

CIRCULAR ECONOMY POSITION STATEMENT

Our corporate purpose is to build a better tomorrow for consumers, employees, shareholders and society.

A circular economy is one in which waste is eliminated, pollution is prohibited, and recycling and reuse are the norm, hence creating a virtuous circle.

Making our contribution to a circular economy is part of this and means a commitment to using less plastic, creating less waste and recycling more. It's about being smarter in how we design things and being conscious of what happens to our products when the consumer has finished with them.

For BAT, adopting circular economy principles will deliver better products for our consumers, create efficiencies in our operations, offer our employees opportunities to innovate and reduce our overall environmental impact on the planet.

What we will do:

We have always tried to minimise the environmental impact of our business. For example, we already recycle over 90% of our total waste and have increased energy and water efficiency in our factories, including on-site energy generation and water recycling projects.

Changing external expectations and our growing product portfolio mean that a renewed focus is required to develop and evolve our approach to the circular economy. Learning from our knowledge and experience in reducing waste and maximising resource use across our operations, we will now build on our success guided by three strategic priorities:

- **Simplify** – simplifying the design of products and packaging to improve recyclability and to reduce our use of virgin materials and resources;
- **Maximise** – maximising the longevity of our products to improve the experience for our consumers; and
- **Recover** – minimising waste through increased product recovery and recycling.

Product sustainability will be a priority in our new circular economy strategy, but we will not lose sight of other opportunities to be more circular across our business. We will continue to strive for efficiencies in our manufacturing and logistics, we will use our purchasing power to promote goods and services that have a positive environmental impact, and we will seek out the technology that can accelerate our journey.

How we will do this:

- Base our decisions on sound science and what we know will delight our consumers;
- Seek to challenge traditional ways of working within our business, to think more creatively and act differently;
- Create a culture where innovation is the norm and where all employees are proud of what we do;
- Collaborate and work in partnership with the industry, suppliers, universities, innovators and campaigners to create new solutions; and
- Be mindful of the existing waste infrastructure in our countries of operation to tailor and adapt solutions to local conditions.

How we will demonstrate progress:

2025

Eliminate all unnecessary single-use plastic packaging by 2025

30%

average recycled content across all plastic packaging by 2025

100%

of plastic packaging to be reusable, recyclable or compostable by 2025

2021

Take-back schemes for all new category devices by end 2021