainably sourced tobacco. These direct-contract purchases are then supplemented through purchases from strategic 3rd party Suppliers. The resilience of our farmer base to climate change is therefore of pivotal importance, ensuring their prosperous livelihood, which in turn ensures the future viability of tobacco production and the Group's access to tobacco. We continuously seek to reinforce our directly contracted farmer base resilience through the development of tailored best practise techniques developed by our Global Leaf Agronomy Development centre based in Brazil as well as through local regional/ country level partnerships. These initiatives, once developed and tested, are rolled out to our contracted farmer base via our network of field technicians who are responsible for working with the farmer throughout the growing season. As well as focusing on environmental best practice, a key aspect of our strategy is the continuous improvement of farmer yield (kg/ ha) with the following key benefits: a) improves the financial returns of our directly contracted farmer base and their financial sustainability; b) also facilitates the repurposing of land for crop diversification and improved income from non-tobacco crops; and c) reduces our emissions Whilst farmer yield is impacted by weather and other uncontrollable events, our field performance data collected through the growing season shows a continuous improvement in farmer yield over time and the success of our strategy in delivering best practice techniques to our farmer base. On a global level, our average farmer yield across our operations has improved 2.6% over the period 2019 – 2021. We believe that opportunity is ongoing and it will remain as an area for continuous improvement.

#### Time horizon

Long-term

#### Likelihood

Likely

#### Magnitude of impact

Low

#### Are you able to provide a potential financial impact figure?

Yes, an estimated range

#### Potential financial impact figure (currency)

<Not Applicable>

#### Potential financial impact figure – minimum (currency)

5000000

**Potential financial impact figure – maximum (currency)**

7500000

**Explanation of financial impact figure**

As part of our Sustainability and farmer living income goals, we collect data to estimate income levels generated by our contracted and those contracted by strategic third party suppliers farmers through the production of tobacco and non-tobacco crops, as well as other forms of income they generate through the year. The data collected includes total volume produced, farmer yield, % of crop diversification, production costs, and dependents living on the farms, allowing us to understand income levels vs in-country indices such as rural and urban living wages. This visibility allows us to understand the financial health of our contracted farmer base and those of strategic third party suppliers representing 80% of our tobacco purchases, better understand the factors leading to lower vs higher incomes (extent of the impact of alternative crops/ production efficiency, increased use of labour) and take targeted interventions with our contracted farmers as part of our social goals, and encourage our strategic third-party suppliers to do the same in their respective spheres of influence as part of our Social goals. For example, using this data across our 12 leaf operations, and based on production volumes, number of farmers, and average yield (which ranges depending on tobacco type, growing conditions, size of farm amongst other factors), we were able to estimate the benefit of a 1% yield improvement across our contracted farmer base in our leading 5 leaf operations which generated a potential increase in farm revenue of £2.4mn. When pro-rated to our globally contracted volumes, this indicates a benefit of up to c. 40kg per hectare increase in tobacco production and a potential increase in farm revenues of up to £7.5mn per annum at a global level. In light of our historic performance and ability to deploy best practise to our farms (2.6% yield improvement between 2019 and 2021) this yield improvement was considered conservative but demonstrates the potential benefit that could arise from our continued global leaf research and agronomy efforts. The increase in production efficiency also raises the possibility of farmers repurposing their land for the purposes of non-tobacco growing activities. Our farmers utilise c. 88,000ha across our largest 5 operations for tobacco growing, with a 1% yield improvement giving up to 900 ha which could be repurposed for other activities.

**Cost to realize opportunity**

6200000

**Strategy to realize opportunity and explanation of cost calculation**

Global leaf research and agronomy deployment is a key aspect of our strategy for driving our environmental and social goals across the leaf operations we grow tobacco, ensuring the application of best practice, and long term sustainability of the communities working with or supported by tobacco production. Our leaf research activities is split into 4 strategic pillars; farmer profitability, carbon management, biodiversity, and water & climate change, with ongoing workstreams designed to support the delivery of our targets and goals. Whilst situated in Brazil (our largest leaf operation globally) and leveraging decades of experience in tobacco growing, the scope of the leaf research centre is the pursuit of tailored solutions for application and deployment across all 12 of our leaf operations (as well as strategic 3rd parties), with the following focus areas: Soil Science & Plant Nutrition, Water management, Emissions, and pest management Leaf Breeding, Seed Technology, Seed production & Industrialization, Mechanization & Curing Crop Protection, Agrochemicals, Agriculture best practice Substrates, Botanicals, Bioprocess, Leaf Chemistry Global Leaf Agronomy Development centre has a cost of about £6.2mn annually between investments and operating costs and as its core purpose is to improve farmer resilience and the sustainability of their farms, we allocate this as the cost to achieve the opportunity. 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 over a time horizon of up to 5 years. In 2021 deployment of technology specifically targeting farmer profitability improvement included elite seed varieties in Croatia, floating seedling production in Pakistan and Turkey, and stitching machines (used for curing of tobacco, in Pakistan) as well as programmes to drive curing barn cost reduction (fuels, more efficient barn construction), alternative fertilisers and controlled release fertilisers, with similar rollouts planned for 2022 in Mexico, Kenya, Croatia, and Sri Lanka.

**Comment**

**Identifier**

Opp3

**Where in the value chain does the opportunity occur?**

Downstream

**Opportunity type**

Energy source

**Primary climate-related opportunity driver**

Use of lower-emission sources of energy

**Primary potential financial impact**

Reduced indirect (operating) costs

**Company-specific description**

Tobacco growing is a key contributor to the emissions within the Group's value chain, contributing total scope 3 emissions of 1,966 thousand tonnes CO2e in 2021 (32% of the Group's scope 3 emissions). Whilst on farm activities such as fertiliser usage and farm equipment contribute to these emissions, the largest component relates to practices used to cure flue-cured Virginia and Dark Fire Cured tobacco which represent more than 70% of our tobacco purchases. The Group has recognised the risks posed to the environment and biodiversity in particular and has had programmes in place for many years to ensure wood used for curing is sustainability sourced, with >99% of wood used for curing since 2016 being sourced from sustainable means, and more than 80% of our tobacco purchased in 2021 being cured using renewable fuels (sustainable wood, biomass, sun curing). The Group has also sought to remove coal as a fuel source for curing given the significant emissions generated. As of 2021, less than 10% of the total tobacco sourced by the Group was cured using coal, and programmes are in place to remove it entirely from the remaining locations in which coal is used by the farmer base for curing (predominantly used as a fuel source in Zimbabwe and South Africa, and partially used in China and Vietnam). Whilst relating to less than 10% of tobacco purchases, the emissions accounted for 28% of the emissions generated in 2021 (leaf value chain emission, excluding biogenics), and therefore remains a key priority of the Group in meeting its emission reduction objectives of net zero across our value chain (scope 1, 2, and 3 emissions) by 2050. By maximising the efficiency of curing processes and fuel used by our farmers (direct contract, as well as indirect via strategic suppliers), the emissions generated by curing can be reduced by up to 90% (depending on tobacco barn type and alternative fuel used) versus coal used in these countries (and included within our 2020 emissions baseline), and will reduce the extent to which other mechanisms are required to deliver our emission targets.

**Time horizon**

Medium-term

**Likelihood**

Very likely

**Magnitude of impact**

Low

**Are you able to provide a potential financial impact figure?**

Yes, an estimated range

**Potential financial impact figure (currency)**



<Not Applicable>

**Potential financial impact figure – minimum (currency)**

3650000

**Potential financial impact figure – maximum (currency)**

7300000

**Explanation of financial impact figure**

The financial estimate provided relates to the reduction in curing emissions expected to be delivered on the purchases we make from our strategic supplier based in Zimbabwe (which amounted to 19% of our curing emissions in 2021, excl. biogenics), with a rollout plan in place to transition the strategic supplier's farmer base from coal to renewable fuels by 2025. Pilots were performed in 2021 to test alternative options for curing fuel including wood, wood chips, briquettes, and wood logs. The results of the trial demonstrated that the level of emissions generated by coal amounted to 2.64kg CO<sub>2</sub>e vs 1 kg of coal used, with alternative wood fuels being approximately 0.12kg CO<sub>2</sub>e vs 1 kg of wood (~95% lower emissions). Given the properties of the alternative fuel sources, the thermal efficiency was 2.1 times lower than the coal being replaced, and as such, the overall reduction in emissions amounted to 90%  $((0.12 \times 2.1) / 2.64)$ . We therefore anticipate curing emissions for our purchased tobacco from our strategic supplier in Zimbabwe will reduce cumulatively by 61,000 MT CO<sub>2</sub>e in the next three years. We have estimated the financial benefit associated with this emission reduction through the anticipated cost of carbon credits (whilst the Group has a number of workstreams underway to deliver our emission reduction/ net zero ambition, the cost of carbon credits has been considered a proxy for the benefits the coal removal project will deliver), with indicative prices of £60 per MT (lower range = £3.65m) and £120 per MT (upper range = £7.3m).

**Cost to realize opportunity**

750000

**Strategy to realize opportunity and explanation of cost calculation**

As noted within Opportunity #3, our Global Leaf Agronomy Development Centre plays a key role in our climate change strategy, with Carbon management being one of its four strategic pillars. We launched programme Curing 2.0 with multiple workstreams and initiatives being developed to consider optimised curing barn construction (optimised for the farmer base, affordability, and materials available in the countries they operate), as well as the fuel(s) being used to cure the tobacco to optimise thermal efficiency/ emissions being generated. In 2021 we introduced 33,000 directly contracted farmers across 4 countries (Brazil, Sri Lanka, Bangladesh and Pakistan) to fuel-efficient curing technologies, with the barns piloted in Brazil and Sri Lanka demonstrating a reduction of at least 30% in fuel and 14% in electricity used, with Bangladesh and Pakistan showing a 15% reduction compared to traditional models. Deployment plans have been established to roll these technologies out to our contracted farmer base aligned with local priorities and needs. Specifically In Zimbabwe, our strategic supplier has performed pilots of wood, wood chip, and briquettes across 5% of their contracted farmer base in 2021 spanning both across small scale and commercial farmers. Leveraging the expertise of our Global Leaf Agronomy Development Centre based in Brazil, assessments were performed to analyse the best combination of barn type and fuel use. Trials were successful and our strategic supplier has rollout plans in place to completely remove coal from being used in as curing fuel. As part of the rollout plan, our strategic supplier has analysed logistics routes to deliver the alternative fuel from wood farms to the supplier base, with backloading (wood for following season taken back by the farmer as the current crop is delivered to the buying floors) used wherever possible to reduce transport costs/ emissions. Based on the analysis performed, including the cost of timber and the volume of renewable fuel required (noting reduced thermal efficiency vs coal) the cost of replacing coal has been estimated at £0.05 per kg of tobacco purchased (~£750,000) per annum based on current volumes being purchased.

**Comment**

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**Identifier**

Opp4

**Where in the value chain does the opportunity occur?**

Downstream

**Opportunity type**

Resource efficiency

**Primary climate-related opportunity driver**

Use of more efficient modes of transport

**Primary potential financial impact**

Reduced direct costs

**Company-specific description**

Emissions from logistics and distribution accounted for 4.3% of the Group's scope 3 emissions (245,000 MT per our 2020 Scope 3 emissions baseline). Whilst the Group continually seeks to optimise its supply chain, recent supply chain disruption (COVID, global logistics capacity shortfalls, component shortages and the multifarious impact of Geo-political events) has impacted the Group's ability to optimise the delivery and transportation of finished goods to end-markets, and has necessitated the increased use of air freight as a means of transporting finished goods from source to our distribution centres globally. In 2021 therefore, at times, utilisation of sea freight for a product was less than planned. We are targeting to further uplift sea freight usage here by 30 percentage points in 2022, and return to optimal sea freight in 2023; to not only benefit from reduced logistics costs but to also reduce the impact on our scope 3 logistics emissions. (DEFRA 2021 emission factors give sea freight 97% lower emissions per tonne per km than those generated by air freight).

**Time horizon**

Short-term

**Likelihood**

More likely than not

**Magnitude of impact**

Low

**Are you able to provide a potential financial impact figure?**

Yes, an estimated range

**Potential financial impact figure (currency)**

<Not Applicable>

**Potential financial impact figure – minimum (currency)**

12280000

**Potential financial impact figure – maximum (currency)**

25900000

**Explanation of financial impact figure**

The financial benefits associated with the increased use of sea freight in the transporting of finished goods components has two elements – the reduction in logistics costs

in transporting our product from the suppliers to our distribution centres, as well as the reduction in scope 3 emissions, with the cost of carbon credits being used as a proxy to estimate the financial benefits associated with the reduction in emissions being targeted. The benefit in logistics costs were obtained based on tender rates agreed with our logistics partners, with a freight cost saving of 80% computed (for international airfreight to distribution centre country, then road freight from airfreight terminal to warehouse location; versus sea freight to the closest major container terminal, with road freight from the container terminal to the warehouse location). Based on assumed worst case scenario volumes to move products via air freight in 2022, which would then be targeted to move to sea freight in 2023, a logistics benefit of between £11.6m and £23.3m was estimated, assuming we were able to move between 50% - 100% of the volume to sea freight. Using 2021 Defra emissions factors, the reduction in scope 3 emissions was computed based on the weight of pallets/ containers being transported. Airfreight emissions amounted to 0.54 kg CO<sub>2</sub>e per tonne per km travelled, versus an emissions factor of 0.016 kg CO<sub>2</sub>e for sea freight. Based on the average logistics route assumption (9,590 km via airfreight, 11,872km via sea freight) an overall saving in emissions was calculated of 22,086 MT CO<sub>2</sub>e (95% emissions saving versus airfreight, corresponding to 9% of our 2020 scope 3 logistic emissions baseline). Based on the cost of carbon credits of between £60 and £120 per MT, a cost reduction range of £0.7mn and £2.6mn was computed (with the range driven by a) the carbon credit cost range, and b) assuming we were able to move between 50% - 100% of the device volume to sea freight). The overall opportunity was therefore quantified at between £12.3mn and £25.9mn.

**Cost to realize opportunity**

21600000

**Strategy to realize opportunity and explanation of cost calculation**

We are continually looking to optimise our supply chain, striving to balance cost reduction, capital efficiency, supply effectiveness, and risk management to mitigate dynamic global conditions (COVID related disruption, component shortages, geo-political challenges). We have a multi-faceted strategy to optimise New Category logistics channels as the category matures, which in turn improves demand forecasting, and facilitates more effective deployment of inventory. With regard to the production of New Category consumables and devices, we have a multi supplier sourcing strategy to mitigate the risk of finished goods/ components supply disruption and have deployed a number of initiatives designed to improve access to critical components including, but not limited to, platforming (use of common components across devices), the designation of preferred tier 2 and tier 3 supplier (and placement of commitments to ensure supply), the use of tactical bulk buying of components where shortages could materialise, and the validation of alternative components to mitigate shortages should they arise. The objective of this strategy is to enable the Group to increase production and build safety stocks to facilitate increased use of sea freight transportation. With reference to sea freight, we have taken steps to mitigate as far as possible the challenges posed by global capacity constraints including contracting multiple carriers for shared lanes, the inclusion of additional routes/ ports to mitigate port backlog, the use of local suppliers, and altering contractual arrangement to guarantee access on high volume routes. The objective of this strategy is to improve certainty of being able to access containers/ vessels to meet our transportation requirements. These strategies have improved our ability to access sea freight and continue the optimisation of our Supply chain, with an improvement expected in 2023 across all New Category categories versus 2021 and 2022. Given additional transport time of sea freight (shipment period 5-6 weeks), it will be necessary to uplift inventory to ensure sufficiency of supply. The financial estimate provided relates to 3 months of working capital (shipment period + precautions for congestion delays) and assumes 75% of the opportunity is achieved

**Comment**

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**C3. Business Strategy**

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**C3.1**

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

**Row 1**

**Transition plan**

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

**Publicly available transition plan**

Yes

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

We have a different feedback mechanism in place

**Description of feedback mechanism**

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

**Frequency of feedback collection**

More frequently than annually

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

The current version of BAT’s Climate Transition Plan aligned with a 1.5°C trajectory is publicly available here:

[https://www.bat.com/group/sites/UK\\_\\_9D9KCY.nsf/vwPagesWebLive/DOC87NED](https://www.bat.com/group/sites/UK__9D9KCY.nsf/vwPagesWebLive/DOC87NED)

**Explain why your organization does not have a transition plan that aligns with a 1.5°C world and any plans to develop one in the future**

<Not Applicable>

**Explain why climate-related risks and opportunities have not influenced your strategy**

<Not Applicable>

**C3.2**

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

	Use of climate-related scenario analysis to inform strategy	Primary reason why your organization does not use climate-related scenario analysis to inform its strategy	Explain why your organization does not use climate-related scenario analysis to inform its strategy and any plans to use it in the future
Row 1	Yes, qualitative and quantitative	<Not Applicable>	<Not Applicable>

**C3.2a**

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

Climate-related scenario	Scenario analysis coverage	Temperature alignment of scenario	Parameters, assumptions, analytical choices
Physical climate scenarios	RCP 2.6	Company-wide	<Not Applicable>
Physical climate scenarios	RCP 8.5	Company-wide	<Not Applicable>
Transition scenarios	Bespoke transition scenario	Company-wide	1.5°C
Transition scenarios	Bespoke transition scenario	Company-wide	3.1°C - 4°C

**C3.2b**

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

**Row 1**

**Focal questions**

The focal questions that scenario analysis helps us to answer are - how might the impact and likelihood of our material risks and opportunities might change under three time horizons: short term (2021 – 2025), medium term (2026 – 2035), and longer term (2036 – 2050) and two climate scenarios, Sustainable Transition (1.5 degree warming) and Climate Inaction (>3 degree warming). Material risks are those that could have a significant effect on our operations, strategy and financial planning if they are not managed appropriately. In contrast, material opportunities may improve our financial performance over time in the event they can be realised.

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

We identified three climate-related opportunity areas and eight climate-related threats, which span transitional opportunities (products & services, energy sourcing and resource efficiency), transitional risks (emerging regulation & market impacts) and physical risks (acute & chronic). These are described on page 64 of the 2021 Annual Report. Physical risk analysis showed that whilst there were some favourable and unfavourable impacts on yield across the three-time horizons and two scenarios, the risk of potential financial impact on annual cost of tobacco is less than 5%. Current climate change trajectories indicate it is unlikely that the Group would face material reduction in production capacity because of climate-related supply constraints. We believe the impacts on yield can be mitigated through agronomy action plans, which avoid yield driven cost of production increases. The Sustainable Transition scenario highlighted increased transitional risk of compliance costs due to emerging regulation, cost of green energy and carbon taxation arising from Government policies. Potential adverse impacts from higher costs & reduced access to both insurance and capital markets were identified across the three time-horizons. In the Climate Inaction scenario, given the nature of transition risks, we anticipate the magnitude of these risks will be lower, and impact delayed, as little or no change to current regulation is projected. We will continue to need to access raw materials, including tobacco and tobacco extracts. This increases our exposure to the physical risks of climate change due to increased risk of asset production disruption, damage or loss. In contrast to transition risks, physical risks are most severe under Climate Inaction, given this scenario sees a world where warming exceeds a 3°C threshold, increasing the frequency and severity of climate-related events and likely financial impact on our business. In response, more extensive mitigation may be required including investments in working capital to increase our supply chain resilience. In the Sustainable Transition scenario, we anticipate our operations cannot be fully shielded from such climatic events. These events may occur less frequently and/or become more controllable through tailored adjustments to our existing risk management policies. While there are challenges ahead, we believe that the Group is well placed to address them. We believe we have the resilience & agility to create new transitional growth opportunities, supported by our global reach, supply chain flexibility, diverse product portfolio and capital strength. The insights gained from the modelling performed further strengthen the importance & relevance of our climate strategy and net zero carbon emissions target to mitigate these risks. We will continue to review each material climate related risk & opportunity and build upon our existing mitigation strategies to enhance the resilience of our business to climate change.

**C3.3**

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

	Have climate-related risks and opportunities influenced your strategy in this area?	Description of influence
Products and services	Yes	We recognise the importance of linking our sustainability ambitions to our products. We are building brands with purpose and sustainability at their core with a view to meet the changing needs of consumers and to generate growth. Our Group-wide circular economy strategy and life cycle analysis (LCAs) across our product categories support this. Our Product strategy is multi-faceted, considering both the materials used in its production to reduce their environmental impact at source (recyclable, compostable products with removal of 100% removal of unnecessary SUP) as well ensuring takeback schemes are in place to manage end of life processes for our New Category products (with 100% of our vapour markets having takeback schemes operating for devices by the end of 2021) and minimise waste to landfill (refer to R&D investment below). In 2021, our stakeholder engagement programme demonstrates that consumers care about products with a reduced environmental impact (2021 ARA, pg 104). Results from the analysis and stakeholder engagement programme help inform strategic decisions that have an impact over a short-term including the strategic decision to certify our global vape brand Vuse as carbon neutral, rolling out take-back schemes in 100% of New Category markets, tracked as a key sustainability metric in our 2021 ESG Report (page 111) and developing strategic recycling partnerships to establish recycling solutions in line with local logistical, legal and regulatory requirements. In the first eight months of our South African pilot, 1.5 million pods were returned. Where permitted to do so, we are articulating our commitment to reduce the environmental impact of our products(including digital platforms to enhance consumer engagement via our Corporate and brand websites as demonstrated by Vuse) to raise awareness of our ESG ambition and performance to date with a view of enhancing consumer buy-in, brand loyalty, and generating growth through increasing market share of our products to realise the opportunities presented by climate change.
Supply chain and/or value chain	Yes	Risks and opportunities posed to our supply chain include ability to grow/ access tobacco, risks of impending regulation, and increasing costs of energy. Whilst these risks are not new to our business, the likelihood of these risks occurring are being acerbated by climate change and as such we have revisited our strategy to ensure it continues to be fit for purpose and is able to minimise the risks as far as possible. Examples of how our strategies have been impacted by climate change include: Access to Leaf tobacco – we have a long track record of agronomic excellence and rollout of farmer best practise. A new agronomy centre is being established in Asia to supplement our global centre based in Brazil to assist in the rollout of technologies for Asian growing markets to ensure efficient use of water and minimise the impact of climate change on growing yield in the future (examples include tailored seed varieties, and deployment of farming best practices such as alternative row irrigation, drip irrigation, and plough techniques to minimise the effects of flood driven soil erosion). Inventory durations and our sourcing footprint continue to be reviewed to ensure supply risk is minimised by diversification of sourcing and holding sufficient levels of inventory on balance sheet to mitigate the risk of supply shortfalls via flooding, drought, fire and other risks posed by climate change. We are also piloting carbon-smart farming programme, taking a strategic approach on reducing emissions from tobacco using agriculture’s ability to remove carbon from the atmosphere. We launched a pilot in Brazil and are working with a specialist consultancy to validate the approach and to monitor, report and verify results. We will expand the pilot, prioritising the 10 strategically important countries. Energy costs on direct operations – see strategy on green/ renewable energy within operations Impact of regulation – see strategy on green/ renewable energy within operations as well as investment in R&D below.
Investment in R&D	Yes	We are constantly challenging ourselves to invest in product R&D to develop alternatives that not only reduce risk to health, but to the environment. This means easier to assemble and to dismantle post end of life, with higher recyclability, with more eco-friendly packaging as examples of our strategy. We have set clear and ambitious targets aiming at the reduction of single-use plastic content in our products. Using less virgin material helps reduce waste and save CO2e emissions. Our targets are - Eliminate unnecessary single-use plastic in our packaging by 2025; - 100% of plastic packaging to be reusable, recyclable, or compostable by 2025; and - 30% average recycled content across all plastic packaging by 2025. In 2021 we replaced all plastic tray packaging in Vuse packaging with a pulp-based alternate and by the end of the year we implemented Vuse take back schemes in 100% of the markets in which they are sold. Following the launch in 2020 of our Velo mini products in recyclable packaging, we started extending this in 2021 across our full Velo modern oral product range. Made of a single polymer – polypropylene (PP) – rather than a combination of materials, the Velo product cans with the recycling symbol are now widely recyclable in all markets where they are sold. This helps to reduce waste and is estimated that this would save 1,200 tonnes CO2e emissions in 2022 alone and reduce waste at landfill. Our performance in 2021 showed a 13% reduction in SUP usage, a 7% increase in plastic packaging being reusable, recyclable, or compostable – which, together with, continuing increases in recyclable content being used within our plastic packaging, all demonstrate the delivery of our strategy and targets. These actions align with the transitional opportunity identified in C3.2b where market share can be captured due to consumer preference for ‘sustainability leaders’, which is enabled through innovation guided by sustainability goals.
Operations	Yes	Our strategy across operational sites is to use decarbonisation assessments and value stream mapping to eliminate losses and identify opportunities to reduce CO2e emissions and energy use. These actions will help us achieve our target of carbon neutral operations by 2030 (Scope 1 and 2), and net zero emissions across our value chain by 2050. These targets are reinforced by our Climate Change and Energy Standard. Our internal shadow carbon price, introduced in 2020, is now embedded in the Standard. Additional targets include, increasing the amount of renewable energy sourced to 30% by 2025 and 100% electricity sourced in operations sites that is renewable by 2030. We consider the carbon intensity implications of investment and purchasing decisions for utilities, fleet and product materials. In 2021, we incorporated internal carbon pricing into business plans. This means the impact on environmental performance and targets is formally considered and quantified. This has supported the prioritisation of sustainability projects such as onsite renewable energy generation. Our Operations ESG Centre of Excellence and Head of manufacturing technology are responsible for identifying new technologies to reduce emissions and energy usage and increase use of greener energy. By the end of 2021, 32 of our operations sites were sourcing renewable electricity. 19 sites were generating renewable energy on-site, and 5 sites were carbon neutral (15 as at June 2022). As of last year, we had on-site solar generation in Pakistan, Indonesia, Germany, and South Korea. In places like South Africa, solar plays an important role in the site’s electricity decarbonisation. In 2021, the site generated green electricity equivalent to avoiding 1,840 tCO2. In 2021, these initiatives resulted in a reduction of 18,371 TCO2e (3.4%) and generated an energy cost saving of £2.2m, demonstrating the benefit of our strategy. By considering factors such as energy cost hedging, iRecs utilisation, and length of PPA’s to mitigate supply and demand pressures, we ensure cost effective access to renewable energy.

**C3.4**

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

	Financial planning elements that have been influenced	Description of influence
Row 1	Revenues Direct costs Capital expenditures Capital allocation Access to capital	Short, medium, and long term financial planning is performed by the Group and considers all factors likely to influence business performance, including climate related risks and opportunities. Examples of how our financial planning has been influenced in 2021 by climate change factors include: Revenues – Volume, market share growth, and pricing forms a key part of our profitability. Climate change considerations include but are not limited to the competitiveness of our products, ensuring they meet consumer needs, and perform better than our competition. We continuously seek insights through consumer research to understand consumer need spaces which feed into future product innovation, and monitor market share data to track our performance vs business plans. Physical risks driven by climate change also play into revenue planning, ensuring we have sufficient inventory durations (with a trade off on working capital and funding costs) to mitigate short term supply risks whilst our business continuity plans are mobilised, with a view to avoid impacting our consumers. Direct costs – A key metric for financial planning is cost of sales and ability to manage the impact of inflation on overall profitability. Ways in which climate change considerations impact cost of sales and our financial planning include increasing costs of tobacco leaf as a consequence of supply led constraints (El Nino weather events, flooding, drought, hail storms) impacting yield and production volumes; the cost of raw materials and impact of specification changes as we introduce innovation to reduce the environmental impact of our products (e.g. removal of SUP, the increased use of recyclable packaging and filter materials); the cost of regulation as demonstrated via EPR in Europe; as well as the cost of energy impacting our direct operations as well as our wider value chain as we transition our reliance from fossil fuels to greener forms of energy. Capital allocation – the Group use established processes to determine base budget allocation for future periods. Resource allocation requests are made for significant incremental funding requirements with recent examples including the creation of the Operations ESG Centre of Excellence team to support the delivery of our environmental and social targets. Further examples include the resource allocation of capital investment, balancing investment in growth opportunities with funding to support the installation of energy efficient technology. In 2021, £20.9mn of capex was spent on emission reduction related activity, which is due to increase to £42mn in 2022, with funding directed from other areas of the business to facilitate the prioritisation of environmental objectives. Capital investment – Climate change and ESG objectives impact the size of overall budgets established (see resource allocation above) and financial planning associated with prioritisation of budgets to underlying initiatives, with the use of MAC and balance scorecards (assessing impact on environmental and social targets of the specific investment case) to assist in the prioritisation of resources. These mechanisms led to the allocation of £20.9mn of capex in 2021, with £9.9m invested in factory and green leaf threshing infrastructure (solar energy, biomass boilers, energy recovery systems) and the remainder directed to ESG product innovation related spend (changes to materials/ specification of packaging and removal of SUP) and water and waste initiatives. Financial planning includes the prioritisation of funding, the benefits case associated with the investment (payback, energy cost savings), and consideration of whether glidepaths for target delivery are on track. Access to capital - Climate risk/opportunities impact BAT's financing in a couple of ways; (1) climate change may impact the business financially through potentially higher costs and/or our consumers ability to buy our products. Such risks, if materialised, would impact our profitability and hence credit ratings and; (2) perception of our investors towards our ESG progress which may potentially reduce their willingness to invest in BAT or restrict our access to capital. Both of these, if they were to materialise would result in higher cost of funding for BAT. The process of managing this risk is embedded in our financing principle which is agreed and reported to the main board. Operationally, funding is also discussed at the Corporate Committee and at the Corporate Finance Committee (chaired by our Finance Director). We also have a monthly Treasury Risk Committee where we monitor this. In terms of metrics, we have an established medium term target credit rating which is a good balance between balance sheet requirements and access to capital as well as various other metrics. In addition, the Corporate Treasury team is embedded in key discussions on ESG as well as dialogues through debt investor engagement to understand the dynamics of ESG impact on funding and capital markets. Finally, our financing principles guide us towards managing our capital allocation, our debt portfolio with sufficient maturity profile as well as our funding diversity to mitigate any potential gradual impact of our access to capital due to ESG factors.

**C3.5**

**(C3.5) In your organization's financial accounting, do you identify spending/revenue that is aligned with your organization's transition to a 1.5°C world?**

Yes

**C3.5a**

**(C3.5a) Quantify the percentage share of your spending/revenue that is aligned with your organization's transition to a 1.5°C world.**

**Financial Metric**

CAPEX

**Percentage share of selected financial metric aligned with a 1.5°C world in the reporting year (%)**

5

**Percentage share of selected financial metric planned to align with a 1.5°C world in 2025 (%)**

14

**Percentage share of selected financial metric planned to align with a 1.5°C world in 2030 (%)**

14

**Describe the methodology used to identify spending/revenue that is aligned with a 1.5°C world**

BAT has placed ESG at the front and centre of our Group strategy with a number of challenging external commitments made spanning our impact on the environment and society, as well as our wider value chain. To ensure the delivery of our carbon emission targets set across scope 1 and 2, and 3, glidepaths have been established to track emission reductions, with capital investment and operating budgets set to support the delivery of these planned reductions. ICP, marginal abatement metrics, and from 2022, balanced scorecards, are used to consider the investments and prioritise those that provide the best return when considering our objectives. Our emission glidepaths are aligned with 1.5 degree trajectories, and investments made are tracked with reference to cost, emission reduction, and savings (in terms of energy cost avoidance). In 2021, £20.9m was spend on emission reduction initiatives including use of materials that are more efficient to produce (generating less emissions) and infrastructure to reduce emissions being generated within our factories, which corresponded to 5% of our Group Operations capital expenditure, with 5 of our sites reaching carbon neutrality by the end of 2021. This figure is forecast to increase to 9% in 2022 (with 15 sites carbon neutral by June 2022) and 14% in 2023, and has been assumed to remain at a similar level through to 2030 as the Group continues with pace towards the delivery of its ESG objectives.

**C4. Targets and performance**

**C4.1**

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

Absolute target

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

Abs 1

**Year target was set**

2021

**Target coverage**

Company-wide

**Scope(s)**

Scope 1

Scope 2

Scope 3

**Scope 2 accounting method**

Market-based

**Scope 3 category(ies)**

Category 1: Purchased goods and services

Category 4: Upstream transportation and distribution

Category 11: Use of sold products

Category 12: End-of-life treatment of sold products

**Base year**

2020

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

342034

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

198830

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

5200930

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

5741794

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

100

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

100

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

93

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

94

**Target year**

2030

**Targeted reduction from base year (%)**

50

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

2870897

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

324985

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

170422

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

5200930

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

5696337

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

1.58337272288069

**Target status in reporting year**

New

**Is this a science-based target?**

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

**Target ambition**

1.5°C aligned

**Please explain target coverage and identify any exclusions**

We have recently obtained SBTi sign-off for our near-term target in line with 1.5C trajectory. A new baseline year has been set as 2020 with near term targets due in 2030 for Scope 1 and Scope 2 50% reduction, and Scope 3 50% reduction (focused on Categories 1, 4, 11 and 12). Once final FLAG guidance and GHG Protocol for forestry and

land use are released we will be setting our long-term target. At present we have a corporate commitment to become Net Zero across our value chain by 2050. As for Scope 3 boundaries they are in line with SBTi's requirements and the exclusions relate to categories that are either not applicable to our business or immaterial. Please note that current emissions populated above are related to our reporting year 2021 (Dec-20 to Nov-21) while Scope 3 emissions correspond to the reporting year 2020 (Dec-19 to Nov-20) as they are always reported with a one-year lag.

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

For Scope 1 and Scope 2 our plan entails progressing with green electricity purchases for the markets that have not purchased green electricity (e.g. Pakistan, Bangladesh, etc.), continuous investment in on-site generation (e.g. solar panels, biomass, etc.), and further investment on energy efficiency measures. In 2021 we expanded green electricity purchases to Argentina, Jordan, Sri Lanka, Russia, and USA. For Scope 3 our plan entails the following: 1. Agricultural Supply Chain decarbonisation via nature based solutions – carbon smart farming initiatives which include afforestation and regenerative agriculture practices (e.g. low or no tillage), yield increase (for land use reduction), curing efficiency improvements (less fuel to cure the same volume of tobacco leaves) and new curing technologies (phase out of fossil fuels, new alternative to wood fuel logs to reduce biomass requirements and tackle biogenics). 2. Raw Materials decarbonisation – migration to new materials with lower carbon footprint in our products bills of materials 3. Product Energy Efficiency – more usage per charge (in our New Category products) per charge. 4. Design for End of Life – application of eco-design principles such as increased modularity, higher separability of materials, higher share of recyclable materials, and progressive removal of composite materials that make recycling at End of Life more difficult, etc.

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

<Not Applicable>

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#### Target reference number

Abs 2

#### Year target was set

2020

#### Target coverage

Company-wide

#### Scope(s)

Scope 1

Scope 2

#### Scope 2 accounting method

Market-based

#### Scope 3 category(ies)

<Not Applicable>

#### Base year

2017

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

426660

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

437597

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

<Not Applicable>

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

864257

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

100

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

100

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

<Not Applicable>

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

100

#### Target year

2025

#### Targeted reduction from base year (%)

50

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

432128.5

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

324985

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

170422

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

<Not Applicable>

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

495407

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

85.3565548210775

#### Target status in reporting year

Replaced

**Is this a science-based target?**

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

**Target ambition**

2°C aligned

**Please explain target coverage and identify any exclusions**

In 2018 we've committed to reduce absolute scope 1 and 2 CO2e emissions by 30% by 2030 against 2017 baseline. 2017 was selected as the baseline year due to acquisition of a major business in US (Reynolds) and in line with SBTi criteria. The targets for Scope 1 and 2 CO2e emissions are as per Market-based approach. Yet, we keep tracking Scope 2 emissions as per Location-based approach for comparison and analysis of effect of renewable electricity purchases. In 2019 we accelerated the target committing to achieve it by as early as 2025, and in July 2022 we received approval for our near-term targets in line with 1.5°C trajectory.

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

<Not Applicable>

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

<Not Applicable>

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**Target reference number**

Abs 3

**Year target was set**

2018

**Target coverage**

Company-wide

**Scope(s)**

Scope 3

**Scope 2 accounting method**

<Not Applicable>

**Scope 3 category(ies)**

Category 1: Purchased goods and services

**Base year**

2017

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

<Not Applicable>

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

<Not Applicable>

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

4456097

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

4456097

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

<Not Applicable>

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

<Not Applicable>

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

28

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

28

**Target year**

2030

**Targeted reduction from base year (%)**

16

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

3743121.48

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

<Not Applicable>

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

<Not Applicable>

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

4011245

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

4011245

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

62.3937270665338

**Target status in reporting year**

Replaced



**Is this a science-based target?**

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

**Target ambition**

2°C aligned

**Please explain target coverage and identify any exclusions**

In 2018 upon undertaking a full assessment of our Scope 3 emissions across all categories, we've committed to reduce absolute scope 3 CO2e emissions from purchased goods and services by 16% by 2030 against 2017 baseline. We've also committed that 70% of our direct materials suppliers by spend will set science-based scope 1 and 2 targets by 2030. Note: the target boundary includes biogenic emissions and removals associated with the use of bioenergy. In July 2022 we have received approval for our SBT (ABS 1) which has replaced this target. Note:  $(4\,456\,097 - 4\,011\,245) / (4\,456\,097 - 3\,743\,121) = 62.5\%$ , subject to rounding. Please note current emissions populated above relate to our reporting year 2021 (Dec-20 to Nov-21) while Scope 3 emissions correspond to the reporting year 2020 (Dec-19 to Nov-20) as they are always reported with a one-year lag. The assessment of Scope 3 emissions in 2021 is currently under way. In July 2022 we received approval for our near-term targets in line with 1.5°C trajectory.

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

<Not Applicable>

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

<Not Applicable>

**Target reference number**

Abs 4

**Year target was set**

2020

**Target coverage**

Company-wide

**Scope(s)**

Scope 1  
Scope 2  
Scope 3

**Scope 2 accounting method**

Market-based

**Scope 3 category(ies)**

Category 1: Purchased goods and services  
Category 2: Capital goods  
Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2)  
Category 4: Upstream transportation and distribution  
Category 5: Waste generated in operations  
Category 6: Business travel  
Category 7: Employee commuting  
Category 11: Use of sold products  
Category 12: End-of-life treatment of sold products  
Category 14: Franchises

**Base year**

2017

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

426660

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

437597

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

6951522

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

7815779

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

100

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

100

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

100

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

100

**Target year**

2030

**Targeted reduction from base year (%)**

30

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

5471045.3

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

324985

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

170422

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

5586507

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

6081914

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

73.9472034713366

**Target status in reporting year**

Replaced

**Is this a science-based target?**

No, but we are reporting another target that is science-based

**Target ambition**

&lt;Not Applicable&gt;

**Please explain target coverage and identify any exclusions**

In 2020 we've set a new target covering absolute Scope 1, 2 and 3 emissions and committed to reduce these by 30% by 2030 against 2017 baseline. Note: the target boundary includes biogenic emissions and biogenic removals. In 2021 reporting year we have reduced Scope 1,2 and 3 emissions by 22% vs 2017, thus achieving target by 74%. Note:  $(7\ 815\ 779 - 6\ 081\ 914) / (7\ 815\ 779 - 5\ 471\ 045) = 74\%$ , subject to rounding. Please note current emissions populated above relate to our reporting year 2021 (Dec-20 to Nov-21) while Scope 3 emissions correspond to the reporting year 2020 (Dec-19 to Nov-20) as they are always reported with a one-year lag. The assessment of Scope 3 emissions in 2021 is currently under way. The 2017 figure of Scope 3 emissions was restated upon the Scope 3 emissions analysis and reviewed in 2020. This allowed us to include more accurate emissions detail from purchased Tobacco Leaf at a major market. Further, we included biogenic removal along with biogenic emissions. Previously reported figure of was 8 254 293 tCO2e. In July 2022 we received approval for our near-term targets in line with 1.5°C trajectory.

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

&lt;Not Applicable&gt;

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

&lt;Not Applicable&gt;

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

Target(s) to increase low-carbon energy consumption or production

Net-zero target(s)

Other climate-related target(s)

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

Low 1

**Year target was set**

2018

**Target coverage**

Company-wide

**Target type: energy carrier**

All energy carriers

**Target type: activity**

Consumption

**Target type: energy source**

Renewable energy source(s) only

**Base year**

2017

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

3074300

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

9.1

**Target year**

2025

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

30

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

28.6

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

93.3014354066986

**Target status in reporting year**

Underway

**Is this target part of an emissions target?**

No

**Is this target part of an overarching initiative?**

No, it's not part of an overarching initiative

**Please explain target coverage and identify any exclusions**

The parameter is: Percentage (%), share of renewable energy used (MWh) in direct energy used (MWh), i.e. energy used by our sites & offices and fleet vehicles. Renewable energy use (MWh) covers the use of renewable fuels as well as purchased green electricity, heat and steam. Use of renewable fuels helps to reduce Scope 1 CO2e emissions since emissions factors associated with renewable fuels are significantly lower than that of non-renewable fuels. Use of purchased renewable electricity, heat and steam allows to reduce Scope 2 CO2e emissions as per Market-Based method since emissions factors associated with renewable electricity are zero or significantly lower than that of standard grid electricity. Thus, actions to achieve this target contribute to achievement of Emissions Target Abs 1 and Target Abs 3. There are no exclusions in the scope of the target and parameter monitored against it.

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

The target to increase the amount of renewable energy we source to 30% by 2025 was set in 2019 during revision of CO2e emissions targets. The parameter is calculated as Renewable energy used in MWh divided by Direct energy use in MWh. Direct energy includes energy use resulting from: 1/ activities for which the Group is responsible including energy from the combustion of fuel at our facilities and in fleet vehicles and energy generated at our facilities using non-fuel technology, e.g. solar; 2/ purchased electricity, steam and hot water by BAT for use at our facilities and fleet vehicles. Renewable energy includes: 1/ energy generated from renewable fuels at our sites (e.g. wood fuel, bio mass fuels) and in fleet vehicles, owned or leased (e.g. biodiesel), 2/ purchased renewable electricity, hot water and steam, 3/ renewable energy generated on site using non-fuel technology (e.g. with photovoltaic installations or solar water heaters). Currently we are performing the study of the potential projects & actions that will allow us to increase the amount of renewable energy we source. These focus on 1/ opportunities to purchase electrical energy that is 100% generated from renewable sources with legal confirmation thereof and 2/ opportunities for on-site renewable energy generation. In 2021 the % of Renewable energy in direct energy was 28.6% % of target achievement is calculated as follows:  $(30\% - 28.6\%) / (30\% - 9.1\%) = 93.1\%$ , subject to rounding

**List the actions which contributed most to achieving this target**

&lt;Not Applicable&gt;

**Target reference number**

Low 2

**Year target was set**

2020

**Target coverage**

Company-wide

**Target type: energy carrier**

Electricity

**Target type: activity**

Consumption

**Target type: energy source**

Renewable energy source(s) only

**Base year**

2017

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

982285

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

10.71

**Target year**

2030

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

100

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

64.4

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

60.1299137641393

**Target status in reporting year**

Underway

**Is this target part of an emissions target?**

No.

**Is this target part of an overarching initiative?**

No, it's not part of an overarching initiative

**Please explain target coverage and identify any exclusions**

The parameter is: Percentage (%), share of renewable electricity (MWh) in total electricity purchased (MWh) by our Operations. Operations sites refers to all BAT-owned cigarette manufacturing factories, sites manufacturing other tobacco products, snus, modern oral and liquids and green leaf threshing (GLT) tobacco processing sites. Use of purchased renewable allows to reduce Scope 2 CO2e emissions as per Market-Based method since emissions factors associated with renewable electricity are zero or significantly lower than that of standard grid electricity. Thus, actions to achieve this target contribute to achievement of Emissions Target Abs 1 and Target Abs 3. The target and parameter monitored against it does not cover 1/ electricity generated on site for consumption from both renewable (e.g. solar installations) and non-renewable sources (e.g. diesel used by stand-by generators). Currently we are building capabilities to better monitor on-site electricity generation and singling it out from other energy

carriers. 2/ electricity used outside operations, i.e. offices apart from those at Operations sites, which use 11% of purchased electricity across the Group.

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

The target is to achieve 100% of electricity sourced in operations sites to be renewable by 2030. Currently we are exploring different opportunities to purchase renewable electricity for our Operations facilities including purchase of renewable energy attribute certificates under national (e.g. GoO, REC) and international (e.g. I-REC, TIGR) schemes, buying electricity under 'green tariffs' as well as concluding power purchase agreements. In 2021 the % of purchased renewable electricity in Operations was 64.4%. % of target achievement is calculated as follows:  $(100\% - 64.4\%) / (100\% - 10.7\%) = 60.1\%$ , subject to rounding.

**List the actions which contributed most to achieving this target**

<Not Applicable>

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C4.2b

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

**Target reference number**

Oth 1

**Year target was set**

2018

**Target coverage**

Company-wide

**Target type: absolute or intensity**

Absolute

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

Waste management	metric tons of waste generated
------------------	--------------------------------

**Target denominator (intensity targets only)**

<Not Applicable>

**Base year**

2017

**Figure or percentage in base year**

160124

**Target year**

2025

**Figure or percentage in target year**

136105

**Figure or percentage in reporting year**

137489

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

94.2378949997918

**Target status in reporting year**

Underway

**Is this target part of an emissions target?**

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

**Is this target part of an overarching initiative?**

No, it's not part of an overarching initiative

**Please explain target coverage and identify any exclusions**

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

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

In 2021 our waste generation from direct operations was at 94% of target achievement, which is calculated as follows:  $(160124 - 137489) / (160124 - 136105) = 94\%$ , subject to rounding. We are on track to reach the target as planned or earlier. Over 94% of waste generated within our direct operations is from our factories and green leaf threshing plants. Offices and other locations contribute to less than 6% annually, thus we focus our waste reduction activities on the former. Significant improvement in waste generation figures vs our 2017 baseline was predominantly through optimising machinery performance at our facilities, working with material suppliers to reuse and reduce packaging materials as well as improved materials reuse within our business.

**List the actions which contributed most to achieving this target**

<Not Applicable>

---

**Target reference number**

Oth 2

**Year target was set**

2018

**Target coverage**

Company-wide

**Target type: absolute or intensity**

Absolute

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

Waste management	Other, please specify (Percentage of waste that is recycled from total waste generated)
------------------	-----------------------------------------------------------------------------------------

**Target denominator (intensity targets only)**

&lt;Not Applicable&gt;

**Base year**

2017

**Figure or percentage in base year**

81.6

**Target year**

2025

**Figure or percentage in target year**

95

**Figure or percentage in reporting year**

78.9

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

-20.1492537313432

**Target status in reporting year**

Underway

**Is this target part of an emissions target?**

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

**Is this target part of an overarching initiative?**

No, it's not part of an overarching initiative

**Please explain target coverage and identify any exclusions**

The target is to recycle at least 95% of waste that we generate. Recycling rate is calculated as Waste Recycled (tonnes) divided by Waste Generated (tonnes). Our definition of Waste generation is aligned with GRI 306: Waste 2020 Standard, while the definition of Waste Recycled covers both Waste Recycled and Waste Preparation for Reuse as per GRI 306: Waste 2020 Standard. In 2021, ensuring our reporting is aligned to the new GRI 306: Waste 2020 Standard, we revised our methodology to no longer include waste to energy, incl. incineration for energy recovery and converting waste into fuel, as a form of recycling. We applied or current methodology to restate 2018 – 2020 reported figures. Waste recycling rate in the baseline year (2017) was 89.6% as per the previously applied methodology (vs 81.6% as per new methodology).

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

In 2021 our waste recycling rate was at -20% of target achievement, which is calculated as follows:  $(95\% - 78.9\%) / (95\% - 81.6\%) = -20\%$ , subject to rounding. We are currently implementing actions to return performance back on track and achieve the planned target. Due to the change of the GRI definition which clearly defines waste to energy/ waste incineration with energy recovery as waste disposal rather than recycling or recovery, our facilities are revamping waste performance improvement plans to avoid sending waste to incineration with energy recovery wherever possible. 2017 to 2021, the overall waste recycling rate remained essentially constant, in the range of 79 to 82%. We achieved a 26% reduction in waste to landfill due to improved sorting waste enabling further recycling and redirecting certain waste streams from landfill to recycling or incineration. Significant progress is achieved in the US, Romania, Hungary, Indonesia and Nigeria. Waste to energy – comprising both incineration with energy recovery and converting waste to fuel – increased by 23% while being the most feasible alternative to sending waste to landfill in certain locations due to regulatory or infrastructure constraints, which is the case e.g. in Romania, Poland, Chile and Brazil. Currently, we focus our waste management efforts on waste reduction, and diversion of waste from both landfill and incineration to recycling.

**List the actions which contributed most to achieving this target**

&lt;Not Applicable&gt;

**Target reference number**

Oth 3

**Year target was set**

2020

**Target coverage**

Company-wide

**Target type: absolute or intensity**

Absolute

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

Waste management	Percentage of sites operating at zero-waste to landfill
------------------	---------------------------------------------------------

**Target denominator (intensity targets only)**

&lt;Not Applicable&gt;

**Base year**

2017

**Figure or percentage in base year**

24

**Target year**

2025

**Figure or percentage in target year**

100

**Figure or percentage in reporting year**

35

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

14.4736842105263

**Target status in reporting year**

Underway

**Is this target part of an emissions target?**

CO2e emissions associated with managing waste generated constitute a minor part of Scope 3 emissions. This category is not in scope of our Scope 3 CO2e reduction targets.

**Is this target part of an overarching initiative?**

No, it's not part of an overarching initiative

**Please explain target coverage and identify any exclusions**

The target is to have all our Operations sites at zero waste to landfill by 2025. We began reporting on this metric in 2020. Operations sites refers to all BAT-owned cigarette manufacturing factories, sites manufacturing other tobacco products, snus, modern oral and vapour liquids and green leaf threshing (GLT) tobacco processing sites. Thus, offices and other facilities apart from those at Operations sites are out of scope of the target. Each reporting unit reports the total amount of waste generation and its breakdown by final destination, including landfill. Whenever site reports all waste as recycled or incinerated with or without energy recovery and no waste sent to landfill, it is considered zero waste to landfill at site. Due to difference in infrastructure maturity in different geographies, the types of waste that are sent to landfill vary from one reporting unit to another.

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

In 2021 the % our operations sites that were at zero waste to landfill was at 14% of target achievement, which is calculated as follows:  $(100\% - 35\%) / (100\% - 24\%) = 14\%$ , subject to rounding. We are on track to reach the target as planned. Each of our operations sites, including factories and green leaf threshing plants, has identified waste streams going to landfill and is working as per plan to reduce such waste and/or redirect from landfill, wherever possible to recycling. Starting from 2017, the % our operations sites at zero waste to landfill is increasing year on year. Elimination of waste to landfill is enabled mainly via improved sorting waste enabling further recycling and redirecting certain waste streams from landfill to recycling or incineration.

**List the actions which contributed most to achieving this target**

<Not Applicable>

**C4.2c****(C4.2c) Provide details of your net-zero target(s).****Target reference number**

NZ1

**Target coverage**

Company-wide

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

Abs1

**Target year for achieving net zero**

2050

**Is this a science-based target?**

Yes, we consider this a science-based target, and we have committed to seek validation of this target by the Science Based Targets initiative in the next 2 years

**Please explain target coverage and identify any exclusions**

BAT has signed up to the UN-backed Race to Zero global campaign. BAT is committing to set science-based targets aiming for net zero value chain emissions by 2050. Limiting the rise in average global temperature to 1.5°C above pre-industrial levels requires major and widespread action – and companies have an important role to play. BAT is therefore realigning its existing sustainability targets with this trajectory and aiming for net-zero value chain emissions by no later than 2050. Race to Zero is the largest ever alliance committed to halving global emissions by 2030 and achieving net zero carbon emissions by 2050. The campaign represents over 4,000 businesses estimated to cover nearly 25% global of CO2 emissions and more than 50% of GDP.

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

Yes

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

Milestones Corporate Commitment: Carbon Neutrality in Operations by 2030 - Near term targets approved by SBTi: 50% reduction in Scopes 1, 2 and 3 by 2030 vs a 2020 baseline. It is too soon to lay out a definitive figure for overall investments for neutralisation of residual emissions in a time horizon of over 25 years as not only BAT is transitioning its portfolio into new categories which will trigger switches in the up/downstream emissions' categories profile but also, materials technologies and energy grids are likely to enable decarbonisation at a lower cost vs current.

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

We don't have visibility at present. We are currently focusing on our value chain emissions mitigations options.

**C4.3**

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

Yes

### C4.3a

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

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	44	
To be implemented*	90	25000
Implementation commenced*	8	24392
Implemented*	76	18940
Not to be implemented	3	203

### C4.3b

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

#### Initiative category & Initiative type

Energy efficiency in buildings	Building Energy Management Systems (BEMS)
--------------------------------	-------------------------------------------

#### Estimated annual CO2e savings (metric tonnes CO2e)

580

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

Scope 1

Scope 2 (location-based)

Scope 2 (market-based)

#### Voluntary/Mandatory

Voluntary

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

88900

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

308000

#### Payback period

4-10 years

#### Estimated lifetime of the initiative

16-20 years

#### Comment

Installation of metering systems for energy, compressed air and vacuum for further addressing key consumers based on the measurements; detection and early fixing of leakages/ losses. The increase in metering capability with progressive addition of online machinery metering at the moment of machines specification and sourcing has been the strategy adopted to increase visibility and control of top consumer equipment in BAT's technology replacement program.

#### Initiative category & Initiative type

Energy efficiency in production processes	Compressed air
-------------------------------------------	----------------

#### Estimated annual CO2e savings (metric tonnes CO2e)

950

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

Scope 1

Scope 2 (location-based)

Scope 2 (market-based)

#### Voluntary/Mandatory

Voluntary

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

124762

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

365800

#### Payback period

1-3 years

#### Estimated lifetime of the initiative

11-15 years

**Comment**

Replacement and improvement of systems for compressed air generation and transmission to improve efficiency and reduce losses. Implemented at certain factories & green leaf trashing plants in line with 5-year energy saving plans.

**Initiative category & Initiative type**

Energy efficiency in production processes	Cooling technology
-------------------------------------------	--------------------

**Estimated annual CO2e savings (metric tonnes CO2e)**

20

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

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

**Voluntary/Mandatory**

Voluntary

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

10000

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

33000

**Payback period**

4-10 years

**Estimated lifetime of the initiative**

11-15 years

**Comment**

Changes of cooling systems for more efficient types, upgrade of existing cooling systems to prevent energy losses. Implemented at certain factories in line with 5-year energy saving plans.

**Initiative category & Initiative type**

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

**Estimated annual CO2e savings (metric tonnes CO2e)**

625

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

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

**Voluntary/Mandatory**

Voluntary

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

165084

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

1242000

**Payback period**

4-10 years

**Estimated lifetime of the initiative**

11-15 years

**Comment**

Modernisation of HVAC systems in key and auxiliary departments, incl. replacement of HVAC components where losses of energy were identified. Implemented at certain factories in line with 5-year energy saving plans. Progressively and focusing on its Strategic sites, BAT in modernising key utilities assets to reduce consumption of energy and consequently emissions.

**Initiative category & Initiative type**

Energy efficiency in buildings	Insulation
--------------------------------	------------

**Estimated annual CO2e savings (metric tonnes CO2e)**

160

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

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

**Voluntary/Mandatory**

Voluntary

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



70200

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

121000

**Payback period**

1-3 years

**Estimated lifetime of the initiative**

6-10 years

**Comment**

Improved insulation of steam valves and distribution systems across our factories and green leaf threshing plants.

**Initiative category & Initiative type**

Energy efficiency in buildings	Lighting
--------------------------------	----------

**Estimated annual CO2e savings (metric tonnes CO2e)**

650

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

Scope 1

Scope 2 (location-based)

Scope 2 (market-based)

**Voluntary/Mandatory**

Voluntary

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

121600

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

813000

**Payback period**

1-3 years

**Estimated lifetime of the initiative**

6-10 years

**Comment**

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

**Initiative category & Initiative type**

Energy efficiency in buildings	Motors and drives
--------------------------------	-------------------

**Estimated annual CO2e savings (metric tonnes CO2e)**

50

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

Scope 1

Scope 2 (location-based)

Scope 2 (market-based)

**Voluntary/Mandatory**

Voluntary

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

10000

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

4000

**Payback period**

1-3 years

**Estimated lifetime of the initiative**

6-10 years

**Comment**

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

**Initiative category & Initiative type**

Energy efficiency in buildings	Other, please specify (Energy provision and consumption improvements through Energy Conservation Measure)
--------------------------------	-----------------------------------------------------------------------------------------------------------

**Estimated annual CO2e savings (metric tonnes CO2e)**

4720

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

Scope 1

Scope 2 (location-based)

Scope 2 (market-based)

**Voluntary/Mandatory**

Voluntary

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

420000

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

150000

**Payback period**

1-3 years

**Estimated lifetime of the initiative**

16-20 years

**Comment**

Roll out in several sites the "energy conservation daily management system" on sites which have energy and water metering with the means to track utilities consumption and production outputs on a daily basis by locally defined consumption or generation cells. This system is based on developing KPIs that: • Allow issue detecting and resource supervision (leakage, break, faults) • Allow comparisons and benchmarks – related to cell production output • Allow individual optimisation of equipment

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**Initiative category & Initiative type**

Energy efficiency in production processes	Other, please specify (Steam Management Improvement Initiatives)
-------------------------------------------	------------------------------------------------------------------

**Estimated annual CO2e savings (metric tonnes CO2e)**

1815

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

Scope 1

Scope 2 (location-based)

Scope 2 (market-based)

**Voluntary/Mandatory**

Voluntary

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

213083

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

1613700

**Payback period**

4-10 years

**Estimated lifetime of the initiative**

16-20 years

**Comment**

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

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**Initiative category & Initiative type**

Low-carbon energy generation	Solar heating and cooling
------------------------------	---------------------------

**Estimated annual CO2e savings (metric tonnes CO2e)**

80

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

Scope 1

Scope 2 (location-based)

Scope 2 (market-based)

**Voluntary/Mandatory**

Voluntary

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

20000

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

50000

**Payback period**

1-3 years

**Estimated lifetime of the initiative**

11-15 years

**Comment**

Installation of roof top solar heaters to produce hot water for social areas e.g. Serbia factory.

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**Initiative category & Initiative type**

Low-carbon energy generation	Solar PV
------------------------------	----------

**Estimated annual CO2e savings (metric tonnes CO2e)**

8000

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

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

**Voluntary/Mandatory**

Voluntary

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

871771

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

3206700

**Payback period**

4-10 years

**Estimated lifetime of the initiative**

11-15 years

**Comment**

Installation of solar panels for on-site electricity generation in six countries, including Uzbekistan, Kenya, Pakistan.

**Initiative category & Initiative type**

Energy efficiency in production processes	Other, please specify (Vacuum)
-------------------------------------------	--------------------------------

**Estimated annual CO2e savings (metric tonnes CO2e)**

350

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

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

**Voluntary/Mandatory**

Voluntary

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

58856

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

481000

**Payback period**

4-10 years

**Estimated lifetime of the initiative**

16-20 years

**Comment**

Installation of more efficient vacuum pumps and upgrade of vacuum transmission systems to reduce losses. Implemented at certain factories in line with 5-year energy saving plans.

**Initiative category & Initiative type**

Energy efficiency in production processes	Other, please specify (Other Efficiency Initiatives)
-------------------------------------------	------------------------------------------------------

**Estimated annual CO2e savings (metric tonnes CO2e)**

940

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

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

**Voluntary/Mandatory**

Voluntary

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

419343

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

1748100

**Payback period**

4-10 years

**Estimated lifetime of the initiative**

11-15 years

**Comment**

Electrical equipment improvements / optimisation via variable speed drives, control improvements, harmonics reduction, metering enhancing, etc. across our factory footprint.

**C4.3c**

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

Method	Comment
Employee engagement	Employee engagement and related initiatives are a critical element in how we reduce energy consumption/CO2e emissions. Such initiatives have an allocated budget at a site level. This is reviewed on yearly basis during a planning and budget allocation process. Emissions reductions are partially included in reward scheme throughout organisational structure. Awareness and communication campaign are in place to imbed energy saving and waste reduction culture. World Earth Day & Environment Day are celebrated annually across BAT to trigger related campaigns at end markets.
Compliance with regulatory requirements/standards	At a site level there is an allocated budget to assure compliance with regulatory requirements and standards (including those related to climate change). Budgetary requirements are reviewed on an annual basis during a planning and budget allocation process; and as and when a new regulatory requirement/standard is introduced. An example is the investment in emissions reduction activities relating to the compliance with both the UK Streamlined Energy and Carbon Reporting (SECR) and the European Union Energy Savings Opportunity Scheme (ESOS). We observe that a growing number of companies outside the EU begin to design clearer commitments which favour local partners for implementation of cleaner technologies.
Dedicated budget for energy efficiency	We continue to fund a dedicated ESG capital investment budget for use in delivering our ESG objectives and external commitments including investment in projects to improve the efficiency of our factory infrastructure (emissions, water, waste), drive product innovation related projects which improve our environment credentials (increased use of recycled material, removal of single use plastics), and projects to enhance our social performance (farmer livelihoods via mechanisation, yield improvement projects, and others). ICP and Marginal abatement cost metrics are used as a means of prioritising projects and allocating the dedicated budget. The Capital investment budget amounted to £20mn in 2021 and is set to rise to £42mn in 2023.
Internal incentives/recognition programs	Investment is also driven by internal incentives and recognition programmes at country, regional and group levels which encourage sites to implement activities aimed at reducing their carbon emissions. Examples are recognition programs devoted to World Earth Day and World Environment Days, publications around such topics in corporate media/forums.
Marginal abatement cost curve	Marginal abatement cost is used to assist within capital investment allocation in the presence of competing projects and resource constraints. We currently use MACC on emission and water related projects, enabling us to differentiate between project environmental paybacks and assist in resource prioritisation.
Financial optimization calculations	Non-renewable energy consumption drives impact on climate change but also has a considerable weight in manufacturing costs. We have an annual budget allocated to execute Energy Efficiency Assessments at 8 operational sites per year to help identify and budget energy efficiency initiatives (smart use of assets, assess replacement, fuel replacement, etc.). This feeds into the pipeline of projects proposed by local teams for approval at regional/global level and allocation in the company's mid and long-term plans.
Internal price on carbon	In line with the Group's ambition to be carbon neutral across our operations by 2030 for scope 1 and 2 emissions, we have introduced a shadow carbon price for inclusion within Capital investment business cases to ensure any impact on emissions is priced into cash flow projections and wider business decision making. The ICP is reviewed annually, using a number of external sources, to ensure it fairly reflects the cost of carbon credits, with its inclusion within BCs ensuring the Group moves towards its environmental ambitions.
Other (Balanced scorecard for environmental and social impacts)	A balanced scorecard approach was developed in 2021 to supplement at the ICP process at BAT. The balanced scorecard seeks to appraise the impact of all investment projects against the environmental (including but not limited to emissions) and social objectives BAT has set, and provides a summary of impact alongside more typical financial metrics (e.g. NPV, and payback). This approach ensures decision making is well rounded and ensures visibility, and escalation through governance, of initiatives that may have an adverse impact on BAT's external target delivery. This process is being trailed across Operations Capex in early 2022 before being rolled out across the organisation for 2023.
Other (Scope 1 and 2 carbon emissions glidepath)	Detailed operational glidepaths have been developed at Factory and Regional level for ESG delivery (including emissions, water, waste) in line with Group external commitments. These glidepaths provide visibility of key milestones in delivering the overall group objectives, as well as priority sites. Investment plans are prioritised accordingly to ensure progress in line with glidepaths, with quarterly reviews at the Global Operations Sustainability Committee to track progress and escalate instances whereby pace is slower than planned.

**C4.5**

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

No

**C5. Emissions methodology**

**C5.1**

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

No

**C5.1a**

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

Row 1

**Has there been a structural change?**

Yes, a divestment

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

Divestments: • 3 wood fuel farms (Triangulo Farm, Boa Vista Farm and Burity da Prata Farm) owned by our entity in Brazil (Souza Cruz Ltd.) • BAT Pars, our business in Iran, including factory, offices and sales and distribution business

**Details of structural change(s), including completion dates**

Divestments: • 3 wood fuel farms (Brazil) we sold to 3 different limited companies. Date: December 2020 • BAT Pars (Iran) was sold out and then discontinued being part of BAT Group. Date: August 2021

C5.1b

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

	Change(s) in methodology, boundary, and/or reporting year definition?	Details of methodology, boundary, and/or reporting year definition change(s)
Row 1	Yes, a change in methodology	Over the past year we have expanded the amount of Life Cycle Assessments (LCA) prepared for further portfolio items both in combustibles (conventional cigarettes) and New Categories (NC) products (Vuse, Glo, Velo brands) which relates to new PRRPs (Potentially Reduced Risk Products) where tobacco combustion does not take place. 1. Change in Scope 3 category 11 (product use) emissions calculation In the case of Vuse and Glo products we adopted the specific number of potential charges during the lifetime of the batteries utilised and in the case of conventional cigarettes we have aligned the amount of combusted materials with those of the available LCAs 2. Change in Scope 3 category 12 (End-of-Life waste treatment of goods sold) We incorporated the results of a conducted waste footprint assessment of all products sold in BAT's top 20 end markets by a mix of volume of products sold together with a profit generation. This assessment outlined the waste treatment adopted by each end market in scope for each type of waste (i.e. packaging or product wasted materials). This allowed for a more accurate allocation of End-of-Life emissions associated with our products post consumption waste treatment. Prior to the availability of these assessments, we assumed that all of our products were landfilled, leading to an overestimation of CO2e emissions. While the methodology related changes applied to Scope 3 categories (Purchased Services, Product Use and End of Life) relate to new data that has been made available from the year 2020 (examples: 1. Service suppliers data availability on CDP 2. Availability of more product LCAs), those inputs were not available in the year of 2017. Nevertheless, as we are submitting revised targets with year 2020 as baseline there is no need for re-calculations of 2017 baseline. Please refer to comments under 5.1c.

C5.1c

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

	Base year recalculation	Base year emissions recalculation policy, including significance threshold
Row 1	No, because the impact does not meet our significance threshold	The effect of divestment is <0.7% our annual Scope 1 and 2 emissions, which is not material at the Group level, thus no recalculation of emissions baseline and no restatement of previously reported figures is needed. The divested sites/ businesses continued environmental reporting till the time the divestment occurred.

C5.2

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

**Scope 1**

**Base year start**

December 1 2019

**Base year end**

November 30 2020

**Base year emissions (metric tons CO2e)**

342034

**Comment**

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

## Scope 2 (location-based)

### Base year start

December 1 2019

### Base year end

November 30 2020

### Base year emissions (metric tons CO2e)

417572

### Comment

2020 was selected as the baseline as BAT have recently obtained SBTi sign-off for our near-term targets in line with 1.5°C trajectory. BAT committed to reduce absolute scope 1 and 2 GHG emissions 50% by 2030 from a 2020 base year.\* BAT also committed to reduce absolute scope 3 GHG emissions from purchased goods and services, upstream transportation and distribution, use of sold products, and end of life treatment of sold products 50% by 2030 from a 2020 base year. The targets for Scope 1 and 2 CO2e emissions are as per Market-based approach. Yet, we keep tracking Scope 2 emissions as per Location-based approach for comparison and analysis of effect of renewable electricity purchases. \*The target boundary includes land-related emissions and removals from bioenergy feedstocks

## Scope 2 (market-based)

### Base year start

December 1 2019

### Base year end

November 30 2020

### Base year emissions (metric tons CO2e)

198830

### Comment

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

## Scope 3 category 1: Purchased goods and services

### Base year start

December 1 2019

### Base year end

November 30 2020

### Base year emissions (metric tons CO2e)

4011245

### Comment

2020 was selected as the baseline as BAT have recently obtained SBTi sign-off for our near-term targets in line with 1.5°C trajectory. BAT committed to reduce absolute scope 1 and 2 GHG emissions 50% by 2030 from a 2020 base year.\* BAT also committed to reduce absolute scope 3 GHG emissions from purchased goods and services, upstream transportation and distribution, use of sold products, and end of life treatment of sold products 50% by 2030 from a 2020 base year. Please refer to Scope 3 methodology details on section C6.5. \*The target boundary includes land-related emissions and removals from bioenergy feedstocks

## Scope 3 category 2: Capital goods

### Base year start

December 1 2019

### Base year end

November 30 2020

### Base year emissions (metric tons CO2e)

177040

### Comment

2020 was selected as the baseline as BAT have recently obtained SBTi sign-off for our near-term targets in line with 1.5°C trajectory. BAT committed to reduce absolute scope 1 and 2 GHG emissions 50% by 2030 from a 2020 base year.\* BAT also committed to reduce absolute scope 3 GHG emissions from purchased goods and services, upstream transportation and distribution, use of sold products, and end of life treatment of sold products 50% by 2030 from a 2020 base year. Please refer to Scope 3 methodology details on section C6.5. \*The target boundary includes land-related emissions and removals from bioenergy feedstocks

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

### Base year start

December 1 2019

### Base year end

November 30 2020

### Base year emissions (metric tons CO2e)

133606

### Comment

2020 was selected as the baseline as BAT have recently obtained SBTi sign-off for our near-term targets in line with 1.5°C trajectory. BAT committed to reduce absolute scope 1 and 2 GHG emissions 50% by 2030 from a 2020 base year.\* BAT also committed to reduce absolute scope 3 GHG emissions from purchased goods and services, upstream transportation and distribution, use of sold products, and end of life treatment of sold products 50% by 2030 from a 2020 base year. Please refer to Scope 3 methodology details on section C6.5. \*The target boundary includes land-related emissions and removals from bioenergy feedstocks

#### Scope 3 category 4: Upstream transportation and distribution

**Base year start**

December 1 2019

**Base year end**

November 30 2020

**Base year emissions (metric tons CO2e)**

225088

**Comment**

2020 was selected as the baseline as BAT have recently obtained SBTi sign-off for our near-term targets in line with 1.5°C trajectory. BAT committed to reduce absolute scope 1 and 2 GHG emissions 50% by 2030 from a 2020 base year.\* BAT also committed to reduce absolute scope 3 GHG emissions from purchased goods and services, upstream transportation and distribution, use of sold products, and end of life treatment of sold products 50% by 2030 from a 2020 base year. Please refer to Scope 3 methodology details on section C6.5. \*The target boundary includes land-related emissions and removals from bioenergy feedstocks

#### Scope 3 category 5: Waste generated in operations

**Base year start**

December 1 2019

**Base year end**

November 30 2020

**Base year emissions (metric tons CO2e)**

8831

**Comment**

2020 was selected as the baseline as BAT have recently obtained SBTi sign-off for our near-term targets in line with 1.5°C trajectory. BAT committed to reduce absolute scope 1 and 2 GHG emissions 50% by 2030 from a 2020 base year.\* BAT also committed to reduce absolute scope 3 GHG emissions from purchased goods and services, upstream transportation and distribution, use of sold products, and end of life treatment of sold products 50% by 2030 from a 2020 base year. Please refer to Scope 3 methodology details on section C6.5. \*The target boundary includes land-related emissions and removals from bioenergy feedstocks

#### Scope 3 category 6: Business travel

**Base year start**

December 1 2019

**Base year end**

November 30 2020

**Base year emissions (metric tons CO2e)**

7737

**Comment**

2020 was selected as the baseline as BAT have recently obtained SBTi sign-off for our near-term targets in line with 1.5°C trajectory. BAT committed to reduce absolute scope 1 and 2 GHG emissions 50% by 2030 from a 2020 base year.\* BAT also committed to reduce absolute scope 3 GHG emissions from purchased goods and services, upstream transportation and distribution, use of sold products, and end of life treatment of sold products 50% by 2030 from a 2020 base year. Please refer to Scope 3 methodology details on section C6.5. \*The target boundary includes land-related emissions and removals from bioenergy feedstocks

#### Scope 3 category 7: Employee commuting

**Base year start**

December 1 2019

**Base year end**

November 30 2020

**Base year emissions (metric tons CO2e)**

53468

**Comment**

2020 was selected as the baseline as BAT have recently obtained SBTi sign-off for our near-term targets in line with 1.5°C trajectory. BAT committed to reduce absolute scope 1 and 2 GHG emissions 50% by 2030 from a 2020 base year.\* BAT also committed to reduce absolute scope 3 GHG emissions from purchased goods and services, upstream transportation and distribution, use of sold products, and end of life treatment of sold products 50% by 2030 from a 2020 base year. Please refer to Scope 3 methodology details on section C6.5. \*The target boundary includes land-related emissions and removals from bioenergy feedstocks

#### Scope 3 category 8: Upstream leased assets

**Base year start**

December 1 2019

**Base year end**

November 30 2020

**Base year emissions (metric tons CO2e)**

0

**Comment**

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

### Scope 3 category 9: Downstream transportation and distribution

**Base year start**

December 1 2019

**Base year end**

November 30 2020

**Base year emissions (metric tons CO2e)**

0

**Comment**

BAT's business model has led us to historically allocate all traceable emission under Scope 3 Category 4. Based on recent SBTi guidance we are considering a split.

### Scope 3 category 10: Processing of sold products

**Base year start**

December 1 2019

**Base year end**

November 30 2020

**Base year emissions (metric tons CO2e)**

0

**Comment**

BAT's products are not processed by third parties.

### Scope 3 category 11: Use of sold products

**Base year start**

December 1 2019

**Base year end**

November 30 2020

**Base year emissions (metric tons CO2e)**

640627

**Comment**

2020 was selected as the baseline as BAT have recently obtained SBTi sign-off for our near-term targets in line with 1.5°C trajectory. BAT committed to reduce absolute scope 1 and 2 GHG emissions 50% by 2030 from a 2020 base year.\* BAT also committed to reduce absolute scope 3 GHG emissions from purchased goods and services, upstream transportation and distribution, use of sold products, and end of life treatment of sold products 50% by 2030 from a 2020 base year. Please refer to Scope 3 methodology details on section C6.5. \*The target boundary includes land-related emissions and removals from bioenergy feedstocks

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

**Base year start**

December 1 2019

**Base year end**

November 30 2020

**Base year emissions (metric tons CO2e)**

323971

**Comment**

2020 was selected as the baseline as BAT have recently obtained SBTi sign-off for our near-term targets in line with 1.5°C trajectory. BAT committed to reduce absolute scope 1 and 2 GHG emissions 50% by 2030 from a 2020 base year.\* BAT also committed to reduce absolute scope 3 GHG emissions from purchased goods and services, upstream transportation and distribution, use of sold products, and end of life treatment of sold products 50% by 2030 from a 2020 base year. Please refer to Scope 3 methodology details on section C6.5. \*The target boundary includes land-related emissions and removals from bioenergy feedstocks

### Scope 3 category 13: Downstream leased assets

**Base year start**

December 1 2019

**Base year end**

November 30 2020

**Base year emissions (metric tons CO2e)**

0

**Comment**

BAT does not lease assets to third parties.

### Scope 3 category 14: Franchises

**Base year start**

December 1 2019

**Base year end**

November 30 2020

**Base year emissions (metric tons CO2e)**

4895

**Comment**

2020 was selected as the baseline as BAT have recently obtained SBTi sign-off for our near-term targets in line with 1.5°C trajectory. BAT committed to reduce absolute scope 1 and 2 GHG emissions 50% by 2030 from a 2020 base year.\* BAT also committed to reduce absolute scope 3 GHG emissions from purchased goods and services, upstream transportation and distribution, use of sold products, and end of life treatment of sold products 50% by 2030 from a 2020 base year. Please refer to Scope 3 methodology details on section C6.5. \*The target boundary includes land-related emissions and removals from bioenergy feedstocks



### Scope 3 category 15: Investments

**Base year start**

December 1 2019

**Base year end**

November 30 2020

**Base year emissions (metric tons CO2e)**

0

**Comment**

BAT does not have equity or debt investments.

### Scope 3: Other (upstream)

**Base year start**

December 1 2019

**Base year end**

November 30 2020

**Base year emissions (metric tons CO2e)**

0

**Comment**

Scope 3 emissions assessment performed by BAT with support of Carbon Intelligence identified no other upstream activities or emissions which would be relevant.

### Scope 3: Other (downstream)

**Base year start**

December 1 2019

**Base year end**

November 30 2020

**Base year emissions (metric tons CO2e)**

0

**Comment**

Scope 3 emissions assessment performed by BAT with support of Carbon Intelligence identified no other downstream activities or emissions which would be relevant.

## C5.3

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

Defra Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance, 2019

IEA CO2 Emissions from Fuel Combustion

The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

The Greenhouse Gas Protocol Agricultural Guidance: Interpreting the Corporate Accounting and Reporting Standard for the Agricultural Sector

The Greenhouse Gas Protocol: Scope 2 Guidance

## C6. Emissions data

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### C6.1

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

324985

**Start date**

<Not Applicable>

**End date**

<Not Applicable>

**Comment**

Scope 1 includes direct emissions from sources owned or controlled by BAT. It includes emissions associated with our managed locations including coal, natural gas, wood fuel, diesel, LPG etc, fuel utilised by our vehicle fleet and CO2 used for the production of Dry Ice Expanded Tobacco (DIET). Data is collected from invoices, telematics, fuel cards, meter readings and other documentation and logged within the EHS Reporting Tool. DEFRA Greenhouse Gas Reporting: Conversion Factors 2020 are used to convert to CO2e. Scope 1 CO2e emissions decreased by 5.0% compared to the 2020. This was driven by energy saving projects originated based on Efficiency Assessments recommendations, as well as from identification of energy losses and prompt implementation of solutions as part of the Energy Conservation Daily management system in manufacturing and leaf sites. There have also been many route optimisations and some outsourcing of distributions' activities in the commercial side of the business. In addition, there was effect of production decrease by 1.4% at our tobacco and nicotine products making facilities and by 12.6% at our green leaf threshing sites.

## C6.2

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

#### Row 1

##### Scope 2, location-based

We are reporting a Scope 2, location-based figure

##### Scope 2, market-based

We are reporting a Scope 2, market-based figure

##### Comment

Scope 2 CO<sub>2</sub>e emissions include indirect emissions associated with the purchase of electricity, hot water and steam which is consumed at our locations. Data is collected from invoices, internal metering and in some instances via the Building Management System (BMS). Scope 2 Market-based CO<sub>2</sub>e emissions are calculated from supplier-specific emissions factors. To ensure reported Market-based CO<sub>2</sub>e emissions meet the 'Good quality criteria' as per GHG Protocol Scope 2 Guidance, we specify market-based factors only when these are supported by contractual instruments. For renewable electricity procurement it is in most cases either unbundled energy attribute certificates (I-RECs, GoOs, RECs, etc.) or Green electricity products from an energy supplier (supported by energy attribute certificates or Power Purchase Agreement). Whenever Market-based factors are not available, Market-based Scope 2 CO<sub>2</sub>e emissions are calculated using International Energy Agency 2020 country specific emission factors, thus in such cases Scope 2 Market based emissions are equal to Scope 2 Location-based emissions. Scope 2 Location-based CO<sub>2</sub>e emissions are calculated using International Energy Agency 2020 country specific emission factors. The set of emissions factors used for calculations is updated on annual basis.

## C6.3

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### (C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO<sub>2</sub>e?

#### Reporting year

##### Scope 2, location-based

392840

##### Scope 2, market-based (if applicable)

170422

##### Start date

<Not Applicable>

##### End date

<Not Applicable>

##### Comment

In 2021, our Scope 2 CO<sub>2</sub>e emissions – Market Based decreased by 14.3%, whilst our Scope 2 CO<sub>2</sub>e emissions – Location Based decreased by 5.9% compared to 2020. The primary reason for the decrease in Scope 2 CO<sub>2</sub>e emissions - Market-based is purchase of renewable electricity in a range of countries (e.g. US, S.Africa, Argentina, Russia, Sri Lanka etc.) The main driver of the decrease in Scope 2 CO<sub>2</sub>e emissions - Location based and the supporting driver of Scope 2 CO<sub>2</sub>e emissions -Market based were energy saving projects originated based on Efficiency Assessments recommendations, as well as from identification of energy losses and prompt implementation of solutions as part of the Energy Conservation Daily management system in manufacturing and leaf sites. In addition, there was effect of production decrease by 1.4% at our tobacco and nicotine products making facilities and by 12.6% at our green leaf threshing sites.

## C6.4

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

No

## C6.5

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

## Purchased goods and services

### Evaluation status

Relevant, calculated

### Emissions in reporting year (metric tons CO<sub>2</sub>e)

4011245

### Emissions calculation methodology

Supplier-specific method  
Spend-based method

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

51

### Please explain

Purchased Goods and Services have been calculated using BAT procurement data captured across our operations: Materials: Purchased materials were extracted from the BAT Procurement System, and materials were allocated into broad categories based on taxonomy. In some instances, Units of Measure (UoMs) used within the procurement system required alteration to a standard weight measurement (i.e. kilograms). BAT utilise a library of UoM conversion factors which is based upon multiple evidence points such as material specifications and/or item specific weighing. The standard weight was used to allocate emission factors as follows: LCAs: specific product LCAs were utilised where available and/or proxy LCAs used where appropriate. In the absence of these datasets, the Ecoinvent v3.7.1 database was utilised. If the Ecoinvent v3.7.1 database did not have the relevant emission factors, we used a combination approach based upon the different materials used in the product. Services: Spend data was used to estimate emissions. Two methods were used: Supplier Specific emission factors: CDP data was used to source supplier specific Scope 1, 2 and 3 (upstream) reported emissions and annual revenue. Emissions per GBP revenue were then calculated per supplier and applied to the GBP spend by BAT for the corresponding supplier. This was applied where supplier specific emissions and revenue were published. Average Emissions Intensity: An average emissions intensity of tCO<sub>2</sub>e per GBP spend was calculated based on the Supplier Specific emission factors per service category (i.e. HR, Professional, Facility, Marketing, Production and Technology Services). This average emission factor was then applied to the remaining spend per service category that have not already been accounted for. The following procurement categories were removed from the calculations as their associated emissions were already reported in appropriate Scopes and categories: Fleet – Vehicle Fuel: reported in Scope 1 Logistics – Transportation: reported in Category 4 - Upstream Transportation & Distribution Travel – Passenger Transportation, Air Travel & Rail and Sea Travel: reported in Category 6 - Business Travel Utilities – Electricity, Gas, Utilities Other: reported in Scope 1 & 2 During 2019 emission calculations, BAT allocated purchased services emissions based on suppliers CDP data for Scope 1 and Scope 2 only

## Capital goods

### Evaluation status

Relevant, calculated

### Emissions in reporting year (metric tons CO<sub>2</sub>e)

177040

### Emissions calculation methodology

Spend-based method

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

0

### Please explain

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

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

### Evaluation status

Relevant, calculated

### Emissions in reporting year (metric tons CO<sub>2</sub>e)

133606

### Emissions calculation methodology

Fuel-based method

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

0

### Please explain

Fuel and energy related data is recorded within our EHS Reporting Tool and includes purchased fuels (coal, bioethanol, fuel oil, natural gas, petrol, wood logs, CNG, diesel, biodiesel, LPG), electricity, heat (hot water) and steam. The data covers a reporting period of November 2019 to December 2020. DEFRA 2020 emission factors were applied to the energy consumption to calculate emissions.

## Upstream transportation and distribution

### Evaluation status

Relevant, calculated

### Emissions in reporting year (metric tons CO<sub>2</sub>e)

225088

### Emissions calculation methodology

Supplier-specific method  
Hybrid method  
Distance-based method  
Other, please specify (DEFRA)

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

25

### Please explain

Freight movements of in-bound and out-bound finished goods or semi-finished products/materials owned by BAT, including all modes of transport (i.e. air, road, rail and sea) fall within this category. BAT calculate movement up until the change of product/material ownership. Data is either provided direct from suppliers (in CO<sub>2</sub>e) based on their emission calculation methodology or within our EHS Reporting Tool and converted to emissions using DEFRA 2020 emission factors. Upstream transport which is undertaken within BAT owned or leased vehicles is reported within Scope 1 under vehicle fuel.

## Waste generated in operations

### Evaluation status

Relevant, calculated

### Emissions in reporting year (metric tons CO<sub>2</sub>e)

8831

### Emissions calculation methodology

Waste-type-specific method

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

0

### Please explain

Waste volumes (tonnes) and disposal route (excluding waste incineration onsite which is captured in Scope 1) are recorded within our EHS Reporting Tool. DEFRA 2020 emission factors were allocated dependent upon disposal route (i.e. landfill, combustion or recycled).

## Business travel

### Evaluation status

Relevant, calculated

### Emissions in reporting year (metric tons CO<sub>2</sub>e)

7737

### Emissions calculation methodology

Supplier-specific method  
Hybrid method  
Distance-based method

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

80

### Please explain

Business Travel is recorded within our EHS Reporting Tool. For air, data includes passenger kilometre and class of travel, the data for rail includes passenger km and for rental vehicles it includes fuel used (litres or kg). DEFRA 2020 emission factors were allocated. 80% of the data is provided by our Tier-1 supplier (CWT). The remaining 20% is captured from the end markets that are not in their scope of services. This is a mix of local suppliers data gathering and distance times travel modes estimates. Assumptions: all air travel is assumed to be international and to ensure consistency with historic reporting, radiative forcing is not included.

## Employee commuting

### Evaluation status

Relevant, calculated

### Emissions in reporting year (metric tons CO<sub>2</sub>e)

53468

### Emissions calculation methodology

Average data method

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

0

### Please explain

Employee headcount and location are recorded within our EHS Reporting Tool. The average commuting mode (i.e. car, rail, walk, etc) and distance have been referenced from Numbeo, a source aligned to GHG guidance. DEFRA 2020 emission factors were allocated against total distances across transport modes (i.e. return journey for the typical amount of working days per year) to calculate emissions. Assumptions: all employees are assumed to commute to their place of work, as opposed to work from home and walking and cycling are assumed to have zero emissions. In total, it was assumed each employee commuted twice a day for 234 days in 2020. No calculations for homeworking are included.

## Upstream leased assets

### Evaluation status

Not relevant, explanation provided

### Emissions in reporting year (metric tons CO2e)

<Not Applicable>

### Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

### Please explain

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

## Downstream transportation and distribution

### Evaluation status

Not relevant, explanation provided

### Emissions in reporting year (metric tons CO2e)

<Not Applicable>

### Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

### Please explain

BAT's business model has led us to historically allocate all traceable emission under Scope 3 Category 4. Based on recent SBTi guidance we are considering a split.

## Processing of sold products

### Evaluation status

Not relevant, explanation provided

### Emissions in reporting year (metric tons CO2e)

<Not Applicable>

### Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

### Please explain

BAT's products are not processed by third parties.

## Use of sold products

### Evaluation status

Relevant, calculated

### Emissions in reporting year (metric tons CO2e)

640627

### Emissions calculation methodology

Average product method

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

0

### Please explain

BAT produce a variety of products from cigarettes to PRRPs (Potentially Reduced Risk Products). Specific product LCAs were utilised where available and/or proxy LCAs were allocated. The emissions associated with the use of products sold by BAT are defined as follows: • THP / Vapour: emissions associated with charging of devices throughout a device's lifetime • Tobacco Combustion: emissions associated with the combustion of cigarettes including cigarette paper and tobacco blend. • Lighter Fuel: emissions associated with the use of lighter fuel to light all products sold in 2020. Assumption: it was assumed that 90% of cigarette paper and tobacco blend are combusted in cigarettes and similar products. The remaining 10% of the product is assessed in Category 12 End of Life Treatment. For Use of Sold products, during 2019 emission calculations, LCAs were not used to allocate emissions. Emissions were allocated as follows: • THP / Vapour: average electrical charges in a lifetime and the IEA World electricity emission factor was used • Tobacco Combustion: combustion material volumes were calculated from Category 1 Purchased Goods and Services, 80% of paper and 95% of tobacco was assumed to combust, with the remainder disposed of in landfill.

## End of life treatment of sold products

### Evaluation status

Relevant, calculated

### Emissions in reporting year (metric tons CO2e)

323971

### Emissions calculation methodology

Hybrid method

Average product method

Waste-type-specific method

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

0

### Please explain

End of Life emissions accounts for the disposal of final products and associated packaging used for sale and transportation of BAT products. LCAs where available and/or proxy LCAs were used to understand the split of different disposal routes for different material types of BAT products. The disposal route splits were then adjusted to reflect the end market in which products were sold, using recycling research BAT undertook into its 20 key markets. Assumptions: Using the market specific recycling research allowed for a market specific emission factor to be attributed to those top 20 markets and where market-specific information was not available, global average emission factors were taken. Recycling rates provided through the Waste Footprint exercise were also halved to consider consumer behaviour. During 2019 emission calculations, BAT allocated emissions based upon the weight of sold products and assumed all products were sent to landfill at the end of life.

## Downstream leased assets

### Evaluation status

Not relevant, explanation provided

### Emissions in reporting year (metric tons CO2e)

<Not Applicable>

### Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

### Please explain

BAT does not lease assets to third parties.

## Franchises

### Evaluation status

Relevant, calculated

### Emissions in reporting year (metric tons CO2e)

4895

### Emissions calculation methodology

Site-specific method

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

0

### Please explain

BAT have a franchise agreement for NC stores in the EU, for which emissions from electricity, gasoil and natural gas are estimated using Real Estate Environmental Benchmark data and IEA 2020 and DEFRA 2020 emission factors.

## Investments

### Evaluation status

Not relevant, explanation provided

### Emissions in reporting year (metric tons CO2e)

<Not Applicable>

### Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

### Please explain

BAT does not have equity or debt investments.

## Other (upstream)

### Evaluation status

Not relevant, explanation provided

### Emissions in reporting year (metric tons CO2e)

<Not Applicable>

### Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

### Please explain

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

**Other (downstream)**

**Evaluation status**

Not relevant, explanation provided

**Emissions in reporting year (metric tons CO2e)**

<Not Applicable>

**Emissions calculation methodology**

<Not Applicable>

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

<Not Applicable>

**Please explain**

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

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

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

Yes

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

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

**CO2 emissions from biofuel combustion (processing/manufacturing machinery)**

**Emissions (metric tons CO2)**

35115

**Methodology**

Default emissions factors

**Please explain**

These are emissions from biofuels (e.g. wood fuel, biodiesel) used by our sites for on-site generation of steam, heat and electricity. Emissions are calculated based on amounts of fuels used reported by our units across the Group via our environmental reporting system and DEFRA 2020 factors for biofuels, outside of scopes.

**CO2 emissions from biofuel combustion (other)**

**Emissions (metric tons CO2)**

3412

**Methodology**

Default emissions factors

**Please explain**

These are emissions from biofuels (e.g. biodiesel, bioethanol) used by our fleet vehicles used in distribution, marketing and other activities. Emissions are calculated based on amounts of fuels used reported by our units across the Group via our environmental reporting system and DEFRA 2020 factors for biofuels, outside of scopes.

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

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

**Agricultural commodities**

Tobacco

**Do you collect or calculate GHG emissions for this commodity?**

Yes

**Please explain**

BAT don't own any tobacco farms; thus, we have no Scope 1 and 2 emissions associated with production of tobacco leaf as agricultural commodity. A Scope 3 assessment was performed in 2020, thus we have calculated emissions from Tobacco as an agricultural commodity within our Scope 3 (cat 1).

---

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

(C-AC6.9a/C-FB6.9a/C-PF6.9a) Report your greenhouse gas emissions figure(s) for your disclosing commodity(ies), explain your methodology, and include any exclusions.

**Tobacco**

**Reporting emissions by**

Total

**Emissions (metric tons CO2e)**

428269

**Denominator: unit of production**

<Not Applicable>

**Change from last reporting year**

Lower

**Please explain**

BAT don't own any tobacco farms; thus, we have no Scope 1 and 2 emissions associated with production of tobacco leaf as agricultural commodity. A Scope 3 assessment was performed in 2020, thus we have calculated emissions from Tobacco as an agricultural commodity within our Scope 3 (cat 1). These are emissions associated with Purchased tobacco leaf for both combustibles and PRRP products, excluding biogenic emissions and removals. Scope 3 assessment for 2021 is under way.

**C6.10**

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

**Intensity figure**

0.0000193

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

495407

**Metric denominator**

unit total revenue

**Metric denominator: Unit total**

25684000000

**Scope 2 figure used**

Market-based

**% change from previous year**

8.1

**Direction of change**

Decreased

**Reason for change**

Decrease by 8.1% vs 0.0000201 in 2020. Decrease is driven by decrease in combined Scope 1 and 2 (Market-based) emissions by 8.4% vs 2020 while the trend in revenue is slightly decreasing (-0.4% vs 2020). The decrease in Scope 1 and 2 emissions is driven by emission reductions initiatives, such as 1/ on-site electricity generation from new solar installations, 2/ additional renewable electricity purchases and extension to new countries 3/ a wide range of energy efficiency measures for building and processes. In addition, this is driven by discontinuation of operations at certain geographies (e.g. Iran) and overall production decrease vs 2020.

**C7. Emissions breakdowns**

**C7.1**

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

Yes

**C7.1a**

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

Greenhouse gas	Scope 1 emissions (metric tons of CO2e)	GWP Reference
CO2	321866	IPCC Fourth Assessment Report (AR4 - 100 year)
CH4	1991	IPCC Fourth Assessment Report (AR4 - 100 year)
N2O	1128	IPCC Fourth Assessment Report (AR4 - 100 year)

**C7.2**



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

Country/Region	Scope 1 emissions (metric tons CO2e)
Algeria	907
Argentina	2302
Bangladesh	17019
Belarus	1500
Brazil	9991
Canada	2140
Chile	6814
Croatia	5528
Cuba	1285
Germany	12444
Honduras	1676
Hungary	1898
Indonesia	6814
Iran (Islamic Republic of)	2218
Italy	1165
Japan	1178
Jordan	46
Kenya	4972
Malaysia	1082
Mexico	11964
Mozambique	276
Netherlands	1390
Nigeria	15367
Sudan	1494
Pakistan	10554
Papua New Guinea	1613
Poland	14363
Romania	8756
Russian Federation	13904
Serbia	1711
Singapore	958
South Africa	10366
Republic of Korea	6088
Sri Lanka	1334
Sweden	356
Switzerland	1809
Turkey	22180
United Kingdom of Great Britain and Northern Ireland	2276
Ukraine	4898
Uzbekistan	5023
Venezuela (Bolivarian Republic of)	2831
Viet Nam	618
United States of America	91672
Colombia	629
Bosnia & Herzegovina	503
Samoa	73
Myanmar	708
Trinidad and Tobago	935
Zambia	353
Zimbabwe	879
Australia	488
Fiji	844
France	764
Kazakhstan	647
Czechia	469
Saudi Arabia	419
Other, please specify (Other countries with small business, not material in terms of total emissions. There are BAT units in 34 countries, that in total give less than 2% of total Scope 1 and 2 Market-based emissions (less than 1.5% of Scope 1 emissions).)	4494

**C7.3**

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

By activity

C7.3c

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

Activity	Scope 1 emissions (metric tons CO2e)
Manufacturing and Processing	229914
Offices, Warehouses, Retail	7745
Vehicle Fleet	87326

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

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

Yes

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

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

**Activity**

Processing/Manufacturing

**Emissions category**

<Not Applicable>

**Emissions (metric tons CO2e)**

229914

**Methodology**

Default emissions factor

**Please explain**

These are our Scope 1 emissions from tobacco processing at green leaf threshing plants and manufacturing cigarettes, other tobacco products and New Categories' Products etc. at our factories. In 2021 these decreased by 5% vs 2020 due to decrease in production and energy efficiency activities. The emissions are calculated from 1/ various types of fuels used on site (e.g. natural gas, diesel, heavy fuel etc.) with application of DEFRA 2019 emissions factors and 2/ Direct input of CO2 input DIET (dried ice expanded tobacco) process.

**Activity**

Distribution

**Emissions category**

<Not Applicable>

**Emissions (metric tons CO2e)**

76213

**Methodology**

Default emissions factor

**Please explain**

These are our Scope 1 emissions from Trade Marketing & Distribution vehicles. In 2021 these decreased by 5% vs 2020. The decrease is driven by change of route to market model implying reduction of distribution fleet in certain geographies, fuel saving programs as well as gradual shift to hybrid and electric vehicles across the Group. Emissions from these vehicles constitute 87% of emissions from all vehicles by BAT. The emissions are calculated from various types of fuels used by fleet vehicles (e.g. petrol, diesel, LPG). DEFRA 2020 emissions factors set is applied for calculations.

C7.5

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

Country/Region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
United States of America	107337	15030
Brazil	9479	330
Turkey	3841	0
Russian Federation	16617	13048
Poland	34315	924
Bangladesh	25161	25161
Indonesia	20455	20455
Nigeria	6339	6339
Mexico	17074	1238
South Africa	22564	3363
Romania	14125	1063
Pakistan	12283	12283
Republic of Korea	20632	20632
Germany	3415	9
Croatia	2454	91
United Kingdom of Great Britain and Northern Ireland	3752	173
Chile	6373	435
Uzbekistan	5621	5621
Ukraine	6002	6002
Kenya	1831	1831
Hungary	5160	1215
Iran (Islamic Republic of)	3596	3596
Singapore	5255	4565
Venezuela (Bolivarian Republic of)	3779	3779
Argentina	2857	365
Switzerland	165	0
Honduras	1361	1361
Netherlands	2629	40
Canada	767	750
Serbia	2830	98
Viet Nam	2796	2796
Sri Lanka	2435	0
Trinidad and Tobago	3376	3376
Japan	194	125
Algeria	1860	1860
Malaysia	1012	1012
Sweden	61	5
Papua New Guinea	177	177
Belarus	70	70
Italy	193	0
Sudan	1445	1445
Colombia	116	116
Cuba	3396	3396
Myanmar	582	582
Australia	527	148
Bosnia & Herzegovina	2124	2124
Mozambique	50	50
Jordan	780	0
Samoa	117	117
Zimbabwe	959	959
Zambia	360	360
Fiji	483	483
France	11	11
Kazakhstan	151	151
Czechia	22	22
Saudi Arabia	187	187
Other, please specify (Other countries (34) with small business, not material in terms of total emissions (BAT units that in total give < 2% of Scope 1&2 Market-based emissions (< 0.4% Scope 2 - Location based ,<0.7% Scope 2 - Market-based) with no factories or GLTs)	1287	1053

**C7.6**

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

By activity

C7.6c

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

Activity	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Manufacturing and Processing	355637	140462
Offices, Warehouses, Retail	37164	29921
Vehicle Fleet	39	39

C7.9

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

Decreased

C7.9a

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

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	16297	Decreased	3.01	Change is driven by: decrease from emissions due to additional renewable electricity purchases (e.g. US, Brazil, Russia, Sri Lanka etc.) and more on-site renewable electricity generation with solar panels incl. newly installed ones in 6 countries (e.g. Uzbekistan, Kenya, Pakistan). This allowed to reduce emissions by 16 297 tCO2e vs 540 864 tCO2e, which is our Scope 1 and 2 (Market-based) emissions in 2020 reporting year. $(-16\ 297/540\ 864) * 100\% = -3.01\%$
Other emissions reduction activities	18940	Decreased	3.5	Change is driven by: decrease from emissions due to a wide range of energy efficiency projects in building and process improvements at our operation sites. This allowed to reduce emissions by 18 940 tCO2e vs 540 864 tCO2e, which is our Scope 1 and 2 (Market-based) emissions in 2020 reporting year. $(-18\ 940/540\ 864) * 100\% = -3.50\%$
Divestment	3672	Decreased	0.68	Change is driven by closure of 3 farms in Brazil farms and discontinuation of operations in Iran. This resulted in emissions decrease by 3 672 tCO2e vs 540 864 tCO2e, which is our Scope 1 and 2 (Market-based) emissions in 2020 reporting year. $(3\ 672/540\ 864) * 100\% = -0.68\%$
Acquisitions		<Not Applicable >		No acquisitions in the reporting period
Mergers		<Not Applicable >		No mergers in the reporting period
Change in output	297	Decreased	0.05	With the exclusion of closed sites, production of finished goods (e.g. cigarettes, snus, modern oral etc.) and semi-finished goods (e.g. threshed tobacco leaf, DIET) in BAT decreased by 0.6% in 2021 vs 2020. Production at green leaf threshing (GLT) sites decreased by 12.7%. This is the overall trend, while some sites reported sharper decreases and others reported increase. Taking into account that GLT processes are generally less carbon intensive and production increases at several major sites that are carbon intensive due to Scope 2 emissions because of inability to source renewable electricity, production-driven trend in emissions is upwards: increase by 297 tCO2e vs 540 864 tCO2e, which is our Scope 1 and 2 (Market-based) emissions in 2020 reporting year. $(297/540\ 864) * 100\% = +0.05\%$
Change in methodology		<Not Applicable >		No change in methodology in the reporting period
Change in boundary		<Not Applicable >		No material change in boundary in the reporting period
Change in physical operating conditions		<Not Applicable >		No material change in physical operating conditions in the reporting period
Unidentified		<Not Applicable >		No unidentified drivers of change in the reporting period
Other	6845	Decreased	1.27	Changes in Sales & Distribution models leading to reduction in Fleet vehicles: A range of markets across the Group has reviewed their route to market (sales & distribution models) and thus reduced fleet of the vehicles owned or leased by BAT (e.g. Brazil, Indonesia, Korea). This allowed BAT to reduce emissions by 6 845 tCO2e vs 540 864 tCO2e, which is our Scope 1 and 2 (Market-based) emissions in 2020 reporting year. $(-6\ 845/540\ 864) * 100\% = -1.27\%$

C7.9b

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

Market-based

C8. Energy

## C8.1

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

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

## C8.2

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

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

## C8.2a

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

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total (renewable and non-renewable) MWh
Consumption of fuel (excluding feedstock)	LHV (lower heating value)	113599	1389784	1503383
Consumption of purchased or acquired electricity	<Not Applicable>	584366	378143	962509
Consumption of purchased or acquired heat	<Not Applicable>	2881	62	2943
Consumption of purchased or acquired steam	<Not Applicable>	2669	4059	6728
Consumption of purchased or acquired cooling	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of self-generated non-fuel renewable energy	<Not Applicable>	4935	<Not Applicable>	4935
Total energy consumption	<Not Applicable>	708450	1772048	2480498

## C8.2b

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

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

## C8.2c

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

## Sustainable biomass

### Heating value

LHV

### Total fuel MWh consumed by the organization

111423

### MWh fuel consumed for self-generation of electricity

67

### MWh fuel consumed for self-generation of heat

14501

### MWh fuel consumed for self-generation of steam

96855

### MWh fuel consumed for self-generation of cooling

<Not Applicable>

### MWh fuel consumed for self- cogeneration or self-trigeneration

0

### Comment

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

## Other biomass

### Heating value

Unable to confirm heating value

### Total fuel MWh consumed by the organization

0

### MWh fuel consumed for self-generation of electricity

0

### MWh fuel consumed for self-generation of heat

0

### MWh fuel consumed for self-generation of steam

0

### MWh fuel consumed for self-generation of cooling

<Not Applicable>

### MWh fuel consumed for self- cogeneration or self-trigeneration

0

### Comment

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

## Other renewable fuels (e.g. renewable hydrogen)

### Heating value

LHV

### Total fuel MWh consumed by the organization

2176

### MWh fuel consumed for self-generation of electricity

0

### MWh fuel consumed for self-generation of heat

653

### MWh fuel consumed for self-generation of steam

1523

### MWh fuel consumed for self-generation of cooling

<Not Applicable>

### MWh fuel consumed for self- cogeneration or self-trigeneration

0

### Comment

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

## Coal

### Heating value

LHV

### Total fuel MWh consumed by the organization

20010

### MWh fuel consumed for self-generation of electricity

0

### MWh fuel consumed for self-generation of heat

0

### MWh fuel consumed for self-generation of steam

20010

### MWh fuel consumed for self-generation of cooling

<Not Applicable>

### MWh fuel consumed for self- cogeneration or self-trigeneration

0

### Comment

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

## Oil

### Heating value

LHV

### Total fuel MWh consumed by the organization

480249

### MWh fuel consumed for self-generation of electricity

84654

### MWh fuel consumed for self-generation of heat

334924

### MWh fuel consumed for self-generation of steam

60671

### MWh fuel consumed for self-generation of cooling

<Not Applicable>

### MWh fuel consumed for self- cogeneration or self-trigeneration

0

### Comment

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

## Gas

### Heating value

LHV

### Total fuel MWh consumed by the organization

889525

### MWh fuel consumed for self-generation of electricity

0

### MWh fuel consumed for self-generation of heat

238395

### MWh fuel consumed for self-generation of steam

561666

### MWh fuel consumed for self-generation of cooling

<Not Applicable>

### MWh fuel consumed for self- cogeneration or self-trigeneration

89464

### Comment

Gas-type fuels comprise Natural gas as forms thereof, such as CNG and LPG. Natural gas is widely used across BAT geography for on-site generation of energy in the form of steam and heat. On top, it is used for tri-generation (e.g. our facility in Turkey). CNG is used by industrial vehicles on site (e.g. forklift trucks) and fleet vehicles as well as in boiler at our facilities in Nigeria. LPG is used by Fleet vehicles, industrial vehicles on site (e.g. forklift trucks) and in on-site canteens.

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

**Heating value**

Unable to confirm heating value

**Total fuel MWh consumed by the organization**

0

**MWh fuel consumed for self-generation of electricity**

0

**MWh fuel consumed for self-generation of heat**

0

**MWh fuel consumed for self-generation of steam**

0

**MWh fuel consumed for self-generation of cooling**

<Not Applicable>

**MWh fuel consumed for self- cogeneration or self-trigeneration**

0

**Comment**

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

**Total fuel**

**Heating value**

LHV

**Total fuel MWh consumed by the organization**

1503383

**MWh fuel consumed for self-generation of electricity**

84721

**MWh fuel consumed for self-generation of heat**

588473

**MWh fuel consumed for self-generation of steam**

740725

**MWh fuel consumed for self-generation of cooling**

<Not Applicable>

**MWh fuel consumed for self- cogeneration or self-trigeneration**

89464

**Comment**

Over 99.98% of fuel that is used for energy generation at our sites is consumed within our organization. The only facility selling excess energy from diesel generators is our factory in Nigeria. Energy use optimization program allowed us to stop this after 1st quarter of 2021 reporting year.

**C8.2d**

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

	Total Gross generation (MWh)	Generation that is consumed by the organization (MWh)	Gross generation from renewable sources (MWh)	Generation from renewable sources that is consumed by the organization (MWh)
Electricity	89388	89100	4734	4734
Heat	588741	588741	15422	15422
Steam	740725	740725	98378	98378
Cooling	0	0	0	0

**C8.2e**

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

**Sourcing method**

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

**Energy carrier**

Electricity

**Low-carbon technology type**

Solar

**Country/area of low-carbon energy consumption**

Indonesia

**Tracking instrument used**

Contract



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

340

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

Indonesia

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

2021

**Comment**

Our factory in Indonesia concluded a contract with 3rd party for placement and operating a solar installation at factory's premises. The installation became operational in September 2021, generated electricity is supplied directly to the factory.

---

**Sourcing method**

Unbundled energy attribute certificates (EACs) purchase

**Energy carrier**

Electricity

**Low-carbon technology type**

Hydropower (capacity unknown)

**Country/area of low-carbon energy consumption**

Argentina

**Tracking instrument used**

I-REC

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

3780

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

Argentina

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

1972

**Comment**

Our factory in Argentina, on top on renewable electricity sourced as per the contract, covered almost 50% of its electricity consumption in 2021 by I-RECs.

---

**Sourcing method**

Unbundled energy attribute certificates (EACs) purchase

**Energy carrier**

Electricity

**Low-carbon technology type**

Solar

**Country/area of low-carbon energy consumption**

Brazil

**Tracking instrument used**

I-REC

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

145

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

Brazil

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

2018

**Comment**

Our Head office in Brazil covered 100% of its electricity consumed in 2021 by I-RECs. Respective renewable electricity was generated by Solar technology. The site started with renewable electricity sourcing from 2021 reporting year. Across BAT Procurement departments of respective sites hold contracts with utilities or suppliers of such electricity. The copies of corresponding certificates and/or other contractual documents for the reporting units claiming to purchase low carbon electricity are collected via our on-line environmental reporting system.

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**Sourcing method**

Unbundled energy attribute certificates (EACs) purchase

**Energy carrier**

Electricity

**Low-carbon technology type**

Wind

**Country/area of low-carbon energy consumption**

Brazil

**Tracking instrument used**

I-REC

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

39485

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

Brazil

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

2015

**Comment**

Our factory, 2 green leaf threshing plants and product center in Brazil covered 100% of its electricity consumed in 2021 by I-RECs. Respective renewable electricity was generated by Wind technology from several generation facilities. Across BAT Procurement departments of respective sites hold contracts with utilities or suppliers of such electricity. The copies of corresponding certificates and/or other contractual documents for the reporting units claiming to purchase low carbon electricity are collected via our on-line environmental reporting system.

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**Sourcing method**

Unbundled energy attribute certificates (EACs) purchase

**Energy carrier**

Electricity

**Low-carbon technology type**

Wind

**Country/area of low-carbon energy consumption**

Brazil

**Tracking instrument used**

I-REC

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

6068

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

Brazil

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

2017

**Comment**

Our factory, 2 green leaf threshing plants and product center in Brazil covered 100% of its electricity consumed in 2021 by I-RECs. Respective renewable electricity was generated by Wind technology from several generation facilities. Across BAT Procurement departments of respective sites hold contracts with utilities or suppliers of such electricity. The copies of corresponding certificates and/or other contractual documents for the reporting units claiming to purchase low carbon electricity are collected via our on-line environmental reporting system.

---

**Sourcing method**

Unbundled energy attribute certificates (EACs) purchase

**Energy carrier**

Electricity

**Low-carbon technology type**

Wind

**Country/area of low-carbon energy consumption**

Brazil

**Tracking instrument used**

I-REC

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

39834

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

Brazil

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

2018

**Comment**

Our factory and 2 green leaf threshing plants in Brazil covered 100% of its electricity consumed in 2021 by I-RECs. Respective renewable electricity was generated by Wind technology from several generation facilities. Across BAT Procurement departments of respective sites hold contracts with utilities or suppliers of such electricity. The copies of corresponding certificates and/or other contractual documents for the reporting units claiming to purchase low carbon electricity are collected via our on-line environmental reporting system.

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**Sourcing method**

Unbundled energy attribute certificates (EACs) purchase

**Energy carrier**

Electricity

**Low-carbon technology type**

Solar

**Country/area of low-carbon energy consumption**

Brazil

**Tracking instrument used**

I-REC

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

6140

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

Brazil

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

2018

**Comment**

Our factory, 1 green leaf threshing plant and product center in Brazil covered 100% of its electricity consumed in 2021 by I-RECs. Respective renewable electricity was generated by Wind technology from several generation facilities. Across BAT Procurement departments of respective sites hold contracts with utilities or suppliers of such electricity. The copies of corresponding certificates and/or other contractual documents for the reporting units claiming to purchase low carbon electricity are collected via our on-line environmental reporting system.

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**Sourcing method**

Unbundled energy attribute certificates (EACs) purchase

**Energy carrier**

Electricity

**Low-carbon technology type**

Large hydropower (>25 MW)

**Country/area of low-carbon energy consumption**

Chile

**Tracking instrument used**

I-REC

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

11059

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

Chile

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

1973

**Comment**

Our factory in Chile covered 100% of its electricity consumed in 2021 by I-RECs. Around 90% of I-RECs were sourced from facility using Hydro technology. Across BAT Procurement departments of respective sites hold contracts with utilities or suppliers of such electricity. The copies of corresponding certificates and/or other contractual documents for the reporting units claiming to purchase low carbon electricity are collected via our on-line environmental reporting system.

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**Sourcing method**

Unbundled energy attribute certificates (EACs) purchase

**Energy carrier**

Electricity

**Low-carbon technology type**

Solar

**Country/area of low-carbon energy consumption**

Chile

**Tracking instrument used**

I-REC

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

3722

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

Chile

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

2020

**Comment**

Our factory and green leaf threshing plant in Chile covered 100% of electricity consumed in 2021 by I-RECs. Around 90% of factory's consumption and 100% of GLT's consumption was covered by I-RECs sourced from facility using Solar technology. Across BAT Procurement departments of respective sites hold contracts with utilities or suppliers of such electricity. The copies of corresponding certificates and/or other contractual documents for the reporting units claiming to purchase low carbon electricity are collected via our on-line environmental reporting system.

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**Sourcing method**

Unbundled energy attribute certificates (EACs) purchase

**Energy carrier**

Electricity

**Low-carbon technology type**

Wind

**Country/area of low-carbon energy consumption**

Mexico

**Tracking instrument used**

I-REC

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

18545

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

Mexico

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

2013

**Comment**

Our factory and green leaf threshing plant in Mexico covered 100% of electricity consumed in 2021 by I-RECs. Respective renewable electricity was generated by Wind technology from 2 generation facilities. Across BAT Procurement departments of respective sites hold contracts with utilities or suppliers of such electricity. The copies of corresponding certificates and/or other contractual documents for the reporting units claiming to purchase low carbon electricity are collected via our on-line environmental reporting system.

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**Sourcing method**

Unbundled energy attribute certificates (EACs) purchase

**Energy carrier**

Electricity

**Low-carbon technology type**

Wind

**Country/area of low-carbon energy consumption**

Mexico

**Tracking instrument used**

I-REC

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

16158

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

Mexico

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

2015

**Comment**

Our factory and green leaf threshing plant in Mexico covered 100% of electricity consumed in 2021 by I-RECs. Respective renewable electricity was generated by Wind technology from 2 generation facilities. Across BAT Procurement departments of respective sites hold contracts with utilities or suppliers of such electricity. The copies of corresponding certificates and/or other contractual documents for the reporting units claiming to purchase low carbon electricity are collected via our on-line environmental reporting system.

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**Sourcing method**

Unbundled energy attribute certificates (EACs) purchase

**Energy carrier**

Electricity

**Low-carbon technology type**

Wind

**Country/area of low-carbon energy consumption**

South Africa

**Tracking instrument used**

I-REC

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

21434

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

South Africa

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

2014

**Comment**

Our factory in South Africa covered 100% of electricity consumed in 2021 by I-RECs. Respective renewable electricity was generated by Wind technology. Across BAT Procurement departments of respective sites hold contracts with utilities or suppliers of such electricity. The copies of corresponding certificates and/or other contractual documents for the reporting units claiming to purchase low carbon electricity are collected via our on-line environmental reporting system.

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**Sourcing method**

Green electricity products from an energy supplier (e.g. green tariffs)

**Energy carrier**

Electricity

**Low-carbon technology type**

Solar

**Country/area of low-carbon energy consumption**

Australia

**Tracking instrument used**

Contract

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

533

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

Australia

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

2021

**Comment**

Our Head office in Australia covered 100% of its electricity consumed in 2021 by renewable electricity attributes. Respective renewable electricity was generated by Solar technology. The site started with this type of electricity sourcing from 2021 reporting year. Across BAT Procurement departments of respective sites hold contracts with utilities or suppliers of such electricity. The copies of corresponding certificates and/or other contractual documents for the reporting units claiming to purchase low carbon electricity are collected via our on-line environmental reporting system.

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**Sourcing method**

Unbundled energy attribute certificates (EACs) purchase

**Energy carrier**

Electricity

**Low-carbon technology type**

Solar

**Country/area of low-carbon energy consumption**

United Arab Emirates

**Tracking instrument used**

I-REC

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

454

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

United Arab Emirates

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

2018

**Comment**

Our Head office in UAE covered 100% of its electricity consumed in 2021 by I-RECs. Respective renewable electricity was generated by Solar technology. The site started with this type of electricity sourcing from 2021 reporting year. Across BAT Procurement departments of respective sites hold contracts with utilities or suppliers of such electricity. The copies of corresponding certificates and/or other contractual documents for the reporting units claiming to purchase low carbon electricity are collected via our on-line environmental reporting system.

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**Sourcing method**

Unbundled energy attribute certificates (EACs) purchase

**Energy carrier**

Electricity

**Low-carbon technology type**

Sustainable biomass

**Country/area of low-carbon energy consumption**

Japan

**Tracking instrument used**

NFC – Renewable

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

100

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

Japan

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

2004

**Comment**

Our offices in Japan covered 26% of its electricity consumption in 2021 by renewable electricity certificates issued under one of the national schemes. Respective renewable electricity was generated from sustainable biomass. The site started with this type of electricity sourcing from 2020 reporting year. Across BAT Procurement departments of respective sites hold contracts with utilities or suppliers of such electricity. The copies of corresponding certificates and/or other contractual documents for the reporting units claiming to purchase low carbon electricity are collected via our on-line environmental reporting system.

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**Sourcing method**

Unbundled energy attribute certificates (EACs) purchase

**Energy carrier**

Electricity

**Low-carbon technology type**

Solar

**Country/area of low-carbon energy consumption**

Jordan

**Tracking instrument used**

I-REC

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

1768

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

Jordan

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

2018

**Comment**

Our factory and offices in Jordan covered 100% of its electricity consumed in 2021 by I-RECs. Respective renewable electricity was generated by Solar technology. The facilities started with renewable electricity sourcing from 2021 reporting year. Across BAT Procurement departments of respective sites hold contracts with utilities or suppliers of such electricity. The copies of corresponding certificates and/or other contractual documents for the reporting units claiming to purchase low carbon electricity are collected via our on-line environmental reporting system.

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**Sourcing method**

Unbundled energy attribute certificates (EACs) purchase

**Energy carrier**

Electricity

**Low-carbon technology type**

Solar

**Country/area of low-carbon energy consumption**

Singapore

**Tracking instrument used**

TIGR

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

1773

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

Singapore

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

**Comment**

Our factory in Singapore covered 13% of its electricity consumption in 2021 by renewable electricity certificates issued under and international scheme - Tradable Instrument for Global Renewables (TIGR). Respective renewable electricity was generated with Solar technology. The site started with this type of electricity sourcing from 2020 reporting year. Across BAT Procurement departments of respective sites hold contracts with utilities or suppliers of such electricity. The copies of corresponding certificates and/or other contractual documents for the reporting units claiming to purchase low carbon electricity are collected via our on-line environmental reporting system.

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**Sourcing method**

Unbundled energy attribute certificates (EACs) purchase

**Energy carrier**

Electricity

**Low-carbon technology type**

Small hydropower (<25 MW)

**Country/area of low-carbon energy consumption**

Sri Lanka

**Tracking instrument used**

I-REC

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

4609

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

Sri Lanka

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

2016

**Comment**

Our factory, offices green leaf threshing plant and other leaf operations facilities covered 100% of electricity consumed in 2021 by I-RECs. Respective renewable electricity was generated by Run of river (small hydro) technology from several generation facilities. Renewable electricity sourcing at the end market started in 2021. Across BAT Procurement departments of respective sites hold contracts with utilities or suppliers of such electricity. The copies of corresponding certificates and/or other contractual documents for the reporting units claiming to purchase low carbon electricity are collected via our on-line environmental reporting system.

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**Sourcing method**

Green electricity products from an energy supplier (e.g. green tariffs)

**Energy carrier**

Electricity

**Low-carbon technology type**

Hydropower (capacity unknown)

**Country/area of low-carbon energy consumption**

Croatia

**Tracking instrument used**

Contract

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

16243

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

Croatia

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

2018

**Comment**

Our factory, Green Leaf threshing plant and some offices in Croatia consume renewable electricity that is backed-up by GoOs (ZelEn) and sold under green tariff. This covers 96% of BAT electricity needs in the country. Across BAT Procurement departments of respective sites hold contracts with utilities or suppliers of such electricity. The copies of corresponding certificates and/or other contractual documents for the reporting units claiming to purchase low carbon electricity are collected via our on-line environmental reporting system.

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**Sourcing method**

Green electricity products from an energy supplier (e.g. green tariffs)

**Energy carrier**

Electricity

**Low-carbon technology type**

Renewable energy mix, please specify (wind, solar, hydro, sustainable biomass)

**Country/area of low-carbon energy consumption**

Germany

**Tracking instrument used**

Contract

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

8484

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

Germany

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

Our factory and offices in Germany consume renewable electricity (standard mix from wind, solar, hydro and sustainable biomass power) that is backed-up by HKN NEU100 ZERTIFIKAT and sold under green tariff. This covers 99% of BAT electricity needs in the country. Across BAT Procurement departments of respective sites hold contracts with utilities or suppliers of such electricity. The copies of corresponding certificates and/or other contractual documents for the reporting units claiming to purchase low carbon electricity are collected via our on-line environmental reporting system.

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**Sourcing method**

Green electricity products from an energy supplier (e.g. green tariffs)

**Energy carrier**

Electricity

**Low-carbon technology type**

Renewable energy mix, please specify (Wind, solar, hydro)

**Country/area of low-carbon energy consumption**

Hungary

**Tracking instrument used**

Contract

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

15535

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

Hungary

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

Our operations facilities producing modern oral, make-your-own and roll-your own and other tobacco products (3 sites) in Hungary consume 100% renewable electricity (standard mix from wind, solar and hydro power) sold under green tariff. This covers 99% of BAT electricity needs in the country. Across BAT Procurement departments of respective sites hold contracts with utilities or suppliers of such electricity. The copies of corresponding certificates and/or other contractual documents for the reporting units claiming to purchase low carbon electricity are collected via our on-line environmental reporting system.

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**Sourcing method**

Green electricity products from an energy supplier (e.g. green tariffs)

**Energy carrier**

Electricity

**Low-carbon technology type**

Renewable energy mix, please specify (Wind, solar, hydro)

**Country/area of low-carbon energy consumption**

Italy

**Tracking instrument used**

Contract

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

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

Italy

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

Our offices in Italy consume electricity that is by 100% backed-up by GoOs under the green tariff. Across BAT Procurement departments of respective sites hold contracts with utilities or suppliers of such electricity. The copies of corresponding certificates and/or other contractual documents for the reporting units claiming to purchase low carbon electricity are collected via our on-line environmental reporting system.

**Sourcing method**

Green electricity products from an energy supplier (e.g. green tariffs)

**Energy carrier**

Electricity

**Low-carbon technology type**

Wind

**Country/area of low-carbon energy consumption**

Netherlands

**Tracking instrument used**

Contract

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

6128

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

Netherlands

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

Our factory in the Netherlands consumes renewable electricity generated from wind sources to cover 100% of electricity needs in 2021. Across BAT Procurement departments of respective sites hold contracts with utilities or suppliers of such electricity. The copies of corresponding certificates and/or other contractual documents for the reporting units claiming to purchase low carbon electricity are collected via our on-line environmental reporting system.

**Sourcing method**

Green electricity products from an energy supplier (e.g. green tariffs)

**Energy carrier**

Electricity

**Low-carbon technology type**

Renewable energy mix, please specify (wind, solar, hydro, sustainable biomass)

**Country/area of low-carbon energy consumption**

Netherlands

**Tracking instrument used**

Contract

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

68

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

Netherlands

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

Our offices in the Netherlands consume 100% renewable electricity supplied under the green tariff (standard mix from wind, solar, hydro and sustainable biomass power). This type of electricity sourcing commenced in 2021. Across BAT Procurement departments of respective sites hold contracts with utilities or suppliers of such electricity. The copies of corresponding certificates and/or other contractual documents for the reporting units claiming to purchase low carbon electricity are collected via our on-line environmental reporting system.

**Sourcing method**

Green electricity products from an energy supplier (e.g. green tariffs)

**Energy carrier**

Electricity

**Low-carbon technology type**

Renewable energy mix, please specify (wind, solar, hydro, sustainable biomass)

**Country/area of low-carbon energy consumption**

Poland

**Tracking instrument used**

GO

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

47050

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

Poland



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

2 our factories in Poland consume 100% renewable electricity that is backed-up by GOs and sold under green tariff (standard mix from wind, solar, hydro and sustainable biomass power). This covers 97% of BAT electricity needs in the country in 2021. Across BAT Procurement departments of respective sites hold contracts with utilities or suppliers of such electricity. The copies of corresponding certificates and/or other contractual documents for the reporting units claiming to purchase low carbon electricity are collected via our on-line environmental reporting system.

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**Sourcing method**

Green electricity products from an energy supplier (e.g. green tariffs)

**Energy carrier**

Electricity

**Low-carbon technology type**

Renewable energy mix, please specify (Wind, solar, hydro, thermal)

**Country/area of low-carbon energy consumption**

Romania

**Tracking instrument used**

GO

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

39002

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

Romania

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

Our factory in Romania consumes 100% renewable electricity that is backed-up by GOs and sold under green tariff (standard mix from wind, solar, hydro and thermal power). This covers 92% of BAT electricity needs in the country in 2021. Across BAT Procurement departments of respective sites hold contracts with utilities or suppliers of such electricity. The copies of corresponding certificates and/or other contractual documents for the reporting units claiming to purchase low carbon electricity are collected via our on-line environmental reporting system.

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**Sourcing method**

Unbundled energy attribute certificates (EACs) purchase

**Energy carrier**

Electricity

**Low-carbon technology type**

Large hydropower (>25 MW)

**Country/area of low-carbon energy consumption**

Russian Federation

**Tracking instrument used**

I-REC

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

5000

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

Russian Federation

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

1972

**Comment**

Our factory in Russia covered 22% of its electricity consumed in 2021 by I-RECs. Respective renewable electricity was generated by Large Hydro technology at 2 generation facilities, I-RECs of the amount of 5000 MWh are sourced from each. The site commenced renewable electricity sourcing from 2021 reporting year. Across BAT Procurement departments of respective sites hold contracts with utilities or suppliers of such electricity. The copies of corresponding certificates and/or other contractual documents for the reporting units claiming to purchase low carbon electricity are collected via our on-line environmental reporting system.

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**Sourcing method**

Unbundled energy attribute certificates (EACs) purchase

**Energy carrier**

Electricity

**Low-carbon technology type**

Large hydropower (>25 MW)

**Country/area of low-carbon energy consumption**

Russian Federation

**Tracking instrument used**

I-REC

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

5000

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

Russian Federation

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

2004

**Comment**

Our factory in Russia covered 22% of its electricity consumed in 2021 by I-RECs. Respective renewable electricity was generated by Large Hydro technology at 2 generation facilities, I-RECs art the amount of 5000 MWh are sourced from each. The site commenced renewable electricity sourcing from 2021 reporting year. Across BAT Procurement departments of respective sites hold contracts with utilities or suppliers of such electricity. The copies of corresponding certificates and/or other contractual documents for the reporting units claiming to purchase low carbon electricity are collected via our on-line environmental reporting system.

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**Sourcing method**

Green electricity products from an energy supplier (e.g. green tariffs)

**Energy carrier**

Electricity

**Low-carbon technology type**

Large hydropower (>25 MW)

**Country/area of low-carbon energy consumption**

Serbia

**Tracking instrument used**

Contract

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

3721

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

Serbia

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

1970

**Comment**

Our factory in Serbia concluded a contact with electricity provider to secure that it has 100% renewable content from Hydro technology. 100% of electricity use of the site are covers. Across BAT Procurement departments of respective sites hold contracts with utilities or suppliers of such electricity. The copies of corresponding certificates and/or other contractual documents for the reporting units claiming to purchase low carbon electricity are collected via our on-line environmental reporting system.

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**Sourcing method**

Green electricity products from an energy supplier (e.g. green tariffs)

**Energy carrier**

Electricity

**Low-carbon technology type**

Hydropower (capacity unknown)

**Country/area of low-carbon energy consumption**

Sweden

**Tracking instrument used**

GO

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

4175

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

Norway

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

**Comment**

Our factory in Sweden consumes electricity that is by 100% backed-up by GOs under the green tariff. Across BAT Procurement departments of respective sites hold contracts with utilities or suppliers of such electricity. The copies of corresponding certificates and/or other contractual documents for the reporting units claiming to purchase low carbon electricity are collected via our on-line environmental reporting system.

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**Sourcing method**

Green electricity products from an energy supplier (e.g. green tariffs)

**Energy carrier**

Electricity

**Low-carbon technology type**

Small hydropower (<25 MW)

**Country/area of low-carbon energy consumption**

Switzerland

**Tracking instrument used**

Contract

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

6226

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

Switzerland

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

2004

**Comment**

Our factory in Switzerland as well as offices consume renewable electricity that is by 100% backed-up by GoOs under the contract. Renewable technology used for energy generation is large hydro. Across BAT Procurement departments of respective sites hold contracts with utilities or suppliers of such electricity. The copies of corresponding certificates and/or other contractual documents for the reporting units claiming to purchase low carbon electricity are collected via our on-line environmental reporting system.

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**Sourcing method**

Green electricity products from an energy supplier (e.g. green tariffs)

**Energy carrier**

Electricity

**Low-carbon technology type**

Renewable energy mix, please specify (90% hydro, 10% wind and solar)

**Country/area of low-carbon energy consumption**

Switzerland

**Tracking instrument used**

Contract

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

84

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

Switzerland

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

Our offices in Switzerland consume 100% renewable electricity (mix from 90% hydro and 10% of wind and solar) under green tariff. Across BAT Procurement departments of respective sites hold contracts with utilities or suppliers of such electricity. The copies of corresponding certificates and/or other contractual documents for the reporting units claiming to purchase low carbon electricity are collected via our on-line environmental reporting system.

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**Sourcing method**

Unbundled energy attribute certificates (EACs) purchase

**Energy carrier**

Electricity

**Low-carbon technology type**

Small hydropower (<25 MW)

**Country/area of low-carbon energy consumption**

Turkey

**Tracking instrument used**

I-REC

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

7039

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

Turkey

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

2010

**Comment**

Our factory in Turkey covered 100% of its electricity consumption in 2021 by I-RECs. Respective renewable electricity was generated by run of river (small hydro) technology. The site started with this type of electricity sourcing from 2020 reporting year. Across BAT Procurement departments of respective sites hold contracts with utilities or suppliers of such electricity. The copies of corresponding certificates and/or other contractual documents for the reporting units claiming to purchase low carbon electricity are collected via our on-line environmental reporting system.

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**Sourcing method**

Unbundled energy attribute certificates (EACs) purchase

**Energy carrier**

Electricity

**Low-carbon technology type**

Small hydropower (<25 MW)

**Country/area of low-carbon energy consumption**

Turkey

**Tracking instrument used**

I-REC

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

1201

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

Turkey

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

2009

**Comment**

Our head office and depots in Turkey covered 100% of electricity consumption in 2021 by I-RECs. Respective renewable electricity was generated by run of river (small hydro) technology. The sourcing started from 2021 reporting year. Across BAT Procurement departments of respective sites hold contracts with utilities or suppliers of such electricity. The copies of corresponding certificates and/or other contractual documents for the reporting units claiming to purchase low carbon electricity are collected via our on-line environmental reporting system.

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**Sourcing method**

Green electricity products from an energy supplier (e.g. green tariffs)

**Energy carrier**

Electricity

**Low-carbon technology type**

Renewable energy mix, please specify (Wind, solar, hydro, thermal, biomass, waste)

**Country/area of low-carbon energy consumption**

United Kingdom of Great Britain and Northern Ireland

**Tracking instrument used**

REGO

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

15236

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

United Kingdom of Great Britain and Northern Ireland

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

2011

**Comment**

Our Head office and R&D facility in UK consume renewable electricity (standard mix with major component coming from wind energy and the rest - from solar, hydro, waste and biomass) that is backed-up by REGO certificate and is supplied under green tariff. Across BAT Procurement departments of respective sites hold contracts with utilities or suppliers of such electricity. The copies of corresponding certificates and/or other contractual documents for the reporting units claiming to purchase low carbon electricity are collected via our on-line environmental reporting system.

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**Sourcing method**

Green electricity products from an energy supplier (e.g. green tariffs)

**Energy carrier**

Electricity

**Low-carbon technology type**

Wind

**Country/area of low-carbon energy consumption**

United Kingdom of Great Britain and Northern Ireland

**Tracking instrument used**

Contract

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

366

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

United Kingdom of Great Britain and Northern Ireland

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

**Comment**

Our office in UK consumes 100% renewable electricity supplied under the green tariff. The technology used for this electricity generation is Wind. Across BAT Procurement departments of respective sites hold contracts with utilities or suppliers of such electricity. The copies of corresponding certificates and/or other contractual documents for the reporting units claiming to purchase low carbon electricity are collected via our on-line environmental reporting system.

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**Sourcing method**

Unbundled energy attribute certificates (EACs) purchase

**Energy carrier**

Electricity

**Low-carbon technology type**

Large hydropower (>25 MW)

**Country/area of low-carbon energy consumption**

United States of America

**Tracking instrument used**

US-REC

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

100150

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

United States of America

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

**Comment**

Seven our factories in US covered 100% of its electricity consumption in 2021 by US -RECs. The certificates covering consumption in the first half of the year are for renewable electricity generated using Large Hydro technology, generating facility is in US. Associated renewable technology is onshore wind. Across BAT Procurement

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departments of respective sites hold contracts with utilities or suppliers of such electricity. The copies of corresponding certificates and/or other contractual documents for the reporting units claiming to purchase low carbon electricity are collected via our on-line environmental reporting system.

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**Sourcing method**

Unbundled energy attribute certificates (EACs) purchase

**Energy carrier**

Electricity

**Low-carbon technology type**

Large hydropower (>25 MW)

**Country/area of low-carbon energy consumption**

United States of America

**Tracking instrument used**

US-REC

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

123123

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

Canada

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

**Comment**

Seven our factories in US covered 100% of its electricity consumption in 2021 by US -RECs. On top, our product center in US covered 100% of its electricity consumption for the 2nd half of the year (approx. 56% of annual consumption). The certificates covering consumption in the second half of the year are for renewable electricity generated using Large Hydro technology, generating facility is in Canada. Associated renewable technology is onshore wind. Across BAT Procurement departments of respective sites hold contracts with utilities or suppliers of such electricity. The copies of corresponding certificates and/or other contractual documents for the reporting units claiming to purchase low carbon electricity are collected via our on-line environmental reporting system.

---

**Sourcing method**

Green electricity products from an energy supplier (e.g. green tariffs)

**Energy carrier**

Electricity

**Low-carbon technology type**

Renewable energy mix, please specify (Thermal, Wind, Hydro)

**Country/area of low-carbon energy consumption**

Argentina

**Tracking instrument used**

Contract

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

3960

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

Argentina

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

2019

**Comment**

Our factory in Argentina concluded a contact with electricity provider to ensure that a certain amount of electricity supplied to the site has 100% renewable content. The contact was enforced in Aug 2019 for 60 months and in 2021 covered approx.51% of electricity use of the site. Across BAT Procurement departments of respective sites hold contracts with utilities or suppliers of such electricity. The copies of corresponding certificates and/or other contractual documents for the reporting units claiming to purchase low carbon electricity are collected via our on-line environmental reporting system.

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**C8.2g**

**(C8.2g) Provide a breakdown of your non-fuel energy consumption by country.**

**Country/area**

United States of America

**Consumption of electricity (MWh)**

260023

**Consumption of heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

260023

**Is this consumption excluded from your RE100 commitment?**

<Not Applicable>

---

**Country/area**

Turkey

**Consumption of electricity (MWh)**

8240

**Consumption of heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

8240

**Is this consumption excluded from your RE100 commitment?**

<Not Applicable>

---

**Country/area**

Bangladesh

**Consumption of electricity (MWh)**

51155

**Consumption of heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

51155

**Is this consumption excluded from your RE100 commitment?**

<Not Applicable>

---

**Country/area**

Nigeria

**Consumption of electricity (MWh)**

15276

**Consumption of heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

15276

**Is this consumption excluded from your RE100 commitment?**

<Not Applicable>

---

**Country/area**

Poland

**Consumption of electricity (MWh)**

48352

**Consumption of heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

48352

**Is this consumption excluded from your RE100 commitment?**

<Not Applicable>

---

**Country/area**

Russian Federation

**Consumption of electricity (MWh)**

46560

**Consumption of heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

46560

**Is this consumption excluded from your RE100 commitment?**

<Not Applicable>

---

**Country/area**

Germany

**Consumption of electricity (MWh)**

8755

**Consumption of heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

8755

**Is this consumption excluded from your RE100 commitment?**

<Not Applicable>

---

**Country/area**

Mexico

**Consumption of electricity (MWh)**

37496

**Consumption of heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

37496

**Is this consumption excluded from your RE100 commitment?**

&lt;Not Applicable&gt;

**Country/area**

Pakistan

**Consumption of electricity (MWh)**

32446

**Consumption of heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

32446

**Is this consumption excluded from your RE100 commitment?**

&lt;Not Applicable&gt;

**Country/area**

South Africa

**Consumption of electricity (MWh)**

27243

**Consumption of heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

27243

**Is this consumption excluded from your RE100 commitment?**

&lt;Not Applicable&gt;

**Country/area**

Brazil

**Consumption of electricity (MWh)**

95042

**Consumption of heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

95042

**Is this consumption excluded from your RE100 commitment?**

&lt;Not Applicable&gt;

**Country/area**

Romania

**Consumption of electricity (MWh)**

42177

**Consumption of heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

42177

**Is this consumption excluded from your RE100 commitment?**

&lt;Not Applicable&gt;

**Country/area**

Indonesia

**Consumption of electricity (MWh)**

27050

**Consumption of heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

27050

**Is this consumption excluded from your RE100 commitment?**

<Not Applicable>

---

**Country/area**

Chile

**Consumption of electricity (MWh)**

15865

**Consumption of heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

15865

**Is this consumption excluded from your RE100 commitment?**

<Not Applicable>

---

**Country/area**

Republic of Korea

**Consumption of electricity (MWh)**

38572

**Consumption of heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

38572

**Is this consumption excluded from your RE100 commitment?**

<Not Applicable>

---

**Country/area**

Croatia

**Consumption of electricity (MWh)**

16866

**Consumption of heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

16866

**Is this consumption excluded from your RE100 commitment?**

<Not Applicable>

---

**Country/area**

Uzbekistan

**Consumption of electricity (MWh)**

12023

**Consumption of heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

12023

**Is this consumption excluded from your RE100 commitment?**

<Not Applicable>

---

**Country/area**

Kenya

**Consumption of electricity (MWh)**

11317

**Consumption of heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

11317

**Is this consumption excluded from your RE100 commitment?**

<Not Applicable>

---

**Country/area**

Ukraine

**Consumption of electricity (MWh)**

15679

**Consumption of heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**



15679

Is this consumption excluded from your RE100 commitment?

<Not Applicable>

---

**Country/area**

Venezuela (Bolivarian Republic of)

**Consumption of electricity (MWh)**

12012

**Consumption of heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

12012

Is this consumption excluded from your RE100 commitment?

<Not Applicable>

---

**Country/area**

Argentina

**Consumption of electricity (MWh)**

8873

**Consumption of heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

8873

Is this consumption excluded from your RE100 commitment?

<Not Applicable>

---

**Country/area**

United Kingdom of Great Britain and Northern Ireland

**Consumption of electricity (MWh)**

16356

**Consumption of heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

16356

Is this consumption excluded from your RE100 commitment?

<Not Applicable>

---

**Country/area**

Iran (Islamic Republic of)

**Consumption of electricity (MWh)**

6854

**Consumption of heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

6854

Is this consumption excluded from your RE100 commitment?

<Not Applicable>

---

**Country/area**

Canada

**Consumption of electricity (MWh)**

5812

**Consumption of heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

5812

Is this consumption excluded from your RE100 commitment?

<Not Applicable>

---

**Country/area**

Hungary

**Consumption of electricity (MWh)**

15608

**Consumption of heat, steam, and cooling (MWh)**

6936

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

22544

**Is this consumption excluded from your RE100 commitment?**

<Not Applicable>

---

**Country/area**

Switzerland

**Consumption of electricity (MWh)**

6310

**Consumption of heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

6310

**Is this consumption excluded from your RE100 commitment?**

<Not Applicable>

---

**Country/area**

Serbia

**Consumption of electricity (MWh)**

3855

**Consumption of heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

3855

**Is this consumption excluded from your RE100 commitment?**

<Not Applicable>

---

**Country/area**

Honduras

**Consumption of electricity (MWh)**

4706

**Consumption of heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

4706

**Is this consumption excluded from your RE100 commitment?**

<Not Applicable>

---

**Country/area**

Papua New Guinea

**Consumption of electricity (MWh)**

379

**Consumption of heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

379

**Is this consumption excluded from your RE100 commitment?**

<Not Applicable>

---

**Country/area**

Belarus

**Consumption of electricity (MWh)**

185

**Consumption of heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

185

**Is this consumption excluded from your RE100 commitment?**

<Not Applicable>

---

**Country/area**

Sudan

**Consumption of electricity (MWh)**

4516

**Consumption of heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

4516

**Is this consumption excluded from your RE100 commitment?**

<Not Applicable>

---

**Country/area**

Netherlands

**Consumption of electricity (MWh)**

6196

**Consumption of heat, steam, and cooling (MWh)**

56

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

6252

**Is this consumption excluded from your RE100 commitment?**

<Not Applicable>

---

**Country/area**

Sri Lanka

**Consumption of electricity (MWh)**

4621

**Consumption of heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

4621

**Is this consumption excluded from your RE100 commitment?**

<Not Applicable>

---

**Country/area**

Cuba

**Consumption of electricity (MWh)**

7030

**Consumption of heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

7030

**Is this consumption excluded from your RE100 commitment?**

<Not Applicable>

---

**Country/area**

Japan

**Consumption of electricity (MWh)**

386

**Consumption of heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

386

**Is this consumption excluded from your RE100 commitment?**

<Not Applicable>

---

**Country/area**

Italy

**Consumption of electricity (MWh)**

628

**Consumption of heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

628

**Is this consumption excluded from your RE100 commitment?**

<Not Applicable>

---

**Country/area**

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Malaysia

**Consumption of electricity (MWh)**

1530

**Consumption of heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

1530

**Is this consumption excluded from your RE100 commitment?**

<Not Applicable>

---

**Country/area**

Singapore

**Consumption of electricity (MWh)**

13506

**Consumption of heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

13506

**Is this consumption excluded from your RE100 commitment?**

<Not Applicable>

---

**Country/area**

Trinidad and Tobago

**Consumption of electricity (MWh)**

6299

**Consumption of heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

6299

**Is this consumption excluded from your RE100 commitment?**

<Not Applicable>

---

**Country/area**

Algeria

**Consumption of electricity (MWh)**

3687

**Consumption of heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

3687

**Is this consumption excluded from your RE100 commitment?**

<Not Applicable>

---

**Country/area**

Zimbabwe

**Consumption of electricity (MWh)**

1382

**Consumption of heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

1382

**Is this consumption excluded from your RE100 commitment?**

<Not Applicable>

---

**Country/area**

Fiji

**Consumption of electricity (MWh)**

1130

**Consumption of heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

1130

**Is this consumption excluded from your RE100 commitment?**

<Not Applicable>

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**Country/area**

France

**Consumption of electricity (MWh)**

191

**Consumption of heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

191

**Is this consumption excluded from your RE100 commitment?**

&lt;Not Applicable&gt;

---

**Country/area**

Myanmar

**Consumption of electricity (MWh)**

1649

**Consumption of heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

1649

**Is this consumption excluded from your RE100 commitment?**

&lt;Not Applicable&gt;

---

**Country/area**

Kazakhstan

**Consumption of electricity (MWh)**

236

**Consumption of heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

236

**Is this consumption excluded from your RE100 commitment?**

&lt;Not Applicable&gt;

---

**Country/area**

Colombia

**Consumption of electricity (MWh)**

695

**Consumption of heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

695

**Is this consumption excluded from your RE100 commitment?**

&lt;Not Applicable&gt;

---

**Country/area**

Viet Nam

**Consumption of electricity (MWh)**

5143

**Consumption of heat, steam, and cooling (MWh)**

2669

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

7812

**Is this consumption excluded from your RE100 commitment?**

&lt;Not Applicable&gt;

---

**Country/area**

Bosnia &amp; Herzegovina

**Consumption of electricity (MWh)**

2886

**Consumption of heat, steam, and cooling (MWh)**

4

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

2890

Is this consumption excluded from your RE100 commitment?

<Not Applicable>

---

**Country/area**

Australia

**Consumption of electricity (MWh)**

740

**Consumption of heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

740

Is this consumption excluded from your RE100 commitment?

<Not Applicable>

---

**Country/area**

Czechia

**Consumption of electricity (MWh)**

44

**Consumption of heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

44

Is this consumption excluded from your RE100 commitment?

<Not Applicable>

---

**Country/area**

Saudi Arabia

**Consumption of electricity (MWh)**

368

**Consumption of heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

368

Is this consumption excluded from your RE100 commitment?

<Not Applicable>

---

**Country/area**

Sweden

**Consumption of electricity (MWh)**

4636

**Consumption of heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

4636

Is this consumption excluded from your RE100 commitment?

<Not Applicable>

---

**Country/area**

Zambia

**Consumption of electricity (MWh)**

2156

**Consumption of heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

2156

Is this consumption excluded from your RE100 commitment?

<Not Applicable>

---

**Country/area**

Mozambique

**Consumption of electricity (MWh)**

711

**Consumption of heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

711

**Is this consumption excluded from your RE100 commitment?**

<Not Applicable>

---

**Country/area**

Jordan

**Consumption of electricity (MWh)**

1768

**Consumption of heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

1768

**Is this consumption excluded from your RE100 commitment?**

<Not Applicable>

---

**Country/area**

Samoa

**Consumption of electricity (MWh)**

255

**Consumption of heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

255

**Is this consumption excluded from your RE100 commitment?**

<Not Applicable>

---

**Country/area**

Other, please specify ( There are BAT units in 34 countries, that in total give less than 2% of total Scope 1 and 2 Market-based emissions (less than 0.5% of non-fuel electricity consumption) while having no manufacturing and green leaf threshing facilities. )

**Consumption of electricity (MWh)**

3968

**Consumption of heat, steam, and cooling (MWh)**

6

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

3974

**Is this consumption excluded from your RE100 commitment?**

<Not Applicable>

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## C9. Additional metrics

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### C9.1

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**(C9.1) Provide any additional climate-related metrics relevant to your business.**

**Description**

Other, please specify (% farmers' sustainable wood fuel sources)

**Metric value**

99.9

**Metric numerator**

n/a

**Metric denominator (intensity metric only)**

n/a

**% change from previous year**

0.02

**Direction of change**

Increased

**Please explain**

Using wood is essential and has a direct correlation to our S3 emissions; already more than 80% of the tobacco we buy is cured using renewable fuels (wood, biomass, etc.). Data collected from a sample of over 69,000 farmers that are contracted by BAT leaf operations. Of our 75,000+ directly contracted farmers, around 33,000 use wood for curing and the percentage reported represents sustainable wood used by those farmers. In some cases, where our operations have contracted a large number of farmers, farmer samples have been used. This data excludes farmers that our third-party suppliers' source from. 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 exotic species grown with the purpose to promote wood self-sufficiency; and wood sourced from existing legal plantations. If the farmer cannot confirm the traceability of the wood back to a sustainable source, it is considered as unsustainable wood.

**Description**

Other, please specify (Zero unnecessary single use plastics in our packaging by 2025)

**Metric value**

1987

**Metric numerator**

metric tonnes

**Metric denominator (intensity metric only)**

n/a

**% change from previous year**

13

**Direction of change**

Decreased

**Please explain**

This KPI totalizes all volume (in metric tonnes) of product primary and secondary plastic packaging elements that are (at present) classifiable as unnecessary. Examples of primary and secondary packaging are resealable cigarette pack elements, film used to wrap cigarette packs, closing tapes of shipment boxes applied by BAT factories, film that used to wrap starter kits or plastic trays that used to be used in the packaging of new categories devices. Tertiary packaging items applied by logistics partners or elements such as plastic pallets are out of scope. By "unnecessary" we mean any plastic packaging element technically replaceable by non-plastic materials without compromise of product properties (i.e., quality, safety or other regulatory requirements). The classification of materials as unnecessary or necessary and/or as single-use-plastics are defined by our R&D teams. The unnecessary single use plastic materials' consumption, for each type of SKU in our portfolio, is sourced from our products Bill of Materials, converted into metric tonnes and multiplied by the volumes sold (with the aid of various tools including Alteryx) in the reporting period to generate final reportable volumes.

**C10. Verification**

**C10.1**

**(C10.1) Indicate the verification/assurance status that applies to your reported emissions.**

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	Third-party verification or assurance process in place

**C10.1a**



**(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 emissions, and attach the relevant statements.**

**Verification or assurance cycle in place**

Annual process

**Status in the current reporting year**

Complete

**Type of verification or assurance**

Limited assurance

**Attach the statement**

BAT\_ESG\_Report\_2021.pdf

**Page/ section reference**

See attached ESG report 2021 - Independent Limited Assurance report – pages – 117 - 121. Scope 1 CO2e emissions data were in scope of Independent Limited Assurance by KPMG. The work was performed in accordance with ISAE 3000 and, in respect of the greenhouse gas emissions information, including Scope 1 CO2e emissions, in accordance with ISAE 3410 (see p.117-118). Verified figure of Scope 1 CO2e emissions is in p.119, section CO2e emissions of the table.

**Relevant standard**

ISAE 3410

**Proportion of reported emissions verified (%)**

100

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**C10.1b**

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**(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 2 emissions and attach the relevant statements.**

**Scope 2 approach**

Scope 2 location-based

**Verification or assurance cycle in place**

Annual process

**Status in the current reporting year**

Complete

**Type of verification or assurance**

Limited assurance

**Attach the statement**

BAT\_ESG\_Report\_2021.pdf

**Page/ section reference**

See attached ESG report 2021 - Independent Limited Assurance report – pages – 117 - 121 Scope 2 (Location-based) CO2e emissions data were in scope of Independent Limited Assurance by KPMG. The work was performed in accordance with ISAE 3000 and, in respect of the greenhouse gas emissions information, including Scope 2 CO2e emissions, in accordance with ISAE 3410 (see p.117-118). Verified figure of Scope 2 (Location-based) emissions is in p.119, section CO2e emissions of the table.

**Relevant standard**

ISAE 3410

**Proportion of reported emissions verified (%)**

100

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**Scope 2 approach**

Scope 2 market-based

**Verification or assurance cycle in place**

Annual process

**Status in the current reporting year**

Complete

**Type of verification or assurance**

Limited assurance

**Attach the statement**

BAT\_ESG\_Report\_2021.pdf

**Page/ section reference**

See attached ESG report 2021 - Independent Limited Assurance report – pages – 117 - 121 Scope 2 (Market-based) CO2e emissions data were in scope of Independent Limited Assurance by KPMG. The work was performed in accordance with ISAE 3000 and, in respect of the greenhouse gas emissions information, including Scope 2 CO2e emissions, in accordance with ISAE 3410 (see p.117-118). Verified figure of Scope 2 (Market-based) emissions is in p.119, section CO2e emissions of the table.

**Relevant standard**

ISAE 3410

**Proportion of reported emissions verified (%)**

100

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**C10.1c**

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**(C10.1c) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.**

**Scope 3 category**

- Scope 3: Purchased goods and services
- Scope 3: Capital goods
- Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2)
- Scope 3: Upstream transportation and distribution
- Scope 3: Waste generated in operations
- Scope 3: Business travel
- Scope 3: Employee commuting
- Scope 3: Use of sold products
- Scope 3: End-of-life treatment of sold products
- Scope 3: Franchises

**Verification or assurance cycle in place**

Annual process

**Status in the current reporting year**

Complete

**Type of verification or assurance**

Limited assurance

**Attach the statement**

BAT\_ESG\_Report\_2021.pdf

**Page/section reference**

See attached ESG report 2021 - Independent Limited Assurance report – pages – 117 - 121 Scope 3 CO2e emissions data we in scope of Independent Limited Assurance by KPMG. The work was performed in accordance with ISAE 3000 and, in respect of the greenhouse gas emissions information, including Scope 3 CO2e emissions, in accordance with ISAE 3410 (see p.117-118). Verified figures of Scope 3 emissions are in p.119, section CO2e emissions of the table.

**Relevant standard**

ISAE 3410

**Proportion of reported emissions verified (%)**

100

**C10.2**

**(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?**

Yes

**C10.2a**

**(C10.2a) Which data points within your CDP disclosure have been verified, and which verification standards were used?**

Disclosure module verification relates to	Data verified	Verification standard	Please explain
C4. Targets and performance	Energy consumption	Limited assurance ISAE3000 standard	The scope of verification (Independent limited assurance performed by KPMG) covered: total direct energy use, renewable energy consumption and, based on the above, calculation of Renewable energy as a % of total direct energy use. These data points were selected for verification, while 1/ direct energy use reduction and increase of renewable energy share are main drivers of reducing our Scope 1 and 2 emissions and 2/ we have set target to increase Renewable energy as a % of total direct energy use to 30% by 2025 to support of decarbonization plans. Verification of the data points is performed annually; scope is company wide. For full Assurance Statement - see page 117 to 121 of the attachment. Relevant figures are in page 119, section 'Energy' of the table. BAT_ESG_Report_2021.pdf
C4. Targets and performance	Other, please specify (Waste Generated)	Limited assurance ISAE3000 standard	The scope of verification (Independent limited assurance performed by KPMG) covered: Waste generated ('000 tonnes). Waste to landfill ('000 tonnes). % of sites reporting zero waste to landfill. % of waste recycled. These data points were selected for verification, we have set targets for respective KPIs. Reduction and recycling of waste from our direct operations is an important part of our circular economy agenda. In line with waste management hierarchy, reducing waste most preferable solution. Further, waste generated from our operations is the cornerstone parameter for further development of waste management, reduction and recycling programs. Verification of the data points is performed annually; scope is company wide. For full Assurance Statement - see page 117 to 121 of the attachment. Relevant figures are in page 119, section 'Waste' of the table. BAT_ESG_Report_2021.pdf
C4. Targets and performance	Other, please specify (% of sites reporting zero waste to landfill )	Limited assurance ISAE3000 standard	The scope of verification (Independent limited assurance performed by KPMG) covered: Waste generated ('000 tonnes). Waste to landfill ('000 tonnes). % of sites reporting zero waste to landfill. % of waste recycled. These data points were selected for verification, we have set targets for respective KPIs. Reduction and recycling of waste from our direct operations is an important part of our circular economy agenda. While operations sites (factories and green leaf threshing plants) contribute annually to over 90% of waste generation, we strive for getting them to zero waste to landfill. Verification of the data points is performed annually; scope is company wide. For full Assurance Statement - see page 117 to 121 of the attachment. Relevant figures are in page 119, section 'Waste' of the table. BAT_ESG_Report_2021.pdf
C9. Additional metrics	Other, please specify (% of sources of wood used by our contracted farmers for curing fuels that are from sustainable sources)	Limited assurance ISAE3000 standard	Verification scope: % of sources of wood used by our contracted farmers for curing fuels that are from sustainable sources. Verification of the data points is performed annually; scope is companywide. For full Assurance Statement - see page 117 to 121 of the attachment. Relevant figures are in page 119, section 'Afforestation and Land management' of the table. BAT_ESG_Report_2021.pdf

**C11. Carbon pricing**

## C11.1

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**(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?**

Yes

### C11.1a

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**(C11.1a) Select the carbon pricing regulation(s) which impacts your operations.**

Canada federal fuel charge

Denmark carbon tax

EU ETS

Norway carbon tax

Poland carbon tax

South Africa carbon tax

Sweden carbon tax

Switzerland carbon tax

Switzerland ETS

Ukraine carbon tax

Other carbon tax, please specify (Other: Croatia carbon fee)

### C11.1b

---

**(C11.1b) Complete the following table for each of the emissions trading schemes you are regulated by.**

#### EU ETS

**% of Scope 1 emissions covered by the ETS**

2.83

**% of Scope 2 emissions covered by the ETS**

0

**Period start date**

December 1 2020

**Period end date**

November 30 2021

**Allowances allocated**

1412

**Allowances purchased**

9613

**Verified Scope 1 emissions in metric tons CO<sub>2</sub>e**

9285

**Verified Scope 2 emissions in metric tons CO<sub>2</sub>e**

0

**Details of ownership**

Facilities we own and operate

**Comment**

Our facility (cigarette factory) in Poland Augustow is under EU ETS. The scheme is applied to emissions from natural gas (boiler house and air dryer) and oil use; it doesn't cover emissions from fuel use by company vehicles. The scheme is not applicable to Scope 2 emissions. Reported verified Scope 1 emissions for our facility in Augustow cover both emissions from fuel use on site (mostly natural gas) and in fleet vehicles. Reported verified Scope 2 emissions are as per Market-based method. For our factory in Augustow these are 0, while the site sources 100% renewable electricity. For our factory in Augustow the last free EUA allocation for 2021 was equal to 1412 t CO<sub>2</sub>e. EUA allowances purchased on the market twice in 2021 = 5373 tCO<sub>2</sub>e in October and 4240 tCO<sub>2</sub>e in December.

## Switzerland ETS

### % of Scope 1 emissions covered by the ETS

0.48

### % of Scope 2 emissions covered by the ETS

0

### Period start date

December 1 2020

### Period end date

November 30 2021

### Allowances allocated

1823

### Allowances purchased

0

### Verified Scope 1 emissions in metric tons CO2e

1565

### Verified Scope 2 emissions in metric tons CO2e

0

### Details of ownership

Facilities we own and operate

### Comment

Our facility (cigarette factory) in Switzerland is under EU ETS. The scheme is applied to emissions from natural gas and fuel oil use, which constitute major part of Scope 1 emissions; it doesn't cover emissions from fuel use by company vehicles. The scheme is not applicable to Scope 2 emissions. According to the Swiss confederation legislation, a company subject to ETS can ask the authorities to develop emissions reduction glidepath for it. Whenever company's emissions are lower than the glidepath, it is exempt from paying carbon taxes for relevant equivalent amount. BAT factory in Switzerland entered such a scheme and committed to reduce its CO2e emissions by signing an agreement with the Swiss confederation. A glidepath was defined for the period 2013-2020. Throughout the period, our facility had been performing better than the target, which allowed to convert the difference into tradable CO2e certificates (CHF 100 / ton) and refund carbon taxes. In 2021 a new agreement was signed between BAT and local authorities to extend the initial period and to include 2021. Currently negotiations are under way to extend the scheme for several more years (e.g. till 2024). For over the decade our factory in Switzerland implemented a range of decarbonization initiatives, such as energy saving, replacement of natural gas boiler at the warehouse for biomass fuel boiler and sourcing 100% renewable electricity, which allowed it to meet commitment to the authorities and further, subject to purchase of carbon offset and verification as per PAS2060 standard become carbon neutral in regards to 2020 and 2021 reporting year (the status is to be maintained).

## C11.1c

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(C11.1c) Complete the following table for each of the tax systems you are regulated by.

### Canada federal fuel charge

#### Period start date

December 1 2020

#### Period end date

November 30 2021

#### % of total Scope 1 emissions covered by tax

0.47

#### Total cost of tax paid

50561

#### Comment

BAT Canada pays 1. a federal fuel charge applicable to fuel used by company vehicles used for trade marketing and 2. a federal fuel charge for natural gas used for heating in the Canadian warehouses and head office. The payment is based on the rate of average 40 CAN \$/tonne of Carbon Dioxide Equivalent in 2021 (<https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/fcrates/fuel-charge-rates.html>)

### Denmark carbon tax

#### Period start date

December 1 2020

#### Period end date

November 30 2021

#### % of total Scope 1 emissions covered by tax

0.08

#### Total cost of tax paid

53771

#### Comment

Carbon Tax in Denmark is applied to the amount of fuel used (diesel and petrol) by vehicles fleet at the end market. In the market we have only an office that uses electrical energy only (hence has zero Scope 1 emissions) and fleet vehicles for trade marketing activities. Thus, 100% of Scope 1 emissions are associated with fuel use by vehicles.

**Norway carbon tax****Period start date**

December 1 2020

**Period end date**

November 30 2021

**% of total Scope 1 emissions covered by tax**

0.03

**Total cost of tax paid**

11427

**Comment**

Carbon Tax in Norway is applied to fuel used (diesel and petrol) by vehicles fleet at the end market. In the market we have only an office that uses electrical energy only (hence has zero Scope 1 emissions) and fleet vehicles for trade marketing activities. Thus, 100% of Scope 1 emissions are associated with fuel use by vehicles.

**Poland carbon tax****Period start date**

December 1 2020

**Period end date**

November 30 2021

**% of total Scope 1 emissions covered by tax**

1.48

**Total cost of tax paid**

1261

**Comment**

Carbon Tax in Poland is applied to fuel used (diesel and petrol) by vehicles fleet in the country. Carbon tax is applied based on fixed rate per litre of diesel and per litre of petrol. Our factory in Poland Augustow is regulated by ETS, while our factory in Ostrzeszów consumes very minor amounts of fuel subject to carbon tax, thus is exempt from it.

**South Africa carbon tax****Period start date**

December 1 2020

**Period end date**

November 30 2021

**% of total Scope 1 emissions covered by tax**

2.62

**Total cost of tax paid**

10785

**Comment**

Our factory in South Africa is subject to carbon tax as the total installed thermal capacity of the combined stationary fuel combustion equipment on site exceeds the corresponding threshold (10 MW(th)) as per Carbon Tax Act. Emissions from fuel use by vehicles fleet are not in scope of the taxation scheme.

**Sweden carbon tax****Period start date**

December 1 2020

**Period end date**

November 30 2021

**% of total Scope 1 emissions covered by tax**

0.11

**Total cost of tax paid**

58996

**Comment**

Carbon Tax in Sweden is applied to fuel used (diesel and petrol) by vehicles fleet in the country. Carbon tax is applied based on fixed rate per litre of diesel and per litre of petrol (included in the price). All Scope 1 emissions are associated with fuel use by vehicles since the only fuel used on site by our factory is natural gas covered by bio-gas certificates.

## Switzerland carbon tax

### Period start date

December 1 2020

### Period end date

November 30 2021

### % of total Scope 1 emissions covered by tax

0.48

### Total cost of tax paid

0

### Comment

Switzerland Carbon tax is applicable to natural gas (204.32 GBP / tonne) and fuel oil (1.68 GBP / tonne) used at our facility in Boncourt. The sum of the tax for the reporting period is 122 th GBP. However, due to the fact that BAT Switzerland is registered in EU ETS and relevant emissions reduction program, carbon taxes are refunded because of Scope 1 emissions from fuels used on site (1565 tCO<sub>2</sub>e) are significantly below the allowance (1823 tCO<sub>2</sub>e). Thus, refunding taxes serves as a kind of allowances trading. The tax is not applicable to fuels used by fleet vehicles in trade marketing and other activities.

## Ukraine carbon tax

### Period start date

December 1 2020

### Period end date

November 30 2021

### % of total Scope 1 emissions covered by tax

0.87

### Total cost of tax paid

1000

### Comment

Our factory in Ukraine Prilucky pays a tax on CO<sub>2</sub>e emissions from the use fuel use on site, which is applicable to natural gas and diesel oil in 2021. Payment is done annually on the basis of volumes of natural gas used in the reporting period. The tax is not applicable to other fuels use on site as well as fuels used by fleet vehicles in trade marketing and other activities.

## Other carbon tax, please specify

### Period start date

December 1 2020

### Period end date

November 30 2021

### % of total Scope 1 emissions covered by tax

1.37

### Total cost of tax paid

4143

### Comment

BAT facilities in Croatia (factory and green leaf threshing plant) pay a governmental fee on CO<sub>2</sub>e emissions from the use of natural gas, fuel oil and diesel on site. This is required for facilities that are not covered by ETS and emit more than 450 tCO<sub>2</sub>e per year. Payment is done annually based on the report of calculated emissions (the methodology implies use of number of worked hours and fuel used by each type of equipment, e.g. boiler, dryer etc) in the central informational governmental system. The fee is not applicable to fuel used by fleet vehicles.

## C11.1d

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### (C11.1d) What is your strategy for complying with the systems you are regulated by or anticipate being regulated by?

We have updated our internal compliance mechanisms to ensure compliance with the requirements of ETS and carbon tax schemes applicable to our sites. Cross-functional teams, incl. Legal, EHS, Finance etc. track the requirements and cooperate with authorities to ensure understanding whether the scheme is applicable to our facilities and, if yes, what is the scope of application (e.g. emissions under Scope 1 and/ or Scope 2, emissions associated with particular types of fuels used etc.) as well as proper records keeping and timely payments.

For the facilities regulated by ETS, depending on the number of allowances allocated and performance in terms of emissions, sites either purchase additional allowances or use allowances trading tools or other reimbursement mechanisms. E.g, our facility in Switzerland receives a reimbursement from taxes due to being significantly below the glidepath stipulated under local ETS for the facility.

Under Climate change risk assessment process, our sites and end markets keep track of their Climate Change Transition Risks, in particular Emerging Regulations. The established monitoring allows sites and end markets to anticipate ETS schemes and carbon taxes to be applicable to them in upcoming years and get prepared in terms of management systems and budget allocation.

End markets and sites across the Group continue to improve upon their Carbon Emissions and Energy reduction plans, comprising engineering and technical initiatives, energy use monitorin1g and tackling losses under EnerCon (Energy conservation) system - at our factories, and a range of other activities that would allow to minimize Scope 1 & 2 emissions and Energy use, hence reducing the sums of payments under applicable ETS and carbon tax schemes.

## C11.2

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**(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?**

Yes

### C11.2a

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**(C11.2a) Provide details of the project-based carbon credits originated or purchased by your organization in the reporting period.**

**Credit origination or credit purchase**

Credit purchase

**Project type**

Forests

**Project identification**

Hubei Hongshan (China) IFM Conversion of Logged to Protected Forest Project offsets for our factory in Argentina VCU ID 1935, Serial NO 9921-159731740-159732570-VCS-VCU-324-VER-CN-14-1935-01012015-31122015-0

**Verified to which standard**

VCS (Verified Carbon Standard)

**Number of credits (metric tonnes CO2e)**

1000

**Number of credits (metric tonnes CO2e): Risk adjusted volume**

1000

**Credits cancelled**

No

**Purpose, e.g. compliance**

Voluntary Offsetting

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**Credit origination or credit purchase**

Credit purchase

**Project type**

Forests

**Project identification**

Hubei Hongshan (China) IFM Conversion of Logged to Protected Forest Project Offsets for our Green Leaf Threshing Plant – Santa Cruz do Sul in Brazil VCU ID 1935, Serial NO 9921-159777853-159778845-VCS-VCU-324-VER-CN-14-1935-01012015-31122015-0

**Verified to which standard**

VCS (Verified Carbon Standard)

**Number of credits (metric tonnes CO2e)**

3770

**Number of credits (metric tonnes CO2e): Risk adjusted volume**

3770

**Credits cancelled**

No

**Purpose, e.g. compliance**

Voluntary Offsetting

---

**Credit origination or credit purchase**

Credit purchase

**Project type**

Forests

**Project identification**

Hubei Hongshan (China) IFM Conversion of Logged to Protected Forest Project Offsets for our factory in Brazil Uberlandia VCU ID 1935, Serial NO 9921-159775302-159777852-VCS-VCU-324-VER-CN-14-1935-01012015-31122015-0

**Verified to which standard**

VCS (Verified Carbon Standard)

**Number of credits (metric tonnes CO2e)**

3253

**Number of credits (metric tonnes CO2e): Risk adjusted volume**

3253

**Credits cancelled**

No

**Purpose, e.g. compliance**

Voluntary Offsetting

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**Credit origination or credit purchase**

Credit purchase

**Project type**

Forests

**Project identification**

Hubei Hongshan (China) IFM Conversion of Logged to Protected Forest Project Offsets for our factory in Chile Casablanca VCU ID 1935, Serial NO 9921-159778846-159780738-VCS-VCU-324-VER-CN-14-1935-01012015-31122015-0

**Verified to which standard**

VCS (Verified Carbon Standard)

**Number of credits (metric tonnes CO2e)**

4214

**Number of credits (metric tonnes CO2e): Risk adjusted volume**

4214

**Credits cancelled**

No

**Purpose, e.g. compliance**

Voluntary Offsetting

---

**Credit origination or credit purchase**

Credit purchase

**Project type**

Forests

**Project identification**

Paroo River North Environmental Project, Queensland, Australia - native reforestation project Offsets for our offices and fleet in Australia Serial number 8,333,050,042 - 8,333,051,830 and 8,334,358,499 - 8,334,361,444)

**Verified to which standard**

Other, please specify (KACCU (Kyoto Australian carbon credit unit))

**Number of credits (metric tonnes CO2e)**

4735

**Number of credits (metric tonnes CO2e): Risk adjusted volume**

4735

**Credits cancelled**

No

**Purpose, e.g. compliance**

Voluntary Offsetting

---

**Credit origination or credit purchase**

Credit purchase

**Project type**

Other, please specify (Renewable Energy)

**Project identification**

Gold Standard-accredited Yarra Yarra Biodiversity Corridor, Western Australia - native reforestation project stapled to CN-1966 Small scale Sichuan Miyaluo Hydroelectric Project, China - renewable energy offsets for our offices and fleet in Australia

**Verified to which standard**

CDM (Clean Development Mechanism)

**Number of credits (metric tonnes CO2e)**

2000

**Number of credits (metric tonnes CO2e): Risk adjusted volume**

2000

**Credits cancelled**

No

**Purpose, e.g. compliance**

Voluntary Offsetting

---

**Credit origination or credit purchase**

Credit purchase

**Project type**

Forests

**Project identification**

Bukaleba (Uganda) Forest Project to establish and manage exotic and indigenous reforestation on degraded shrub and grassland Offsets for our factory and offices in Jordan VCU ID 799, Serial NO 8081-453318969-VCU-006-APX-UG-14-799-21072011-30112016-0

**Verified to which standard**

VCS (Verified Carbon Standard)

---



**Number of credits (metric tonnes CO2e)**

120

**Number of credits (metric tonnes CO2e): Risk adjusted volume**

120

**Credits cancelled**

No

**Purpose, e.g. compliance**

Voluntary Offsetting

---

**Credit origination or credit purchase**

Credit purchase

**Project type**

Forests

**Project identification**

Avoided deforestation, Borneo, Indonesia Offsets for our factory in Malaysia Johor Bahru VCU ID: 674, Series No: 9924-163895581-163895685-VCS-VCU-263-VER-ID-14674-23062017-31122017-1"

**Verified to which standard**

VCS (Verified Carbon Standard)

**Number of credits (metric tonnes CO2e)**

105

**Number of credits (metric tonnes CO2e): Risk adjusted volume**

105

**Credits cancelled**

No

**Purpose, e.g. compliance**

Voluntary Offsetting

---

**Credit origination or credit purchase**

Credit purchase

**Project type**

Forests

**Project identification**

Hubei Hongshan (China) IFM Conversion of Logged to Protected Forest Project Offsets for our modern oral making facility in Hungary Pecs VCU ID 1935, Serial NO 9921-159778846-159780738-VCS-VCU-324-VER-CN-14-1935-01012015-31122015-0"

**Verified to which standard**

VCS (Verified Carbon Standard)

**Number of credits (metric tonnes CO2e)**

550

**Number of credits (metric tonnes CO2e): Risk adjusted volume**

550

**Credits cancelled**

No

**Purpose, e.g. compliance**

Voluntary Offsetting

---

**Credit origination or credit purchase**

Credit purchase

**Project type**

Forests

**Project identification**

Hubei Hongshan (China) IFM Conversion of Logged to Protected Forest Project Offsets for our factory in Sweden Malmoe VCU ID 1935, Serial NO 9921-159778846-159780738-VCS-VCU-324-VER-CN-14-1935-01012015-31122015-0

**Verified to which standard**

VCS (Verified Carbon Standard)

**Number of credits (metric tonnes CO2e)**

50

**Number of credits (metric tonnes CO2e): Risk adjusted volume**

50

**Credits cancelled**

No

**Purpose, e.g. compliance**

Voluntary Offsetting

---

**Credit origination or credit purchase**

Credit purchase

**Project type**

Forests

**Project identification**

Bukaleba (Uganda) Forest Project to establish and manage exotic and indigenous reforestation on degraded shrub and grassland Offsets for our factory, head office and fleet in Switzerland VCU ID 799, Serial NO 8081-453318969-VCU-006-APX-UG-14-799-21072011-30112016-0

**Verified to which standard**

VCS (Verified Carbon Standard)

**Number of credits (metric tonnes CO2e)**

2000

**Number of credits (metric tonnes CO2e): Risk adjusted volume**

2000

**Credits cancelled**

No

**Purpose, e.g. compliance**

Voluntary Offsetting

---

**Credit origination or credit purchase**

Credit purchase

**Project type**

Forests

**Project identification**

Doe Mountain (US) Improved Forest management Project Offsets for our facility in US (American Snuff company) ACR-US-398-2018-1023-31189 to 34776"

**Verified to which standard**

ACR (American Carbon Registry)

**Number of credits (metric tonnes CO2e)**

3588

**Number of credits (metric tonnes CO2e): Risk adjusted volume**

3588

**Credits cancelled**

No

**Purpose, e.g. compliance**

Voluntary Offsetting

---

**Credit origination or credit purchase**

Credit purchase

**Project type**

Forests

**Project identification**

Improved Forest management Project of non-federal U.S. Forestlands, Massachusetts Offsets for our facilities in US (American Snuff company) ACR-US-376-2020-1406-75326 to 77419"

**Verified to which standard**

ACR (American Carbon Registry)

**Number of credits (metric tonnes CO2e)**

2094

**Number of credits (metric tonnes CO2e): Risk adjusted volume**

2094

**Credits cancelled**

No

**Purpose, e.g. compliance**

Voluntary Offsetting

---

**Credit origination or credit purchase**

Credit purchase

**Project type**

Forests

**Project identification**

Improved Forest management Project, Blue source - Massachusetts Tri-City Offsets for our facilities in US (American Snuff company) ACR-US-376-2020-1406-77420 to 78455

**Verified to which standard**

ACR (American Carbon Registry)

**Number of credits (metric tonnes CO2e)**

1036

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**Number of credits (metric tonnes CO2e): Risk adjusted volume**

1036

**Credits cancelled**

No

**Purpose, e.g. compliance**

Voluntary Offsetting

---

**Credit origination or credit purchase**

Credit purchase

**Project type**

Forests

**Project identification**

Para, micro region of Portel (Brazil), Pacajai REDD+ Project Offsets for our facilities in US (American Snuff company) VCU ID 981, Serial NO 11079-277891034-277891069-VCS-VCU-259-VER-BR-14- 961-01012017-31122017-0

**Verified to which standard**

VCS (Verified Carbon Standard)

**Number of credits (metric tonnes CO2e)**

36

**Number of credits (metric tonnes CO2e): Risk adjusted volume**

36

**Credits cancelled**

No

**Purpose, e.g. compliance**

Voluntary Offsetting

---

**Credit origination or credit purchase**

Credit purchase

**Project type**

Forests

**Project identification**

Alligator River Avoided Conversion, North Carolina Offsets for our facility in US (Santa Fe Natural Tobacco) CAR-1-US-497-28-485-NC-2016-4372-10929 to 12128

**Verified to which standard**

CAR (The Climate Action Reserve)

**Number of credits (metric tonnes CO2e)**

1200

**Number of credits (metric tonnes CO2e): Risk adjusted volume**

1200

**Credits cancelled**

No

**Purpose, e.g. compliance**

Voluntary Offsetting

---

**Credit origination or credit purchase**

Credit purchase

**Project type**

Forests

**Project identification**

Bukaleba (Uganda) Forest Project to establish and manage exotic and indigenous reforestation on degraded shrub and grassland Offsets for our factory, green leaf threshing plant, office and fleet in Sri Lanka Quantity Purchased - 1500 units and used to offset scope I emissions of Sri Lanka GLTP & Leaf (706 tCO2e), Colombo (680tCO2e) Factory and TM&D (114 tCO2e)"

**Verified to which standard**

VCS (Verified Carbon Standard)

**Number of credits (metric tonnes CO2e)**

1500

**Number of credits (metric tonnes CO2e): Risk adjusted volume**

1500

**Credits cancelled**

No

**Purpose, e.g. compliance**

Voluntary Offsetting

---

**Credit origination or credit purchase**

Credit purchase

**Project type**

Forests

**Project identification**

Kariba REDD+ Project , Project type: Agriculture Forestry and Other Land Use Offsets for our factory, green leaf threshing plant, office and fleet in Sri Lanka VCU ID 902, Serial Number: 4788-197176139-1971-76298-VCU-006-APX-ZW-14-902-01012014-30062014-1

**Verified to which standard**

VCS (Verified Carbon Standard)

**Number of credits (metric tonnes CO2e)**

160

**Number of credits (metric tonnes CO2e): Risk adjusted volume**

160

**Credits cancelled**

No

**Purpose, e.g. compliance**

Voluntary Offsetting

---

**Credit origination or credit purchase**

Credit purchase

**Project type**

Forests

**Project identification**

Guanaré' (Uruguay) Forest Plantations on degraded grasslands under extensive grazing project Offsets for our Head Office and research centre in the UK covering emissions from fuel use on site and by fleet vehicles, electricity use, employees commuting and business travel VCU ID 9595, Serial Number 10383-208891220-208895546-VCS-VCU-261-VER-UY-14-959-01012015-31122015-1"

**Verified to which standard**

VCS (Verified Carbon Standard)

**Number of credits (metric tonnes CO2e)**

4237

**Number of credits (metric tonnes CO2e): Risk adjusted volume**

4237

**Credits cancelled**

No

**Purpose, e.g. compliance**

Voluntary Offsetting

---

**Credit origination or credit purchase**

Credit purchase

**Project type**

Forests

**Project identification**

Guanaré' (Uruguay) Forest Plantations on degraded grasslands under extensive grazing project, Offsets for Vuse Carbon Neutrality claim on the back of an assured LCA and verified by third party (Vertis) VCU ID 9595, Serial Number 10383-208891220-208895546-VCS-VCU-261-VER-UY-14-959-01012015-31122015-1

**Verified to which standard**

VCS (Verified Carbon Standard)

**Number of credits (metric tonnes CO2e)**

131350

**Number of credits (metric tonnes CO2e): Risk adjusted volume**

131350

**Credits cancelled**

No

**Purpose, e.g. compliance**

Voluntary Offsetting

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C11.3

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**(C11.3) Does your organization use an internal price on carbon?**

Yes

C11.3a

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**(C11.3a) Provide details of how your organization uses an internal price on carbon.**

**Objective for implementing an internal carbon price**

Stakeholder expectations  
Change internal behavior  
Drive energy efficiency  
Drive low-carbon investment  
Stress test investments  
Identify and seize low-carbon opportunities

**GHG Scope**

Scope 1  
Scope 2

**Application**

In order to deliver external commitments to emission reduction and move to renewable forms of energy usage, change internal behaviour, drive Capital expenditure allocation priority and ensure carbon abatement projects are fairly appraised (efficiency projects are naturally attractive as they bring cost savings, but low carbon investments often have higher payback terms). BAT has implemented a shadow internal carbon price of £25/tCO<sub>2</sub>e, with a sliding scale applied to reflect estimated carbon costs in the future (from £25 for 2021 to £120 for 2030). The application of the internal carbon price ensures the NPV and BC of proposed investment considers costs of carbon offset for emissions being generated & assists in the prioritisation of projects that support the Group's objectives in reducing carbon emissions. We have implemented this process for Scope 1&2 projects are are modelling and testing guidelines for application in Scope 3 projects to be rolled out in the future.

**Actual price(s) used (Currency /metric ton)**

25

**Variance of price(s) used**

Prices are reviewed annually and issued by the Group's Centre of excellence for use by the business. The guidance issued provide ICPs to be used between now and 2030, with the costs increasing over time to reflect the anticipated impact of demand on carbon credits. For instance, the guidance issued for 2022 stipulated a current year cost of £60/tCO<sub>2</sub>e, which increased in increments of £7.5 per year, taking the 2030 price to £120/tCO<sub>2</sub>e. A number of sources are used to estimate ICP prices, including initiatives under UNCF (International Emissions Trading, Joint Implementation and Clean Development Mechanism, New Approaches under Article 6 of the Paris Agreement), and outside of the UNFCCC including (The voluntary Carbon market, Result-based Climate Finance). The prices issued are the same for all geographical regions and project types.

**Type of internal carbon price**

Shadow price

**Impact & implication**

ICP was used within £90mn of Capital investment (a total of 15 projects) that were tabled for noting within the Group's Capital Investment Committee in 2021, of which, 13 were approved (£77m), and 2 were rejected pending further work (£13m). This process not only ensured that the NPV of projects delivered a financial return (after accounting for the cost of carbon) but also facilitated the application of marginal abatement considerations and project prioritisation of the Group's ESG related capital expenditure (which amounted to £22mn in 2021), ensuring those projects that delivered the most beneficial carbon reductions were prioritised and progressed. Concurrently, as part of the Group's emission target delivery plans, glidepaths of planned emission reduction have been developed and are periodically reviewed by Senior management throughout the course of the year. The application of ICP and emission impact tracking enables visibility of the impact of new projects (adverse and favourable) and allows the glidepaths to be updated accordingly. In addition, in late 2021, and to further supplement the ICP process, a balance scorecard was designed to appraise investment cases to consider their impact across our broad environmental and social objectives (i.e. not just considerations of emissions impact, but also considering impact on water, waste, and our social agenda). The revised process is being trailed in 2022 for all Operations Capital expenditure which will enable the approach to be calibrated before being rolled out to all BAT investment cases in 2023.

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**C12. Engagement**

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**C12.1**

**(C12.1) Do you engage with your value chain on climate-related issues?**

Yes, our suppliers  
Yes, our customers/clients  
Yes, other partners in the value chain

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**C12.1a**

**(C12.1a) Provide details of your climate-related supplier engagement strategy.**

**Type of engagement**

Engagement & incentivization (changing supplier behavior)

**Details of engagement**

Run an engagement campaign to educate suppliers about climate change

**% of suppliers by number**

1

**% total procurement spend (direct and indirect)**

48

**% of supplier-related Scope 3 emissions as reported in C6.5**

64

**Rationale for the coverage of your engagement**

In 2021 BAT decided to focus an engagement campaign with the most impactful suppliers related to BAT's Scope 3 emissions. Within this we engaged our top 250

suppliers across the full scope of the supplier base and invited them to participate in a Supplier Sustainability Summit. In addition, specifically for our direct materials (excl. tobacco), we ran an engagement programme with our top 30 contributing suppliers from an emissions perspective. We engaged with these suppliers one-to-one to conduct a deep dive of their responses. This engagement was initiated by BAT via a questionnaire focused on emissions related insights (e.g. emissions measurement, goals and commitments, including Science Based Targets), however to maximise the time BAT also included some questions related to water, biodiversity and social aspects. The questionnaire sought to gain insight into the maturity of the suppliers related to these key focus areas. Following from the questionnaire BAT held a number of one to one engagement sessions with the in-scope suppliers to build on the information gathered. This allowed for higher quality conversations and to identify areas which could be targeted for improvement or could be strong potential options for enhanced collaboration with BAT. By focusing our engagement with this most critical group we were able to be more targeted and tailored in our approaches and engagement, leading to more effective and impactful activities.

**Impact of engagement, including measures of success**

During 2021 BAT ran an engagement programme with our top 30 contributing direct suppliers (excl. tobacco) from an emissions' perspective. Through this intensive and robust process we were able to obtain a strong understanding of the maturity of these suppliers related to climate impact and collect a number of relevant data points and information. Following this action plans were generated and these are being followed up within our supplier management activity and engagement. This was an extremely successful activity which yielded a number of immediate collaborative steps, alongside the wider, longer-term roadmaps that are being tracked for the suppliers in scope. Additionally in Q4 2021, BAT held a sustainability Supplier Summit attended by over 250 of our key suppliers to explain the key elements of BAT's ESG agenda and the importance of the role they can play by collaborating with BAT. It included live Q&A sessions presented by our Chief Marketing Officer, Director, Operations, Group Head of Operations Development & Sustainability and Group Head of Procurement. This was followed by round table discussions on topics such as Race to Zero, Delivering Social Impact and the Plastics Challenge which were attended by senior personnel from both BAT outside BAT. The attendance was excellent and included the key roles from a large number of BAT's top suppliers. A key measure of success was for BAT to educate suppliers on sustainability (including climate) expectations and how collaboration plays a key role to enable positive change. We aimed to achieve feedback that 70% of attendees understood better how they could align and support BAT's sustainability agenda. The feedback survey conducted after the event clearly showed that the event had been impactful, with 95% of attendees stating that, as a result of this event, they had a better understanding of BAT's sustainability agenda and the role they can play in achieving it, resulting in better alignment. BAT intends to build on the success of both these engagements programmes through 2022.

**Comment**

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**Type of engagement**

Innovation & collaboration (changing markets)

**Details of engagement**

Other, please specify (Agricultural supply chain collaboration)

**% of suppliers by number**

80

**% total procurement spend (direct and indirect)**

16

**% of supplier-related Scope 3 emissions as reported in C6.5**

33

**Rationale for the coverage of your engagement**

BAT collaborates with leaf suppliers to reduce climate impacts caused by the agricultural supply chain. The 80% refers to tobacco suppliers. In 2021, building on our decades of experience in sustainable agriculture we developed a new carbon smart farming programme. This takes a strategic approach focused on both reducing emissions from tobacco farming and crucially leveraging the positive effect agriculture could have in removing carbon from the atmosphere. Approximately 1/3 of our Scope 3 Co2e emissions is in our Tobacco Supply Chain. The majority comes from using fuel to cure tobacco leaves.

**Impact of engagement, including measures of success**

The measure of success is the year-on-year reduction on farmer's emissions, as well as the ability to cascade best practices to minimise emissions via soil management as an example. To assess conformance, we use Thrive that covers more than 80% of our volume base and we check performance year on year. When compared against 2020, our 2021 leaf emissions decreased by more than 10%. We continue working through the Global Leaf Agronomy Development to identify the best combination of curing technology and fuel types to reduce emissions.

**Comment**

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**Type of engagement**

Innovation & collaboration (changing markets)

**Details of engagement**

Collaborate with suppliers on innovative business models to source renewable energy

**% of suppliers by number**

100

**% total procurement spend (direct and indirect)**

14

**% of supplier-related Scope 3 emissions as reported in C6.5**

33

**Rationale for the coverage of your engagement**

On Information collection, we require that 100% of our tobacco suppliers participate in the Sustainable Tobacco Programme, where, among several other topics, Climate Change data is required to be reported. This includes the amount of fuels used to cure the tobacco crops. This is one of the data used to calculate the Group scope 3 emissions. Once a year, we also request similar information to the suppliers participating in our Thrive Programme, where they need to provide more granular information on several data points associated with CO2e emissions, such as curing fuels amount, fuels and energy used in the farm, mileage covered to transport tobacco from the farms to the buying points and distance covered to distribute crop agri inputs. On Innovation and collaboration, our global leaf agronomy centre in Brazil is also crucial for providing technological data-driven and science-based carbon-smart solutions. These are then rolled-out to our 75,000+ contracted farmers by our Extension Services of expert field technicians. The centre conducts world-class research – from development and testing in the lab to real-world field trials with farmers – often in partnership with highly respected academic and research institutions. We test and deploy these technologies in the producing countries, not just in BAT owned operations but also in partnerships with third party suppliers and entities. To support this, the centre established a new Leaf Up open innovation programme in 2020. Leaf Up focuses on identifying start-ups to enhance our existing capabilities and develop new technologies and practices that support carbon-smart farming. So far, we've identified seven start-ups with whom we are running proof-of-concepts on cutting-edge innovations, in areas such as longer-term weather forecasting and smart irrigation technology.

**Impact of engagement, including measures of success**

Approximately one third of our Scope 3 CO2e emissions is in our tobacco supply chain. The majority comes from using fuels to cure tobacco leaves. More than 80% of our annual leaf volumes are cured using renewable fuels and methods, such as sustainable wood, biomass and sun curing. We've introduced our contracted farmers to

innovative, fuel-efficient curing technologies in four countries, reaching some 33,000 farmers. For example, new types of curing barns, tested by farmers in Brazil and Sri Lanka, enable at least a 30% reduction in fuel use and a 14% reduction in electricity use. Types of barns tested in Bangladesh and Pakistan reduce fuel use by up to 15%, compared to traditional models. Both operations are aiming for 80% of their contracted farmers to use curing barns adapted with these features by 2025. We're also focused on eliminating the use of coal as a fuel for curing, which represents less than 10% of the tobacco volumes we purchase. To further assess the best combination of curing technology and fuel type for reducing emissions, in 2021, we started trials in six countries. The results will help us to prioritise investments for driving further emissions reduction. In 2021, we built on our decades of experience in sustainable agriculture, to develop a new carbon-smart farming programme. This takes a strategic approach focused on both reducing emissions from tobacco farming and, crucially, leveraging the positive effect agriculture could have in removing carbon from the atmosphere. We are now working in partnership with a specialist consultancy to validate this approach and to monitor, report and verify the results. This will enable us to develop a system that can be easily applied by small farmers. The systems will form the basis of our carbon-smart farming programme, empowering our contracted farmers to incorporate carbon-smart farming into their business model. It will also provide us with verified data to measure progress against our 2050 ambition and to validate the impact of different carbon-smart strategies. In 2021, 35 of our contracted farmers in Brazil signed-up as the first pilot group for the programme. In 2022 we are expanding the pilot to farmers in Bangladesh, Mexico and Pakistan.

#### Comment

Addressing climate risks and opportunities across our value chain is key to the sustainability of our business. Given our supply chain (Scope 3) emissions represent around 90% of our total carbon footprint, we are engaging with our suppliers on various ways, measuring performance against indicators and asking data to support our carbon emission report, as well as deploying technologies that can support reduction in emissions. We conducted a climate change study involving 10 of our major tobacco-leaf-sourcing countries and have cascaded to them the results and the recommended key actions to mitigate risks to the farmers. In our tobacco supply chain, we are helping our contracted farmers and those of our strategic suppliers to reduce Scope 3 emissions through more efficient curing technologies, smarter use of fertilisers and increasing yields with a higher amount of tobacco harvested per hectare (kilos per hectare). These all contribute to reduced emissions. Our global leaf agronomy centre continues to develop innovative curing technologies and a range of alternative fuels that help reduce the carbon impact of our contracted farmers. Some examples are i. Improving energy efficiency: Upgrading curing barns to automated 'loose leaf' models can enable at least a 30% reduction in fuel use; ii. Using a range of alternative and more sustainable curing fuels, including the use of sugarcane bagasse briquettes in Kenya, jute sticks, rice husk briquettes and other agricultural waste in Bangladesh, rice paddy husks in Sri Lanka, wood biomass pellets in India, to mention a few; iii. Eliminating use of non-renewable fuels used in curing: with particular focus on removing the use of coal for curing.

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#### Type of engagement

Information collection (understanding supplier behavior)

#### Details of engagement

Collect climate change and carbon information at least annually from suppliers

#### % of suppliers by number

1

#### % total procurement spend (direct and indirect)

15

#### % of supplier-related Scope 3 emissions as reported in C6.5

21

#### Rationale for the coverage of your engagement

BAT's full scope is around 30,000 suppliers with a wide spread of categories (both direct & indirect) and geographies represented. BAT's Supplier Code of Conduct outlines the minimum standards that we expect of all our suppliers, incl. specific elements related to environmental impacts & carbon reduction plans. In addition, in its sourcing activities, BAT engages with suppliers (both direct & indirect) on these critical topics and take their responses into account as part of the selection & decision making process. Due to the significant size of the supplier base, for optimal result, we focus on the most critical suppliers in terms of climate change & carbon information (incl. in terms of percentage of spend & percentage of emissions) so that the best impact can be achieved. For a number of years BAT has been engaging suppliers closely and collecting data & information through direct discussions and also via the CDP Supply Chain Programme. We have requested suppliers across the spectrum of our spend to share their core data with us (incl. emissions) to help us understand better the supplier maturity & improve the accuracy of our information & data. Specifically for our direct materials (excl. tobacco) in 2021 we ran an engagement programme with our top 30 contributing suppliers from an emissions' perspective. BAT Procurement engaged these suppliers one-to-one & carried out a deep dive of the responses to a questionnaire. focused on emissions related insights. e.g. If a supplier currently measures their emissions and if so, to what granularity, whether they have goals & commitments (incl. Science Based Targets) and how much they utilise renewable energy. To maximise the opportunity, BAT also included some questions related to water, biodiversity & the social agenda. The questionnaire sought to gain insight into the maturity of the suppliers related to these key focus areas & identify areas which could be targeted for improvement or could be strong potential options for enhanced collaboration with BAT. In the longer term we will expand the above activity to encompass a wider spectrum of suppliers. We already have a considerably more extensive CDP Supply Chain programme underway in 2022, in comparison to 2021, and our direct supplier engagement (which is integrated with the CDP programme) will be accelerated to drive further, faster progress in this area.

#### Impact of engagement, including measures of success

In our sourcing (both direct & indirect), we utilise a suite of mandatory ESG questions to engage with our new & existing suppliers. The response to these questions is considered as part of the final supplier selection process, which has a mandatory minimum weighting. This was introduced in 2021 & has helped to focus our discussions with our suppliers /potential suppliers on ESG issues that are the most relevant for our business. BAT has received excellent feedback from its supply base on this part of the process. In addition, this workstream has helped to raise awareness of the importance of the topic both internally & externally, bringing it to the fore in our engagement with & selection of suppliers. We have plans to refine this further during 2022. An important measure of success for BAT is the response rate in the CDP Supply Chain programme. We engage closely with the relevant suppliers to explain its importance (if they are new responders) and to ensure they have the right support & understanding to complete it successfully. We aim for a 70% response rate from our suppliers, and in 2021 we achieved this objective. The information & data collected allows us to refine our strategy & engagement plan to focus on the most critical and impactful elements. Our efforts here contributed to BAT being listed as a CDP Supplier Engagement Leader in 2021. The strong outputs from 2021, combined with the success of the one-to-one engagement programme (see below) have led us to extend BAT's participation in CDP Supply Chain further in 2022. Additionally, during 2021 BAT ran an engagement programme with our top 30 contributing direct suppliers (excl. tobacco) from an emissions perspective. These suppliers count for over 70% of direct (excl. tobacco) spend & emissions. Through this intensive & robust process we were able to obtain a strong understanding of the maturity of the suppliers from a climate impact and collect a number of relevant data points & information. Following this, action plans were generated and these are being followed up within our supplier management activity & engagement. This was a very successful activity which gave an important boost to our Procurement ESG programme and was well received and supported by the suppliers involved. This programme & outputs are being continued in 2022, with indirect suppliers are also being brought into scope.

#### Comment

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C12.1b

**(C12.1b) Give details of your climate-related engagement strategy with your customers.**

**Type of engagement & Details of engagement**

Education/information sharing	Run an engagement campaign to education customers about your climate change performance and strategy
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**% of customers by number**

100

**% of customer - related Scope 3 emissions as reported in C6.5**

99

**Please explain the rationale for selecting this group of customers and scope of engagement**

Climate related issues are becoming more important to consumers as knowledge about these issues increases. This can impact consumer sentiment and preference for purchasing products from companies who are perceived to be positive actors in this area. Therefore, it is important to communicate our climate change performance and strategy to consumers. We communicate to 100% of customers and consumer related emissions are 99% of total downstream emissions reported (Scope 3 categories 11 Use of Sold Products and 12 End-of-Life Treatment of Sold Products). We inform our customers through different channels. Our online platforms and corporate reports describe our strategy, management approach and performance on climate-related issues. Communication campaigns also highlight verified climate related credentials of our activities and product portfolio. For example, our Vuse brand become the first carbon neutral Vape brand, verified by an independent sustainability partner Veritas. Based on ePod, ePen, eTank mini, Alto devices and consumables internal sales forecast (calculated March 2021) for 12 months starting from April 2021.

**Impact of engagement, including measures of success**

We report on our group climate change strategy, initiatives and performance including actions we take to mitigate direct and indirect impacts on climate change through our online platforms, summarising this in our annual ESG report. We will be carrying out further work to understand how our engagement impacts consumers at a more granular level and tailor our strategy accordingly. However, in relation to this question, we have monitored the change in traffic to this content. Downloads of our 2021 ESG summary report increased by 108% compared to our 2020 ESG summary report, between the time periods of March to June for each year. This time period has been selected due to the publication date of our 2021 report in March and the time the analysis took place in June. In 2021, we expanded the scope of our ESG summary report, reflecting changing stakeholder expectations. In 2021, traffic to our environmental management page on BAT.com also increased by 108% year on year. This change is evidence of our commitment to improve our sustainability communications and our stakeholders responding positively to our efforts.

**C12.1d**

**(C12.1d) Give details of your climate-related engagement strategy with other partners in the value chain.**

Emissions from our fleet makes up 11% of our Scope 1 and 2 emissions in 2021. This means our fleet operatives and partners are an important group in our value chain to engage with on climate related issues. There are two components of our engagement strategy. Firstly, we collaborate and innovate with our fleet partners. We do this by transitioning our fleet to less CO2 emitting vehicles by exploring hybrid and electric vehicles. Examples of tangible progress made include procuring hybrid vehicles in Australia, Germany, turkey, Italy, Mexico, Malaysia and Sweden. Fleets in 8 countries including Brazil use fuels with high biofuel content. We also run route optimisation processes to reduce the number of journeys an operative needs to make, fuel consumption and in turn - reduce emissions.

Secondly, we educate and share information with our fleet operatives and management with telematic systems in their vehicles. These systems can help alert operatives and the company to improvements in driving that enhance driver safety and fuel efficiency, which can lead to reduced emission output. The telematic system information is discussed with operatives and management, if required, in a one-to-one setting.

Our fleet emissions decreased by 30% between 2017 and 2021. This reduction is partly enabled by these engagement initiatives, which is a clear measure of success.

**C12.2**

**(C12.2) Do your suppliers have to meet climate-related requirements as part of your organization's purchasing process?**

Yes, suppliers have to meet climate-related requirements, but they are not included in our supplier contracts

**C12.2a**

**(C12.2a) Provide details of the climate-related requirements that suppliers have to meet as part of your organization's purchasing process and the compliance mechanisms in place.**

**Climate-related requirement**

Setting a science-based emissions reduction target

**Description of this climate related requirement**

As part of our recently approved Science Based Targets (1.5°C Pathway), BAT has committed that 20% of its suppliers by spend covering Purchased Goods & Services will set science-based targets by 2025. As a result, we keep increasing our supplier engagement and work closely with them on aspects such as knowledge transfer. Also, to make sure we keep progressing on this matter all our tendering activities and supplier selection processes have a relevant scoring proportion attributed to suppliers' objectives that are aligned with BAT's (e.g. decarbonisation & SBTi commitments).

**% suppliers by procurement spend that have to comply with this climate-related requirement**

20

**% suppliers by procurement spend in compliance with this climate-related requirement**

8.5



**Mechanisms for monitoring compliance with this climate-related requirement**

Supplier self-assessment  
On-site third-party verification  
Supplier scorecard or rating

**Response to supplier non-compliance with this climate-related requirement**

Retain and engage

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**Climate-related requirement**

Waste reduction and material circularity

**Description of this climate related requirement**

All our leaf suppliers have to sign the Leaf Suppliers Manual (LSM) to do business with us. In the sustainability section suppliers are required to implement best practices and effectively participate in a collection program for recycling and disposal of CPA containers. Should a supplier choose not to accept conformance to the LSM they are excluded from our leaf supplier base.

**% suppliers by procurement spend that have to comply with this climate-related requirement**

15

**% suppliers by procurement spend in compliance with this climate-related requirement**

15

**Mechanisms for monitoring compliance with this climate-related requirement**

Supplier self-assessment

**Response to supplier non-compliance with this climate-related requirement**

Retain and engage

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**Climate-related requirement**

Complying with regulatory requirements

**Description of this climate related requirement**

BAT's Supplier Code of Conduct outlines the minimum standards that we expect of all our suppliers, including specific elements related to environmental impacts and carbon reduction plans. Acceptance of the Supplier Code is mandatory to be able to participate in the commercial process. As part of the Supplier Code BAT also offers suppliers access to our 'Speak Up' mechanisms which includes confidential tools to raise any concerns or issues in a safe environment.

**% suppliers by procurement spend that have to comply with this climate-related requirement**

100

**% suppliers by procurement spend in compliance with this climate-related requirement**

100

**Mechanisms for monitoring compliance with this climate-related requirement**

Supplier self-assessment  
Grievance mechanism/Whistleblowing hotline

**Response to supplier non-compliance with this climate-related requirement**

Exclude

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**Climate-related requirement**

Climate-related disclosure through a non-public platform

**Description of this climate related requirement**

When BAT Procurement is sourcing (both direct & indirect) we deploy a suite of mandatory ESG questions that must be utilised when engaging new or existing suppliers in a commercial process. The response to these questions is considered as part of the final supplier selection, which has a mandatory minimum weighting. Included within the suite of questions are a number of mandatory questions related to climate (e.g. emissions targets, emissions data). The quality of response to these questions will directly contribute to supplier selection and therefore the opportunity for the supplier to work with BAT going forwards.

**% suppliers by procurement spend that have to comply with this climate-related requirement**

100

**% suppliers by procurement spend in compliance with this climate-related requirement**

100

**Mechanisms for monitoring compliance with this climate-related requirement**

Supplier self-assessment  
Supplier scorecard or rating

**Response to supplier non-compliance with this climate-related requirement**

Retain and engage

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**Climate-related requirement**

Complying with regulatory requirements

**Description of this climate related requirement**

All our leaf suppliers have to sign the Leaf Suppliers Manual (LSM) to do business with us. It is required that they have full compliance with the local legislation of the country or region where they operate, as well as meeting any requirements with regards to the Sustainable Tobacco Programme (STP). This programme outlines various Environmental Best Practices addressing key parts of our emissions in the value chain like in tobacco curing. Should a supplier choose not to participate in STP or not accept conformance to the LSM, they are excluded from our leaf supplier base.

**% suppliers by procurement spend that have to comply with this climate-related requirement**

15

**% suppliers by procurement spend in compliance with this climate-related requirement**

15

**Mechanisms for monitoring compliance with this climate-related requirement**

**Response to supplier non-compliance with this climate-related requirement**

Retain and engage

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**C-AC12.2/C-FB12.2/C-PF12.2**

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**(C-AC12.2/C-FB12.2/C-PF12.2) Do you encourage your suppliers to undertake any agricultural or forest management practices with climate change mitigation and/or adaptation benefits?**

Yes

**C-AC12.2a/C-FB12.2a/C-PF12.2a**

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**(C-AC12.2a/C-FB12.2a/C-PF12.2a) Specify which agricultural or forest management practices with climate change mitigation and/or adaptation benefits you encourage your suppliers to undertake and describe your role in the implementation of each practice.**

**Management practice reference number**

MP1

**Management practice**

Integrated pest management

**Description of management practice**

Solutions vary according to the growing region, type of property, options available from market to market, eventually property by property.

**Your role in the implementation**

Knowledge sharing

Operational

**Explanation of how you encourage implementation**

Engagement via technical assistance directly in the field (scheduled periodic visits)

**Climate change related benefit**

Emissions reductions (mitigation)

Increasing resilience to climate change (adaptation)

Reduced demand for fertilizers (adaptation)

Reduced demand for pesticides (adaptation)

**Comment**

BAT work with the directly contracted farmers and encourage strategic suppliers to do the same with their farmers to implement integrated pest management techniques. These include natural biocontrol agents. For example, BAT have introduced the contracted farmers in Bangladesh to bio-fungicides in seedbeds & pheromone traps, and those in Brazil to the use of natural predators for specific seedbed pests for insect control. BAT is currently mapping commercially available biocontrol alternatives globally & are looking to introduce these to our contracted farmers in the future. BAT will also deliver tailored training on integrated pest management techniques to support implementation of biocontrol techniques where available. In addition to the biocontrol, BAT is reducing agrochemical use and any contamination risk through decreasing chemical run-off and water-pollution risks, disposal schemes for empty agrochemical containers, higher-yielding & more disease-resistant tobacco seed varieties.

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**Management practice reference number**

MP2

**Management practice**

Knowledge sharing

**Description of management practice**

In our Leaf operations, our field technicians visit our contracted farmers approximately once a month during the growing season. They act as a direct link between the farmers and BAT, building trusted relationships and working with the farmers to develop their skills, promote better yields and maintain standards which includes providing agronomy support and the recommendation of sustainable curing technologies and alternative fuels. Our strategic third party leaf suppliers have a similar approach with their own contracted farmers. Our strategic third-party leaf suppliers also provide their farmers with training to help build their skills, knowledge and awareness on a range of topics including natural resources preservation. In 2021, it was reported through our Thrive assessments that there were more than 127,000 people engaged via farmer training, covering topics like forest conservation, biodiversity and soil management.

**Your role in the implementation**

Knowledge sharing

**Explanation of how you encourage implementation**

Engagement via technical assistance directly in the field (scheduled periodic visits)

**Climate change related benefit**

Emissions reductions (mitigation)

Reduced demand for fossil fuel (adaptation)

Reduced demand for fertilizers (adaptation)

Reduced demand for pesticides (adaptation)

**Comment**

BAT supports farmers throughout the growing cycle. Field technicians visit our contracted farmers around once a month during the growing season acting as direct link between farmers & BAT. They build trusted relationships & work with the farmers to develop their skills, promote better yields & maintain standards. BAT global leaf agronomy centre develops innovative farming techniques & technologies which are deployed to our contracted farmers by expert field technicians. These innovative technologies & solutions, incl. sustainable conservationist soil best practices + hybrid tobacco seed varieties, offer greater yields & higher quality, helping boost farmers' profits at the same time as reducing the need for more land to be used for tobacco growing. Sustainable farming practices bring environmental & livelihood benefits to farmers. Support & technologies provided to contracted farmers in Brazil over the past 10 years led to a 40% increase in yields, in terms of kilogram per hectare.

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**Management practice reference number**

MP5

**Management practice**

Reducing energy use

**Description of management practice**

Via trials supported by our Global Leaf Agronomy Development department we identify the most efficient curing methods resulting in reduced energy use.

**Your role in the implementation**

Knowledge sharing  
Operational

**Explanation of how you encourage implementation**

Engagement via technical assistance directly in the field (scheduled periodic visits)

**Climate change related benefit**

Increasing resilience to climate change (adaptation)  
Reduced demand for fossil fuel (adaptation)

**Comment**

Based on our footprint of where we buy tobacco from, leaf growing properties are, in their majority, not mechanised. Main energy consumed on site is for curing purposes. Our technical assistance teams provide advice on the best ways to improve curing efficiency. Upgrading curing barns to automated 'loose leaf' models can enable at least a 30% reduction in fuel use. These innovative curing technologies have been introduced to our contracted farmers in 5 countries. E.g. In Brazil, 77% of our contracted farmers benefit from this technology. It not only makes the curing process more efficient but also 50% less labour intensive for farmers. In addition, how the land is prepared for growing crops & fertiliser application techniques can reduce carbon emissions. In Sri Lanka, where the farmers already had sustainable sources of curing fuel, implementing an automated leaf feeder has delivered a 37% reduction in fuel use in the first year of trial. This also helps reduce farmers operating costs

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**Management practice reference number**

MP6

**Management practice**

Waste management

**Description of management practice**

Solutions vary according to the growing region, type of property, options available from market to market, eventually property by property.

**Your role in the implementation**

Knowledge sharing

**Explanation of how you encourage implementation**

Engagement via technical assistance directly in the field (scheduled periodic visits) and provision of seeds from a contractual standpoint

**Climate change related benefit**

Emissions reductions (mitigation)  
Other, please specify (Prevention of damage to soil and water resources)

**Comment**

BAT policy is that all the tobacco suppliers ensure the empty agrochemical containers are safely disposed of. In some countries, BAT provides additional support to collect and safely dispose of empty containers for pesticides and other agrochemicals. For example, in Brazil, BAT partners with an industry scheme that collects and recycles containers from over 100,000 farms across the country. More broadly, 92% of the contracted farmers reported in 2020 that they send empty agrochemical containers for recycling or incineration (see 2020 ESG Report, pg 60). This allows them to dispose of waste safely and also reduce uncontrolled waste incineration without energy recovery.

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**Management practice reference number**

MP8

**Management practice**

Crop diversity

**Description of management practice**

Growing the same crop continuously on the same land (known as 'monocropping') is known to deplete soil nutrients. Crop rotation is recognised as a best practice approach to protecting and enhancing soil health. We have always encouraged crop diversification – it not only increases farmers' resilience by preventing reliance on just one crop but also helps to enhance food security and to preserve soil health.

**Your role in the implementation**

Knowledge sharing  
Operational

**Explanation of how you encourage implementation**

Implementation is encouraged via agricultural technical assistance visits from our technicians directly at the farms.

**Climate change related benefit**

Increasing resilience to climate change (adaptation)  
Reduced demand for fertilizers (adaptation)

**Comment**

Progress is assessed via farmers audits by third parties as part of our sustainable agriculture program. In 2021, 95% of tobacco farmers in our supply chain were reported to grow other crops.

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**Management practice reference number**

MP3

**Management practice**

Reforestation

**Description of management practice**

Because wood is often used as a fuel for curing, we have programmes in place to avoid and combat deforestation and promote sustainable wood as well as farmer's self-sufficiency. For this, among other actions, we're providing farmers with seedlings, wherever possible, so they can meet future fuel needs sustainably.

**Your role in the implementation**

Knowledge sharing  
Operational

**Explanation of how you encourage implementation**

The saplings of trees for reforestation are provided to farmers in most places for free. Education and training to farmers is delivered to explain importance and benefits of reforestation. BAT aims to have 100% of wood used by the contracted farmers for tobacco curing to be from sustainable source. Ongoing work complemented with deforestation risk assessments maintain focus on the subject and allow us to improve our approach year on year.

**Climate change related benefit**

Increasing resilience to climate change (adaptation)  
Reduced demand for fertilizers (adaptation)

**Comment**

The largest programs are run in Pakistan and Bangladesh (e.g. our Bonayan afforestation programme through which we have distributed over 115 million free saplings to rural communities since it started). The result is that approx. 99% of the wood our contracted farmers use is from sustainable sources.

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**Management practice reference number**

MP7

**Management practice**

Fertilizer management

**Description of management practice**

The way the land is prepared for growing crops and fertilizer application techniques can reduce carbon emissions; this is the concept of our Carbon Smart Farming initiative 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. The latter may be achieved by planting trees, as well as through methods like cover crops and conservation tillage that may keep the soil covered and undisturbed.

**Your role in the implementation**

Knowledge sharing

**Explanation of how you encourage implementation**

Implementation of smarter use of fertilizers is encouraged via agricultural techniques.

**Climate change related benefit**

Increasing resilience to climate change (adaptation)  
Reduced demand for fertilizers (adaptation)

**Comment**

In 2021, 76 % of tobacco hectares reported to have appropriate best practice soil and water management plans implemented.

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**Management practice reference number**

MP4

**Management practice**

Diversifying farmer income

**Description of management practice**

Encourage growing a diverse portfolio of crops alongside, or in rotation with tobacco. For example, in Kenya we support independent savings and credit cooperatives to help our contracted farmers better manage their income and save for the longer term.

**Your role in the implementation**

Knowledge sharing

**Explanation of how you encourage implementation**

Educating and supporting our contracted farmers to grow other crops for food or as additional sources of income, providing free seeds, crop inputs and training, as well as help accessing markets to sell produce. Encourage cultivation of corn, wheat and pastureland after the tobacco harvest.

**Climate change related benefit**

Increasing resilience to climate change (adaptation)  
Reduced demand for fertilizers (adaptation)

**Comment**

Rural poverty is recognised as a primary root cause for issues such as child and forced labour, as well as poor safety and environmental standards. Enhancing farmer livelihoods helps tackle such issues and strengthen our supply chain. Profitable farms with good incomes means farmers are more likely to adhere to safety standards and look after the environment. The practice is coupled with crop rotation practices.

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C-AC12.2b/C-FB12.2b/C-PF12.2b

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**(C-AC12.2b/C-FB12.2b/C-PF12.2b) Do you collect information from your suppliers about the outcomes of any implemented agricultural/forest management practices you have encouraged?**

Yes

C12.3

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**(C12.3) Does your organization engage in activities that could either directly or indirectly influence policy, law, or regulation that may impact the climate?**

**Row 1**

**Direct or indirect engagement that could influence policy, law, or regulation that may impact the climate**

Yes, we engage directly with policy makers

Yes, we engage indirectly through trade associations

**Does your organization have a public commitment or position statement to conduct your engagement activities in line with the goals of the Paris Agreement?**

No, but we plan to have one in the next two years

**Attach commitment or position statement(s)**

<Not Applicable>

**Describe the process(es) your organization has in place to ensure that your engagement activities are consistent with your overall climate change strategy**

External engagement on all policy matters, including environmental/climate change policy, is coordinated through Legal and External Affairs (LEX). LEX will also, where appropriate, consult with EHS on such matters. This approach is replicated across the group, at a regional and end market level. Such an approach ensures all of our direct and indirect activities are consistent with our overall approach to climate change, and our overall business strategy. In addition, we produce an Environment, Social and Governance report. Our internal processes and communications ensure our employees are aware of our climate change strategy and act in line with this strategy when acting on behalf of the organization. BAT has EHS Policy Manual which is distributed to all BAT Group operating companies for their implementation in their operating environments. According to the EHS Policy Manual the companies are required to engage with the relevant authorities and other interest groups in terms of climate change in line with the Group strategy.

**Primary reason for not engaging in activities that could directly or indirectly influence policy, law, or regulation that may impact the climate**

<Not Applicable>

**Explain why your organization does not engage in activities that could directly or indirectly influence policy, law, or regulation that may impact the climate**

<Not Applicable>

**C12.3a**

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**(C12.3a) On what policy, law, or regulation that may impact the climate has your organization been engaging directly with policy makers in the reporting year?**

**Focus of policy, law, or regulation that may impact the climate**

Circular economy

Extended Producer Responsibility (EPR)

**Specify the policy, law, or regulation on which your organization is engaging with policy makers**

Extended Producer Responsibility

**Policy, law, or regulation geographic coverage**

Sub-national

**Country/region the policy, law, or regulation applies to**

United States of America

**Your organization's position on the policy, law, or regulation**

Undecided

**Description of engagement with policy makers**

Our US subsidiary engages with legislatures at the State level in the US to inform them of how the US business operates, with the view to seek to ensure that those States put in place well-designed policies and regulations, which are consistent with the climate goals of the Paris Agreement.

**Details of exceptions (if applicable) and your organization's proposed alternative approach to the policy, law or regulation**

<Not Applicable>

**Have you evaluated whether your organization's engagement is aligned with the goals of the Paris Agreement?**

Yes, we have evaluated, and it is aligned

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**C12.3b**

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**(C12.3b) Provide details of the trade associations your organization engages with which are likely to take a position on any policy, law or regulation that may impact the climate.**

**Trade association**

Other, please specify (American Chamber of Commerce to the EU (AmCham EU))

**Is your organization's position on climate change consistent with theirs?**

Consistent

**Has your organization influenced, or is your organization attempting to influence their position?**

We are not attempting to influence their position

**State the trade association's position on climate change, explain where your organization's position differs, and how you are attempting to influence their position (if applicable)**

AmCham EU speaks for American business committed on trade, investment and competitiveness issues relating to Europe. It aims to ensure a growth-orientated business and investment climate in Europe. AmCham EU facilitates the resolution of transatlantic issues that impact business and plays a role in creating better understanding of EU and US positions on business matters. In relation to climate change, AmCham EU supports the Paris Agreement (<http://www.amchameu.eu/news/us-rejoins-paris-agreement-0>), has a dedicated committee focusing on transport, energy and climate. In AmCham EU's latest annual report (at the time of this response) they state "AmCham EU is supportive of the EU's climate ambitions, and we have been working in a coordinated fashion in the number of economic sectors implicated in the EU's 'Green Deal' strategy to position ourselves as a constructive policy partner in the climate, environment and sustainability space." We do not participate in discussions with, AMCham EU on climate-related issues.

**Funding figure your organization provided to this trade association in the reporting year, if applicable (currency as selected in C0.4) (optional)**

**Describe the aim of your organization's funding**

<Not Applicable>

**Have you evaluated whether your organization's engagement with this trade association is aligned with the goals of the Paris Agreement?**

Yes, we have evaluated, and it is aligned

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## C12.4

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**(C12.4) Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).**

**Publication**

In mainstream reports, incorporating the TCFD recommendations

**Status**

Complete

**Attach the document**

BAT\_Annual\_Report\_and\_Form\_20-F\_2021 (1).pdf

**Page/Section reference**

TCFD Report on pages 58 to 68

**Content elements**

Governance  
Strategy  
Risks & opportunities  
Emissions figures  
Emission targets  
Other metrics

**Comment**

We have reported in line with the full suite of TCFD recommendations in our 2021 ARA.

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## C13. Other land management impacts

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### C-AC13.2/C-FB13.2/C-PF13.2

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**(C-AC13.2/C-FB13.2/C-PF13.2) Do you know if any of the management practices mentioned in C-AC12.2a/C-FB12.2a/C-PF12.2a that were implemented by your suppliers have other impacts besides climate change mitigation/adaptation?**

Yes

### C-AC13.2a/C-FB13.2a/C-PF13.2a

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**(C-AC13.2a/C-FB13.2a/C-PF13.2a) Provide details of those management practices implemented by your suppliers that have other impacts besides climate change mitigation/adaptation.**

**Management practice reference number**

MP1

**Overall effect**

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Positive

**Which of the following has been impacted?**

Biodiversity

**Description of impacts**

Coverage: contracted farmers and those of strategic suppliers cover more than 80% of sourced tobacco. BAT works with our directly contracted farmers to implement integrated pest management techniques, incl. natural biocontrol agents. Elimination and/or reduction of pesticides and agrochemical substances use reduce risk or contamination of soil and water and risk to the species which inhabit the areas adjacent to tobacco sourcing areas.

**Have any response to these impacts been implemented?**

No

**Description of the response(s)**

The impact is positive, thus no response is required

---

**Management practice reference number**

MP2

**Overall effect**

Positive

**Which of the following has been impacted?**

Biodiversity

Soil

Water

Yield

**Description of impacts**

Coverage: contracted farmers and those of strategic suppliers cover more than 80% of sourced tobacco. BAT, leveraging on the many years of experience of the Global Leaf Agronomy centre, works with the directly contracted farmers to train them and develop their skills to promote better yields and higher quality, soil and water best practices as well as to encourage them for using sustainable fuel for curing. Applying sustainable farming practices and use of sustainable fuel allows to minimize environmental impact of the activities in farms and curing, thus minimizing negative impact on the natural habitat at the adjacent areas and preserving species living there.

**Have any response to these impacts been implemented?**

No

**Description of the response(s)**

The impact is positive, thus no response is required

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**Management practice reference number**

MP3

**Overall effect**

Positive

**Which of the following has been impacted?**

Biodiversity

Soil

**Description of impacts**

Forests are natural sources for carbon sequestration, improving farmer's and environment's climate resilience. At the same time, reforestation activities allow to preserve forests which are a habitat of animals and plants, thus have positive effect on preserving the biodiversity.

**Have any response to these impacts been implemented?**

No

**Description of the response(s)**

The impact is positive, thus no response is required

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**Management practice reference number**

MP4

**Overall effect**

Positive

**Which of the following has been impacted?**

Water

Yield

**Description of impacts**

BAT Global leaf agronomy centre develops new tobacco seed varieties that offer greater yields, as well as higher quality and resistance to diseases. This helps to boost farmers' profits as well as to grow leaf more efficiently using the same area of land and similar amounts of water while applying less pesticides. Overall yield improvement is linked with improved social metrics which are also essential to our farmer's livelihood approach.

**Have any response to these impacts been implemented?**

No

**Description of the response(s)**

The impact is positive, thus no response is required

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C15. Biodiversity

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C15.1

**(C15.1) Is there board-level oversight and/or executive management-level responsibility for biodiversity-related issues within your organization?**

	Board-level oversight and/or executive management-level responsibility for biodiversity-related issues	Description of oversight and objectives relating to biodiversity	Scope of board-level oversight
Row 1	Yes, both board-level oversight and executive management-level responsibility	Our Group governance framework ensures Board-level oversight of ESG including biodiversity-related issues. Board oversight includes review of performance against biodiversity & deforestation targets and annual review of the Group risk register (which includes forest-related risks). The Board has delegated certain responsibilities to the Audit Committee (AC), responsible for reviewing the effectiveness of Group risk management and internal controls systems, (including for biodiversity issues). The AC reviews the Group risk register twice/year and progress on forest-related targets. In 2021, revised AC terms of reference were adopted by the Board to extend the AC remit to include engagement of external providers to conduct assurance over ESG metrics (including biodiversity-related metrics) and related data in annual reporting and monitoring assurance work. This approach was adopted to further enhance the Group's rigour in reporting ESG-related information. Our Management Board (MB), chaired by the CEO, is responsible for overseeing the implementation of Group strategy and policies. The Director, Operations (DO) is a member of the MB reporting directly into the CEO. The DO has overall responsibility for delivery of the Group's biodiversity strategy, environmental targets and related risks and opportunities. The Board is updated on ESG topics (which include biodiversity-related issues) on a quarterly basis. This consists of review of the Group's environment strategy, targets & performance twice per year, an annual review of the risk register (which includes biodiversity-related risks), review and approval of the Annual Report and Form 20-F and ESG report which include our biodiversity-related performance for the year, and additional focused updates on our ESG progress. The DO chairs and receives updates from functional leaders and teams on biodiversity-related strategy and targets through Sustainability & Environmental Forums that meet 4-6 times a year. The MB receives updates on biodiversity-related risks and strategic plans, along with risk mitigation plans. This includes monitoring by the Group Risk Management Committee, chaired by the Finance & Transformation Director.	<Not Applicable>

C15.2

**(C15.2) Has your organization made a public commitment and/or endorsed any initiatives related to biodiversity?**

	Indicate whether your organization made a public commitment or endorsed any initiatives related to biodiversity	Biodiversity-related public commitments	Initiatives endorsed
Row 1	Yes, we have made public commitments and publicly endorsed initiatives related to biodiversity	Commitment to Net Positive Gain Commitment to No Net Loss Adoption of the mitigation hierarchy approach	Other, please specify (Business for Nature Call to Action)

C15.3

**(C15.3) Does your organization assess the impact of its value chain on biodiversity?**

	Does your organization assess the impact of its value chain on biodiversity?	Portfolio
Row 1	Yes, we assess impacts on biodiversity in our upstream value chain only	<Not Applicable>

C15.4

**(C15.4) What actions has your organization taken in the reporting year to progress your biodiversity-related commitments?**

	Have you taken any actions in the reporting period to progress your biodiversity-related commitments?	Type of action taken to progress biodiversity-related commitments
Row 1	Yes, we are taking actions to progress our biodiversity-related commitments	Land/water management Education & awareness Livelihood, economic & other incentives

C15.5

**(C15.5) Does your organization use biodiversity indicators to monitor performance across its activities?**

	Does your organization use indicators to monitor biodiversity performance?	Indicators used to monitor biodiversity performance
Row 1	Yes, we use indicators	Pressure indicators Response indicators

C15.6



**(C15.6) Have you published information about your organization's response to biodiversity-related issues for this reporting year in places other than in your CDP response? If so, please attach the publication(s).**

Report type	Content elements	Attach the document and indicate where in the document the relevant biodiversity information is located
In voluntary sustainability report or other voluntary communications	Content of biodiversity-related policies or commitments Impacts on biodiversity Details on biodiversity indicators Biodiversity strategy	BAT_ESG_Report_2021.pdf

## C16. Signoff

### C-FI

**(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.**

N/A

### C16.1

**(C16.1) Provide details for the person that has signed off (approved) your CDP climate change response.**

	Job title	Corresponding job category
Row 1	Director, Group Operations	Other C-Suite Officer

## SC. Supply chain module

### SC0.0

**(SC0.0) If you would like to do so, please provide a separate introduction to this module.**

BAT is committed to working with its business partners across its value chain on sustainability and ESG (environmental, social & governance) matters, and very much welcomes proactive engagement. If you wish to discuss potential joint initiatives, projects or programmes in this area with us, please contact: [sustainability@bat.com](mailto:sustainability@bat.com) – whilst also cc'ing your normal BAT contact.

### SC0.1

**(SC0.1) What is your company's annual revenue for the stated reporting period?**

	Annual Revenue
Row 1	25684000000

### SC1.1

**(SC1.1) Allocate your emissions to your customers listed below according to the goods or services you have sold them in this reporting period.**

**Requesting member**

Wal Mart de Mexico

**Scope of emissions**

Scope 1

**Allocation level**

Facility

**Allocation level detail**

Walmart Mexico y Central America purchased cigarette volume is largely provided by our facilities in Mexico and Honduras (minor amounts of some SKUs are from our facilities in Venezuela and Chile). Our supply chain team tracks the data of finished good allocation per facility to each end-market (country), and our marketing teams track sales data per customer, per country, with a breakdown per product category. We have used this data tracking process to provide the information provided here.

**Emissions in metric tonnes of CO2e**

27.32

**Uncertainty (±%)**

15

**Major sources of emissions**

Fuel-use which compose Scope 1 emissions at our facilities in Mexico (mostly natural gas, also LPG) and Honduras (natural gas and diesel oil) as well as process emissions of CO2 at our facility in Mexico.

**Verified**

No

**Allocation method**

Allocation based on the number of units purchased

**Market value or quantity of goods/services supplied to the requesting member**

155.84

**Unit for market value or quantity of goods/services supplied**

Other, please specify (Million cigarette equivalents (1 cig.equiv.= 1 cigarette of any SKU))

**Please explain how you have identified the GHG source, including major limitations to this process and assumptions made**

Emissions are allocated based on data collected as part of our annual environmental reporting processes. Scope 1 emissions are calculated based on: 1. amounts of raw fuel consumed at the facility level and applicable emissions factors; and 2. amounts of CO2 input into the process in our factory in Mexico. The emissions data are externally assured at Group level by KPMG. Assumptions: each of our facilities produced a wide range of SKUs of finished goods as well as semi-finished goods (e.g. filter rods, cut rag tobacco etc.) for further use in our manufacturing process. Due to limitations of energy metering systems, we are unable to trace energy use and associated emissions per batch of finished goods or semi-finished goods. Thus for emissions allocation, we calculated average Scope 1 and Scope 2 emissions per unit of product from each of the relevant facilities and further multiply this by the amount of finished goods purchased by the customer from this facility.

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**Requesting member**

Wal Mart de Mexico

**Scope of emissions**

Scope 2

**Allocation level**

Facility

**Allocation level detail**

Walmart Mexico y Central America purchased cigarette volume is mostly from our facilities in Mexico and Honduras (minor amounts of some SKUs are from our facilities in Venezuela and Chile). Our Supply Chain team tracks the data of finished good allocation per facility to end market (country). Our marketing teams track sales data per customer with breakdown per product category.

**Emissions in metric tonnes of CO2e**

11.13

**Uncertainty (±%)**

15

**Major sources of emissions**

Electricity purchased by our facilities in Mexico and Honduras that compose Scope 2 emissions (Market-based). Electricity purchased by our facility in Mexico is 100% covered by renewable energy certificates (I-RECs), thus reported emissions are zero.

**Verified**

No

**Allocation method**

Allocation based on the number of units purchased

**Market value or quantity of goods/services supplied to the requesting member**

155.84

**Unit for market value or quantity of goods/services supplied**

Other, please specify (Million cigarette equivalents (1 cig.equiv.= 1 cigarette of any SKU))

**Please explain how you have identified the GHG source, including major limitations to this process and assumptions made**

Emissions are allocated based on data collected as part of the Environmental report submitted by our facilities. Purchased electricity reported by the facility as part of the global environmental reporting tool are translated into Scope 2 emissions with the application emissions factors. For electricity used by our facility in Mexico the market-based factor is zero taking into account 100% of electricity consumption in 2021 is accounted for by renewable energy certificates. For electricity used by our facility in Honduras, the market-based factor is equal to the location-based factor and is based on IEA 2020. The emissions data are externally assured at Group level by KPMG. Assumptions: each of our facilities produced a wide range of SKUs of finished goods as well as semi-finished goods (e.g. filter rods, cut rag tobacco etc.) for further use in our manufacturing process. Due to limitations of energy metering systems, we are unable to trace energy use and associated emissions per batch of finished goods or semi-finished goods. Thus for emissions allocation, we calculated average Scope 1 and Scope 2 emissions per unit of product from each of the relevant facilities and further multiplied this by the amount of finished goods purchased by the customer from this facility.

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**Requesting member**

S Group

**Scope of emissions**

Scope 1

**Allocation level**

Facility

**Allocation level detail**

S Group purchased cigarette volume is from one facility in Poland; purchased cigars and fine cut tobacco volumes is from another facility in Hungary. Our Supply Chain team tracks the data of finished good allocation per facility to end market (country). Our marketing teams track sales data per customer with breakdown per product category.

**Emissions in metric tonnes of CO2e**

30.05

**Uncertainty (±%)**

15

**Major sources of emissions**

Fuels which compose Scope 1 emissions at our factories in Poland and Hungary (mostly natural gas).

**Verified**

No

**Allocation method**

Allocation based on the number of units purchased

**Market value or quantity of goods/services supplied to the requesting member**

237

**Unit for market value or quantity of goods/services supplied**

Other, please specify (Million cigarette equivalents (1 cig.equiv.= 1 cigarette, cigar or cigarillo of any SKU = 1 gram of fine cut tobacco))

**Please explain how you have identified the GHG source, including major limitations to this process and assumptions made**

Emissions are allocated based on data collected as part of the Environmental report submitted by our facilities. Scope 1 emissions are calculated based on amounts of raw fuel consumed at the facility level and emissions factors published by BEIS/ Defra UK 2020. The emissions data are externally assured at Group level by KPMG. Assumptions: each of our facilities produced a wide range of SKUs of finished goods as well as semi-finished goods (e.g. filter rods, cut rag tobacco etc.) for further use in our manufacturing process. Due to limitations of energy metering systems, we are unable to trace energy use and associated emissions per batch of finished goods or semi-finished goods. Thus for emissions allocation, we calculated average Scope 1 and Scope 2 emissions per unit of product from each of the relevant facilities and further multiplied this by the amount of finished goods purchased by the customer from this facility.

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**Requesting member**

S Group

**Scope of emissions**

Scope 2

**Allocation level**

Facility

**Allocation level detail**

S Group purchased cigarette volume is from one facility in Poland; purchased cigars and fine cut tobacco volumes is from another facility in Hungary. Our Supply Chain team tracks the data of finished good allocation per facility to end market (country). Our marketing teams track sales data per customer with breakdown per product category.

**Emissions in metric tonnes of CO2e**

15.4

**Uncertainty (±%)**

15

**Major sources of emissions**

Electricity purchased by our factories in Poland and Hungary and hot water purchased from external provider by our factory in Hungary that compose Scope 2 emissions (Market-based). Electricity purchased by factories in Poland and Hungary is by 100% covered by renewable energy attributes, thus reported emissions are zero. Emissions associated with hot water purchased by our factory in Hungary are non-zero.

**Verified**

No

**Allocation method**

Allocation based on the number of units purchased

**Market value or quantity of goods/services supplied to the requesting member**

237

**Unit for market value or quantity of goods/services supplied**

Other, please specify (Million cigarette equivalents (1 cig.equiv.= 1 cigarette, cigar or cigarillo of any SKU = 1 gram of fine cut tobacco))

**Please explain how you have identified the GHG source, including major limitations to this process and assumptions made**

Emissions are allocated based on data collected as part of the Environmental report submitted by our facilities. Purchased electricity, hot water and steam consumption is reported by the facility as part of the global environmental reporting tool are translated into Scope 2 emissions with the application emissions factors. For electricity the market-based factor is zero taking into account 100% of the facilities electricity consumption in 2021 is renewable (attributed accordingly to the facility). For purchased hot water the market-based factor is equal to location-based factor and is based on DEFRA/BEIS 2020. The emissions data are externally assured at Group level by KPMG. Assumptions: each of our facilities produced a wide range of SKUs of finished goods as well as semi-finished goods (e.g. filter rods, cut rag tobacco etc.) for further use in our manufacturing process. Due to limitations of energy metering systems, we are unable to trace energy use and associated emissions per batch of finished goods or semi-finished goods. Thus for emissions allocation, we calculated average Scope 1 and Scope 2 emissions per unit of product from each of the relevant facilities and further multiplied this by the amount of finished goods purchased by the customer from this facility.

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**Requesting member**

Kesko Corporation

**Scope of emissions**

Scope 1

**Allocation level**

Facility

**Allocation level detail**

Kesko purchased cigarette volume is from one facility in Poland; purchased cigars and fine cut tobacco volumes is from another facility in Hungary. Our Supply Chain team tracks the data of finished good allocation per facility to end market (country). Our marketing teams track sales data per customer with breakdown per product category.

**Emissions in metric tonnes of CO2e**

31.82

**Uncertainty (±%)**

15

**Major sources of emissions**

Fuels which compose Scope 1 emissions at our factories in Poland and Hungary (mostly natural gas).

**Verified**

No

**Allocation method**

Allocation based on the number of units purchased

**Market value or quantity of goods/services supplied to the requesting member**

225

**Unit for market value or quantity of goods/services supplied**

Other, please specify (Million cigarette equivalents (1 cig.equiv.= 1 cigarette, cigar or cigarillo of any SKU = 1 gram of fine cut tobacco))

**Please explain how you have identified the GHG source, including major limitations to this process and assumptions made**

Emissions are allocated based on data collected as part of the Environmental report submitted by our facilities. Scope 1 emissions are calculated based on amounts of raw fuel consumed at the facility level and emissions factors published by BEIS/ Defra UK. The emissions figures are externally assured at Group level by KPMG. Assumptions: each of our facilities produced a wide range of SKUs of finished goods as well as semi-finished goods (e.g. filter rods, cut rag tobacco etc.) for further use in our manufacturing process. Due to limitations of energy metering systems, we are unable to trace energy use and associated emissions per batch of finished goods or semi-finished goods. Thus for emissions allocation, we calculated average Scope 1 and Scope 2 emissions per unit of product from each of the relevant facilities and further multiplied this by the amount of finished goods purchased by the customer from this facility.

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**Requesting member**

Kesko Corporation

**Scope of emissions**

Scope 2

**Allocation level**

Facility

**Allocation level detail**

Kesko purchased cigarette volume is from one facility in Poland; purchased cigars and fine cut tobacco volumes is from another facility in Hungary. Our Supply Chain team tracks the data of finished good allocation per facility to end market (country). Our marketing teams track sales data per customer with breakdown per product category.

**Emissions in metric tonnes of CO2e**

12.15

**Uncertainty (±%)**

15

**Major sources of emissions**

Electricity purchased by our factories in Poland and Hungary and hot water purchased from external provider by our factory in Hungary that compose Scope 2 emissions (Market-based). Electricity purchased by factories in Poland and Hungary is by 100% covered by renewable energy attributes, thus reported emissions are zero. Emissions associated with hot water purchased by our factory in Hungary are non-zero.

**Verified**

No

**Allocation method**

Allocation based on the number of units purchased

**Market value or quantity of goods/services supplied to the requesting member**

225

**Unit for market value or quantity of goods/services supplied**

Other, please specify (Million cigarette equivalents (1 cig.equiv.= 1 cigarette, cigar or cigarillo of any SKU = 1 gram of fine cut tobacco))

**Please explain how you have identified the GHG source, including major limitations to this process and assumptions made**

Emissions are allocated based on data collected as part of the Environmental report submitted by our facilities. Purchased electricity, hot water and steam consumption is reported by the facility as part of the global environmental reporting tool are translated into Scope 2 emissions with the application emissions factors. For electricity the market-based factor is zero taking into account 100% of the facilities electricity consumption in 2021 is renewable (attributed accordingly to the facility). For purchased hot water the market-based factor is equal to location-based factor and is based on DEFRA/BEIS 2020. The emissions data are externally assured at Group level by KPMG. Assumptions: each of our facilities produced a wide range of SKUs of finished goods as well as semi-finished goods (e.g. filter rods, cut rag tobacco etc.) for further use in our manufacturing process. Due to limitations of energy metering systems, we are unable to trace energy use and associated emissions per batch of finished goods or semi-finished goods. Thus for emissions allocation, we calculated average Scope 1 and Scope 2 emissions per unit of product from each of the relevant facilities and further multiplied this by the amount of finished goods purchased by the customer from this facility.

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**Requesting member**

J Sainsbury Plc

**Scope of emissions**

Scope 1

**Allocation level**

Facility

**Allocation level detail**

Sainsbury's purchased cigarette volume is from mostly from one our facility in Romania, only 1 SKU (<1% of total volume) is supplied from our facility in Poland; purchased modern oral volume is from one facility in Hungary; purchased fine cut volume is from one our facility in the Netherlands. Our Supply Chain team tracks the data of finished good allocation per facility to end market (country). Our marketing teams track sales data per customer with breakdown per product category.

**Emissions in metric tonnes of CO2e**

38.23

**Uncertainty (±%)**

15

**Major sources of emissions**

Fuels which compose Scope 1 emissions at our facilities in Romania, Poland, the Netherlands and Hungary (mostly natural gas).

**Verified**

No

**Allocation method**

Allocation based on the number of units purchased

**Market value or quantity of goods/services supplied to the requesting member**

268.77

**Unit for market value or quantity of goods/services supplied**

Other, please specify (Million cigarette equivalents (1 cig.equiv.= 1 cigarette of any SKU = 1 gram of modern oral product = 1 gram of fine cut tobacco))

**Please explain how you have identified the GHG source, including major limitations to this process and assumptions made**

Emissions are allocated based on data collected as part of the Environmental report submitted by our facilities. Scope 1 emissions are calculated based on amounts of raw fuel consumed at the facility level and emissions factors published by BEIS/ Defra UK. The emissions figures are externally assured at Group level by KPMG. Note: most of purchased Potentially Reduced Risk Product volume (ePod, eTank, refills) and devices are produced by 3rd party, thus don't contribute to Scope 1 and 2 emissions.

Assumptions: each of our facilities produced a wide range of SKUs of finished goods as well as semi-finished goods (e.g. filter rods, cut rag tobacco etc.) for further use in our manufacturing process. Due to limitations of energy metering systems, we are unable to trace energy use and associated emissions per batch of finished goods or semi-finished goods. Thus for emissions allocation, we calculated average Scope 1 and Scope 2 emissions per unit of product from each of the relevant facilities and further multiplied this by the amount of finished goods purchased by the customer from this facility.

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**Requesting member**

J Sainsbury Plc

**Scope of emissions**

Scope 2

**Allocation level**

Facility

**Allocation level detail**

Sainsbury's purchased cigarette volume is from mostly from one our facility in Romania, only 1 SKU (<1% of total volume) is supplied from our facility in Poland; purchased modern oral volume is from one facility in Hungary; purchased fine cut volume is from one our facility in the Netherlands. Our Supply Chain team tracks the data of finished good allocation per facility to end market (country). Our marketing teams track sales data per customer with breakdown per product category.

**Emissions in metric tonnes of CO2e**

0.002

**Uncertainty (±%)**

15

**Major sources of emissions**

Electricity purchased by our facilities in Romania, Poland, the Netherlands and Hungary as well as electricity used by electrical fleet vehicles that compose Scope 2 emissions (Market-based). Electricity purchased by each of the facilities is by 100% covered by renewable energy attributes, thus reported emissions are zero. Emissions from electricity used by fleet vehicles, are non-zero, however minor.

**Verified**

No

**Allocation method**

Allocation based on the number of units purchased

**Market value or quantity of goods/services supplied to the requesting member**

268.77

**Unit for market value or quantity of goods/services supplied**

Other, please specify (Million cigarette equivalents (1 cig.equiv.= 1 cigarette of any SKU = 1 gram of modern oral product = 1 gram of fine cut tobacco))

**Please explain how you have identified the GHG source, including major limitations to this process and assumptions made**

Emissions are allocated based on data collected as part of the Environmental report submitted by our facilities. Purchased electricity is reported by the facility as part of the global environmental reporting tool are translated into Scope 2 emissions with the application emissions factors. For electricity used on site, the market-based factor is zero taking into account that 100% electricity consumption of our facilities in Romania, Poland, Hungary and the Netherlands in 2021 is renewable (attributed accordingly to the facility). For electricity used by our fleet vehicles the market-based factor is equal to location-based factor and is based on IEA 2020. The emissions data are externally assured at Group level by KPMG. Note: most of purchased Potentially Reduced Risk Product volume (ePod, eTank, refills) and devices are produced by 3rd party, thus don't contribute to Scope 1 and 2 emissions. Assumptions: each of our facilities produced a wide range of SKUs of finished goods as well as semi-finished goods (e.g. filter rods, cut rag tobacco etc.) for further use in our manufacturing process. Due to limitations of energy metering systems, we are unable to trace energy use and associated emissions per batch of finished goods or semi-finished goods. Thus for emissions allocation, we calculated average Scope 1 and Scope 2 emissions per unit of product from each of the relevant facilities and further multiplied this by the amount of finished goods purchased by the customer from this facility.

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**Requesting member**

Ahold Delhaize

**Scope of emissions**

Scope 1

**Allocation level**

Facility

**Allocation level detail**

Albert (Czech) chain of Ahold Delhaize purchased cigarette volume is from 3 of our facilities in Europe (mostly from Romania and Poland with minor share from Croatia); purchased modern oral volume is from one facility in Hungary. Our Supply Chain team tracks the data of finished good allocation per facility to end market (country). Our marketing teams track sales data per customer with breakdown per product category.

**Emissions in metric tonnes of CO2e**

9.68

**Uncertainty (±%)**

15

**Major sources of emissions**

Fuels which compose Scope 1 emissions at our facilities in Romania, Poland, Croatia and Hungary (mostly natural gas).

**Verified**

No

**Allocation method**

Allocation based on the number of units purchased

**Market value or quantity of goods/services supplied to the requesting member**

67.34

**Unit for market value or quantity of goods/services supplied**

Other, please specify (Million cigarette equivalents (1 cig.equiv.= 1 cigarette of any SKU = 1 gram of modern oral product))

**Please explain how you have identified the GHG source, including major limitations to this process and assumptions made**

Emissions are allocated based on data collected as part of the Environmental report submitted by our facilities. Scope 1 emissions are calculated based on amounts of raw fuel consumed at the facility level and emissions factors published by BEIS/ Defra UK. The emissions figures are externally assured at Group level by KPMG. Assumptions: each of our facilities produced a wide range of SKUs of finished goods as well as semi-finished goods (e.g. filter rods, cut rag tobacco etc.) for further use in our manufacturing process. Due to limitations of energy metering systems, we are unable to trace energy use and associated emissions per batch of finished goods or semi-finished goods. Thus for emissions allocation, we calculated average Scope 1 and Scope 2 emissions per unit of product from each of the relevant facilities and further multiplied this by the amount of finished goods purchased by the customer from this facility.

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**Requesting member**

Ahold Delhaize

**Scope of emissions**

Scope 2

**Allocation level**

Facility

**Allocation level detail**

Albert (Czech) chain of Ahold Delhaize purchased cigarette volume is from 3 of our facilities in Europe (mostly from Romania and Poland with minor share from Croatia); purchased modern oral volume is from one facility in Hungary. Our Supply Chain team tracks the data of finished good allocation per facility to end market (country). Our marketing teams track sales data per customer with breakdown per product category.

**Emissions in metric tonnes of CO2e**

0

**Uncertainty (±%)**

0

**Major sources of emissions**

Electricity purchased by our facilities in Romania, Poland, Croatia and Hungary that compose Scope 2 emissions (Market-based). Electricity purchased by each of the facilities is by 100% covered by renewable energy attributes, thus reported emissions are zero.

**Verified**

No

**Allocation method**

Allocation based on the number of units purchased

**Market value or quantity of goods/services supplied to the requesting member**

67.34

**Unit for market value or quantity of goods/services supplied**

Other, please specify (Million cigarette equivalents (1 cig.equiv.= 1 cigarette of any SKU = 1 gram of modern oral product))

**Please explain how you have identified the GHG source, including major limitations to this process and assumptions made**

Emissions are allocated based on data collected as part of the Environmental report submitted by our facilities. Purchased electricity is reported by the facility as part of the global environmental reporting tool are translated into Scope 2 emissions with the application emissions factors. For electricity, the market-based factor is zero taking into account that 100% electricity consumption of our facilities in Hungary, Poland, Romania and Croatia in 2021 is renewable (attributed accordingly to the facility). The emissions data are externally assured at Group level by KPMG. Assumptions: each of our facilities produced a wide range of SKUs of finished goods as well as semi-finished goods (e.g. filter rods, cut rag tobacco etc.) for further use in our manufacturing process. Due to limitations of energy metering systems, we are unable to trace energy use and associated emissions per batch of finished goods or semi-finished goods. Thus for emissions allocation, we calculated average Scope 1 and Scope 2 emissions per unit of product from each of the relevant facilities and further multiplied this by the amount of finished goods purchased by the customer from this facility.

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SC1.2

(SC1.2) Where published information has been used in completing SC1.1, please provide a reference(s).

n/a

### SC1.3

#### (SC1.3) What are the challenges in allocating emissions to different customers, and what would help you to overcome these challenges?

Allocation challenges	Please explain what would help you overcome these challenges
Customer base is too large and diverse to accurately track emissions to the customer level	We sell our brands in more than 200 markets worldwide. At each of them we use different customers ranging from major retail networks to small tobacconist shops. In some markets production is local, others imported from other countries, so it is difficult to get to a meaningful number by production line, brand or SKU.
Diversity of product lines makes accurately accounting for each product/product line cost ineffective	Our facilities produce numerous SKUs or finished goods (cigarettes, other tobacco products, potentially reduced risk products etc.) as well as semi-finished goods (cut-rag tobacco, filter rods etc. for use at other facilities within the Group). It common to produce different SKUs at the same production line. Currently energy metering level at most of our facilities doesn't allow to track energy use by product line or production unit, thus allocate energy use and associated emissions to particular batch of finished goods.

### SC1.4

#### (SC1.4) Do you plan to develop your capabilities to allocate emissions to your customers in the future?

Yes

#### SC1.4a

##### (SC1.4a) Describe how you plan to develop your capabilities.

In the medium term we plan to develop a model to better allocate emissions to specific customers upon request. It will require a cross-functional approach to provide good traceability level by SKU in order to associate emissions from production module/line-level to each customer. A key challenge is that the supply chain can be highly dynamic i.e., customers buy different volumes of different SKUs over time which may be sourced from different factories; alongside changes in customer needs, business constraints and regulatory requirements .

We would welcome working with specific customers in the short term, as a pilot, if interest is present/ confirmed in undertaking a joint project and no legal issues etc. are identified.

### SC2.1

#### (SC2.1) Please propose any mutually beneficial climate-related projects you could collaborate on with specific CDP Supply Chain members.

**Requesting member**

Wal Mart de Mexico

**Group type of project**

Reduce Logistics Emissions

**Type of project**

Route optimization

**Emissions targeted**

Actions that would reduce both our own and our customers' emissions

**Estimated timeframe for carbon reductions to be realized**

3-5 years

**Estimated lifetime CO2e savings****Estimated payback**

Other, please specify (To be determined as part of the project.)

**Details of proposal**

Working together to review the impact of our logistics operations and collaborate to reduce emissions.

**Requesting member**

Ahold Delhaize

**Group type of project**

Reduce Logistics Emissions

**Type of project**

Route optimization

**Emissions targeted**

Actions that would reduce both our own and our customers' emissions

**Estimated timeframe for carbon reductions to be realized**

3-5 years

**Estimated lifetime CO2e savings**

**Estimated payback**

Other, please specify (To be determined as part of the project.)

**Details of proposal**

Working together to review the impact of our logistics operations and collaborate to reduce emissions.

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**Requesting member**

J Sainsbury Plc

**Group type of project**

Reduce Logistics Emissions

**Type of project**

Route optimization

**Emissions targeted**

Actions that would reduce both our own and our customers' emissions

**Estimated timeframe for carbon reductions to be realized**

3-5 years

**Estimated lifetime CO2e savings****Estimated payback**

Other, please specify (To be determined as part of the project.)

**Details of proposal**

Working together to review the impact of our logistics operations and collaborate to reduce emissions.

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**Requesting member**

Ahold Delhaize

**Group type of project**

Reduce Logistics Emissions

**Type of project**

Route optimization

**Emissions targeted**

Actions that would reduce both our own and our customers' emissions

**Estimated timeframe for carbon reductions to be realized**

3-5 years

**Estimated lifetime CO2e savings****Estimated payback**

Other, please specify (To be determined as part of the project.)

**Details of proposal**

Working together to review the impact of our logistics operations and collaborate to reduce emissions.

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**Requesting member**

Kesko Corporation

**Group type of project**

Reduce Logistics Emissions

**Type of project**

Route optimization

**Emissions targeted**

Actions that would reduce both our own and our customers' emissions

**Estimated timeframe for carbon reductions to be realized**

3-5 years

**Estimated lifetime CO2e savings****Estimated payback**

Other, please specify (To be determined as part of the project.)

**Details of proposal**

Working together to review the impact of our logistics operations and collaborate to reduce emissions.

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**Requesting member**

S Group

**Group type of project**

Reduce Logistics Emissions

**Type of project**

Route optimization

**Emissions targeted**

Actions that would reduce both our own and our customers' emissions

**Estimated timeframe for carbon reductions to be realized**

3-5 years

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**Estimated lifetime CO2e savings**

**Estimated payback**

Other, please specify (To be determined as part of the project.)

**Details of proposal**

Working together to review the impact of our logistics operations and collaborate to reduce emissions.

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SC2.2

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**(SC2.2) Have requests or initiatives by CDP Supply Chain members prompted your organization to take organizational-level emissions reduction initiatives?**

No

SC4.1

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**(SC4.1) Are you providing product level data for your organization's goods or services?**

No, I am not providing data

Submit your response

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**In which language are you submitting your response?**

English

**Please confirm how your response should be handled by CDP**

	I understand that my response will be shared with all requesting stakeholders	Response permission
Please select your submission options	Yes	Public

**Please confirm below**

I have read and accept the applicable Terms