BAT TRIESTE S.p.A.

Water Stewardship REPORT 2025

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INTRODUCTION

The growing pressure on water resources, fueled by the effects of climate change, demographic development and competition between different uses of water, requires a paradigm shift in the management of this essential commodity. Water, in fact, represents a central element for environmental, social and economic sustainability.

In this context, **BAT Trieste S.p.A.** (hereinafter "BAT Trieste"), a production site located in San Dorligo della Valle – Dolina (TS), started its implementation of the AWS Standard (Alliance for Water Stewardship) in December 2024, with the aim of obtaining certification by the end of 2025. This process is part of a global initiative of the BAT Group.

The Trieste site – designed from the outset to be the Group's first greenfield plant entirely dedicated to Smokeless products – represents a center of innovation and sustainability at national and international level. The technologies adopted for the management of energy and resources, together with a strong focus on environmental performance, make BAT Trieste an advanced and forward-looking production site.

The adoption of the AWS Standard provides a structured framework for strengthening water management practices, both in terms of operations and engagement of external stakeholders. This approach makes it possible to integrate water stewardship into corporate strategies, while promoting an open dialogue with the local area and contributing to the Group's sustainability goals.

WATER STEWARDSHIP COMMITMENT

BAT Trieste recognizes the fundamental importance of responsible water management to ensure the sustainability of its activities and the protection of local water resources. With this in mind, it is committed to the implementation of the Alliance for Water Stewardship (AWS) standard, allocating adequate resources and continuous efforts to achieve continuous improvements in the five main areas defined by the standard:

- **Water management:** we will develop and maintain a water management program aimed at optimizing water use and improving related practices;
- **Sustainable water balance:** we are committed to maintaining a sustainable balance between the withdrawal and replenishment of water resources in the basin area;
- **Water quality:** we will protect water quality through best practices, minimizing the risks of pollution and ensuring safe water for all;
- **Protection of important water areas (IWRA):** we will align our actions with existing basin sustainability plans to support the conservation and sustainable management of critical water ecosystems;
- **Access to water, sanitation and hygiene (WASH):** we will promote equitable access to water, sanitation and hygiene for all stakeholders involved in our activities.

In support of these commitments, BAT Trieste:

- undertakes to engage stakeholders in an open and transparent manner to foster collaboration and shared responsibility;

- allocate adequate human and financial resources for the effective implementation and maintenance of the requirements of the AWS standard;
- regularly monitor compliance with all applicable regulations and legal requirements, adapting production processes to minimize environmental impact;
- ensure transparent communication of water management activities, including planned programmes and annual performance reports, to customers, stakeholders and regulators;
- will pursue continuous improvement of water management practices and implementation of the AWS standard to improve environmental outcomes and operational resilience.

Through this commitment to Water Stewardship, BAT Trieste reaffirms its dedication to the responsible use and sustainable management of this vital resource, for the benefit of present and future generations.

WATER STEWARDSHIP STRATEGY

STRATEGY

BAT Trieste is committed to implementing innovative solutions to reduce water consumption and improve water efficiency in all operational activities. The site ensures compliance with local and international water management regulations, identifies risks related to water scarcity, pollution, climate change, and Important Water-Related Areas (IWRA), and develops appropriate mitigation plans. BAT Trieste actively engages stakeholders to promote responsible water use, ensure access to clean drinking water and high sanitation standards for all, and raise awareness of sustainable water management practices.

VISION

The vision is to adopt innovative, efficient, and environmentally responsible practices that minimize water consumption, reduce waste, and ensure the long-term availability of water resources for future generations. BAT Trieste aims to integrate water conservation into every aspect of its operations, from manufacturing processes to community partnerships. Through continuous improvement, transparency, and collaboration with stakeholders, the site envisions a future where the plant operates in harmony with the environment, contributes to global efforts to protect water resources, and promotes a circular economy.

MISSION

BAT Trieste is committed to providing the human and financial resources and tools necessary to achieve strategic objectives. The site ensures responsible water use in all activities, incorporating sustainable practices that reflect its commitment to environmental stewardship. Additionally, it aims to build and consolidate its image as a sustainable and environmentally friendly reality.

AWS LOCAL TEAM AND WATER-RELATED INTERNAL GOVERNANCE TEAM – ROLES AND RESPONSIBILITIES

BAT Trieste has defined a clear internal structure to support the implementation of the AWS Standard (Alliance for Water Stewardship), assigning specific roles and responsibilities to key figures in the organization.

These roles cover both the operational aspects of water management and compliance with the requirements of the AWS standard. Responsibilities include planning, monitoring and continuous improvement of water-related activities, with the aim of achieving the expected results in the five areas (outcomes) of the standard:

- good water governance;
- sustainable water balance;
- protection and improvement of water quality;
- protection of important water-related areas (IWRA);
- equitable access to water, sanitation and hygiene (WASH).

The figures involved actively contribute to the correct application of the standard, including through verification and monitoring activities, ensuring transparency, effectiveness and alignment with corporate sustainability commitments.

The following table presents the organizational structure for implementing the AWS standard, along with a description of the responsibilities assigned to each role.

	Roles & Responsibilities	AWS Roles	Scope
EHS Team	EHS Project manager	AWS Project Leader	Leading the AWS Preparations and ensuring that all activities are coordinated properly
	EHS Analyst	AWS Operational Project Leader	Managing, coordinating all AWS standard requirements are in place and monitored properly by the relevant departments
	EHS Analyst	AWS Support	Support the AWS requirements implementation on topics related to emergency management and stakeholders involvement
	EHS Analyst	AWS Support	Support the AWS requirements implementation on topics related to chemicals management
	EHS Admin	AWS Support	Support the AWS requirements implementation on topics related to assets purchasing and implementation

	Roles & Responsibilities	AWS Roles	Scope
Engineerig Team	TIH Engineering & Site Services Manager	AWS Engineering Leader	AWS coordinator for engineering-related matters, with responsibility for water quantity, water quality, sustainable water balance, Sankey diagram, testing, factory infrastructure and maintenance
	Project Engineer	AWS Support	Support the AWS requirements implementation on topics related to definition of piping network map and water-related cost assessment
	Utility & Facility Lead	AWS Support	Support the AWS requirements for activities implementation and maintenance of water plant
	HP Line Lead	AWS Support	Support the AWS requirements implementation on topics related to water and wastewater quality sampling

AWS Local Team – Roles and responsibilities

Communications	Roles & Responsibilities	AWS Roles	Scope
	Internal Comms Analyst	AWS – Internal Communication Support	Support the AWS requirements implementation on topics related to internal communications
	Corporate Comms Analyst	AWS - corporate comms and engagement support	Support the AWS requirements implementation on topics related to engaging of stakeholders

AWS Local Team – Roles and responsibilities

The following table describes the distribution of responsibilities between the RSPP and the Employer ("Datore di lavoro") in key areas such as risk assessment, training, and incident management. These roles are defined in accordance with Legislative Decree 81/08.

Responsibility	RSPP	Datore di Lavoro
Risk assessment	Technical support and advises on biological/chemical risks	Legally obligated to produce and sign DVR
Emergency Planning	Establish procedures and implement them in synergy with support of Factory manager and LMs	Ensure the application of the procedures established
Training	Advises on training plan's content and scheduling for all the personnel	Ensures participation of involved staff to the trainings organized
Incident Management	Provide support in RCA and revision of risk assessments	Reports to the relevant authorities if needed and ensure the implementation on corrective and further preventive actions
Legal Accountability	Partially responsible (support for DDL)	Full legal responsibility (including submitting to legal authorities)

Roles and responsibilities related to water and wastewater aspects

SHARED WATER CHALLENGES

In line with the AWS standard, BAT Trieste has conducted a detailed assessment of the risks related to water management, identifying the main environmental, legal and technical threats that can impact the business continuity, reputation and environmental sustainability of the plant. As part of this process, BAT Trieste identified shared water challenges in collaboration with local stakeholders, ensuring a comprehensive understanding of the catchment-wide issues and priorities.

Shared water challenges:

- Water Scarcity
- Flooding
- Water Quality Degradation
- Important Water-Related Areas (IWRAs) Deterioration
- Inadequate Safe Water, Sanitation and Hygiene (WASH)
- Water Governance Limitations
- Regulatory Challenges
- Infrastructure Vulnerability
- Reputational Damage

WATER STEWARDSHIP PLAN

As part of its commitment to the Alliance for Water Stewardship (AWS) Standard, BAT Trieste has developed a structured Water Stewardship Plan that addresses key water-related challenges, risks, and opportunities relevant to the site and its surrounding catchment.

The plan follows the principles of sustainable water use, stakeholder engagement, and continuous improvement, and includes a range of actions designed to improve water management both within the facility and in its broader context.

In the following section, a selection of representative actions — one for each intended outcome defined by the AWS Standard — is presented to illustrate the practical implementation of the water stewardship strategy and its contribution to long-term value creation.

WATER STEWARDSHIP PLAN HIGHLIGHTS

Clean-up initiative in the woods of San Dorligo della Valle

Description:

To help protect local ecosystems, a clean-up activity was organized in the wooded area of San Dorligo della Valle, the municipality where the factory is located. This area has been identified as one of the Important

Water-Related Areas (IWRAs) linked to the site. The initiative focused on removing litter and reducing potential pollution risks.

Target:

The goal is to organize one IWRA clean-up event per year.

Implementation and Stakeholder Involvement:

The clean-up activity was designed to actively involve employees as its main actors, encouraging voluntary participation in protecting the local area. It was coordinated by internal teams in collaboration with the local municipality and an external stakeholder. The mayor supported the initiative by helping to identify the clean-up area and giving a short welcome speech before the activity started.

Results and Impact:

The event took place on June 21, 2025, and saw the participation of 18 employees, divided into three teams. In just 1 hour and 15 minutes, they collected 191.17 kg of waste, avoiding the emission of approximately 250.81 kg of CO_2 into the atmosphere. Beyond the environmental benefits, the initiative strengthened community ties and employee engagement.

Lessons Learnt:

Participants were surprised by the amount of waste found and expressed interest in organizing similar initiatives in the future, as a meaningful gesture of environmental responsibility.

Self-assessment and employee survey on WASH on-site

Description:

To assess the status of water, sanitation, and hygiene (WASH) conditions in the workplace, a structured self-assessment and employee survey were carried out using the freely available WASH Risks Self-Assessment Tool developed by WaterAid. The evaluation included a review of facilities and hygiene practices.

Target:

The goal is to conduct one on-site WASH self-assessment every year.

Implementation and Stakeholder Involvement:

The activity was led by an internal team and did not require financial investment. Twenty-one employees participated in the anonymous survey, providing data across key indicators such as handwashing, sanitation, and access to safe drinking water.

Results and Impact:

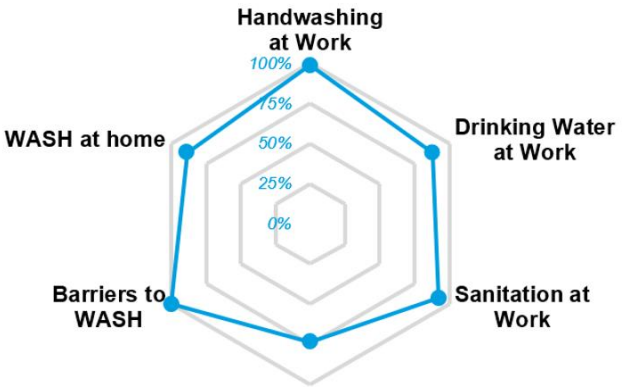
The results showed a high level of compliance and awareness:

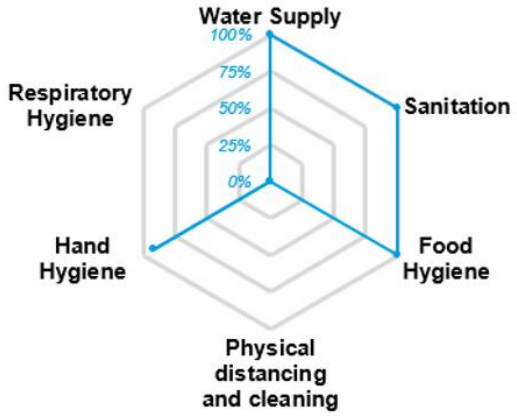
- Handwashing: **99%**
- Workplace sanitation: **93%**
- Access to safe drinking water: **88%**
- WASH practices at home: **89%**
- Perceived barriers to WASH: **0%** (i.e., no barriers reported)

These results reflect strong performance and highlight areas to maintain and possibly improve through targeted initiatives.

Lessons Learnt:

The high percentages confirmed the effectiveness of the current WASH infrastructure and practices. The structured approach, combined with staff engagement, proved valuable in reinforcing good hygiene behavior and identifying opportunities for continuous improvement.





First AWS Event in collaboration with catchment stakeholders

Description:

To share our certification journey in responsible water management and strengthen collaboration with local stakeholders, an engagement event was organized to present the plant's approach. The objective was to present BAT Trieste's water-related commitments, governance structure, and identified shared water challenges, while fostering transparency, dialogue, and alignment with broader catchment-level water management efforts.

Target:

Participation of at least 5 different stakeholders in the event.

Implementation and Stakeholder Involvement:

The event was organized on-site in June 2025, bringing together internal representatives and various local stakeholders. It featured presentations on the site's AWS certification journey, internal water governance mechanisms, and ongoing initiatives aligned with the five AWS outcomes. Stakeholder feedback was collected regarding the implementation of BAT Trieste's Water Stewardship Plan and the results achieved against the set objectives.

Results and Impact:

The event created a platform for open dialogue around shared water challenges and local governance priorities. Participants responded positively to the transparency and clarity of the information shared, expressing interest in continuing and/or initiating collaboration. The event helped strengthen relationships, enhanced awareness of collective water risks, and supported future alignment between the site's water stewardship actions and the broader catchment context.

Lessons Learnt:

Active engagement with catchment stakeholders is essential for fostering trust and shared responsibility in water-related matters. Feedback confirmed the value of clear communication and inclusive dialogue. The experience emphasized the importance of maintaining regular stakeholder interaction and suggested future events could benefit from broader outreach and expanded thematic focus to deepen collaboration and collective impact.

Installation of new water meters

Description:

Installation of new water meters to monitor water consumption in high-use areas, specifically in the kitchen and restroom facilities of the plant.

Target:

The goal is to achieve a 2% reduction in water consumption.

Implementation and Stakeholder Involvement:

Installation of multiple meters at strategic points within the water network to collect accurate data on water consumption. The data will be shared with relevant stakeholders to identify improvement opportunities and guide future corrective actions.

Results and Impact:

The installation allows precise measurement of previously untracked water use, providing a quantitative baseline to support decisions aimed at reducing consumption.

Lessons Learnt:

Detailed measurement is essential for identifying inefficiencies and planning effective water-saving strategies. Careful scheduling helped minimize operational disruptions during installation. Additional meters for hot and cold water in the canteen and restrooms will be needed to complete the monitoring system.

Installation of spill kits, manhole covers, and sump trays for safe spill management

Description:

To prevent surface and groundwater contamination from oil and chemical leaks, the site initiated the installation of additional spill prevention and control equipment, including spill kits, manhole covers, and sump trays.

Target:

Installation of the following items for safe spill management: 7 spill kits; 7 manhole covers; 2 absorbent kits in wall-mounted cabinets (for oils); 5 sump trays.

Implementation and Stakeholder Involvement:

This action involves equipping key areas of the facility with the necessary materials for effective spill response. The implementation includes the deployment of spill kits, absorbent materials, and containment systems such as sump trays and manhole covers. Orders for the equipment began in April, with phased installations continuing through September 2025. The initiative is aligned with the site's emergency response planning and ongoing risk mitigation efforts.

Results and Impact:

By September 2025, the installation of multiple units—including spill kits, absorbent kits, sump trays, and protective covers—is expected to reduce the likelihood of uncontrolled leaks impacting water quality. The action supports improved site preparedness, faster spill containment, and enhanced compliance with environmental protection standards.

Lessons Learnt:

Equipping the site with the proper spill response infrastructure significantly improves the ability to manage incidents and mitigate risks. The process highlighted the importance of establishing a structured management and replenishment system for spill materials across all departments. Ensuring that each area is properly stocked and trained supports long-term water quality protection and operational resilience.

STAKEHOLDER ENGAGEMENT

As part of its commitment to advancing Water Stewardship, the site initiated a structured engagement process with relevant stakeholders. Formal invitations were sent to a broad group of private stakeholders, public bodies, and NGOs, emphasizing the importance of collaborative action to address shared water-related challenges.

Tailored questionnaires were distributed based on stakeholder profiles to collect information on local water issues, indirect water use, and involvement in water-related initiatives. The purpose was to identify common concerns and areas for potential cooperation. Follow-up one-on-one meetings were conducted with some stakeholders to examine key topics in greater depth and explore opportunities for collaboration within the framework of the Water Stewardship Plan.

To provide updates and ensure continued engagement, all stakeholders were invited to a subsequent on-site event. The agenda included:

- Sharing of shared water-related challenges
- An overview of the site's Water Stewardship commitments and governance structure
- Sharing key highlights from the Water Stewardship Plan

At the end of the meeting, participants were asked to complete a feedback questionnaire. The responses were highly positive, with many stakeholders expressing interest in ongoing cooperation and future joint efforts.

This engagement process has enabled the site to reinforce stakeholder relationships and expand the foundation for continued collaboration on Water Stewardship initiatives.