

Environment Policy Statement



The BAT Group is committed to being an environmentally responsible business. This policy has been developed by the BAT Group and disseminated to all Group operating companies for their implementation in their operating environments. The Director, Operations owns the environment policy on behalf of the Management Board.

The BAT Group prides itself on being a responsible business that operates with integrity across the diverse geography of its operations and aspires to be amongst the leaders in environmental management.

We are committed to making continuous improvements in the management of our environmental impacts, as well as operating responsibly both in our own operations and throughout the wider value chain.

Sustainability is one of the cornerstones of our strategy and, as such, environmental responsibility is a key pillar of our overall business strategy.

The BAT Group is therefore committed to:

- Complying with all applicable legal and regulatory requirements governing environmental management in the countries where its Group companies operate.
- Implementing environmental management standards and practices internally, often more stringent than applicable legal requirements, in the countries in which we operate, through our Global Environmental, Health & Safety Management System (GEHSMS), which has been designed using the principles of the international environmental management system standard ISO 14001.
- Monitoring and verifying compliance and identifying best practices, using our internal auditing systems and processes.
- Assessing the environmental impacts across our value chain, which includes future operational changes, new ventures or acquisitions, and proactively putting in place plans to eliminate, reduce or mitigate these impacts.
- Adopting circular economy principles to help us deliver better products, creating efficiencies in our operations, offering our employees opportunities to innovate and ultimately reduce the overall environmental impact across our value chain.
- Monitoring our performance through a set of key metrics and setting targets for continuous improvement in reducing our environmental impacts and publishing our targets and performance annually. We will use external assurance to verify our performance, as appropriate.
- Providing training to and increasing awareness of our employees and stakeholders, including of our environmental impacts, as well as our environment policy statement, ensuring that they have the knowledge, tools and resources to support implementation of our programmes and share best practice across the Group.
- Including environmental considerations in our product design using Sustainability Business Assessments (SBA) and Product Lifecycle Analysis (PLA).
- Working with suppliers, joint venture partners and service providers to reduce the environmental impacts of our products and services across their lifecycle, sharing good practices on environmental management and encouraging them to measure and manage their business in an environmentally responsible way.
- Undertaking proactive long-term engagement and collaboration with key stakeholders through open dialogue, to better understand emerging issues, regulatory or societal expectations, and technological innovations. We will work with governments, NGOs, academics and other key stakeholders to develop effective and environmentally responsible solutions to the challenges that we face.

Specific to our industry, we have identified four priority areas that we will focus on:



Tackling Climate Change

- Working to achieve carbon neutral operations and net zero across our value chain.
- Increasing our energy provision from renewable sources.



Water Stewardship

- Reducing the amount of water withdrawn and increasing water recycling across our operations.
- Working towards 100% of Group companies' operations sites being certified to the Alliance for Water Stewardship's management standard.



Eliminating Waste

- Working towards eliminating single use plastics from our packaging.
- Reducing waste generation across our operations.
- Working towards 100% Zero Waste to Landfill (ZWTL).



Protecting Biodiversity and Forests

- Progressing our commitment to no gross deforestation and working towards net zero deforestation of managed forests and net positive impacts on forests in our tobacco supply chain, with monitoring via self-assessments, desktop reviews and on-the-ground audits.
- Continuing to work with our farmers to develop, advance and implement environmentally responsible agricultural practices and biodiversity protection best practices, to help preserve natural capital, promote prosperous livelihoods and increase farmers' resilience to climate change.
- Applying a mitigation hierarchy (avoid, minimise, restore & offset) when our tobacco supply chain operates in locations in close proximity to globally or nationally important biodiversity areas, while collaborating with external partners to support us on that journey.

This policy will be periodically reviewed by the Management Board and updated as appropriate to support the achievement of our environmental objectives. Any revision will be published by the BAT Group and brought to the attention of all employees and relevant personnel.

As Director, Operations and on behalf of the Management Board, I am determined to provide the leadership and resources to ensure that all Group operating companies can fully integrate the commitments detailed within this policy into their operations.

**Zafar Khan,
Director, Operations**

26 July 2022