



PAS 2060 QUALIFYING EXPLANATION STATEMENT DECLARATION OF ACHIEVEMENT

This Qualifying Explanation Statement documents that only the American Snuff Company of Memphis, Tennessee location 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

Thomas Davis
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:	This declaration applies to American Snuff Company of Memphis, Tennessee only. American Snuff Company is a subsidiary within the global BAT Group. It operates a manufacturing site in Memphis, Tennessee. The purpose of the company is to produce tobacco products for adult tobacco consumers.
Subject of the declaration:	Memphis operations facility is located at: 5106 Tradeport Dr. Memphis, TN 38141



	<p>The definition of the subject remains unchanged through each stage of the methodology.</p>
<p>Description of the subject:</p>	<p>American Snuff Company of Memphis, Tennessee is part of the global BAT Group. This assessment only covers Memphis operations. It operates a factory manufacturing smokeless tobacco products. Related processes include reception of semi-finished tobacco 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 of this statement. Scope 3 emissions are reported at the group level, as no breakdown for region or countries are available due to the data collection</p>



<p>Boundaries of subject:</p>	<p>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>Jaime Bright</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 360i 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</p>



	<p>screenshots. Renewable Energy Credits (REC's) and Verified Emission Reductions (VER's) are purchased to support carbon neutrality.</p> <p>iCRedit 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.</p> <p>The carbon footprint is the best estimate based on reasonable costs of evaluation.</p>

Carbon Management Plan

PAS 2060 Requirement	Response
<p>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. 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 have set ourselves even more ambitious and stretching targets.</p> <p>American Snuff Company, Memphis 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, Memphis is committed to achieving carbon neutrality by receiving Third Party verification in 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 two (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 forming teams to help us find ways to reduce our energy consumption by examining our processes and ways of working. Specific projects include installation of LED lighting in areas of operations and forming a leak-tag program to identify and repair of air and water leaks.</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 be offset, the nature of the offsets and the likely number and type of credits.	<p>See section 'Carbon Neutrality'</p>



<p>22) Implement a process for undertaking periodic assessments of performance against the Plan and for implementing corrective action to ensure targets are achieved. The frequency of assessing performance against the Plan should be commensurate with the timescale for achieving carbon neutrality.</p>	<p>Process of periodic assessment is implemented on the group level and review takes place every 12 months. ESG team meetings yearly to review the 5-year energy plan and as needed if energy consumption levels are trending out of normal without known cause. When and where reductions of emissions cannot be made, purchases of RECs and VERs will help continue our efforts in pursuing carbon neutrality.</p>



CRedit 360 Historical data

		ASC - Memphis
2017		
Scope 1 & 2 CO2e (Market-based)	1CO2e	8,181
Scope 1 CO2e Emissions	1CO2e	2,131
Scope 2 CO2e Emissions (Market based)	1CO2e	6,050
Scope 2 CO2e Emissions (Location based)	1CO2e	6,050
2018		
Scope 1 & 2 CO2e (Market-based)	1CO2e	7,882
Scope 1 CO2e Emissions	1CO2e	2,193
Scope 2 CO2e Emissions (Market based)	1CO2e	5,690
Scope 2 CO2e Emissions (Location based)	1CO2e	5,690
2019		
Scope 1 & 2 CO2e (Market-based)	1CO2e	7,271
Scope 1 CO2e Emissions	1CO2e	1,930
Scope 2 CO2e Emissions (Market based)	1CO2e	5,341
Scope 2 CO2e Emissions (Location based)	1CO2e	5,341
2020		
Scope 1 & 2 CO2e (Market-based)	1CO2e	2,070
Scope 1 CO2e Emissions	1CO2e	2,070
Scope 2 CO2e Emissions (Market based)	1CO2e	0
Scope 2 CO2e Emissions (Location based)	1CO2e	5,749

Generated on 01/11/2021 15:10 using scenario: Unmerged data



Environmental KPI's and Targets

Global KPI's and targets as per ESG Report available online: <https://www.bat.com/sustainabilityreport>

Carbon Emission Summary for 2021

		ASC - Memphis
	Measure	Dec 2020 to Nov 2021
Scope 1 & 2 CO2e (Market-based)	tCO2e	2,181
Scope 1 CO2e Emissions	tCO2e	2,181
Emissions from DIET	tCO2e	n/a
Fleet Vehicles - fuel	tCO2e	1
Management Vehicles	tCO2e	1
Mgt diesel	tCO2e	0
Mgt petrol/gasoline	tCO2e	1
Sites and offices	tCO2e	2,180
Natural gas	tCO2e	2,180
Scope 2 CO2e Emissions (Location based)	tCO2e	5,852
Purchased Electrical Energy - Renewable - LB	tCO2e	5,852
Fuels - Mgmt vehicles		
Other - Biopetrol	litre	67
Other diesel	litre	0
Other petrol/gasoline	litre	605
Fuels - Sites and offices		
Natural gas	1000m3	1,078
Purchased energy _sites		
Purchased Electricity - Renewable	kWh	14,176,800
<i>Updated table 01/06/2022 14:34 CR360 Data collection</i>		
<i>Generated on 01/06/2022 14:34 using scenario: Unmerged data</i>		

Carbon Neutrality

Carbon offset credits from the American Carbon Registry 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, Memphis noted as the Beneficiary.

Quantity of retired Credits: 2,094
Credit serial numbers: ACR-US-376-2020-1406-75326 to 77419
Date of retirement: 3/30/2022 7:27:04 AM
Credit retirement reason details: On Behalf of Third Party; American Snuff Company Memphis for reporting period of December 2020 - November 2021
Originating carbon offset project: Blue Source - Massachusetts Tri-City Improved Forest Management Project
Vintage: 2020
Project type: Forest Carbon
Project state: MA

Quantity of retired VCU: 88
Serial numbers: 11079-277890946-277891033-VCS-VCU-259-VER-BR-14-981-01012017-31122017-0
Date of retirement: 10/06/2022 01:47:11 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=168076>

Pacajai REDD+ Project Project type: PRO
Project country: Brazil



Home

RETIRED UNITS

From Volage	To Volage	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	11079-277890946-277891033-VCS-VCU-259-VER-BR-14-981-01012017-31122017-0	88	VCU	981	Pacajal REDD+ Project	Agriculture Forestry and Other Land Use			Para. micro region of Portal	Brazil (BR)	ACT Commodities	Retirement for Person or Organization	American Snuff Company	88 tCO2e retired on behalf of American Snuff Company Memphis for reporting period of December 2020 - November 2021	10/06/2022

1 - 1 : 1

Visit www.ameriancarbonregistry.com for more information about the ACR.

American Snuff Company of Memphis Tennessee purchased Renewable Energy Credits in the amount of 7,584 MWH for the reporting period to help achieve carbon neutrality from electricity use.



Transaction Confirmation



Date: 01-24-2022

M-RETS Organization: ACT Commodities Inc.

Retiring 7584 active RECs

Account	ID	Project	Fuel Type	Vintage	Location	Quantity	Serial Number
Default	0E322C06-9B0D	Sir Adam Beck II GS - Units 15/16	Hydroelectric Water	2020-12-01	ON	7584	3722-ON-12-2020-81C9138B-1-80674

Retirement reason:

Beneficial Ownership - For Environmental Benefit

Retirement reason details:

Notes: Retired on behalf of American Snuff Company - Memphis - 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.



American Snuff Company also purchased RECs in the amount of 16,338 MWh, of which 6,594 MWh are allocated to the electricity of Memphis.

<table border="1"> <tr> <th colspan="2">From</th> <th colspan="2">To</th> </tr> <tr> <td>Account Holder:</td> <td>ACT Commodities Inc.</td> <td>Name of Beneficiary:</td> <td>American Snuff Company</td> </tr> <tr> <td>Account:</td> <td>ACT commodities Inc.</td> <td>Retirement Purpose:</td> <td>Voluntary</td> </tr> <tr> <td>Domain:</td> <td>USA</td> <td>Consumption Period:</td> <td>2020-2021</td> </tr> <tr> <td>Street:</td> <td>437 Madison Avenue, Suite 17A</td> <td>Country of Consumption:</td> <td>USA</td> </tr> <tr> <td>Postal Code and City:</td> <td>New York, NY 10022</td> <td>Location of Beneficiary:</td> <td>Tennessee</td> </tr> <tr> <td>Country:</td> <td>USA</td> <td>Usage Category:</td> <td>Disclosure</td> </tr> <tr> <td></td> <td></td> <td>Type of Beneficiary:</td> <td>End-consumer</td> </tr> </table>		From		To		Account Holder:	ACT Commodities Inc.	Name of Beneficiary:	American Snuff Company	Account:	ACT commodities Inc.	Retirement Purpose:	Voluntary	Domain:	USA	Consumption Period:	2020-2021	Street:	437 Madison Avenue, Suite 17A	Country of Consumption:	USA	Postal Code and City:	New York, NY 10022	Location of Beneficiary:	Tennessee	Country:	USA	Usage Category:	Disclosure			Type of Beneficiary:	End-consumer				
From		To																																			
Account Holder:	ACT Commodities Inc.	Name of Beneficiary:	American Snuff Company																																		
Account:	ACT commodities Inc.	Retirement Purpose:	Voluntary																																		
Domain:	USA	Consumption Period:	2020-2021																																		
Street:	437 Madison Avenue, Suite 17A	Country of Consumption:	USA																																		
Postal Code and City:	New York, NY 10022	Location of Beneficiary:	Tennessee																																		
Country:	USA	Usage Category:	Disclosure																																		
		Type of Beneficiary:	End-consumer																																		
<table border="1"> <tr> <td>Total RECs:</td> <td>16,338</td> </tr> <tr> <td>Total MWh:</td> <td>16,338</td> </tr> </table>		Total RECs:	16,338	Total MWh:	16,338																																
Total RECs:	16,338																																				
Total MWh:	16,338																																				
<table border="1"> <thead> <tr> <th>Year</th> <th>Month</th> <th>Technology Type</th> <th>Facility ID</th> <th>Start</th> <th>End#</th> <th># of RECs</th> <th>Retirement State</th> <th>Last Operation</th> </tr> </thead> <tbody> <tr> <td>2020</td> <td>12</td> <td>Hydroelectric Water</td> <td>W1554</td> <td>1790</td> <td>18127</td> <td>16,338</td> <td>MT</td> <td>Retirement confirmed by WREGIS admin</td> </tr> <tr> <td>State:</td> <td>Counter Party</td> <td>Last Operation Date</td> <td>Retire Reason</td> <td colspan="5"></td> </tr> <tr> <td>Retired</td> <td>WREGIS admin</td> <td>9/9/2021</td> <td>Voluntary</td> <td colspan="5"></td> </tr> </tbody> </table>		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	State:	Counter Party	Last Operation Date	Retire Reason						Retired	WREGIS admin	9/9/2021	Voluntary					
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																													
State:	Counter Party	Last Operation Date	Retire Reason																																		
Retired	WREGIS admin	9/9/2021	Voluntary																																		
<table border="1"> <tr> <td colspan="2">Production Device public information</td> </tr> <tr> <td>Domain of Production Device:</td> <td>USA</td> </tr> <tr> <td>Technology:</td> <td>hydroelectric Water</td> </tr> </table>		Production Device public information		Domain of Production Device:	USA	Technology:	hydroelectric Water																														
Production Device public information																																					
Domain of Production Device:	USA																																				
Technology:	hydroelectric Water																																				

Assurance & Public Disclosure

Type of conformity assessment: Type of conformity assessment: Other party validation by Energy & Technical Services Ltd (ETS)

Statement of validation:

ETS validation letter has been appended to this statement.

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.)



Eden Lodge Studios
Chapel Pill Lane
Pill, Bristol
BS20 0BX
T: 0117 379 0850
E: enquiries@energy-ts.com
W: www.energy-ts.com

Energy & Technical Services Ltd (ETS) was commissioned by ASC Memphis 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 Memphis facilities at Memphis, Tennessee achieved by ASC Memphis 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 'John Kane', written over a horizontal line.

John Kane
Business Unit Director

15th June 2022

