



PAS 2060 QUALIFYING EXPLANATION STATEMENT DECLARATION OF ACHIEVEMENT

This Qualifying Explanation Statement documents that American Snuff Company, Taylor Brothers achieved carbon neutrality for its operations, scope 1 and 2, in accordance with PAS 2060, for the period 1st December 2020 to 30th November 2021. This is the first period of assessment.

The methodology used was applied in accordance with its provisions and the principles set out in PAS 2060 were met, as assured by Energy & Technical Services Ltd (ETS).

Internal Sign-Off

Amanda Hastie
Director of Operations

Scope and Boundary Definition

PAS 2060 Requirements	Statement
Selected Method	GHG Protocol Corporate Standard. Operational control method applied.
Entity making PAS 2060 declaration:	American Snuff Company, Taylor Brothers American Snuff Company is a subsidiary within the global BAT Group. It operates a manufacturing site ASC Taylor Brothers in Winston Salem, North Carolina. The purpose of the company is to produce tobacco products for adult tobacco consumers.



<p>Subject of the declaration:</p>	<p>Taylor Brothers operations facilities are located at 2415 South Stratford Road, WS, NC 27103. The definition of the subject remains unchanged through each and every stage of the methodology.</p>
<p>Description of the subject:</p>	<p>American Snuff Company, Taylor Brothers is part of the global BAT Group. It operates a factory manufacturing smokeless tobacco product. Related processes include reception of tobacco leaves to be processed, receiving raw materials, and combining those to manufacture smokeless tobacco products using mechanized manufacturing equipment. Manufactured products are then stored and shipped as needed.</p>
<p>Rationale for selection of the subject:</p>	<p>Climate change has long been part of our wider approach to environmental management, GHG monitoring, and reduction is fully part of our environmental agenda, which also covers other aspects such as supply chain (tobacco is a farmed product), water and waste impact, etc. Numerous actions have been undertaken on the global level by BAT Group, however, each end market is responsible to be good stewards of the environment and continually look to improve in terms of CO2 reduction, energy consumption as well as CO2 compensation. While the BAT Group aligns global strategy for environmental goals, each operating subsidiary is responsible for setting its specific goals and carrying out day-to-day activities to achieve these goals.</p>
	<p>Scope 1 and 2 emissions. All activities considered material in scope 1 and 2 have been included with the exception of refrigerant losses from HVAC and fire extinguishers using CO2. Scope 3 emissions are excluded from this statement. Scope 3</p>



<p>Boundaries of subject:</p>	<p>emissions are reported at the group level, as no breakdown for region or countries are available due to the data collection ways. Scope 3 emissions are fully and duly reported for the market; however, management of the emissions and reduction initiatives are managed at the group level. These boundaries are a true and fair representation of the organization's GHG emissions (i.e., include all GHG emissions relating to core operations including subsidiaries owned and operated by the organization).</p>
<p>Baseline date for PAS2060:</p>	<p>Historical reduction period = 2017 (reporting period starts 1st December 2016)</p> <p>PAS2060 Period 1 = 1st December 2020 to 30th November 2021</p>
<p>Assessment period:</p>	<p>1st December 2020 to 30th November 2021</p>
<p>Individuals responsible for the evaluation and provision of data necessary for the substantiation of this declaration:</p>	<p>Signature: <i>James R Wilby</i> EHS Lead Manager</p>
<p>Type of conformity statement:</p>	<p>Other party validation by third party Energy & Technical Services Ltd (ETS)</p>
<p>Justification for the selection of carbon method:</p>	<p>The methodologies are selected at the BAT Group level as these are the internationally recognized methodologies and emissions factors set, within the recommended lists for the type of disclosures we make (incl. inter alia CDP reporting). YoY changes (i.e., emissions reduction) are calculated using the unified reporting approach. Discrepancies may occur between reported emissions and effective emissions, as some emissions are based on averaged numbers and/or meter readings, as evidence from providers (Such as energy invoices) might come with some delay after reporting period is closed. Those discrepancies should be however flattened over the time, as they are reported in the next reporting period.</p>



<p>Methods used to quantify GH emissions:</p>	<p>CRedit 360¹ tool was used to calculate the carbon footprint. Primary data for Scope 1 and 2 may be taken from service provider bills/invoices or supplier web-page screenshots. Renewable Energy Credits (REC's) and Verified Emission Reductions (VER's) are purchased to support carbon neutrality.</p> <p>¹CRedit 360 software published by UL LLC</p>
<p>Uncertainty and variability statement:</p>	<p>The carbon footprint is based on 95% of likely greenhouse gas emissions; primary sources are subject to variation over time. The carbon footprint is the best estimate based on reasonable costs of evaluation.</p>

Carbon Management Plan

PAS 2060 Requirement	Response
<p>21) Document carbon management plan</p>	<p>Reducing our direct impacts: Good environmental management is not only the right thing to do, but it also makes business sense given our dependence on natural resources. Climate change has long been part of our wider approach to environmental management, and we continually do our part to continually improve regarding our impacts to climate change. Addressing our water and waste impacts has environmental benefits and delivers financial savings and efficiencies. In response to increasing concerns regarding operational waste and plastics waste, we continually research for ways to reduce waste through recycling. We are focused on minimizing our climate change impacts and preparing our business for the risks ahead.</p>



	<p>This includes accelerating our science-based targets for reducing our carbon dioxide equivalent (CO₂e) emissions and our new target to be carbon neutral for our direct operations.</p> <p>Building on our progress, we've set ourselves even more ambitious and stretching targets. American Snuff Company, Taylor Brothers has voluntarily purchased REC's and VER's as a part of their commitment to helping the environment.</p>
a) Make a statement of commitment to carbon neutrality for the defined subject.	<p>American Snuff Company, Taylor Brothers is committed to achieving carbon neutrality by receiving Third Party verification for their operations and is seeking PAS 2060 verification for the reporting period 1st December 2020 to 30th November 2021 and retaining carbon neutrality for an undefined period, but at least the next 2 years.</p>
b) Set timescales for achieving carbon neutrality for the defined subject.	<p>The target is to be verified carbon neutral in accordance with PAS 2060, for the timeframe of 1st December 2020 to 30th November 2021</p>
c) Specify targets for GHG reduction for the defined subject appropriate to the timescale for achieving carbon neutrality including the baseline date, the first qualification date and the first application period.	<p>Targets for GHG reductions have been set up by BAT Group globally with 2017 as a baseline.</p> <p>See section 'Environmental KPI's and Targets'</p>
d) Document the planned means of achieving and maintaining GHG emissions reductions including assumptions made and any justification of the techniques and measures to be employed to reduce GHG emissions.	<p>Initiatives have been put in place for achieving carbon reduction such as purchasing VER's, installation of LED lighting, replacing higher energy consuming equipment such as motors and adding additional metering on equipment to track and trend energy use.</p> <p>We will keep measuring our GHG emissions with the same methods and standards.</p>
e) Specify the offset strategy including an estimate of the quantity of GHG emissions to	<p>See section 'Carbon Neutrality'</p>



Carbon Emission Summary for 2021

		ASC - Taylor Bros
	Measure	Dec 2020 to Nov 2021
ASC - Taylor Brothers		
Scope 1 & 2 CO2e (Market-based)	tCO2e	1,071
Scope 1 CO2e Emissions	tCO2e	1,071
Fleet Vehicles - fuel	tCO2e	7
Management Vehicles	tCO2e	7
Mgt diesel	tCO2e	1
Mgt petrol/gasoline	tCO2e	6
LPG	tCO2e	0
Natural gas	tCO2e	1,064
Petroleum/gasoline	tCO2e	0
Scope 2 CO2e Emissions (Market based)	tCO2e	0
Scope 2 CO2e Emissions (Location based)	tCO2e	3,776
Purchased Electrical Energy - Renewable - LB	tCO2e	3,776
Energy		
Other - Biodiesel	litre	0
Other - Biopetrol	litre	219
Other CNG	kg	0.
Other diesel	litre	346
Other LPG	litre	0
Other petrol/gasoline	litre	2,486
Natural gas	1000m3	526
Purchased Electricity - Renewable	kWh	9,708,354

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Carbon Neutrality

Carbon offset credits from the American Carbon Registry and VERRA have been used to achieve carbon neutrality.

These credits meet the requirements of PAS 2060, including:

- a) Offsets generated or allowance credits surrendered represent genuine, additional GHG emission reductions elsewhere.
- b) Projects involved in delivering offsets meet the criteria of additionality, permanence, leakage, and double counting.
- c) Carbon offsets are verified by an independent third-party verifier.
- d) Credits from Carbon offset projects are only issued after the emission reduction has taken place.

The carbon credits have been retired on a publicly available registry with American Snuff Company, Taylor Brothers noted as the Beneficiary.



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Retired Credits

Status Effective	Account Holder	Quantity of Credits	Retirement Reason	Retirement Reason Details	Credit Serial Numbers	Vintage	Date Issued (GMT)	Verified Removal	ARB Eligible	Sustainable Development Goal(s)	Project ID	Project Name	Project Site Country	Project Site Location	Project Site State	Project Type
03/30/2022	ACT Commodities BV	1,036	On Behalf of Third Party	American Snuff Company Taylor Brothers for reporting period of December 2020 – November 2021	ACR-US-376-2020-1406-77420 to 78455	2020	12/15/2021 9:49:40 PM	No		06: Clean Water and Sanitation; 13: Climate Action; 15: Life on Land	ACR376	Blue Source - Massachusetts Tri-City Improved Forest Management Project	US	Hampden and Tolland Counties, Massachusetts	MASSACHUSETTS	Forest Carbon

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Quantity of retired VCU: 36

Serial numbers: 11079-277891034-277891069-VCS-VCU-259-VER-BR-14-981-01012017-31122017-0

Date of retirement: 10/06/2022 01:51:28 PM

Beneficial Owner: American Snuff Company

Retirement reason details: Retirement for Person or Organization

Public URL: <https://registry.verra.org/myModule/rpt/myrpt.asp?r=206&h=171254>

Pacajai REDD+ Project Project type: PRO

Project country: Brazil



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RETIRED UNITS																
From Vintage	To Vintage	Serial Number	Quantity of Units	Unit Type	Project ID	Project Name	Project Type	Additional Issuance Certifications	Origination Program	Project Site State/Province	Project Country	Account Holder	Retirement Reason	Beneficial Owner	Retirement Reason Details	Date of Retirement
01/01/2017	31/12/2017	11079-277891034-277891069-VCS-VCU-259-VER-BR-14-981-01012017-31122017-0	36	VCU	981	Pacajal REDD+ Project	Agriculture Forestry and Other Land Use			Para, micro region of Portel	Brazil (BR)	ACT Commodities	Retirement for Person or Organization	American Snuff Company	36 tCO2e retired on behalf of American Snuff Company Taylor Brothers for reporting period of December 2020 – November 2021	10/05/2022

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Renewable Energy Credits Purchases

American Snuff Company purchased 16,338 MWH worth of REC's from renewable energy sources to match its electricity use provided from the standard grid for the first half year reporting period. These were purchased, split and retired for each respective American Snuff Company site. ASC Taylor Brothers is claiming 4,456 MWH from that purchase.



From	
Account Holder:	ACT Commodities Inc.
Account:	ACT commodities Inc.
Domain:	USA
Street:	437 Madison Avenue, Suite 17A
Postal Code and City:	New York, NY 10022
Country:	USA

To	
Name of Beneficiary:	American Snuff Company
Retirement Purpose:	Voluntary
Consumption Period:	2020-2021
Country of Consumption:	USA
Location of Beneficiary:	Tennessee
Usage Category:	Disclosure
Type of Beneficiary:	End-consumer

Total RECs:	16,338
Total MWh:	16,338

Year	Month	Technology Type	Facility ID	Start#	End#	# of RECs	Retirement State	Last Operation
2020	12	Hydroelectric Water	W1554	1790	18127	16,338	MT	Retirement confirmed by WREGIS admin
Status	Counter Party	Last Operation Date	Retire Reason					
Retired	WREGIS admin	9/9/2021	Voluntary					

Production Device public information	
Domain of Production Device:	USA
Technology :	Hydroelectric Water

There were additional REC's purchased and retired on behalf of American Snuff Company Taylor Brothers in the amount of 4,691 and 562 MWh's for the second half year reporting period.



Transaction Confirmation



Date: 01-24-2022

M-RETS Organization: ACT Commodities Inc.

Retiring 4691 active RECs

Account ID	Project	Fuel Type	Vintage	Location	Quantity	Serial Number
Default 0E322C06 9B6D	Sir Adam Beck II GS - Units 15/16	Hydroelectric Water	2020 12 01	ON	4691	3722-ON-12-2020-61C9138B-1-8-0674

Retirement reason:

Beneficial Ownership For Environmental Benefit

Retirement reason details:

Notes: Retired on behalf of American Snuff Company Taylor Brothers 2021 Consumption

to this retirement account

American Snuff Company

M-RETS hereby declares this transaction confirmation shall serve as proof that the above transaction was completed on the date listed.



Transaction Confirmation



Date: 05-23-2022

M-RETS Organization: ACT Commodities Inc.

Retiring 562 active RECs

Account	ID	Project	Fuel Type	Vintage	Location	Quantity	Serial Number
Default	0E322C06-9B0D	Dix Dam	Hydroelectric Water	2020-12-01	KY	562	3842-KY-12-2020-6CAD59CA-7246-7807

Retirement reason:

Beneficial Ownership - For Environmental Benefit

Retirement reason details:

Notes: 562 tCO2e retired on behalf of American Snuff Company Taylor Brothers for reporting period of December 2020 – November 2021

to this retirement account

American Snuff Company Taylor Brothers

M-RETS hereby declares this transaction confirmation shall serve as proof that the above transaction was completed on the date listed.

Assurance & Public Disclosure

Type of conformity assessment:

Statement of validation:

This QES will be publicly available on ReynoldsAmerican.com. (Reynolds American Inc. is the U.S. holding company for the BAT Group's U.S. operating subsidiaries, including American Snuff Company, Inc.)





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Energy & Technical Services Ltd (ETS) was commissioned by ASC Taylor Brothers to certify their carbon footprint in accordance with PAS 2060:2014 Specification for the demonstration of carbon neutrality.

ETS was provided with access to the primary data and completed a systemic review of the data, emissions factors and carbon footprint results, against PAS 2060:2014. Disclosing the Qualifying Explanatory Statement (QES) in the public domain is a formal requirement of PAS 2060. The PAS 2060 permissible declaration is presented below:

PAS 2060 Declaration

Carbon neutrality of ASC Taylor Brothers facilities at Winston Salem, North Carolina achieved by ASC Taylor Brothers in accordance with PAS 2060 at 15th June 2022 for the period commencing 1st December 2020 to 30th November 2021, Energy & Technical Services Ltd (ETS) declared.

Signed on behalf of Energy & Technical Services Limited

A handwritten signature in black ink, appearing to be 'JK' followed by a long horizontal stroke, positioned above the name John Kane.

John Kane
Business Unit Director

15th June 2022

