

World Economic Forum (WEF) ESG Index

We report against the WEF Measuring Stakeholder Capitalism Towards Common Metrics and Consistent Reporting of Sustainable Value Creation White Paper, released in September 2020, for the first time. We will continue to align with these metrics going forward.

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

Theme	Description of Metric/Reporting Requirement	Where to Find This Information in Our Reporting
Principles of Governance		
Governing Purpose	<p>Setting purpose</p> <p>The company's stated purpose, as the expression of the means by which a business proposes solutions to economic, environmental and social issues. Corporate purpose should create value for all stakeholders, including shareholders.</p>	ESG Report 2020 > p2
Quality of Governing Body	<p>Governance body composition</p> <p>Composition of the highest governance body and its committees by: competencies relating to economic, environmental and social topics; 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; stakeholder representation.</p>	Annual Report 2020 > p92–95 ESG Report 2020 > ESG Governance > p108
Stakeholder Engagement	<p>Material issues impacting stakeholders</p> <p>A list of the topics that are material to key stakeholders and the company, how the topics were identified and how the stakeholders were engaged.</p>	ESG Report 2020 > Engaging With Stakeholders > p109 ESG Report 2020 > ESG Governance > Mapping Our Materiality > p111
Ethical Behaviour	<p>Anti-corruption</p> <ol style="list-style-type: none"> Total percentage of governance body members, employees and business partners who have received training on the organisation's anti-corruption policies and procedures, broken down by region. <ol style="list-style-type: none"> Total number and nature of incidents of corruption confirmed during the current year, but related to previous years; and Total number and nature of incidents of corruption confirmed during the current year, related to this year. Discussion of initiatives and stakeholder engagement to improve the broader operating environment and culture, in order to combat corruption. <p>Protected ethics advice and reporting mechanisms</p> <p>A description of internal and external mechanisms for:</p> <ol style="list-style-type: none"> Seeking advice about ethical and lawful behaviour and organisational integrity; and Reporting concerns about unethical or unlawful behaviour and lack of organisational integrity. 	Our reporting on Business Ethics, including our annual Standards of Business Conduct (SoBC) sign off and training, can be found on ESG Report 2020 > p91–94 Our reporting on Business Ethics, including further information on the 'Speak Up' channels, can be found on ESG Report 2020 > p91–94

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Risk and Opportunity Oversight	<p>Integrating risk and opportunity into business process</p> <p>Company risk factor and opportunity disclosures that clearly identify the principal material risks and opportunities facing the company specifically (as opposed to generic sector risks), the company appetite in respect of these risks, how these risks and opportunities have moved over time and the response to those changes. These opportunities and risks should integrate material economic, environmental and social issues, including climate change and data stewardship.</p>	<p>Principal Group Risks can be found in our Annual Report 2020 > p 84–88</p> <p>ESG Report 2020 > Tackling Climate Change > p47</p>
Planet		
Climate Change	<p>Greenhouse gas (GHG) emissions</p> <p>For all relevant GHGs (e.g. carbon dioxide, methane, nitrous oxide, F-gases etc.), report in metric tonnes of carbon dioxide equivalent (tCO₂e) GHG Protocol Scope 1 and Scope 2 emissions. Estimate and report material upstream and downstream (GHG Protocol Scope 3) emissions where appropriate.</p> <p>TCFD implementation</p> <p>Fully implement the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). If necessary, disclose a timeline of at most three years for full implementation. Disclose whether you have set, or have committed to set, GHG emissions targets that are in line with the goals of the Paris Agreement – to limit global warming to well below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C – and to achieve net-zero emissions before 2050.</p>	<p>ESG Report 2020 > Tackling Climate Change > p47</p> <p>We are in the process of fully aligning our reporting with the TCFD framework for FY 2021. This year, for the first time, we have included a 'TCFD alignment at a glance' feature in our ESG report, and have expanded both our management approach and disclosures. This can be found on p48 of our ESG Report 2020.</p>
Nature Loss	<p>Land use and ecological sensitivity</p> <p>Report the number and area (in hectares) of sites owned, leased or managed in or adjacent to protected areas and/or key biodiversity areas.</p>	<p>ESG Report 2020 > Preserving and Protecting Biodiversity > p58–62</p>
Freshwater Availability	<p>Water consumption and withdrawal in water-stressed areas</p> <p>Report for operations where material: megalitres of water withdrawn, megalitres of water consumed and the percentage of each in regions with high or extremely high baseline water stress, according to WRI Aqueduct water risk atlas tool. Estimate and report the same information for the full value chain (upstream and downstream) where appropriate.</p>	<p>ESG Report 2020 > Innovating for Water Stewardship > p49–51</p>

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People		
Dignity and Equality	<p>Diversity and inclusion (%) Percentage of employees per employee category, by age group, gender and other indicators of diversity (e.g. ethnicity).</p>	<p>ESG Report 2020 > Creating an Inclusive Culture for Our People > p88</p> <p>Our diversity and inclusion metrics relate to female representation across the Group and percentage of key leadership teams with at least a 50% spread of distinct nationalities.</p>
	<p>Pay equality (%) Ratio of the basic salary and remuneration for each employee category by significant locations of operation for priority areas of equality: women to men, minor to major ethnic groups, and other relevant equality areas.</p>	<p>We publish our Gender Pay Report each year with our statutory gender pay gap reporting for our UK employees. The report also outlines our commitment to promoting gender diversity and to increase female representation across the Group.</p> <p>bat.com/genderpayreport</p>
	<p>Wage level (%) Ratios of standard entry level wage by gender compared to local minimum wage. Ratio of the annual total compensation of the CEO to the median of the annual total compensation of all its employees, except the CEO.</p>	<p>We currently do not report against this metric in the format required by this Index.</p>
	<p>Risk for incidents of child, forced or compulsory labour An explanation of the operations and suppliers considered to have significant risk for incidents of child labour, forced or compulsory labour. Such risks could emerge in relation to: a) type of operation (such as manufacturing plant) and type of supplier; and b) countries or geographic areas with operations and suppliers considered at risk.</p>	<p>We currently do not report against this metric in the format required by this Index.</p> <p>Our ambitions are for zero child labour and zero forced labour in our tobacco supply chain by 2025. Our reporting on child and forced labour-related risks for our operations and suppliers can be found on p66–73 of our ESG 2020 Report.</p>
Health and Wellbeing	<p>Health and safety (%) The number and rate of fatalities as a result of work-related injury; high-consequence work-related injuries (excluding fatalities); recordable work-related injuries; main types of work-related injury; and the number of hours worked. An explanation of how the organisation facilitates workers' access to non-occupational medical and healthcare services, and the scope of access provided for employees and workers.</p>	<p>ESG Report 2020 > Protecting Our People's Health and Safety > p80–83</p>
	<p>Training provided (#, \$) Average hours of training per person that the organisation's employees have undertaken during the reporting period, by gender and employee category (total number of hours of training provided to employees divided by the number of employees). Average training and development expenditure per full-time employee (total cost of training provided to employees divided by the number of employees).</p>	<p>We currently do not report against this metric in the format required by this Index.</p> <p>Our approach to investing in talent can be found on p84–88 of our ESG Report 2020.</p>

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Prosperity		
Employment and Wealth Generation	Absolute number and rate of employment 1. Total number and rate of new employee hires during the reporting period, by age group, gender, other indicators of diversity and region. 2. Total number and rate of employee turnover during the reporting period, by age group, gender, other indicators of diversity and region.	We currently do not report against this metric in the format required by this Index. Further information on turnover rate can be found on page 88 of our ESG Report 2020.
	Economic contribution 1. Direct economic value generated and distributed, on an accruals basis, covering the basic components for the organisation's global operations, ideally split out by: <ul style="list-style-type: none"> • Revenues • Operating costs • Employee wages and benefits • Payments to providers of capital • Payments to government • Community investment 2. Financial assistance received from the government: total monetary value of financial assistance received by the organisation from any government during the reporting period.	ESG Report 2020 > Enhancing Farmer Livelihoods > p78 Annual Report 2020 > p150
	Financial investment contribution 1. Total capital expenditures minus depreciation, supported by narrative to describe the company's investment strategy. 2. Share buybacks plus dividend payments, supported by narrative to describe the company's strategy for returns of capital to shareholders.	Annual Report 2020 > p154
	Total R&D expenses (\$) Total costs related to research and development.	ESG Report 2020 > Our Business Model > p14
Innovation of Better Products and Services		
Community and Social Vitality	Total tax paid The total global tax borne by the company, including corporate income taxes, property taxes, non-creditable VAT and other sales taxes, employer-paid payroll taxes, and other taxes that constitute costs to the company, by category of taxes.	Annual Report 2020 > p150 Our major taxes paid in the year are disclosed in our ESG Report > Responsible Tax Management > p104