Enhancing Farmers’ Livelihoods

Carlos Palma – BAT Sustainable Agriculture Manager
BAT ESG Strategy

- Increasing our consumers of non-combustible products to 50 million by 2030
- Achieving carbon neutrality by 2030 and accelerating our existing environmental targets to 2025
- Eliminating unnecessary single-use plastic and making all plastic packaging recyclable by 2025

**Reducing the HEALTH impact of our business**
- Consumer choice
- World-class science
- Standards and regulation

**Excellence in ENVIRONMENTAL management**
- Climate change
- Water and waste
- Sustainable agriculture
- Circular economy

**Delivering a positive SOCIAL impact**
- Human rights
- Farmer livelihoods
- Health and safety
- People and culture

**Robust corporate GOVERNANCE**
- Business ethics
- Responsible marketing
- Regulation and policy engagement

**OUR PURPOSE**

- **CONSUMERS**
  - by responsibly offering them enjoyable and less risky choices to cigarettes.

- **SOCIETY**
  - by addressing the overall health, social and environmental impacts of our business, and by raising standards for people across our value chain.

- **EMPLOYEES**
  - by creating a dynamic, inspiring and purposeful place to work that values their wellbeing, embraces diversity and respects their rights.

- **SHAREHOLDERS**
  - by delivering sustainable, superior returns and long-term growth.

**CREATES SHARED VALUE FOR**
Helping our Farmers to Thrive

250,000 farmers assessed in Thrive programme, covering more than 80% of our total tobacco leaf purchases

Sustainable Tobacco Programme:
Applied to 100% of the tobacco suppliers
Long-term value and mutual benefit

- BAT has a proud history of working closely with farmers around the world to advance agriculture through integrated production systems.

- Advancing sustainable agriculture through world-class agronomy R&D and deployment
  - Seeds – yield, quality, and disease resistance
  - Farming practices – seedbeds, soil preparation, automated barns
  - Mechanization – tailored solutions to drive efficiency

- Extension Services with on-the-ground support - technical assistance and capacity building through a global network of expert field technicians.

- Provide our contracted farmers with best practices, training and support them with deployment of sustainable farming techniques and technologies.
Focus on natural resources

- Good agricultural practices are essential for ensuring farming communities are successful, *protecting the natural resources* on which they rely on.

- Working with our farmers to increase their *resilience to Climate Change*. In 2019, we commissioned independent *climate change impact assessments in 10 countries*.

**Sustainable wood sourcing**

<table>
<thead>
<tr>
<th>Year</th>
<th>Target: To eliminate the use of unsustainable wood sources by our contracted farmers. (% of sources of wood used by our contracted farmers for curing of fuels that are from sustainable sources)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>99</td>
</tr>
<tr>
<td>2018</td>
<td>99</td>
</tr>
<tr>
<td>2017</td>
<td>99</td>
</tr>
</tbody>
</table>

**Best practice soil and water management plans**

<table>
<thead>
<tr>
<th>Year</th>
<th>(% of tobacco hectares reported to have appropriate best practice soil and water management plans implemented)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>71</td>
</tr>
<tr>
<td>2018</td>
<td>64</td>
</tr>
<tr>
<td>2017</td>
<td>78</td>
</tr>
</tbody>
</table>

*Independently assured data
1 As reported through our Thrive assessments covering BAT contracted farmers and farmers contracted to our strategic third-party suppliers, representing more than 80% of our total tobacco leaf purchases in 2019.*
Focus on protecting farmers and rural communities

Human Rights
Our approach to protecting HRs is aligned to the UN Guiding Principles for Business and Human Rights, including policies, due diligence, grievance channels and remediation, as well as working to understand and address the root causes.

Farmer livelihoods
We help our contracted farmers to optimize the profitability of their farms, such as by increasing yields and productivity, and to grow other crops to enhance food security and generate additional sources of income.

Farmers’ Health and safety:
All our contracted farmers are required to provide personal protective equipment (PPE) for themselves and their workers for both agrochemical application and harvesting.
Operational standard for personal protective equipment (PPE) in tobacco farming:
Applies to all 90K farmers directly contracted by BAT leaf operations.
We ask 3rd party leaf suppliers to guarantee that the requirements have been implemented within their own practices and operations.

### Social

#### Farmer training
(Number of farmer training sessions reported via our 2019 Thrive assessments\(^1\))

<table>
<thead>
<tr>
<th>Year</th>
<th>Sessions</th>
<th>Attendances</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>2,709</td>
<td>76,656</td>
</tr>
</tbody>
</table>

#### Farm business management:

<table>
<thead>
<tr>
<th>Year</th>
<th>Sessions</th>
<th>Attendances</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>298</td>
<td>24,368</td>
</tr>
</tbody>
</table>

#### Women’s empowerment and leadership:

<table>
<thead>
<tr>
<th>Year</th>
<th>Sessions</th>
<th>Attendances</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>298</td>
<td>24,368</td>
</tr>
</tbody>
</table>

#### Provision of PPE for farmers and their workers
(\% of farms reported to have sufficient PPE for agrochemical use and harvesting\(^1\))

<table>
<thead>
<tr>
<th>Year</th>
<th>PPE for agrochemical use</th>
<th>PPE for harvesting</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>93%</td>
<td>97%</td>
</tr>
<tr>
<td>2018</td>
<td>89%</td>
<td>96%</td>
</tr>
<tr>
<td>2017</td>
<td>89%</td>
<td>90%</td>
</tr>
</tbody>
</table>

#### Crop diversification and food security
(\% of tobacco farmers in our supply chain that grow other crops, including fruit, vegetables, wheat, maize, cotton and soy\(^1\))

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>92%</td>
<td>95%</td>
<td>96%</td>
</tr>
</tbody>
</table>

#### Farmer health and safety training
(Number of farmer training sessions and total attendances\(^1\))

<table>
<thead>
<tr>
<th>Year</th>
<th>GTS and harvesting health and safety Sessions</th>
<th>Attendances</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>2,608</td>
<td>196,982</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Agrochemical health and safety Sessions</th>
<th>Attendances</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>2,871</td>
<td>201,374</td>
</tr>
</tbody>
</table>
Improving Yield

57% of tobacco leaf grown by our contracted farmers was from elite varieties, resulting in an increase in yields by 12 to 20%.

Enhancing Farmers Infrastructure

Bangladesh Probaho programme – since 2009, over 200K people a day benefit from access to over 400K litres of safe drinking water, in 87 water filtration plants BATB has installed in tobacco-growing communities.

Supporting Communities

We work in partnership with rural communities to develop collaborative, cross-sector solutions to complex issues, address root causes and contribute to the Sustainable Development Goals.

Globally £46.1 million in community and charitable projects over the last three years

2019: 14 infrastructure programmes in 8 countries and 25 on agribusiness development, food security and women’s empowerment in 12 countries

Sri Lanka: our Sustainable Agriculture Development Programme (SADP) in rural communities has been running for 14 years – benefitting over 76,000 individuals in 19,600 families

Florecen Project in Mexico

Set up with the government, Universal Leaf and organisations such as the Rural Association of Collective Interest in Nayarit in Mexico in 2001.

Centres in the growing regions, for children to spend the day benefitting from education, healthcare, nutritional and recreational services.

In 2019: 1,6K children benefited
Since 2001: over 16K children attended

BAT does not condone child labour

2019: our leaf operations and third-party suppliers ran over 5K human rights training sessions with more than 350K attendances
**Farmer Sustainability Management - FSM**

Digital monitoring platform with focus on monitoring and track performance of sustainability indicators

Faster and more accurate reporting and remediation

Mobile app + web portal

About 90% of the direct contracted farmers

12 countries, 9 languages
Supporting Farmers in the Pandemic

- COVID-19 awareness to farmers;
- Field Technician training on prevention;
- Vehicle disinfection arrangements & PPE mandatory items.

Various Operations:
Virtual Crop negotiation and contracting, to ensure timely inputs delivery;
BR: farmers online tracking of buying

Global Leaf Agronomy, in BR:
Donations and loans of material an equipment to public lab

Supporting Communities all around the world:
KE donation of water and handwashing facilities

Protecting the People and livelihoods worldwide
Thanks!   Gracias!   Obrigado!

https://www.bat.com/group/sites/uk_9d9kcy.nsf/vwPagesWebLive/DO52AD7G