Welcome to your CDP Water Security Questionnaire 2023

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

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

2022 marked BAT's 21st consecutive year in the Dow Jones Sustainability Index (DJSI) World Indices, representing the top 10% of ESG performers globally according to DJSI's assessment criteria. The Financial Times identified BAT as a Climate Leader for the third year running in 2023, placing it in the top 3% of companies in Europe for achieving reductions in scope 1 and 2 emissions intensity. * Based on the weight of evidence and assuming a complete switch from cigarette smoking. These products are not risk free and are addictive. † Our products as sold in the US, including Vuse, Velo, Grizzly, Kodiak, and Camel Snus, are subject to Food & Drug Administration (FDA) regulation and no reduced-risk claims will be made as to these products without FDA clearance.

W-FB0.1a/W-AC0.1a

(W-FB0.1a/W-AC0.1a) Which activities in the food, beverage, and tobacco and/or agricultural commodities sectors 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, 2021	November 30, 2022

W0.3

(W0.3) Select the countries/areas in which you operate.

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

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

💬Other: Rest of the world: other countries incl. small operations, not material in terms of total emissions. These are BAT units in 30 countries, that in total give less than 2.3% 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
Yes, a Ticker symbol	BATS / LEI - 213800FKA5MF17RJKT63

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	Important	Important	Maintaining a stable supply of freshwater is crucial for our production processes and ensuring the quality of our products meets demand. We strive to avoid any perception of "depriving" local communities of water as responsible members of those communities. In our direct operations, freshwater plays a vital role. It is used in leaf processing at Green Leaf Threshing plants (GLTs), tobacco conditioning for humidity control, and casing preparation in factories. Additionally, it is used in equipment cleaning during product blend switches on the same production line. The use of freshwater is essential to guarantee the manufacturing of high-quality products. To assess our reliance on water sources, including

			freshwater, we have conducted an Alliance for Water Stewardship (AWS) gap analysis and certification program for several of our factories and GLTs. Looking ahead, the importance rating of freshwater in our direct operations is expected to remain unchanged. In indirect operations, freshwater is required for crop growth by the farmers who supply us with tobacco. Since natural rainfall can vary, additional watering is necessary to ensure proper leaf quality. The future importance rating of freshwater in our indirect operations is expected to remain the same. Considering our heavy reliance on tobacco as an agricultural commodity, access to freshwater is vital for our company. We actively manage water-related risks in our direct operations and value chains. Through initiatives such as the Sustainable Tobacco Program and Supplier Code of Conduct, we engage with farmers and suppliers to reduce irrigation needs by implementing modern agricultural practices. We provide technical assistance and support our suppliers in achieving lower water usage rates. Collaborating with suppliers is crucial for BAT to ensure a comprehensive understanding of the significance of water security to their communities, businesses, and long-term sustainability for their families.
Sufficient amounts of recycled, brackish and/or produced water available for use	Important	Important	Recycled water is primarily used for irrigation, cleaning, sanitation, and non-process related activities. We do not use brackish water or produced water in our manufacturing process due to quality concerns. Our sites have undergone AWS gap analysis across 2021-2022 and certification, mapping their water sources, including recycled water, to understand reliance and identify opportunities for further recycling.

			Recycled water accounts for 22.6% of our total water usage in direct operations (withdrawn and recycled water combined). However, due to limitations in current water treatment technology, it cannot be used in product manufacturing. Therefore, its importance rating is considered "neutral". We recognize the increasing importance of water quality and quantity in the future based on comprehensive data and insights. To address this, we continue to work across all operational sites to identify opportunities for increasing water recycling and reuse, aiming to achieve our corporate objective of 30% by 2025. In our indirect operations, farmers' households producing tobacco for us are the major water users. Desalination or further treatment of brackish water for recycling/reuse is not feasible for these households, and produced water is not relevant to their operations. Considering these factors, the importance of brackish and/or produced water lies in the increase of recycled water with high purity levels. This allows us to reduce our reliance on groundwater and freshwater sources, thereby minimizing our impacts on watersheds where we operate. Similar to our direct operations, we acknowledge the growing importance of water quality and quantity in the future. Therefore, we prioritize collaboration with farmers and farming communities, promoting new irrigation techniques and focusing on reducing water withdrawal from natural sources.

W-FB1.1a/W-AC1.1a

(W-FB1.1a/W-AC1.1a) 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	Produced and/or sourced	Please explain

	agricultural commodities		
Tobacco	More than 80%	Sourced	As BAT does not own tobacco farms, we buy around 400,000 tons of tobacco leaf each year, grown by 81,000 directly contracted farmers and an estimated 195,000 farmers of 3rd party suppliers in 29 countries. This volume of tobacco is used for our combustible and tobacco heated products. Those two categories contributed more than 90% of our revenue in 2022 and hence that's the portion dependent on tobacco as an agricultural commodity. The water consumption for tobacco supply chain in 2022 was 326 m3/ton (water withdrawn/tobacco), though the monitoring systems we have in place. (Thrive - specially looking at effective irrigation, from total hectares monitored in our key suppliers, about 32.5% of them are irrigated, and remaining 67.5% 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	Frequency of measurement	Method of measurement	Please explain
Water withdrawals – total volumes	100%	Monthly	At larger facilities data is taken at real time via Building Management Systems. For all other locations, metering and or invoice data is taken monthly.	All 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 Building Management Systems (BMS). Sites report water

				withdrawn data via a global online reporting tool monthly. 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 2022 Combined Annual & ESG Report. BAT has adopted the Alliance For Water Stewardship (AWS) standard and aims to have 100% of our operations sites certified by 2025. 36% of our operations sites were certified in 2022.

Water withdrawals – volumes by source	100%	Monthly	At larger facilities data is taken at real time via Building Management Systems. For all other locations, metering and or invoice data is taken monthly.	All 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 Building Management System (BMS). Data of water withdrawn with breakdown by source are reported via Global online reporting tool monthly. The data reported by sites are reviewed by Sustainability 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 aims to have 100% of our operation sites certified by 2025. 36% of our operations sites were certified in 2022.
Water withdrawals quality	100%	Yearly	Water sampling, performed by certified independent laboratories	All sites review all water withdrawals to ensure registrations &/or permits have been obtained & verified in line with legal requirements as minimum. Sites ensure the quality of water complies with local regulations & our internal standards, depending on its purpose through selection of source of water withdrawn & 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. Annually all operations sites review their self-assessment as per our internal water roadmap assessment tool, which regulates requirements for water withdrawn quality when submitted via our online environmental reporting system. Data is reviewed at regional & global level. BAT has adopted the AWS standard & aims to have 100% of our operations sites certified by 2025. 36% of relevant operations sites were certified in 2022.
Water discharges – total volumes	100%	Monthly	At larger facilities data is taken at real time via building management systems. For all other locations, metering and or invoice data is taken monthly.	All 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 via Global on-line reporting tool monthly. Review and use of the data: The data reported by sites are reviewed by Sustainability 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 Alliance for Water Stewardship (AWS) standard and aims to have 100% of our operations sites certified by 2025. 36% of relevant operations sites were certified in 2022.

Water discharges – volumes by destination	100%	Monthly	At larger facilities data is taken at real time via building management systems. For all other locations, metering and or invoice data is taken monthly.	Sites collect water discharge data through metering and invoices. Smaller sites estimate discharge based on water withdrawn. Destinations are mapped, and permits obtained. Monitoring varies: real-time in some sites, monthly in most, and annual in others. Monthly reports follow GRI standards using an online tool. Water discharge breakdown is tracked, reflected in the environmental reporting manual, and covered in team trainings. Annually, units review water quality management requirements. Regional & Global EHS review reported data, aggregated at the Group level for internal and external reporting (e.g. DJSI). BAT has adopted the Alliance for Water Stewardship (AWS) standard and aims to have 100% of

				our operations sites certified by 2025. 36% of relevant operations sites were certified in 2022.
Water discharges – volumes by treatment method	100%	Monthly	At larger facilities data is taken at real time via building management systems. For all other locations, metering and or invoice data is taken monthly.	All 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 monthly. Annually 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 annually thorough on-line environmental reporting system.
Water discharge quality – by standard effluent parameters	100%	Yearly	Water sampling, performed by certified independent laboratories.	All 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. Annually 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 annually through online environmental reporting system. Further, annually all reporting units complete an EHS compliance Roadmap assessment, stipulating the requirements for discharged water quality management.
Water discharge quality – emissions to water (nitrates, phosphates, pesticides, and/or other	100%	Yearly	Water sampling, performed by certified independent laboratories.	Water discharge quality is managed locally dependent on the wastewater quality parameters defined as per any permits, licenses or agreements with

priority substances)				water authorities or regulators. In addition to this, in 2022, globally we performed a screening for priority substances and pesticides, phosphates and nitrates. 100% of our operational sites reported no process use of these substances, and 38% reported not using them in any on-site ancillary or support services.
Water discharge quality – temperature	100%	Yearly	Yearly – Although not fixed and carried out as and when required as part of all relevant regulatory requirements, as a minimum water quality will be measured annually.	All 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. Annually 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 annually through on-line environmental reporting system. Further, annually all reporting units complete an EHS compliance Roadmap assessment stipulating the requirements for discharged water quality management.
Water consumption – total volume	100%	Monthly	At larger facilities data is taken at real time via Building Management Systems. For all other locations, metering and or	Sites track water consumption based on data for water withdrawn and water discharged (C = W – D, where C – consumption, W – water withdrawn, D –

			invoice data is taken monthly.	water discharged). Measurements are completed based on metering and/ or monthly invoices from water suppliers and wastewater services providers. All sites are required to report water consumption data, monthly via Global on-line reporting tool. The data reported by sites are reviewed by Sustainability 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%	Monthly	At larger facilities data is taken at real time via building management systems. For all other locations, metering data is taken monthly.	Sites collect water recycled/ reused data via metering. Wherever measurement capabilities are not fully in place, these are based on estimates prepared by Engineering/ Utilities departments. Measurements at the major sites monitor parameters

				in real time via building management systems, with other sites reporting monthly. Monthly water recycled/ reused data is reported by all sited via our global online reporting tool. Data reported by sites is reviewed by Sustainability 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	100%	Yearly	EHS compliance self-assessment, completed	All sites are required to complete self-assessment as per

WASH services to all workers			locally and validated globally as part of the corporate audit cycle.	EHS Compliance Roadmap, 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 & covers sanitation, washrooms and food areas control as well as control over hygienic quality of drinking water. Requirement for providing access to proper water & sanitation facilities to employees & other personnel at premises is stipulated in the water section of our Group Environment Policy. Annually all reporting units complete an EHS Compliance Roadmap stipulating the requirements for hygiene, incl. WASH services. All operations sites 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 annually via online reporting system.

W1.2b

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

	Volume (megaliters/year)	Comparison with previous reporting year	Primary reason for comparison with previous reporting year	Five-year forecast	Primary reason for forecast	Please explain
Total withdrawals	3,498	Lower	Increase/decrease in efficiency	Lower	Investment in water-smart technology/process	We adhere to the GRI 303: Water and Effluents 2018 Standard for defining and measuring water withdrawn. This includes water from various sources such as surface water, groundwater, rainwater, and third-party suppliers, utilized in our direct operations for

						manufacturing, utilities, and social purposes. However, irrigation activities in agriculture, such as leaf growing, are not considered. To collect water withdrawn data, we utilize an online reporting system (Credit360). Major sites employ real-time monitoring through Building Management Systems (BMS), while smaller offices estimate their water withdrawn based on occupied area or headcount. In 2022, we achieved a 7.0% reduction in water withdrawn compared to the previous year. This reduction was primarily driven by implementing water efficiency initiatives,

						conducting water loss analyses, and adopting water-saving technologies at our factories and Green Leaf Threshing plants (GLTs). Additionally, we have focused on replacing fresh water with recycled water in non-production processes, where possible. Factors such as changes in production volume and divestments in certain regions also contributed to the reduction in water withdrawn. Looking ahead, we anticipate a gradual decrease in water withdrawn within the same reporting scope, aligned with our target of reducing water withdrawn by 35% compared to our 2017 baseline by 2025. Achieving this target will

						involve the implementation of water-smart technologies, process optimization, continued efforts to eliminate water losses, and enhanced control of water usage by area or specific processes within our facilities. Collaboration with the Alliance for Water Stewardship (AWS) will enable us to explore further opportunities for water stewardship. Consistently applied trend thresholds classify any year-on-year change of over +/-5% as "Higher" or "Lower," while changes exceeding +/-30% are categorized as "Much higher" or "Much lower.""

Total discharges	1,659	Lower	Increase/decrease in efficiency	Lower	Investment in water-smart technology/process	We adhere to the GRI 303: Water and Effluents 2018 Standard for water discharge definition, encompassing effluents, used and unused water released to various water sources. Data on water discharge with destination breakdown is collected via our online reporting system (Credit360). Sites obtain data through internal metering or supplier invoices. Estimates are employed when metering is unavailable, based on water withdrawn volumes and equipment/process water consumption averages. A 13.0% reduction in water discharge was achieved compared to 2021, driven by

						water-saving technology, efficiency measures, and lower production output. Optimization of water use for social needs, cleaning, and recycling contributed to the decline. Water discharge decreased more than water withdrawn due to increased water recycling for irrigation and product incorporation. Anticipated is a gradual decrease in water discharge in alignment with reduced water withdrawn. Water-smart technologies, optimized processes, and sustained water recycling efforts will facilitate this transition. Consistently applied trend thresholds encompass anything over

						+/- 5% as 'Higher'/'Lower' YoY, and anything exceeding +/- 30% as 'Much higher'/'Much lower'
Total consumption	1,839	About the same	Other, please specify combination of Water withdrawn and Water discharge trends	Lower	Other, please specify combination of Water withdrawn and Water discharge trends	"0.7% decrease compared to 2021. 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. We've seen only a slight decrease in water consumption

						due to additional or intensified water recycling activities, specifically those where recycled water was used for irrigation instead of being discharged. In the future we expect water consumption to continuously decrease following the expected decrease in water withdrawn. The key enabler envisioned are chilling technology that use minimal amount of water. Yet the rate or the decrease is expected to be lower than that of water withdrawn due to increased water consumption for being incorporate into product (e.g. modern oral) at certain facilities. 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, provide the proportion, how it compares with the previous reporting year, and how it is forecasted to change.

	Withdrawals are from areas with water stress	% withdrawn from areas with water stress	Comparison with previous reporting year	Primary reason for comparison with previous reporting year	Five-year forecast	Primary reason for forecast	Identification tool	Please explain
Row 1	Yes	11-25	Lower	Increase/decrease in efficiency	About the same	Investment in water-smart technology/process	WRI Aqueduct	The percentage in 2022 is 14.1% vs 15.8% in 2021. The change in percentage is lower than 1.7pp (or 10.7%), thus the trend vs last year is classified as

								""lower"". 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 (Credit360) 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 recommend ed by the CDP guideline. Offices, warehouse s 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 2022 through the mapping with WRI Aqueduct we identified 16 operations sites in 12 countries as being in water stress zone (vs 17 operations sites in 13 countires). The change is due to discontinuing operations in Iran. Drivers of the changes: total water withdrawn across BAT reduced in 2021 by 6.9% vs 2021 (3498 megalitres in 2022 vs 3760 megalitres in 2021). Meanwhile

								water withdrawn at our facilities in water stressed areas decreased at higher rate, by 16.9% (494 megalitres in 2021 vs 594 megalitres in 2021). The decrease in water withdrawal across the Group was driven by smart water technology and water efficiency projects at our Operations sites and increased water recycling as well as reduced production output and closure of business at certain geographies. The decrease in water withdrawal

								for facilities in water stress zone was driven mainly by water saving technology and processes, specifically improved control over water usage through additional metering in Venezuela, optimized irrigation on site in Uzbekistan and water recycling initiatives in Mexico allowing to replace fresh water with recycled water. Further, there was a divestment in Iran. Future trend: In the future we expect % withdrawn from stressed areas to be

								about the same. We focus on water withdrawal reduction to meet our target (-35% vs 2017 by 2025) and go beyond expecting the facilities in water stress areas to make proportionate contribution, subject to certain year on year fluctuations and redistribution of production volumes.

W-FB1.2e/W-AC1.2e

(W-FB1.2e/W-AC1.2e) For each commodity reported in question W-FB1.1a/W-AC1.1a, 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 areas with higher risk of water stress. In 2022, mapping identified that some of our tobacco sourcing areas in 18 countries - including India, Chile and Turkey - are located in water-stressed areas. 18.3% of the tobacco we purchased in 2022 originated from areas designated as water-stressed.

W-FB1.2g/W-AC1.2g

(W-FB1.2g/W-AC1.2g) What proportion of the sourced agricultural commodities reported in W-FB1.1a/W-AC1.1a originate from areas with water stress?

Agricultural commodities	% of total agricultural commodity sourced from areas with water stress	Please explain
Tobacco	11-25	In 2022 BAT had 20.7% of the tobacco volume sourced from water stressed areas, staying within the same band as in 2020 and 2021. The water stress locations were mapped through the use of WRI Aqueduct Water Tool, which is done in an annual base. In the future we expect the percentage of tobacco sourced from water stressed areas to reduce or remain the same. In this sense we perform tests and research in order to introduce our directly contracted farmers with best and more efficient alternatives, as an example we are introducing 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 specific irrigation system 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	Primary reason for comparison with previous reporting year	Please explain
Fresh surface water, including rainwater, water from wetlands, rivers, and lakes	Relevant	46	Lower	Increase/decrease in business activity	Fresh surface water constitutes only 1% of our water supply. We track water sources globally and measure volumes through metering. In 2022, usage decreased to 46 ML compared to 49 ML in 2021 (-6%). This decrease is attributed to lawn watering optimization in Uzbekistan, reduced water needs in a Brazilian facility, and the closure of a US facility using surface water in the latter half of 2022. Moving forward, we aim to minimize surface water intake, except for harvested rainwater, which accounted for 48% of our fresh surface water in 2022. Rainwater

					harvesting reduces peak demands, preserves treated water for other uses, and mitigates stormwater runoff, making it environmentally beneficial. Our trend thresholds classify differences of +/- 5% as 'Higher' or 'Lower', and anything exceeding +/- 30% as 'Much higher' or 'Much lower'.
Brackish surface water/Seawater	Not relevant				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	1,200	Lower	Increase/decrease in efficiency	Groundwater supplies 34% of our water, and we comply with local regulations for authorized sources. We track

					water sources globally and measure volumes through metering or estimation based on equipment needs. In 2022, groundwater usage decreased to 1200 ML compared to 1396 ML in 2021 (-14%). This reduction is attributed to measures such as improved metering, water recycling projects, smart HVAC systems, and optimized water use. Divestments in Brazil and Indonesia also affected groundwater usage. Over the next 5 years, we anticipate a continuous decrease in groundwater usage through smart water technologies, efficiency measures, maintenance improvements, and minimizing water losses Our trend thresholds

					classify differences of +/- 5% as 'Higher' or 'Lower', and anything exceeding +/- 30% as 'Much higher' or 'Much lower'
Groundwater – non-renewable	Not relevant				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				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	2,252	About the same	Increase/decrease in efficiency	Municipal water accounts for 64% of our water withdrawal. Global reporting units document all water sources and volumes, aggregated in an online reporting system (Credit360). Municipal water volumes are mainly based on internal measurements or supplier bills. Small offices estimate usage based on headcount or occupied area.

					The decrease to 2,252 ML in 2022 from 2,315 ML in 2021 (-3%) is due to water-saving initiatives at sites reliant on municipal water. These include water loss analysis, minimizing losses, adopting water-saving technology for utilities, social purposes, and irrigation, and increased water recycling. However, this was partially offset by production increases at sites using third-party water or switching to other sources. We expect water supplied by third parties to remain the primary source, with volumes continuously decreasing in the next 5 years. Trend thresholds: +/- 5% is 'Higher'/'Lower', and +/- 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	Primary reason for comparison with previous reporting year	Please explain
Fresh surface water	Relevant	195	Much lower	Increase/decrease in efficiency	Discharge to fresh surface water is relevant as 12% of water is discharged to this destination. Units report destinations of water discharge & respective volumes in our online reporting system (Credit360). Volumes of water discharge to surface water are based on internal metering or estimates based on volumes of water withdrawn & consumption in processes. The decrease to 195 ML in 2022 vs 233 ML in 2021 is due to reduction in water withdrawal through water efficiency improvement & increased water recycling at several sites having surface

					water as water discharge destination, such as Nigeria & Argentina. Sites are required to ensure the water is treated so that it's quality, temperature & other parameters are in line with applicable local regulations. In the 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	22	Much higher	Facility expansion	Discharge to brackish surface water is minor, yet relevant since 1% of water is discharged to this destination. The increase to 22 in 2022 vs 7 megaliters in 2021 (+241%) is driven by increased discharge to

					seawater by our facility in Cuba upon its relocation and expansion. 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	28	About the same	Increase/decrease in business activity	Discharge to groundwater is minor, yet relevant since 2% of water is discharged to this destination. The increase to 28 megaliters in 2022 vs 27 megaliters in 2021 (+4%) is driven by increased water withdrawal & water discharge by our facilities in Sudan where construction works are under way. Our units report destinations of water discharge and respective volumes in our global online reporting system (Credit 360). 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	1,414	Lower	Increase/decrease in efficiency	This is the main destination for 85% of our water discharge. Units report discharge destinations and volumes in our online reporting system (Credit360). Discharge to municipality/3rd party are based

					on internal metering, bills, or estimates as per volumes of water withdrawn and consumption in processes. 2022: 1414 ML vs 2021: 1640 ML Reduction (-14%) due to water-saving tech, efficiency, lower output. BAT has reduced supply needs and discharged volumes on site. Initiatives that influenced water discharge include optimizing water use, cleaning, recycling at factories and GLTs. Social needs and cleaning had biggest impact. Future: major discharge destination, expect gradual volume decrease in 5 years. Trend thresholds: +/-5% is 'Higher'/'Lower', +/-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	Primary reason for comparison with previous reporting year	% of your sites/facilities/operations this volume applies to	Please explain
Tertiary treatment	Relevant	144	Much lower	Investment in water-smart technology/process	11-20	Relevance: Tertiary water treatment is relevant since 8.7% of water discharged is treated to this highest level. Tertiary treatment is done at 20% 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). BAT complies with all applicable international, national and sub-national regulatory standards required by the local and national water bodies and authorities relevant to each BAT facility Change in volume: The amount of water subject to tertiary treatment showed decrease (-42%) vs 247 in 2021. The decrease is driven by change in water management

						practices and significant increase in water recycling at several of our facilities (e.g. Nigeria) reducing the amount of water discharged. 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	294	Lower	Increase/decrease in efficiency	21-30	Relevance: Secondary water treatment is relevant since 17.7% of water discharged is treated to this level. Secondary treatment only is done at 27% 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 and R&D centres. 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). BAT aims to comply with all applicable international, national and sub-national regulatory standards required by the local and national water bodies and authorities relevant to each BAT facility Change in volume: The amount of water subject to secondary treatment is about the same (-10%) vs 325 in 2021. The change is driven by decrease of water withdrawn, hence water

						discharge, as well as shift from secondary to tertiary water treatment at some of our facilities, e.g. Bangladesh GLT. Our definition for change: Trend thresholds are applied consistently to all our businesses: anything over +/- 5% is 'Higher'/'Lowe r' 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	29	Lower	Increase/decrease in business activity	11-20	Relevance: Primary water treatment only is relevant for us, though only a minor amount of water discharged (1.8%) is treated to this level only.Primary treatment only is done at 12% of our operations sites (factories and green leaf threshing plants), where the % of water treated to such extent varies from 1,3 to 97%, as well as at a few offices and warehouses. 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 decreased (-24%) vs 38 in 2021. The decrease is driven by decrease in water needs by facilities doing primary water treatment only, hence decrease in amounts of water withdrawn and discharged. 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	41	About the same	Increase/decrease in business activity	1-10	Relevance: Discharge of water to the natural environment is relevant for us, though only a minor amount of

						water discharged (2.5%) as such.Water is discharged without treatment at 6% of our operations sites (factories and green leaf threshing plants), where the % of water treated to such extent varies from 3 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). BAT Group companies

						are responsible for complying with all applicable regulatory standards required by the local and national water bodies and authorities relevant to each BAT facility Change in volume: The amount of water discharged without treatment showed increase (+4%) vs 39 in 2021. The increase is driven by a increase in water used by one of our facilities using river water for cooling compressors and another facility going through expansion and construction works. 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	1,130	Lower	Increase/decrease in efficiency	61-70	Relevance: Discharge of water to 3rd party (e.g. municipality) is relevant for us, and its the option applied to over the two thirds (68.1%) of discharged water. The amount of water discharge to 3rd party without treatment decreased (-10%) vs 1258 in 2021, 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 by 67% of our operations sites (factories and green leaf threshing plants), where the % of water discharged to municipality without treatment to such extent varies from 2 to 100%, as well as by most of our offices, R&D and warehousing locations. Such discharge is in line with applicable legislation and subject to all the required authorizations and agreements with 3rd party. BAT Group companies are responsible for complying with all applicable regulatory standards

						required by the local and national water bodies and authorities relevant to each BAT facility 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					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.

W1.2k

(W1.2k) Provide details of your organization's emissions of nitrates, phosphates, pesticides, and other priority substances to water in the reporting year.

	Emissions to water in the reporting year (metric tonnes)	Category(ies) of substances included	List the specific substances included	Please explain
Row 1	0	Nitrates Phosphates Pesticides Priority substances listed under the EU Water Framework Directive	45 priority substances as per the list of priority substances as defined in Article 2(30) of Directive 2000/60/EC of the European Parliament and of the Council as well as other nitrates, pesticides and phosphates.	Across the Group, we track water discharge destination, treatment method, quantity and quality. In 2022, we performed a screening for priority substances and pesticides, phosphates and nitrates. 100% of our operational sites reported no process use of these substances, and 38% reported not using them in any on-site ancillary or support services. BAT operates control measures globally in line with its Group procedures for hazardous substances management designed to avoid any

				uncontrolled emissions to water, soil or groundwater across its operations – including for ancillary and support 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	27,654,776,658	3,498,460	7,904.8428903003	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 on track to meet it, while gradually reducing water withdrawal in direct operations year on year.

W-FB1.3/W-AC1.3

(W-FB1.3/W-AC1.3) Do you collect/calculate water intensity for each commodity reported in question W-FB1.1a/W-AC1.1a?

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	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 183,000+ farmers in 2022, supplying us with around 84% 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 16% 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 Development Centre is developing the use of drip irrigation and this technology driven approach , where implemented, is leading

			to increases in water efficiency in the near future, reducing the volume of water per irrigated hectare. They are also testing the use of soil sensor in order to increase water efficiency in irrigated areas, and very valuable results were already received in trials conducted in Mexico, with around 27% reduction in water intensity compared to the current irrigation package. Another important contribution in 2022 is the development of a water methodology protocol for measuring water used in the field. This methodology was validated by Peterson company, and it includes all types of irrigation system, in order to standardize the water usage measurement in all BAT operations, bringing higher accuracy on data collection and also for glidepath development on water reduction. Our target is to achieve 100% of the markets implementing the water measurement protocol until 2024.

W-FB1.3b/W-AC1.3b

(W-FB1.3b/W-AC1.3b) Provide water intensity information for each of the agricultural commodities identified in W-FB1.3/W-AC1.3 that you source.

Agricultural commodities

Tobacco

Water intensity value (m3/denominator)

326

Numerator: Water aspect

Total water withdrawals

Denominator

Tons

Comparison with previous reporting year

Higher

Please explain

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 monitored, 32.5% are irrigated & 67.5% are rainfed. Water intensity value is total water withdrawn (m3) divided by tons of tobacco. In 2022 water intensity was 326 m3/tons, small change vs 2021 (283.7 m3/tons). This is due to normal variations in weather patterns in the growing regions, mainly due to less rain in some key countries but also because of volume footprint variation. Total water consumption has decreased from 2022 compared to 2021. 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. 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. Initial results have shown an increase in water-usage efficiency of between 25- 50% when compared to conventional irrigation system (furrow), as well as reducing soil erosion & salination, ultimately boosting yields. Expectation: next 10 years potentially reduce this intensity by about 10%, considering the estimated level of adoption of the above technology.

W1.4

(W1.4) Do any of your products contain substances classified as hazardous by a regulatory authority?

	Products contain hazardous substances
Row 1	Yes

W1.4a

(W1.4a) What percentage of your company's revenue is associated with products containing substances classified as hazardous by a regulatory authority?

Regulatory classification of hazardous substances	% of revenue associated with products containing substances in this list	Please explain
Annex XVII of EU REACH Regulation	10-20	Our total Revenue for 2022 across all categories was £27,655bln. The hazardous substances noted in 1.4 is applicable to our new category product for Tobacco Heated Products, Vapour and Modern Oral. The revenue for 2022 for these categories was £2,894bln This amounts to 10.46%
Candidate List of Substances of Very High Concern for Authorisation above 0.1% by weight (EU Regulation)	10-20	Our total Revenue for 2022 across all categories was £27,655bln. The hazardous substances noted in 1.4 is applicable to our new category product for Tobacco Heated Products, Vapour and Modern Oral. The revenue for 2022 for these categories was £2,894bln This amounts to 10.46%
Annex XIV of UK REACH Regulation	10-20	Our total Revenue for 2022 across all categories was £27,655bln. The hazardous substances noted in 1.4 is applicable to our new category product for Tobacco Heated Products, Vapour and Modern Oral. The revenue for 2022 for these categories was £2,894bln This amounts to 10.46%
Candidate List of Substances of Very High Concern (UK Regulation)	10-20	Our total Revenue for 2022 across all categories was £27,655bln. The hazardous substances noted in 1.4 is applicable to our new category product for Tobacco Heated Products, Vapour and Modern Oral. The revenue for 2022 for these categories was £2,894bln This amounts to 10.46%

W1.5

(W1.5) Do you engage with your value chain on water-related issues?

	Engagement

Suppliers	Yes
Other value chain partners (e.g., customers)	Yes

W1.5a

(W1.5a) Do you assess your suppliers according to their impact on water security?

Row 1

Assessment of supplier impact

Yes, we assess the impact of our suppliers

Considered in assessment

Basin status (e.g., water stress or access to WASH services)
Supplier dependence on water
Supplier impacts on water availability
Supplier impacts on water quality

Number of suppliers identified as having a substantive impact

30

% of total suppliers identified as having a substantive impact

51-75

Please explain

Water risk assessment and addressing deficits from rainfall are central to our support for contracted farmers in water stewardship. We actively monitor the proportion of tobacco crops in areas with higher risk for water stress. We map tobacco supplier locations via the WRI Aqueduct Water Risk tool, this is incorporated into the industry-led Sustainable Tobacco Programme. Having this information, we also assess through thrive monitoring program where there is a dependency on water from rainfall or for the use of irrigation. From these 2 types of dependencies, we also monitor the intensity of water being consumed per ton of tobacco on an annual basis in order to assess the impact of suppliers in water security. Through Thrive program, we also assess the % of supplier's area that are following best practices on water & soil management plan implemented in order to avoid water pollution and promote its conservation. If there is any issue on this matter, an action plan should be developed.

W1.5b

(W1.5b) Do your suppliers have to meet water-related requirements as part of your organization’s purchasing process?

	Suppliers have to meet specific water-related requirements
Row 1	Yes, water-related requirements are included in our supplier contracts

W1.5c

(W1.5c) Provide details of the water-related requirements that suppliers have to meet as part of your organization's purchasing process, and the compliance measures in place.

Water-related requirement

Conducting water-related risk assessments on a regular basis (at least once annually)

% of suppliers with a substantive impact required to comply with this water-related requirement

100%

% of suppliers with a substantive impact in compliance with this water-related requirement

100%

Mechanisms for monitoring compliance with this water-related requirement

Supplier self-assessment

Response to supplier non-compliance with this water-related requirement

Retain and engage

Comment

In 2016 we launched a Sustainable Tobacco Program (STP), mandatory and applied for 100% of tobacco suppliers. This program was reviewed in 2019 and 2020, having a dedicated theme specifically to Water. 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. Suppliers complete a self-assessment process every year and high risk suppliers will receive an in-depth assessment if their due diligence processes are not mature enough to mitigate this risk. In depth assessments deepen the understanding of the challenges and achievements in an identified area as well as enabling improvements to be made on priority sustainability topics.

Water-related requirement

Substituting hazardous substances with less harmful substances

% of suppliers with a substantive impact required to comply with this water-related requirement

100%

% of suppliers with a substantive impact in compliance with this water-related requirement

76-99

Mechanisms for monitoring compliance with this water-related requirement

Off-site third-party audit

Response to supplier non-compliance with this water-related requirement

Retain and engage

Comment

Following WHO/FAO guidelines on pesticide classification by hazard and CORESTA Guide N°27, BAT has program to eliminate HHPs, incl. active ingredients listed by Rotterdam, Stockholm Convention, Montreal Protocol, requiring all suppliers to annually cover:
• Acknowledge the receipt of the Leaf Suppliers Manual issued by BAT(contains the Agrochemicals and Formulations not to be used in tobacco);
• Submit the Agrochemical List, containing all the crop protection agents to be used in each step of the tobacco production;
• Submit the Agrochemicals Risk Assessment;
• BAT completes the Agrochemical Residues testing in the packed product.
In 2022, 100% of total tobacco purchased & tested were free of quantifiable levels of HHPs; we continue monitoring this target on annual basis to guarantee suppliers keep following the guidance. While the same standard applies to any tobacco consumed, the above figures do not contain US or exotic tobacco data, we are working to integrate those going forward.

W1.5d

(W1.5d) Provide details of any other water-related supplier engagement activity.

Type of engagement

Other

Details of engagement

Other, please specify

Onboarding & compliance- 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

76-99

% of suppliers with a substantive impact

76-99

Rationale for your engagement

BAT's Supplier Code of Conduct (SCoC) sets out the minimum standards we expect our suppliers to adhere to, regardless of the type of business, good or service supplied. It is an important governance framework allowing suppliers to benefit from our resources and experience, improve and achieve best practice standards. Suppliers are expected to meet the requirements of SCoC and this is incorporated into our contractual arrangements. Suppliers are expected to identify, understand and actively work towards avoiding, minimising and mitigating their associated impacts on the natural environment (but are not limited to) impacts relating to emissions to air, water, land and forests, use of materials, natural resource consumption and waste management practices. Where practicable, this should include establishing an environmental policy and management system. Aligning to the code is a critical part of supplier onboarding.

In addition to this BAT has set a suite of questions related to ESG that should be used for Procurement Strategic Sourcing since 2021. This would be applicable to ~99.5% of BAT Procurement Spend for Non-Tobacco Suppliers. The Questionnaire covers different ESG Focus Areas including water management which incorporates understanding of policies and activities suppliers are undertaking around water management and (if any) certifications from Alliance of Water Stewardship have been obtained.

Impact of the engagement and measures of success

The ESG supplier selection questionnaire was designed to raise the profile of ESG requirements by embedding them as a mandatory part of BAT's supplier selection process for strategic sourcing. This introduction has allowed us to engage more strongly with our suppliers during the commercial process and where appropriate drive improvement actions that can be embedded. For instance, in 2022, BAT has undertaken steps to establish baseline of our strategic board supplier's ESG maturity via the supplier selection process. Based on this, the group of suppliers detailed understanding of ESG credentials which includes water management metrics such as recycling and reduction rate via monthly engagement sessions. Strategic board suppliers are critical suppliers within paper and pulp sector that falls in category of Very High water impact activity group based on CDP Water Watch. This engagement has driven completion of LCA in 2022 for this group of suppliers. As a result, this information has influenced BAT sourcing decision to award contract to suppliers with least adverse impact on Water.

Comment

In 2023, BAT will work to expand water related assessments to a wider pool of suppliers to understand the level of risks and impact our value chain has on Water.

Type of engagement

Innovation & collaboration

Details of engagement

Educate suppliers about water stewardship and collaboration

% of suppliers by number

76-99

% of suppliers with a substantive impact

76-99

Rationale for 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, helps us ensure 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 industry's Sustainable Tobacco Program (STP) which aims to have beneficial outcomes including enhance supplier water-use and efficiency and conservation. Since 2016 we have launched a Sustainable Tobacco Program (STP, mandatory and applied for 100% of 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 2022, >129,000 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 achieved 82% 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 76% in 2021. We will continue measuring the effectiveness of our supplier engagement activities via increase coverage of best practices and also new technologies.

Comment

W1.5e

(W1.5e) Provide details of any water-related engagement activity with customers or other value chain partners.

Type of stakeholder

Customers

Type of engagement

Education / information sharing

Details of engagement

Run an engagement campaign to educate stakeholders about the impacts on water that (using) your products, goods, and/or services entail

Other, please specify

Collaborate with stakeholders on innovations to reduce water impacts in products and services

Rationale for your engagement

Cigarette butts are a source of marine (Araújo and Costa, 2019) and freshwater (Winton et al., 2020) pollution. As a large manufacturer of cigarettes, we are committed to work with consumers to enhance their understanding of the impact of butt littering and encourage responsible disposal. Butt littering is a behavioural choice, so our engagement has two aspects. Increase customer knowledge of the impacts of littering and use innovative methods to change behaviours and finally measure the impact of the initiative.

Our approach to tackling butt littering involves product innovation to reduce the environmental impact of filters, develop a group wide approach to educate customers on the impacts of butt littering and help provide disposal solutions. In 2022, we have developed a new butt littering toolkit that will be rolled out across BAT in 2023. This utilises learning from our existing initiatives to focus on approaches that have proved to be most effective and resonated best with consumers.

Impact of the engagement and measures of success

In 2022, we implemented butt littering initiatives campaigns across multiple countries, including Italy, Denmark, France, and Romania.In Italy, we collaborated with an NGO to conduct customer research aimed at understanding the behavioral reasons behind

littering. The research identified key factors such as lack of environmental sensitivity, awareness of damage caused, disposal options, and consequences for littering among smokers.

Based on these insights, we developed an awareness and behavior change campaign in Italy. As part of this initiative, over 50,000 pocket and reusable ashtrays made of recyclable plastic were distributed through volunteers and local tobacconist shops. This proactive step aimed to reduce the amount of butt littering. Furthermore, we engaged customers in the cities of Trieste, Salerno, Pescara, and Viareggio.

To measure the success of our engagement, we used satellite monitoring to assess the quantity of cigarette butt litter before, during, and after the implementation of our activities. The results were encouraging, with butt littering experiencing reductions of 51% in Trieste, 41% in Salerno, 31% in Pescara, and 53% in Viareggio.

These metrics directly reflect the impact of our engagement and serve as measures of success for our butt littering initiatives. By monitoring and quantifying the reduction in cigarette butt litter, we can evaluate the effectiveness of our campaigns, improving how we promote responsible disposal practices among smokers.

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?

	Water-related regulatory violations	Comment
Row 1	No	BAT was not subject to any fines, enforcement orders or any other water related regulatory violations in 2022

W3. Procedures

W3.1

(W3.1) Does your organization identify and classify potential water pollutants associated with its activities that could have a detrimental impact on water ecosystems or human health?

	Identification and classification of potential water pollutants	How potential water pollutants are identified and classified
Row 1	Yes, we identify and classify our potential water pollutants	Through our GEHSMS aligned with ISO 14001, we have global standards and procedures for water management. The Global Water Management and Water and Wastewater standards include risk identification, assessment, prevention, spill prevention, and hazardous substance management to prevent water pollution. On-site wastewater is discharged according to local parameters, regulatory requirements, and GEHEMS internal standards. These standards are integrated into our factories' environmental management systems and validated locally annually, audited by Global EHS team. BAT identifies and classifies potential water pollutants using a workflow involving product safety, Leaf Sustainability, and other departments. Banned substances are listed, and alternative options are explored. Mitigations are adopted based on safety data sheets (SDS) & hazard statements. External assessments are commissioned when internal expertise is lacking. Controls include a list of banned substances, pollutant minimization strategies, and technical assistance to leaf farmers for proper agrochemical use & waste management. Engagement with suppliers and farmers ensures adherence to standard operating procedures and responsible practices. Our South Korea site recycled and reused 50% of total water withdrawn through a multi-stage treatment process. We employ measures to prevent water pollution, reduce chemical use, promote water reuse, and ensure proper waste management in tobacco growing and manufacturing processes.

W3.1a

(W3.1a) Describe how your organization minimizes the adverse impacts of potential water pollutants on water ecosystems or human health associated with your activities.

Water pollutant category

Nitrates

Description of water pollutant and potential impacts

The negative environmental impact that may be caused by fertilisers is that the fertilisers 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 is 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.

Value chain stage

Direct operations
Supply chain

Actions and procedures to minimize adverse impacts

Implementation of integrated solid waste management systems
Provision of best practice instructions on product use
Requirement for suppliers to comply with regulatory requirements

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 they are preparing and applying fertilizer according to recommendation and any other crop protection agents that are being utilized and all the products being used are following local regulations. Our research and development centres continually review and modify the plant so that they become less reliant on fertilizers and more resistant to disease.

The result of our approach can be seen on the % of hectarage with best practice applied to Soil and water management, which in 2022 represented 82% of total tobacco hectarage, increasing from 76% in 2021 and 67% in 2018.

Water pollutant category

Phosphates

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 is 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.

Value chain stage

Direct operations
Supply chain

Actions and procedures to minimize adverse impacts

Implementation of integrated solid waste management systems
Provision of best practice instructions on product use
Requirement for suppliers to comply with regulatory requirements

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 they are preparing and applying fertilizer according to recommendation and any other crop protection agents that are being utilized and all the products being used are following local regulations. Our research and development centres continually review and modify the plant so that they become less reliant on fertilizers and more resistant to disease.

The result of our approach can be seen on the % of hectarage with best practice applied to Soil and water management, which in 2022 represented 82% of total tobacco hectarage, increasing from 76% in 2021 and 67% in 2018.

Water pollutant category

Other synthetic organic compounds

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 is 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.

Value chain stage

Direct operations
Supply chain

Actions and procedures to minimize adverse impacts

Implementation of integrated solid waste management systems
Provision of best practice instructions on product use
Requirement for suppliers to comply with regulatory requirements

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 they are preparing and applying fertilizer according to recommendation and any other crop protection agents that are being utilized and all the products being used are following local regulations. Our research and development centres continually review and modify the plant so that they become less reliant on fertilizers and more resistant to disease.

The result of our approach can be seen on the % of hectarage with best practice applied to Soil and water management, which in 2022 represented 82% of total tobacco hectarage, increasing from 76% in 2021 and 67% in 2018.

Water pollutant category

Pesticides

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.

Value chain stage

Direct operations
Supply chain

Actions and procedures to minimize adverse impacts

Provision of best practice instructions on product use

Reduction or phase out of hazardous substances
Requirement for suppliers to comply with regulatory requirements

Please explain

BAT is an active member of CORESTA's Agrochemicals Advisory Committee, promoting the alignment and guidelines across the Tobacco Industry. By following WHO/FAO guidelines on pesticide classification by hazard and CORESTA Guide N°27, BAT has programs to eliminate HHPs, including active ingredients listed by Rotterdam Convention, Stockholm Convention and Montreal Protocol. BAT´s program require all suppliers to cover the following steps annually:
• Acknowledge the receipt of the Leaf Suppliers Manual latest version issued by BAT, which contains the Agrochemicals and Formulations not to be used in the tobacco production.
• Suppliers subsequently submit the Agrochemical List, containing all the crop protection agents to be used in each step of the tobacco production.
• They also submit the Agrochemicals Risk Assessment, by tobacco type.
• Last, to check compliance, BAT completes the Agrochemical Residues testing in the packed product as per Risk Assessment approved by BAT.
In 2022, 100% of total tobacco purchased and tested were free of quantifiable levels of HHPs; we continue monitoring this target on annual basis to guarantee suppliers keep following the guidance. While the same standard applies to any tobacco consumed within the US, the above figures do not contain US and exotic tobacco data and we are working to integrate those going forward.

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
International methodologies and standards
Databases

Tools and methods used

WRI Aqueduct
Alliance for Water Stewardship Standard
FAO/AQUASTAT
Maplecroft Global Water Security Risk Index

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
Impact on human health
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 IPPC Climate Change Projections. Starting in 2020 our factories & GLTs started implementing the AWS standard 2.0. The Sustainability communities across the group continue to complete training & gap analysis are completed 12 months prior to certification dates 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. Our 2025 goal is for 100% of our Operations sites to be AWS certified, as of end of 2022, we have 36% of our operations sites certified and plan is for 70% to be certified by the end of 2023. SAFL (Sustainable Agriculture and Farmer Livelihoods) Programme within leaf, BAT measures the water consumption to grow the crop at all suppliers (farmers) from whom it buys tobacco also GLT sites and Cigarette Factories and more recently at New Categories production sites. 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

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
International methodologies and standards
Databases

Tools and methods used

WRI Aqueduct
Alliance for Water Stewardship Standard
FAO/AQUASTAT
Maplecroft Global Water Security Risk Index

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 IPPC Climate Change Projections. When looking at specific supply areas, With SAFL (Sustainable Agriculture and Farmer Livelihoods) Programme, BAT also measures the water consumption to grow the crop at all suppliers (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 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
International methodologies and standards

Databases

Tools and methods used

WRI Aqueduct
Alliance for Water Stewardship Standard
FAO/AQUASTAT
Maplecroft Global Water Security Risk Index

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.

	Rationale for approach to risk assessment	Explanation of contextual issues considered	Explanation of stakeholders considered	Decision-making process for risk response

Row 1	As part of our risk assessment process, we use tools like WRI Aqueduct, Alliance for Water Stewardship (AWS), Maplecroft global water security risk index, and IPPC projections which help us understand water-related risks. We consider indicators from WRI to assess risk levels, considering the significance of manufacturing and GLT sites. Risks assessed include coastal and riverine floods, droughts, baseline water stress, and water quality. We map our factories and GLTs using the WRI map and the default risk scheme, reviewing it annually. Areas classified as extremely high or high risk in WRI are considered water risk areas. Offices and distribution/warehousing locations are excluded unless co-located with Operations facilities. In addition to assessment tools, we consider consultancy reports on climate change effects, site performance reports, data from farmers through our Sustainable Tobacco Program, internal self-assessment scores, audits, regulatory monitoring tools, and lifecycle assessments. We also engage in TCFD scenario risk mapping, water and physical risk analysis,	We reviewed and considered all relevant stakeholders and selected the following within our risk assessment processes for the following reasons: a) Water availability is essential for operations, WASH for employees and stakeholders, and growing raw materials. Any reduction or lack of water would significantly affect our ability to operate effectively; b) Impact on human health, in alignment with applicable requirements and regulations like the EU directive 98/83/EC. We recognize that maintaining high water quality is crucial for manufacturing our products, safeguarding the health of workers, consumers, farmers, and their livelihoods. By prioritizing human health, we aim to	Within our risk assessment processes we reviewed and considered all relevant stakeholders and selected the following in our risk assessment for the following reasons: a) customers' expectations are continually increasing with regarding the products they purchase, failure to respond to their environmental concerns can have a negative impact in our business; b) All BAT employees a key in driving the implementation of our water initiatives which support achieving our targets and goals, and cascade them to suppliers; c) investors have increased concerns regarding water performance, which if unaddressed can translate in financial risks; d) A lack of understanding the needs and requirement of our local communities at a basin/catchment level can result in conflicts over water resources, especially in areas of water scarcity etc; e) NGOs can offer technical expertise that can support the	The risk assessment process follows 4 steps to inform internal decision-making. 1. Risks are identified and rated at the local level based on probability and impact, following threshold limits set by the Finance Department. Sites report ratings of new or existing risks and propose mitigation actions with completion dates.2. Ratification and rectification of the business strategy: New/changing water risks presented to management board due to dynamic nature of risks & BAT's geographical operations. Proposed mitigations are reviewed, approved and followed. This step occurs at least twice a year or more if necessary.3. Ratification and rectification of business strategy: Dynamic water risks and BAT's geographical

	and implement the AWS standard. We take into account relevant contextual issues when building risk mitigation programs. We partially cover other stages of our Value Chain, conducting Life Cycle Assessments that provide insights for R&D, marketing, consumer focus groups, and product perception. Our risk program follows a high-level process, ensuring a comprehensive approach to risk management.	mitigate potential risks associated with water contamination and ensure the well-being of all stakeholders; c) Stakeholder conflicts regarding water resources, especially competition for limited water suppliers faced by tobacco farmers; d) Implications of water risks on our key raw materials, which can lead to supply chain disruptions, altering prices, quality, and availability of raw materials, thus impacting our business; e) The status of ecosystems and habitats are vital for preserving water-related ecosystem services that are essential for both our direct and indirect operations; f) Continual improvement of WASH access conditions, particularly in our tobacco value chain; g) The importance of	management of water risks across the value chain; f) Regulators develop and deploy regulations, rules/requirements, taxes that BAT needs to comply with in g) suppliers support us through development of projects to reduce risks in our value chain, support our water reduction and stewardship goals; h) water utilities as they provide visibility on key data which helps manage water usage at the facility level.	operations prompt presentation of new or changing risks to the management board. Proposed mitigations are reviewed, approved, and followed up at least biannually or as needed. 4. Tracking action plans: Global risks and control teams monitor progress of site-level actions, ensuring active integration of risk assessment and consistent risk management. Conducted at least biannually or as needed to drive ongoing progress. Risk assessment covers all countries where BAT operates with ownership share ≥ 50%, ensuring comprehensive coverage and submission of assessments for relevant areas. Outcomes of the risk assessment guide internal decision-making, enabling informed actions and strategies to mitigate identified risks and ensure the organization's

		understanding current and future regulatory frameworks to ensure compliance in our operational areas.		ongoing progress and success.

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?

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

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

The time frame is used to consider the period over which the consequence of the risk, should it occur, impacts the business. Frequency of impact is considered through the assessment of the timeframe of each risk and reported in accordance with our GRMM, this is used to consider the period over which the consequences of the risk, should it occur, impacts the business.

Short-term, 0-2 yrs. The GRMM provides guidance of the assignment of a “Risk Time Frame”. These are used to consider the period over which the consequence of the risk, should it occur, impacts the business. A short-term impact is defined as an 18-month time frame for business risks.
Medium-term, 2-5 yrs. The GRMM provides guidance of the assignment of a “Risk Time Frame”. These are used to consider the period over which the consequence of the risk, should it occur, impacts the business. A medium-term impact is defined between 18 months and 5 years for business risks.
Long-term, 5-10 yrs. The GRMM provides guidance of the assignment of a “Risk Time Frame”. These are used to consider the period over which the consequence of the risk, should it occur, impacts the business. A long-term impact is defined as more than 5 years for business risks.

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 & tend to cause disruption to normal operations. For example, the growth of illicit trade could be a long-term risk; the failure to achieve an expected price increase could be a short-term risk. Where a risk has a mixture of time frame the default definition should be the longest-term.

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

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

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

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	12	1-25	12 facilities represent 18% of our total Operations facilities (66). In 2020 we reported 15%, 11 out of 72 Operations facilities. The changes in 2022 vs 2021 in the total number of facilities is driven by closure of several facilities, none of which is located in water risk areas. The increase is the number of facilities is exposed to water risk is driven by inclusion of our facility in Uzbekistan into the list due to its increase business activities and exceeding 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 our online environmental reporting system (Credit360). 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, R&D centres and distribution/warehousing locations are out of scope due to being less intensive compared to Operations facilities in terms of water use. These are included only in case they are physically located at the same site as Operations facility. The threshold for inclusion of a facility into the Group-wide list of facilities exposed to water risk is 1% of the total company's revenue. 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

Number of facilities exposed to water risk

1

% company-wide facilities this represents

1-25

% 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 1.5% out of our 66 facilities. As per revenue, it contributes to around 6%. The water basin specified is 'minor water basin' as per WRI Aqueduct map. Respective 'major water basin' is Ganges - Bramaputra, respective 'minor water basins' are Bhramaputra 4 and Ganga 5.

Country/Area & River basin

Bangladesh
Ganges - Brahmaputra

Number of facilities exposed to water risk

1

% company-wide facilities this represents

1-25

% company's total global revenue that could be affected

1-10

Comment

Our facility (green leaf threshing plant) in Bangladesh is in 'high' overall water risk zone as per Aqueduct Water Risk Atlas. 1 facility represents 1.5% out of our 66 facilities. As per revenue, it contributes to around 8%. The water basin specified is 'minor water basin' as per WRI Aqueduct map. Respective 'major water basin' is Ganges - Bramaputra, respective 'minor water basins' are Bhramaputra 4 and Ganga 5.

Country/Area & River basin

Chile

Other, please specify

North Chile, Pacific Coast

Number of facilities exposed to water risk

1

% company-wide facilities this represents

1-25

% 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 1.5% out of our 66 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 North Chile, Pacific Coast, respective 'minor water basins' is Maipo.

Country/Area & River basin

Indonesia

Brantas

Number of facilities exposed to water risk

1

% company-wide facilities this represents

1-25

% company's total global revenue that could be affected

1-10

Comment

Our facility (factory) in Indonesia is in 'extremely high' overall water risk zone as per Aqueduct Water Risk Atlas. 1 facility represents 1.5% out of our 66 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 Java - Timor.

Country/Area & River basin

Kenya

Galana

Number of facilities exposed to water risk

1

% company-wide facilities this represents

1-25

% 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 1.5% out of our 66 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, East Central Coast.

Country/Area & River basin

Mexico

Bravo

Number of facilities exposed to water risk

1

% company-wide facilities this represents

1-25

% 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 1.5% out of our 66 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

Number of facilities exposed to water risk

1

% company-wide facilities this represents

1-25

% 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 1.5% out of our 66 facilities. As per revenue, this contributes to around 2.3%. 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

Number of facilities exposed to water risk

1

% company-wide facilities this represents

1-25

% company’s total global revenue that could be affected

1-10

Comment

Our facility (factory and green leaf threshing plant) in Pakistan Akora is in ‘extremely high/ high’ overall water risk zone as per Aqueduct Water Risk Atlas. 1 facility represents 1.5% out of our 66 facilities. As per revenue, these contribute to around 5.1%. 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

Number of facilities exposed to water risk

1

% company-wide facilities this represents

1-25

% company’s total global revenue that could be affected

1-10

Comment

Our facility (factory) in Pakistan Jhelum is in ‘extremely high/ high’ overall water risk zone as per Aqueduct Water Risk Atlas. 1 facility represents 1.5% out of our 66

facilities. As per revenue, these contribute to around 2.6%. 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

Number of facilities exposed to water risk

1

% company-wide facilities this represents

1-25

% 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 1.5% out of our 66 facilities. As per revenue, this contributes to around 4.1%. 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

Number of facilities exposed to water risk

1

% company-wide facilities this represents

1-25

% 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 1.5% out of our 66 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 Viet Nam Coast.

Country/Area & River basin

Uzbekistan
Other, please specify
Zeravshan

Number of facilities exposed to water risk
1

% company-wide facilities this represents
1-25

% company's total global revenue that could be affected
1-10

Comment
Our facility (factory) in Uzbekistan is in 'extremely high' overall water risk zone as per Aqueduct Water Risk Atlas. 1 facility represents 1.5% out of our 66 facilities. As per revenue, this contributes to around 1.2%. The water basin specified is 'minor water basin' as per WRI Aqueduct map. Respective 'major water basin' is Amu Darya.

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

Type of risk & Primary risk driver
Acute physical
Drought

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 WRI, by 2040 Chile is to be within Top 30 water risk

countries. The water risk is primarily driven by high water stress, which is identified as being “Extremely High", via the WRI aqueduct tool, it is expected to further increase and remain 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.

The main risks of the operation Chile Casablanca are related to the great drought in Chile and water scarcity in Valparaíso. Chile is currently going through the deepest and most extensive drought in its history, which is why the condition of water scarcity is critical at the national level. This drought generates a decrease in water resources causing restriction of its consumption in industries giving priority to human consumption.

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)

Potential financial impact figure - minimum (currency)

480,000

Potential financial impact figure - maximum (currency)

1,500,000

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). 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 a 3-year saving of 24% (2022 v 2019) and increased % of water recycled 49% (+10.7pp v 2021), 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 implemented a water stewardship management system that was audited and certified by AWS in 2022.

Since 2015, to further mitigate against water risks in the area, the Casablanca factory has implemented various initiatives and projects to reduce water consumption. These include: ENERCON [Energy & Water management system], implementation of waterless urinals, reduced water pressure showers, dry cooler, RO installation in boiler, Replace vacuum pumps with oil rings, Replacement steam traps. These initiatives resulted in a 43% reduction in water consumption and an increase in recycling from 37% to 49%, considering the years from 2017 to 2022.

By 2023, BAT Chile's goal is to expand the reuse to 55% and other initiatives are planned such as PMD hot water heat pump, Phase 2 water treatment plant, flash steam curing and Rainwater recovery.

Cost of response

450,000

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

Type of risk & Primary risk driver

Chronic physical
Declining water quality

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)

Potential financial impact figure - minimum (currency)

504,000

Potential financial impact figure - maximum (currency)

1,520,000

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). 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

The local BAT management’s response has been focused on reducing water dependency on water withdrawals through the implementation of water saving initiatives. Our factory team have identified all suitable options to prepare for further water quality issues and these tie into local Business Continuity Management Plans and as test the plans at regular intervals. 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 required when recycled into our processes, which supports reducing the water we need to withdraw. We continue with CAPEX investments and Opex spend for efficiencies, which following investments in 2022 on increased wastewater treatment and reverse osmosis, resulted in a 16% reduction in water withdrawn (2022 v 2021) and a 22p.p increase in water recycled, now up to 24% (2022 v 2021). From a non-technical side, the site implemented a water stewardship management system that was audited and certified by AWS in 2022.

Cost of response

500,000

Explanation of cost of response

The cost of response figure refers to Capex/Investment cost for the implementation of technical measures, aimed at further increasing the treatment levels of the water withdrawn, to improve the quality and also further increase the % of water recycled based on projected costs for 2022 and beyond relevant project. These included improvements made to waste-water treatment plants and additional phases for Reverse Osmosis (R.O) technologies.

Country/Area & River basin

Kenya

Galana

Type of risk & Primary risk driver

Chronic physical

Declining water quality

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)

Potential financial impact figure - minimum (currency)

240,000

Potential financial impact figure - maximum (currency)

722,000

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). 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

The local BAT management’s response has been focused on reducing water dependency on water withdrawals through the implementation of water saving initiatives. Our factory team have identified suitable options to prepare for further water quality issues and these tie into local Business Continuity Management Plans and as test the plans at regular intervals. 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 required when recycled into our processes, which supports reducing the water we need to withdraw. We continue with CAPEX investments and Opex spend for efficiencies, which following investments in 2022 to increase the capacity of the onsite reverse osmosis, resulted in a 13% reduction in water withdrawn (2022 v 2021) and a 13.8p.p increase in water recycled, now up to 15.5% (2022 v 2021). From a non-technical side, the site implemented a water stewardship management system that was audited and certified by AWS in 2022.

Cost of response

1,000,000

Explanation of cost of response

The method used to calculate the cost of response involves allocating capital expenditure (Capex) specifically for a water recycling project. This allocation is based on the average project cost for similar purposes at our facilities that already have some wastewater treatment capabilities. The goal of this project is to eliminate the necessity for alterations in the supply chain. Additionally, the cost of redesigning leaf sourcing is included as part of the regular operations and expenses.

Country/Area & River basin

Mexico

Bravo

Type of risk & Primary risk driver

Chronic physical

Water stress

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.

BAT's Mexico Factory is located in Monterrey Nuevo Leon and in 2022, Monterrey faced one of the deepest and most extensive droughts in the last 15 years. Water reservoirs that supply water to the city and to the factory reached critical levels, causing disruption of supply to both homes and industries. BAT Mexico was impacted, safety stocks in water tanks were reduced, but production was not interrupted.

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)

Potential financial impact figure - minimum (currency)

820,000

Potential financial impact figure - maximum (currency)

2,460,000

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). 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 our 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.

To further mitigate against water risks in the area, BAT Mexico has invested in several optimization projects in order to optimize water consumption and reduce water withdrawal. These initiatives resulted in 19% increase in water recycling and 57% reduction in water withdrawn (vs 2017 baseline).

In addition to responsible water consumption, in 2022 our Mexico factory received AWS certification, demonstrating our commitment to water preservation in our internal processes, as well as external communities.

Cost of response

5,000,000

Explanation of cost of response

The method used to calculate the cost of response involves allocating capital expenditure (Capex) specifically for a water recycling project. This allocation is based on the average project cost for similar purposes at our facilities that already have some wastewater treatment capabilities. The goal of this project is to eliminate the necessity for alterations in the supply chain. Additionally, the cost of redesigning leaf sourcing is included as part of the regular operations and expenses.

Country/Area & River basin

Nigeria

Other, please specify

Ohsun

Type of risk & Primary risk driver

Chronic physical

Declining water quality

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)

Potential financial impact figure - minimum (currency)

358,000

Potential financial impact figure - maximum (currency)

1,080,000

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). 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

The local BAT management’s response has been focused on reducing water dependency on water withdrawals through the implementation of water saving initiatives. Our factory team have identified suitable options to prepare for further water quality issues and these tie into local Business Continuity Management Plans and as test the plans at regular intervals. 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 required when recycled into our processes, which supports reducing the water we need to withdraw. We continue with CAPEX investments and Opex spend for efficiencies, which following investments in 2022 to improve the onsite wastewater treatment plant, which started in 2022 and will end in 2023, but has already started to some strong resulted with an 8% reduction in water withdrawn (2022 v 2021) and a 26.6p.p increase in water recycled, now up to 31.7% (2022 v 2021). From a non-technical side, the site implemented a water stewardship management system that was audited and certified by AWS in 2022.

Cost of response

1,000,000

Explanation of cost of response

The method used to calculate the cost of response involves allocating capital expenditure (Capex) specifically for a water recycling project. This allocation is based on the average project cost for similar purposes at our facilities that already have some wastewater treatment capabilities. The goal of this project is to eliminate the necessity for alterations in the supply chain. Additionally, the cost of redesigning leaf sourcing is included as part of the regular operations and expenses.

Country/Area & River basin

Pakistan

Indus

Type of risk & Primary risk driver

Chronic physical

Declining water quality

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. However, mitigation plans in place have seen the site gain AWS certification.

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)

Potential financial impact figure - minimum (currency)

308,000

Potential financial impact figure - maximum (currency)

922,000

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. Since 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). 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.

To further mitigate against water risks in the area, BAT's Pakistan Factories withdraw water from tube wells, extracting ground water, with progressive water recycling rates of over 40%. Our Akora site (including both a manufacturing facility and green leaf threshing plant) is AWS Certified and our Jhelum Factory is on track for AWS certification in Q3 2023. Measures have been taken by both sites (on and off-site) to drive water stewardship. In the catchment, awareness and education campaigns have been delivered regarding the installation of drip irrigation systems for farmers and filtration plants, in order to increase provision of clean drinking water. In order to reduce the industrial runoff of print which can lead to a decline in water quality, both sites are equipped with effluent treatment plants to maximize water conservation efforts by re-using and recycling the wastewater within the system. Further collaborations with the government and NGOs are in progress to progressively drive efforts towards water stewardship within the community.

Cost of response

500,000

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

Type of risk & Primary risk driver

Chronic physical
Water stress

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)

Potential financial impact figure - minimum (currency)

1,060,000

Potential financial impact figure - maximum (currency)

3,170,000

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). 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 and the site gained AWS certification in 2022.

To further mitigate against water risks in the area, a reverse osmosis water recovery has been installed for the existing wastewater treatment plant, as well as water filtration for the existing retention rainwater basin. This investment consisted of two systems being installed, one system treating our sewerage water from the existing wastewater treatment plant into the Disc Tube Reverse Osmosis (DTRO) plant. The recycled water is used in existing water-cooled towers, scrubber and steam boilers. The second system treats our rainwater in a filtration system. The treated water is used in water-cooler towers, irrigation system and fire-fighting tank. The installation of these 2 systems has significantly contributed to reducing the factory's water consumption (by approx. 30,000 cubic metres) and increased water recycled at the site to over 30%.

Cost of response

500,000

Explanation of cost of response

The method used to calculate the cost of response involves allocating capital expenditure (Capex) specifically for a water recycling project. This allocation is based on the average project cost for similar purposes at our facilities that already have some wastewater treatment capabilities. The goal of this project is to eliminate the necessity for alterations in the supply chain. Additionally, the cost of redesigning leaf sourcing is included as part of the regular operations and expenses.

Country/Area & River basin

Viet Nam

Other, please specify

Song Be Delta

Type of risk & Primary risk driver

Chronic physical

Declining water quality

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.

Dong Nai river is within Viet Nam only, and not linked to any other country. The river is strictly protected by the government to ensure water quality, especially the upstream and middle stream of the river which supply fresh water to citizens. Only the downstream river is permitted for use by industrial parks and other manufacturing facilities. The risk of declining water quality is low due to governmental procedures and inspections. All discharged water from industrial zones are well controlled and are required to follow the Viet Nam standard. However, the discharge from the community is not controllable yet and this represents the greatest risk of Dong Nai river in regard to water quality.

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)

Potential financial impact figure - minimum (currency)

430,000

Potential financial impact figure - maximum (currency)

1,290,000

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). 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.

To further mitigate against water risks in the area, all wastewater from our Viet Nam site is treated by our Waste Water Treatment Plant (WWTP) to achieve the necessary water quality standard, before it is discharged to the river. 70% of discharged water is also reused by BAT for the landscape surrounding the site and air scrubber machine.

We will upgrade our WWTP in 2023 to achieve higher water quality to recycle for use in our cooling tower, with the aim to reuse 100% discharged water from 2024. In the catchment practice, there is an afforestation programme in upstream area to protect the river's water source.

Cost of response

300,000

Explanation of cost of response

The method used to calculate the cost of response involves allocating capital expenditure (Capex) specifically for a water recycling project. This allocation is based on the average project cost for similar purposes at our facilities that already have some wastewater treatment capabilities. The goal of this project is to eliminate the necessity for alterations in the supply chain. Additionally, the cost of redesigning leaf sourcing is included as part of the regular operations and expenses.

Country/Area & River basin

Uzbekistan

Other, please specify

Zerafshan River

Type of risk & Primary risk driver

Chronic physical

Water stress

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 (Samarkand) and green leaf threshing plant (Urgut) in Uzbekistan are located in high water risk area, the risk is mainly driven by water stress. However, 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. Both Samarkand and Urgut factories are located in the Zerafshan river catchment. The Zerafshan river originates from neighboring Tajikistan. Hence, the upstream location in Tajikistan imposes additional risks in regard to future water supply for the whole Samarkand region.

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)

Potential financial impact figure - minimum (currency)

208,000

Potential financial impact figure - maximum (currency)

623,000

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.

The assessment is facility specific and is based on production related costs (excluding raw materials). 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.

In order to mitigate the aforementioned water risk to our Uzbekistan operations sites, the following practices are in place:

Site practice: Water saving initiatives are in place on-site, as borehole water from Zerafshan River basin aquifers is used. Firstly, water use is being reduced via LVL3 metering, enabling leakage monitoring and closure, aerating nozzles have been introduced for water taps and automatic motion-sensor water taps have been installed.

Both Samarkand and Urgut sites are equipped with their own Wastewater Treatment Plants (WWTP). Each plant is located on-site with capacities of 100m3 water treatment per day. Part of the treated water is used for irrigation. In 2023, we are also building a pump station at the Urgut site, incorporating drip irrigation for its trees.

Tobacco farming best practices included the introduction of drip irrigation in the 2022 crop year for Virginia and Basma tobacco. This resulted in a successful crop with almost 40% water use reduction at drip-irrigated fields.

Catchment protection: We are working with Zerafshan Natural Reserve to improve irrigation of the reserve and are planting over 6500 trees between 2022-2023. Additionally we are supporting an information campaign against increased illegal grazing at Zerafshan Natrual Reserve.

Cost of response

500,000

Explanation of cost of response

The approach utilized to calculate the cost of response involves several key methods. Firstly, we allocate both capital expenditure (CAPEX) investments and operational expenditure (OPEX) spending towards improving efficiencies. This includes conducting scenario and materiality loss mapping as well as risk analysis on water recycling processes. Emphasis is placed on prioritizing operations in water stress areas, starting from the most strategically significant to the least. Furthermore, in the case of local leaf sourcing, we also consider the cost associated with sourcing from alternative growing regions. Additionally, we have implemented the Alliance for Water Stewardship (AWS) Standards at our Uzbekistan sites. Both the factory and the green leaf threshing plant underwent an AWS gap assessment in 2021 and are scheduled for AWS certification assessments in the fourth quarter of 2022. These measures demonstrate our commitment to responsible water management and sustainability practices.

Country/Area & River basin

Bangladesh

Ganges - Brahmaputra

Type of risk & Primary risk driver

Chronic physical

Declining water quality

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 is 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)

Potential financial impact figure - minimum (currency)

570,000

Potential financial impact figure - maximum (currency)

1,680,000

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). 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

The local BAT management’s response has been focused on reducing water dependency on water withdrawals through the implementation of water saving initiatives. Our factory team have identified suitable options to prepare for further water quality issues and these tie into local Business Continuity Management Plans and as test the plans at regular intervals. 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 required when recycled into our processes, which supports reducing the water we need to withdraw. We continue with CAPEX investments and Opex spend for efficiencies, which following investments in 2022 with the installation reverse osmosis technology alongside our onsite wastewater treatment plant, which has supported a 14% reduction in water withdrawn (2022 v 2021) and a 12.1p.p increase in water recycled, now up to 32.1% (2022 v 2021). From a non-technical side, the site implemented a water stewardship management system that was audited and certified by AWS in 2022.

Cost of response

1,000,000

Explanation of cost of response

The method used to calculate the cost of response involves allocating capital expenditure (Capex) specifically for a water recycling project. This allocation is based on the average project cost for similar purposes at our facilities that already have some wastewater treatment capabilities. The goal of this project is to eliminate the necessity for alterations in the supply chain. Additionally, the cost of redesigning leaf sourcing is included as part of the regular operations and expenses.

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

Stage of value chain

Supply chain

Type of risk & Primary risk driver

Acute physical
Flood (coastal, fluvial, pluvial, groundwater)

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 2022. 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. Should any disruption incur within the tobacco supply chain then the wider supply chain would be at risk with significant cost increase taking place to import tobacco into the country". As an example they are developing a resistant hybrid that is being piloted in flooding areas.

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)

Potential financial impact figure - minimum (currency)

2,400,000

Potential financial impact figure - maximum (currency)

4,800,000

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 drought) 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

Description of response

With both our operations and supply chains having global footprints in 2022 we reviewed our plans to ensure we have mitigated the effects of severe climatic disruption in a small number of locations, and our business continuity management plans are designed to mitigate the consequence of supply chain interruption and disruption. We are also responding to that risk by maintaining an agronomy research programme in Bangladesh, constantly assessing 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, this will continue into at least 2023. 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).

Cost of response

1,000,000

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

Stage of value chain

Supply chain

Type of risk & Primary risk driver

Chronic physical

Water scarcity

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 which includes Pakistan, which is another strategic leaf region, 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)

Potential financial impact figure - minimum (currency)

100,000

Potential financial impact figure - maximum (currency)

1,000,000

Explanation of financial impact

The method employed to calculate the financial impact figure involves considering a worst-case scenario where leaf growers in a large area are affected, posing a threat to

the entire country's supply of green leaf tobacco. This figure represents the cost required to activate contingency sourcing measures. By estimating the potential consequences and assessing the risks associated with such a scenario, we can determine the financial implications and allocate resources accordingly to ensure the uninterrupted supply of green leaf tobacco.

Primary response to risk

Upstream

Increase supplier diversification

Description of response

With BAT's suppliers globally spread, mitigating the effects of severe climatic disruption, and with our business continuity management plans designed to mitigate the consequence of supply chain interruption and disruption. Our business continuity management plans were reviewed in 2022 to ensure they still mitigate the consequence of supply chain interruption and disruption. We are also 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, this will continue into at least 2023. As an additional control, we would also source tobacco from other farmers within or outside of the country.

Cost of response

500,000

Explanation of cost of response

The calculation of the cost of response has taken into account a worst-case scenario, considering the potential financial impact if leaf growers in a significant area are affected, which could jeopardize the country's supply of green leaf tobacco. The calculated cost specifically represents the expenses associated with activating contingency sourcing measures. This estimation has been made to account for the potential need to secure alternative sources of green leaf tobacco in order to mitigate the potential disruptions to the supply chain caused by the adverse impact on leaf growers.

Country/Area & River basin

India

Cauvery River

Stage of value chain

Supply chain

Type of risk & Primary risk driver

Chronic physical

Water scarcity

Primary potential impact

Increased production costs due to changing input prices from supplier

Company-specific description

Although BAT does not have a manufacturing or leaf operational facility in India, India suppliers still represent about 10% of our total tobacco purchases and access to specific styles and blends of tobacco, which is uniquely grown here. Before they would 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.

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)

Potential financial impact figure - minimum (currency)

100,000

Potential financial impact figure - maximum (currency)

1,000,000

Explanation of financial impact

The method employed to calculate the financial impact figure involves considering a worst-case scenario where leaf growers in a large area are affected, posing a threat to the entire country's supply of green leaf tobacco. This figure represents the cost required to activate contingency sourcing measures. By estimating the potential consequences and assessing the risks associated with such a scenario, we can determine the financial implications and allocate resources accordingly to ensure the uninterrupted supply of green leaf tobacco.

Primary response to risk

Upstream

Increase supplier diversification

Description of response

BAT’s business continuity management plans are designed to mitigate the consequence of supply chain interruption and disruption, these plans were reviewed and validated in 2022. In addition, we are continuing 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, this will continue into 2023 and beyond. 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

1,000,000

Explanation of cost of response

The calculation of the cost of response has taken into account a worst-case scenario, considering the potential financial impact if leaf growers in a significant area are affected, which could jeopardize the country's supply of green leaf tobacco. The calculated cost specifically represents the expenses associated with activating contingency sourcing measures. This estimation has been made to account for the potential need to secure alternative sources of green leaf tobacco in order to mitigate the potential disruptions to the supply chain caused by the adverse impact on leaf growers.

Country/Area & River basin

Mozambique
Zambezi

Stage of value chain

Supply chain

Type of risk & Primary risk driver

Chronic physical
Water scarcity

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)

Potential financial impact figure - minimum (currency)

100,000

Potential financial impact figure - maximum (currency)

1,000,000

Explanation of financial impact

The method employed to calculate the financial impact figure involves considering a worst-case scenario where leaf growers in a large area are affected, posing a threat to the entire country's supply of green leaf tobacco. This figure represents the cost required to activate contingency sourcing measures. By estimating the potential consequences and assessing the risks associated with such a scenario, we can determine the financial implications and allocate resources accordingly to ensure the uninterrupted supply of green leaf tobacco.

Primary response to risk

Upstream

Increase supplier diversification

Description of response

With BAT’s suppliers globally spread, mitigating the effects of severe climatic disruption, and with our business continuity management plans designed to mitigate the consequence of supply chain interruption and disruption. Our business continuity management plans were reviewed in 2022 to ensure they still mitigate the consequence of supply chain interruption and disruption. We are also 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, this will continue into at least 2023. As an additional control, we would also source tobacco from other farmers within or outside of the country.

Cost of response

1,000,000

Explanation of cost of response

The calculation of the cost of response has taken into account a worst-case scenario, considering the potential financial impact if leaf growers in a significant area are affected, which could jeopardize the country's supply of green leaf tobacco. The calculated cost specifically represents the expenses associated with activating contingency sourcing measures. This estimation has been made to account for the potential need to secure alternative sources of green leaf tobacco in order to mitigate the potential disruptions to the supply chain caused by the adverse impact on leaf growers.

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

(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 South Korea, through installation of Reserve Osmosis and Ultra-Filtration we reduced water withdrawn by 42% in 2022 vs 2021 and increase the water recycled from 21.8% to 51.8% in the same period. We believe that 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 annually, 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 33% in 2022 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)

Potential financial impact figure – minimum (currency)

1,730,000

Potential financial impact figure – maximum (currency)

2,600,000

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 12 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” in 2022. 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)

Potential financial impact figure – minimum (currency)

1,300,000

Potential financial impact figure – maximum (currency)

3,100,000

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)

Potential financial impact figure – minimum (currency)

102,600

Potential financial impact figure – maximum (currency)

1,300,000

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

Bhramaputra

Latitude

23.781017

Longitude

90.396588

Located in area with water stress

No

Total water withdrawals at this facility (megaliters/year)

130.3

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

129.8

Withdrawals from groundwater - non-renewable

0

Withdrawals from produced/entrained water

0

Withdrawals from third party sources

0.5

Total water discharges at this facility (megaliters/year)

27.9

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

27.9

Total water consumption at this facility (megaliters/year)

102.4

Comparison of total consumption with previous reporting year

Higher

Please explain

There has been a decrease in water withdrawn (-14%) vs 2021 due to decreased production and partial replacement of fresh water withdrawn with recycled water. Water discharge decreased (-51%) due to increased water recycling/reuse on site. Water consumption increased (+8%) 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 - Kushtia GLT

Country/Area & River basin

Bangladesh

Ganges - Brahmaputra

Latitude

23.887236

Longitude

89.108158

Located in area with water stress

No

Total water withdrawals at this facility (megaliters/year)

34.4

Comparison of total withdrawals with previous reporting year

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

32.1

Withdrawals from groundwater - non-renewable

0

Withdrawals from produced/entrained water

0

Withdrawals from third party sources

2.1

Total water discharges at this facility (megaliters/year)

31

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

31

Total water consumption at this facility (megaliters/year)

3.4

Comparison of total consumption with previous reporting year

Higher

Please explain

There has been an increase in water withdrawn (+15%) vs 2021 due to increased volumes of leaf processing. This led to increase in water needs for both production and social needs. Water discharge increased (+15%) almost proportionately driven by the same reason. Water consumption increased (+15%) 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

Country/Area & River basin

Chile

Other, please specify

North Chile, Pacific Coast

Latitude

-33.305433

Longitude

-71.408689

Located in area with water stress

Yes

Total water withdrawals at this facility (megaliters/year)

32.4

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

32.4

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)

0.1

Comparison of total discharges with previous reporting year

About the same

Discharges to fresh surface water

0.1

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)

32.3

Comparison of total consumption with previous reporting year

About the same

Please explain

Water withdrawn volumes stayed about the same (+1%). The total water discharge was nearly negligible, measuring close to 0 at 0.1. This can be attributed to the effective implementation of water recycling and reuse practices within our operations. Despite a marginal increase in water withdrawal volumes (+1%), the negligible level of water discharge remained consistent with the previous year. By prioritizing the recycling and reuse of water on-site, whether treated or untreated, we significantly minimize the need for external water discharge. Additionally, water consumption also experienced a slight increase (+1%), aligning with the overall trends observed in water withdrawal and discharge. The close-to-zero water discharge underscores our approach to responsible water management and the conservation of this valuable resource. These practices, along with the consistent application of trend thresholds, ensure that our businesses

strive to operate within sustainable 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 -Malang Factory

Country/Area & River basin

Indonesia

Brantas

Latitude

-7.966

Longitude

112.6326

Located in area with water stress

No

Total water withdrawals at this facility (megaliters/year)

86.5

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

86.5

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)

78.4

Comparison of total discharges with previous reporting year

Much higher

Discharges to fresh surface water

78.4

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)

8.1

Comparison of total consumption with previous reporting year

Much lower

Please explain

There has been a decrease in water withdrawn (-17%) vs 2021 due to water efficiency projects and on-going factory consolidation. Water discharge increased (+47%) vs 2021 due major maintenance at water treatment plant in the first half of the year which prevented the factory from recycling water, hence water was discharged. Water consumption decreased (-84%) in line with the 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 5

Facility name (optional)

Kenya - Nairobi

Country/Area & River basin

Kenya
Galana

Latitude

-1.305661

Longitude

36.855717

Located in area with water stress

No

Total water withdrawals at this facility (megaliters/year)

34.1

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

30.7

Withdrawals from groundwater - non-renewable

0

Withdrawals from produced/entrained water

0

Withdrawals from third party sources

3.4

Total water discharges at this facility (megaliters/year)

10.8

Comparison of total discharges with previous reporting year

Lower

Discharges to fresh surface water

0

Discharges to brackish surface water/seawater

0

Discharges to groundwater

0

Discharges to third party destinations

10.8

Total water consumption at this facility (megaliters/year)

23.3

Comparison of total consumption with previous reporting year

Lower

Please explain

There has been a decrease in water withdrawn (-12%) vs 2021 due to lower production and water efficiency projects. Water discharge decreased (-13%) due to the same reasons. Water consumption decreased (-12%) 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 6

Facility name (optional)

Mexico - Monterrey

Country/Area & River basin

Mexico
Bravo

Latitude

25.686275

Longitude

-100.33982

Located in area with water stress

Yes

Total water withdrawals at this facility (megaliters/year)

82.1

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

12.7

Withdrawals from groundwater - non-renewable

0

Withdrawals from produced/entrained water

0

Withdrawals from third party sources

69.4

Total water discharges at this facility (megaliters/year)

58.6

Comparison of total discharges with previous reporting year

Lower

Discharges to fresh surface water

0

Discharges to brackish surface water/seawater

0

Discharges to groundwater

0

Discharges to third party destinations

58.6

Total water consumption at this facility (megaliters/year)

23.5

Comparison of total consumption with previous reporting year

Higher

Please explain

There has been a decrease in water withdrawn (-11%) vs 2021 due to lower production and water efficiency projects, such as optimized humidification in manufacturing departments. Water discharge decreased (-17%) due to the same reasons as well as increased water recycling. Water consumption increased (+10%) in line with trends of the above parameters. The increase in 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 7

Facility name (optional)

Nigeria - Ibadan factory

Country/Area & River basin

Nigeria

Other, please specify

Oshun

Latitude

7.30816

Longitude

3.869118

Located in area with water stress

No

Total water withdrawals at this facility (megaliters/year)

51.5

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

51.5

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)

0.1

Comparison of total discharges with previous reporting year

Much lower

Discharges to fresh surface water

0.1

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)

51.4

Comparison of total consumption with previous reporting year

Much higher

Please explain

There has been a decrease in water withdrawn (-8%) vs 2021 despite increased production output due to water saving technologies and practices introduced based on the results of value stream mapping which enabled the identification of areas where water consumption could be minimized. The Total water discharge was nearly negligible, measuring close to 0 at 0.1. The implementation of an on-site water treatment plant allowed for the recycling of water, leading to a remarkable decrease in water discharge (-99%) as water was reused for irrigation, cleaning, and other purposes. This comprehensive approach to water management has ensured efficient utilization of this vital resource. Despite these positive outcomes, water consumption increased significantly (+2904%) as a result of the new water recycling scheme, indicating a shift towards sustainable water practices. The consistent application of trend thresholds across all businesses helps identify notable changes in water usage, with anything exceeding +/- 5% considered 'Higher' or 'Lower,' and anything surpassing +/-30% labelled as 'Much higher' or 'Much lower' compared to the previous year.”

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

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

92.3

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)

5.8

Comparison of total discharges with previous reporting year

Much higher

Discharges to fresh surface water

5.8

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)

86.5

Comparison of total consumption with previous reporting year

Lower

Please explain

There has been a slight decrease in water withdrawn (-2%) vs 2021 due to decreased production output. Water discharge increased (+139%) due to major maintenance activities are water treatment plant in the beginning of the year preventing water recycling, hence need to discharge water. % decrease is significant since water discharged amounts are normally minor and even a small change in the absolute figures gives significant % increase. Water consumption decreased (-5%) in line with the trends in 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 9

Facility name (optional)

Pakistan - Jhelum factory

Country/Area & River basin

Pakistan

Other, please specify

Jhelum

Latitude

32.58

Longitude

73.41

Located in area with water stress

Yes

Total water withdrawals at this facility (megaliters/year)

52.5

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

52.5

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)

0.1

Comparison of total discharges with previous reporting year

About the same

Discharges to fresh surface water

0.1

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)

52.4

Comparison of total consumption with previous reporting year

Lower

Please explain

There has been a decrease in water withdrawn (-11%) vs 2021, which can be attributed to a minor reduction in production output and intensified water recycling which enabled to replace some of fresh water with reclaimed water. The Total water discharge was nearly negligible, measuring close to 0 at 0.1, similar to the levels observed in 2021, as a result of extensive water recycling and reuse practices implemented with or without on-site treatment. These measures ensured that the majority of the water used within the operations was conserved and repurposed. Water consumption decreased by 11%, aligning with the overall trends observed in the aforementioned parameters. To consistently monitor and evaluate performance, trend thresholds are uniformly applied to all business units, categorizing any changes exceeding +/- 5% as 'Higher' or 'Lower' compared to the previous year, while those surpassing +/-30% are classified as 'Much higher' or 'Much lower'.

Facility reference number

Facility 10

Facility name (optional)

Romania - Ploiesti

Country/Area & River basin

Romania

Other, please specify

Ialomita

Latitude

44.94522

Longitude

25.98228

Located in area with water stress

Yes

Total water withdrawals at this facility (megaliters/year)

133.9

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

133.9

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)

66.3

Comparison of total discharges with previous reporting year

Lower

Discharges to fresh surface water

0

Discharges to brackish surface water/seawater

0

Discharges to groundwater

0

Discharges to third party destinations

66.3

Total water consumption at this facility (megaliters/year)

67.6

Comparison of total consumption with previous reporting year

Higher

Please explain

There has been a decrease in water withdrawn (-13%) vs 2021 due to water efficiency measures. Water discharge decreased (-30%) as the result of the trends for water withdrawn and water consumption. Water consumption increased (+15%) 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 12

Facility name (optional)

Viet Nam - Operations

Country/Area & River basin

Viet Nam

Other, please specify

Song Be Delta, Viet Nam Coast

Latitude

10.95972

Longitude

106.93193

Located in area with water stress

No

Total water withdrawals at this facility (megaliters/year)

20.2

Comparison of total withdrawals with previous reporting year

Lower

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

19.5

Total water discharges at this facility (megaliters/year)

0.5

Comparison of total discharges with previous reporting year

Much lower

Discharges to fresh surface water

0.5

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)

19.7

Comparison of total consumption with previous reporting year

Lower

Please explain

There has been a decrease in water withdrawn (-11%) vs 2022 due to water recycling/reuse in air scrubber which allowed to reduce the need for fresh water. Water discharge decreased (-68%) due to increased water recycling/reuse on site. 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 11

Facility name (optional)

Uzbekistan - Samarakand Factory & Urgut GLT

Country/Area & River basin

Uzbekistan

Other, please specify

Zeravshan

Latitude

39.4202

Longitude

67.0345

Located in area with water stress

Yes

Total water withdrawals at this facility (megaliters/year)

58.3

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

58.3

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)

25.2

Comparison of total discharges with previous reporting year

Higher

Discharges to fresh surface water

18.4

Discharges to brackish surface water/seawater

0

Discharges to groundwater

0

Discharges to third party destinations

6.8

Total water consumption at this facility (megaliters/year)

33.1

Comparison of total consumption with previous reporting year

Much lower

Please explain

There has been a decrease in water withdrawn (-19%) vs 2020 due to water efficiency measures at both factory and green leaf threshing plant. Water discharge increased (+14%) in line with the trends in wate withdrawn and water consumption. Water consumption decreased (-34%) due to decrease in water withdrawn and due to lower humidification needs in production - the amount of water consumed for tobacco processing fluctuates depending on tobacco leaf quality. 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 KPMG to perform a limited assurance on selected sustainability data presented in our 2022 Combined Annual and ESG 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.

Water withdrawals – volume by source

% verified

Not relevant

Please explain

Although Water withdrawals with breakdown by source in 2022 was not included within our KPMG Limited Assurance 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 Alliance for Water Stewardship (AWS). We are considering the needs to set additional targets at the Group or at the facility level and will consequently review the scope of 3rd party water-related data verification.

Water withdrawals – quality by standard water quality parameters

% verified

Not relevant

Please explain

Although Water withdrawals quality by standard water quality parameters in 2022 was not included within our KPMG Limited Assurance 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 Alliance for Water Stewardship (AWS). We are considering the needs to set additional targets at the Group or at the facility level and will consequently review the scope of 3rd party water-related data verification.

Water discharges – total volumes

% verified

76-100

Verification standard used

BAT engaged KPMG to perform a limited assurance on selected sustainability data presented in our Combined Annual and ESG Report 2022. Total Water Discharged 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.

Water discharges – volume by destination

% verified

Not relevant

Please explain

Although Water discharges with breakdown by destination in 2022 was not included within our KPMG Limited Assurance 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 Alliance for Water Stewardship (AWS). We are considering the needs to set additional targets at the Group or at the facility level and will consequently review the scope of 3rd party water-related data verification.

Water discharges – volume by final treatment level

% verified

Not relevant

Please explain

Although Water discharges with breakdown by final treatment level in 2022 was not included within our KPMG Limited Assurance 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 Alliance for Water Stewardship (AWS). We are considering the needs to set additional targets at the Group or at the facility level and will consequently review the scope of 3rd party water-related data verification.

Water discharges – quality by standard water quality parameters

% verified

Not relevant

Please explain

Although Water discharged quality by standard water quality parameters in 2022 was not included within our KPMG Limited Assurance 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 Alliance for Water Stewardship (AWS). We are considering the needs to set additional targets at the Group or at the facility level and will consequently review the scope of 3rd party water-related data verification.

Water consumption – total volume

% verified

Not relevant

Please explain

Although Water consumption volume in 2022 was not included within our KPMG Limited Assurance as it wasn't defined internally as an "associated target", we continued to monitor these parameters.

While Water consumption is a calculated metric equal to Water withdrawn minus Water discharged, which is relevant since we don't have material amounts of water stored at our sites, the fact that Water withdrawn and Water discharge parameters are assured gives us sufficient confidence in the accuracy of this parameter.

We are progressing with certification of our Operations sites, focusing of facilities in Water Stress and Water Risk areas, as per Alliance for Water Stewardship (AWS). We are considering the needs to set additional targets at the Group or at the facility level 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	Description of the scope (including value chain stages) covered by the policy Description of business dependency on water Description of business impact on water Commitment to align with international frameworks, standards, and widely-recognized water initiatives Commitment to prevent, minimize, and control pollution Commitment to reduce water withdrawal and/or consumption volumes in direct operations Commitment to reduce water withdrawal and/or consumption volumes in supply chain Commitment to safely managed Water, Sanitation and Hygiene (WASH) in the workplace Commitment to safely managed Water, Sanitation and Hygiene (WASH) in local communities	Water stewardship is a key element of our Group Environment Policy. The policy recognises the human right to water, through the promotion of WASH across our facilities, farms and communities. The policy is Group-wide in scope, to ensure a consistent understanding and application of our commitments and targets, which include reducing the amount of water withdrawn by 35% by 202, increasing our water recycling rate by 35% by 2025 (both compared to our 2017 baseline), supporting the conservation of freshwater ecosystems, collective action to support water stewardship across our value chain, this includes supporting our directly contracted farmers to use water more efficiently and preventing, minimising and controlling water pollution. Our policy is aligned to the Sustainable Development Goals and states that we are 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 conducing water roadmap self-assessment, generating a significant list of actions (initiatives or projects) identified for implementation over the coming years. The policy also describes BAT's dependency on natural resources e.g. water used in our own operations and value chain and focus on understanding the connection between water and climate change. The has led to initiatives such as supporting our directly contracted farmers to develop,

		Commitment to stakeholder education and capacity building on water security Commitment to water stewardship and/or collective action Commitment to the conservation of freshwater ecosystems Commitments beyond regulatory compliance Reference to company water-related targets Acknowledgement of the human right to water and sanitation Recognition of environmental linkages, for example, due to climate change	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 Global Water Management Standard supports our Group Environment Policy by providing guidance to all operational sites, standardising practices 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. 1

[1]Env Policy BAT com 25 Jul 2023 - Final_.pdf

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 or committee	Responsibilities for water-related issues
Board-level committee	The Audit Committee is responsible for reviewing the effectiveness of the Group's risk management and internal controls systems, including those relating to water. The Audit Committee reviews the Group risk register twice a year and regularly reviews the Group's progress against water targets, for example, our target for 35% reduction in water withdrawals by 2025 and 100% operational sites Alliance for Water Stewardship certified by 2025 (see targets in W8). The Audit Committee also receives reports from the Group's Regional Audit and CSR committees and Corporate Audit Committee, which monitor the effectiveness of business risk management and internal controls across regions and global functions. The Chair of the Audit Committee provides a full briefing to the Board following each Audit

	Committee meeting, including decisions taken and key topics discussed by the Audit Committee. Example of water-related decision: In 2022, the Audit Committee oversaw the work of the Group's external provider of assurance over ESG metrics and related information, which includes Group water targets. The Audit Committee also reviewed our Group risk register, which includes water risks and their impact in our tobacco supply chain to ensure appropriate monitoring and reporting mechanisms are in place (see page 345, 2022 BAT Combined Annual and ESG Report and Form 20-F 'Risk: Inability to obtain adequate supplies of tobacco leaf').

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 Monitoring progress towards corporate targets Overseeing and guiding public policy engagement Overseeing major capital expenditures Overseeing the setting of corporate targets Providing employee incentives Reviewing and guiding annual budgets Reviewing and guiding business plans Reviewing and guiding corporate responsibility strategy	The Board reviews the Group's water stewardship initiatives, targets, and performance twice per year, through a briefing by the Director, Operations, and reviews the Group risk register annually, which takes account of water-related risks. The Board has approved all Group environmental targets, including our 2025 water withdrawal targets. The Board reviews the Group budget annually, which takes into account capital allocation to deliver the Group's water-related targets. The Board reviews and approves the BAT Combined Annual and ESG Report and Form 20-F, on an annual basis, which reports on the Group's progress on water stewardship matters. The Board also reviews our approach to stakeholder engagement and how the Group responds to stakeholder considerations. In 2022, these considerations included the Group's progress in monitoring water usage in our tobacco supply chain. The Audit Committee reviews the Group risk register twice per year and regularly reviews the Group's progress against its ESG metrics, including targets for water conservation. This includes our 2025 roadmap target of reducing the total amount of water withdrawn by 35% (vs 2017 baseline).

		Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding strategy Setting performance objectives	The Remuneration Committee determines any annual changes to the remuneration of Management Board members. This may include salary adjustments, which are determined considering performance against individual objectives.

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
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.

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, Operations

Water-related responsibilities of this position

Assessing future trends in water demand

Assessing water-related risks and opportunities
Managing water-related risks and opportunities
Conducting water-related scenario analysis
Setting water-related corporate targets
Monitoring progress against water-related corporate targets
Managing public policy engagement that may impact water security
Managing value chain engagement on water-related issues
Integrating water-related issues into business strategy
Managing annual budgets relating to water security
Managing major capital and/or operational expenditures related to low water impact products or services (including R&D)
Providing water-related employee incentives

Frequency of reporting to the board on water-related issues

Quarterly

Please explain

The Director Operations (DO), member of the Management Board, The DO is responsible for delivering the organization's water strategy (own operations & tobacco supply chain), performance against water targets (see W8), identifying & addressing risks & opportunities (drought & flooding can impact tobacco growing, pg. 345 of 2022 ARA). The Board receives water-related updates including: progress report twice per year by the DO on sustainability progress including water targets (see W8), annual review of the risk register which includes water-related risks, annual review & approval of the ARA which describes our management approach & performance in water-related issues for the year (see pg. 58 & 59 of 2022 ARA) & other updates e.g. review of approach to stakeholder engagement, which includes monitoring of water usage in our supply chain. The DO receives updates on progress on water-related strategy & targets through management level forums & is supported by the functional heads & teams.

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	BAT uses different mechanisms to incentivise the management of water-related issues. We incentivise some but not all of our employees by creating a positive link between the management of a water-related performance objective & eligibility for an annual bonus. Eligibility to receive an annual bonus under the Group IEIS scheme is impacted by annual performance assessments, which considers in the round, progress against performance objectives, which may include water-related metrics, non-

		environmental metrics and other factors. The value of the bonus is tied to non-environmental metrics set out in the Remuneration Policy described on page 165 of the 2022 Combined Annual and ESG Report. We also use non-monetary incentives for example, through recognition in our internal scheme 'Celebrating our Success' which highlights best practice on operational initiatives including those linked to water-related activities.

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	Contribution of incentives to the achievement of your organization's water commitments	Please explain
Monetary reward	Other C-suite Officer Director, Operations	Reduction of water withdrawals – direct operations Reduction in water consumption volumes – direct operations Improvements in water efficiency – direct operations Improvements in wastewater quality – direct operations Reduction of water pollution incidents Reduction or phase-out of hazardous substances	The performance indicators reported, reduction of water withdrawals, reduction in water consumption vols, improvements in water efficiency, improvements in wastewater quality, reduction of water pollution incidents, reduction/phase-out of hazardous substances & company performance against water-related sustainability indices are directly linked to BAT's progress in achieving its water commitments. The rationale for incentives and indicator selection is based on the recognition of water management's significance for sustainable farming and efficient	Timeframe: The performance indicators are monitored on an annual basis to evaluate advancements towards our water targets. These targets are established for each year, and the performance is assessed relative to a designated baseline, which is 2017 in this instance. Regional, sectoral, and/or operational context: The performance indicators take into account the specific context of our operations. They are designed to address the water management challenges and opportunities within our sector, considering factors such as the availability of

		Company performance against a sustainability index with water-related factors (e.g., DJSI, CDP Water Security score, etc.)	operations. We have established glidepaths with annual milestones to track progress of our external water targets. The Director's performance objectives linked to meeting or exceeding the annual milestones, which contribute to eligibility for a bonus payment. In 2022, the Director met the water-related performance objectives. BAT's reduction of water withdrawn by 32% (vs 2017) in 2022 contributed to this and reflected a reduction in water consumption vols & improvements in water efficiency in our direct operations. Future benefits: Our water recycling target of 30% by 2025 and the certification of all Operations sites by AWS incentivises reducing overall water consumption, increasing water reuse & improving operational efficiencies. The Director's performance objective related to BAT's CDP Disclosure reinforces the sustainability of our Direct Operations and drives further progress on our water commitments.	water resources, local regulations, and industry best practices. The threshold used to indicate successful performance is defined based on the targeted reduction or improvement specified in the glidepaths. For example, in 2022, the target was a reduction of 30% in water withdrawals vs the 2017 baseline. Exceeding this target by achieving a reduction of 32% indicated successful yearly performance. How performance impacts the incentive/reward: The performance of the Director, Operations directly impacts their eligibility for a bonus payment. The achievement of annual milestones and performance objectives, related to water targets, is a factor in determining the incentive. By meeting or exceeding the specified performance thresholds, the Director demonstrates effective water management and contributes to the organization's overall sustainability goals, thereby contributing to eligibility for the financial reward tied to their performance.

Non-monetary reward	Other C-suite Officer Director, Operations	Reduction of water withdrawals – direct operations Reduction in water consumption volumes – direct operations Improvements in water efficiency – direct operations	Recognition of the best water-related achievements delivered by our global teams is important in driving the achievement of BAT's external water-related targets, which we aim to deliver by 2025: Reduction of Water Withdrawn by 35% (vs 2017), 30% Water Recycled (vs 2017) and 100% Sites Alliance for Water Stewardship Certified. Overall target achievement is only possible if our global operations sites achieve their individual targets that are aligned to these, and defined by target glidepaths. BAT's internal 'Celebrating our Success' programme for our Global Operations function helps to support the delivery of these individual site-level targets though both sharing best practice and celebrating the best contributions at the highest level. Increasing awareness of innovation and exemplary performance at site-level helps other sites in driving their own targets and ambitions. The potential of being celebrated at the highest level of the Global Operations function (the winners are announced by our Director, Operations – a C-Suite Officer and	On a quarterly basis, BAT's Operations function runs the 'Celebrating our Success' programme (non-monetary recognition), led by our Director, Operations (a C-Suite Officer) where nominations of outstanding achievement across the function are celebrated. All Regions and Sub-Functions across the Global Operations team are invited to submit nominations and the winners are announced and celebrated during the quarterly Global Operations Webcast, to which all Global Operations employees are invited. In 2022, 11 nominations were received relating to Water related initiatives. Examples of the water-related nominations included: an increase in water recycling at our Kenya Factory (from 2% - 25%) and the introduction of a rainwater harvesting initiative at our Malaysia site. A nomination from our Korea Factory in Sacheon which included, amongst other ESG initiatives, a reduction in Water Withdrawn by 28% (vs 2021), was selected as one of the programme's winners in Q2 2022. In 2022, at group level, we achieved a reduction of 32.7% in Water Withdrawn

			Management Board member) and this recognition also being shared with the entire Global function, also incentivises achievement above and beyond sites own targets.	(vs 2017), a reduction of 5% vs 2021 – achieving this and making further progress towards our 2025 targets is made possible by exemplary performance at site level.

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_Form_20-F_2022 (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.
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. Reducing the amount of water withdrawn across the organisation, increasing the amount of water recycled within our operations to and certify 100% of operations sites to Alliance for Water Stewardship (AWS) standard (targets are set against a 2017 baseline) are current priorities. 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, as per WRI, is expected to be within Top 30 water risk countries 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 & 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 directly contracted farmers in Brazil, Chile, Croatia, Mexico, Venezuela and Vietnam, trials are taking place in Bangladesh, Pakistan & 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. 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 up 2050, covering our 16–20-year horizon, 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)

78

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

92

Water-related OPEX (+/- % change)

1

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

0

Please explain

In 2022, we invested in reducing fresh water use, focusing on key improvements to achieve our 5-year CAPEX plan and minimize groundwater usage. Water-related Capex rose by 78% in 2022 due to an increase in projects from 20 to 40, driven by improved operational capabilities and available resources. Capex is expected to keep rising in 2023 as ongoing projects conclude and new initiatives are approved. Capex examples 2022: Regeneration water module extended and supply piping expanded in S. Korea; new reservoir in Brazil to prevent losses; water plant upgrades in Mexico and Nigeria. In 2022, OPEX rose 1% due to price hikes, but water usage fell 7% from various saving initiatives and investments (e.g., dry urinals, sensors, efficient machinery, cooling towers, ETP and RO upgrades). We implement AWS standards and invest locally in water stewardship. OPEX trend is expected to remain flat compared to 2022, despite reduced water usage.

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 2022 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	The potential impact of global warming on precipitation and temperature was a physical risk most likely to occur under climate inaction scenarios. The assessment	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

		production and the Group's ability to grow/ procure sufficient tobacco leaf to meet our demand. 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	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 £7m and £40m across all growing areas modelled	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

		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).	(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.	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?

Yes

Please explain

In order support the delivery of external water-related targets and factor in the wider environmental costs of water, BAT has implemented Internal Water Pricing (“IWP”) for investment decisions along with its Capex Balanced Scorecard for all projects over £0.5m.

The application on the IWP ensures the net book value of business cases considers the true cost of water and assists in prioritisation of projects that support the Group’s objectives in reducing water usage and increase the water we recycle. The IWP shadow price set is higher for a “Water Stressed” area as defined as per the WRI Aqueduct map which reference to sites in the “Extremely High risk” or “High risk” zones.

In addition, the Capex Balanced Scorecard requires the assessment of capital projects on the Group’s water KPIs, the outcome of which is integrated into the capital allocation approval process.

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	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	Other, please specify We are evaluating the water impacts of our New Categories portfolio of non-combustible products. This information might be used to benchmark our products and classify them as low water impact where applicable	Currently we are not defining any of our products or services as low water impact. But we are evaluating the water impacts of our New Categories portfolio of non-combustible products compared to similar products in the market. This information might be used to benchmark our products and classify them as low water impact where applicable.

W8. Targets

W8.1

(W8.1) Do you have any water-related targets?

Yes

W8.1a

(W8.1a) Indicate whether you have targets relating to water pollution, water withdrawals, WASH, or other water-related categories.

	Target set in this category
Water pollution	Yes
Water withdrawals	Yes
Water, Sanitation, and Hygiene (WASH) services	Yes
Other	Yes

W8.1b

(W8.1b) Provide details of your water-related targets and the progress made.

Target reference number

Target 2

Category of target

Water withdrawals

Target coverage

Company-wide (direct operations only)

Quantitative metric

Reduction in total water withdrawals

Year target was set

2018

Base year

2017

Base year figure

5,195

Target year

2025

Target year figure

3,377

Reporting year figure

3,498

% of target achieved relative to base year

93.3443344334

Target status in reporting year

Underway

Please explain

Our target is to reduce the total amount of water withdrawn by 35% by 2025 by 2017 base year.

Although our manufacturing processes (direct operations) are not particularly water intensive, 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 2022, we achieved an absolute 32.7% decrease in total amount of water withdrawn (from 5 195 megalitres in 2017 to 3,498 megalitres in 2022). 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 – 3498)/ (5195 – 3377) = 93% (subject to rounding).

Target reference number

Target 4

Category of target

Water recycling/reuse

Target coverage

Company-wide (direct operations only)

Quantitative metric

Increase in water use met through recycling/reuse

Year target was set

2020

Base year

2017

Base year figure

13.3

Target year

2025

Target year figure

30

Reporting year figure

22.6

% of target achieved relative to base year

55.6886227545

Target status in reporting year

Underway

Please explain

Water recycling rate (%) is calculated as Water recycled (m3) divided by total water demand, which is Water recycled (m3) plus Water Withdrawn (m3).

Our target is to achieve 30% water recycling rate by 2025.

Water recycling/ reuse on site can help to reduce the amount of fresh water needed for out 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.

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 2022 we achieved a % of water recycled/ reused of 22.6%, which is by 9.9 pp higher than 2017 figure of 13.3%. % of target achieved in 2022 is equal to (13.3 - 22.6)/ (13.3 - 30.0) = 55%

Target reference number

Target 5

Category of target

Community engagement

Target coverage

Company-wide (direct operations only)

Quantitative metric

Increase in number of population participating in community engagement activities

Year target was set
2021

Base year
2021

Base year figure
15

Target year
2025

Target year figure
100

Reporting year figure
36.36

% of target achieved relative to base year
25.1294117647

Target status in reporting year
Underway

Please explain
Stakeholder and community engagement is a fundamental requirement of the AWS Standard and important to BAT's activities in the local water basins in which we operate. To reflect the importance of this, we have set an ambitious 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 2022, we achieved certification in 36.3% of our operations sites (factories and green leaf threshing plants; 24 out of 66) and are on track to meet the 100% target by 2025. % of target achieved in 2022 is equal to (15 - 36.36)/ (15 - 100) = 25.13%

Target reference number
Target 1

Category of target
Water pollution

Target coverage
Company-wide (including suppliers)

Quantitative metric
Reduction of hazardous substance use

Year target was set

2018

Base year

2017

Base year figure

99.57

Target year

2022

Target year figure

100

Reporting year figure

100

% of target achieved relative to base year

100

Target status in reporting year

Achieved

Please explain

BAT is an active member of CORESTA's Agrochemicals Advisory Committee, promoting the alignment and guidelines across the Tobacco Industry.By following WHO/FAO guidelines on pesticide classification by hazard and CORESTA Guide N°27, BAT has programs to eliminate HHPs, including active ingredients listed by Rotterdam Convention, Stockholm Convention and Montreal Protocol. BAT´s program require all suppliers to cover the following steps annually:

• Acknowledge the receipt of the Leaf Suppliers Manual latest version issued by BAT, which contains the Agrochemicals and Formulations not to be used in the tobacco production.

• Suppliers subsequently submit the Agrochemical List, containing all the crop protection agents to be used in each step of the tobacco production.

• They also submit the Agrochemicals Risk Assessment, by tobacco type.

• Last, to check compliance, BAT completes the Agrochemical Residues testing in the packed product as per Risk Assessment approved by BAT.

In 2022, 100% of total tobacco purchased and tested were free of quantifiable levels of HHPs; we continue monitoring suppliers adherence to the guidance. While the same standard applies to any tobacco consumed within the US, the above figures do not contain US and exotic tobacco data and we are working to integrate those going forward.

Target reference number

Target 3

Category of target

Water, Sanitation and Hygiene (WASH) services

Target coverage

Company-wide (direct operations only)

Quantitative metric

Increase in the proportion of employees using safely managed drinking water services

Year target was set

2019

Base year

2019

Base year figure

90

Target year

2022

Target year figure

100

Reporting year figure

100

% of target achieved relative to base year

100

Target status in reporting year

Achieved

Please explain

As part of our Global Water Management Standard, which was last updated and issued in 2019, it is a mandatory requirement for all BAT facilities to provide adequate WASH services.

Annually all BAT locations complete a self-assessment (EHS Roadmap) which includes compliance with WASH services. As of 2022, 100% of BAT locations were achieving this goal. The aim now is for all sites to maintain 100%.

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. KPMG Limited Assurance of this data point is performed annually; scope is companywide. For full Assurance Statement - see page 94 to 95 of the attachment. Relevant figure is in page 94

W10. Plastics

W10.1

(W10.1) Have you mapped where in your value chain plastics are used and/or produced?

	Plastics mapping	Please explain
Row 1	Not mapped – but we plan to within the next two years	We currently have not mapped where our plastics are used but we have a full view of where we use plastics in our Primary and Secondary packaging for all our products. The plastics that we track for usage is in our direct operations used to package our products. These plastic packaging cover a total tonnage of 32 000 tons (2022 volumes) across 5 product categories. We also use plastics in our devices for THP (Tobacco Heating Products) and Vapour devices. These currently are not tracked, but we plan to put systems in place over the next 2 years. These plastics cover our Primary packaging (consumer related) and secondary packaging (wholesale related) packaging. We do not intend to track our tertiary Packaging, which is what gets used only for bulk shipment on sea and air freight cargo (e.g. Shrink-wrap of pallets)

W10.2

(W10.2) Across your value chain, have you assessed the potential environmental and human health impacts of your use and/or production of plastics?

	Impact assessment	Please explain
Row 1	Not assessed – but we plan to within the next two years	We currently track waste to landfill, recycling rates and waste generated from our operations sites, but this is not broken down into specific categories such as Plastic, Board and metal. For the plastics used in our products we track what goes into our products and components of these products that are technically recyclable. By 2025, we aim for 100% of our packaging to be reusable, recyclable or compostable. By the end of 2022 we reached a 92% recyclability level across all our primary and secondary packaging not only focusing on plastics but on board, paper, and metals. For plastics we have achieved a technical recyclability rate of 86.55% across our 5 product categories.

W10.3

(W10.3) Across your value chain, are you exposed to plastics-related risks with the potential to have a substantive financial or strategic impact on your business? If so, provide details.

	Risk exposure	Value chain stage	Type of risk	Please explain
Row 1	Yes	Supply chain Product use phase	Regulatory	With cigarette butt littering and current Extended Producer Responsibility (EPR) schemes focusing on this – there will be a substantial financial impact to the business. This is the reason we are looking into alternative materials such as paper filters and plastic free materials which is in early development stages. If all EU member states implement EPR schemes for Butt littering this could have a financial impact to the business circa 100 million Euros /year to our company. There are more EPR schemes being proposed global by individual countries, but the financial impact has yet to be defined.

W10.4

(W10.4) Do you have plastics-related targets, and if so what type?

	Targets in place	Target type	Target metric	Please explain
Row 1	Yes	Plastic packaging	Increase the proportion of post-consumer recycled content in plastic packaging Increase the proportion of plastic packaging that is recyclable in practice and at scale	At a corporate level we have 2 targets being tracked, that are also being reported in our 2022 Combined Annual & ESG Report. The first target is an average of 30% of recycled content in our plastic packaging and the second one is 100% of our packaging to be reusable, recyclable or compostable by 2025. Current recycled content by the end of 2022 was 0.25% and total packaging reusability, recyclability or composability was 92%. The challenge on recycled content is around supply from both Plastic converters and pyrolysis oil producers. There is very limited supply with a 100% premium price that is not easy to take on as it impacts the product profitability. Of the total Packaging our plastic recyclability by the end of 2022 was 86.55%. Our target is to get to 100% by the end of 2025. We have several projects in flight to help us reach this objective There is another metric we are tracking as well but these are not reported externally. This is looking at the elimination of unnecessary SUP. In our Tobacco Heat Products, we have removed all of the outer wrap on our devices boxes and moved from plastic device trays to pulp trays which has resulted in a total plastic reduction of 327 tons. In our Vapour products we have removed all outer wrap from devices and consumables amounting to 250 tons of plastic.

W10.5

(W10.5) Indicate whether your organization engages in the following activities.

	Activity applies	Comment
Production of plastic polymers	No	
Production of durable plastic components	No	
Production / commercialization of durable plastic goods (including mixed materials)	No	
Production / commercialization of plastic packaging	No	
Production of goods packaged in plastics	Yes	
Provision / commercialization of services or goods that use plastic packaging (e.g., retail and food services)	Yes	

W10.8

(W10.8) Provide the total weight of plastic packaging sold and/or used, and indicate the raw material content.

	Total weight of plastic packaging sold / used during the reporting year (Metric tonnes)	Raw material content percentages available to report	% post-consumer recycled content	Please explain
Plastic packaging used	32,014	% post-consumer recycled content	0.23	We have only started using recycled content in our Modern Oral Velo range amounting to 75 tons. This has been used in our UK end market. Our target is to have an average of 30% of recycled content in our plastic packaging by 2025. This is going to be a real challenge as there is a significant supply challenge by the industry for us to meet this commitment. Suppliers have already cut our demand for 2023 by 50% owing to poor quality of pyrolysis oil which is needed to convert into final plastics.

W10.8a

(W10.8a) Indicate the circularity potential of the plastic packaging you sold and/or used.

	Percentages available to report for circularity potential	% of plastic packaging that is reusable	% of plastic packaging that is technically recyclable	Please explain
Plastic packaging used	% reusable % technically recyclable	0	86.55	Our total plastic packaging we sold in 2022 was 32 014 tons. Of this 27, 732 tons is classified as technically recyclable. Our goal is to have all of our plastics to be technically recyclable by 2025. We have specific glidepaths to meet this target: for 2023 - 91%, 2024 - 96% and 2025 100%

W11. 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.

W11.1

(W11.1) Provide details for the person that has signed off (approved) your CDP water response.

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