

W0. Introduction

W0.1

(W0.1) Give a general description of and introduction to your organization.

BAT is a FTSE top-10, multi-category consumer goods business with more than 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

W-FB0.1a

(W-FB0.1a) Which activities in the food, beverage, and tobacco sector does your organization engage in?

- Agriculture
- Processing/Manufacturing
- Distribution

W0.2

(W0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date
Reporting year	December 1 2020	November 30 2021

W0.3

(W0.3) 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

Other: Rest of the world: other countries incl. small operations, not material in terms of total emissions. These are BAT units in 41 countries, that in tote give less than 2% of total Water Withdrawn and have no facilities in water stressed zones

W0.4

(W0.4) Select the currency used for all financial information disclosed throughout your response.

GBP

W0.5

(W0.5) Select the option that best describes the reporting boundary for companies, entities, or groups for which water impacts on your business are being reported.

Companies, entities or groups over which operational control is exercised

W0.6

(W0.6) Within this boundary, are there any geographies, facilities, water aspects, or other exclusions from your disclosure?

No

W0.7

(W0.7) 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

W1. Current state

W1.1

(W1.1) Rate the importance (current and future) of water quality and water quantity to the success of your business.

	Direct use importance rating	Indirect use importance rating	Please explain
Sufficient amounts of good quality freshwater available for use	Vital	Vital	Direct operations: Stable supply of freshwater of sufficient quality is critical to maintaining production and achieving right quality of our products, As a valued member of local communities where we operate, we regularly review to ensure we are not indirectly depriving them of water In direct operations, freshwater is used in leaf processing in green leaf threshing plants (GLTs); tobacco conditioning to get right humidity levels in our products and casing preparation in factories; & in equipment cleaning operations when switching product blends. Thus, freshwater use is vital to ensure we can manufacture product of proper quality. As part of our AWS (alliance for water stewardship) program, a range of our factories and GLTs have mapped their water sources, including fresh water, to understand and quantify reliance on them. Future dependency: importance rating in direct operations is expected to remain the same. In indirect operations, fresh water is used by farmers to grow tobacco. Natural rainfall may vary, thus additional watering is needed to get the crop with proper leaf quality. Future dependency: importance rating in indirect operations is expected to remain the same. Overall Summary: As a company highly dependent on agricultural commodity (tobacco), we highly depend on access to freshwater. We must effectively manage water risk to our direct operations and value chains. We engage with our suppliers via Sustainable Tobacco Program, and via Supplier Code of Conduct. Through these we discuss ways to reduce irrigation needs through the implementation of best agricultural practices, we provide technical assistance and help our suppliers reach lower water use rates. It is highly important for BAT to work with suppliers to understand the importance of water security to their community, their business and overall sustainability.
Sufficient amounts of recycled, brackish and/or produced water available for use	Important	Important	Direct Operations: Current state: Recycled water is used primarily for irrigation, cleaning, sanitary purposes, in utilities & other non-process activities. Brackish water is not used in our manufacturing process due to concerns it may adversely impact product quality, while produced water is not relevant due to nature of operations. Through our AWS program, sites map water sources, including recycled water to understand and quantify reliance on them to define further opportunities for recycling. Importance: Although there are certain limitations within product manufacturing at the current level of water treatment technology, 16.7% of water used in our direct operations is recycled and we aim to increase the % of water recycled/reused. Thus, the importance rating is considered "important". Future importance: We expect importance rating of recycled to have a slight increase in the future due to development of water recycling technologies & cooperative schemes enabling to recycle more water and our intention to replace more freshwater with recycled water, where feasible, in pursuit of our corporate objective of 30% water recycled by 2025. Indirect Operations: Major water uses in our indirect operations are tobacco farmers' households, for which desalting brackish water or treating water for further recycling is hardly feasible, while produced water is not relevant as per the nature of their operations. Importance: Recycled water is considered important as it is through the increase in recycled water with good purity levels that we will reduce our ground water & fresh water uses and reduce our impacts in watersheds everywhere we operate. Future importance: We expect importance rating to gradually increase as use of recycled water would allow us to substitute freshwater, increasing resilience to water stress and scarcity along with increased water efficiency. We would encourage farming communities to use more recycled water within their water sheds, where possible.

W-FB1.1a

(W-FB1.1a) Which water-intensive agricultural commodities that your organization produces and/or sources are the most significant to your business by revenue? Select up to five.

Agricultural commodities	% of revenue dependent on these agricultural commodities	Produced and/or sourced	Please explain
Tobacco	More than 80%	Sourced	While BAT does not own tobacco farms, we buy around 400,000 tons of tobacco leaf each year, grown by 75,000 directly contracted farmers and more than 250,000 farmers of 3rd party suppliers in more than 30 countries, for our combustible and tobacco heated products. Those two categories contributed more than 90% of our revenue in 2021 and hence that's the portion dependent on tobacco as an agricultural commodity. The water consumption for tobacco in 2021 was 283.7 m3/ton (water withdrawn/tobacco), though the monitoring systems we have in place, specially looking at effective irrigation, from total hectares monitored in our key suppliers, about 31% of them are irrigated, and remaining 69% are rainfed.

W1.2

(W1.2) Across all your operations, what proportion of the following water aspects are regularly measured and monitored?

	% of sites/facilities/operations	Please explain
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	% of sites/facilities/operations	Please explain
Water withdrawals – total volumes	100%	Sites collect water data based on metering and monthly invoices from water suppliers. Small offices estimate water withdrawn per headcount or area occupied. Metering data is taken monthly, while at major sites it is taken in real time via BMS (building management systems). Sites report water withdrawn data via a global online reporting tool at least annually, while 60% of sites do quarterly. Data reported by sites is reviewed at regional & global level. Data is aggregated for appropriate geography & reported to a range of internal and external stakeholder groups. Water withdrawn is one of our Group KPI, against which targets are set and monitored on a regular basis. Among other KPIs, water withdrawn is reported as per GRI and other reporting standards (DJSI) and published in the ESG & Annual reports. BAT has adopted the AWS (alliance for water stewardship) standard and aim to have 100% of our factories and GLTs certified by 2025. 15% of relevant sites were certified in 2021.
Water withdrawals – volumes by source	100%	Sites are required to maintain water supply maps indicating all water sources. Sites collect water withdrawn data based on measurement (metering) and monthly invoices from water suppliers. Small offices estimate water withdrawn per headcount or area occupied. Metering is done at least monthly, while at major sites - in real time via BMS (building management system). Data of water withdrawn with breakdown by source are reported via Global online reporting tool at least annually, while 60% of sites report quarterly. The data reported by sites are reviewed by EHS teams at regional and Global level. Water withdrawn data with breakdown by source are aggregated at the Group level and reported to a range of internal stakeholders and externally, e.g. for DJSI report. BAT has adopted the AWS standard and aim to have 100% of our factories and GLTs certified by 2025. 15% of relevant sites were certified in 2021.
Entrained water associated with your metals & mining sector activities - total volumes [only metals and mining sector]	<Not Applicable>	<Not Applicable>
Produced water associated with your oil & gas sector activities - total volumes [only oil and gas sector]	<Not Applicable>	<Not Applicable>
Water withdrawals quality	100%	Our global sites review all water withdrawals to ensure registrations and/or permits have been obtained & verified in line with legal requirements as minimum. Sites ensure the quality of water complies with local regulations and our internal standards, depending on its purpose through selection of source of water withdrawn and appropriate treatment. Measurement of water quality is performed through sampling by independent certified laboratories and, at major sites, continuously controlled via sampling by utilities depts. Frequency of measurements is as per legal requirements. Twice a year all operations sites review their self-assessment as per the Water Roadmap, which regulates requirements for water withdrawn quality in its "Water supply" section & submit them via online environmental reporting system. Data is reviewed at regional & global level. BAT has adopted the AWS standard and aims to have 100% of our Operations certified by 2025. 15% of relevant sites were certified in 2021.
Water discharges – total volumes	100%	Monitoring method: Sites collect water discharge data based on measurement (metering) and invoices from sewage water collectors. Smaller sites may estimate water discharge based on water withdrawn. Monitoring frequency: Monitoring is done at least annually. At major sites - monthly, while at some of them - in real time via Building management systems (BMS). Sites report water discharge data in line with GRI standards via global online reporting tool at least annually. Review and use of the data: The data reported by sites are reviewed by EHS teams at Regional and Global level. Water discharge data with breakdown by source are aggregated at the Group level and reported to a range of internal stakeholders and externally, e.g. for DJSI report. BAT has adopted the AWS (alliance for water stewardship) standard and aim to have 100% of our factories and GLTs certified by 2025. 15% of relevant sites were successfully certified in 2021.
Water discharges – volumes by destination	100%	Sites collect water discharge data through metering and invoices from sewage water collectors. Smaller sites may estimate discharge based on water withdrawn. Sites map destinations of water discharge & hold necessary licenses and permits for discharge. Monitoring is annual, major sites monthly, while at some in real time via BMS. Sites report water discharge data in line with GRI standards via global online reporting tool at least annually. We track breakdown of water discharge by destination and reflect in group environmental reporting manual and refresher trainings for teams for reporting. Twice yearly all reporting units review requirements for discharged water quality management. The data reported is reviewed by Regional & Global EHS. Data is aggregated at the Group level and reported internally & externally e.g. DJSI report. BAT has adopted the AWS standard and aims to have 100% of our factories and GLTs certified by 2025. 15% of relevant sites were successfully certified in 2021.
Water discharges – volumes by treatment method	100%	Sites review water discharges to ensure registrations and/ or permits have been obtained and verified in line with legal requirements, incl. regulating water treatment on site and regulating water discharge quality and quantity by destination to ensure treatment on site is sufficient prior to discharge. As per our Global Water Management Standard, sites are required to document Water Discharge Inventory, including volume discharged by treatment method and include corrective actions wherever any abnormalities are detected. Improved global reporting means are tracking water discharge broken down by type of treatment and collected from the sites annually. Twice a year all operations sites are required to review their self-assessment against the Water Roadmap, which regulates the requirements for water discharge. Results of self-assessments and updates on actions plan are submitted by sites twice a year thorough on-line environmental reporting system.
Water discharge quality – by standard effluent parameters	100%	Sites review water discharges to ensure registrations and/or permits have been obtained and verified in line with legal requirements, incl. those regulating water discharge quality in terms of standard effluent parameters, as the minimum. Standard effluent parameters as per legal requirements are periodically measured by sampling by external certified laboratories and, at the major sites, controlled internally by Utilities depts. When any abnormalities are detected, sites are required to implement corrective actions to get back on track. Twice a year all operations sites are required to review their self-assessment against the Water Roadmap, which regulates the requirements for water discharge. Results of self-assessments, updates on actions plan are submitted by sites twice a year through online environmental reporting system. Further, twice a year all reporting units complete an EHS compliance Roadmap assessment, stipulating the requirements for discharged water quality management.
Water discharge quality – temperature	100%	Sites review all water discharges to ensure registrations and/or permits have been obtained and verified in line with legal requirements, incl. those regulating water discharge quality in terms of temperature, as the minimum. Temperature of discharged water is periodically controlled by external certified laboratories as per legal requirements and, at major sites, continuously controlled by Utilities depts. Wherever any abnormalities are detected, sites are required to implement corrective actions to get back on track. Twice a year all operations sites are required to review their self-assessment against the Water Roadmap, which regulates the requirements for water discharge results of self-assessments and updates on actions plan are submitted by sites twice a year through on-line environmental reporting system. Further, twice a year all reporting units complete an EHS compliance Roadmap assessment stipulating the requirements for discharged water quality management.
Water consumption – total volume	100%	Monitoring method: Sites track water consumption based on data for water withdrawn and water discharged ($C = W - D$, where C – consumption, W – water withdrawn, D – water discharged). Measurement is done based on metering and/ or monthly invoices from water suppliers and wastewater services providers. Frequency: At least annually. Major sites perform monitoring monthly or more frequent via Building management systems (BMS). Sites are required to report water consumption data, at a minimum, on annual basis via Global on-line reporting tool. The data reported by sites are reviewed by EHS teams at regional and global level. Water consumption performance data aggregated for appropriated geography are reported to a range of internal and external stakeholder groups.
Water recycled/reused	100%	Monitoring method: Sites collect water recycled/ reused data based on metering. Wherever measurement capabilities are not fully in place, these are based on estimates prepared by Engineering/ Utilities departments. Measurements are done at least quarterly and the major sites monitor parameters in real time via building management systems. Frequency: Sites report water recycled/ reused data via global online reporting tool at least annually for small sites and quarterly for major ones. Review and use of the data: Data reported by sites is reviewed by EHS teams at regional & global level. Water recycled performance data aggregated for appropriate geography is reported to a range of internal and external stakeholder groups. Water recycled/ reuse is one of our Group KPIs for which 2025 targets are set. Among other KPIs, water recycled data are aggregated at the Group level and reported as per GRI to DJSI and in publications incl. Sustainability report and Annual report.
The provision of fully-functioning, safely managed WASH services to all workers	100%	Sites are required to complete self-assessment as per EHS compliance Roadmap which is the document for self-assessment for compliance to our Global EHS standards. Relevant standards stipulate that personnel hygiene & welfare facilities must be in accordance with legal hygiene standards and covers sanitation, washrooms and food areas control as well as control over hygienic quality of drinking water. Requirement for providing access to proper water and sanitation facilities to employees & other personnel at premises is stipulated in our Group Water Policy. Twice a year all reporting units complete an EHS compliance Roadmap stipulating the requirements for hygiene, including WASH services. All operations sites shall review their self-assessment against the Water Roadmap, which regulates the requirements to social water, incl. sanitary installations, water use in canteen & maintenance of the systems. Self-assessments, updates are submitted twice a year via online reporting system.

(W1.2b) What are the total volumes of water withdrawn, discharged, and consumed across all your operations, and how do these volumes compare to the previous reporting year?

	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Total withdrawals	3760	Lower	We use the GRI 303: Water and Effluents 2018 Standard to guide our water withdrawn definition and methodology. Water withdrawn includes all water drawn from surface water, including harvested rainwater, groundwater, seawater, or a third party for any use within our direct operations. Water is used in manufacturing processes, in utilities, for social and irrigation needs. Irrigation is limited to our companies' premises, such as watering lawns. It does not include irrigation in agriculture, e.g. in leaf growing. Water withdrawn data is collected via our online environmental reporting system (Cr360). Sites collect data for water withdrawn based on invoices from suppliers and internal metering, which at major sites is done in real time via building management systems (BMS). Small offices can apply estimates based on area occupied or headcount. In 2021 we achieved 6.6% reduction compared to 2020. This was due to water saving initiatives, mostly at factories and green leaf threshing plants (GLTs) and decrease in production output. These included: recycling more water at many of our facilities to replace fresh water; implementing Integrated Work Systems to optimize water use at our facilities and eliminate water losses; water saving projects for water use reduction in utilities, for social purposes and for irrigation, imbedding water saving culture. We are working with AWS to deliver further water stewardship opportunities. thus, in future we expect gradual decrease of the parameter within the same scope of reporting to meet our 2025 target (decrease by 35% vs 2017 baseline). Trend thresholds are applied consistently to all our businesses: anything over +/- 5% is 'Higher'/'Lower' compared to the previous year, and anything +/-30% is 'Much higher'/'Much lower'.
Total discharges	1907	Lower	We use the GRI 303: Water and Effluents 2018 Standard to guide our water discharge definition. Water discharge includes effluents, used water, and unused water released to surface water, groundwater, seawater, or a third party. Water can be released into the receiving waterbody either at a defined discharge point or dispersed over land in an undefined manner or removed from the organization in tanks via vehicle. The data of water discharge with breakdown by destination (third party, fresh water, brackish water, groundwater) are collected via our online environmental reporting system (Cr360). Sites collect data for water discharges based on internal metering or invoices from services suppliers. In the absence of metering, estimates are applied based on water withdrawn volumes and typical water consumption of equipment and processes. 15.0% reduction vs 2020 was achieved in 2021. The direction of the trend is the same as for water withdrawn. The main drivers are water saving initiatives, mostly at factories and GLTs, as well as lower production output. These enabled us to reduce the needs for water supply and hence reduce the volumes of discharged water upon use on site. Among the initiatives that influenced water discharge are optimization of water use for social needs and cleaning as well as water recycling. Water discharge decreased at higher rate than water withdrawn due to new or intensified water recycling activities, specifically those where recycled water was used for irrigation instead of being discharged as well as due to increased water consumption for being incorporated into product (e.g. modern oral) at certain facilities. In the future we expect gradual decrease of water discharge due to expected decrease in water withdrawals and increase in water recycling on site. Trend thresholds are applied consistently to all our businesses: anything over +/- 5% is 'Higher'/'Lower' compared to the previous year, and anything +/-30% is 'Much higher'/'Much lower'.
Total consumption	1853	About the same	4.0% increase compared to 2020. Water consumption is calculated as per the following formula: C = W – D, Where, W= total withdrawals, D= total discharges, C= total consumption. Water storage on site is negligible. Trend in water consumption follows trends in both water withdrawn, and water discharged, both of which were downwards, though water discharge decreased at a higher rate. Water consumption increased despite decrease in water withdrawn due to new or intensified water recycling activities, specifically those where recycled water was used for irrigation instead of being discharged as well as due to increased water consumption for being incorporated into product (e.g. modern oral) at certain facilities. In the future we expect water consumption to continuously decrease due to expected decrease in water withdrawals with no significant changes in our production processes are anticipated. Trend thresholds are applied consistently to all our businesses: anything over +/- 5% is 'Higher'/'Lower' compared to the previous year, and anything +/-30% is 'Much higher'/'Much lower'.

W1.2d

(W1.2d) Indicate whether water is withdrawn from areas with water stress and provide the proportion.

	Withdrawals are from areas with water stress	% withdrawn from areas with water stress	Comparison with previous reporting year	Identification tool	Please explain
Row 1	Yes	11-25	About the same	WRI Aqueduct	The percentage in 2021 is 16%, same as in 2020. The change in percentage is lower than 0.1pp, thus the trend vs last year is classified as "about the same". Trend thresholds are applied consistently to all our businesses: anything over +/- 5% is 'Higher'/'Lower' compared to the previous year, and anything +/-30% is 'Much higher'/'Much lower'. Defining facilities in water stress areas via WRI Aqueduct tool: To identify facilities located in water stress areas, we maintain the list of exact geographical coordinates (latitude, longitude) of our Operations sites (factories and green leaf threshing plants) based on the information from local sites' teams via our environmental reporting system. The information is updated annually. The same environmental reporting system is used to collect information on water withdrawal volumes by each of the facilities. We define facilities as being in 'water stress' zone as per WRI Aqueduct map using the aforementioned geographical coordinates. Our approach is based on the default scheme for baseline water stress and selecting the sites in the "Extremely High" or "High" zone, i.e. equals or exceeds 40%, as recommended by the CDP guideline. Offices, warehouses and other locations are out of scope of the mapping due to being non-material compared to Operations in terms of water use. WRI Aqueduct tool also allows us to identify water basins for the locations of each of our facilities. In 2021 through the mapping with WRI Aqueduct we identified 17 operations sites in 13 countries as being in water stress zone, same as in 2020. Drivers of the changes: total water withdrawn across BAT reduced in 2021 by 6.6% vs 2020 (3760 megalitres in 2021 vs 4026 megalitres in 2020). Meanwhile water withdrawn at our facilities in water stressed areas decreased at almost the same rate, by 6.1% (594 megalitres in 2021 vs 632 megalitres in 2020). The decrease in water withdrawal across the Group was driven by reduced production output, closure of business at certain geographies as well as water efficiency projects at our Operations sites and increased water recycling. The decrease in water withdrawal for facilities in water stress zone was driven mainly by optimized irrigation on site in Uzbekistan and improved water management processes and leakages prevention in Venezuela. Future trend: In the future we expect % withdrawn from stressed areas to be about the same.

W-FB1.2e

(W-FB1.2e) For each commodity reported in question W-FB1.1a, do you know the proportion that is produced/sourced from areas with water stress?

Agricultural commodities	The proportion of this commodity produced in areas with water stress is known	The proportion of this commodity sourced from areas with water stress is known	Please explain
Tobacco	Not applicable	Yes	BAT does not own tobacco farms and does not produce tobacco, thus the answer in the 2nd column is not applicable. For tobacco sourced from suppliers, we have mapped the geographical coordinates of locations from where it is sourced by using WRI Aqueduct tool (baseline water stress) to identify sites in countries such as India, Turkey, Indonesia, Chile which are in water stressed areas. Such tobacco constitutes 19% of total tobacco sourced.

(W-FB1.2g) What proportion of the sourced agricultural commodities reported in W-FB1.1a originate from areas with water stress?

Agricultural commodities	% of total agricultural commodity sourced from areas with water stress	Please explain
Tobacco	11-25	The percentage in 2021 is 19%, which is slightly lower than 20% reported in 2020 and stays within the same band. For tobacco sourced from suppliers, we have mapped the locations from where it is sourced by using WRI Aqueduct tool. The mapping identified that some of our leaf sourcing areas in 19 countries, including India, Chile, Indonesia, Turkey, are located in 'water stress' areas. In the future we expect the percentage of tobacco sourced from water stressed areas to reduce or remain the same. For example, we have introduced directly contracted farmers to drip irrigation technology in seven countries. These include Brazil, Mexico and Pakistan, with upcoming trials planned for the next crop cycle in three more countries. This has been shown to increase water-usage efficiency by up to 90%, as well as reducing soil erosion and salination, ultimately boosting yields. So far, no real impacts in the tobacco leaf supply chain but depending on climate change risks materialization in a longer-term scenario above 2C (between now and 2050) we may need to revisit tobacco sourcing locations.

W1.2h

(W1.2h) Provide total water withdrawal data by source.

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water, including rainwater, water from wetlands, rivers, and lakes	Relevant	49	Higher	Fresh surface water is relevant, though minor, source contributing to only 1% of water withdrawn. Our reporting units worldwide document all sources of water withdrawn and respective volumes. Data is aggregated in global on-line reporting tool. Volumes of fresh surface water are measured (metering). 43 megalitres in 2020 (+14%) is mainly due to starting watering lawns with surface water at our warehouses in Uzbekistan, increased water needs at one of our facilities in Brazil and start of rainwater harvesting at our factory in Cuba. In the future, we aim to reduce the intake of surface water wherever possible, except harvested rainwater (giving 28% of fresh surface water as of 2021). Rainwater harvesting reduces peak demands, saving treated water for other water uses, and reduces stormwater runoff from site, thus it is environmentally beneficial. Trend thresholds: over +/- 5% is 'Higher'/'Lower' vs previous year, and anything +/-30% is 'Much higher'/'Much lower'.
Brackish surface water/Seawater	Not relevant	<Not Applicable>	<Not Applicable>	We do not use brackish water in our manufacturing process because of concerns that brackish water may adversely impact the quality of our product, thus failing to meet consumer expectations. We do not expect brackish water to be relevant in the future.
Groundwater – renewable	Relevant	1396	Lower	Ground water is relevant and important source of fresh water supplying 37% of water withdrawn. We follow all required protocols and consents as per local regulations to use only authorized water sources. Our reporting units worldwide document all sources of water withdrawn and respective volumes. Data are aggregated in global on-line reporting tool. Volumes of groundwater are mostly measured (metering), some are estimated based on water needs by equipment and processes. Decrease vs 1501 megalitres in 2020 (-7%) is due to water saving measure at sites relying on groundwater (e.g. elimination of leaks, optimized steam generation and use in HVAC, improved irrigation and cleaning practices). We expect the use of groundwater to continuously decrease within next 5 years as we aim to reduce water intake via water saving measures, improved maintenance and response to leaks. Trend thresholds: over +/- 5% is 'Higher'/'Lower' vs previous year, and anything +/-30% is 'Much higher'/'Much lower'.
Groundwater – non-renewable	Not relevant	<Not Applicable>	<Not Applicable>	We do not use non-renewable groundwater. Sustainable supply of water is crucial for our operations, thus before developing or using a source of groundwater, research is done to ensure that underground water level is stable, and water withdrawn is easily replenished. This is crucial for both continuity of operations and minimizing environmental impact of our operations. We do not anticipate non-renewable groundwater to be relevant in the future.
Produced/Entrained water	Not relevant	<Not Applicable>	<Not Applicable>	As per the specifics of our manufacturing process, there are no major processes associated with water generation. On top, we cannot use produced water in our manufacturing process because of concerns that produced/entrained water may adversely impact the quality of our product, thus failing to meet consumer expectations. We do not expect produced/ entrained water to be relevant in the future.
Third party sources	Relevant	2315	Lower	This is the main source giving us 62% of water withdrawn. Our reporting units worldwide document all sources of water withdrawn and respective volumes. Data is aggregated in global on-line reporting tool. Volumes of municipal water (or from local concessionaries) are mostly based on internal measurements (metering) or bills from suppliers. Small offices make estimates based on headcount or area occupied. Decrease vs 2482 megalitres in 2020 (-7%) is due to water saving initiatives at sites relying on this source of water (e.g. elimination and early detection of leakages, optimization of water use for steam generation, in chillers and HVAC systems, improved irrigation cleaning and landscaping practices, recycling more water). We expect the use of water supplied by third parties to remain the main source and the volumes to continuously decrease in upcoming 5 years. Trend thresholds: over +/- 5% is 'Higher'/'Lower' vs previous year, and anything +/-30% is 'Much higher'/'Much lower'.

W1.2i

(W1.2i) Provide total water discharge data by destination.

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water	Relevant	233	Much lower	Discharge to fresh surface water is relevant since 12% of water is discharged to this destination. Our units report destinations of water discharge and respective volumes in global online reporting tool. Volumes of water discharge to surface water are based on internal metering or estimates based on volumes of water withdrawn and consumption in processes. The decrease (-31%) vs 340 megaliters in 2020 is due to reduction in water withdrawal and hence discharge at our facility in Indonesia (site consolidation, water saving). Whenever discharge to fresh surface water is done sites are required to ensure the water is treated so that it's quality, temperature and other parameters are in line with applicable local regulations. In the future (next 5 years) water discharge to fresh surface water is expected to decrease in line with overall water discharged volume. Trend thresholds: over +/- 5% is 'Higher'/'Lower' vs previous year, over +/-30% is 'Much higher'/'Much lower'
Brackish surface water/seawater	Relevant	7	Much higher	Discharge to brackish surface water is minor, yet relevant since 0.4% of water is discharged to this destination. The increase vs 2020 (7.33 megalitres in 2021 is by 106% higher than 3.56 in 2020). The increase is driven by start of discharge to seawater by our facility in Cuba upon its relocation. Our units report destinations of water discharge and respective volumes in global on-line reporting tool. Volumes of water discharge to surface water are based on internal metering or estimates based on volumes of water withdrawn and consumption in processes. Whenever discharge to brackish surface water is done, sites are required to ensure the water is treated so that its quality, temperature & other parameters are in line with applicable local regulations. In the future (next 5 years) we aim to reduce water discharge to brackish surface water. Trend thresholds: over +/- 5% is 'Higher'/'Lower' vs previous year, over +/-30% is 'Much higher'/'Much lower'.
Groundwater	Relevant	27	Much higher	Discharge to groundwater is minor, yet relevant since 1.4% of water is discharged to this destination. The increase vs 2020 (27.32 megalitres in 2020 is by 45% higher vs 18.84 megalitres in 2020) is due to increased production, hence increased water withdrawal & water discharge by our green leaf threshing plant (GLT) in Sri Lanka and new GLT in Fiji. Our units report destinations of water discharge and respective volumes in global on-line reporting tool. Volumes of water discharged to groundwater are estimated based on volumes of water withdrawn and consumption in processes. Whenever discharge to groundwater is done, sites are required to ensure the water is treated so that it's quality, temperature and other parameters are in line with applicable local regulations. In the future (next 5 years) we expect the volume water discharge to groundwater to stay about the same. Trend thresholds: over +/- 5% is 'Higher'/'Lower' vs previous year, over +/-30% is 'Much higher'/'Much lower'.
Third-party destinations	Relevant	1640	Lower	This is the major destination to where 86% of our water is discharged. Our units report destinations of water discharge and respective volumes in global on-line reporting tool. Volumes of water discharge to municipality/3rd party are based on internal metering, suppliers' bills or estimates as per volumes of water withdrawn and consumption in processes. Decrease by 13% vs 1882 megalitres in 2020 is due to water saving initiatives, mostly at factories and GLTs. This enabled to reduce the needs for water supply & hence volumes of discharged water upon use. Optimization of water use for social needs and cleaning (i.e. processes where water is discharged directly after use, unless recycled upon purification) had the biggest influence. In the future this is going to remain the major destination of water discharge, however we expect the volume to gradually go down in next 5 years. Trend thresholds: over +/- 5% is 'Higher'/'Lower' vs previous year, over +/-30% is 'Much higher'/'Much lower'

W1.2j

(W1.2j) Within your direct operations, indicate the highest level(s) to which you treat your discharge.

	Relevance of treatment level to discharge	Volume (megaliters/year)	Comparison of treated volume with previous reporting year	% of your sites/facilities/operations this volume applies to	Please explain
Tertiary treatment	Relevant	247	Much higher	1-10	Relevance: Tertiary water treatment is relevant since 9.8% of water discharged is treated to this highest level. Tertiary treatment is done at 12% of our operations sites (factories and green leaf threshing plants), where the % of water treated to such extent varies from 10 to 100%. Tertiary treatment is done whenever required by legislation and if discharge to municipality/3rd party is not possible, in most cases for discharge to surface water. Quality of discharged water (e.g., BOD/COD, pH, harmful substances, etc.) is periodically controlled as per applicable regulations by sampling analysis (mostly by third party laboratories). Change in volume: The amount of water subject to tertiary treatment showed increase (+49%) vs 166 in 2020. The increase is driven by improved water treatment at some of our major sites (e.g. in Bangladesh and Romania). Our definition for change: Trend thresholds are applied consistently to all our businesses: anything over +/- 5% is 'Higher'/'Lower' compared to the previous year, and anything +/-30% is 'Much higher'/'Much lower'. Anticipated future trend: In the future we expect the amount of discharged water subject to tertiary treatment to remain at the same level as no significant alterations are being planned for the production processes.
Secondary treatment	Relevant	326	Much lower	11-20	Relevance: Secondary water treatment is relevant since 12.9% of water discharged is treated to this level. Secondary treatment only is done at 29% of our operations sites (factories and green leaf threshing plants), where the % of water treated to such extent varies from 1% to 100% as well as at a few warehouses. Secondary treatment is done as required legislation and/or if discharge to municipality/3rd party is not possible. Quality of discharged water (e.g., BOD/COD, pH, harmful substances, etc.) is periodically controlled as per applicable regulations by sampling analysis (mostly by third party laboratories). Change in volume: The amount of water subject to tertiary treatment showed decrease (-46%) vs 607 in 2020. The decrease is driven by a major decrease in water withdrawn and consequently water discharge at sites treating discharged water to such extent. Further, a few major sites that used to discharge water upon secondary treatment, arranged for tertiary treatment of such water. Our definition for change: Trend thresholds are applied consistently to all our businesses: anything over +/- 5% is 'Higher'/'Lower' compared to the previous year, and anything +/-30% is 'Much higher'/'Much lower'. Anticipated future trend: In the future we expect the amount of discharged water subject to secondary treatment to remain at the same level or slightly increase since no significant alterations are being planned for the production processes, while some water may be redirected from primary treatment only to secondary treatment.
Primary treatment only	Relevant	38	Much higher	1-10	Relevance: Primary water treatment only is relevant for us, though only a minor amount of water discharged (1.5%) is treated to this level only. Primary treatment only is done in case no higher level of treatment is required by regulations. Quality of discharged water (e.g., BOD/COD, pH, harmful substances, etc.) is periodically controlled as per applicable regulations by sampling analysis (mostly by third party laboratories). Change in volume: The amount of water subject to primary treatment only increased (+77%) vs 38 in 2020. The increase is driven by arranging of primary treatment at offices and warehouses at certain geographies. Primary treatment only is done at 8% of our reporting units (factories and green leaf threshing plants), where the % of water treated to such extent varies from 1 to 100%, as well as at a few offices and warehouses. Our definition for change: Trend thresholds are applied consistently to all our businesses: anything over +/- 5% is 'Higher'/'Lower' compared to the previous year, and anything +/-30% is 'Much higher'/'Much lower'. Anticipated future trend: In the future we expect the amount of discharged water subject to primary treatment only to decrease by arranging secondary treatment for water or redirecting this water to municipality/3rd party for treatment.
Discharge to the natural environment without treatment	Relevant	39	Lower	1-10	Relevance: Discharge of water to the natural environment is relevant for us, though only a minor amount of water discharged (1.6%) as such. Water is discharged without treatment is done at 7% of our operations sites (factories and green leaf threshing plants), where the % of water treated to such extent varies from 1 to 100%. Such discharge is done only in case it is allowed by legislation for water upon certain types of uses (e.g. cooling). Quality of discharged water (e.g., BOD/COD, pH, harmful substances, etc.) is periodically controlled as per applicable regulations by sampling analysis (mostly by third party laboratories). Change in volume: The amount of water discharged without treatment showed decrease (-8.1%) vs 43 in 2020. The decrease is driven by a decrease in water used by one of our facilities using river water for cooling compressors - this was due to weather conditions. The facility withdraws water from the river and discharges water of the same quality, but at slightly higher temperature. Our definition for change: Trend thresholds are applied consistently to all our businesses: anything over +/- 5% is 'Higher'/'Lower' compared to the previous year, and anything +/-30% is 'Much higher'/'Much lower'. Anticipated future trend: In the future we expect the amount of water discharged without treatment to decrease. We are looking for opportunities to connect to municipal/3rd party sewers and plan installation of effluent treatment plants.
Discharge to a third party without treatment	Relevant	1258	Lower	41-50	Relevance: Discharge of water to 3rd party (e.g. municipality) is relevant for us, and its the option applied to the half (50.0%) of discharged water. The amount of water discharge to 3rd party without treatment decreased (-10.6%) vs 1407 in 2020, mostly in line with decrease in total water discharge. The option is exercised for factories and green leaf threshing plants located within the boundaries of the cities and industrial complexes that have connection to municipal water sewers as well as in rented offices. Water is discharged to 3rd party or municipality without treatment at 75% of our operations sites (factories and green leaf threshing plants), where the % of water discharged to municipality without treatment to such extent varies from 3 to 100%, as well as by most of our office and warehousing locations. Such discharge is in line with applicable legislation and subject to all the required authorizations and agreements with 3rd party. Treatment applied by third party: municipal sewage water treatment plants apply secondary treatment in most cases acting in line with local water regulations. Depending on the geography, information on their compliance may be available publicly or not. Change in volume: The decrease is driven by overall decrease in water withdrawn and hence water discharge. Our definition for change: Trend thresholds are applied consistently to all our businesses: anything over +/- 5% is 'Higher'/'Lower' compared to the previous year, and anything +/-30% is 'Much higher'/'Much lower'. Anticipated future trend: In the future we expect the amount of water discharged under such option to increase due to improved municipal infrastructure at the locations where we operate.
Other	Not relevant	<Not Applicable>	<Not Applicable>	<Not Applicable>	Other treatment category is not relevant for us as we don't discharge water using any specific treatment techniques that cannot be described as either primary, secondary, or tertiary water treatment. Anticipated future trend: In the future we expect this category to remain not relevant as no significant alterations are being planned for the production processes.

W1.3

(W1.3) Provide a figure for your organization's total water withdrawal efficiency.

	Revenue	Total water withdrawal volume (megaliters)	Total water withdrawal efficiency	Anticipated forward trend
Row 1	2568400000	3760	6830851.06382979	In the future we expect a gradual decrease of the parameter in line with expected decrease of water withdrawn. We have set a target to decrease water withdrawn by 35% (vs 2017 baseline) by 2025 and are going to meet it while gradually reducing water withdrawal in direct operations year on year.

W-FB1.3

(W-FB1.3) Do you collect/calculate water intensity for each commodity reported in question W-FB1.1a?

Agricultural commodities	Water intensity information for this produced commodity is collected/calculated	Water intensity information for this sourced commodity is collected/calculated	Please explain
Tobacco	Not applicable	Yes	<p>BAT annually collects the information on the amount of water used by tobacco farms from where we source the tobacco via questionnaires. The data cover water used for seedling production, soil preparation, transplanting, plantation development and overall water withdrawn. The source is the BAT Thrive Program, which is our sustainable agriculture and farmer livelihoods program for our strategic suppliers worldwide (covering approximately 220,000+ farmers in 2021, supplying us with around 80% of our total tobacco leaf purchases). The key indicators we look at are: • Soil and water management: percentage of total farm land with appropriate best practice soil and water management plans implemented • Water use: consumption per hectare We also collect information on the remaining 20% via the Sustainable Tobacco Programme. The data on water intensity are not disclosed publicly. Only our strategic approach is reported in our Sustainability Report. In terms of future trends and anticipating these and the continued challenges with water scarcity in the areas we source and grow tobacco, further programmes on water reduction and engagement with local communities is important. With this in mind, we'll continue to monitor annually the proportion of tobacco crops in areas with higher risk for water stress and we are actively looking at ways to work with the directly contracted farmers to reduce water usage. Our Global Leaf Agronomy is developing the use of drip irrigation and this technology driven approach will lead to increase in water efficiency in the near future, reducing the volume of water per irrigated hectare.</p>

W-FB1.3b

(W-FB1.3b) Provide water intensity information for each of the agricultural commodities identified in W-FB1.3 that you source.

Agricultural commodities

Tobacco

Water intensity value (m3)

283.7

Numerator: Water aspect

Total water withdrawals

Denominator

Tons

Comparison with previous reporting year

Higher

Please explain

As a key priority, water usage is closely monitored with key suppliers, incl. forecast planning to increase the use of more efficient irrigation systems & reduce water consumed per irrigated hectare (ha) & per ton of tobacco. "Thrive" is used to monitor that BAT's directly contracted farmers & those of strategic 3rd party suppliers have details about water consumed at each crop stage (seedbeds, soils preparation & crop development) & for each irrigation system. From total ha monitored in Thrive, about 31% are irrigated & remaining 69% are rainfed. Water intensity value is total water withdrawn (m3) divided by tons of tobacco. In 2021 our water intensity was 283.7 m3/tons, 2% higher than 2020 (277 m3/tons). This is considered a very small variation in agriculture conditions and happened due to normal variations in weather patterns in the growing regions, mainly due to less rain in some key countries. Internally, we track not only water intensity per tons of tobacco, but also water intensity per irrigated area, (m3/irrigated ha). This is used for monitoring water efficiency, understanding the trends & their drivers for further engagement to improve water efficiency. Special focus is made on water use by suppliers that provide tobacco from water stressed areas. We work closely with our main tobacco suppliers to educate them on water saving practices & encourage technical improvements for water saving. In the future we expect to continue improving the data accuracy, to develop more detailed plans to reduce the water intensity of tobacco. As part of our strategy to reduce water use for crop irrigation, improve water efficiency & data accuracy, the global agronomy team put in place a study to measure & evaluate the methodology used to calculate the water consumption of the supplier's farmers. The study's conclusion will help to establish clear targets, with more accurate information. Additionally, we have already introduced drip irrigation technology to our directly contracted farmers in 7 countries, incl. Brazil, Mexico & Pakistan. Trials are planned for the next crop cycle in three more countries. This has been shown to increase water-usage efficiency by up to 50%, as well as reducing soil erosion & salination, ultimately boosting yields. We expect that in the next 10 years we can potentially reduce this intensity by about 10%, considering the estimated level of adoption of the above technology

W1.4

(W1.4) Do you engage with your value chain on water-related issues?

Yes, our suppliers

W1.4a

(W1.4a) What proportion of suppliers do you request to report on their water use, risks and/or management information and what proportion of your procurement spend does this represent?

Row 1

% of suppliers by number

76-100

% of total procurement spend

76-100

Rationale for this coverage

Water used to grow tobacco represents the most important portion on the upstream value chain and therefore this response refers to our tobacco suppliers of which we collect the data on all of them via sustainable tobacco program (STP). From our key suppliers, we are able to collect all data at a very precise level in small farms owners. Our directly contracted farmers receive support through our network of field technicians providing agricultural technical assistance and those of third party suppliers via their own extension services. This enables us to check changes year on year, effectiveness of practices recommended by BAT, and support against any water risk. This precise information is monitored in our Thrive Programme that covers 80% of the tobacco we purchase. Tobacco producers have a genuine interest in sharing info as they see value in customized advice from BAT's technical experts that visit them throughout the year.

Impact of the engagement and measures of success

The objective and impact of the engagement is to ensure the suppliers are reaching best productivity while making the best use of natural resources. Water efficiency is a top item in the agenda of our technical assistance team visiting farmers to provide support & knowledge and assess local practices. Water withdrawal figures, soil characteristics and production yield determine the required level of irrigation, allowing producers to keep water use to minimum. Our technical assistance team educates producers on practices to preserve water sources. All this information gathered annually allows the Leaf sustainability team to understand which regions need more agricultural assistance focus (based on the trends/ rate of implemented guidelines by farmers over years). All info is used for risks and opportunities mapping. Success is measured by an engagement rate of 100% with selected suppliers.

Comment

To identify water intensity, we collect information on water withdrawals (m3) and tobacco production output. Detailed data is collected for the leaf suppliers representing 80%+ of the BAT tobacco volume purchased annually. As BAT has been collecting this data for over 20 years, the knowledge base available for all growing regions is vast and supports a well-educated sustainable growth plan.

W1.4b

(W1.4b) Provide details of any other water-related supplier engagement activity.

Type of engagement

Innovation & collaboration

Details of engagement

Provide training and support on sustainable agriculture practices to improve water stewardship

% of suppliers by number

76-100

% of total procurement spend

76-100

Rationale for the coverage of your engagement

Our engagement with our tobacco suppliers is key, given that tobacco is an agricultural commodity and a cornerstone of our operations. While BAT does not own tobacco farms or directly employ farmers, we buy more than 400,000 tonnes of tobacco each year. Securing our supply of tobacco leaf for the future, coupled with our extensive agronomy support to contracted farmers, ensures we have an agile, efficient, and reliable supply, with traceability down to the farm level. This means we can continue to meet consumer demand, while also enhancing the sustainability of rural communities and agriculture.

Impact of the engagement and measures of success

Water is one of the 8 focus areas of the STP which aims to have beneficial outcomes including enhance supplier water-use and efficiency and conservation. Since 2016 we have launched as Sustainable Tobacco Program (STP), mandatory for our tobacco suppliers. This program was reviewed during 2019 and 2020 and have a different approach. Now there is one theme dedicated specifically to Water. On this, all suppliers should: 1. describe their commitments and identified challenges related to water; 2. inform the amount of water withdrawn, the water stressed areas, source of water collection and basic water access. If the supplier is considered under water risk, should: 3. detail if identify, prioritize, respond and measure the challenges related to water quality and/or any other challenge related to water. The key indicators under this related to water management are: 1/ Soil and water management: % of total farmland with appropriate best practice soil and water management plans implemented; 2/ Water use: consumption per hectare. To enable contracted farmers to meet our STP criteria we provide them with guidance and techniques on preserving soil & water health and reducing water use through new techniques and technologies. Further, our Thrive Programme for major leaf suppliers has specific measure on "Training delivered in the reporting crop year" In 2021, >100,000 farm attendances at farmer training sessions on best practice natural resource preservation, forest and soil management. Under Thrive, and to further enhance engagement opportunities, we deliver training and share practice on Natural resource preservation / environmental best practice (e.g. water, soil, forest management, biodiversity, etc). The measure of success of this engagement is the improvement of supplier scores after each self-assessment. As a result of those activities we now have 76% of tobacco hectares reported to have appropriate best practice soil and water management plans implemented in our directly contracted farmers and those of 3rd party strategic suppliers, compared to 71% in 2019. We will continue measuring the effectiveness of our supplier engagement activities via increase coverage of best practices.

Comment

No further comments.

Type of engagement

Onboarding & compliance

Details of engagement

Inclusion of water stewardship and risk management in supplier selection mechanism
Requirement to adhere to our code of conduct regarding water stewardship and management

% of suppliers by number

76-100

% of total procurement spend

76-100

Rationale for the coverage of your engagement

The BAT Supplier Code of Conduct clearly states water impacts are a key consideration that we expect suppliers to be addressing and actively working on through their policies and management systems. Aligning to BAT's Supplier Code is a critical part of onboarding. In addition to this BAT has set a suite of questions related to ESG that should be used for Procurement Strategic Sourcing. Certain questions are mandatory for all projects and some questions are relevant only for certain scope of categories of activity. Understanding what policies and activities suppliers are undertaking around water management and what (if any) certifications they have obtained are included within this suite of questions. This was implemented in Q3 2021, therefore will not fully be embedded throughout our ways of working yet due to the varying timings of commercial interaction.

Impact of the engagement and measures of success

BAT's Supplier Code of Conduct sets out the high-level expectations of the BAT Group and is applicable regardless of the type of business, good or service supplied. It is an important governance framework that allows the relevant teams to further deep dive as required when engaging suppliers. The introduction of the ESG RFX questions was designed to raise the profile of ESG requirements by embedding them as a mandatory part of BAT's supplier selection process. This introduction has allowed us to engage more strongly with our suppliers during the commercial process and where appropriate drive improvement actions that can be embedded.

Comment

N/A

W2. Business impacts

W2.1

(W2.1) Has your organization experienced any detrimental water-related impacts?

No

W2.2

(W2.2) In the reporting year, was your organization subject to any fines, enforcement orders, and/or other penalties for water-related regulatory violations?

No

W3. Procedures

W-FB3.1

(W-FB3.1) How does your organization identify and classify potential water pollutants associated with its food, beverage, and tobacco sector activities that could have a detrimental impact on water ecosystems or human health?

Through our Global Environmental Management system (GEHSMS) we have a number of global standards and procedures for water management, which as an example include spill prevention, hazardous substance management and other relevant control measures, created and implemented to prevent water pollution.

Whether via technical solutions like Waste-Water Treatment Plants (WWTP) or via management systems and controls, all of our on-site generated waste-water is discharged respecting all local parameters, limits, regulatory requirements and other applicable external and internal standards.

These standards are integrated in all our factories environmental management systems, and their implementation is certified in the frame of the ISO 14001 certification.

When looking at how BAT identifies and classifies potential water pollutants used in BAT premises and or, for example, by directly contracted farmers that receive our agricultural technical assistance.

1) Identification of Pollution Potential of any new product or revision of potential of products in use vs newly developed alternatives:

Any product proposed for use on site/farms has its material safety data sheet examined by Product Safety Team, by the Leaf Sustainability team (if intended use is in tobacco growing) and other relevant departments in a workflow well established and subject to internal and external scrutiny as well as business contingency simulations (incl. sabotage simulation cases).

Along the workflow sequence of approvals any of the mentioned entity may propose a ban on a product proposed to be used or a ban on a product currently in use if a less pollutant variation with the same properties/ performance is identified and successfully tested. In case of any ecotoxicity property (e.g., such as eutrophication in water bodies are considered and evaluated), we apply the best practices available in terms of handling procedures, equipment, containers and/or disposable means. Other than ecotoxicity phrases, SDS - safety datasheets are also revised for human -related exposures (e.g., carcinogenic or reprotoxic materials). Basically, the trigger for the adoption of mitigations/controls or for the rejection of a certain substance are the R and S phrases/hazard statements in the SDS, in line with COSHH, CLP and REACH regulations that govern the topic in Europe and have become Worldwide references.

2) Whenever know-how is not internally available in any of our centres of excellence including R&D, Quality, etc. we commission external assessments.

How BAT controls substances/materials used in our sites are subject to 3 different controls/filters

1/ Having a clear list of banned substances widely communicated.

The first is defined by the Product/Quality department. As our product is subject to specific health/sanitary regulations, we naturally operate worldwide with a list of banned substances or materials to be applied in equipment, productive process, or secondary activities, such as cleaning.

2/ Having a clear pollutant minimization strategy. We continue the process of engaging professional sanitary engineers / service providers across our major sites to work our alternative solutions to reduce or replace the use of chemicals in the water treatment processes and following that, some modifications also to help increase water reuse potential. E.g., in Pakistan a factory combined with a green leaf threshing (GLT) at one site plant is serving as a benchmark for this and achieved a water recycling rate of over 43% in 2021.

3/ Providing technical assistance to leaf farmers. In terms of agricultural practices, we also engage with our suppliers and directly contracted farmers and prescribe the best available options and collect used containers to ensure proper end of life treatment (waste management). Our technical assistance team in the field, when visiting rural properties, inspect farmers' properties to verify how any substances related to tobacco growth are being utilized and how well, for example, agrochemicals packaging reverse logistics process is working in or order to guarantee the implementation of a consequence system (i.e., incentives or penalizations) for adhering or not to previously established standard operating procedures.

(W-FB3.1a) Describe how your organization minimizes the adverse impacts of potential water pollutants on water ecosystems or human health associated with your food, beverage, and tobacco sector activities.

Potential water pollutant

Fertilizers

Activity/value chain stage

Agriculture – direct operations

Agriculture – supply chain

Description of water pollutant and potential impacts

The negative environmental impact that may be caused by fertilizers is that the fertilizers may get into water courses and be washed into water bodies where they can cause intensive growth of algae thus changing the normal environment. Upon the end of life cycle the algae decay, which is the process requiring much oxygen. This can result in depriving from oxygen other species that inhabit water bodies. The negative environmental impact that may be caused by pesticides and other agrochemical substances may be dangerous to the species inhabiting the areas where the agricultural activities are performed, and, if they get into watercourses, they may also affect the species inhabiting water bodies in a similar way as fertilizers. That is: if agrochemicals get into watercourses, they have the potential to cause algae blooms in localized areas around operations, which can be up to many meters of size (>10m) These algae blooms can starve the aquatic environment of oxygen, and adversely impact the local fish population.

Management procedures

Sustainable irrigation and drainage management

Fertilizer management

Substitution of pesticides for less toxic or environmentally hazardous alternatives

Waste water management

Product innovation

Follow regulation standards

Please explain

In terms of agricultural practices, we engage with our directly contracted farmers and request them to participate in best practices implementation and participation in collection programmes to ensure proper end of life treatment (waste management). Our technical assistance team in the field, when visiting rural properties, inspect farmers' properties to verify how any crop protection agents are being utilized. We ask our suppliers to ensure 100% achievement in indicators on Approved CPAs and toxicity on top of 100% compliance to regulatory standards, with no effluents exceeding toxicity, no agrochemicals packaging found out of its controlled disposal cabinet with restrict access control, etc. Our research and development centres continually review and modify the plant so that they become more resistant to disease and less reliant on fertilizers. The result of our approach can be seen on the % of hectareage with best practice applied to Soil and water management, which in 2021 represented 76% of total tobacco hectareage, increasing from 67% in 2018.

Potential water pollutant

Pesticides and other agrochemical products

Activity/value chain stage

Agriculture – direct operations

Agriculture – supply chain

Description of water pollutant and potential impacts

The negative environmental impact that may be caused by pesticides and other agrochemical substances may be dangerous to the species inhabiting the areas where the agricultural activities are performed, and, if they get into watercourses, they may also affect the species inhabiting water bodies in a similar way as fertilizers. That is: if agrochemicals get into watercourses, they have the potential to cause algae blooms in localized areas around operations, which can be up to many meters of size (>10m) These algae blooms can starve the aquatic environment of oxygen, and adversely impact the local fish population the success of our strategy to mitigate such impact is measured through the consistent maintenance of 100% compliance to regulatory standards, with no effluents exceeding toxicity, no agrochemicals packaging found out of its controlled disposal cabinet with restrict access control, etc.

Management procedures

Sustainable irrigation and drainage management

Pesticide management

Substitution of pesticides for less toxic or environmentally hazardous alternatives

Waste water management

Product innovation

Follow regulation standards

Please explain

In terms of agricultural practices, we engage with our directly contracted farmers and request them to participate in best practices implementation and participation in collection programmes to ensure proper end of life treatment (waste management). Our technical assistance team in the field, when visiting rural properties, inspect farmers' properties to verify how any crop protection agents are being utilized. We ask our suppliers to ensure 100% achievement in indicators on Approved CPAs and toxicity on top of 100% compliance to regulatory standards, with no effluents exceeding toxicity, no agrochemicals packaging found out of its controlled disposal cabinet with restrict access control, etc. One example we have successfully reduced the need for pesticides & use of natural predators of the usual pests that attack crops. A very common case is the introduction of a specific type of wasp in the tobacco fields. While the cause no harm to the tobacco plants, they eat the most typical kinds of bugs/parasites that could get our tobacco plants sick. Another example in Integrated pest management and 'biocontrol' technique is the introduction of bio-fungicides in seedbeds and pheromone traps, for specific seedbed pests insect control. We are currently mapping commercially available biocontrol alternatives globally and are looking to introduce these to our directly contracted farmers in the future. We have achieved significant results by implementing sustainable agriculture and leveraging our extensive research capabilities. In 2020, a study by the University of São Paulo's College of Agriculture (2020) found that the level of active chemicals used per hectare of tobacco in Brazil is 1.01 kilograms – the second lowest among 19 crops analysed. The success of our strategy to mitigate such impact is measured through on time in full implementation of the programs which is being controlled during supervisory visits. For training specifically, we capture the training coverage against the plan; understanding of the training material is ensured through theoretical tests and practical tasks.

Potential water pollutant

Other, please specify (Chemicals used in our operations)

Activity/value chain stage

Manufacturing – direct operations

Distribution – direct operations

Description of water pollutant and potential impacts

As number of chemicals are used for cleaning, maintenance, etc. and formed in course of our processing and manufacturing activities, which, depending on their nature, may appear air, soil and groundwater pollutants. Should they become in contact with soil or underground water or fresh water bodies they can alter the property/integrity of such ecosystems making it inviable for living organisms to survive as well as future alternative land uses unless pollution remediation is successfully achieved. Also, they could constitute a threat to the health of local communities or even our employees or employees of our partners or contractors (e.g. by causing from simple allergies to dermatitis, respiratory system diseases, infertility and other effects in the mid or long term should they ingest from contaminated water.

Management procedures

Sustainable irrigation and drainage management

Substitution of pesticides for less toxic or environmentally hazardous alternatives

Waste water management

Follow regulation standards

Other, please specify (Substitution of chemicals for less toxic or environmentally hazardous alternatives)

Please explain

There are the following major lines of control over the substances used and formed during our operations: 1/ The first is defined by the Product/Quality department. As our product is subject to specific health/sanitary regulations, we naturally operate worldwide with a list of banned substances or materials to be applied in equipment, productive process or secondary activities, such as cleaning. So, for example, any contracted company working in our premises or on our behalf is given the list of banned substances on site and they are periodically audited by BAT. 2/ The second is in line with our EHS Policy. Any product used on site has its material safety data sheet examined by the EHS Team which may ban its use or try to search for a less harmful variation with the same properties. In case of any ecotoxicity property, we apply the best practices available in terms of handling procedures, equipment, containers and/or disposable means. As an example: It has been a while since we have banned the use of solvent based painting for water-based ones even in countries where this would not be a legal requirement but a best practice. 3/ The success of our strategy to mitigate such impact is measured through the consistent maintenance of 100% compliance to regulatory standards, with no effluents exceeding toxicity, no agrochemicals packaging found out of its controlled disposal cabinet with restrict access control, etc. On top of internal and external certification audits (ISO14001 based), we also conduct Environmental Site Assessments of our sites soil and groundwater including periodic sampling for laboratory analysis by professional environmental consulting firms.

W3.3

(W3.3) Does your organization undertake a water-related risk assessment?

Yes, water-related risks are assessed

W3.3a

(W3.3a) Select the options that best describe your procedures for identifying and assessing water-related risks.

Value chain stage

Direct operations

Coverage

Full

Risk assessment procedure

Water risks are assessed in an environmental risk assessment

Frequency of assessment

More than once a year

How far into the future are risks considered?

More than 6 years

Type of tools and methods used

Tools on the market

Databases

Tools and methods used

WRI Aqueduct

FAO/AQUASTAT

Maplecroft Global Water Security Risk Index

Other, please specify (Alliance for Water Stewardship Standard, WHO Guidelines, IPCC Climate Change Projections, External Consultants TCFD - Materiality risk scenario mapping & analysis: Physical Risks)

Contextual issues considered

Water availability at a basin/catchment level

Water quality at a basin/catchment level

Stakeholder conflicts concerning water resources at a basin/catchment level

Implications of water on your key commodities/raw materials

Water regulatory frameworks

Status of ecosystems and habitats

Access to fully-functioning, safely managed WASH services for all employees

Other, please specify (Estimates of future potential regulatory changes and future changes in water availability)

Stakeholders considered

Customers

Employees

Investors

Local communities

NGOs

Regulators

Suppliers
Water utilities at a local level
Other water users at the basin/catchment level

Comment

On an annual basis, using WRI Aqueduct tool, BAT assess water related risks, alongside other valuable inputs, as an example IPCC Climate Change Projections. Starting in 2020 our factories & GLTs started implementing the AWS standard 2.0. The EHS Communities across the group completed training & gap analysis were completed for all relevant sites and continue to be completed as per our implementation schedule, with key insights and learnings shared across the group to relevant regional and local teams. We recognize that while we had been engaging with local stakeholders almost everywhere, we operate and while our operations are not water intensive, it's time to seek for credentials to back any claims up. All factory & GLT sites are expected to be certified to AWS Standard by 2025. We have commissioned a climate change study with external suppliers & completed TCFD 2 X scenarios. Materiality risk mapping and analysis: physical risks for agriculture across a number of our leaf sourcing areas. The long-term scenario studies are not usually refreshed very often but provide the leaf growing team indication of the climate change affects that may affect water availability in growing regions. BAT continues to deep dive the study considering physical risks impacts, including changes in water availability. Studies consider water risk measuring tools/systems such as the ones above incorporate effects from climate change as proposed by the IPCC RCPs 2.6 to 8.5 & their potential effects in view of water related issues such as draughts and/or floods.

Value chain stage

Supply chain

Coverage

Full

Risk assessment procedure

Water risks are assessed in an environmental risk assessment

Frequency of assessment

Annually

How far into the future are risks considered?

More than 6 years

Type of tools and methods used

Tools on the market

Databases

Tools and methods used

WRI Aqueduct

FAO/AQUASTAT

Maplecroft Global Water Security Risk Index

Other, please specify (Alliance for Water Stewardship Standard, WHO Guidelines, IPCC Climate Change Projections, External Consultants TCFD - Materiality risk scenario mapping & analysis: Physical Risks)

Contextual issues considered

Water availability at a basin/catchment level

Water quality at a basin/catchment level

Stakeholder conflicts concerning water resources at a basin/catchment level

Implications of water on your key commodities/raw materials

Water regulatory frameworks

Status of ecosystems and habitats

Access to fully-functioning, safely managed WASH services for all employees

Other, please specify (Estimates of future potential regulatory changes and future changes in water availability)

Stakeholders considered

Customers

Employees

Investors

Local communities

NGOs

Regulators

Suppliers

Water utilities at a local level

Other water users at the basin/catchment level

Comment

On an annual basis, using WRI Aqueduct tool, BAT assess water related risks, alongside other valuable inputs, as an example IPCC Climate Change Projections. When looking at specific supply areas, With Thrive Programme, covering our in house operations and strategic 3rd party suppliers equivalent to 80% of our tobacco volume, BAT also measure the water consumption to grow the crop by the farmers from whom it buys tobacco. Other suppliers water efficiency and compliance is assessed on sample basis by the BAT Procurement Supplier Audit Program executed by a third-party audit company. A risk mapping of supplier issues is put together, and suppliers must re-establish compliance otherwise they might be eliminated from BAT's suppliers' base.

Value chain stage

Other stages of the value chain

Coverage

Partial

Risk assessment procedure

Water risks are assessed as part of other company-wide risk assessment system

Frequency of assessment

Annually

How far into the future are risks considered?

More than 6 years

Type of tools and methods used

Other

Tools and methods used

External consultants

Contextual issues considered

Water availability at a basin/catchment level

Water quality at a basin/catchment level

Stakeholder conflicts concerning water resources at a basin/catchment level

Implications of water on your key commodities/raw materials

Water regulatory frameworks

Status of ecosystems and habitats

Access to fully-functioning, safely managed WASH services for all employees

Other, please specify (Estimates of future potential regulatory changes and future changes in water availability)

Stakeholders considered

Customers

Employees

Investors

Local communities

NGOs

Regulators

Suppliers

Water utilities at a local level

Other water users at the basin/catchment level

Comment

We continue to conduct Life Cycle Assessments of our products which include water footprint and correspond to a very interesting way to have insights not only for R&D but for marketing insights, inputs for consumer focus groups discussions and test how they perceive our products impacts and collect feedback.

W3.3b

(W3.3b) Describe your organization's process for identifying, assessing, and responding to water-related risks within your direct operations and other stages of your value chain.

Annually BAT conducts water risk assessments using WRI Aqueduct, alongside other valuable inputs, from as an example Maplecroft Global Water Security Risk Index & IPCC Climate Change Projection, to help us better understand the water related risks we face as a business.

This process helps BAT identify material risks and opportunities using WRI indicators to assess risk levels factoring in the significance of the manufacturing and GLT sites within the business; risks assessed comprise coastal and riverine flood, drought, baseline water stress and water quality.

Using the Aqueduct Water Risk Atlas tool we've mapped all of our factories and green leaf threshing plants (GLTs) using . We define those locations are at 'water risk' area if it corresponds to an area of **Extremely High risk or High risk** according to the WRI Aqueduct tool. The mapping is reviewed on the annual basis. Offices and distribution/warehousing locations are out of scope due to being non-material compared to Operations in terms of water use. These are included only in case they are physically located at the same site as Operations facility.

In addition to the risk assessment tools, BAT also considers other sources of information and data, like consultancy reports considering climate change effects on water supply for tobacco farming based on IPCC different scenarios, or others e.g. local regulations and agricultural practices possible by country), quarterly site environmental performance reports from our sites; data collected from contracted farmers based on our agricultural technical assistance visits (Sustainable Tobacco Program - STP); Internal Water Roadmap Self-Assessment Scores; Green leaf threshing plants audits (both EH&S compliance Reviews and STP program), supplier audits conducted by Intertek on behalf of BAT, reports regulatory monitoring tools, legal and external affairs reports, lice cycle assessments of products, consumer insights reports, etc.

In addition to the above BAT engaged in TCFD scenario risk mapping with water and physical risk analysis as well as implemented the AWS Alliance for Water Stewardship standard starting with our significant sites through site gap analysis and risk mapping. This has since continued And we are on track to meet our internal objective of 100% of operational sites certified against the AWS standard by 2025.

As part of the water risk assessment process, all relevant contextual issues, as listed in W.3.3a are taken into account when building risk mitigation programmes.

The process steps within our risk programme are described on a high-level basis below.

The Process: Step 1 - Rating the risks at local level (2x/year): for each of the stakeholders' categories, pertinent risks are outlined and then rated based on their probability and impact to BAT (in financial terms split into threshold limits established by the Finance Department (global guidelines). At this stage for any new or pre-existing risk rated the sites are asked to report not only the rating but mitigation actions that should lower or eliminate the identified risks with a completion date.

Step 2 - Consolidating risks at Global Level (2x/year): all local water risk ratings are collated based on the relevance of the market to BAT (e.g. a country with more tobacco production, higher volume green leaf threshing plants, or high-volume factories will have more weight in terms water availability reduction/interruption impacts than other countries where we only have commercial offices way less dependent on water availability).

Step 3 - Ratification of Rectification of Business Strategy (2x/year or more): given the dynamic nature of water risks and the geography in which BAT operates and the business transition in due course new risks or changing risk rates are presented to the management board along with proposed mitigations for approval and follow-up.

Step 4 - Action Plans tracking (2x/ year or more)- the risks & control teams at global level track status of all actions planned at site level to make sure the organization is living and breathing the risk assessment and progressing.

Scope/Coverage: ALL countries in which BAT operates with share of ownership of 50% or higher (independently of the type of operations or headcount) must submit a risk assessment.

W4. Risks and opportunities

W4.1

(W4.1) Have you identified any inherent water-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes, both in direct operations and the rest of our value chain

W4.1a

(W4.1a) 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 as being either:

- a long-term impact (more than 5 years for business risks);
- a medium-term impact (between 18 months and 5 years for business risks);
- a short-term impact (using 18 months' time frame for business risks);
- or a mixture of long-term, medium-term and short-term impact.

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 that encompasses water stress and availability as an issue directly impacting our environment strategy. The risk sets out the impact on the Group to ensure robust processes are in place to manage transitional climate change risks (in compliance with the Green Finance Strategy published by the UK Government in July 2019 setting out disclosure expectations for listed companies in accordance with the TCFD recommendations).

The Environment related 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 environment-related instances of substantive financial or strategic impact.

W4.1b

(W4.1b) What is the total number of facilities exposed to water risks with the potential to have a substantive financial or strategic impact on your business, and what proportion of your company-wide facilities does this represent?

	Total number of facilities exposed to water risk	% company-wide facilities this represents	Comment
Row 1	11	1-25	11 facilities represent 15% of our total Operations facilities (72). In 2020 we reported 41%, 29 out of 70 Operations facilities. The changes in 2021 vs 2020 in the number of facilities are: 1/ starting one new facility producing Modern Oral in Pakistan, in water stress area; reassessing water risk for one facility in Jordan from 'high' to 'medium to high'; 2/ starting two new facilities (Pakistan, Fiji). The change in the methodology is reassessing potential to have a substantive financial or strategic impact. Previously we didn't have any threshold and put on the list all the facilities located in water risk zone. In 2021 we established a threshold of 1% of total company's revenue affected. We maintain the list of on exact geographical coordinates of factories and green leaf threshing plants based on the information from local sites' teams via on-line environmental reporting system (Cr360). We've mapped our factories and green leaf threshing plants (GLTs) at WRI Aqueduct map and applied the 'default' risk scheme. The mapping is reviewed on an annual basis. We define the location as 'water risk' area if it corresponds to an area of Extremely High risk or High risk according to the WRI Aqueduct tool. Offices and distribution/warehousing locations are out of scope due to being non-material compared to Operations in terms of water use. These are included only in case they are physically located at the same site as Operations facility. Operations refers to our factories manufacturing cigarettes and other finished goods as well as green leaf threshing plants (GLTs).

W4.1c

(W4.1c) By river basin, what is the number and proportion of facilities exposed to water risks that could have a substantive financial or strategic impact on your business, and what is the potential business impact associated with those facilities?

Country/Area & River basin

Bangladesh	Ganges - Brahmaputra
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Number of facilities exposed to water risk

1

% company-wide facilities this represents

1-25

Production value for the metals & mining activities associated with these facilities

<Not Applicable>

% company's annual electricity generation that could be affected by these facilities

<Not Applicable>

% company's global oil & gas production volume that could be affected by these facilities

<Not Applicable>

% company's total global revenue that could be affected

1-10

Comment

Our facility (factory) in Bangladesh is in 'high' overall water risk zone as per Aqueduct Water Risk Atlas. 1 facility represents 1.4% out of our 72 facilities. As per revenue, it contributes to around 6.3%. The water basin specified is 'minor water basin' as per WRI Aqueduct map. Respective 'major water basin' is Ganges - Brahmaputra.

Country/Area & River basin

Bangladesh	Ganges - Brahmaputra
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Number of facilities exposed to water risk

1

% company-wide facilities this represents

1-25

Production value for the metals & mining activities associated with these facilities

<Not Applicable>

% company's annual electricity generation that could be affected by these facilities

<Not Applicable>

% company's global oil & gas production volume that could be affected by these facilities

<Not Applicable>

% company's total global revenue that could be affected

1-10

Comment

Our facility (green leaf threshing plant - GLT) in Bangladesh is in 'high' overall water risk zone as per Aqueduct Water Risk Atlas. 1 facility represents 1.4% out of our 72 facilities. As per revenue, it contributes to around 6.3%. The water basin specified is 'minor water basin' as per WRI Aqueduct map. Respective 'major water basin' is Ganges - Brahmaputra.

Country/Area & River basin

Chile	Other, please specify (Maipo)
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Number of facilities exposed to water risk

1

% company-wide facilities this represents

1-25

Production value for the metals & mining activities associated with these facilities

<Not Applicable>

% company's annual electricity generation that could be affected by these facilities

<Not Applicable>

% company's global oil & gas production volume that could be affected by these facilities

<Not Applicable>

% company's total global revenue that could be affected

1-10

Comment

Our facility (factory) in Chile - Casablanca is in 'high' overall water risk zone as per Aqueduct Water Risk Atlas. 1 facility represents 1.4% out of our 72 facilities. As per revenue, this contributes to around 1.4%. The water basin specified is 'minor water basin' as per WRI Aqueduct map. Respective 'major water basin' is North Chile, Pacific Coast

Country/Area & River basin

Indonesia	Brantas
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Number of facilities exposed to water risk

1

% company-wide facilities this represents

1-25

Production value for the metals & mining activities associated with these facilities

<Not Applicable>

% company's annual electricity generation that could be affected by these facilities

<Not Applicable>

% company's global oil & gas production volume that could be affected by these facilities

<Not Applicable>

% company's total global revenue that could be affected

1-10

Comment

Our facility (factory) in Indonesia are in 'extremely high' overall water risk zone as per Aqueduct Water Risk Atlas. 1 facility represent 1.4% out of our 72 facilities. As per revenue, these contribute to around 2.1%. The water basin specified is 'minor water basin' as per WRI Aqueduct map. Respective 'major water basin' is Java - Timor.

Country/Area & River basin

Kenya	Galana
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Number of facilities exposed to water risk

1

% company-wide facilities this represents

1-25

Production value for the metals & mining activities associated with these facilities

<Not Applicable>

% company's annual electricity generation that could be affected by these facilities

<Not Applicable>

% company's global oil & gas production volume that could be affected by these facilities

<Not Applicable>

% company's total global revenue that could be affected

1-10

Comment

Our facility (factory) in Kenya is in 'High' overall water risk zone as per Aqueduct Water Risk Atlas. 1 facility represents 1.4% out of our 72 facilities. As per revenue, this contributes to around 2.1%. The water basin specified is 'minor water basin' as per WRI Aqueduct map. Respective 'major water basin' is Africa, East Central Coast.

Country/Area & River basin

Mexico	Bravo
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Number of facilities exposed to water risk

1

% company-wide facilities this represents

1-25

Production value for the metals & mining activities associated with these facilities

<Not Applicable>

% company's annual electricity generation that could be affected by these facilities

<Not Applicable>

% company's global oil & gas production volume that could be affected by these facilities

<Not Applicable>

% company's total global revenue that could be affected

1-10

Comment

Our facility (factory) in Mexico is in 'High' overall water risk zone as per Aqueduct Water Risk Atlas. 1 facility represents 1.4% out of our 72 facilities. As per revenue, this contributes to around 2.2%. The water basin specified is 'minor water basin' as per WRI Aqueduct map. Respective 'major water basin' is Rio Grande-Bravo.

Country/Area & River basin

Nigeria	Other, please specify (Oshun)
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Number of facilities exposed to water risk

1

% company-wide facilities this represents

1-25

Production value for the metals & mining activities associated with these facilities

<Not Applicable>

% company's annual electricity generation that could be affected by these facilities

<Not Applicable>

% company's global oil & gas production volume that could be affected by these facilities

<Not Applicable>

% company's total global revenue that could be affected

1-10

Comment

Our facility (factory) in Nigeria Ibadan is in 'High' overall water risk zone as per Aqueduct Water Risk Atlas. 1 facility represents 1.4% out of our 72 facilities. As per revenue, this contributes to around 2.0%. The water basin specified is 'minor water basin' as per WRI Aqueduct map. Respective 'major water basin' is Africa, West Coast.

Country/Area & River basin

Pakistan	Other, please specify (Kabul / Swat / Alingar)
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Number of facilities exposed to water risk

1

% company-wide facilities this represents

1-25

Production value for the metals & mining activities associated with these facilities

<Not Applicable>

% company's annual electricity generation that could be affected by these facilities

<Not Applicable>

% company's global oil & gas production volume that could be affected by these facilities

<Not Applicable>

% company's total global revenue that could be affected

1-10

Comment

Our facility (factory and green leaf threshing plant) in Pakistan Akora are in 'extremely high/ high' overall water risk zone as per Aqueduct Water Risk Atlas. 1 facility represents 1.4% out of our 72 facilities. As per revenue, these contribute to around 5.5%. The water basin specified is 'minor water basin' as per WRI Aqueduct map. Respective 'major water basin' is Indus.

Country/Area & River basin

Pakistan	Other, please specify (Jhelum)
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Number of facilities exposed to water risk

1

% company-wide facilities this represents

1-25

Production value for the metals & mining activities associated with these facilities

<Not Applicable>

% company's annual electricity generation that could be affected by these facilities

<Not Applicable>

% company's global oil & gas production volume that could be affected by these facilities

<Not Applicable>

% company's total global revenue that could be affected

1-10

Comment

Our facility (factory) in Pakistan Jhelum are in 'extremely high/ high' overall water risk zone as per Aqueduct Water Risk Atlas. 1 facility represents 1.4% out of our 72 facilities. As per revenue, these contribute to around 3%. The water basin specified is 'minor water basin' as per WRI Aqueduct map. Respective 'major water basin' is Indus.

Country/Area & River basin

Romania	Other, please specify (Ialomita)
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Number of facilities exposed to water risk

1

% company-wide facilities this represents

1-25

Production value for the metals & mining activities associated with these facilities

<Not Applicable>

% company's annual electricity generation that could be affected by these facilities

<Not Applicable>

% company's global oil & gas production volume that could be affected by these facilities

<Not Applicable>

% company's total global revenue that could be affected

Less than 1%

Comment

Our facility (factory) in Romania is in 'Extremely High' overall water risk zone as per Aqueduct Water Risk Atlas. 1 facility represents 1.4% out of our 72 facilities. As per revenue, this contributes to around 3.7%. The water basin specified is 'minor water basin' as per WRI Aqueduct map. Respective 'major water basin' is Danube.

Country/Area & River basin

Viet Nam	Other, please specify (Song Be Delta)
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Number of facilities exposed to water risk

1

% company-wide facilities this represents

1-25

Production value for the metals & mining activities associated with these facilities

<Not Applicable>

% company's annual electricity generation that could be affected by these facilities

<Not Applicable>

% company's global oil & gas production volume that could be affected by these facilities

<Not Applicable>

% company's total global revenue that could be affected

1-10

Comment

Our facility (factory) in Vietnam is in 'High' overall water risk zone as per Aqueduct Water Risk Atlas. 1 facility represents 1.4% out of our 72 facilities. As per revenue, this contributes to around 1.3%. The water basin specified is 'minor water basin' as per WRI Aqueduct map. Respective 'major water basin' is Viet Nam Coast.

W4.2

(W4.2) Provide details of identified risks in your direct operations with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.

Country/Area & River basin

Chile	Other, please specify (Maipo)
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Type of risk & Primary risk driver

Acute physical	Drought
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Primary potential impact

Reduction or disruption in production capacity

Company-specific description

Water risks and opportunity assessments are conducted globally using WRI aqueduct tool, IPCC projections, TCFD scenario risk mapping analysis and inputs from AWS standard and our Global Risk and Insurance provider on Natural Catastrophes. These assessments aim to identify material risks and opportunities, which includes flood, drought, baseline water stress, water depletion and water quantity limitations, which then although BAT globally, regionally and at each specific location to consider relevant risk management and mitigation plans and discuss and engagement with local stakeholders. Based on this, the BAT factory in Chile has been deemed to be a high-water risk area. In addition, as per GRI, by 2040 Chile is to be within Top 30 water risk countries. The water risk is primarily driven by high water stress, which we have identified as being "extremely high, via the WRI aqueduct tool, which we do expect to further increase, remaining Extremely high in 2030 and in 2040 under any of the scenarios (pessimistic, BAU, optimistic). In any of the projections, water stress is to increase by 2 times. The BAT factory lies within the Maipo river basin, which is the river sourcing the country's capital and has seen a decrease in water levels. Other water users in the same area are agriculture (incl. highly water-intensive avocado growing) and mining companies as well as local communities. Water shortage might result from decreased water availability in municipal water line and groundwater as well as from quotation of water use for industry by authorities. The Chile site, in terms of manufacturing capabilities is in the Top 5 sites with the region, so is strategically important, any impairment or interruptions in local production due to water shortage can result in footprint review or alternative sourcing for this market.

Timeframe

More than 6 years

Magnitude of potential impact

Low

Likelihood

About as likely as not

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)

480000

Potential financial impact figure - maximum (currency)

1500000

Explanation of financial impact

Our estimate in terms of relative magnitude ranges from £480,000 to £1.5 Million for our operations based on potential water related disruption to the BAT Chile facility. Due to the fact that we have not experienced such an event, our estimates are based on inputs from our insurance risk reports for natural catastrophes and potential financial losses related to minor and major business interruptions. The assessment is facility specific and is based on production related costs (excluding raw materials). The figures mainly represent labour costs from production disruption. BAT impact range can be broken down as: Potential financial impact (minimum) "Number of disrupted days * daily interruption cost". And Potential financial impact (maximum) "Number of disrupted days * daily interruption cost".

Primary response to risk

Develop drought emergency plans

Description of response

The local BAT management's response has been focused on reducing water dependency on water withdrawals through the implementation of water saving initiatives in our factory team have identified all suitable options to prepare for drought and tie into local Business Continuity Management Plans and as test the plans at regular intervals. Ongoing analysis of plans and tests are updated accordingly. In terms of technical measures, the site teams focus of improving water efficiency, through reducing water withdrawn and increase water with CAPEX investments and OPEX spend, this has resulted in year-on-year savings (23% in 2021 v 2020) and increased % of water recycled (38% in 2021 v 2020), this was largely helped from the implementation of the sites Energy & Water Management System, which includes Level 4 (equipment level) water metering. The short-medium relevant initiatives and projects will be reviewed and supported over the next 1-4 years. From a non-technical side, the site has conducted its AWS gap analysis and the management system will be fully implemented and certified in 2022.

Cost of response

450000

Explanation of cost of response

The cost of response figure refers to Capex/Investment cost for the implementation of technical measures, aimed at reducing water withdrawn and increase the % of water recycled based on projected costs for 2022 and beyond relevant project. These included improvements made to waste-water treatment plants, closed loop systems, Reverse Osmosis (R.O) technologies. In addition to a number of maintenance improvements with installation of variable frequency drives for pumps replacements, re-use of cleaning water from the sites with the most water intensive processes.

Country/Area & River basin

Indonesia	Brantas
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Type of risk & Primary risk driver

Chronic physical	Declining water quality
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Primary potential impact

Upfront costs to adopt/deploy new practices and processes

Company-specific description

Water risks and opportunity assessments are conducted globally using WRI aqueduct tool, IPCC projections, TCFD scenario risk mapping analysis and inputs from AWS standard and our Global Risk and Insurance provider on Natural Catastrophes. These assessments aim to identify material risks and opportunities, which includes flood, drought, baseline water stress, water depletion and water quantity limitations, which then although BAT globally, regionally and at each specific location to consider relevant risk management and mitigation plans and to discuss and engage with local stakeholders. Our BAT factory in Indonesia is located in high water risk area. The water risk is primarily driven by water quality risk, mainly due to low levels of wastewater treatment and collection as well as due to issues with drinking water quality and sanitation. The BAT factory is located at river Brantas which is deteriorating due to water pollution because of the above factors and plastic pollution. The facility sources water from the ground and discharges the water to surface water upon treatment. Worsening water quality might result in a need to change or diversify water supply and change the water treatment technical arrangements and practices. As the worst-case scenario, impairment or interruptions in local production due to poor water quality can result in footprint review or alternative sourcing for this market.

Timeframe

More than 6 years

Magnitude of potential impact

Low

Likelihood

About as likely as not

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)

504000

Potential financial impact figure - maximum (currency)

1520000

Explanation of financial impact

Our estimate in terms of relative magnitude ranges from £504,000 to £1.52 Million for our operations based on potential water related disruption to the BAT Indonesia facility. Due to the fact that we have not experienced such an event, our estimates are based on inputs from our insurance risk reports for natural catastrophes and potential financial losses related to minor and major business interruptions. The assessment is facility specific and is based on production related costs (excluding raw materials). The figures mainly represent labour costs from production disruption. BAT impact range can be broken down as: Potential financial impact (minimum) "Number of disrupted days * daily interruption cost". And Potential financial impact (maximum) "Number of disrupted days * daily interruption cost".

Primary response to risk

Adopt water efficiency, water reuse, recycling and conservation practices

Description of response

We have established a system of monitoring the quality of the water withdrawn and discharged to ensure it meets regulatory requirements as well as quality requirements for our processes. We continue with CAPEX investments and Opex spend for efficiencies, scenario and materiality loss mapping and risk analysis on water recycling processes and prioritising heavily on operations in water stress areas from the most strategic to the least. In case of local leaf sourcing, also the cost to source it from other growing regions.

Cost of response

500000

Explanation of cost of response

Capex allocation for water recycling project (average project cost for this purpose for our facilities with already some wastewater treatment) which should avoid the need for supply chain alterations. Cost of redesigning leaf sourcing included in the business as usual of operations.

Country/Area & River basin

Kenya	Galana
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Type of risk & Primary risk driver

Chronic physical	Declining water quality
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Primary potential impact

Upfront costs to adopt/deploy new practices and processes

Company-specific description

Water risks and opportunity assessments are conducted globally using WRI aqueduct tool, IPCC projections, TCFD scenario risk mapping analysis and inputs from AWS standard and our Global Risk and Insurance provider on Natural Catastrophes. These assessments aim to identify material risks and opportunities, which includes flood, drought, baseline water stress, water depletion and water quantity limitations, which then although BAT globally, regionally and at each specific location to consider relevant risk management and mitigation plans and discuss and engagement with local stakeholders. The BAT factory in Kenya is located in high water risk area. The water risk is primarily driven by water quality risk, mainly due to low levels of wastewater treatment and collection as well as due to issues with drinking water quality and sanitation. Our BAT factory is located at river Galana which is deteriorating due to water pollution, including pollution by heavy metals. The facility sources most of the water from the ground and discharges the water to municipality. Worsening water quality might result in a need to change or diversify water supply and change water treatment technical arrangements and practices. As the worst-case scenario impairment or interruptions in local production due to poor water quality can result in footprint review or alternative sourcing for this market.

Timeframe

More than 6 years

Magnitude of potential impact

Low

Likelihood

Unlikely

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)

240000

Potential financial impact figure - maximum (currency)

722000

Explanation of financial impact

Our estimate in terms of relative magnitude ranges from £240,000 to £722,000 for our operations based on potential water related disruption to the BAT Kenya facility. Due to the fact that we have not experienced such an event, our estimates are based on inputs from our insurance risk reports for natural catastrophes and potential financial losses related to minor and major business interruptions. The assessment is facility specific and is based on production related costs (excluding raw materials). The figures mainly represent labour costs from production disruption. BAT impact range can be broken down as: Potential financial impact (minimum) "Number of disrupted days * daily interruption cost". And Potential financial impact (maximum) "Number of disrupted days * daily interruption cost".

Primary response to risk

Adopt water efficiency, water reuse, recycling and conservation practices

Description of response

We have established a system of monitoring the quality of the water withdrawn and discharged to ensure it meets regulatory requirements as well as quality requirements for our processes. We continue with CAPEX investments and Opex spend for efficiencies, scenario and materiality loss mapping and risk analysis on water recycling processes and prioritising heavily on operations in water stress areas from the most strategic to the least. In case of local leaf sourcing, also the cost to source it from other growing regions.

Cost of response

1000000

Explanation of cost of response

Capex allocation for water recycling project (average project cost for this purpose for our facilities with already some wastewater treatment) which should avoid the need for supply chain alterations. Cost of redesigning leaf sourcing included in the business as usual of operations.

Country/Area & River basin

Mexico	Bravo
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Type of risk & Primary risk driver

Chronic physical	Water stress
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Primary potential impact

Reduction or disruption in production capacity

Company-specific description

Water risks and opportunity assessments are conducted globally using WRI aqueduct tool, IPCC projections, TCFD scenario risk mapping analysis and inputs from AWS standard and our Global Risk and Insurance provider on Natural Catastrophes. These assessments aim to identify material risks and opportunities, which includes flood, drought, baseline water stress, water depletion and water quantity limitations, which then although BAT globally, regionally and at each specific location to consider relevant risk management and mitigation plans and discuss and engagement with local stakeholders. Our BAT factory in Mexico is located in high water risk area, the risk is mainly driven by water stress, which we have identified as being "extremely high", via the WRI aqueduct tool, which we do expect to further increase, remaining Extremely high in 2030 and in 2040 under any of the scenarios (pessimistic, BAU, optimistic). In any of the projections, water stress is to increase by 1.4 -2 times. Water demand is growing due to development of agriculture and industries within the area as well as electric power producers. Our facility sources most of the water from municipality, thus might be affected by municipal quotas for water use aimed to share water resources between users. An impairment or interruptions in local production due to water shortage can result in footprint review or alternative sourcing for this market.

Timeframe

More than 6 years

Magnitude of potential impact

Low

Likelihood

About as likely as not

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)

820000

Potential financial impact figure - maximum (currency)

2460000

Explanation of financial impact

Our estimate in terms of relative magnitude ranges from £820,000 to £2.46 Million for our operations based on potential water related disruption to the BAT Mexico facility. Due to the fact that we have not experienced such an event, our estimates are based on inputs from our insurance risk reports for natural catastrophes and potential financial losses related to minor and major business interruptions. The assessment is facility specific and is based on production related costs (excluding raw materials). The figures mainly represent labour costs from production disruption. BAT impact range can be broken down as: Potential financial impact (minimum) "Number of disrupted days * daily interruption cost". And Potential financial impact (maximum) "Number of disrupted days * daily interruption cost".

Primary response to risk

Adopt water efficiency, water reuse, recycling and conservation practices

Description of response

We continue with CAPEX investments and Opex spend for efficiencies, scenario and materiality loss mapping and risk analysis on water recycling processes and prioritising heavily of operations in water stress areas from the most strategic to the least. In case of local leaf sourcing, also the cost to source it from other growing regions.

Cost of response

500000

Explanation of cost of response

Capex allocation for water recycling project (average project cost for this purpose for our facilities with already some wastewater treatment) which should avoid the need for supply chain alterations. Cost of redesigning leaf sourcing included in the business as usual of operations.

Country/Area & River basin

Nigeria	Other, please specify (Ohsun)
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Type of risk & Primary risk driver

Chronic physical	Declining water quality
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Primary potential impact

Upfront costs to adopt/deploy new practices and processes

Company-specific description

Water risks and opportunity assessments are conducted globally using WRI aqueduct tool, IPCC projections, TCFD scenario risk mapping analysis and inputs from AWS standard and our Global Risk and Insurance provider on Natural Catastrophes. These assessments aim to identify material risks and opportunities, which includes flood, drought, baseline water stress, water depletion and water quantity limitations, which then although BAT globally, regionally and at each specific location to consider relevant risk management and mitigation plans and discuss and engagement with local stakeholders. The BAT factory in Nigeria is located in high water risk area. The water risk is primarily driven by water quality risk, mainly associated with low levels of wastewater treatment and collection. Water courses in the area is affected by industrial, agricultural, and civil water run-offs. The facility sources most of the water from the ground and discharges water to surface water upon treatment. The site has no access to municipal water supply and treatment infrastructure. Worsening water quality might result in a need for additional technical arrangements and practices for treating withdrawn and discharged water. As the worst-case scenario impairment or interruptions in local production due to poor water quality can result in footprint review or alternative sourcing for this market.

Timeframe

More than 6 years

Magnitude of potential impact

Low

Likelihood

Unlikely

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)

358000

Potential financial impact figure - maximum (currency)

1080000

Explanation of financial impact

Our estimate in terms of relative magnitude ranges from £358,000 to £1.08 Million for our operations based on potential water related disruption to the BAT Nigeria facility. Due to the fact that we have not experienced such an event, our estimates are based on inputs from our insurance risk reports for natural catastrophes and potential financial losses related to minor and major business interruptions. The assessment is facility specific and is based on production related costs (excluding raw materials). The figures mainly represent labour costs from production disruption. BAT impact range can be broken down as: Potential financial impact (minimum) "Number of disrupted days * daily interruption cost". And Potential financial impact (maximum) "Number of disrupted days * daily interruption cost".

Primary response to risk

Adopt water efficiency, water reuse, recycling and conservation practices

Description of response

We have established a system of monitoring the quality of the water withdrawn and discharged to ensure it meets regulatory requirements as well as quality requirements for our processes. We continue with CAPEX investments and Opex spend for efficiencies, scenario and materiality loss mapping and risk analysis on water recycling processes and prioritising heavily on operations in water stress areas from the most strategic to the least. In case of local leaf sourcing, also the cost to source it from other growing regions. In addition, we have included the application of AWS Water Stewardship Standards at the site.

Cost of response

1000000

Explanation of cost of response

Capex allocation for water efficiency and recycling project (avg project cost for this purpose for our facilities with already some wastewater treatment) which should avoid the need for supply chain alterations. Cost of redesigning leaf sourcing included in the business as usual of operations.

Country/Area & River basin

Pakistan	Indus
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Type of risk & Primary risk driver

Chronic physical	Declining water quality
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Primary potential impact

Upfront costs to adopt/deploy new practices and processes

Company-specific description

Water risks and opportunity assessments are conducted globally using WRI aqueduct tool, IPCC projections, TCFD scenario risk mapping analysis and inputs from AWS standard and our Global Risk and Insurance provider on Natural Catastrophes. These assessments aim to identify material risks and opportunities, which includes flood, drought, baseline water stress, water depletion and water quantity limitations, which then although BAT globally, regionally and at each specific location to consider relevant risk management and mitigation plans and discuss and engagement with local stakeholders. Our BAT factory in Pakistan with green leaf threshing plant on site is located in high water risk area. The water risk is primarily driven by water quality risk, mainly due to low levels of wastewater treatment and collection as well as due to issues with drinking water quality and sanitation. BAT factory is located at river Indus which is being affected by agricultural and industrial water run-offs. The facility sources most of the water from the ground and discharges water to surface water upon treatment. Worsening water quality might result in a need to change or diversify water supply and change water treatment technical arrangements and practices. As the worst-case scenario impairment or interruptions in local production due to poor water quality can result in footprint review or alternative sourcing for this market.

Timeframe

More than 6 years

Magnitude of potential impact

Low

Likelihood

About as likely as not

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)

308000

Potential financial impact figure - maximum (currency)

922000

Explanation of financial impact

Our estimate in terms of relative magnitude ranges from £308,000 to £922,000 for our operations based on potential water related disruption to the BAT Pakistan facility. Due to the fact that we have not experienced such an event, our estimates are based on inputs from our insurance risk reports for natural catastrophes and potential financial losses related to minor and major business interruptions. The assessment is facility specific and is based on production related costs (excluding raw materials). The figures mainly represent labour costs from production disruption. BAT impact range can be broken down as: Potential financial impact (minimum) "Number of disrupted days * daily interruption cost". And Potential financial impact (maximum) "Number of disrupted days * daily interruption cost".

Primary response to risk

Adopt water efficiency, water reuse, recycling and conservation practices

Description of response

We have established a system of monitoring the quality of the water withdrawn and discharged to ensure it meets regulatory requirements as well as quality requirements for our processes. We continue with CAPEX investments and OPEX spend for efficiencies, scenario and materiality loss mapping and risk analysis on water recycling processes and prioritising heavily on operations in water stress areas from the most strategic to the least. In case of local leaf sourcing, also the cost to source it from other growing regions.

Cost of response

500000

Explanation of cost of response

Explanation of cost of response Capex allocation for water efficiency and recycling project (average project cost for this purpose for our facilities with already some wastewater treatment) which should avoid the need for supply chain alterations. Cost of redesigning leaf sourcing included in the business as usual of operations.

Country/Area & River basin

Romania	Danube
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Type of risk & Primary risk driver

Chronic physical	Water stress
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Primary potential impact

Reduction or disruption in production capacity

Company-specific description

Water risks and opportunity assessments are conducted globally using WRI aqueduct tool, IPCC projections, TCFD scenario risk mapping analysis and inputs from AWS standard and our Global Risk and Insurance provider on Natural Catastrophes. These assessments aim to identify material risks and opportunities, which includes flood, drought, baseline water stress, water depletion and water quantity limitations, which then although BAT globally, regionally and at each specific location to consider relevant risk management and mitigation plans and discuss and engagement with local stakeholders. The BAT factory in Romania is located in high water risk area, the risk is mainly driven by water stress, which we have identified as being "extremely high, via the WRI aqueduct tool, which we do expect to further increase, remaining Extremely high in 2030 and in 2040 under any of the scenarios (pessimistic, BAU, optimistic). In any of the projections, water stress is to increase by 1.4 times. Water demand is high due to the water needs of densely located industrial facilities and local community. Further, the Danube is the river flowing over multiple countries, thus there is effect of upstream water withdrawals. Water supply is generally low. Our facility sources most of the water from the ground, thus might be affected by the lowering of groundwater table as well as municipal quotas for water withdrawal aimed to share water resources between users. As the worst-case scenario, an impairment, or interruptions in local production due to water shortage can result in footprint review or alternative sourcing for this market.

Timeframe

More than 6 years

Magnitude of potential impact

Low

Likelihood

Unlikely

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)

1060000

Potential financial impact figure - maximum (currency)

3170000

Explanation of financial impact

Our estimate in terms of relative magnitude ranges from £1.06 Million to £3.17 Million for our operations based on potential water related disruption to the BAT Romania facility. Due to the fact that we have not experienced such an event, our estimates are based on inputs from our insurance risk reports for natural catastrophes and potential financial losses related to minor and major business interruptions. The assessment is facility specific and is based on production related costs (excluding raw materials). The figures mainly represent labour costs from production disruption. BAT impact range can be broken down as: Potential financial impact (minimum) "Number of disrupted days * daily interruption cost". And Potential financial impact (maximum) "Number of disrupted days * daily interruption cost".

Primary response to risk

Adopt water efficiency, water reuse, recycling and conservation practices

Description of response

We continue with CAPEX investments and Opex spend for efficiencies, scenario and materiality loss mapping and risk analysis on water recycling processes and prioritising heavily on operations in water stress areas from the most strategic to the least. In case of local leaf sourcing, also the cost to source it from other growing regions. In addition, we have included the application of AWS Water Stewardship Standards at the site. The factory passed AWS pre-assessment in 2020 and is heading towards certification in 2021-22.

Cost of response

500000

Explanation of cost of response

Capex allocation for water recycling project (avg project cost for this purpose for our facilities with already some wastewater treatment) which should avoid the need for supply chain alterations. Cost of redesigning leaf sourcing included in the business as usual of operations.

Country/Area & River basin

Viet Nam	Other, please specify (Song Be Delta)
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Type of risk & Primary risk driver

Chronic physical	Declining water quality
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Primary potential impact

Upfront costs to adopt/deploy new practices and processes

Company-specific description

Water risks and opportunity assessments are conducted globally using WRI aqueduct tool, IPCC projections, TCFD scenario risk mapping analysis and inputs from AWS standard and our Global Risk and Insurance provider on Natural Catastrophes. These assessments aim to identify material risks and opportunities, which includes flood, drought, baseline water stress, water depletion and water quantity limitations, which then although BAT globally, regionally and at each specific location to consider relevant risk management and mitigation plans and discuss and engagement with local stakeholders. Our BAT factory in Vietnam is located in water risk area. The water risk is primarily driven by water quality risk, mainly associated with low levels of wastewater treatment and plastic pollution in watercourses. The river basin is affected by water runoffs from agriculture and local communities. The facility sources most of the water from municipality and discharges water to surface water upon treatment. Worsening water quality might result in a need for additional technical arrangements for improving water withdrawn quality and treating water discharged as well as diversifying water sources. As the worst-case scenario impairment or interruptions in local production due to poor water quality can result in footprint review or alternative sourcing for this market.

Timeframe

More than 6 years

Magnitude of potential impact

Low

Likelihood

About as likely as not

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)

430000

Potential financial impact figure - maximum (currency)

1290000

Explanation of financial impact

Our estimate in terms of relative magnitude ranges from £430,000 to £1.29 Million for our operations based on potential water related disruption to the BAT Vietnam facility. Due to the fact that we have not experienced such an event, our estimates are based on inputs from our insurance risk reports for natural catastrophes and potential financial losses related to minor and major business interruptions. The assessment is facility specific and is based on production related costs (excluding raw materials). The figures mainly represent labour costs from production disruption. BAT impact range can be broken down as: Potential financial impact (minimum) "Number of disrupted

days * daily interruption cost". And Potential financial impact (maximum) "Number of disrupted days * daily interruption cost".

Primary response to risk

Adopt water efficiency, water reuse, recycling and conservation practices

Description of response

We have established a system of monitoring the quality of the water withdrawn and discharged to ensure it meets regulatory requirements as well as quality requirements for our processes. We continue with CAPEX investments and Opex spend for efficiencies, scenario and materiality loss mapping and risk analysis on water recycling processes and prioritising heavily on operations in water stress areas from the most strategic to the least. In case of local leaf sourcing, also the cost to source it from other growing regions. In addition, we have included the application of AWS Water Stewardship Standards at the site.

Cost of response

300000

Explanation of cost of response

Capex allocation for water recycling project (average project cost for this purpose for our facilities with already some wastewater treatment) which should avoid the need for supply chain alterations. Cost of redesigning leaf sourcing included in the business as usual of operations.

Country/Area & River basin

Uzbekistan	Amu Darya
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Type of risk & Primary risk driver

Chronic physical	Water stress
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Primary potential impact

Reduction or disruption in production capacity

Company-specific description

Water risks and opportunity assessments are conducted globally using WRI aqueduct tool, IPCC projections, TCFD scenario risk mapping analysis and inputs from AWS standard and our Global Risk and Insurance provider on Natural Catastrophes. These assessments aim to identify material risks and opportunities, which includes flood, drought, baseline water stress, water depletion and water quantity limitations, which then although BAT globally, regionally and at each specific location to consider relevant risk management and mitigation plans and discuss and engagement with local stakeholders. Our BAT factory and green leaf threshing plant in Uzbekistan are located in high water risk area, the risk is mainly driven by water stress. Water demand is high due to developed agriculture (incl. water-intensive cotton growing) and industries within the area. Water supply is low due to the arid climate with extremely hot summer temperatures. Our facility sources most of the water from the ground, thus might be affected by the lowering of groundwater table as well as municipal quotas for water withdrawal aimed to share water resources between users. An impairment or interruptions in local production due to water shortage can result in footprint review or alternative sourcing for this market.

Timeframe

More than 6 years

Magnitude of potential impact

Low

Likelihood

Unlikely

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)

208000

Potential financial impact figure - maximum (currency)

623000

Explanation of financial impact

Our estimate in terms of relative magnitude ranges from £208,000 to £623,000 for our operations based on potential water related disruption to the BAT Uzbekistan facility. Due to the fact that we have not experienced such an event, our estimates are based on inputs from our insurance risk reports for natural catastrophes and potential financial losses related to minor and major business interruptions. The assessment is facility specific and is based on production related costs (excluding raw materials). The figures mainly represent labour costs from production disruption. BAT impact range can be broken down as: Potential financial impact (minimum) "Number of disrupted days * daily interruption cost". And Potential financial impact (maximum) "Number of disrupted days * daily interruption cost".

Primary response to risk

Adopt water efficiency, water reuse, recycling and conservation practices

Description of response

Very preliminary estimates based on costs associated with business alterations, adjustment of the supply chain and new sourcing should our mitigation fail to be in place prior to impact materialisation.

Cost of response

500000

Explanation of cost of response

We continue with CAPEX investments and OPEX spend for efficiencies, scenario and materiality loss mapping and risk analysis on water recycling processes and prioritising heavily on operations in water stress areas from the most strategic to the least. In case of local leaf sourcing, also the cost to source it from other growing regions. In addition, we are applying Alliance for Water Stewardship (AWS) Standards at the Uzbekistan sites: both factory and green leaf threshing plant has an AWS gap assessment in 2021 and are scheduled for their AWS certification assessments in Q4 2022.

Country/Area & River basin

Bangladesh	Ganges - Brahmaputra
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Type of risk & Primary risk driver

Chronic physical	Declining water quality
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Primary potential impact

Upfront costs to adopt/deploy new practices and processes

Company-specific description

Water risks and opportunity assessments are conducted globally using WRI aqueduct tool, IPCC projections, TCFD scenario risk mapping analysis and inputs from AWS standard and our Global Risk and Insurance provider on Natural Catastrophes. These assessments aim to identify material risks and opportunities, which includes flood, drought, baseline water stress, water depletion and water quantity limitations, which then although BAT globally, regionally and at each specific location to consider relevant risk management and mitigation plans and discuss and engagement with local stakeholders. Our BAT factory and green leaf threshing plant in Bangladesh are located in high water risk area. The water risk is primarily driven by water quality risk, mainly due to low levels of wastewater treatment and collection. The Bangladesh sites are located at river Ganges – Brahmaputra which is affected by industrial, agricultural, and civil water run-offs. Furthermore, the factory site close to the capital city. The facility sources most of the water from the ground and discharges water to municipal sewer. Worsening water quality might result in a need to change or diversify water supply and change water treatment technical arrangements and practices As the worst-case scenario impairment or interruptions in local production due to poor water quality can result in footprint review or alternative sourcing for this market.

Timeframe

More than 6 years

Magnitude of potential impact

Low

Likelihood

More likely than not

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)

570000

Potential financial impact figure - maximum (currency)

1680000

Explanation of financial impact

Our estimate in terms of relative magnitude ranges from £570,000 to £1.68 Million for our operations based on potential water related disruption to the BAT Bangladesh facility. Due to the fact that we have not experienced such an event, our estimates are based on inputs from our insurance risk reports for natural catastrophes and potential financial losses related to minor and major business interruptions. The assessment is facility specific and is based on production related costs (excluding raw materials). The figures mainly represent labour costs from production disruption. BAT impact range can be broken down as: Potential financial impact (minimum) "Number of disrupted days * daily interruption cost". And Potential financial impact (maximum) "Number of disrupted days * daily interruption cost".

Primary response to risk

Adopt water efficiency, water reuse, recycling and conservation practices

Description of response

We have established a system of monitoring the quality of the water withdrawn and discharged to ensure it meets regulatory requirements as well as quality requirements for our processes. We continue with CAPEX investments and Opex spend for efficiencies, scenario and materiality loss mapping and risk analysis on water recycling processes and prioritising heavily operations in water stress areas from the most strategic to the least. In case of local leaf sourcing, also the cost to source it from other growing regions. In addition, we have included the application of AWS Water Stewardship Standards at the Bangladesh sites. Both Bangladesh sites passed AWS pre-assessment in 2020 and are heading towards certification in 2021-22.

Cost of response

1000000

Explanation of cost of response

Capex allocation for water efficiency and recycling project (average project cost for this purpose for our facilities with already some wastewater treatment) which should avoid the need for supply chain alterations. Cost of redesigning leaf sourcing included in the business as usual of operations.

W4.2a

(W4.2a) Provide details of risks identified within your value chain (beyond direct operations) with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.

Country/Area & River basin

Bangladesh	Ganges - Brahmaputra
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Stage of value chain

Supply chain

Type of risk & Primary risk driver

Acute physical	Flood (coastal, fluvial, pluvial, groundwater)
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Primary potential impact

Reduction or disruption in production capacity

Company-specific description

Bangladesh is one of our largest in-house operations in BAT representing over 10% of our total tobacco purchases in 2021. One of the main leaf sourcing areas is located in a zone prone to riverine flooding, which can lead to disruption of leaf growing and sourcing activities. BAT operates a risk-based & contingency approach and we review annually the Water Risk Indicator Aqueduct that includes Baseline Water stress, Interannual and Seasonal Variability, Drought Risk for the areas we operate, including Bangladesh. This means sourcing locations which coincide with water risk zones are constantly monitored before they are impacted severely in ways that could impose disruptions of supply. BAT would trigger and mitigated sourcing alternatives as part of our risk management strategy and continuity approach. Sourcing tobacco outside of Bangladesh for the local consumption comes at an increase total landed cost considering freight and import taxes. Depending on the area impacted this risk could become substantive.

Timeframe

4-6 years

Magnitude of potential impact

Low

Likelihood

Very unlikely

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)

2400000

Potential financial impact figure - maximum (currency)

4800000

Explanation of financial impact

Our estimate in terms of relative magnitude ranges from £2.4 to £4.8 million based on potential crop shortage in Bangladesh ranging between 5 and 10% due to climate events (flood or draught) and the potential impact that this can have in the local tobacco availability. We have not experienced such an event to date, therefore we have capped this to 10% chance. This figure assumes we will have to purchase this tobacco from other sources outside of the country, which will come at higher landed cost due to higher base cost, freight and import duties. Therefore the risk figure reflects the cost of activating the sourcing plan from another country due to crop shortage.

Primary response to risk

Direct operations	Increase investment in new technology
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Description of response

BAT is responding to that risk by maintaining an agronomy research programme in Bangladesh, with trials to constant assess new best practices, techniques and new cultivars that will along the time bring better yield (kg/hectare) and quality to the crop, mitigating the risk of the weather and water conditions in the specific leaf growing areas. The research programme is orchestrated by the team of experts of our Global Leaf Agronomy Development centre in Brazil that works extensively in farmer's resilience. We believe our response is robust and agile to incorporate changes in risk levels and capitalise on opportunities coming out of our research schemes (like water resistant varieties). At the same time we do maintain options to buy this leaf in other countries should that be the case.

Cost of response

1000000

Explanation of cost of response

The cost of response figure refers to the running cost to maintain the agronomic research programme and trials in Bangladesh as well as a portion of the cost of Global Leaf Agronomy Development that works with the leaf operations to create the 5-year agronomy plans.

Country/Area & River basin

Pakistan	Indus
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Stage of value chain

Supply chain

Type of risk & Primary risk driver

Chronic physical	Water scarcity
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Primary potential impact

Increased production costs due to changing input prices from supplier

Company-specific description

BAT operates in a risk-based and contingency approach. This means sourcing locations which coincide with water scarcity zones are constantly monitored. Before they are ever to be impacted so severely in ways that could impose disruptions of supply BAT would trigger and mitigate sourcing alternatives as part of our risk management strategy and continuity approach. This may mean longer freights, foreign exchange influence raising cost which could actually translate into substantive financial impact for the Group, increasing cost and impacting sales.

Timeframe

4-6 years

Magnitude of potential impact

Low

Likelihood

Very unlikely

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)

100000

Potential financial impact figure - maximum (currency)

1000000

Explanation of financial impact

A worst case scenario financial impact if leaf growers get impacted in a vast area jeopardizing the entire country's supply of green leaf tobacco. This represents the cost to activate contingency sourcing.

Primary response to risk

Upstream	Increase supplier diversification
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Description of response

BAT is responding to that risk by working extensively via a team of experts in Brazil based on our Global Leaf Agronomy Development centre looking after farmer's resilience, including breeding for resilient tobacco varieties. Should that fail, the risk will subsequently be mitigated by BAT would sourcing tobacco from other farmers within or outside of the country.

Cost of response

Explanation of cost of response

A worst case scenario financial impact if leaf growers get impacted in a vast area jeopardizing country's supply of green leaf tobacco. This represents the cost to activate contingency sourcing.

Country/Area & River basin

India	Cauvery River
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Stage of value chain

Supply chain

Type of risk & Primary risk driver

Chronic physical	Water scarcity
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Primary potential impact

Increased production costs due to changing input prices from supplier

Company-specific description

BAT operates in a risk-based and contingency approach. This means: sourcing locations which coincide with water scarcity zones are constantly monitored. Before they are ever to be impacted so severely in ways that could impose disruptions of supply, we'd have triggered and mitigated sourcing alternatives. This may mean longer freights, foreign exchange influence raising cost which could actually translate into substantive financial impact for the Group depending on the scale of the issue and our ability to activate mitigation plans on time. In that case India represents about 10% of our total tobacco purchases and offering access to certain styles of tobacco uniquely grown there.

Timeframe

4-6 years

Magnitude of potential impact

Low

Likelihood

Very unlikely

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)

100000

Potential financial impact figure - maximum (currency)

1000000

Explanation of financial impact

A worst case scenario financial impact if leaf growers get impacted in a vast area jeopardizing a part of country's supply of green leaf tobacco. This represents the cost to activate contingency sourcing.

Primary response to risk

Upstream	Increase supplier diversification
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Description of response

BAT is responding to that risk by working extensively via a team of experts in Brazil based on our Global Leaf Agronomy Development centre looking after farmer's resilience, including breeding for resilient tobacco varieties. Should that fail, the risk will subsequently be mitigated by BAT would sourcing tobacco from other farmers within or outside of the country.

Cost of response

1000000

Explanation of cost of response

A worst case scenario financial impact if leaf growers get impacted in a vast area jeopardizing the entire country's supply of green leaf tobacco. This represents the cost to activate contingency sourcing.

Country/Area & River basin

Mozambique	Zambezi
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Stage of value chain

Supply chain

Type of risk & Primary risk driver

Chronic physical	Water scarcity
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Primary potential impact

Increased production costs due to changing input prices from supplier

Company-specific description

BAT operates in a risk-based and contingency approach. This means: sourcing locations which coincide with water scarcity zones are constantly monitored. Before they are ever to be impacted so severely in ways that could impose disruptions of supply, we'd have triggered and mitigated sourcing alternatives. This may mean longer freights, foreign exchange influence raising cost which could actually translate into substantive financial impact for the Group. Mozambique supplies more than 50% of the second largest used tobacco in our products, called Burley.

Timeframe

4-6 years

Magnitude of potential impact

Low

Likelihood

Very unlikely

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)

100000

Potential financial impact figure - maximum (currency)

1000000

Explanation of financial impact

A worst case scenario financial impact if leaf growers get impacted in a vast area jeopardizing country's supply of green leaf tobacco. This represents the cost to activate contingency sourcing.

Primary response to risk

Upstream	Increase supplier diversification
----------	-----------------------------------

Description of response

BAT is responding to that risk by working extensively via a team of experts in Brazil based on our Global Leaf Agronomy Development centre looking after farmer's resilience, including breeding for resilient tobacco varieties. Should that fail, the risk will subsequently be mitigated by BAT would sourcing tobacco from other farmers within or outside of the country.

Cost of response

1000000

Explanation of cost of response

A worst case scenario financial impact if leaf growers get impacted in a vast area jeopardizing the entire country's supply of green leaf tobacco. This represents the cost to activate contingency sourcing.

W4.3

(W4.3) Have you identified any water-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Yes, we have identified opportunities, and some/all are being realized

(W4.3a) Provide details of opportunities currently being realized that could have a substantive financial or strategic impact on your business.**Type of opportunity**

Efficiency

Primary water-related opportunity

Improved water efficiency in operations

Company-specific description & strategy to realize opportunity

Improving water efficiency in our operations is considered to be strategic, as this will help BAT to reduce our reliance on the local environment and communities in which we operate. This opportunity is also associated with minor cost savings. Across our Operations (factories and GLTs of the Group) we continue to engage closely with our factory footprint in developing and identifying a range of water savings initiatives following the lead from loss analysis and value stream mapping pilots in Pakistan, Chile & Turkey as examples, which may include the following: behavioural change programs, awareness campaigns, implementation of water conservation daily management systems improving controls and maintenance response time in strategic locations and targeted investment. For example, in Kenya Thika GLT we replaced old underground water pipes with new at ground level, which contributed to elimination of leakages and facilitating of further leakages detection. Actions like this will help BAT to reduce our reliance on the local environment and communities in which we operate. This opportunity is also associated with minor cost savings. Since 2016 we have continued to further expand Water Roadmap studies at local sites previously restricted to water scarcity locations or end markets of any specific concern. Water Roadmap self-assessment are reviewed by sites at least twice a year, and actions upon are tracked to completion. As a result of water saving activities, incl. the ones under water roadmap, our water withdrawn figure was reduced by 28% 2021 vs 2017. We expect that through further deployment of Water Roadmap & AWS action plans (following our 2021 AWS certification roll-out) across the group, which means enhancing the metering across consumption points, reinforcing maintenance response time and, where necessary, investing in appropriate effluent treatment options, we will reach a much better performance in water management, unleashing also reuse opportunities and as a consequence of the approach, reduce water withdrawn by 35% by 2025.

Estimated timeframe for realization

4 to 6 years

Magnitude of potential financial 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)

1730000

Potential financial impact figure – maximum (currency)

2600000

Explanation of financial impact

Using estimates from external sources, BAT have assessed financial savings linked to water efficiency are around £1.73 – 2.60 million in the next 4 - 6 years. The estimates are calculated through direct financial savings that would be experienced once investment costs of water efficiency are realised. The potential financial impact that could result by the direct cost of water is low.

Type of opportunity

Resilience

Primary water-related opportunity

Resilience to future regulatory changes

Company-specific description & strategy to realize opportunity

Improving water resilience in our operations is considered to be strategic, as this will help BAT to reduce our reliance on the local environment and communities in which we operate. Across the factories and GLTs of the Group we continue to focus on compliance with current regulatory requirements as the minimum standard. Wherever regulatory frameworks are weak, or enforcement is not stringent enough, EHS Policy requirements are enforced. All sites are required to comply with both regulatory and EHS Policy requirements whichever the stricter. Sites are required to obtain information on prospects for regulations changes to search for opportunities with regards to water management development. Via of Water Road Map process, which all operational sites update every 6 months, we are able to identify proactively any potential compliance and regulatory issues, with relevant action plans created, which then are embedded into the overall EHS actions plans, this will continue to be part of our annual activities linked to our EHS strategy. We have continued to collect the very best in class a pool of internally benchmarked initiatives for water recycling and efficiency incentive through our newly created Centre of Excellence for Water, with the aim that to use to accelerate the deployment of low capex yet yield highly positive improvements to reduce water withdrawal, this will be further enhanced over the next 24 months with the creation of "menucards". We fully understand that in the future many countries in which we operate will limit the number of licenses granted and/or limit the amount of water extractions (in m3) per license. So, it is vital for business resilience to lower as much as possible our water withdrawal prior to regulatory changes and their enforcements. Some examples of countries in which we have been making considerable progress are Chile and Pakistan among others. In addition to the above BAT completed phases 1 & 2 of the TCFD incorporating the transitional risks covering water within the scenario and materiality analysis.

Estimated timeframe for realization

4 to 6 years

Magnitude of potential financial 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)

1300000

Potential financial impact figure – maximum (currency)

3100000

Explanation of financial impact

Using estimates from external sources, BAT have assessed financial savings linked to water resilience are around £1.30 – 3.10 million in the next 4 - 6 years. Within BAT operations boundaries there are few processes that are water intensive. The biggest resilience challenge resides in the supply chain, especially in the event of tobacco growers' irrigations requirements. We develop in the field practices and transfer know how to make sure water efficiency is part of the farmers operating model. We want to make sure our tobacco suppliers have a sound and healthy business which guarantees a stable income source to themselves and their families. The better educated, the more practices they dominate to produce with less water every crop cycle, the better it will be for their own individual resilience as well as BAT's.

Type of opportunity

Other

Primary water-related opportunity

Other, please specify (Reduce land and water needs for tobacco)

Company-specific description & strategy to realize opportunity

Reducing both land and water needs for tobacco growing in our operations is considered to be strategic, as this will help BAT to reduce our reliance on the local environment and communities in which we operate. BAT continues to seek opportunities to reduce the amount of land and water needed to produce green tobacco leaves by the farmers. The strategy implies increasing farmers' productivity per planted area and reduce the amount of area that requires irrigation. Adopting sustainable irrigation systems as drip irrigation has increased the yield by 20 to 30% in applicable farmers in the south of Brazil where drip irrigation is not yet affordable, such as in Bangladesh, recommendation to reduce water volume/ha were developed Sustainable soil Best Practices are defined and recommended to Leaf Operations, actually 65% of the contracted farmers have applied the BAT recommended Best Practice Guidelines on water conservation.

Estimated timeframe for realization

4 to 6 years

Magnitude of potential financial 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)

102600

Potential financial impact figure – maximum (currency)

1300000

Explanation of financial impact

Using estimates from external sources, BAT have assessed financial savings linked to land reduction and water needs are around £102.600 – 1.30 million in the next 4 - 6 years. Within BAT operations boundaries there are few processes that are water intensive. The biggest resilience challenge resides in the supply chain, especially in the event of tobacco growers' irrigations requirements. We develop in the field practices and transfer know how to make sure water efficiency is part of the farmers operating model. We want to make sure our tobacco suppliers have a sound and healthy business which guarantees a stable income source to themselves and their families. The better educated, the more practices they dominate to produce with less water every crop cycle, the better it will be for their own individual resilience as well as BAT's.

W5. Facility-level water accounting

W5.1

(W5.1) For each facility referenced in W4.1c, provide coordinates, water accounting data, and a comparison with the previous reporting year.

Facility reference number

Facility 1

Facility name (optional)

Bangladesh - Dhaka factory

Country/Area & River basin

Bangladesh	Other, please specify (Bhramaputra4)
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Latitude

23.781017

Longitude

90.396588

Located in area with water stress

No

Primary power generation source for your electricity generation at this facility

<Not Applicable>

Oil & gas sector business division

<Not Applicable>

Total water withdrawals at this facility (megaliters/year)

151.1

Comparison of total withdrawals with previous reporting year

Higher

Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

Withdrawals from brackish surface water/seawater

0

Withdrawals from groundwater - renewable

151.1

Withdrawals from groundwater - non-renewable

0

Withdrawals from produced/entrained water

0

Withdrawals from third party sources

0

Total water discharges at this facility (megaliters/year)

56.7

Comparison of total discharges with previous reporting year

Much lower

Discharges to fresh surface water

0

Discharges to brackish surface water/seawater

0

Discharges to groundwater

0

Discharges to third party destinations

56.7

Total water consumption at this facility (megaliters/year)

94.4

Comparison of total consumption with previous reporting year

Much higher

Please explain

There has been an increase in water withdrawn (+23%) vs 2020 due to increased production, project activities on site and increased humidification due to occupational environment and quality needs. Water discharge decreased (-49%) due to increased water recycling/reuse on site. Water consumption increased (+669%) due to intensified water recycling for gardening, cleaning and other purposes. Trend thresholds are applied consistently to all our businesses: anything over +/- 5% is 'Higher'/'Lower' compared to the previous year, and anything +/-30% is 'Much higher'/'Much lower'.

Facility reference number

Facility 2

Facility name (optional)

Bangladesh - GLT & Leaf

Country/Area & River basin

Bangladesh	Other, please specify (Ganga5)
------------	--------------------------------

Latitude

23.887236

Longitude

89.108158

Located in area with water stress

No

Primary power generation source for your electricity generation at this facility

<Not Applicable>

Oil & gas sector business division

<Not Applicable>

Total water withdrawals at this facility (megaliters/year)

30

Comparison of total withdrawals with previous reporting year

Much higher

Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes

0.2

Withdrawals from brackish surface water/seawater

0

Withdrawals from groundwater - renewable

28.7

Withdrawals from groundwater - non-renewable

0

Withdrawals from produced/entrained water

0

Withdrawals from third party sources

1.1

Total water discharges at this facility (megaliters/year)

27

Comparison of total discharges with previous reporting year

Much higher

Discharges to fresh surface water

0

Discharges to brackish surface water/seawater

0

Discharges to groundwater

0

Discharges to third party destinations

27

Total water consumption at this facility (megaliters/year)

3

Comparison of total consumption with previous reporting year

Much higher

Please explain

There has been an increase in water withdrawn (+34%) vs 2020 due to increased volumes and extended period of leaf processing. This led to increase in water needs for both production and social needs. Water discharge increased (+33%) almost proportionately driven by the same reason. Water consumption increased (+39%) in line with trends of the above parameters. Trend thresholds are applied consistently to all our businesses: anything over +/- 5% is 'Higher'/'Lower' compared to the previous year, and anything +/-30% is 'Much higher'/'Much lower'.

Facility reference number

Facility 3

Facility name (optional)

Chile - Casablanca Ops

Country/Area & River basin

Chile	Other, please specify (Maipo)
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Latitude

-33.305433

Longitude

-71.408689

Located in area with water stress

Yes

Primary power generation source for your electricity generation at this facility

<Not Applicable>

Oil & gas sector business division

<Not Applicable>

Total water withdrawals at this facility (megaliters/year)

32

Comparison of total withdrawals with previous reporting year

Lower

Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

Withdrawals from brackish surface water/seawater

0

Withdrawals from groundwater - renewable

32

Withdrawals from groundwater - non-renewable

0

Withdrawals from produced/entrained water

0

Withdrawals from third party sources

0

Total water discharges at this facility (megaliters/year)

0

Comparison of total discharges with previous reporting year

About the same

Discharges to fresh surface water

0

Discharges to brackish surface water/seawater

0

Discharges to groundwater

0

Discharges to third party destinations

0

Total water consumption at this facility (megaliters/year)

32

Comparison of total consumption with previous reporting year

Lower

Please explain

There has been a decrease in water withdrawn (-23%) vs 2020 due to lower production output, optimized water use for tobacco processing and improved control over water leakages. Water discharge is at zero (same as in 2020) since all water is recycled/reused with or without treatment on site. Water consumption decreased (-23%) in line with trends of the above parameters. Trend thresholds are applied consistently to all our businesses: anything over +/- 5% is 'Higher'/'Lower' compared to the previous year, and anything +/-30% is 'Much higher'/'Much lower'.

Facility reference number

Facility 4

Facility name (optional)

Indonesia -Bentoel Factory

Country/Area & River basin

Indonesia	Brantas
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Latitude

-7.966

Longitude

112.6326

Located in area with water stress

No

Primary power generation source for your electricity generation at this facility

<Not Applicable>

Oil & gas sector business division

<Not Applicable>

Total water withdrawals at this facility (megaliters/year)

104

Comparison of total withdrawals with previous reporting year

Lower

Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

Withdrawals from brackish surface water/seawater

0

Withdrawals from groundwater - renewable

104

Withdrawals from groundwater - non-renewable

0

Withdrawals from produced/entrained water

0

Withdrawals from third party sources

0

Total water discharges at this facility (megaliters/year)

53.4

Comparison of total discharges with previous reporting year

Much lower

Discharges to fresh surface water

53.4

Discharges to brackish surface water/seawater

0

Discharges to groundwater

0

Discharges to third party destinations

0

Total water consumption at this facility (megaliters/year)

50.6

Comparison of total consumption with previous reporting year

Much higher

Please explain

There has been a decrease in water withdrawn (-22%) vs 2020 due to lower production output as well as increased water recycling/reuse. Water discharge decreased (-58%) due to increased water recycling/reuse on site as well as improved measurement of the parameter. Water consumption increased (+880%) due to intensified water recycling for gardening, cleaning and other purposes as well as improved measurement of the parameter. Trend thresholds are applied consistently to all our businesses: anything over +/- 5% is 'Higher'/'Lower' compared to the previous year, and anything +/-30% is 'Much higher'/'Much lower'.

Facility reference number

Facility 5

Facility name (optional)

Kenya - Nairobi

Country/Area & River basin

Kenya	Galana
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Latitude

-1.305661

Longitude

36.855717

Located in area with water stress

Yes

Primary power generation source for your electricity generation at this facility

<Not Applicable>

Oil & gas sector business division

<Not Applicable>

Total water withdrawals at this facility (megaliters/year)

39

Comparison of total withdrawals with previous reporting year

Higher

Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

Withdrawals from brackish surface water/seawater

0

Withdrawals from groundwater - renewable

37.9

Withdrawals from groundwater - non-renewable

0

Withdrawals from produced/entrained water

0

Withdrawals from third party sources

1.1

Total water discharges at this facility (megaliters/year)

12.4

Comparison of total discharges with previous reporting year

Higher

Discharges to fresh surface water

0

Discharges to brackish surface water/seawater

0

Discharges to groundwater

0

Discharges to third party destinations

12.4

Total water consumption at this facility (megaliters/year)

26.6

Comparison of total consumption with previous reporting year

Higher

Please explain

There has been an increase in water withdrawn (+13%) vs 2020 due to slight increase in production and ad hoc major cleaning and maintenance activity in the beginning of the year. Water discharge increased (+8%) due to the same reasons. Water consumption increased (+16%) in line with trends of the above parameters. Water consumption increased at a higher rate than water withdrawn since production output increase was driven by producing cut rag tobacco for export, which is relatively water intensive process. Trend thresholds are applied consistently to all our businesses: anything over +/- 5% is 'Higher'/'Lower' compared to the previous year, and anything +/-30% is 'Much higher'/'Much lower'.

Facility reference number

Facility 6

Facility name (optional)

Mexico - Monterrey

Country/Area & River basin

Mexico	Bravo
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Latitude

25.686275

Longitude

-100.33982

Located in area with water stress

Yes

Primary power generation source for your electricity generation at this facility

<Not Applicable>

Oil & gas sector business division

<Not Applicable>

Total water withdrawals at this facility (megaliters/year)

92.3

Comparison of total withdrawals with previous reporting year

About the same

Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

Withdrawals from brackish surface water/seawater

0

Withdrawals from groundwater - renewable

13.5

Withdrawals from groundwater - non-renewable

0

Withdrawals from produced/entrained water

0

Withdrawals from third party sources

78.8

Total water discharges at this facility (megaliters/year)

70.9

Comparison of total discharges with previous reporting year

About the same

Discharges to fresh surface water

0

Discharges to brackish surface water/seawater

0

Discharges to groundwater

0

Discharges to third party destinations

70.9

Total water consumption at this facility (megaliters/year)

21.4

Comparison of total consumption with previous reporting year

Lower

Please explain

Amount of water withdrawn remained almost the same as in 2020 (-0.1%). Though production output slightly increased, water saving activities enable to maintain flat trend. Water discharge slightly increased (+2%), which is in line with normal fluctuations associated with fluctuations in water needs for production, social purposes and utilities. Water consumption decreased (-7%) in line with trends of the above parameters. Trend thresholds are applied consistently to all our businesses: anything over +/- 5% is 'Higher'/'Lower' compared to the previous year, and anything +/-30% is 'Much higher'/'Much lower'.

Facility reference number

Facility 7

Facility name (optional)

Nigeria - Ibadan factory

Country/Area & River basin

Nigeria	Other, please specify (Oshun)
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Latitude

7.30816

Longitude

3.869118

Located in area with water stress

No

Primary power generation source for your electricity generation at this facility

<Not Applicable>

Oil & gas sector business division

<Not Applicable>

Total water withdrawals at this facility (megaliters/year)

56.2

Comparison of total withdrawals with previous reporting year

Lower

Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

Withdrawals from brackish surface water/seawater

0

Withdrawals from groundwater - renewable

56.2

Withdrawals from groundwater - non-renewable

0

Withdrawals from produced/entrained water

0

Withdrawals from third party sources

0

Total water discharges at this facility (megaliters/year)

54.5

Comparison of total discharges with previous reporting year

About the same

Discharges to fresh surface water

54.5

Discharges to brackish surface water/seawater

0

Discharges to groundwater

0

Discharges to third party destinations

0

Total water consumption at this facility (megaliters/year)

1.7

Comparison of total consumption with previous reporting year

Much lower

Please explain

There has been a decrease in water withdrawn (-6%) vs 2020 due to lower production output and water saving activities such as installing water efficient sprinklers for watering lawns at the factory. Water discharge decreased (-30%), almost proportionately, due to the same reasons. Water consumption decreased (-27%) in line with trends of the above parameters. Trend thresholds are applied consistently to all our businesses: anything over +/- 5% is 'Higher'/'Lower' compared to the previous year, and anything +/-30% is 'Much higher'/'Much lower'.

Facility reference number

Facility 8

Facility name (optional)

Pakistan - Akora factory & GLT

Country/Area & River basin

Pakistan	Other, please specify (Kabul / Swat / Alingar)
----------	--

Latitude

33.994118

Longitude

72.14468

Located in area with water stress

No

Primary power generation source for your electricity generation at this facility

<Not Applicable>

Oil & gas sector business division

<Not Applicable>

Total water withdrawals at this facility (megaliters/year)

93.8

Comparison of total withdrawals with previous reporting year

About the same

Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

Withdrawals from brackish surface water/seawater

0

Withdrawals from groundwater - renewable

93.8

Withdrawals from groundwater - non-renewable

0

Withdrawals from produced/entrained water

0

Withdrawals from third party sources

0

Total water discharges at this facility (megaliters/year)

2.4

Comparison of total discharges with previous reporting year

Much lower

Discharges to fresh surface water

2.4

Discharges to brackish surface water/seawater

0

Discharges to groundwater

0

Discharges to third party destinations

0

Total water consumption at this facility (megaliters/year)

91.4

Comparison of total consumption with previous reporting year

Higher

Please explain

There has been a slight increase in water withdrawn (+1%) vs 2020 due to increased production. Increase in water needs for production was compensated by water saving activities. Water discharge decreased (-80%) due to increased water recycling/reuse on site. Water consumption increased (+13%) due to intensified water recycling for gardening, cleaning and other purposes. Trend thresholds are applied consistently to all our businesses: anything over +/- 5% is 'Higher'/'Lower' compared to the previous year, and anything +/-30% is 'Much higher'/'Much lower'.

Facility reference number

Facility 9

Facility name (optional)

Pakistan - Jhelum factory

Country/Area & River basin

Pakistan	Other, please specify (Jhelum)
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Latitude

32.58

Longitude

73.41

Located in area with water stress

Yes

Primary power generation source for your electricity generation at this facility

<Not Applicable>

Oil & gas sector business division

<Not Applicable>

Total water withdrawals at this facility (megaliters/year)

49

Comparison of total withdrawals with previous reporting year

Higher

Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

Withdrawals from brackish surface water/seawater

0

Withdrawals from groundwater - renewable

49

Withdrawals from groundwater - non-renewable

0

Withdrawals from produced/entrained water

0

Withdrawals from third party sources

0

Total water discharges at this facility (megaliters/year)

0

Comparison of total discharges with previous reporting year

About the same

Discharges to fresh surface water

0

Discharges to brackish surface water/seawater

0

Discharges to groundwater

0

Discharges to third party destinations

0

Total water consumption at this facility (megaliters/year)

49

Comparison of total consumption with previous reporting year

Higher

Please explain

There has been an increase in water withdrawn (+8%) vs 2020 due to increased production output. Water discharge is at zero (same as in 2020) since all water is recycled/reused with or without treatment on site. Water consumption increased (+8%) in line with trends of the above parameters. Trend thresholds are applied consistently to all our businesses: anything over +/- 5% is 'Higher'/'Lower' compared to the previous year, and anything +/-30% is 'Much higher'/'Much lower'

Facility reference number

Facility 10

Facility name (optional)

Romania - Ploiesti

Country/Area & River basin

Romania	Other, please specify (Ialomita)
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Latitude

44.94522

Longitude

25.98228

Located in area with water stress

Yes

Primary power generation source for your electricity generation at this facility

<Not Applicable>

Oil & gas sector business division

<Not Applicable>

Total water withdrawals at this facility (megaliters/year)

153.4

Comparison of total withdrawals with previous reporting year

Higher

Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

Withdrawals from brackish surface water/seawater

0

Withdrawals from groundwater - renewable

153.4

Withdrawals from groundwater - non-renewable

0

Withdrawals from produced/entrained water

0

Withdrawals from third party sources

0

Total water discharges at this facility (megaliters/year)

94.6

Comparison of total discharges with previous reporting year

About the same

Discharges to fresh surface water

0

Discharges to brackish surface water/seawater

0

Discharges to groundwater

0

Discharges to third party destinations

94.6

Total water consumption at this facility (megaliters/year)

58.8

Comparison of total consumption with previous reporting year

Much higher

Please explain

There has been an increase in water withdrawn (+8%) vs 2020 due to increased production. Water discharge slightly decreased (-3%) as the result of the trends for water withdrawn and water consumption. Water consumption increased (+30%) due to increased water consumption for humidification, which is driven by occupational environment and production quality needs. Trend thresholds are applied consistently to all our businesses: anything over +/- 5% is 'Higher'/'Lower' compared to the previous year, and anything +/-30% is 'Much higher'/'Much lower'.

Facility reference number

Facility 11

Facility name (optional)

Viet Nam - Operations

Country/Area & River basin

Viet Nam	Other, please specify (Song Be Delta, Viet Nam Coast)
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Latitude

10.95972

Longitude

106.93193

Located in area with water stress

No

Primary power generation source for your electricity generation at this facility

<Not Applicable>

Oil & gas sector business division

<Not Applicable>

Total water withdrawals at this facility (megaliters/year)

22.8

Comparison of total withdrawals with previous reporting year

About the same

Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes

0.7

Withdrawals from brackish surface water/seawater

0

Withdrawals from groundwater - renewable

0

Withdrawals from groundwater - non-renewable

0

Withdrawals from produced/entrained water

0

Withdrawals from third party sources

22.1

Total water discharges at this facility (megaliters/year)

1.6

Comparison of total discharges with previous reporting year

Much higher

Discharges to fresh surface water

1.6

Discharges to brackish surface water/seawater

0

Discharges to groundwater

0

Discharges to third party destinations

0

Total water consumption at this facility (megaliters/year)

21.2

Comparison of total consumption with previous reporting year

Lower

Please explain

There has been a slight decrease in water withdrawn (-2%) vs 2020 due to water recycling/reuse in air scrubber which allowed to reduce the need for fresh water. Reported water discharge increased (+102%) due to improved reporting. Reported water consumption decreased (-6%) in line with trends of the above parameters. Trend thresholds are applied consistently to all our businesses: anything over +/- 5% is 'Higher'/'Lower' compared to the previous year, and anything +/-30% is 'Much higher'/'Much lower'.

W5.1a

(W5.1a) For the facilities referenced in W5.1, what proportion of water accounting data has been third party verified?

Water withdrawals – total volumes

% verified

76-100

Verification standard used

BAT engaged with external consultancy company (KPMG) who performed a limited assurance engagement on selected sustainability data presented in our Sustainability Report. Total Water Withdrawn was one of the metrics Assured. The assurance engagement has been planned and performed in accordance with the International Standard for Assurance Engagements (ISAE 3000 Revised). Assurance is performed annually.

Please explain

<Not Applicable>

Water withdrawals – volume by source

% verified

Not verified

Verification standard used

<Not Applicable>

Please explain

Although Water withdrawals with breakdown by source in 2021 was not included within our 3rd party verification process, as it wasn't defined internally as an "associated target", we continued to monitor these parameters. We are progressing with certification of our Operations sites, focusing of facilities in Water Stress and Water Risk areas, as per AWS (Alliance for Water Stewardship). We are also currently conducting a double materiality assessment. Based on the results of these activities we'll consider the needs to set additional targets at the Group or at the facility level within the next 12-18 months and will consequently review the scope of 3rd party water-related data verification.

Water withdrawals – quality by standard water quality parameters

% verified

Not verified

Verification standard used

<Not Applicable>

Please explain

Although Water withdrawals quality by standard water quality parameters in 2021 was not included within our 3rd party verification process, as it wasn't defined internally as an "associated target", we continued to monitor these parameters. We are progressing with certification of our Operations sites, focusing of facilities in Water Stress and Water Risk areas, as per AWS (Alliance for Water Stewardship). We are also currently conducting a double materiality assessment. Based on the results of these activities we'll consider the needs to set additional targets at the Group or at the facility level within the next 12-18 months and will consequently review the scope of 3rd party water-related data verification.

Water discharges – total volumes

% verified

Not verified

Verification standard used

<Not Applicable>

Please explain

Although Water discharges in 2021 was not included within our 3rd party verification process, as it wasn't defined internally as an "associated target", we continued to monitor these parameters. We are progressing with certification of our Operations sites, focusing of facilities in Water Stress and Water Risk areas, as per AWS (Alliance for Water Stewardship). We are also currently conducting a double materiality assessment. Based on the results of these activities we'll consider the needs to set additional targets at the Group or at the facility level within the next 12-18 months and will consequently review the scope of 3rd party water-related data verification.

Water discharges – volume by destination

% verified

Not verified

Verification standard used

<Not Applicable>

Please explain

Although Water discharges with breakdown by destination in 2021 was not included within our 3rd party verification process, as it wasn't defined internally as an "associated target", we continued to monitor these parameters. We are progressing with certification of our Operations sites, focusing of facilities in Water Stress and Water Risk areas, as per AWS (Alliance for Water Stewardship). We are also currently conducting a double materiality assessment. Based on the results of these activities we'll consider the needs to set additional targets at the Group or at the facility level within the next 12-18 months and will consequently review the scope of 3rd party water-related data verification.

Water discharges – volume by final treatment level

% verified

Not verified

Verification standard used

<Not Applicable>

Please explain

Although Water discharges with breakdown by final treatment level in 2021 was not included within our 3rd party verification process, as it wasn't defined internally as an "associated target", we continued to monitor these parameters. We are progressing with certification of our Operations sites, focusing of facilities in Water Stress and Water Risk areas, as per AWS (Alliance for Water Stewardship). We are also currently conducting a double materiality assessment. Based on the results of these activities we'll consider the needs to set additional targets at the Group or at the facility level within the next 12-18 months and will consequently review the scope of 3rd party water-related data verification.

Water discharges – quality by standard water quality parameters

% verified

Not verified

Verification standard used

<Not Applicable>

Please explain

Although Water discharges – quality by standard water quality parameters in 2021 was not included within our 3rd party verification process, as it wasn't defined internally as an "associated target", we continued to monitor these parameters. We are progressing with certification of our Operations sites, focusing of facilities in Water Stress and Water Risk areas, as per AWS (Alliance for Water Stewardship). We are also currently conducting a double materiality assessment. Based on the results of these activities we'll consider the needs to set additional targets at the Group or at the facility level within the next 12-18 months and will consequently review the scope of 3rd party water-related data verification.

Water consumption – total volume

% verified

Not verified

Verification standard used

<Not Applicable>

Please explain

Although Water consumption in 2021 was not included within our 3rd party verification process, as it wasn't defined internally as an "associated target", we continued to monitor these parameters. We are progressing with certification of our Operations sites, focusing of facilities in Water Stress and Water Risk areas, as per AWS (Alliance for Water Stewardship). We are also currently conducting a double materiality assessment. Based on the results of these activities we'll consider the needs to set additional targets at the Group or at the facility level within the next 12-18 months and will consequently review the scope of 3rd party water-related data verification.

W6. Governance

W6.1

(W6.1) Does your organization have a water policy?

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

W6.1a

(W6.1a) Select the options that best describe the scope and content of your water policy.

	Scope	Content	Please explain
Row 1	Company-wide	<p>Description of business dependency on water</p> <p>Description of business impact on water</p> <p>Description of water-related performance standards for direct operations</p> <p>Description of water-related standards for procurement</p> <p>Reference to international standards and widely-recognized water initiatives</p> <p>Company water targets and goals</p> <p>Commitments beyond regulatory compliance</p> <p>Commitment to water-related innovation</p> <p>Commitment to stakeholder awareness and education</p> <p>Commitment to water stewardship and/or collective action</p> <p>Recognition of environmental linkages, for example, due to climate change</p>	<p>Water stewardship is a key element of our Group Environment Policy, which acknowledges the dependency of BAT on natural resources. The policy is Group-wide in scope, to ensure a consistent understanding and application of our stretching commitments and targets. These are to reduce the amount of water withdrawn and increase water recycling across our operations. We are also working towards 100% of Group companies' operations sites being certified to the Alliance for Water Stewardship's management standard. Our policy guides operational action across our organisation, such as: assessments of long-term water supply and demand requirements across all operational sites; all operational sites conducting water roadmap self-assessment, generating a significant list of actions (initiatives or projects) identified for implementation over the coming years. The policy also describes the Group's focus on understanding the connection between water and climate change. The has led to initiatives such as supporting our directly contracted farmers to develop, advance and implement environmentally responsible agriculture practices and biodiversity protection best practices, to help preserve natural capital, promote prosperous livelihoods and increase farmers' resilience to climate change. We also work with our suppliers to reduce environmental impacts of our products across their lifecycle, this includes water use. Our internal water policy standard supports our Group Environment Policy by providing guidance to all operational sites, standardising practises and water security priorities. For example, setting more stringent water recycling targets. We have water performance standards for our direct operations and suppliers, detailed in our Group EHS Policy Manual. Our internal Global Water Standard sets out our water stewardship goals, commitment to public policy initiatives, goals and targets and commitment to go beyond regulatory compliance.</p>

W6.2

(W6.2) Is there board level oversight of water-related issues within your organization?

Yes

W6.2a

(W6.2a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for water-related issues.

Position of individual	Please explain
Board-level committee	<p>The BAT Group's governance framework ensures Board-level oversight of ESG matters including water-related issues. Our Board has strategic oversight of water-related matters and 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. The Audit Committee reviews the Group risk register twice per year, and progress against ESG metrics, including water withdrawal targets, twice per year. In 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 water withdrawn) and related information in annual reporting, monitoring the work and reviewing its effectiveness. This approach was adopted to further enhance the Group's rigour and stakeholder trust in ESG-related reporting.</p>

W6.2b

(W6.2b) Provide further details on the board's oversight of water-related issues.

	Frequency that water-related issues are a scheduled agenda item	Governance mechanisms into which water-related issues are integrated	Please explain
Row 1	Scheduled - some meetings	Monitoring implementation and performance Overseeing major capital expenditures Reviewing and guiding annual budgets Reviewing and guiding business plans Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding strategy Reviewing and guiding corporate responsibility strategy Setting performance objectives	The Board reviews the Group's environment strategy, targets and performance (including in relation to water stewardship) twice per year and reviews the Group risk register, which takes account of water-related matters, annually. The Board has approved all Group environmental targets, including targets relating to water stewardship. 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 water stewardship matters. In 2021, the Board also received a deep-dive ESG briefing. The Audit Committee reviews the Group risk register twice per year and reviews the Group's progress against its ESG metrics, including targets for water conservation, twice per year. This includes our 2025 roadmap target of reducing the total amount of water withdrawn by 35% (vs 2017 baseline).

W6.2d

(W6.2d) Does your organization have at least one board member with competence on water-related issues?

	Board member(s) have competence on water-related issues	Criteria used to assess competence of board member(s) on water-related issues	Primary reason for no board-level competence on water-related issues	Explain why your organization does not have at least one board member with competence on water-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 water-related issues, is if board members understand how water-related issues affect the BAT Group and water-related risks and opportunities in the BAT Group context. Board members have experience in management of or oversight of operational companies within industries impacted by water-related issues, where judgements are required to manage water-related risks and opportunities. These industries (of which one or more board members has experience) include fast moving consumable goods, for example, global beverages, where water stress, exacerbated by climate change presents a major risk to product production; and mining where, activities expose the company to water-related physical climate risks, which must be managed appropriately.	<Not Applicable>	<Not Applicable>

W6.3

(W6.3) Provide the highest management-level position(s) or committee(s) with responsibility for water-related issues (do not include the names of individuals).

Name of the position(s) and/or committee(s)

Other C-Suite Officer, please specify (Director, Group Operations)

Responsibility

Assessing future trends in water demand
Assessing water-related risks and opportunities
Managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues

Quarterly

Please explain

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 is responsible for delivery of the Group's water strategy and targets, including related risks and opportunities. The Board is updated on water-related issues on a quarterly basis. This consists of progress reports by the DO on water strategy and targets, an annual review of the risk register (which includes water-related risks), review and approval of the ARA and ESG report which describes our water-related performance for the year, and additional focused updates on ESG progress. The DO receives updates from functional leaders and teams on water strategy and targets through Sustainability and Environmental Forums that meets 4-6 times per year. Water performance, roadmaps, strategies and risk management updates are provided to the MB.

W6.4

(W6.4) Do you provide incentives to C-suite employees or board members for the management of water-related issues?

	Provide incentives for management of water-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 water-related issues for employees with responsibilities in this area, and / or those working on specific water-related projects, programmes and initiatives (e.g. new product development), as well as delivery against the Group's water-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 targets on reduction of water withdrawn and increase in water recycling.

W6.4a

(W6.4a) What incentives are provided to C-suite employees or board members for the management of water-related issues (do not include the names of individuals)?

	Role(s) entitled to incentive	Performance indicator	Please explain
Monetary reward	Other C-suite Officer (Director, Operations)	Reduction of water withdrawals	Our Director, Operations, a C-Suite officer who is a member of the Management Board, is responsible for the delivery of our water 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 evaluation of the Director's performance and remuneration are linked to, for example, the achievement of water targets including reducing our total water withdrawn by 35% by 2025 (vs 2017 baseline). Performance is measured by determining whether our global operations are on track to achieve our 2025 targets via specific actions/ steps taken within the year, aligned with each target's glidepath.
Non-monetary reward	Other C-suite Officer (Director, Operations) Other, please specify (EHS Manager, Utilities Managers, employees)	Reduction of water withdrawals Improvements in efficiency - direct operations Improvements in supply chain Improvements in waste water quality - direct operations Implementation of employee awareness campaign or training program Implementation of water-related community project	BAT does not have any formal non-monetary rewards relating to Water Security; however, we actively encourage best practice through our EHS, Engineering/ Utilities & Leaf supplier engagement teams; a wide range of employees at Central & Site Level are also involved in water management programmes. On a quarterly basis we run the 'Celebrating our Success' programme (non-monetary recognition), led by our Director, Operations (a C-Suite Officer) where nominations of outstanding achievement across our global operations have included best practice examples of water management, such water efficiency improvement, water loss elimination, and improvement of wastewater quality at our sites. Water Stewardship is a key focus across all of our Operations and we have a target for 100% of our operations sites to be Alliance for Water Stewardship (AWS) certified by 2025. Each site and those involved in the work leading to certification are celebrated internally when it is achieved. Regional employees are also recognised for attendance at the AWS lead auditor training programme, which provides knowledge to support continuous improvement on reduction of water intensity and promotes efficiency projects to drive progress against our water targets across the Group. In addition, BAT annually celebrates and actively encourages employees to engage in World Environment Day, which serves as an opportunity for markets, sites and employees to be recognised for their success in water management.

W6.5

(W6.5) Do you engage in activities that could either directly or indirectly influence public policy on water through any of the following?

No

W6.6

(W6.6) Did your organization include information about its response to water-related risks in its most recent mainstream financial report?

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

BAT_Annual_Report_and_Form_20-F_2021 (1).pdf

W7. Business strategy

W7.1

(W7.1) Are water-related issues integrated into any aspects of your long-term strategic business plan, and if so how?

	Are water-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	Yes, water-related issues are integrated	16-20	Our purpose is to build A Better Tomorrow by reducing the health impact of our business. And, in doing so, create multi-stakeholder value by focusing on material environmental, social and governance issues. Water is a material sustainability issues for BAT and therefore integrated into our long-term business objectives. It's both our responsibility and good business to use water efficiently – from eliminating loss and leaks, reducing withdrawal, to increasing water recycling. Water management is vital to sustainable farming, especially since agriculture accounts for an average of 70% of freshwater withdrawals globally. We are helping our directly contracted farmers to irrigate their crops more sustainably, while protecting access to clean water for local communities. We know that water security issues are exacerbated by climate change. We have operations in some of the most severely affected areas over the short and long term (for example, we have sites in Chile, which is expected to be one of the most water stressed countries in the world by 2040), which makes it more important to be stewards of water. This leads to additional water conservation focus in these areas. We will achieve our objectives by reducing water use in operations, tobacco growing and utilise circular economy principles in our product design. Our 2025 short term water stewardship goals have set us on the right path to achieving our long-term objectives.
Strategy for achieving long-term objectives	Yes, water-related issues are integrated	16-20	BAT's materiality assessment informs the development of our sustainability strategy, objectives, targets and decision making. Water, a material sustainability issue, is integrated into this strategy. Our plan for water includes, stretching targets in the short term. By 2025, reducing the amount of water our direct operations by 35%, increasing the amount of water recycled in our operations to 30% and certify 100% of operations sites to Alliance for Water Stewardship (AWS) standard (targets are set against a 2017 baseline). We use best practice external tools. For example, the World Resources Institutes' (WRI) Aqueduct Water Risk Atlas to identify our sites located in water stress zones in the short and long term. For example, we have operations in Chile, a country that is expected to be in the top 30 globally for high water stress by 2040. In this context, we have had a strong focus on driving water efficiency at our two sites in the country – the Casablanca factory in Valparaíso and our green leaf threshing (GLT) site in the O'Higgins Region. We replicate this approach across our global operations. We also factor water issues into our climate scenario modelling analysis, which covers the time period up to 2040, including variables such as rainfall and available water content. This helps inform our strategic decision making.
Financial planning	Yes, water-related issues are integrated	16-20	As water related issues are integrated into our business objectives and sustainability strategy, they are also integrated into our financial planning process, including both capital and operational expenditure. Elements of our financial planning include expenditure on our water risk assessment of operations, combined with our water stewardship targets, policies and standards leads to expenditure on physical assets that enhances water efficiency or increases the use of recycled water in manufacturing. Tobacco growing is also included in water related expenditure, this includes monitoring of water use, supporting directly contracted farmers with best practice crop management techniques and R&D. This includes innovative drip irrigation technology. Successfully introduced to contracted farmers in Brazil, Chile, Croatia, Mexico, Venezuela and Vietnam, trials are taking place in Bangladesh, Pakistan and Uzbekistan. This cost-effective (compared to sprinkler systems) solution increases water-usage efficiency by up to 90%. It also increases yields by up to 15% and reduces labour requirements by a third - a win-win-win. further into the future our financial planning includes planning for the growth of less water intensive products (e.g. smokeless products such as next generations of devices that contain less tobacco). Our financial planning also extends to 2050 by assessing the potential impact of climate-related water impacts on tobacco yield.

W7.2

(W7.2) What is the trend in your organization's water-related capital expenditure (CAPEX) and operating expenditure (OPEX) for the reporting year, and the anticipated trend for the next reporting year?

Row 1

Water-related CAPEX (+/- % change)

12

Anticipated forward trend for CAPEX (+/- % change)

71

Water-related OPEX (+/- % change)

-6

Anticipated forward trend for OPEX (+/- % change)

0

Please explain

Throughout 2021 we continued with significant investments aligned to our 5 year CAPEX plan. Our focus has been to continue identifying key improvements and areas of spend to reduce our use of fresh water, especially groundwater, over the coming years. A 6% net decrease in OPEX spend in 2021 due to a number of water-related saving initiatives and investments across our facilities, e.g. dry urinals, water sensors, more water efficient machinery e.g. glue washers, improved water efficiency in cooling towers as well as initiatives supporting water recycling (e.g. upgrades of ETP, RO installations). In terms of anticipated forward trend for OPEX, although we are seeing significant year on year water reduction saving, as per our water objectives, and a 6% saving in 2021 v 2020, in 2022, with the rollout the AWS standard across the operational sites and the continued local investments in water stewardship and management, we are anticipating GBP spend being flat versus 2021.

W7.3

(W7.3) Does your organization use scenario analysis to inform its business strategy?

	Use of scenario analysis	Comment
Row 1	Yes	Scenario analysis was performed to underpin our TCFD reporting contained within our Group 2021 Annual report. Two climate scenarios (1.5 degrees, and greater than 3 degrees) were used to assess risks posed by climate change to our business, with 4 risks (included 2 related to water scarcity/ precipitation changes on access to tobacco) and 2 opportunities subjected to advanced financial modelling. The risk assessment is an ongoing process and continues to influence Group strategy to ensure the sustainability of our business is protected over the medium and long term.

W7.3a

(W7.3a) Provide details of the scenario analysis, what water-related outcomes were identified, and how they have influenced your organization's business strategy.

	Type of scenario analysis used	Parameters, assumptions, analytical choices	Description of possible water-related outcomes	Influence on business strategy
Row 1	Water-related Climate-related	Climate change poses a risk to agriculture production over the medium to long term as a consequence of potential changes to precipitation and temperature and the resulting impact on the effectiveness of tobacco production and the Group's ability to grow/ procure sufficient tobacco leaf to meet our demand (both in terms of traditional cigarettes and new category businesses). To assess this risk, we commissioned an independent study on the risks of climate change on tobacco leaf growing to model material risks to the Group up to 2050. Climate related risks to tobacco-growing conditions were assessed examining the impact of possible changes in temperature, rain and water balance in the soil. We then assessed the findings of the first phase to model the potential impact of the climate-related risks on crop yields, estimating the potential impact on crop productivity (kg/ha) and the impact of that yield on farmer production costs. Parameters used: 10 largest tobacco source/ growing countries (accounting for >80% of our annual tobacco production), the regional temperature behaviour over time, rainfall variation, and soil water levels (surplus and deficit). 88 sub-national jurisdictions, accessing historical weather data of more than 3.1K weather stations and generating more than 5.4K weather forecast maps, were used to assess predicted growing conditions and impact on tobacco production yield. Assumptions include the impact of crop yields/ access and cost to tobacco and financial impact of the scenario, as well as the frequency and severity of weather events such as El Nino and La Nina events which impact tobacco growing conditions in the Southern Hemisphere. These were modelled to determine the projected impact on cost of tobacco and develop mitigation plans. Data sources include: Country Growing Regions, Crop stages, planting dates, water requirement, root system characteristics, historical data from NOAA stations. Analytical choices made aligned to two climate scenarios from the UN IPCC methodology and GHG trajectories for RCP 2.6 and 8.5. This provides us with a range of climate risk: best case and worstcase scenario for BAT. We further analysed 3 timeframes: short (2020-2025), medium (2026 -2035) and long term (2036-2050).	The potential impact of global warming on precipitation and temperature considered to be a physical risk most likely to occur under climate inaction scenarios. The assessment performed enables us to consider estimated water balance within the soil of specific growing areas in which our group contracts farmers on an annual basis over the period 2021 - 2050. Based on water levels and temperature, growing yield projections (farmers productivity - kg/ha) were made which enabled us to compute the estimated impact on production cost and tobacco prices into the future which were then compared to baseline costs of tobacco. Possible outcomes included: - higher frequency of droughts and high temperatures - water surplus in areas and additional water deficit in some of our growing regions. - instances of crop productivity stabilised or increased slightly over the longer term in some areas. - In some growing areas the overall growing conditions remain similar to the current conditions. Financial estimates of the impact of these conditions on tobacco prices were estimated, with an overall impact of between £7.5m and £40m across all growing areas modelled (depending on year, and climatic conditions generating the range). The potential financial impact on annual cost of tobacco is less than 5% and current climate change trajectories indicate it is unlikely that the Group would face reduced production capacity as a consequence of consistent supply constraints.	The sustainability of our tobacco growing activities has always been a focal point of our business strategy. However, the scenario analysis performed has enabled us to plan for potential changes in growing conditions over time and develop plans to mitigate these potential impacts. Our Global Leaf Research and agronomy Deployment Centre plays a key role in ensuring the application of best practice in tobacco growing, including water usage/ efficiency. The Centre conducts world-class research, from development & testing in the lab to real-world field trials with farmers. The purpose of the Centre is to identify tailored solutions for deployment across all our Leaf operations; focus areas include Soil science, plant nutrition, water management, and agronomic best practises. Utilising the scenario analysis performed, bespoke mitigation plans for each country were established including cost effective drip irrigation solutions, 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. The alternative furrow irrigation pilot performed in Bangladesh (high risk per Aqueduct) in 2021 is an example of targeted innovation. The pilot involved 13,592 farmers (~37% of hectares contracted in 2021), and reduced water usage by 5 and 8%. We plan to roll out this technique, with targets of >85% of the contracted farmer base by 2025 and 100% by 2030.

W7.4

(W7.4) Does your company use an internal price on water?

Row 1

Does your company use an internal price on water?

No, but we are currently exploring water valuation practices

Please explain

Although we do not have an internal water pricing due to our processes not falling under "water intensive" definition, reducing water withdrawn across our operations is our key Water objective and KPI, alongside water recycling, which we believe is driving a positive change in water conversation via a number of projects been rolled out each year across our global operations. Through our AWS certification roll-out, stakeholder engagement and working with local communities is also a focus area.

W7.5

(W7.5) Do you classify any of your current products and/or services as low water impact?

	Products and/or services classified as low water impact	Definition used to classify low water impact	Primary reason for not classifying any of your current products and/or services as low water impact	Please explain
Row 1	No, but we plan to address this within the next two years	<Not Applicable>	Important but not an immediate business priority	Currently we are not defining any of our products or services as low water impact. But when reviewing a number of internal processes, including but not limited to double materiality assessment, this could be something to be considered as part of our overall ESG strategy.

W8. Targets

W8.1

(W8.1) Describe your approach to setting and monitoring water-related targets and/or goals.

	Levels for targets and/or goals	Monitoring at corporate level	Approach to setting and monitoring targets and/or goals
Row 1	Company-wide targets and goals Business level specific targets and/or goals Site/facility specific targets and/or goals Country level targets and/or goals Basin specific targets and/or goals	Targets are monitored at the corporate level Goals are monitored at the corporate level	At company-wide level we have established Global Targets and Objectives derived from our Global Environmental Policy to reduce our Water Footprint, that meaning to continuously reduce the impact of our operations by making the smartest use of resources such as water. We aim to reduce water withdrawn, as well as to increase water reuse and recycling in our direct operations. At company-wide level we have established Global Objectives derived from our Global Environmental Policy to reduce our Water Footprint, meaning to continuously reduce the impact of our operations by making the smartest use of resources such as water. We aim to reduce water withdrawn, increase water reuse and recycling. We converted the objectives into traceable & measurable targets by setting the following commitments: - (1) reduce the total amount of water withdrawn by 35% by 2025 against our 2017 baseline; and - (2) to increase the total amount of water we recycle /reuse to 30% by 2025 against our 2017 baseline (in 2020 upon reaching the previously set target of 15%. These company-wide/Global targets are then rolled down by region, sub region and then to site level which by default also provides a target at basin level. BAT set a more ambitious target. Further, we plan to have 100% of our operations (factories and GLTs) sites certified as per AWS Standard 2.0. This target was set in 2020 and reflects our commitment to adhere to the international benchmarking for water management. We monitor performance against targets (1) and (2) on the quarterly basis at site, country, region, and global levels. Internal targets for each year are based on aggregation of the annual targets set by each site. To monitor progress against target (3) we've defined a phased plan for gap assessment and certification at our sites as well as for training on AWS standard requirements for our EHS practitioners and others involved in water management; progress is monitored quarterly.

W8.1a

(W8.1a) Provide details of your water targets that are monitored at the corporate level, and the progress made.

Target reference number

Target 1

Category of target

Water withdrawals

Level

Company-wide

Primary motivation

Reduced environmental impact

Description of target

To reduce the total amount of water withdrawn by 35% by 2025

Quantitative metric

% reduction in total water withdrawals

Baseline year

2017

Start year

2018

Target year

2025

% of target achieved

79

Please explain

Our manufacturing processes (direct operations) are less water intensive than other industries, but we understand that water stress is a reality in many parts of the world where we operate. Thus, we have set the targets for water withdrawals reduction. In 2021, we achieved an absolute 27.6% decrease in total amount of water withdrawn (from 5 195 megalitres in 2017 to 4 760 megalitres in 2020). Our 2025 target is reduction of water withdrawn by 35% vs 2017 (i.e. to 3 377 megalitres). Thus, % of target achieved in 2021 is equal to $(5195 - 3760) / (5195 - 3377) = 79\%$ (subject to rounding).

Target reference number

Target 2

Category of target

Water recycling/reuse

Level

Company-wide

Primary motivation

Reduced environmental impact

Description of target

To increase the amount of water we recycle by 30% by 2025

Quantitative metric

% increase in water use met through recycling/reuse

Baseline year

2017

Start year

2020

Target year

2025

% of target achieved

20

Please explain

Water recycling/ reuse on site can help to reduce the amount of fresh water needed for our business, thus reducing water withdrawn. We continue to focus on water recycling, sharing examples of good practice across the Group with many being taken up by factories not previously undertaking any recycling and reuse activities. Upon achieving our previous target for water recycling/reuse % of 15% (set in 2018), in 2020 we've revised the target to set a more challenging one of 30%. The target is achievable subject to water recycling/ reuse programs expansions at strategic sites. In addition to primary motivation, setting the target is driven by Risk mitigation, increasing freshwater availability for users, natural environment and Corporate social responsibility. In 2021 we achieved a % of water recycled/ reused of 16.7%, which is by 3.4 pp higher than 2017 figure of 13.3%. Our 2025 target is 30%. Thus, % of target achieved in 2021 is equal to $(16.7 - 13.3) / (30.0 - 13.3) = 20\%$

Target reference number

Target 3

Category of target

Community engagement

Level

Company-wide

Primary motivation

Water stewardship

Description of target

100% of Operations Alliance for Water Stewardship (AWS) certified by 2025

Quantitative metric

Other, please specify (% of sites Alliance for Water Stewardship (AWS) certified)

Baseline year

2021

Start year

2021

Target year

2025

% of target achieved

15

Please explain

We have set an ambition target to have 100% of our operations (factories and GLTs) sites certified as per AWS Standard 2.0. This target was set in early 2021 and reflects our commitment to adhere to the international benchmarking for water management. By the end of 2021, we achieved certification in 15% of our operations sites (factories and green leaf threshing plants) and are on track to meet the 100% target by 2025.

W8.1b

(W8.1b) Provide details of your water goal(s) that are monitored at the corporate level and the progress made.

Goal

Engagement with suppliers to help them improve water stewardship

Level

Basin level

Motivation

Water stewardship

Description of goal

Through our AWS implementation journey, as well as being a requirement within the AWS standard, it is clear for us the important role we play as water users in areas where we operate to understand our water use and impacts, but equally as important to ensure we work collaboratively for sustainable water management in a catchment context. Within this and through implementation of the standard, we are engaging suppliers & other users in relevant catchment area such as local authorities, local communities and others on different water issues e.g. good water governance, sustainable water balance, WASH, good water quality & others. Through engagement and collaboration, it is vital for us to ensure effective water management at the catchment level as it will support our objective of avoiding any water conflicts and achieving water security. As part of the local AWS roll out in across our operations, we are engaging local suppliers (tobacco suppliers, farmers or direct material suppliers) to promote the standard & exchange best practices. By 2021 we have 15% of our operations AWS certified and all our operations AWS certified by 2025. This is an important goal because it reinforces our commitment to our approach to evaluating water robustly and sustainability. Employees from our Global teams through to our site-based teams are fully engaged to ensure that our operations meet the AWS standard, including engaging with local authorities, the farming community & civil society groups.

Baseline year

2021

Start year

2021

End year

2025

Progress

We have set a target to have 100% of our operations (factories and GLTs) sites certified as per AWS Standard 2.0. This target was set in 2020 and reflects our commitment to adhere to the international benchmarking for water management. In 2021, we achieved certification in 15% of our operational sites (which is in line with our projections) and are on track to meet the 100% target by 2025.

Goal

Engagement with suppliers to help them improve water stewardship

Level

Company-wide

Motivation

Risk mitigation

Description of goal

Goal: 100% of all suppliers are expected to meet the requirements of the BAT Supplier Code of Conduct in order to supply goods or services to BAT and any BAT Group company (collectively 'BAT'). This requirement is incorporated into our contractual arrangements with suppliers. In addition, suppliers shall: • Take steps to ensure that all their employees and contract workers understand and adhere to the requirements of this Code, including (where appropriate in terms of the nature of supplier and the goods or services provided) maintaining adequate policies, procedures, training and support. • Promote adherence to the requirements of this Code within their own supply chain by making it available to their own new and existing sub-suppliers (including farmers where relevant). As per the Code of Conduct, we expect all our suppliers to identify, understand and actively work towards minimizing their impacts on the natural environment. Where relevant, these include (but are not limited to) impacts relating to their emissions to air, water and land, use of materials, natural resource consumption and waste management practices. Engagement with Suppliers includes webinars; questionnaires & where appropriate, site audits. Suppliers are 'prioritized' on the basis of size of spend (Tier status) and potential supply chain risks that may exist. For tobacco suppliers this is done via Thrive Program (previously called sustainable agriculture and farmer livelihoods programme).

Baseline year

2017

Start year

2017

End year

2030

Progress

Goal: 100% of Compliant Suppliers. Progress: a small percentage of suppliers (less than 5%) have failed in some audit items and are receiving specific follow-up to improve their understanding of the importance BAT gives to managing water across our supply chain. We have been incrementing year on year the third-party supplier audits conducted to make sure progress is achieved and coverage increases year after year. Water use as well as water-related legal compliance are rated elements in the overall Sustainability supplier score. This goal is particularly important to BAT because legal compliance and adherence to BAT procurement sustainability requirements is the minimum suppliers should meet for us to develop the engagement towards debates around water footprint of the materials we buy and strengthen a partnership towards improvements in our products LCAs. Progress is tracked on a quarterly via the following KPIs: - Number of supplier audits executed vs planned - % of fully compliant suppliers - % of agreed action plans implemented on time in full

W9. Verification

W9.1

(W9.1) Do you verify any other water information reported in your CDP disclosure (not already covered by W5.1a)?

Yes

W9.1a

(W9.1a) Which data points within your CDP disclosure have been verified, and which standards were used?

Disclosure module	Data verified	Verification standard	Please explain
W8 Targets	-35% of total water withdrawn (vs 2017 baseline) by 2025	ISAE 3000	We have chosen to externally assure this data point as it relates to a material sustainability issue. The scope of this target means that if met, BAT has met a substantial sustainability target, therefore we have assured under ISAE 3000 to provide stakeholders confidence in the validity and accuracy of the target. External assurance of this data point is performed annually; scope is company wide. For full Assurance Statement - see page 117 to 121 of the attachment. Relevant figure is in page 119, section 'Water' of the table.
W8 Targets	30% water recycling rate by 2025 (vs 2017 baseline by 2025)	ISAE 3000	We have chosen to externally assure this data point as it relates to a material sustainability issue. The scope of this target means that if met, BAT has met a substantial sustainability target, therefore we have assured under ISAE 3000 to provide stakeholders confidence in the validity and accuracy of the target. External assurance of this data point is performed annually; scope is company wide. For full Assurance Statement - see page 117 to 121 of the attachment. Relevant figure is in page 119, section 'Water' of the table.
W1 Current state	Data disclosed on the amounts of tobacco sourced from our key suppliers and respective water use	ISAE 3000	Verification of the data relative to tobacco sourcing is done by an external consultant at a global level. The scope is tobacco sourced and water use by supplier. Thrive program and STP assessments, applicable to tobacco growers and GLTs respectively are also conducted by third parties. All data capture and performance accounting (i.e. water withdrawal, water recycled) from our direct operations is also assured by a third party, KPMG. See BAT ESG Report 2021 (Independent assurance report) Pages 117-118 for further detail.

W10. Sign off

W-FI

(W-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.

W10.1

(W10.1) Provide details for the person that has signed off (approved) your CDP water response.

	Job title	Corresponding job category
Row 1	Director, Group Operations	Other C-Suite Officer

W10.2

(W10.2) Please indicate whether your organization agrees for CDP to transfer your publicly disclosed data on your impact and risk response strategies to the CEO Water Mandate's Water Action Hub [applies only to W2.1a (response to impacts), W4.2 and W4.2a (response to risks)].

Yes

SW. Supply chain module

SW0.1

(SW0.1) What is your organization's annual revenue for the reporting period?

	Annual revenue
Row 1	25684000000

SW1.1

(SW1.1) Could any of your facilities reported in W5.1 have an impact on a requesting CDP supply chain member?

Yes, CDP supply chain members buy goods or services from facilities listed in W5.1

SW1.1a

(SW1.1a) Indicate which of the facilities referenced in W5.1 could impact a requesting CDP supply chain member.

Facility reference number

Facility 6

Facility name

Mexico - Monterrey

Requesting member

Wal Mart de Mexico

Description of potential impact on member

We don't anticipate any potential material impact on the requesting member. The facility has a robust environmental compliance management system in place to maintain its license to operate, as well as robust water management systems allowing to maintain sufficient quality of water required to deliver product of high-quality standards and to meet the demand.

Comment

As per information from Mexico sustainability and Supply Chain teams, product to Walmart Mexico y Centroamerica are supplied from our factories in Mexico and in Honduras. We've mapped the location of the factories using geographical coordinates at WRI Aqueduct map (default water risk scheme) to define that the facility in Mexico is in water risk area (Bravo river basin). Water risk is 'High' and is driven mostly by water stress, specifically, water quantity, as well as water quality. Projected change: as per WRI Aqueduct map, water stress in the location is to increase by 2030. The facility has robust water management systems and starting from 2019 recycles water in Utilities to reduce the demand for freshwater withdrawals. The facility in Honduras is located in 'Medium - High' water risk zone, meanwhile water stress in the location is 'Low'.

SW1.2

(SW1.2) Are you able to provide geolocation data for your facilities?

	Are you able to provide geolocation data for your facilities?	Comment
Row 1	Yes, for all facilities	We are able to provide both longitude and latitude for all our facilities. This information is collected via our environmental reporting system from Sustainability/ EHS teams of all our reporting units across the Group. The information is reviewed annually.

SW1.2a

(SW1.2a) Please provide all available geolocation data for your facilities.

Identifier	Latitude	Longitude	Comment
Mexico - Monterrey	25.686275	-100.339819	Our facility (factory) in Mexico supplying finished goods to Walmart Mexico y Centroamerica is in ' High' overall water risk zone as per Aqueduct Water Risk Atlas. The water basin specified is 'minor water basin' as per WRI Aqueduct map. Respective 'major water basin' is Rio Grande-Bravo.

SW2.1

(SW2.1) Please propose any mutually beneficial water-related projects you could collaborate on with specific CDP supply chain members.

Requesting member

Wal Mart de Mexico

Category of project

Other

Type of project

Other, please specify (Direct collaboration and/or participation in supplier sustainability forums)

Motivation

Working together to reduce the water impact of our businesses by sharing our individual learnings and best practices for each other to utilise.

Estimated timeframe for achieving project

Other, please specify (To be determined as part of the project)

Details of project

To be determined as part of the project development.

Projected outcome

Objective is to reduce the water impact of our businesses by sharing our individual learnings and best practices for each other to utilise.

SW2.2

(SW2.2) Have any water projects been implemented due to CDP supply chain member engagement?

No

(SW3.1) Provide any available water intensity values for your organization's products or services.

Product name

Combustible cigarettes of a range of brands/SKUs supplied to Walmart by Mexico-Monterrey factory.

Water intensity value

4.12

Numerator: Water aspect

Water withdrawn

Denominator

Millions of Cigarettes-equivalents (MCE)

Comment

Water intensity of the factory decreased vs 4.24 m3/MCE in 2020 due to water saving initiatives, including water recycling. Context: Some of our factories do not produce other Semi-Finished Goods, while Monterrey factory does. Along with Finished Goods of different SKUs, Monterrey factory also produces a range of tobacco semi-finished good for use in manufacturing process at other BAT sites. Currently we are unable to split water withdrawal per SKU of Finished Goods and/or item of Semi-Finished Goods. Measures: 1 cigarette equivalents is the unified measure to account for production of Finished Good and Semi-finished goods. 1 cigarette equivalents is equal to 1 cigarette of any SKU, 1 filter rod, 1 gram of tobacco semi-finished goods.

Product name

Combustible cigarettes of a range of brands/SKUs supplied to Walmart by Honduras factory.

Water intensity value

3.7

Numerator: Water aspect

Water withdrawn

Denominator

Millions of Cigarettes-equivalents (MCE)

Comment

Water intensity of the factory increased vs 3.22 m3/MCE in 2020 due to increased share of Finished Goods within total production of the factory as well as increased water needs for preventative health & wellbeing purposes in addressing the COVID-19 pandemic . Context: Some of our factories do not produce other Semi-Finished Goods, while Honduras factory does. Along with Finished Goods of different SKUs, Honduras factory also produces a range of tobacco semi-finished good for use in manufacturing process at other BAT sites. Currently we are unable to split water withdrawal per SKU of Finished Goods and/or item of Semi-Finished Goods. Measures: 1 cigarette equivalents is the unified measure to account for production of Finished Good and Semi-finished goods. 1 cigarette equivalents is equal to 1 cigarette of any SKU, 1 filter rod, 1 gram of tobacco semi-finished goods.

Submit your response

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