

Annual Report and Action Plan

Company Name: **BAT Australia Limited**

Trading As:

ABN: **96000151100**

About APCO

Australian Packaging Covenant Organisation (APCO) is a co-regulatory not-for-profit organisation leading the development of a circular economy for packaging in Australia. APCO's vision is a packaging value chain that collaborates to keep packaging materials out of landfill and retains the maximum value of the materials, energy and labour within the local economy.

Each year, APCO Brand Owner Members are required to submit an APCO Annual Report and an APCO Action Plan. This document is the Annual Report and Action Plan output for the organisation listed above. This document provides the overall performance level of the organisation, as well as any commitments they have made to work towards on their packaging sustainability journey. This document may also include additional information provided by the Member in their report.

Overall Performance **Advanced**

The chart below indicates the overall performance level of this organisation listed above in the 2024 APCO Annual Report. The organisation's reporting period was **January, 2023 - December, 2023**



Understanding APCO Annual Reporting performance levels:

- 1 Getting Started:** You are at the start of your packaging sustainability journey.
- 2 Good Progress:** You have made some first steps on your packaging sustainability journey.
- 3 Advanced:** You have taken tangible action on your packaging sustainability journey.
- 4 Leading:** You have made significant progress on your packaging sustainability journey.
- 5 Beyond Best Practice:** You have received the highest performance level and have made significant progress on your packaging sustainability journey.

Contact

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Additional Information

The information below indicates additional information that the organisation included in their APCO Annual Report.

Describe initiatives, processes or practices that you have implemented during your chosen reporting period that have improved packaging sustainability

BAT Group globally has targets to:

- eliminate unnecessary single-use plastic packaging by 2025; and
- make 100% of plastic packaging reusable, recyclable or compostable by 2025, and contain an average 30% recycled content.

In 2023, 100% recycled content is used in shippers in all but one cigarette SKU. All shippers for roll-your-own and filter products are made from 81% recycled content, while the inner cardboard for filter products is 100% recycled content Forest Stewardship Certified (FSC). The inner cardboard for rolling paper products is a minimum 50% recycled content, FSC from mixed sources.

During business-to-business distribution a number of shippers are reused to forward product on to large retailers, and cartons used contain 70% recycled content, FSC from mixed sources. Air pockets used in cartons contain a minimum 50% recycled content low-density polyethylene (LDPE). Our logistics contractor uses CHEP pallets which are reusable.

In addition, the following packaging components of our consumer products have been assessed as recyclable using the PREP tool:

- Cardboard case and paper leaflet for 4 of the 5 rolling paper SKUs
- Cardboard pack sleeve, inner box and leaflet of the Vuse E-pod and Cartomiser 2 pods; and
- Cardboard box and leaflet of the Vuse E-pod charging cable

To encourage customers to recycle, the Mobius loop recycling symbol is shown on the cardboard packaging of the Vuse E-pod and Cartomiser 2 pods.

Describe any opportunities or constraints that affected performance within your chosen reporting period

Whilst BATA is a committed signatory to the Australian Packaging Covenant, there are two limiting factors which impede our ability to influence packaging design for our combustible products:

1. The Tobacco Plain Packaging Act 2011 (Cth) – prescribes the design, appearance and format of all tobacco packaging sold within Australia, including the packaging materials to be used, physical features of packaging and restrictions for on-pack messaging.
2. Global packaging decisions – many packaging decisions are made above market by our ultimate parent company registered in the UK (British American Tobacco p.l.c) including packaging supplier selection, procurement, and pack specifications.

Furthermore, some brand portfolios are managed globally and therefore packaging specifications are pre-determined above market. As a result, minimal packaging changes are driven or influenced locally.

In addition, BATA's ability to communicate directly to consumers in relation to our combustible products is restricted by the Tobacco Advertising Prohibition Act 1992 (Cth). As a result, BATA is only allowed to communicate with consumers in very limited circumstances prescribed by that Act, which for example may be in relation to a product recall. All other communication directly with consumers or via advertising, social media, or events is prohibited. This therefore limits our ability to engage directly with consumers regarding recycling or sustainability initiatives for these products.

The Tobacco Plain Packaging Act 2011 and the Tobacco Advertising Prohibition Act 1992 is being replaced by new legislation, the Public Health (Tobacco and Other Products) Act 2023 which commences on 1 April 2024. It is noted similar restrictions will apply under this new legislation, however, there will be new packaging and product requirements BATA will need to comply with.

Please use the space below to provide examples or case studies of exemplary packaging sustainability conducted by your organisation.

BATA maintained its commitment to buy back recycled material through the purchase of recycled content stationery. We also maintained our best practice recycling systems for commingled containers, paper and cardboard, liquid waste, food waste, mobile phones, batteries, toner cartridges and e-waste, achieving a 74% on-site recycling rate, diverting 50 tonnes of material from landfill.

In May 2023, BATA conducted beach clean-ups through Keep Australia Beautiful's Adopt-a-Patch program at beaches in Sydney, Melbourne and Brisbane, collecting over 5000 littered items. Beach clean ups were also conducted through Tangaroa Blue in Perth and Adelaide, collecting almost 1000 littered items.

BATA continues to work with the voluntary Tobacco Industry Product Stewardship Group, alongside the other major tobacco companies to tackle the social and environmental impacts of tobacco product litter.

APCO Action Plan Commitments

For each of the Packaging Sustainability Framework criteria listed below, a description is provided along with the commitments made by the organisation in their APCO Action Plan.

Criteria 1:

Governance & Strategy:

This criteria considers actions to integrate packaging sustainability into business strategies.

- Develop a strategy that includes goals (objectives) and targets for packaging sustainability that addresses the Sustainable Packaging Guidelines (SPGs) or equivalent.
- Regularly engage or communicate with our external stakeholders about the environmental impacts of our packaging.
- Actively participate in initiatives to promote packaging sustainability outside of our organisation.

Criteria 2:

Design & Procurement:

This criteria considers actions taken to ensure that sustainability principles are considered in the design or procurement of both new and existing packaging through use of the Sustainable Packaging Guidelines (SPGs).

- Review **100%** of our packaging against the Sustainable Packaging Guidelines (or equivalent).
- Consider the following Sustainable Packaging Principles in our packaging reviews:
 - Design for recovery
 - Optimise material efficiency
 - Design to reduce product waste

- Eliminate hazardous materials
- Use of renewable materials
- Use recycled materials
- Design to minimise litter
- Design for transport efficiency
- Design for accessibility
- Provide consumer information on environmental sustainability
- 86% of our packaging to be optimised for material efficiency.
- Improve the accuracy of our data regarding packaging material efficiency.

Criteria 3:

Recycled Content:

This criteria considers actions taken to increase or optimise the amount of recycled material used by your organisation.

- Develop a policy or procedure to buy products and/or packaging made from recycled materials.
- Use recycled content in:
 - Primary packaging that we use to sell our products
 - Secondary packaging that we use to sell our products
 - Tertiary packaging that we use to sell our products
 - Other items which we purchase (e.g. office stationary and suppliers etc.)
- 100% of our packaging to be made using some level of recycled material
- Improve the accuracy of our data regarding use of recycled materials.

Criteria 4:

Recoverability:

This criteria considers actions taken to improve the recovery of packaging at end-of-life and increase use of reusable packaging.

- 2% of our packaging to be designed to have all packaging components be recoverable at end-of-life.
- Improve the accuracy of our data regarding recoverability.
- Use PREP to assess the recyclability of our packaging through kerbside collection in Australia and/or New Zealand.
- Improve the accuracy of our data regarding reuse.

Criteria 5:

Disposal Labelling:

This criteria considers the extent to which packaging has been labelled to help consumers determine what to do with packaging at end-of-life.

- 2% of our packaging to have on-pack labelling to inform correct disposal.

- Improve the accuracy of our data regarding labelling.

Criteria 6:

On-site Waste:

This criteria considers progress in increasing the amount of on-site solid waste being diverted from landfill.

- Have recycling programs for the following materials:
 - Paper/cardboard
 - Rigid plastics
 - Textiles
 - Glass
 - Metals
 - E-waste, batteries, mobile phones
- Aim for **85%** of our on-site waste to be diverted from landfill.
- Improve the accuracy of our data regarding on-site waste.

Criteria 7:

Problematic Materials:

This criteria considers the extent to which organisations are actively phasing out problematic and unnecessary single-use plastic packaging and preventing/reducing litter.

- Help reduce litter by:
 - Conducting regular clean ups
 - Participating in Business Clean Up Day
 - Sponsoring a clean up day
 - Delivering a litter education campaign
 - Beach clean-ups will be conducted in Sydney, Melbourne, Brisbane, Perth and Adelaide, collecting littered items from the beach.

In addition, BATA is also working collaboratively with two other major tobacco companies in the Tobacco Industry Product Stewardship Group (TIPSG). A representative of the TIPSG attends industry meetings to explore opportunities to align with other product stewardship organisations and programs, as well as identifying opportunities which might be implemented by the TIPSG.