

**Taskforce on Climate-related  
Financial Disclosure (TCFD)  
Reporting 2024**

Sustainable Future

# TCFD Reporting

## A summary of our response to the Task Force on Climate-related Financial Disclosures (TCFD) recommendations is set out below.

Under the Financial Conduct Authority’s (FCA) UK Listing Rules, our reporting is consistent with the four TCFD recommendations and 11 recommended disclosures set out in Figure 4 of Section C of the TCFD report “Recommendations of the Task Force on Climate-related Financial Disclosures”, including the guidance set out within the 2021 TCFD annex. We will continue to develop our climate-related disclosures. For more information see page 136.

## TCFD at a glance: Summary of our response

1 Governance		
Disclose the organisation's governance around climate-related issues and opportunities		
a) Describe the board’s oversight of climate-related risks and opportunities.	Our Board has oversight of our climate-related risks and opportunities. The Board approves the Group’s environmental targets. It reviews the Group’s environment strategy, targets and performance twice a year and the Group risk register, which includes climate-related risks, annually. The Audit Committee reviews the Group risk register twice a year and oversees the Group’s approach to TCFD reporting.	+ Read more on pages 114 and 121
b) Describe management’s role in assessing and managing climate-related risks and opportunities.	Management is responsible for identifying and assessing risks including climate-related impacts, risks and opportunities. Mitigation plans are required to be in place to manage the risks identified and progress against those plans is monitored.	+ Read more on pages 114 and 121
2 Strategy		
Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material		
a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	We have identified six climate-related risks and two opportunities. For each, the level of likelihood and impact has been analysed up to 2050 with a particular focus on 2030 and 2050 to match the time frames of our key sustainability commitments.	+ Read more on pages 122 to 129
b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	We have assessed the impact of these risks and opportunities on our strategy and financial planning. The results show that, while there are financial risks that would need to be managed, these are not substantive enough to require a material change to our business model.	+ Read more on pages 122 to 129
c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	While there are climate-related challenges and uncertainties ahead, we believe that the Group is well placed to manage the risks associated with all three of the scenarios modelled (including a 2°C or lower scenario) given the mitigation activities we have established.	+ Read more on pages 122 to 129
3 Risk management		
Disclose how the organisation identifies, assesses, and manages climate-related risks		
a) Describe the organisation’s processes for identifying and assessing climate-related risks.	We identify and evaluate risks and opportunities, including climate-related risks, which are captured on risk registers and assessed against five risk impact levels. In financial (quantitative) terms, Severe is deemed as in excess of £1bn, Significant £500m-£1bn, Moderate £250m-£500m, Minor £120m-£250m and Insignificant £60m-£120m in any 12-month period, as defined by our risk management framework.	+ Read more on pages 130 and 131
b) Describe the organisation’s processes for managing climate-related risks.	Mitigation plans are required to be in place to manage the risks, including climate-related risks identified, and progress against those plans is monitored. Decisions on how to manage the risks are based on a variety of considerations, including risk score, our ability to influence or control the risk and cost and effectiveness of mitigation.	+ Read more on pages 130 and 131
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	Our processes for identifying, assessing, and managing risks, including climate-related risks, are integrated across the Group as part of our Risk Management Framework. This includes biannual reviews of the Group risk register by our Group Risk Management Committee, chaired by the Chief Financial Officer. The Group risk register is also reviewed annually by the Board and biannually by the Audit Committee.	+ Read more on pages 130 and 131
4 Metrics and targets		
Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material		
a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	We have a set of metrics for each of our sustainability focus areas, including climate change, against which we report on our performance and progress each year.	+ Read more on pages 132 and 136
b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	We disclose Scope 1, Scope 2 and Scope 3 GHG emissions and related risks in our reporting.	+ Read more on pages 132 and 136
c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	Our targets to manage climate-related risks and opportunities include 50% reduction of Scope 1 and 2 GHG emissions. We have also submitted to the SBTi for approval targets of a 30.3% reduction in Scope 3 FLAG GHG emissions and a 42% absolute reduction in Industrial (non-FLAG) GHG emissions by 2030 <sup>1</sup> , and Net Zero value chain GHG emissions by 2050. These are supported by a range of other environmental targets against which we report our performance and progress each year.	+ Read more on pages 132 and 136

**Note:**  
 1. 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 Scope 3 targets comprised 77% of Scope 3 emissions in 2020. Due to the complexity of consolidating and assuring Scope 3 data from our suppliers and value chain, we report Scope 3 data one year behind other metrics. In 2024, we have further enhanced our Scope 3 calculation methodology and data precision leading to the reporting periods 2021 to 2023 being restated accordingly. Refer to the BAT 'Reporting Criteria' for our full methodology: bat.com/reporting.

## 1 Governance

### Board oversight

The Board's oversight of and Management's role in assessing and managing our sustainability agenda is outlined at page 115.

Our Board takes climate and nature-related considerations into account where applicable when making strategic decisions, including in relation to budgeting, risk management and overseeing capital expenditure. The Board has approved all Group environmental targets (including for GHG emissions) and receives an update on performance twice a year from the Director, Operations.

The Board reviews the Group risk register, which incorporates climate and nature-related risks, on an annual basis. In addition, the Board reviews the Group budget which takes into account capital allocation to deliver the Group's sustainability agenda and associated targets.

**+** Read more about our **Climate Change and Circular Economy risk** in the **Group Principal Risks** on [page 161](#) and in the **Group Risk Factors** on [page 415](#)

In 2024, the Board assessed environmental performance, including progress towards achieving climate targets of 50% reduction in Scope 1 and 2 GHG emissions (against 2020 baseline) and 50% renewable energy use by 2030 as well as deforestation and conversion free targets. In 2024, the Board also received an in-depth briefing on developments in sustainability regulations including analysis from UK, European and U.S. perspectives.

The Board has delegated certain responsibilities to the Audit Committee, including for review of the effectiveness of the Group's risk management and internal control systems, including those relating to climate change. The Audit Committee reviews the Group risk register twice a year and reviews the Group's progress against sustainability targets, including emission targets that address climate-related issues (see targets on page 133).

In 2024, the Audit Committee continued to oversee developments in our approach to reporting in alignment with the TCFD and TNFD frameworks, including the use of climate scenario analysis in our risk assessments.

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.

### Management's role

We seek to integrate the assessment and management of climate-related risks across relevant business areas at Group, regional and local levels, with appropriate management oversight at each level, as shown on the chart on page 114.

Our approach provides a flexible channel for the structured flow of information, monitoring and oversight of climate-related risks and environmental matters at the level and format best suited to the context.

Our Management Board, chaired by our Chief Executive, is responsible for overseeing the implementation of Group strategy and policies, and monitoring Group operating performance, including in relation to sustainability and climate.

Management Board members are regularly updated on material risks and development of strategic plans, including those relating to climate change and nature, along with associated risk mitigation plans, by risk owners, risk managers and their respective teams. This includes regular monitoring by the Group Risk Management Committee, chaired by the Chief Financial Officer.

The Chief Corporate Officer has overall responsibility for the strategic delivery of the Group sustainability agenda, supported by the Sustainability team, including our Chief Sustainability Officer, Head of Sustainability Regulatory Reporting and sustainability subject-matter specialists across the Group.

The Director, Operations has overall responsibility for the execution of the Group's climate and nature strategy and environmental targets, supported by the Group Head of Operations Development and Sustainability, the Operations Sustainability team, the Group Sustainability team and regional Sustainability managers.

Each reporting unit reports on a monthly basis. Monitoring and reporting of consolidated Group performance and metrics is completed quarterly by the Group Operations Sustainability team. Each directly-reporting business unit has an Environment, Health & Safety (EHS) Steering Committee, with overall responsibility to deliver environmental targets at site level held by the General Manager or site manager. EHS is also a standing agenda item for management meetings and governance committees at area, regional and global levels.

These local management meetings and committees report into the Operations Sustainability Forum, chaired by the Director, Operations. This acts as a conduit to track delivery of environmental targets and gain visibility of new and emerging risks posed by climate change.

The Operations Sustainability Forum oversees business plans to mitigate risks identified, reviews performance and tracks progress of our regions and business units in delivering the Group's environmental targets.

**+** Read more about our **Sustainability Governance** on [pages 114 to 115](#) and about our **TNFD disclosure** on [pages 137 to 152](#)

### Key topics considered in 2024 at Board level that included climate and nature-related matters:

- Environmental performance (in February and July 2024)
- Approval of the ARA and 20-F (in February 2024)
- In-depth review of sustainability reporting regulations in April 2024
- Approval of the revised Group climate targets, including FLAG and Non-FLAG emission reduction targets in July 2024
- Group risk register (annually in July 2024)
- Review of the Group's sustainability Impacts, Risks and Opportunities by the Audit Committee in September 2024
- Review of business stakeholder engagement in September 2024, which included an update on the refreshed Double Materiality Assessment
- Budget Review (including Operations sustainability budget) in December 2024
- In depth review of approach to sustainability reporting in December 2024

Sustainable Future

TCFD Reporting Continued

2 Strategy

Our purpose to build A Better Tomorrow™ and our Group strategy are set out on page 12. We have also set out our strategic sustainability focus areas, with climate change as a key pillar, on page 66.

We rely heavily on natural resources to run our business and our ability to secure these resources is directly linked to the effects of climate change. Not only does the climate crisis impact society and the environment, it also threatens our business growth. It is therefore imperative that we develop mitigation and adaptation strategies and work together with the private and public sector to take action.

In this context, BAT currently has a target to reduce our Scope 1 and 2 GHG emissions by 50% by 2030 (against a 2020 baseline). In 2024, and in line with the Science Based Targets Initiative (SBTi) Forest Land and Agricultural (FLAG) guidance, which requires companies in certain sectors like ours to set FLAG targets, we submitted new, near-term Scope 3 Forest, Land and Agricultural (FLAG), industrial (non-FLAG)

and long-term Net Zero targets to the Science Based Targets Initiative (SBTi) for approval<sup>1</sup>. In 2022, we published our Low Carbon Transition Plan (LCTP), which outlines how we intend to align our business model with a world in which the rise in global average temperature should be limited to no more than 1.5°C above pre-industrial levels and how we can contribute to an economy that works for people and the environment by addressing climate-related risks and opportunities.

**+** Read more about our approach to **Financial Planning in Decarbonisation** in our **2022 Low-Carbon Transition Plan** at [bat.com/LCTP](https://bat.com/LCTP)

**Our climate strategy**

To deliver on our climate goals, we have an integrated climate strategy covering both our own business operations and supply chain. Key attributes of our climate strategy include:

- Reducing the environmental impact of our direct operations (see page 83);

- Building a climate-resilient supply chain in partnership with our key direct and indirect suppliers (see page 85) and performing climate scenario analysis to understand the resilience of our business against a set of identified climate-related risks and opportunities;
- Collaborating with our directly contracted tobacco farmers to introduce sustainable agricultural practices (see page 84);
- Promoting a circular economy model to reduce downstream emissions (see page 96); and
- Managing our ecosystems, to enhance the resilience of our internal supply chain and wider supply chain (see page 89).

**+** Read more about our approach to **managing our environmental impacts within our sustainability material topics** on [page 81](#)

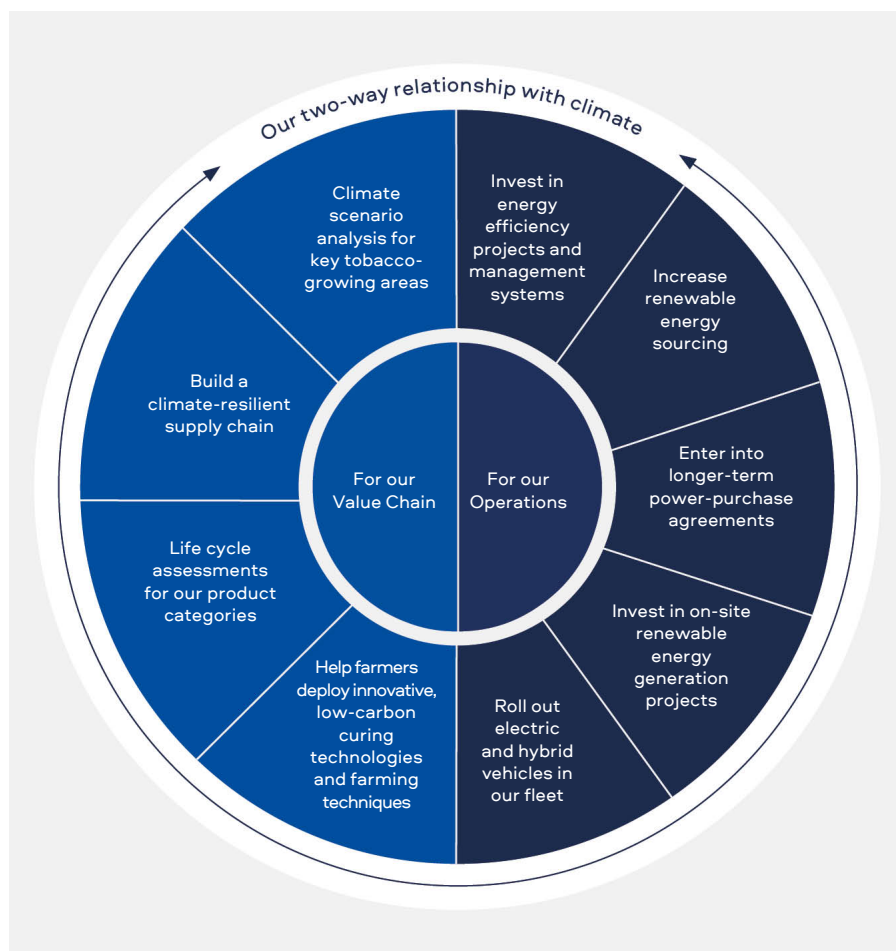
**Financial planning in decarbonisation**

The risks and opportunities posed by climate change are addressed through our financial planning and form a critical part of our Net Zero GHG emissions strategy. We have incorporated Internal Carbon Pricing (ICP) in our financial planning and rolled out a balanced scorecard for capital investment activities across our Global Operations, whereby the environmental and social impacts of potential projects are considered against our commitments and targets. Through this approach, we are able to enhance our decision-making and governance processes to consider these impacts, particularly where policy and regulation do not yet exist and, therefore, the effectiveness of conventional financial appraisal tools such as Net Present Value and payback analysis is reduced.

**Financial planning elements that have been influenced by risks and opportunities**

The Group's climate change-related risks and opportunities are considered in our strategic and financial planning, our capital allocation decisions and our operational management. The impacts of risks and opportunities arising from climate change help inform our strategies and financial planning to enhance the overall resilience of our business.

**Our climate strategy**



**Note:**

1. We plan to rescind our 2021 Scope 3 emissions targets following approval of our new Scope 3 targets by the SBTi which is expected during the first quarter of 2025.

## 2 Strategy continued

The climate scenario analysis undertaken has been performed against three time horizons: (i) short term (2025-2030): this time period is linked to our 2030 sustainability commitments, (ii) medium term (2031-2040) and (iii) long term (2041-2050), which aligns to our LCTP across our value chain.

Our material climate-related risks and opportunities are detailed on pages 124 to 129.

### Revenue

Physical risks of climate change have the potential to adversely impact revenue through supply chain constraints. Our business planning helps us to mitigate these risks through detailed continuity plans such as sufficient inventory durations (with a trade-off on working capital and funding costs) to mitigate short-term supply risks and understanding the longer-term risks on our supply chain.

In addition, sustainability is an increasing factor in consumer purchasing decisions. That is why we continuously seek insights that feed into future product innovations and initiatives.

**+** Read more about our approach to end-of-life processes and product circularity on [page 97](#)

### Direct operating costs

Ways in which climate change considerations can impact cost of sales and, as such, are considered as part of our financial planning include:

- Tobacco leaf cost increases due to potential supply constraints caused by chronic or extreme weather events;
- Raw materials and innovation cost increases due to raw material shortages and enhancements to our product designs to reduce waste and increase recyclability; and
- The potential cost of emerging regulation, as well as taxes on carbon emissions and increases to the cost of energy impacting our direct operations and wider value chain as we transition to a low-carbon model.

### Capital allocation

As part of our financial planning, we require significant capital investments to include carbon emissions impact calculations which are priced into cash flow projections using ICP, as well as marginal abatement cost, and most recently, Balanced Scorecard appraisal tools.

The level of ICP is reviewed annually and, following a benchmarking of external metrics, it was set at £75 tCO<sub>2</sub>e in 2024.

### Capital investment

We fund a dedicated capital expenditure budget that is used to progress the delivery of our sustainability commitments.

In 2024, this amounted to £30 million with investments in energy efficiency and renewable energy generation, water recycling and efficiency projects, waste reduction, and product innovation-led specification improvements to enhance technical recyclability.

### Assets and liabilities

The impact of climate change is considered in the estimates of future cash flows used in impairment assessments. Our 2024 assessment concluded that climate change risks are not yet material, therefore the impacts were not included in the financial statements. The assessment is detailed in note 12 of the financial statements.

**+** Read more about the impact of climate change as part of our impairment disclosure on [page 293](#)

### Access to capital

Climate risks and opportunities may impact BAT's financing in multiple ways, for example:

- 1 climate change may impact the business financially through potentially higher costs and/or our consumers' ability to buy our products which, if they materialised, could impact our profitability and credit ratings; and
- 2 perception of our investors towards our sustainability progress which could reduce their willingness to invest in BAT or restrict our access to capital, should BAT fail to achieve, or be perceived as having failed to achieve, sufficient progress.

By having clear visibility of climate-related risks and opportunities and mitigating these where possible, the Group expects to have continued access to capital and to be able to undertake acquisitions or divestments, as needed.

The process of managing these risks is embedded in our financing principles which are reported on to the Board. Operationally, funding is also discussed at the Corporate Finance Committee (chaired by our Chief Financial Officer).

We also have a Treasury Risk Committee that meets monthly and monitors climate-related risks in the context of the Group's financing needs. In terms of metrics, we have an established medium-term target credit rating which seeks to achieve a balance between balance sheet requirements and access to capital as well as various other metrics. In addition, the Corporate Treasury team is embedded in key discussions on sustainability, as well as dialogues through debt investor engagement to understand the dynamics of sustainability impact on funding and capital markets. The Corporate Treasury team takes appropriate actions to mitigate potential impacts on our access to capital due to sustainability factors.

### Climate scenario analysis Identification

The selection of the risks and opportunities in our TCFD report was reviewed in 2023 as a result of our Double Materiality Assessment<sup>^</sup> process and sustainability risk register, which captured risk information gathered from the identification and assessment of the Group sustainability-related risks.

**+** See more details on our DMA on [page 70](#) and our Sustainability Risk Management process on [page 130](#)

The identification of risks and opportunities is reviewed annually so that it remains appropriate in the context of a dynamic business and physical environment, and to take account of improved data or modelling which may become available.

## Understanding material risks and opportunities:

In our TCFD reporting, material risks and opportunities are those that could reasonably be expected to affect financial position and performance over the short, medium or long term.

#### Note:

<sup>^</sup> Although financial materiality has been considered in the development of our Double Materiality Assessment (DMA), our DMA and any conclusions in this document as to the materiality or significance of sustainability matters do not imply that all topics discussed therein are financially material to our business taken as a whole, and such topics may not significantly alter the total mix of information available about our securities.

Sustainable Future

TCFD Reporting  
Continued

2 Strategy continued

Likelihood Key

■	Remote
■■	Unlikely
■■■	Possible
■■■■	Likely
■■■■■	Probable

Strategy Resilience Key

Strong:	The targets and mitigation actions in place are providing BAT confidence in our business resilience
Medium:	Targets and mitigation actions are in place, but external events may challenge our business resilience
Needs work:	Developing targets and/or mitigation actions to improve our business resilience

Climate change-related risks and opportunities summary table

Risk/Opportunity	Estimated financial impact on profit in a year*	Likelihood			Strategy resilience
		1.5°C	2°C	3-4°C	
<b>Transition risks</b>					
Carbon Taxes	up to £390 million	■■■■■	■■■	■■	Strong
Product Taxes	up to £180 million	■■■	■■■■■	■■	Strong
Energy Costs	up to £200 million	■■■■■	■■■	■■	Strong
Cost Capital/Insurance	up to £300 million	■■■	■■■■■	■■■■■	Strong
<b>Physical risks</b>					
Acute Weather - Value Chain	up to £150 million	■■	■■■	■■■■■	Strong
Chronic Weather - Leaf	up to £240 million	■■	■■■	■■■■■	Medium
<b>Transition opportunities</b>					
Products and Services	up to £230 million	■■■	■■■	■	Medium
Energy Sourcing and Efficiency	up to £60 million	■■■	■■■	■	Strong

**Note:**  
\* These estimated financial impacts represent sensitivities and are considered incremental costs compared to our current financial position.

Strategy Resilience Summary

As described on pages 124-129, while there are climate-related challenges and uncertainties ahead, we believe that the Group is well placed to manage the risks associated with all three of the scenarios modelled due to our existing and planned mitigation and adaptation initiatives. Transition risks are most notable in relation to carbon taxes, new regulation on products, higher energy costs and increased costs of capital and insurance.

The two physical risks are more significant in the 3-4°C warming scenario and relate to the impact of extreme weather events and changes to precipitation patterns principally affecting our tobacco supply chain.

The majority of our risks and opportunities are not expected to show significant regional variations. The most notable regional variations concern our two acute and chronic weather physical risks given they relate to the sourcing of tobacco, particularly from South America, Sub-Saharan Africa, South Asia and the U.S.

The climate-related opportunities are modest and relate to the potential launch of products with sustainability-related features that consumers may value and optimisation of our energy strategy.

Supported by our global reach, supply chain flexibility, diverse product portfolio, leading brands, and capital strength, we believe that we have the resilience and agility to transition and create new growth opportunities.

The insights gained from the climate modelling further strengthen the importance and relevance of our climate strategy and Net Zero GHG emissions target to mitigate these risks. We will continue to review each material climate-related risk and opportunity and build upon our existing mitigation strategies to enhance the resilience of our climate strategy and our business to climate change.

**+** Read more about our climate scenario analysis on pages 123 and 129

2 Strategy continued

**Methodology and assumptions**

In accordance with TCFD, we have conducted our climate scenario analysis on at least one scenario under 2°C or lower. We have aligned our methodology to the most recent Intergovernmental Panel on Climate Change (IPCC) assessment<sup>1</sup>, which indicates that limiting global warming to 1.5°C is necessary to prevent the most severe consequences of climate change.

As such, we have aligned our climate scenario analysis to the IPCC methodology, and GHG concentration trajectories known as Representative Concentration Pathways (RCP) 2.6 and 8.5, specifically considering three climate scenarios:

- 1.5°C 'Sustainable Transition'
- 2°C 'Delayed Transition'
- 3-4°C 'Climate Inaction'

In 2024, we have refreshed our modelling to reflect changes that occurred in the current reporting year.

As in previous years, quantitative assessments were performed to understand how the potential impact and likelihood of risks and opportunities may change under each time horizon and climate scenario.

The analysis considers the impact to the business for both 2030 and 2050 using the methodology defined in the Group Risk Management Framework.

The modelling drew on external and internal data sources. External sources were used for carbon and energy pricing projections using REMIND-MagPIE 3.3-4.8 datasets while internal sources were used for the timing of carbon and product-related taxes; Group financial data; energy consumption and costs by BAT site; category growth projections; and consumer trends.

**Time horizons**

	2030	2050
We have modelled six climate-related risks and two opportunities. For each, the level of likelihood and impact has been analysed across three time frames being short-term up to 2030, medium-term up to 2040 and long-term up to 2050. The 2030 and 2050 time frames have been selected as they align to our external targets (further details of which are shown in this table). 2040 was selected for our medium-term time horizon, given that it represents a suitable mid-point between the other two periods.	This time frame reflects the end date of our current targets in relation to 50% reduction in Scope 1 and 2 emissions and our SBTi submitted targets of 30.3% reduction in Scope 3 FLAG GHG emissions and 42% absolute reduction in Industrial (non-FLAG) GHG emissions by 2030. The analysis links our most recent business plans, including glide-paths across our operations to mitigate risks and maximise opportunities that may arise to enable the effective delivery of our business objectives and external commitments.	This time frame aligns to our Low Carbon Transition Plan across our value chain and our commitment to Net Zero GHG emissions, which incorporates an awareness of the highly uncertain potential risks and opportunities.

**Three climate scenarios**

	Sustainable Transition	Delayed Transition	Climate Inaction
<b>Description</b>	To contain global warming to 1.5°C, a wide-ranging transition of our global economy would be required, encompassing policy and regulation, economic and societal shifts, and the development and deployment of new infrastructure and technologies. In this scenario, transition risks are more significant than the severity of physical risks that may arise.	Significant action by economic actors is delayed to 2030, after which a rapid transition of our global economy would be required, encompassing policy and regulation, economic and societal shifts, and the development and deployment of new infrastructure and technologies. In this scenario, transition risks are more significant although physical risks are considered higher than under the Sustainable Transition scenario.	Countries are unable to meet pledges laid out within the Paris Agreement and global warming reaches 3-4°C. Transition risks are considered to be much lower, while physical risks would be much higher driven by significant impact to biodiversity as a result of acute and chronic weather events.
<b>Estimated 2100 warming</b>	1.5°C	2°C	3-4°C

**Note:**  
1. AR6 Synthesis Report: Climate Change 2023

Sustainable Future

TCFD Reporting  
Continued

2 Strategy continued

Risk impact scoring

In accordance with our Group Enterprise Risk Management approach, the scenarios and their impacts were assessed on a residual basis, which means that mitigation actions were taken into consideration in the risk impact scoring assessment.

Risk Score / Financial Impact (p.a.)



Climate change-related risks and opportunities

Transition risks associated with transitioning to a low carbon economy

Risk overview and assumptions	Impact	Mitigations
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<p><b>Carbon taxes</b></p> <p><b>New carbon pricing mechanisms on the emissions within our value chain increase costs.</b></p> <p><b>Related targets:</b> 50% reduction in Scope 1 and 2 GHG emissions by 2030<sup>1</sup>; our SBTi submitted targets of 30.3% reduction in Scope 3 FLAG GHG emissions and 42% absolute reduction in Industrial (non-FLAG) GHG emissions by 2030<sup>1</sup>; and Net Zero GHG emissions across our value chain by 2050.</p>	<p><b>Financial impact</b></p> <p>Carbon pricing mechanisms expose the Group to additional costs in both the Sustainable and Delayed Transition scenarios. This year we updated our model to more recent external data which increased carbon price forecasts for Sustainable Transition.</p> <p><b>Geographical impact</b></p> <p>Carbon pricing mechanisms will impact all regions.</p>	<ul style="list-style-type: none"> <li>– Implementation of our Low Carbon Transition Plan energy efficiency initiatives</li> <li>– R&amp;D developing new products with lower CO<sub>2</sub>e footprint - supported by the Green Design Tool, which enables product development teams to assess materials and components based on their CO<sub>2</sub> impact in relation to our targets</li> <li>– Engagement with suppliers to support reduction in their value chain emissions</li> </ul>
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<p><b>Product taxes</b></p> <p><b>Governmental mandates on, and regulation of, products and services increase product taxes around Extended Producer Responsibility schemes, plastics and waste disposal.</b></p> <p><b>Related targets:</b> &lt;1% waste to landfill by 2025</p>	<p><b>Financial impact</b></p> <p>Product regulations may expose the Group to additional costs if product taxes such as Extended Producer Responsibility (EPR) schemes and taxes on plastics are widely introduced around the world to drive reductions in emissions and waste. This year we have updated our model to reflect the increased roll-out of EPR schemes in the EU with a slower transition to the rest of the world, which is reflected both in the Sustainable and Delayed scenarios.</p> <p><b>Geographical impact</b></p> <p>Initially, product regulations will largely emanate from European countries, but they are likely to spread.</p>	<ul style="list-style-type: none"> <li>– R&amp;D developing new products with lower CO<sub>2</sub>e footprint, supported by the Green Design Tool, which enables product development teams to assess materials and components based on their CO<sub>2</sub>e impact in relation to our targets</li> <li>– Working with third parties to pilot device and battery recycling solutions</li> <li>– Expanding initiatives to accelerate product circularity</li> </ul>
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**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 Scope 3 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.

2 Strategy continued

Risk Score / Financial Impact (p.a.)



Transition risks associated with transitioning to a low carbon economy (continued)

Risk overview and assumptions	Impact	Mitigations
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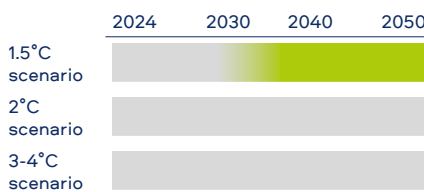
**Direct and indirect energy costs**  
**Increasing energy prices impacting direct operating costs, as well as the cost of buying raw materials or manufactured goods from our suppliers.**



**Related targets:** 50% reduction in Scope 1 and 2 GHG emissions by 2030<sup>1</sup>; our SBTi submitted targets of 30.3% reduction in Scope 3 FLAG GHG emissions and 42% absolute reduction in Industrial (non-FLAG) GHG emissions by 2030<sup>1</sup>; and Net Zero GHG emissions across our value chain by 2050.

50% renewable energy use by 2030; and 20% of suppliers set Science Based Targets by 2025.

**Financial impact**  
 Energy pricing may expose the Group to additional costs. This year we updated our model to reflect updated external data which forecast significantly lower electricity prices across all scenarios.



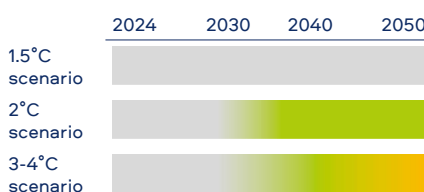
**Geographical impact**  
 Energy pricing impact will be felt throughout most parts of the world.

- Decarbonising our operations through energy efficiency measures
- Transitioning to lower emissions and renewable sources
- Engagement with suppliers to support them in running energy efficiency projects

**Cost of capital/insurance**  
**Contraction of financial services markets arising from climate change could result in increased cost of capital and insurance or a reduction in its availability.**

**Related targets:** N/A

**Financial impact**  
 Potential 25 basis points impact for 1.5°C and 2°C scenarios and 50 basis points for 3-4°C scenario.  
 Full impact of credit adjustment felt over time as c.50% of currently issued bonds mature by 2030, with over 90% by 2050.  
 Assumed increase of 20-40% for insurance costs across the three scenarios.



**Geographical impact** Increases in cost of capital/insurance will impact all regions.

- Ongoing risk engineering programme to comply with internal guidance and regulation
- Site and supply chain resilience through business continuity plans
- Engaging with key insurance and capital stakeholders on sustainability metrics and risks
- Continuing to access diversified funding sources

**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 Scope 3 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

TCFD Reporting  
Continued

2 Strategy continued

Risk Score / Financial Impact (p.a.)



Climate change-related risks and opportunities continued

Physical risks associated with physical impacts of climate change – either acute risks (relating to extreme weather events) or chronic risks (such as relating to longer-term shifts in climate patterns and higher temperatures)

Risk overview and assumptions	Impact	Mitigations
-------------------------------	--------	-------------

Acute weather

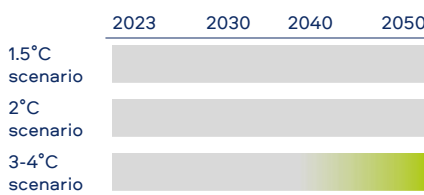
**Increased severity and frequency of extreme weather events such as cyclones, floods and heatwaves leading to agricultural supply chain disruption and / or reduced production capacity resulting in increased costs.**



**Related targets:** 50% reduction in Scope 1 and 2 GHG emissions by 2030<sup>1</sup>; our SBTi submitted targets of 30.3% reduction in Scope 3 FLAG GHG emissions and 42% absolute reduction in Industrial (non-FLAG) GHG emissions by 2030<sup>1</sup>; and Net Zero GHG emissions across our value chain by 2050.

Financial impact

Potential financial impact greatest under Climate Inaction scenario due to increased frequency and heightened severity.



Geographical impact

Sourcing of tobacco, particularly from South America, Sub-Saharan Africa, South Asia and the U.S.

- Leaf farmers adopt sustainable agriculture practices to increase our resilience to extreme weather under agronomy management plans
- Business continuity plans across the supply chain including leaf, manufacturing, distribution and key suppliers
- Loss prevention programme for property risks

Chronic weather

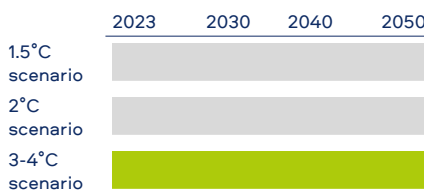
**Continued change in climate leading to ongoing changes in precipitation patterns and temperatures resulting in increasing levels of water stress in our agricultural supply chain and lower yields.**



**Related targets:** 50% reduction in Scope 1 and 2 GHG emissions by 2030<sup>1</sup>; our SBTi submitted targets of 30.3% reduction in Scope 3 FLAG GHG emissions and 42% absolute reduction in Industrial (non-FLAG) GHG emissions by 2030<sup>1</sup>; and Net Zero GHG emissions across our value chain by 2050.

Financial impact

Potential financial impact greatest under the Climate Inaction scenario due to a higher tobacco yield loss. This year we updated our model to reflect our latest outlook on forecasted leaf demand and prices our analysis revealed that the financial impact is consistent with our 2023 assessment.



Geographical impact

Sourcing of tobacco, particularly from South America, Sub-Saharan Africa, South Asia and the U.S.

- Water efficiency and stewardship programmes
- Customised agronomy plans for each sourcing country
- Carbon Smart Farming programme – review of our inventory duration policies to enhance the resilience of our supply chain
- Expansion of Climate Diagnostic Model to key suppliers

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 Scope 3 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.

2 Strategy continued



Opportunity impact scoring

In accordance with our Group Enterprise Risk Management approach, the scenarios and their impacts were assessed on a residual basis - which means that actions were taken into consideration in the opportunity impact scoring assessment.

Risk Score / Financial Impact (p.a.)



Opportunities\* associated with transitioning to low carbon economy

Opportunities overview and assumptions	Impact	Actions															
<p><b>Products and services</b></p> <p><b>Developing more sustainable products to meet consumers' increasing demands.</b></p> <p> <b>Related targets:</b> 100% of our packaging to be reusable, recyclable or compostable by 2025.</p>	<p><b>Financial impact</b></p> <p>Consumer sensitivity to sustainability-related features assumed to be higher under the 1.5°C scenario, with the greater opportunity for additional growth in New Categories compared to combustibles.</p> <table border="1"> <tr> <td></td> <td>2024</td> <td>2030</td> <td>2040</td> <td>2050</td> </tr> <tr> <td>1.5°C scenario</td> <td colspan="4"></td> </tr> <tr> <td>3-4°C scenario</td> <td colspan="4"></td> </tr> </table> <p><b>Geographical impact</b></p> <p>Opportunities envisaged across all regions as New Categories products continue to be rolled out globally.</p>		2024	2030	2040	2050	1.5°C scenario					3-4°C scenario					<ul style="list-style-type: none"> <li>- Incorporation of end-of-life treatment and increased technical recyclability into product design</li> <li>- Increasing access to product Take-Back schemes to support responsible disposal</li> <li>- Innovation to deliver more circular products</li> </ul>
	2024	2030	2040	2050													
1.5°C scenario																	
3-4°C scenario																	
<p><b>Energy sourcing and efficiency</b></p> <p><b>Investment in lower-emission sources of energy or more efficient production and distribution processes within our direct operations.</b></p> <p> <b>Related targets:</b> Increase the proportion of renewable energy we source to 50% of total energy consumption by 2030.</p>	<p><b>Financial impact</b></p> <p>Energy sourcing and efficiency is an opportunity for the Group under both the Sustainable Transition and Climate Inaction scenarios through accelerated decarbonisation of our value chain. Overall additional savings are considered low due to the absolute level of the Group's energy costs and the progress made over the last few years.</p> <table border="1"> <tr> <td></td> <td>2024</td> <td>2030</td> <td>2040</td> <td>2050</td> </tr> <tr> <td>1.5°C scenario</td> <td colspan="4"></td> </tr> <tr> <td>3-4°C scenario</td> <td colspan="4"></td> </tr> </table> <p><b>Geographical impact</b></p> <p>All sites are focusing on reducing energy costs.</p>		2024	2030	2040	2050	1.5°C scenario					3-4°C scenario					<ul style="list-style-type: none"> <li>- Decarbonising our operations through energy efficient measures</li> <li>- Transitioning to lower emission and renewable sources</li> </ul>
	2024	2030	2040	2050													
1.5°C scenario																	
3-4°C scenario																	

Note:  
\* A 2°C scenario was not modelled for opportunities as the impact is considered to be materially similar to the 1.5°C scenario.

Sustainable Future

TCFD Reporting Continued

3 Risk Management

Introduction

The Group applies a consistent methodology for assessing and quantifying sustainability-related risks and opportunities, utilising our risk management framework. Climate-related risks remain a key focus, especially as global temperatures continue to rise. Climate change remains a principal risk to the business and in 2024 we enhanced our focus by separating the previously combined Climate Change and Circular Economy risk into two distinct risks. The separation reflects the unique drivers, impacts and challenges of each area, recognising the need for tailored mitigation strategies. By isolating these risks, we are able to continuously improve our approach to managing climate-related exposures, and strengthen the resiliency of the business.

In 2024, we launched the Group’s Sustainability Reporting Programme, a cross-functional initiative, which includes representatives from Operations, Sustainability and ERM, designed to meet evolving disclosure requirements and ensure assurance on non-financial sustainability related disclosures. This programme leverages the Group’s risk management framework, drawing on our risk management system, methodology and risk registers.

In 2024, we enhanced our Double Materiality Assessment (DMA) to prepare for EU CSRD reporting in 2026, in relation to year-end 2025. This assessment built on previous initiatives such as climate scenario modelling (physical and transition risk) and included a comprehensive review of a wide range of Impacts, Risks, and Opportunities (IROs) across BAT’s value chain. These IROs were described and assessed at a granular level, and evaluated using a detailed, ERM-aligned scoring framework to determine a materiality threshold. Climate-related risks were thoroughly incorporated throughout this process, with associated risks and opportunities scored in line with our Group risk management framework.

The output from this exercise, which involved consultation with over 40 BAT subject matter specialists, will further support the business to better understand, assess and manage climate-related risks, alongside closely related areas like biodiversity loss and water scarcity, supported by data from our sustainability management platform and risk management system.

Climate diagnostics tool

In parallel, we aim to continue to refine our climate diagnostic tool, designed to identify potential climate-related physical hazard ‘hotspots’ (both acute and chronic) and analyse evolving patterns and trends under various climate scenarios (1.5, 2, and 3-4 °C global warming) projected for 2030 and 2050. Currently the tool provides valuable insights into the potential impact of climate change on our manufacturing operations and other key sites. Working with our partners, we are exploring ways to expand this tool across wider areas of the business and incorporate resilience data.

Sustainability risks and relationship with our Group risk register

Sustainability risks identified and assessed through the IROs exercise include both physical and transition climate risks as well as climate related effects on nature-related risks (e.g. water scarcity). Sustainability risks are aligned to relevant ESRS Topics and Sub-topics and are then considered as drivers or impacts to each relevant Group risk (e.g. Supply Chain Disruption and Supplies of Leaf & Agri-ingredients) as part of the risk assessment process. This approach is designed to ensure that every risk fully reflects relevant sustainability considerations. The climate change risk on the Group risk register is an aggregation of multiple physical (acute and chronic) and transition risks identified through the IROs exercise and includes clearly defined mitigation activities. This provides enhanced visibility of the risk profile to the Group Risk Management Committee.

Integration of climate-related risks into the Group Risk Management Framework



3 Risk Management continued

**Risk management process**

In combination with the risk management processes detailed above, we use standardised risk registers at Group, functional, and DRBU levels to identify, assess, manage, and monitor both financial and non-financial risks, including climate-related risks. This four-step process,

outlined in the Group’s Risk Management Manual, provides a consistent approach to risk management, facilitating effective understanding, management, recording, monitoring, and communication of risks across the Group. It also integrates climate-related risks into the overall risk management framework, ensuring they

receive appropriate specialist attention. This year, the Group revised its risk management framework to assess risks on both an inherent and residual basis. This two-stage assessment allows for a clearer understanding of initial risks in their unmanaged state and the effectiveness of mitigation efforts (managed state). Additionally, risks are now assessed and prioritised at five levels based on their impact and likelihood, enhancing assessment accuracy and precision in risk scoring and reporting. The Group Risk Management Committee oversees these processes and works to maintain ongoing compliance with our ERM methodology.

**Our Risk Management Process**



**Risk assessment methodology**

There are various criteria, both qualitative and quantitative, against which impact may be measured. Impact ratings are applied to risks across five levels (Severe, Significant, Moderate, Minor, Insignificant). In financial (quantitative) terms, Severe impact is deemed as in excess of £1bn, Significant £500m-£1bn, Moderate £250m-£500m, Minor £120m-£250m and Insignificant £60m-£120m per annum. Risks below £60m are not included in the Group risk register but are managed and reported at regional and DRBU level. The qualitative impact is assessed based upon the scale of the detrimental effect of the risk. Similarly, likelihood is assessed using five categories: Remote, Unlikely, Possible, Likely, and Probable. Following the application of these standardised risk assessment procedures, risks (including climate-related risks) are prioritised based on their relative significance to the Group as a whole.

**Risk monitoring methodology**

Risk data, including assessment information and risk scores, is collected and recorded within the Group’s Risk Management System. The system applies an aggregation of risk impact/likelihood scores and provides a standardised risk reporting suite which supports the risk tracking and monitoring process. The Group risk register is reviewed biannually by the Group Risk Management Committee, chaired by the Chief Financial Officer, and subsequently reviewed biannually by the Audit Committee and annually by the Board. In addition, functional, regional and DRBU risk registers (which also capture climate-related risk factors) are reviewed on a biannual basis by applicable Leadership Teams and reviewed biannually by the Corporate Audit Committee and Regional Audit Committees, respectively.

Sustainable Future

TCFD Reporting Continued

4 Metrics and Targets

We measure and track a wide range of sustainability metrics and targets which help us assess and manage climate-related risks and opportunities.

+ Read more about our sustainability **Metrics and Targets** on [page 69](#)

Our THR metrics and targets link to the opportunities we have identified in products and services, while our climate metrics and targets link both to the opportunities identified in 'Energy Sourcing and Efficiency' and to our transition and physical risks. The latter are particularly important to our climate targets, as outlined in 'Our Path to Net Zero GHG emissions by 2050' below, as inaction would result in product shortfalls.

+ Read more about our **climate-related risks and opportunities** on [pages 124 to 129](#)

Remuneration

From 2025, a climate metric will be introduced into the Group's Short-Term Incentive Plan, linking compensation of Executive Directors and wider employees with the decarbonisation of our operations.

Our Director, Operations, a member of the Management Board, is responsible for the delivery of our climate-related targets as part of the overall sustainability agenda. The most important targets are externally communicated and linked to evaluation of the Director, Operations' performance and remuneration.

+ Read more about the inclusion of a new climate metric in the **Group's Short-term Incentive Plan** on [page 216](#)

The Director, Operations' performance objectives contain environmental targets, which are directly linked to their assessment of performance alongside other non-environmental performance objectives and other factors. The Director, Operations' eligibility for an annual bonus under the Group's International Executive Incentive Scheme (IEIS) plan is based on their performance assessment.

The Group's GHG emissions and energy reduction targets are examples of environmental metrics contained within the Director, Operations' performance objectives. The threshold for success is achieving or exceeding yearly targets,

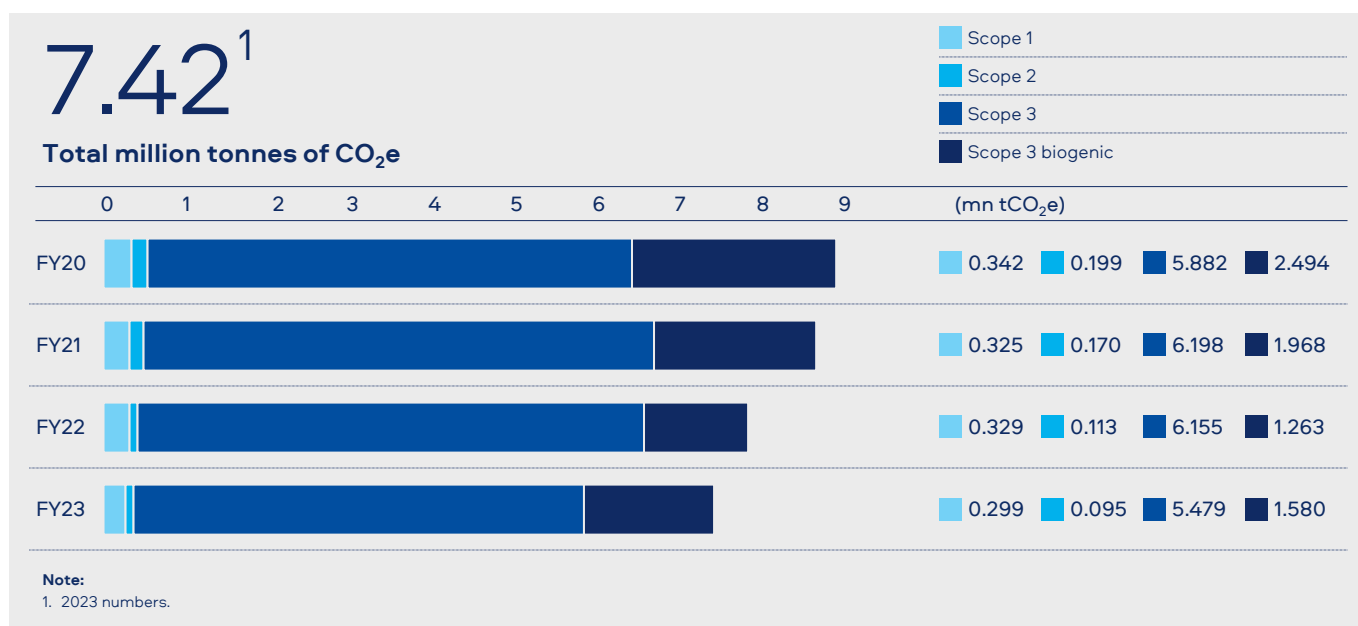
as described by target glidepaths. For example, by the end of 2024 a reduction of 39.3% in BAT's Scope 1 and 2 GHG emissions (versus 2020 baseline) was required and a reduction of (42.6)% (versus 2020 baseline) was achieved, exceeding the target threshold for this year. The Director, Operations met this performance objective which contributed to their eligibility for an annual bonus payment.

+ The value of the Company bonus plan is tied to non-environmental metrics set out in the current **Remuneration Policy** described on [page 227](#)

Climate-related metrics and targets

We have set near-term 2030 1.5°C-aligned, absolute reduction targets that accommodate Net Zero GHG criteria and definitions. In 2022, the SBTi introduced the first FLAG target-setting guidance to assist companies in land-intensive sectors with establishing science-based targets that encompass land-based emissions and removals. As a result, in 2024, we submitted near-term 2030 Industrial / Non-FLAG and FLAG Scope 3 emissions targets to the SBTi alongside our long-term Net Zero target.

Breakdown of BAT's GHG Emissions



4 Metrics and Targets continued

**Understanding Scope 1, 2 and 3 emissions**

Scope 1, 2 and 3 emissions are categories of greenhouse gas (GHG) emissions an organisation's activities create.

**Scope 1 emissions:**

Direct emissions occur from sources owned or controlled by an organisation.

**Scope 2 emissions:**

Indirect emissions are generated from purchased electricity, heat, steam or cooling. These can be 'location-based' - which uses a quantification method based on average energy generation emission factors for defined locations, including local,

subnational, or national boundaries; or 'market-based' - which uses a quantification method based on GHG emissions emitted by the generators from which the reporter contractually purchases electricity bundled with instruments, or unbundled instruments on their own.

**Scope 3 emissions:**

Scope 3 emissions are all indirect emissions (not included in Scope 2) that occur in the value chain of the reporting organisation, including both upstream and downstream emissions and excluding biogenic emissions.

**Scope 3 biogenic emissions:**

CO<sub>2</sub> emissions from the combustion or biodegradation of biomass.

**Biomass:**

Any material or fuel produced by biological processes of living organisms, including organic non-fossil material of biological origin (e.g., plant material), biofuels (e.g., liquid fuels produced from biomass feedstocks), biogenic gas (e.g. landfill gas), and biogenic waste (e.g. municipal solid waste from biogenic sources).

**Our Path to Net Zero GHG Emissions by 2050**

**Our Climate Targets**

**50% reduction in Scope 1 and 2** GHG emissions by 2030<sup>1</sup> (versus 2020 baseline)

**30.3% reduction in Scope 3** Flag GHG emissions and 42% absolute reduction in Industrial (non-FLAG) GHG emissions by 2030<sup>1</sup> (submitted to SBTi for validation as 1.5°C aligned in September 2024)

**Net Zero** GHG emissions in our value chain by 2050 (submitted to SBTi for validation as 1.5°C aligned in September 2024)

**50% total renewable energy use** by 2030

**20% of suppliers** by spend to set Science-Based Targets by 2025

**What are FLAG emissions?**

FLAG emissions are greenhouse gas emissions from activities in the forest, land, and agriculture (FLAG) sector. They include a wide range of emissions from activities that occur on-farm and upstream, such as the manufacture of fertilisers. According to the SBTi, they account for almost a quarter of global emissions.

Since mid-2023, SBTi have required companies to account for their land-based emissions and set separate FLAG targets if relevant to their activities. BAT submitted FLAG emissions reduction targets to SBTi in 2024 for validation.



**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 Scope 3 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

TCFD Reporting Continued

4 Metrics and Targets continued

How we intend to reduce Scope 1 and 2 GHG emissions<sup>1</sup>



Creating **site-specific decarbonisation roadmaps** and investing in energy efficiency projects and management systems.



Increasing **renewable energy** use by entering into longer-term power purchase agreements and investing in on-site renewable energy generation projects.



Rolling out **electric and hybrid vehicles** in our fleet.

How we intend to reduce Scope 3 GHG emissions<sup>1</sup>



Building a **climate-resilient supply chain** with direct and indirect suppliers.



Eliminating the remaining use of coal for tobacco curing; **using sustainable curing fuels** (e.g. sustainable wood fuel, agricultural waste).



**Fostering circularity** in our value chain.



Designing for the **reuse and recycling** of end-of-life products.



Increasing the **use of low carbon materials**.

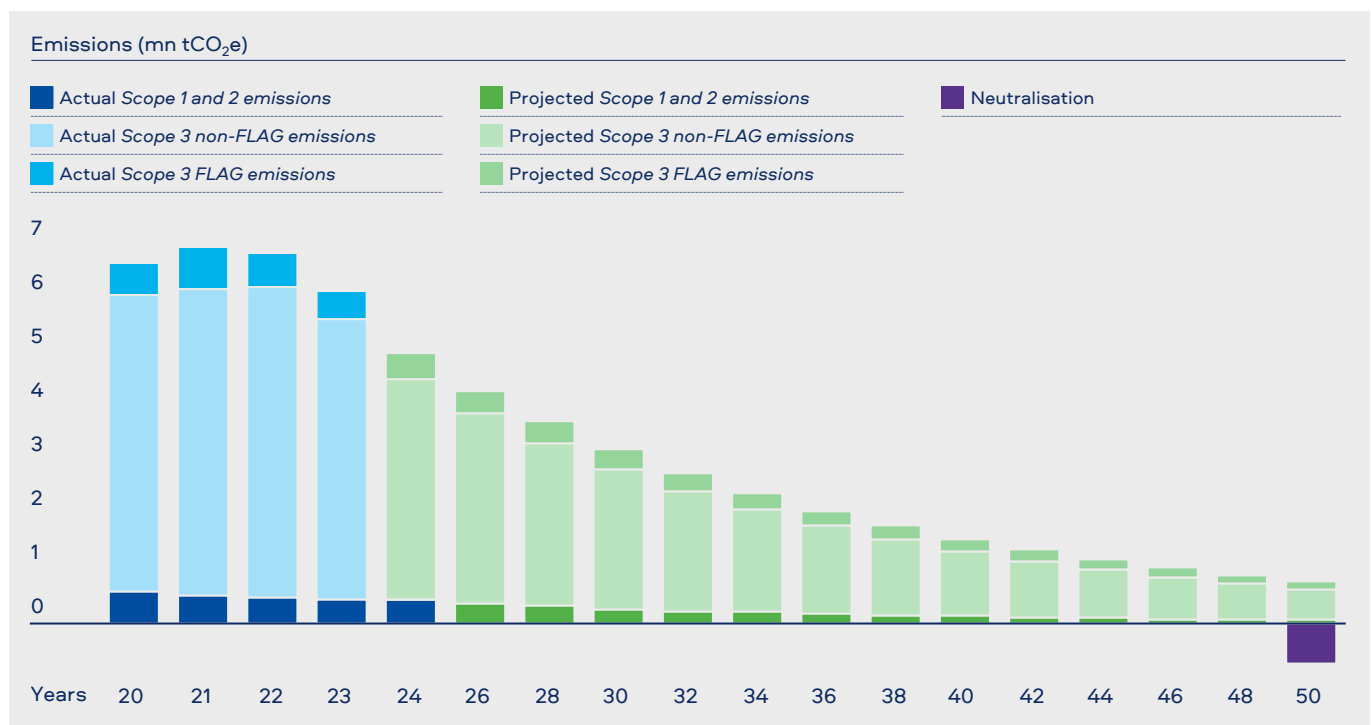
Understanding different GHG emissions-related terminology

**Net Zero GHG emissions:** This means reducing greenhouse gas emissions to as close to zero as possible, with any remaining emissions re-absorbed from the atmosphere, by, for example, oceans and forests. Setting corporate Net Zero targets aligned with meeting societal climate goals means: (a) reducing Scope 1, 2 and 3 emissions to zero or a residual level consistent with reaching Net Zero emissions at the global or sector level in 1.5°C scenarios or sector pathways; and (b) neutralising any residual emissions by the Net Zero target date – and continuing to neutralise any GHG emissions released into the atmosphere thereafter.

**Near-term science based target:** GHG reduction targets in line with what the latest climate science deems necessary to limit warming to 1.5°C above pre-industrial levels to be achieved within a 5-10 year time frame from the date of submission to the SBTi.

**Long-term science-based target:** GHG reduction targets in line with what the latest climate science deems is necessary to reach Net Zero at the global or sector level in 1.5°C pathways before 2050.

BAT's 1.5°C-aligned Emissions Pathway



**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 Scope 3 targets comprised 77% of Scope 3 emissions in 2020. Due to the complexity of consolidating and assuring 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.

## 4 Metrics and Targets continued

### Reporting methodology for CO<sub>2</sub>e emissions

We use the World Business Council for Sustainable Development GHG Protocol Corporate Standard to guide our reporting of carbon dioxide equivalent (CO<sub>2</sub>e) emissions. We also use supporting standards including:

- GHG Protocol Scope 2 Guidance, 2015
- GHG Protocol Corporate Value Chain (Scope 3) Standard, 2011

Where we have operational control, we include emissions from energy use, the Dry Ice Expanded Tobacco (DIET) production process, as well as fugitive emissions and process emissions from on-site wastewater and waste treatment in our CO<sub>2</sub>e emissions reporting.

While we account for the contribution of all seven GHG gases, carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF<sub>6</sub>) and nitrogen trifluoride (NF<sub>3</sub>), we do not disclose the breakdown of CO<sub>2</sub>e data on an individual GHG basis.

#### Baseline

Currently, we use a 2020 baseline year for emissions reporting, which comprises a total of 6,422,791 tCO<sub>2</sub>e split as follows:

- Scope 1: 342,034 tCO<sub>2</sub>e
- Scope 2: 198,830 tCO<sub>2</sub>e market-based (Scope 2: 417,572 tCO<sub>2</sub>e location-based)
- Scope 3: 5,881,927 tCO<sub>2</sub>e

### Data collection and validation

GHG emissions data for Scope 1 and 2 is collected within our internal EHS Reporting system; it includes 180 reporting units located across 85 countries.

BAT's Scope 3 GHG emissions reporting process aligns with the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

**+** Read more about our **Scope 3 Simplified Methodology document** at [www.bat.com/sustainabilityreport](http://www.bat.com/sustainabilityreport)

A full breakdown of our GHG emissions is presented below. <sup>Ⓢ</sup>The metrics subjected to limited assurance from KPMG in accordance with ISAE (UK) 3000 and ISAE 3410 which have been marked with <sup>Ⓢ</sup>, are those for 2024 for Total Scope 1 and Scope 2 and for 2023 for Total Scope 3. Please refer to page 153 for the complete list of assured metrics.<sup>Ⓢ</sup>

## 2024 BAT Group Greenhouse Gas Emissions

Emission Source	Total Emissions (Thousand Tonnes CO <sub>2</sub> e)				
	2024	2023	2022	2021	2020
Total Scope 1 CO <sub>2</sub> e <sup>1,2</sup> <sup>Ⓢ</sup> <sup>Ⓢ</sup>	237	299	329	325	342
Total Scope 2 CO <sub>2</sub> e Market-based <sup>1</sup> <sup>Ⓢ</sup> <sup>Ⓢ</sup>	74	95	113	170	199
Total Scope 2 CO <sub>2</sub> e Location-based <sup>Ⓢ</sup> <sup>Ⓢ</sup>	325	342	356	393	418
Total Scope 3 CO <sub>2</sub> e <sup>3,4</sup> <sup>Ⓢ</sup> <sup>Ⓢ</sup>	N/A	5,479	6,155	6,198	5,882
Total Scope 3 Industrial (Non-FLAG) emissions	N/A	4,997	5,534	5,471	5,306
Total Scope 3 FLAG emissions	N/A	481	621	726	576
Category 1: Purchased Goods and Services (Total) <sup>4</sup>	N/A	3,563	4,088	4,188	3,953
Category 1: Purchased Goods	N/A	1,768	1,981	1,973	1,970
Category 1: Purchased Services	N/A	1,117	1,212	1,143	1,091
Category 1: Purchased Tobacco Leaf	N/A	678	895	1,071	892
Category 2: Capital Goods	N/A	81	140	142	172
Category 3: Fuel and Energy Related Emissions	N/A	176	179	197	164
Category 4: Upstream Transportation and Distribution	N/A	308	377	373	348
Category 5: Waste Generated in Operations	N/A	3	5	8	9
Category 6: Business Travel	N/A	87	33	19	18
Category 7: Employee Commuting	N/A	62	71	75	67
Category 9: Downstream Transportation and Distribution	N/A	16	19	22	21
Category 11: Use of Sold Products	N/A	225	252	257	209
Category 12: End-of-Life Treatment of Sold Products	N/A	142	161	225	231
Category 14: Franchises	N/A	1	1	1	5
Category 15: Investments	N/A	815	828	691	685
Total Scope 3 Biogenic emissions	N/A	1,580	1,780	1,968	2,494
Total Category 1 Biogenic emissions	N/A	1,090	1,263	1,437	1,947
Total Category 11 Biogenic emissions	N/A	491	517	531	547

**Notes:** 1. In 2024, UK-based activities included 2,180 tonnes of Scope 1 CO<sub>2</sub>e emissions (2023: 2,245) and 1 tonne of our Scope 2 CO<sub>2</sub>e emissions (2023: 0). Scope 1 and 2 CO<sub>2</sub>e emissions intensity (tonnes per £m revenue) is 11.5 (2023: 13.3; 2022: 15.2). Scope 1 direct greenhouse gas (GHG) fugitive emissions result from the direct release to the atmosphere of GHG compounds from various types of equipment and processes. 2. A category of Scope 1 direct greenhouse gas (GHG) fugitive emissions result from the direct release to the atmosphere of GHG compounds from various types of equipment and processes. Our 2020 and 2021 Total Scope 1 CO<sub>2</sub>e GHG emissions do not include fugitive emissions as this data is not available. 3. 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) 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 emissions target includes FLAG emissions and removals. Combined, these Scope 3 targets comprise 77% of Scope 3 emissions in 2020. Due to the target boundary, the FLAG / Non-FLAG GHG emissions values in this table will not reconcile with Scope 3 target reporting. Due to the complexity of consolidating and assuring 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](http://bat.com/reporting). 4. After submitting Scope 3 FLAG and Industrial (Non-FLAG) targets to the SBTi for validation, we have restated our total Scope 3 GHG emissions and Scope 3 Category 1 Purchased Goods and Services for better comparability. Additionally, we have separated reportable emissions from biogenic emissions and restated Category 11 Use of Sold Products. Methodology changes have led to adjustments in Category 4 Upstream Transportation and Distribution, and Category 9 Downstream Transportation. This year, we have also reported Category 15 for the first time, including comparatives. For more details, please refer to BAT 'Reporting Criteria' at [bat.com/reporting](http://bat.com/reporting).

## Sustainable Future

TCFD Reporting  
Continued**2024 GHG emissions performance**

Our combined Scope 1 and 2 (market-based) GHG emissions<sup>1</sup> are decreasing year on year. In 2024, we reduced our Scope 1 and 2 GHG emissions by 21.2% compared to 2023 (42.6% versus 2020 baseline).

Scope 1 GHG emissions decreased by 20.8% compared to 2023 (30.7% versus 2020 baseline).

This is driven by energy efficiency activities, a decrease in production output, an increase in the use of renewable fuels and changes in footprint in certain geographies.

Scope 2 GHG emissions decreased by 22.6% compared to 2023 (63.0% versus 2020 baseline).

This was driven by a decrease in total non-renewable energy consumption, energy efficiency activities and an increase in on-site renewable electricity generation, mostly from solar technologies.

While our targets cover Scope 2 market-based emissions, we also measure and report Scope 2 location-based emissions as per the GHG Protocol Scope 2 Guidance. Scope 2 location-based emissions decreased by 5% compared to 2023 (22.3% versus 2020 baseline).

Our total Scope 3<sup>2</sup> GHG emissions decreased by 11% compared to 2022 (6.9% versus 2020 baseline). This was driven by continued optimisation of the tobacco curing process, increasing the use of renewable fuels in tobacco curing and reducing the carbon intensity of other materials.

**Reporting methodology for energy**

Energy consumption is reported in line with GRI 302 Energy (2016): 'Disclosure 302-1, Energy consumption within the organisation,' which includes activities the Group is responsible for as well as purchased electricity, steam and hot water.

Energy consumption is calculated from raw data of fuel, electricity, hot water and steam consumption, which is submitted by reporting units across the Group via our Internal EHS Reporting system.

The data used in calculations are the same as used for Scope 1 and 2 CO<sub>2</sub>e emissions.

**2024 energy consumption performance**

While details of the principal measures taken for the purpose of increasing energy efficiency across the Group are available on pages 82-83, our energy consumption performance is outlined as follows:

- Energy consumption<sup>3</sup> from activities for which the Group is responsible (in million kWh): 2024: 1,135; 2023: 1,292; 2022: 1,435. Of the total figure reported for the Group for 2024, 10 million kWh is from UK-based activities (2023: 10 million kWh, 2022: 11 million kWh).
- Energy consumption resulting from the purchase of energy by the Group for its own use (in million kWh): 2024: 861; 2023: 890; 2022: 909. Of the total figure reported for the Group for 2024, 13 million kWh is from UK-based activities (2023: 13 million, 2022: 15 million).

**+** Read more about our **sustainability metrics and targets** in our **Sustainability Performance Data Book** at [bat.com/reporting](https://bat.com/reporting)

**Next steps**

Through the adoption of the TCFD recommendations and making the recommended disclosures, we have continued to analyse the resilience of our strategy against three potential climate scenarios and three time horizons up to 2050. This has helped us in mitigating risks, adapting to a changing landscape, seeking new opportunities and preparing for new regulations.

We will continue to monitor the evolving regulatory landscape, including any changes to the UK Listing Rules in relation to the adoption of the International Sustainability Standard Board (ISSB) standards and the adoption of EU CSRD in Europe. We will update our approach to our climate-related disclosures accordingly.

**2024 energy consumption performance**

	2024 mkWh	2023 mkWh	2022 mkWh
Energy consumption <sup>3</sup> from activities for which the Group is responsible	<b>1,135</b>	1,292	1,435
– from UK-based activities	<b>10</b>	10	11
Energy consumption resulting from the purchase of energy by the Group for its own use	<b>861</b>	890	909
– from UK-based activities	<b>13</b>	13	15

**GHG emissions from UK-based activities**

	2024	2023	2022
Scope 1 (tonnes of CO <sub>2</sub> e emissions)	<b>2,180</b>	2,245	2,376
Scope 2 (tonnes of CO <sub>2</sub> e emissions)	<b>1</b>	0	10
Scope 1 and 2 CO <sub>2</sub> e emissions intensity (tonnes per £m revenue)	<b>11.5</b>	13.3	15.2

**Notes:**

<sup>®</sup>2024 (2023 for Scope 3) metrics with independent limited assurance by KPMG, see page for a full list of assured metrics<sup>®</sup>

1. Compared to a 2020 baseline. Our near-term 2030 science-based targets comprise a 50% reduction in Scope 1 and 2 GHG emissions.
2. The Scope 3 Industrial (non-FLAG) 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 emissions target includes FLAG emissions and removals. Combined, these Scope 3 targets comprise 77% of Scope 3 emissions in 2020. Due to the complexity of consolidating and assuring 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](https://bat.com/reporting).
3. Energy intensity (GWh per £ million of revenue): 2024: 0.077; 2023: 0.080; 2022: 0.085

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British American Tobacco p.l.c. (No. 3407696) TCFD Reporting 2024: Cautionary statement and other information. This TCFD Reporting is extracted (without material adjustment) from, and should be read as an introduction to and in conjunction with, the 2024 Annual Report and Accounts and Form 20-F of British American Tobacco p.l.c. (the Company) and the British American Tobacco Group (the "Group") prepared in accordance with UK requirements. It has been drawn up and is presented in accordance with, and reliance upon, applicable English company law and the liabilities of the Directors in connection with the report shall be subject to the limitations and restrictions provided by such law. This TCFD Reporting contains certain forward-looking statements, including "forward-looking" statements made within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. These statements are often, but not always, made through the use of words or phrases such as "believe," "anticipate," "could," "may," "would," "should," "intend," "plan," "potential," "predict," "will," "expect," "estimate," "project," "positioned," "strategy," "outlook," "target" and similar expressions. These include statements regarding our intentions, beliefs or current expectations concerning, amongst other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the economic and business circumstances occurring from time to time in the countries and markets in which the Group operates. All such forward-looking statements involve estimates and assumptions that are subject to risks, uncertainties and other factors. It is believed that the expectations reflected in this document are reasonable but they may be affected by a wide range of variables that could cause actual future results to differ materially from those currently anticipated. Among the key factors that could cause actual results to differ materially from those projected in the forward-looking statements are uncertainties related to the following: the impact of competition from illicit trade; the impact of adverse domestic or international legislation and regulation; the inability to develop, commercialise and deliver the Group's New Categories strategy; the impact of supply chain disruptions; adverse litigation and dispute outcomes and the effect of such outcomes on the Group's financial condition; the impact of significant increases or structural changes in tobacco, nicotine and New Categories related taxes; translational and transactional foreign exchange rate exposure; changes or differences in domestic or international economic or political conditions; the ability to maintain credit ratings and to fund the business under the current capital structure; the impact of serious injury, illness or death in the workplace; adverse decisions by domestic or international regulatory bodies; changes in the market position, businesses, financial condition, results of operations or prospects of the Group; direct and indirect adverse impacts associated with Climate Change and the move towards a Circular Economy; and Cyber Security incidents caused by the heightened cyber-threat landscape and increased digital interactions with consumers, and changes to regulation. Further details on the principal risks that may affect the Group can be found in the 'Group Principal Risks' section of the Strategic Report of the 2024 Annual Report and Accounts and Form 20-F. A summary of all the risk factors (including the principal risks) which are monitored by the Board through the Group's risk register is set out in the section under the heading 'Group Risk Factors' in the Additional Disclosures section of the 2024 Annual Report and Accounts and Form 20-F. It is believed that the expectations reflected in this TCFD Reporting are reasonable but they may be affected by a wide range of variables that could cause actual results to differ materially from those currently anticipated. Past performance is no guide to future performance and persons needing advice should consult an independent financial adviser. The forward-looking statements reflect knowledge and information available at the date of preparation of this TCFD Reporting and the Group undertakes no obligation to update or revise these forward-looking statements, whether as a result of new information, future events or otherwise. Readers are cautioned not to place undue reliance on such forward-looking statements. This TCFD Reporting is provided for information only and is not intended to be a substitute for reading the 2024 Annual Report and Accounts and Form 20-F. In particular, this TCFD Reporting does not comprise the Company's Strategic Report or any supplementary materials and it does not contain sufficient information to allow for as full an understanding of the results of the Group and the state of affairs of the Group, and the principal risks facing the Group, as would be provided by the 2024 Annual Report and Accounts and Form 20-F. Shareholders may view a copy of the 2024 Annual Report and Accounts and Form 20-F on [www.bat.com](http://www.bat.com) or obtain a hard copy free of charge (contact details can be found on page 41 of the Combined Performance and Sustainability Summary). Specific local mailing and/or notification requirements will apply to shareholders on the South Africa branch register. If you have sold or transferred all your shares in British American Tobacco p.l.c., you should send this TCFD Reporting to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. This TCFD Reporting provides alternative performance measures (APMs) which are not defined or specified under the requirements of International Financial Reporting Standards (IFRS). We believe these APMs provide readers with important additional information on our business. A comprehensive list of the APMs that we use, an explanation of how they are calculated, why we use them and a reconciliation to the most directly comparable IFRS measure where relevant is set out under the heading 'Non-GAAP measures' in the Additional Disclosures section of the 2024 Annual Report and Accounts and Form 20-F. BAT has shares listed on the London Stock Exchange (BATS), the Johannesburg Stock Exchange (BTJ), and, as American Depositary Shares (ADSs), on the New York Stock Exchange (NYSE). References in this TCFD Reporting to 'British American Tobacco', 'BAT', 'Group', 'we', 'us' and 'our' when denoting opinion refer to British American Tobacco p.l.c. and when denoting business activity refer to British American Tobacco Group operating, collectively or individually as the case may be. The material in this TCFD Reporting is provided for the purpose of giving information about the Company to investors only and is not intended for general consumers. The Company, its Directors, employees, agents or advisers do not accept or assume responsibility to any other person to whom this material is shown or into whose hands it may come and any such responsibility or liability is expressly disclaimed. The material in this TCFD Reporting is not provided for product advertising, promotional or marketing purposes. This material does not constitute and should not be construed as constituting an offer to sell, or a solicitation of an offer to buy, any of our products. Our products are sold only in compliance with the laws of the particular jurisdictions in which they are sold. References in this TCFD Reporting to information on websites, including the web address of BAT, have been included as inactive textual references only. The websites and the information contained therein or connected there to are not intended to be incorporated into or to form part of this TCFD Reporting.

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