IMPACT AREA

CLIMATE

GLOBAL CHALLENGE

Climate change is causing unpredictable and extreme weather events.

With unpredictable weather systems and rising sea levels becoming a feature of our times, there is an urgent need to address climate change.

Current pledges to meet the 1.5°C warming target, set as part of the Paris Agreement in 2015, are significantly off course, which could result in irreversible damage to our ecosystems.

LOCAL ACTIONS

Collaborating to decarbonise our value chain.

Supplier Sustainability Summits

In 2024, our collaborative efforts expanded further to a series of sustainability summits in China, South Africa, and the U.S.

Each summit included panel discussions and interactive workshops with external organisations, including academia and industry specialists. Best practice was shared and common commitments agreed to.

These summits strengthened collaboration and capabilities to embed sustainable practices across the value chain.

Specifically, the Asia Summit included more than 180 suppliers. An awards ceremony was held to recognise individual suppliers' commitment to, and progress on, their sustainable practices.

The Supplier Sustainability Advisory Council was established, and will be chaired by BAT. Meeting quarterly, the council aims to facilitate the sharing of common challenges and opportunities.

During the Bangladesh summit in 2023, suppliers signed pledges aligned to our Group sustainability commitments. They also received technical assistance in the area of their energy management, which led to the reduction of our Scope 3 emissions.

>180

suppliers included in the **Asia Summit** to embed sustainable practices across their value chain.

> Supplier collaboration is critical for achieving our Scope 3 reduction target.

John O'Reilly
Group Head of Procurement Strategy and Sustainability

Decarbonising our operations in Germany

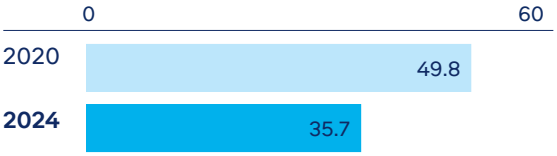
During 2024, BAT Germany's manufacturing site continued to progress with its decarbonisation roadmap, which included:

- Using SURE-certified fuel[1] from waste wood,
- Expanding on-site solar photovoltaics (PV) system,
- Implementing ongoing energy efficiency measures,
- Maintaining renewable electricity purchases; and
- Reducing use of natural gas by installing an on-site biomass boiler.

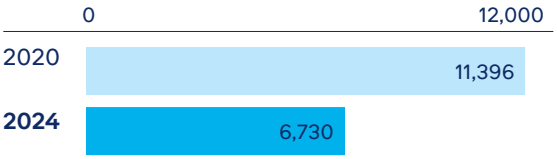
Specifically, the biomass boiler has reduced CO_2e emissions by approximately 1,900 tonnes per annum, a 41% reduction versus 2020 baseline.

52% of the site's total energy consumption now comes from renewable sources, and will result in circa £0.7 million savings per annum in fuel costs.

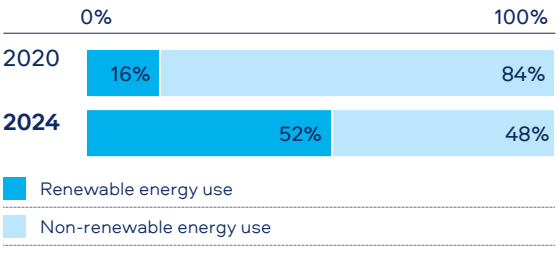
BAT Germany's energy consumption (GWh)



BAT Germany's scope 1 and 2 (Market-based) GHG emissions (tCO_2e)



BAT Germany's direct energy source in 2024 versus 2020



Note:

1. The certification system SURE (SUSTAINABLE RESOURCES Verification Scheme) is a voluntary certification system and was developed for the production, supply and processing chains of solid and gaseous biofuels according to the requirements of the EU Renewable Energy Directive recast (RED II).

Go online to learn more about our approach to sustainability at **bat.com/sustainability-and-esg**

Sustainable Future

Our Climate ambition

OUR AMBITION

Transitioning towards a low carbon economy.

The transformation of our own operations and those of our suppliers is a critical part of working towards achieving our science-based emissions reduction targets, in line with Paris Climate Agreement goals.

Across products and operations, we rely on natural resources such as timber, soil and water.

That means we are affected by, and therefore dedicate efforts to manage our impacts on climate change.

"Investing in sustainable technologies and fostering partnerships are essential to deliver a low-carbon economy."

Melissa Darby
Head of Environmental Policy

How we'll get there

Our Group's climate change initiatives are guided by our Low Carbon Transition Plan and Environment Policy, supported by our Climate Change and Energy Standard.

Our near-term 2030 Science-Based Targets (SBTs) are in line with a 1.5°C warming pathway and supported by a range of commitments across energy, waste, water and biodiversity.

In 2024, we submitted our Net Zero GHG emissions targets to the Science Based Targets Initiative (SBTi).

Reducing GHG emissions in our operations (Scope 1 and 2)

1. Site-specific decarbonisation roadmaps and investment in energy-efficiency projects
2. Renewable energy sourcing through power purchase agreements and on-site renewable energy generation
3. Roll-out of electric and hybrid vehicles in our fleet

Reducing GHG emissions in our value chain (Scope 3)

1. Implementing carbon-smart farming and curing efficiency
2. Designing for end-of-life
3. Increasing use of less carbon intensive materials
4. Working with direct and indirect suppliers to reduce their emissions

Targets:

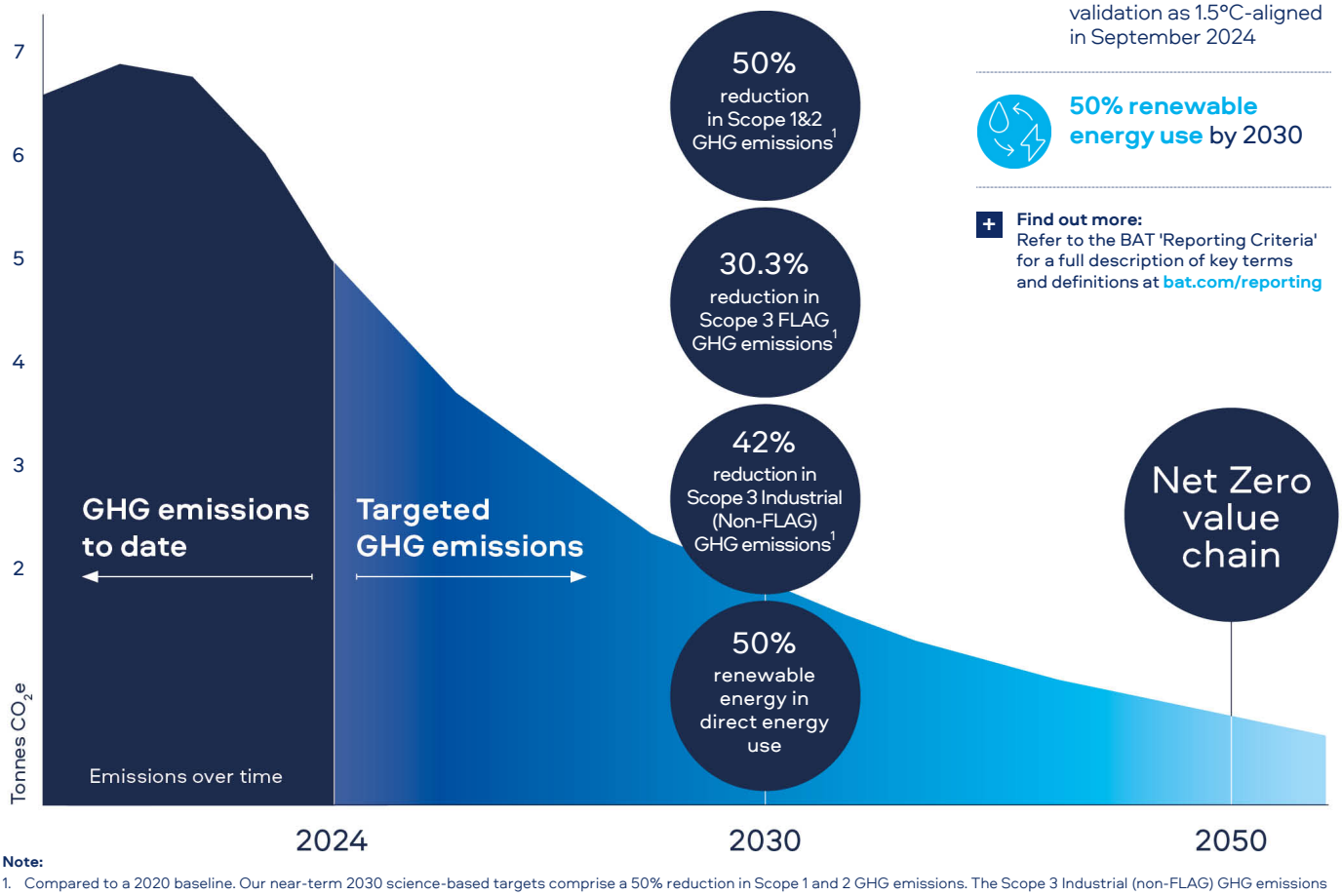
50% absolute reduction in Scope 1 and 2 GHG emissions by 2030 (versus 2020 baseline)[1]
– in line with a 1.5°C warming pathway

30.3% absolute reduction in Scope 3 Forest, Land and Agriculture (FLAG) GHG emissions by 2030 (versus 2020 baseline)[1]
– submitted to SBTi for validation as 1.5°C-aligned in September 2024

42% absolute reduction in Scope 3 Industrial (non-FLAG) GHG emissions by 2030 (versus 2020 baseline)[1]
– submitted to SBTi for validation as 1.5°C-aligned in September 2024

50% renewable energy use by 2030

Find out more:
Refer to the BAT 'Reporting Criteria' for a full description of key terms and definitions at bat.com/reporting



Note:

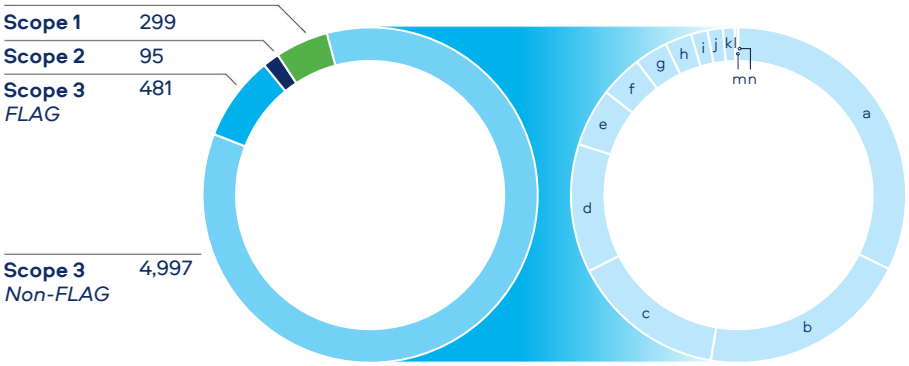
1. Compared to a 2020 baseline. Our near-term 2030 science-based targets comprise a 50% reduction in Scope 1 and 2 GHG emissions. The Scope 3 Industrial (non-FLAG) GHG emissions target includes purchased goods and services, upstream transportation and distribution, use of sold products, and end-of-life treatment of sold products. The Scope 3 FLAG GHG emissions target includes FLAG emissions and removals. Combined, these targets comprised 77% of Scope 3 emissions in 2020. Due to the complexity of consolidating Scope 3 data from our suppliers and value chain, we report Scope 3 data one year behind other metrics. Refer to the BAT 'Reporting Criteria' for our full methodology: bat.com/reporting.

Sustainable Future

What we're doing

Working towards Net Zero across our value chain by 2050.

2023 emissions footprint*
(000's tonnes CO_2e)

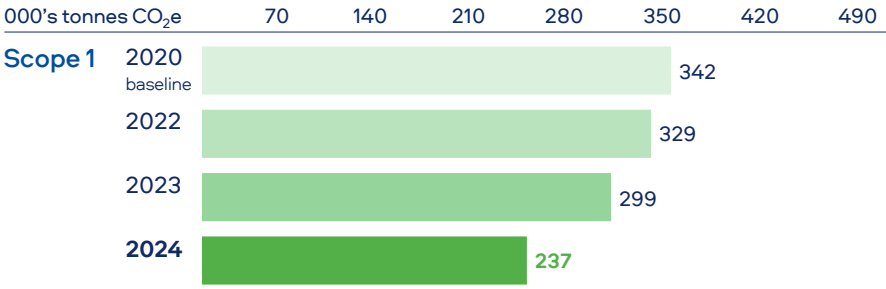


2023 Scope 3 breakdown
(000's tonnes CO_2e)

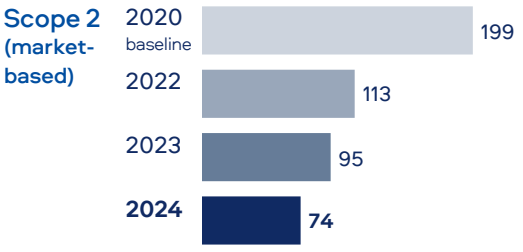
Scope 1
Scope 2
Scope 3
FLAG emissions
Industrial (Non-FLAG) emissions

(000's tonnes CO_2e)		
a	Category 1: Purchased Goods	**1,768**
b	Category 1: Purchased Services	**1,117**
d	Category 1: Purchased Tobacco Leaf	**678**
j	Category 2: Capital Goods	**81**
g	Category 3: Fuel and Energy Related Emissions	**176**
e	Category 4: Upstream Transportation and Distribution	**308**
m	Category 5: Waste Generated in Operations	**3**
i	Category 6: Business Travel	**87**
k	Category 7: Employee Commuting	**62**
l	Category 9: Downstream transportation and Distribution	**16**
f	Category 11: Use of Sold Products	**225**
h	Category 12: End-of-Life Treatment of Sold Products	**142**
n	Category 14: Franchises	**1**
c	Category 15: Investments	**815**

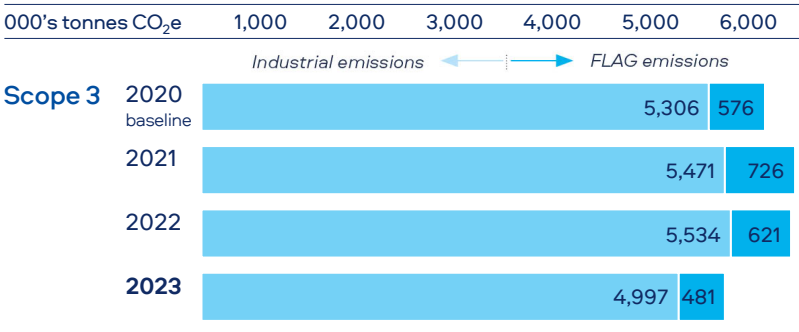
Note:
* These are 2023 numbers. Due to the complexity of consolidating Scope 3 data from our suppliers and value chain, we report Scope 3 data one year behind other metrics.



We continue to reduce our Scope 1 emissions through:
- Targeted energy efficiency investments across our operations,
- Optimisation of our vehicle fleet routes; and
- Replacing carbon intensive assets with lower carbon alternatives.



We continue to reduce Scope 2 emissions by:
- Lowering our energy consumption,
- Procuring renewable energy; and
- Increasing on-site renewable energy generation.



We continue to reduce our Scope 3 emissions and in 2024, we submitted two new near-term Scope 3 targets to the Science Based Targets Initiative (SBTi) for validation:
- Forest, Land and Agricultural (FLAG) target covering emissions related to the land sector.
- Industrial (non-FLAG) target covering all other relevant emissions. Prior year numbers have been restated accordingly.

Delivering on Decarbonisation

In 2024, the Group discontinued its carbon-neutral operations target, instead focusing investments in absolute emission reductions, and towards achieving Net Zero.

We invested a further £19 million in emission and energy reduction initiatives across 63% of our operations sites.

Once completed, we expect these initiatives to reduce absolute Scope 1 and Scope 2 emissions by approximately 27,000 tonnes of CO_2e per annum.

After successfully installing biomass boilers in South Korea and Germany in 2023, similar installations have been completed in 2024 at our facility in Croatia. We expect this installation to reduce CO_2e emissions by 2,160 tonnes per annum.

We continue to deploy our 10 Golden Rules Programme, which aims to standardise energy efficiency practices across all our sites.

In 2024, 32% of our manufacturing sites implemented the programme, up from 20% in 2023.

For example, the factory in Malang, Indonesia fully adopted the Programme, which resulted in a 76% reduction in Scope 1 and 2 emissions against its 2020 baseline.

Renewable Energy

We have a target across our direct operations to use 50% renewable energy by 2030.[1]

In 2024, 45.1% of our direct energy usage came from renewable sources such as renewable electricity (both purchased and generated on-site), sustainable biomass and biogas. This represents an increase of 7 percentage points from 2023. 36 of our operations sites are now purchasing 100% renewable electricity.

On-site solar panels were installed in Bangladesh, Papua New Guinea, Serbia, Fiji and Solomon Islands, and are now in place at 30 operations sites (51% out of all operations sites).

BAT Türkiye switched to 100% renewable electricity, with its large-scale 6.5 MWp off-site solar power plant. The plant provides energy for our local operations, and contributes to the national grid.

In addition, BAT Poland entered into a multi-year Power Purchase Agreement (PPA) for solar energy. This will supply over 12GWh of renewable electricity annually, equivalent to approximately 30% of the factory's electricity consumption in the country.

Reducing Fleet Emissions

The Green Mobility Standard outlines our strategy for reducing fleet-related emissions. It sets out initiatives such as optimising travel routes to enhance fuel efficiency and switching to lower-emissions vehicles.

In 2024, our vehicle fleet accounted for roughly 22% of our Scope 1 and 2 emissions.[2] Our combined absolute Scope 1 and 2 fleet emissions reduced year-on-year by 9.4% and a further 26% versus our 2020 baseline.

45.1%

renewable energy use
across our own operations in 2024

Case study

Sustainable fuel trial with Marine Carrier, OOCL.

Trialling Sustainable Fuel with Low-Carbon Innovations

One way of achieving emissions reductions in the transport sector is to use sustainable fuels. These are synthetic or bio-based alternatives to fossil fuels that are made from renewable sources, for example waste cooking oils. Sustainable Aviation Fuel (SAF) can reduce CO_2e emissions by up to 80% compared to conventional jet fuel.[3]

In 2024, we launched our first-ever trial using SAF with Yusen Logistics, one of our key freight forwarding companies, followed by a trial with Kuehne+Nagel (KN). Throughout the year, we also conducted trials on Marine Biofuel with our key Marine Carriers including CMA CGM, Orient Overseas Container Line (OOCL) and Ocean Network Express (ONE). Our first road trial using hydrogenated vegetable oil (HVO) began in 2024 with H.Essers and has been successful thus far.

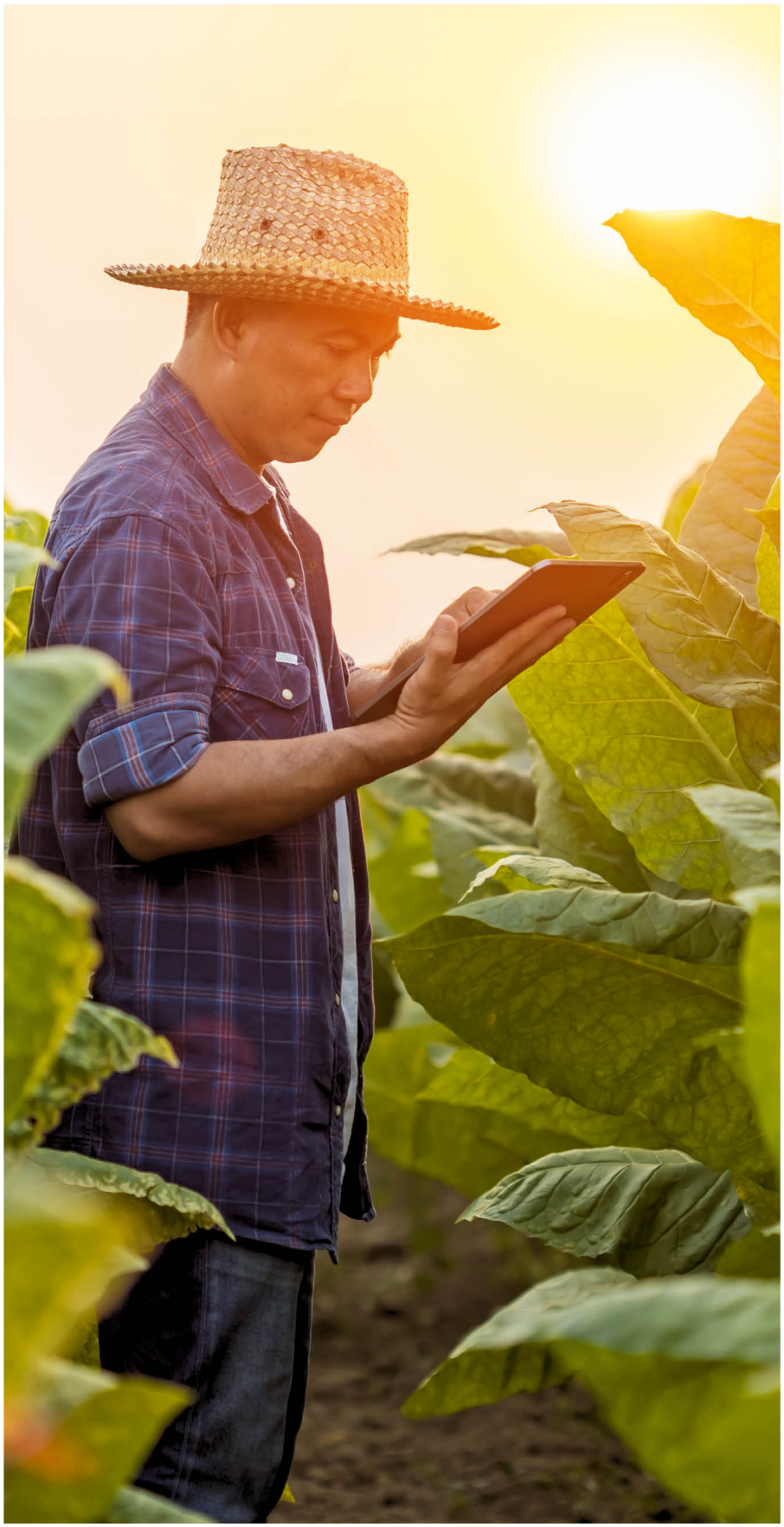
Challenges remain around these innovative alternatives, including the accounting of emissions reductions, limited feedstock availability and high cost of production. However, we intend to continue to explore sustainable fuel use cases and conduct further assessments in 2025.

Notes:

1. Renewable energy includes: Energy generated from renewable fuels at our sites (e.g. wood fuel, biomass fuels) and in fleet vehicles, owned or leased (e.g. biodiesel); Purchased renewable electricity, hot water and steam; and Renewable energy generated on site using non-fuel technology (e.g. with photovoltaic installations or solar water heaters).
2. In 2023, our vehicle fleet accounted for roughly 21% of our Scope and Scope 2 metrics.
3. www.iata.org/en/programs/sustainability/sustainable-aviation-fuels/

Sustainable Future

What we're doing
Continued



Collaborating with Tobacco Farmers

In 2021, the Group set a Scope 3 target to reduce emissions by 50% by 2030, aligning with the Paris Agreement and SBTi guidelines.

The SBTi's recent methodology change now requires separate reporting for Scope 3 FLAG and non-FLAG emissions, prompting the Group to recalibrate its targets while maintaining its 1.5°C commitment.

As a result, in 2024, we submitted FLAG emission targets to the SBTi for validation. FLAG targets cover emissions that are related to the land sector and complement our industrial (Non-FLAG) emissions.

+ Find out more about our **FLAG emissions** in our TCFD Report

Purchased tobacco accounted for around 12% of our total Scope 3 GHG emissions, contributing 678 thousand tonnes of CO_2e in 2023.

In our tobacco supply chain, the majority of FLAG emissions are attributed to fertiliser use, while non-FLAG emissions primarily arise from fuels used in the tobacco curing process. We aim to increase the use of less carbon intensive fuels in the tobacco curing process by incorporating renewable alternatives such as biomass.

To date, more than 87% of our leaf volume is cured with renewable fuels and methods.

The Group's own Leaf Operations and its directly contracted farmers have eliminated the use of coal for tobacco curing. The use of coal for tobacco curing across our tobacco supply chain has also reduced from 3.3% in 2023 to 2.3% in 2024, representing supplier-purchased tobacco volumes.

We seek to help farmers reduce emissions by implementing regenerative agriculture practices and 'carbon-smart' farming practices.

Carbon-smart farming is focused on both reducing emissions from tobacco farming and harnessing agriculture's potential to remove carbon from the atmosphere.

This can be accomplished through conservation practices such as minimum tillage that keep the soil covered to minimise disturbance and reduce the possibility of stored carbon from being released. These practices are being implemented throughout the Group's own Leaf Operations in Brazil, Bangladesh, Mexico, and Pakistan, which account for our highest volumes of directly contracted tobacco.

87%

of our Leaf volume is cured with **renewable fuels and methods**

Case study

Decarbonising our Operations in Vietnam

BAT Vietnam has focused on reducing its carbon footprint in three areas:

1. Improving energy efficiency,
2. Increasing use of renewable energy; and
3. Investing in innovative technologies.

Energy consumption is managed through process automation and machine capacity optimisation, including reconfiguring and relocating equipment at its sites. This has been complemented by switching to renewables, including electric, biomass, and solar energy sources, to power a growing number of our activities such as boilers, factory lighting, and car fleet.

2024 performance included a 61% reduction in Scope 1 and 2 emissions versus a 2020 baseline, sourcing 85% renewable energy, with 100% of electricity used for operational sites from renewable sources.

Working with Direct and Indirect Suppliers to Tackle Scope 3 Emissions

Our Supplier Code of Conduct (SCoC) applies to all our suppliers and sets out the actions that we expect them to take regarding climate change and other environmental topics.

We evaluate climate-related criteria during procurement sourcing events, and as part of our Supplier Climate Enablement programme, assessing ongoing performance against climate KPIs.

Performance updates are provided to the Operations Sustainability Forum which has oversight of our supplier emission performance.

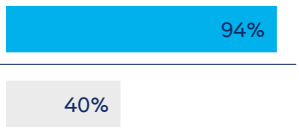
Emissions reduction is embedded throughout each phase of our supplier life cycle management and covers around 26,000 direct and indirect suppliers.

Their emissions account for around 50% of our Scope 3 inventory, approximately 2,900,000 tonnes of CO_2e in 2023.

Interactions with our suppliers include sourcing events, the CDP Supply Chain programme, and direct one-on-one engagements via our supplier enablement programme.

We also support suppliers to enhance their standards by sharing data, and encourage them to set Science-Based Targets (SBTs).

Response Rate for CDP Supply Chain programme



We invited 726 suppliers representing 74.5% of our purchased goods and services emissions, to respond to the CDP Supply Chain programme.[1]

We recorded a 94% response rate,[2] which is above the global average CDP response rate of 40%.

Data collected through the programme enables us to better understand our suppliers' progress on emissions reductions and prioritise our own actions, informing our Supplier Climate Enablement programme.

In 2024, our Supplier Climate Enablement Programme further extended its scope from 60 of our top CO_2e emitting suppliers in 2023 to 150.

The Programme's expansion was driven by the training of procurement colleagues on incorporating climate discussions into regular supplier engagement.

Our target for 20% of our purchased goods and services suppliers by spend to have set SBTs by 2025, has been achieved one year in advance.

By year-end 2024, 23.5% of suppliers had SBTs in place, and an additional 17.3% have committed to setting them.

We will continue to monitor and report progress.

What's Next

In 2025, we intend to update our Low Carbon Transition Plan:

- Detailing mitigation targets, actionable steps, and the approach to embedding our climate ambition into governance.
- Continuing to reduce our Scope 1 and 2 emissions by further increasing renewable electricity procurement where feasible.
- Improving our Scope 3 data through supplier engagement and CDP information.

Notes:

1. This is a 21% increase compared to 2023.
2. Excluding Russia and Belarus. More details about changes to the Group related to Russia and Belarus are available on page 339 of this document.