



PAS 2060 QUALIFYING EXPLANATION STATEMENT DECLARATION OF ACHIEVEMENT

This Qualifying Explanation Statement documents that only the American Snuff Company of Clarksville 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

03/16/2022

Sr. 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 Clarksville Tennessee only. American Snuff Company is a subsidiary within the global BAT Group. It operates a manufacturing site in Clarksville, Tennessee. The purpose of the company is to produce tobacco products for adult tobacco consumers.
Subject of the declaration:	Clarksville operations facilities are located at 4583 Guthrie Highway and 820 Commerce Street.



	<p>The 820 Commerce Street location has not operated since 2012 and serves only as contingency for Clarksville operations. 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 Clarksville Tennessee is part of the global BAT Group. This assessment only covers Clarksville operations. It operates a factory manufacturing smokeless tobacco products. 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 of 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: EHS Lead Manager <i>[Handwritten Signature]</i> 03/16/2022</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 have set ourselves even more ambitious and stretching targets.</p> <p>American Snuff Company, Clarksville has voluntarily purchased REC's and VER's as a part of their commitment to helping the environment.</p>
<p>a) Make a statement of commitment to carbon neutrality for the defined subject.</p>	<p>American Snuff Company, Clarksville has been committed to achieving carbon neutrality by receiving Third Party verification in accordance with ISO 14064-3:2006 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 10 years.</p>
<p>b) Set timescales for achieving carbon neutrality for the defined subject.</p>	<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>
<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>	<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>
	<p>Initiatives have been put in place for achieving carbon reduction such as, forming an energy team and following the ISO 50001 energy management system (EnMS). This team and system have helped us find ways to reduce our energy consumption by examining our processes and ways of working. Specific projects include installation of LED lighting, upgrading to more efficient NG boilers, additional metering on</p>





<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>	<p>equipment to track and trend energy use, additional insulation of heated piping. We will keep measuring our GHG emissions with the same methods and standards.</p>
<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>	<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. Our EnMS team meets yearly for a management system review 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 - Clarksville
2017			
Scope 1 & 2 CO2e (Market-based)	tCO2e		10,657
Scope 1 CO2e Emissions	tCO2e		2,898
Scope 2 CO2e Emissions (Market based)	tCO2e		7,759
Scope 2 CO2e Emissions (Location based)	tCO2e		7,759
2018			
Scope 1 & 2 CO2e (Market-based)	tCO2e		10,398
Scope 1 CO2e Emissions	tCO2e		2,731
Scope 2 CO2e Emissions (Market based)	tCO2e		7,667
Scope 2 CO2e Emissions (Location based)	tCO2e		7,667
2019			
Scope 1 & 2 CO2e (Market-based)	tCO2e		9,326
Scope 1 CO2e Emissions	tCO2e		2,796
Scope 2 CO2e Emissions (Market based)	tCO2e		6,530
Scope 2 CO2e Emissions (Location based)	tCO2e		6,530
2020			
Scope 1 & 2 CO2e (Market-based)	tCO2e		3,084
Scope 1 CO2e Emissions	tCO2e		3,084
Scope 2 CO2e Emissions (Market based)	tCO2e		0
Scope 2 CO2e Emissions (Location based)	tCO2e		5,229
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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



	Measure	ASC - Clarksville				
		Dec 2020 to Feb 2021	Mar to May 2021	Jun to Aug 2021	Sep to Nov 2021	Total
Total Production	Millions cigarettes equivalent	640	1,742	1,559	1,332	
Total TM&D Sales	Millions cigarettes equivalent	n/a	n/a	n/a	n/a	
Scope 1 & 2 CO2e (Market-based)	tCO2e	1,703	705	489	692	3,588
Direct Energy use	GJ	38,892	22,493	20,278	22,336	
Total Renewable energy (GJ)	GJ	8,887	10,153	11,768	10,249	
Renewables % of Direct Energy	%	22.85%	45.14%	58.03%	45.88%	
Purchased Electrical Energy	GJ	8,885	10,152	11,765	10,247	
Purchased Electrical Energy - Renewable	GJ	8,885	10,152	11,765	10,247	
% of green sourced electrical energy purchased	%	100.00%	100.00%	100.00%	100.00%	
Total Water Withdrawn	m3	11,381	11,091	5,856	6,848	
Total Water Recycled and Reused	m3	0	0	0	0	
Water Recycling rate (%)	%	0.00%	0.00%	0.00%	0.00%	
Total waste generated	tonne	1,048.59	1,945.52	1,539.35	1,851.83	
Waste to landfill	tonne	138.25	146.40	146.57	146.60	
Waste Recycled & WTE	tonne	910.34	1,799.12	1,392.78	1,705.23	
% Waste Recycled - old formula	%	86.82%	92.48%	90.48%	92.08%	
Waste Recycled	tonne	910.30	1,798.91	1,392.78	1,705.23	
% Waste Recycled - new formula	%	86.81%	92.46%	90.48%	92.08%	

		Q1 2021	Q2 2021	Q3 2021	Q4 2021
ASC - Clarksville					
Scope 1 & 2 CO2e (Market-based)	<i>tCO2e</i>	1,703	705	489	692
Scope 1 CO2e Emissions	<i>tCO2e</i>	1,703	705	489	692
Diesel oil	<i>tCO2e</i>	1	0	2	2
LPG	<i>tCO2e</i>	40	50	48	53
Natural gas	<i>tCO2e</i>	1,661	653	433	630
Petroleum/gasoline	<i>tCO2e</i>	0	0	3	4
Vehicles diesel	<i>tCO2e</i>	0	1	1	1
Vehicles petrol/gasoline	<i>tCO2e</i>	1	1	3	2
Scope 2 CO2e Emissions (Market based)	<i>tCO2e</i>	0	0	0	0
Purchased Electricity - Market Based	<i>tCO2e</i>	0	0	0	0
Scope 2 CO2e Emissions (Location based)	<i>tCO2e</i>	1,019	1,164	1,349	1,175
Purchased Electricity - Location Based	<i>tCO2e</i>	1,019	1,164	1,349	1,175
Energy					
Diesel oil	<i>tonne</i>	0.22	0.00	0.65	0.50
LPG	<i>tonne</i>	13.51	17.02	16.32	18.07
Natural gas	<i>1000m3</i>	821	322	214	311
Petroleum/gasoline	<i>tonne</i>	0.00	0.00	0.95	1.37
Vehicles diesel	<i>litre</i>	0	236	252	344
Vehicles petrol/gasoline	<i>litre</i>	568	594	1,192	892
Purchased Electricity - Renewable	<i>kWh</i>	2,468,136	2,819,983	3,268,032	2,846,313

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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, Clarksville noted as the Beneficiary.

Status Effective	Retirement Account	Retirement Reason	Retirement Reason Details	Email Notification	Credit Serial Numbers	Vintage	Protocol Version	Issue Issued	Quantity of Credits	ARB Eligible	Sustainable Development Goal(s)	Project ID	Project Name	Project Type	GORSIA Qualific
03/02/2022	American Snuff Company, LLC - Clarksville	Environmental Benefit	Carbon credits are retired on behalf of American Snuff Company, LLC - Clarksville	cbetardine@actcommodities.com	ACR-US-398-2018-1023-31189 to 34776	2018	Version 1.0	06/10/2020	3,588	No	Clean Water and Sanitation, Climate Action, Life on Land	ACR308	Bluesource - Doe Mountain Improved Forest Management Project	Forest Carbon	No
Total									3,588						

Quantity of retired offset credits: 3,588 tCO₂e

Offset credit serial numbers: ACR-US-398-2018-1023-31189 to 34776

Date of retirement: 3/2/2022 6:43 PM

Offset credit retirement reason details: Environmental Benefit; Retirement on behalf of American Snuff Company of Clarksville TN

Originating carbon offset project: Bluesource – Doe Mountain Improved Forest Management Project

Vintage: 2018

Project type: Forest Carbon

Project state: TN

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

American Snuff Company of Clarksville Tennessee purchased Renewable Energy Credits in the amount of 6114 MWH for the reporting period to help achieve carbon neutrality from electricity use.

American Snuff Company also purchased RECs in the amount of 16,338 MWH, of which 5288 MWH are allocated to the electricity of Clarksville.

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.)



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Energy & Technical Services Ltd (ETS) was commissioned by American Snuff Company 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 American Snuff Company facilities at Clarksville, Tennessee achieved by American Snuff Company in accordance with PAS 2060 at 15th March 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 blue ink, appearing to be 'John Kane', written over a horizontal line.

John Kane
Business Unit Director

15th March 2022

