



Integrated Environmental, Health and Safety Policy Manual

Group Environmental Policy Statement

British American Tobacco is committed to meeting its consumer needs in an environmentally responsible and sustainable way. Alan Davy, Global Operations Director owns the environmental policy on behalf of the Management Board.

We are the world's most international tobacco company, and our operations spread across a diverse geography of countries. We are committed to operating responsibly in both the direct operations that we control, and throughout the wider supply chain that we influence.

Responsibility is one of the cornerstones of our strategy, and we believe that good environmental practice is good business practice.

To this end, we have implemented an environmental management system in accordance with the principles of ISO 14001. Furthermore, we will:

- Comply with all legal and regulatory requirements governing environmental management in the countries where we operate. We will implement environmental management practices internally (often more stringent than the legal requirements in-country) and monitor compliance to them.
- Understand our impacts on the environment in which we operate, and proactively put in place plans to minimise these impacts.
- Use our established framework of policy, best practice and procedure to manage our environmental performance, and audit compliance to this via our internal auditing capabilities.
- Monitor our performance through a set of key metrics and set targets for continuous improvement and publish our targets and performance annually through our Sustainability Report. We will use external assurance to verify our performance.
- Provide training for staff and share best practice across the Group.
- Include environmental considerations in our product design through the use of Sustainability Business Assessments (SBA) and Product Lifecycle Analysis (PLA).
- Work with suppliers, JV partners and service providers to reduce the impacts of our products and services across the total lifecycle, share good practices on environmental management and ensure that they are measuring and managing their business in an environmentally sustainable way
- Collaborate 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 stakeholders to develop effective and sustainable solutions to the environmental challenges that we face.





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Specific to our industry, we have identified two key priority areas, that we will focus on:-

Agriculture

We will:

- work with our internal and external suppliers to mitigate the environmental impacts of producing the tobacco we source;
- incorporate biodiversity protection and conservation into our recommended practices;
- align with other stakeholders in the landscapes we operate in to assist farmer adoption of practices that will support the long term viability of agriculture in that landscape, with special focus on soil fertility and water;
- minimise the water used to produce the tobacco we source by providing technical assistance to our farming communities, to manage the environmental aspects, in co-operation with others where it makes sense.

Manufacturing and Distribution

We will:

- set an absolute target of reduction in the emissions from our key manufacturing sites
- identify initiatives and projects in those locations that will deliver these sustainable reductions in emissions
- review the business cases for investment in these initiatives against our emissions reduction targets
- focus on transport & warehouse energy efficiency projects (e.g. network optimisation, improved aerodynamics, hybrid vans) driving innovation with our strategic Logistics partners

This policy applies to all British American Tobacco operating companies in which BAT's shareholding is 50% or greater. It will be periodically reviewed by the Management Board and updated as appropriate to ensure our objectives are achieved. Revisions will be published and brought to the attention of all employees and relevant personnel.

Alan Davy

Group Operations Director

20th October 2014

