

# WORLD ECONOMIC FORUM ESG INDEX

## Report links

 Annual Report: [bat.com/annualreport](https://www.bat.com/annualreport)

 ESG Report: [bat.com/sustainabilityreport](https://www.bat.com/sustainabilityreport)

 Sustainability Strategy Report: [bat.com/sustainabilityreport](https://www.bat.com/sustainabilityreport)

THEME	DESCRIPTION OF METRIC/REPORTING REQUIREMENT	LOCATION OF INFORMATION
<b>Governance</b>		
<b>Governing Purpose</b>	<b>Setting purpose</b> Whether the company has a stated purpose linked to societal benefit and their core business.	ESG Report p1
<b>Quality of Governing Body</b>	<b>Board composition</b> Composition of the highest governance body and its committees by: executive or non-executive; independence; tenure on the governance body; number of each individual's other significant positions and commitments, and the nature of the commitments; gender; membership of under-represented social groups; competencies relating to economic, environmental and social topics; stakeholder representation.	Annual Report p66–67
<b>Stakeholder Engagement</b>	<b>Impact of material issues on stakeholders</b> A list of the material topics identified in the process of defining report content and how they impact stakeholders.	ESG Report p62 Sustainability Strategy Report p16–21
<b>Ethical Behaviour</b>	<b>Anti-corruption</b> 1. Total percentage of governance body members, employees and business partners who have received training on the organization's anti-corruption policies and procedures, broken down by region. 2. Total number and nature of incidents of corruption confirmed during the current year but related to previous years. 3. Total number and nature of incidents of corruption confirmed during the current year, related to this year.	Our reporting on Business Ethics, including our annual Standards of Business Conduct (SoBC) training, can be found on ESG Report p50–51.
	<b>Corruption confirmed during the current year, related to this year</b> Protected ethics advice and reporting mechanisms – a description of internal and external mechanisms for: 1. Seeking advice about ethical and lawful behaviour, and organizational integrity; 2. Reporting concerns about unethical or unlawful behaviour, and organizational integrity.	Our reporting on Business Ethics can be found on ESG Report p50–51.
<b>Risk and Opportunity Oversight</b>	<b>Integrating risk and opportunity into business process</b> Company risk factor disclosures clearly identify the principal risks facing the company specifically (as opposed to generic sector risks), the Board appetite in respect of these risks, how these risks have moved over time and the response to those changes. These should include discussion of data security and other emerging principal risks and should disclose the number of data breaches in the reporting period.	Principal Group risk can be found in our Annual Report, p58–62.
<b>Governing Purpose</b>	<b>Material stakeholder buy-in</b> The percentage of each stakeholder group that is aware of the company's stated purpose and believe they are authentically realizing it.	We currently do not report against this metric in the format required by this Index.
<b>Quality of Governing Body</b>	<b>Progress against strategic milestones</b> Disclosure of the strategic milestones expected to be achieved in the following year and milestones achieved from the previous year.	Annual Report p63–64, 78
	<b>Remuneration</b> 1. Remuneration policies for the highest governance body and senior executives for the following types of remuneration: – Fixed pay and variable pay, including performance-based pay, equity-based pay, bonuses and deferred or vested shares – Sign-on bonuses or recruitment incentive payments – Termination payments – Clawbacks – Retirement benefits, including the difference between benefit schemes and contribution rates for the highest governance body, senior executives and all other employees. 2. How performance criteria in the remuneration policies relate to the highest governance body's and senior executives' objectives for economic, environmental and social topics.	ESG Report p57 Annual Report p83–107
<b>Stakeholder Engagement</b>	<b>Process for engaging stakeholders</b> The organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and processes for ensuring reliability of information.	ESG Report p59–60

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<b>Ethical Behaviour</b>	<b>Alignment of strategy and policies to lobbying</b> Details about whether and to what extent policies and strategies are aligned with the organization's lobbying, advocacy, memberships and related policy engagement activities, including details on participation in relevant multi-stakeholder initiatives.	ESG Report p49–50, 54
	<b>Monetary losses from unethical behaviour</b> Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behaviour, market manipulation, malpractice or other related industry laws or regulations.	Liabilities and legal proceedings section on p192–211 of the 2019 Annual Report, where relevant.
<b>Risk and Opportunity Oversight</b>	<b>ESG in capital allocation framework</b> Whether the highest governing body considers People, Planet and Prosperity issues when overseeing major capital expenditures, acquisitions and divestures.	Sustainability Strategy Report p2–3 ESG Report p48
<b>Planet</b>		
<b>Climate Change</b>	<b>Greenhouse gas (GHG) emissions</b> Report GHG Protocol Scope 1 and 2 emissions in tonnes of carbon dioxide equivalent (tCO <sub>2e</sub> ) and estimate and report upstream and downstream (GHG Protocol Scope 3) emissions where material.	ESG Report p6–7
	<b>TCFD-aligned reporting</b> TCFD-aligned reporting on governance and risk management for all. If climate change is material in short, medium or long term, disclose strategy and metrics/targets as well, including whether the company has committed to set a science-based target in line with net-zero by 2050.	ESG Report p6–7
<b>Nature Loss</b>	<b>Land use and ecological sensitivity</b> Report for operations, and estimate and report for full supply chain ('upstream') where material: Overall area of land used or affected; Annual change in an area of land used or affected; Number of IUCN Red List species present in areas used or affected.	ESG Report p12
<b>Fresh Water Availability</b>	<b>Fresh water consumption in water-stressed areas</b> Report for operations, and estimate and report for upstream and downstream where material: Mega litres of fresh water consumed (withdrawals minus discharges of equal quality) in water-stressed areas.	ESG Report p8–9, 11
<b>Climate Change</b>	<b>Science-based target to reduce GHG emissions</b> Define and report progress against a science-based target to reduce GHG emissions.	ESG Report p6–7
	<b>TCFD-aligned reporting</b> Enhance TCFD-aligned reporting with financial metrics.	ESG Report p7
	<b>Impact of greenhouse gases</b> Report wherever material along the value chain: Valued societal impact of greenhouse gas emissions.	ESG Report p6–7
<b>Nature Loss</b>	<b>Impact of land use</b> Report wherever material along the value chain: Valued societal impact of use of land and conversion of ecosystems.	ESG Report p12
<b>Fresh Water Availability</b>	<b>Impact of fresh water consumption</b> Report wherever material along the value chain: Valued societal impact of water consumption.	ESG Report p8–9, 11
<b>Air Pollution</b>	<b>Fine particulate matter</b> Report wherever material along the value chain: Tonnes of PM <sub>2.5</sub> emitted in urban areas.	The data point is not collected centrally, as it's considered as low materiality for BAT operations. It is controlled at local level as part of BAT policy guidelines relative to Air Emissions and regulatory monitoring where required for operations-permitting purposes.
	<b>Impact of air pollution</b> Report wherever material along the value chain: Valued societal impact of air pollution.	We currently do not report against this metric in the format required by this Index.

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<b>Water Pollution</b>	<b>Nutrients</b> Report wherever material along the value chain: Tonnes of phosphate and nitrogen used or produced.	We currently do not report against this metric in the format required by this Index.
	<b>Impact of water pollution</b> Report wherever material along the value chain: Valued societal impact of water pollution, including excess nutrients, heavy metals and other toxins.	ESG Report p11
<b>Solid Waste</b>	<b>Single-use plastics</b> Report wherever material along the value chain: Tonnes of single-use plastic disposed of.	ESG Report p14–15
	<b>Impact of solid waste disposal</b> Report wherever material along the value chain: Valued societal impact of solid waste disposal, including plastics and other waste streams.	We currently do not report against this metric in the format required by this Index. Our reporting on waste management can be found on our ESG Report p8–9.
<b>Resource Availability</b>	<b>Resource circularity</b> Tonnes and percentage of circular inflow/outflow.	ESG Report p14–15
<b>People</b>		
<b>Dignity and Equality</b>	<b>Gender pay equality (%)</b> Ratio of the basic salary and remuneration of women to men for each employee category, by significant locations of operation.	We publish our Gender Pay Report each year with our statutory gender pay gap reporting for our UK employees, as well as our commitment to promoting gender diversity and to increase female representation across all senior leadership positions in the Group. <a href="http://bat.com/genderpayreport">bat.com/genderpayreport</a>
	<b>Diversity and inclusion (%)</b> Percentage of employees per employee category, by age group, gender and other indicators of diversity.	ESG Report p44 Our diversity and inclusion metrics relate to female representation across the Group and percentage of senior management roles filled by people from our focus nationalities.
	<b>Wage level (%)</b> Ratios of standard entry-level wage by gender, compared to local minimum wage for specific categories of workers.	We currently do not report against this metric in the format required by this Index.
	<b>Risk of incidents of child and forced labour (#, %)</b> Number and percentage of operations and suppliers considered to have significant risk of: a) incidents of child labour, and b) incidents of forced labour, by type of operation and supplier, in terms of countries or geographic areas with operations and suppliers considered at risk.	We currently do not report against this metric in the format required by this Index. Our reporting on child- and force labour-related risks for our operations and suppliers can be found on our ESG Report, p25–32.
<b>Health and Well-being</b>	<b>Health and safety (%)</b> 1. The total recordable injury rate (TRIR) for specific categories of workers. 2. The absentee rate (AR) for specific categories of workers.	ESG Report p39
<b>Skills for the Future</b>	<b>Training provided (#, \$)</b> 1. Average hours of training per person that the organization's employees have undertaken during the reporting period, by gender and employee category (total number of trainings provided to employees divided by the number of employees). 2. The average training and development expenditure per full-time employee.	Our approach to investing in talent can be found on p41 of our ESG Report.

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<b>Dignity and Equality</b>	<b>Discrimination and harassment incidents (#) and the total amount of monetary losses (\$)</b> 1. Number of discrimination and harassment incidents across operations of the incidents and actions taken. 2. The total amount of monetary losses as a result of legal proceedings associated with a) law violations and b) employment discrimination.	Our reporting on Business Ethics, including percentage of breaches against the Workplace and Human Rights Policy of our Standards of Business Conduct, can be found on ESG Report p50–51.
	<b>Freedom of association and collective bargaining (%)</b> Percentage of operations and suppliers in which the right to freedom of association and collective bargaining is at risk.	We currently only report the percentage of our employees covered by an independent trade union or collective bargaining agreements on p39 of our ESG Report.
	<b>Living wage (%)</b> Current wages against the living wage for employees, contractors and suppliers in states and localities where company is operating.	We currently do not report against this metric in the format required by this Index.
	<b>Grievances and impact (#, \$)</b> Number and type of grievances reported, and number of severe impacts occurring that were related to a salient human rights issue, and the type and impact of these issues.	ESG Report p51
<b>Health and Well-being</b>	<b>Monetized impacts of work-related incidents on employees, employers and society (#, \$)</b> Calculate by multiplying the number and type of occupational incidents by the direct and indirect costs for employees, employers and society per incident (including actions and/or fines from regulators, lost productivity, property damage, healthcare costs, employee compensation costs, reputational damage etc.)	ESG Report p39
	<b>Well-being (%)</b> Percentage of employees participating in 'best practice' health and well-being programmes that help to reduce absenteeism and improve productivity.	ESG Report p40
<b>Skills for the Future</b>	<b>Number of unfilled 'skilled' positions (#)</b> Number and percentage of unfilled 'skilled' positions for which the company will hire totally unskilled candidates and train them. Unfilled positions are defined as those that are unfilled for longer than three months; skills shortages are defined as lack of skilled or qualified people.	We currently do not report against this metric in the format required by this Index.
	<b>Monetized impacts of training – increased earning capacity as a result of training intervention (\$)</b> Measurement of estimated future uplift in lifetime earnings as a result of training intervention. Calculate using the income-based approach to human capital valuation. This can also be presented as a ratio of the estimated lifetime earnings benefit compared to the cost of training.	We currently do not report against this metric in the format required by this Index.
<b>Prosperity</b>		
<b>Employment and Wealth Generation</b>	<b>Net number of jobs created</b> 1. Total number and rate of new employee hires during the reporting period, by age group, gender and region. 2. Total number and rate of employee turnover during the reporting period, by age group, gender and region.	We currently do not report against this metric in the format required by this Index.
	<b>Net economic contribution</b> Direct economic value generated and distributed (EVG&D) – on an accruals basis, covering the basic components for the organization's global operations, including revenues, operating costs, employee wages and benefits, payments to providers of capital, payments to government by country and community investments less financial assistance received from the government (e.g. tax breaks, subsidies, investment grants etc.).	Annual Report p124
	<b>Net investment</b> Total capital expenditures (CapEx) Depreciation Share buybacks Dividend payments Calculation: (Total CapEx - depreciation) / (Total cost of share buybacks + dividend payments)	Annual Report p129
<b>Innovation of Better Products and Services</b>	<b>R&amp;D spend ratio (%)</b> Total amount of spending on R&D as a percentage of total sales.	Our reporting on our approach to world-class science can be found on p14–15 of our Annual Report, and p19 of our ESG Report.

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<b>Community and Social Vitality</b>	<p><b>Community investment (%)</b></p> <p>A percentage breakdown of community investment, including monetary contributions (e.g. charitable gifts, community partnerships); time contributions (e.g. staff volunteering in paid time); in-kind contributions from services or equipment; and management costs, normalized as a percentage of pre-tax profit.</p>	We currently only report on our total corporate social investment, which can be found on p34 of our ESG report.
	<p><b>Country-by-country tax reporting</b></p> <p>All tax jurisdictions where the entities included in the organization's audited consolidated financial statements, or in the financial information filed on public record, are resident for tax purposes. For each tax jurisdiction reported in, Names of the resident entities, Primary activities of the organization, Number of employees and the basis of calculation of this number, Revenues from third-party sales, Revenues from intra-group transactions with other tax jurisdictions, Profit/loss before tax, Tangible assets other than cash and cash equivalents, Corporate income tax paid on a cash basis, Corporate income tax accrued on profit/loss, Reasons for the difference between corporate income tax accrued on profit/loss and the tax due if the statutory tax rate is applied to profit/loss before tax, The time period covered by the information reported in Disclosure 207-4.</p>	Our Group tax strategy and reporting can be found on p46 of our Annual Report and p58 of our ESG Report.
<b>Employment and Wealth Generation</b>	<p><b>Average wage</b></p> <p>Average hourly wage, by region of operation.</p>	We currently do not report against this metric in the format required by this Index.
	<p><b>Significant indirect economic impacts</b></p> <p>1. Examples of significant identified indirect economic impacts of the organization, including positive and negative impacts. 2. Significance of the indirect economic impacts in the context of external benchmarks and stakeholder priorities (e.g. national and international standards, protocols, policy agendas).</p>	Sustainability Strategy Report p14
<b>Innovation of Better Products and Services</b>	<p><b>Vitality Index</b></p> <p>Percentage of gross revenue from product lines added in last three (or five) years calculated as the sales from products that have been launched in the past three (or five) years divided by total sales.</p>	Sustainability Strategy Report p11 ESG Report p24
	<p><b>Net Promoter Score (NPS)</b></p> <p>A measure of customer experience of the organization's brand, based on responses to a single question: How likely is it that you would recommend our company/product/service to a friend or colleague?</p>	We currently do not report against this metric in the format required by this Index.
	<p><b>Social value generated (%)</b></p> <p>Percentage of revenue from products and services designed to deliver specific social benefits or to address specific sustainability challenges.</p>	Sustainability Strategy Report p14
<b>Community and Social Vitality</b>	<p><b>Infrastructure investments and services supported</b></p> <p>Qualitative disclosure in regard to the extent of development of significant infrastructure investments and services supported, current or expected impacts on communities and local economies, including positive and negative impacts where relevant, and whether these investments and services are commercial, in-kind or pro bono engagements.</p>	ESG Report p12, 34
	<p><b>Total social investment (\$)</b></p> <p>Total Social Investment (TSI): total corporate contributions (\$) across seven categories of social investment as defined by CCEP 2020 Valuation Guidance.</p>	We currently only report on our total corporate social investment, which can be found on page 34 of our ESG Report.