

# Qualifying Explanatory Statement

(As per PAS 2060)

Document Preparation		
Function/Designation	Name	Signature
ESG/Sustainability	Steven Jones	


Version Control	
Change	Date
R0 – Initial Version	02/24/2023

American Snuff Company

**Carbon Neutrality Statement according to PAS 2060: 2014**

**"Qualifying Explanatory Statement"**

*"Carbon Neutrality for the industrial/ services / logistics activities of American Snuff Company of Clarksville, TN, declared in accordance with standard PAS 2060: 2014 on 2/24/2023, for the period from December 1st, 2021 to November 30th 2022, certified by the Totum Institute."*

Name of the Senior Representative	Signature of the Senior Representative
Adriano Alves Rusak	
Date: 6/16/2023	

Company: American Snuff Company, Inc.

Issue Date: 6/16/2023

Assurance Authority: Instituto Totum

Previous Certifications Obtained: PAS 2060 Certification for 2021

*Note: the term "carbon" used throughout this document represents an abbreviation for the aggregate of greenhouse gases (GHG), reported as CO2e (carbon dioxide equivalent)*

## INTRODUCTION

This document is the declaration of carbon neutrality to demonstrate that American Snuff Company, Inc. has achieved carbon neutrality for its Clarksville, TN Manufacturing Plant managed directly by BAT, aligned to the guidelines of PAS 2060: 2014, in the period from December 1st, 2021 to November 30<sup>th</sup>, 2022.


PAS 2060 Requirement	Explanation
Entity Responsible for the Declaration	American Snuff Company, Inc.
Object of Declaration	Clarksville operations facilities are located at 4583 Guthrie Highway and 820 Commerce Street in Clarksville, TN. 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.
Object Description	American Snuff Company of Clarksville, TN 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.
Object Limits	The scope includes all Scopes I and II GHG emissions calculated as tCO <sub>2</sub> e (CO <sub>2</sub> , N <sub>2</sub> O and CH <sub>4</sub> ), according to the GHG protocol accounting standards. The emission quantifications have been aligned to British American Tobacco Plc (BAT), CR360 reporting other than fugitive emissions. Fugitive emissions were accounted for through the Fugitive Emissions calculator based on the version used by Totum Institute for the PAS 2060 Assessment of Brazil and Chile.
Type of Assurance	Emission inventory have been assured at limited level by KPMG. Third Party Certification for obtaining Carbon Neutrality is completed with Totum Institute, Brazil ( <a href="https://www.institutototum.com.br/">https://www.institutototum.com.br/</a> )
Period of obtaining Carbon Neutrality	December 1 <sup>st</sup> , 2021 – November 30 <sup>th</sup> , 2022

This carbon neutrality statement is in accordance with PAS 2060: 2014, which contains information related to the objects for which neutrality is claimed. All information contained is an expression of the truth and is believed to be correct at the time of publication. If any information comes to the attention of the organization that affects the validity of this declaration, this document will be properly updated to accurately reflect the actual situation of the carbon neutral process related to the object.

## DECLARATION OF OBTAINING CARBON NEUTRALITY

PAS 2060 Requirement	Explanation
Specify the period in which the Company has demonstrated carbon neutrality for the object	The target is to be verified carbon neutral in accordance with PAS 2060, for the timeframe of 1 <sup>st</sup> December, 2021 to 30 <sup>th</sup> November 2022.
Total emissions (location-based method) of the object in the period from December 1 <sup>st</sup> , 2021 to November 30 <sup>th</sup> , 2022.	7,673 tCO <sub>2</sub> e
Total emissions (market-based method) of the object in the period from December 1 <sup>st</sup> , 2021 to November 30 <sup>th</sup> , 2022.	3,031 tC O <sub>2</sub> e
Type of declaration of carbon neutrality.	I3P-2: Achieving carbon neutrality through independent third-party certification
Inventory of greenhouse gas emissions that provides the basis for the declaration.	Annex A
Description of the greenhouse gas emission reductions that provide the basis for the declaration.	Annex B
Description of the instruments for reducing the carbon footprint and for offsetting residual emissions.	Annex C
Independent third-party verification report of the GHG emissions inventory.	Annex D
Retirement statements for energy source assurance instruments (I-RECs) and carbon credits.	Annex E
BAT Management Statement for details of certified facilities	Annex F (if necessary)

*“Carbon Neutrality for the industrial/ services / logistics / activities of American Snuff Company, Inc., Clarksville, TN, declared in accordance with standard PAS 2060: 2014 on 02/24/2023, for the period from December 1st, 2021 to November 30th 2022, certified by the Totum Institute.”*

Name of the Senior Representative	Signature of the Senior Representative
	
Date:	

## ANNEX A - INVENTORY OF GREENHOUSE GAS EMISSIONS THAT PROVIDE BASIS FOR DECLARATION

### **A.1. Object Description**

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.

In the period being certified, this facility produced 5,284 million cigarette equivalents, an internally reported number used to track production levels across facilities that produce different products. This production volume is similar to 2021 production levels but there has been a general decline in volumes over recent years.

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.

## A.2. Carbon Footprint Summary

ASC - Clarksville

### Q1 2022

Scope 1 CO2e Emissions (Sites and Fleet)	tCO2e	1,309
Sites and Offices - Fuel	tCO2e	1,306
Natural gas	tCO2e	1,255
LPG	tCO2e	51
Diesel oil	tCO2e	0
Fleet Vehicles - fuel	tCO2e	4
Normal Petrol/Gasoline	tCO2e	3
Normal diesel	tCO2e	1
Scope 2 CO2e Emissions (Location based)	tCO2e	1,105
Scope 2 CO2e Emissions (Market based)	tCO2e	0
Scope 1 & 2 CO2e (Market-based)	tCO2e	1,309
Fugitive and Process Emissions - CO2e - Total	tCO2e	5
Refrigerants and Fire Suppressants - CO2e - Total (CO2, HFC, PFC)	tCO2e	5

### Q2 2022

Scope 1 CO2e Emissions (Sites and Fleet)	tCO2e	705
Sites and Offices - Fuel	tCO2e	699
Natural gas	tCO2e	649
LPG	tCO2e	50
Diesel oil	tCO2e	0
Fleet Vehicles - fuel	tCO2e	6
Normal Petrol/Gasoline	tCO2e	5
Normal diesel	tCO2e	1
Scope 2 CO2e Emissions (Location based)	tCO2e	1,204
Scope 2 CO2e Emissions (Market based)	tCO2e	0
Scope 1 & 2 CO2e (Market-based)	tCO2e	705
Fugitive and Process Emissions - CO2e - Total	tCO2e	5
Refrigerants and Fire Suppressants - CO2e - Total (CO2, HFC, PFC)	tCO2e	5

### Q3 2022

Scope 1 CO2e Emissions (Sites and Fleet)	tCO2e	351
Sites and Offices - Fuel	tCO2e	345
Natural gas	tCO2e	293
LPG	tCO2e	51
Diesel oil	tCO2e	0
Fleet Vehicles - fuel	tCO2e	7
Normal Petrol/Gasoline	tCO2e	5
Normal diesel	tCO2e	1
Scope 2 CO2e Emissions (Location based)	tCO2e	1,255
Scope 2 CO2e Emissions (Market based)	tCO2e	0
Scope 1 & 2 CO2e (Market-based)	tCO2e	351
Fugitive and Process Emissions - CO2e - Total	tCO2e	6

<b>Refrigerants and Fire Suppressants - CO2e - Total</b>		
<b>(CO2, HFC, PFC)</b>	<i>tCO2e</i>	<b>6</b>
<b>Q4 2022</b>		
<b>Scope 1 CO2e Emissions (Sites and Fleet)</b>	<i>tCO2e</i>	<b>666</b>
<b>Sites and Offices - Fuel</b>	<i>tCO2e</i>	<b>660</b>
<b>Natural gas</b>	<i>tCO2e</i>	<b>598</b>
<b>LPG</b>	<i>tCO2e</i>	<b>58</b>
<b>Diesel oil</b>	<i>tCO2e</i>	<b>4</b>
<b>Fleet Vehicles - fuel</b>	<i>tCO2e</i>	<b>6</b>
<b>Normal Petrol/Gasoline</b>	<i>tCO2e</i>	<b>5</b>
<b>Normal diesel</b>	<i>tCO2e</i>	<b>1</b>
<b>Scope 2 CO2e Emissions (Location based)</b>	<i>tCO2e</i>	<b>1,078</b>
<b>Scope 2 CO2e Emissions (Market based)</b>	<i>tCO2e</i>	<b>0</b>
<b>Scope 1 &amp; 2 CO2e (Market-based)</b>	<i>tCO2e</i>	<b>666</b>
<b>Fugitive and Process Emissions - CO2e - Total</b>	<i>tCO2e</i>	<b>6</b>
<b>Refrigerants and Fire Suppressants - CO2e - Total</b>		
<b>(CO2, HFC, PFC)</b>	<i>tCO2e</i>	<b>6</b>
<b>Total 2022</b>		
<b>Scope 1 CO2e Emissions (Sites and Fleet)</b>	<i>tCO2e</i>	<b>3,031</b>
<b>Sites and Offices - Fuel</b>	<i>tCO2e</i>	<b>3,010</b>
<b>Natural gas</b>	<i>tCO2e</i>	<b>2,795</b>
<b>LPG</b>	<i>tCO2e</i>	<b>210</b>
<b>Diesel oil</b>	<i>tCO2e</i>	<b>4</b>
<b>Fleet Vehicles - fuel</b>	<i>tCO2e</i>	<b>22</b>
<b>Normal Petrol/Gasoline</b>	<i>tCO2e</i>	<b>17</b>
<b>Normal diesel</b>	<i>tCO2e</i>	<b>5</b>
<b>Scope 2 CO2e Emissions (Location based)</b>	<i>tCO2e</i>	<b>4,641</b>
<b>Scope 2 CO2e Emissions (Market based)</b>	<i>tCO2e</i>	<b>0</b>
<b>Scope 1 &amp; 2 CO2e (Market-based)</b>	<i>tCO2e</i>	<b>3,031</b>
<b>Fugitive and Process Emissions - CO2e - Total</b>	<i>tCO2e</i>	<b>21</b>
<b>Refrigerants and Fire Suppressants - CO2e - Total</b>		
<b>(CO2, HFC, PFC)</b>	<i>tCO2e</i>	<b>21</b>

### A.3. Standards and Methodologies Used

#### A.3.1 Reporting Period Covered and Frequency of Internal Reporting

The period covered for this declaration is from December 1, 2021 to November 30, 2022. Carbon emissions are reported to the group level on a monthly basis. Calculations for the emissions are performed in our CR360 system as a function of the consumption of fuels and electricity from our processes. This data is acquired from service provider bills and invoices. Data is analysed on a monthly, quarterly and annual basis to monitor trends and make process improvements.



### **A.3.2 Report Standards and Scope**

This report has been prepared in accordance with PAS 2060 standards and specification with guidance obtained during the verification process of Greenhouse Gas emission inventory. In addition, energy reporting and calculation of the carbon footprint has been guided by the standards of Greenhouse Gas Protocol, International Energy Agency (IEA), DEFRA/BEIS, Carbon Disclosure Project (CDP) and GRI 305 and GRI 302 respectively. The BAT environmental reporting system has been designed following the same above-mentioned guidelines and principles, and all of its subsidiaries shall adhere to same when conducting their environmental reporting on quarterly basis.

The global warming factors used in this report were based on IPCC assessment report number 4/5. Non-Kyoto gases were not considered in this inventory.

Scope 1 and 2 emissions have been reported for American Snuff Company of Clarksville Tennessee site. All activities considered material in Scope 1 and 2 have been included. Scope 3 emissions are excluded from this statement. Scope 3 emissions are reported at Global level.

### **A.3.3 Selection of Quantification Approach**

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).

Credit 360 tool was used to calculate the carbon footprint. Primary fuel and electricity data for Scope 1 and 2 calculations comes from bills/invoices. Renewable Energy Credits (REC's) and Verified Emissions Reductions (VER's) are purchased to support carbon neutrality.

## **GHG Emissions Quantification**

### **A.4. Information Assurance Level**

The independent assurance of GHG emissions inventory was completed with KPMG, WITH LIMITED LEVEL OF CONFIDENCE. The documents are attached in Annex D.

As the verification of carbon neutrality process the assurance work of Totum Institute was conducted with a limited level of assurance.

**A.5. Site Level tCO2e**

		<b>ASC - Clarksville</b>
<b>Scope 1 CO2e Emissions</b>	<i>tCO2e</i>	3,031
<b>Scope 2 CO2e Emissions (Location based)</b>	<i>tCO2e</i>	4,641
<b>Scope 2 CO2e Emissions (Market based)</b>	<i>tCO2e</i>	0
<b>Scope 1 &amp; 2 CO2e (Market-based)</b>	<i>tCO2e</i>	3,031
<b>Purchased Electricity - Renewable</b>	<i>GJ</i>	43,524



## ANNEX B - DESCRIPTION OF REDUCTIONS OF GREENHOUSE GAS EMISSIONS THAT PROVIDE BASIS FOR DECLARATION

### B.1. History of Greenhouse Gas Emissions (GHG)

		ASC - Clarksville
<b>2018</b>		
Scope 1 CO2e Emissions	tCO2e	2,731
Scope 2 CO2e Emissions (Location based)	tCO2e	7,667
Scope 2 CO2e Emissions (Market based)	tCO2e	7,667
Scope 1 & 2 CO2e (Market-based)	tCO2e	10,398
<b>2019</b>		
Scope 1 CO2e Emissions	tCO2e	2,796
Scope 2 CO2e Emissions (Location based)	tCO2e	6,530
Scope 2 CO2e Emissions (Market based)	tCO2e	6,530
Scope 1 & 2 CO2e (Market-based)	tCO2e	9,326
<b>2020</b>		
Scope 1 CO2e Emissions	tCO2e	3,084
Scope 2 CO2e Emissions (Location based)	tCO2e	5,229
Scope 2 CO2e Emissions (Market based)	tCO2e	0
Scope 1 & 2 CO2e (Market-based)	tCO2e	3,084
<b>2021</b>		
Scope 1 CO2e Emissions	tCO2e	3,588
Scope 2 CO2e Emissions (Location based)	tCO2e	4,707
Scope 2 CO2e Emissions (Market based)	tCO2e	0
Scope 1 & 2 CO2e (Market-based)	tCO2e	3,588
<b>2022</b>		
Scope 1 CO2e Emissions	tCO2e	3,031
Scope 2 CO2e Emissions (Location based)	tCO2e	4,641
Scope 2 CO2e Emissions (Market based)	tCO2e	0
Scope 1 & 2 CO2e (Market-based)	tCO2e	3,031

### B.2. Description of GHG Emissions Reduction in Reference Year

In 2022 Total Scope 1 & 2 carbon emissions (Market-based) were reduced by about 15.5% versus the previous year.

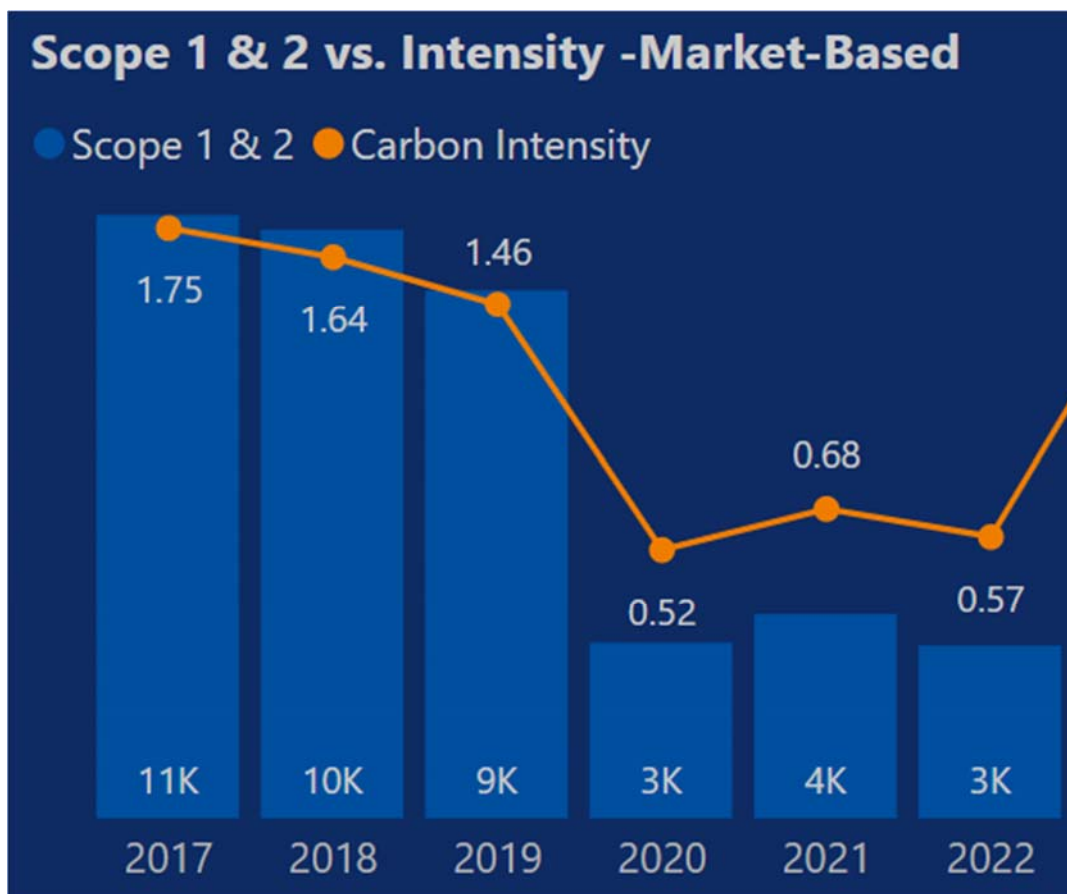
#### B.2.1 Reduction through Regular Monitoring and Continuous Interventions

Our process of periodic assessment is implemented locally and at Group level. A regular performance review is conducted at the monthly S1 & S2 Technical Center of Excellence meetings. In addition, Our EnMS team meets annually for a management system review.

When and where reductions of emissions cannot be made, purchases of RECs and VERs supplement our efforts to pursue carbon neutrality.

### B.2.2 Reduction from Efficiency Improvement Focus

As production volumes at our site continues to drop, our operations group has been focused on insuring drops in associated emissions. In addition to the reduction associated with production, operations have found ways to be more efficient in material movements and processes. These efficiencies have driven a decline in emissions year over year. Additionally, our organization has planned and is in the process of implementing a footprint efficiency project that will result in significant emissions reductions.



### B.3. Description of Renewable Energy Tracking Instruments

Energy consumption is tracked through the CR360 system and aggregates the emissions from

all sources. These sources include electricity providers, natural gas providers, etc. and quantify the totality of energy utilized by the operation. The aggregated figures are then used to determine an offsetting quantity of RECs and VERs. These credits and offsets are procured from recognized suppliers and retired on a semi-annual basis.



## ANNEX C - DESCRIPTION OF THE INSTRUMENTS FOR REDUCING THE CARBON FOOTPRINT AND COMPENSATING THE RESIDUAL EMISSIONS

### **C.1. Description of Renewable Energy Traceability Instruments (I-REC)**

American Snuff Company of Clarksville has procured I-REC's from renewable energy projects in the United States. This strategy has been implemented to insure traceability and effectiveness of offsetting our carbon footprint. The totality of electricity purchased for this facility was offset, total quantity of 12,090 MWh.

### **C.2. Description of Offsetting Instruments - Carbon Credits**

American Snuff Company has purchased VERs to offset the annual 3,031 tons CO<sub>2</sub>e for the Clarksville, TN site. This amount will offset the entirety of the remaining emissions from the facility. The offsets were procured from the Kite Hammock IFM project in Florida, US. American Snuff Company has followed a similar strategy to that of RECs in procuring US generated offsets to insure effectiveness and traceability. These certificates were tracked in the American Carbon Registry.

### **C.3. Use of Carbon Neutrality Instruments**

Our organization has public commitments to be Scope 1 and 2 neutral by 2030 and achieve Net Zero emissions for Scope 1, 2 and 3 by 2050. While our primary focus to reduce carbon emission is on improving energy efficiency and implementing viable renewable energy technologies, we also use VERs and RECs to support our path towards achieving our goals. Through the use of these instruments, we support the development and implementation of renewable energy projects and good carbon reduction initiatives.

### **C.4. Quality Criteria for Clearing Instruments**

These certificates were accredited by appropriate governing body and procured from a quality source utilizing a reputable broker.

ANNEX D - REPORT ON THE VERIFICATION OF THIRD  
PART INDEPENDENT OF THE  
GHGEMISSIONS INVENTORY

Strategic Management

## ESG 2022 Assured Metrics

KPMG have conducted independent, limited assurance in accordance with ISAE 3000 over the 2022 ESG 'Selected Information' listed below, as contained in this Annual Report. KPMG's Independent Limited Assurance Report is provided on page 95.

^ Refer to KPMG Independent Limited Assurance Report on page 2 for details on selected information.

Underlying Selected Information	Selected Information
Consumers of non-combustible products (number of, in millions)	22.50
Scope 1 CO2e emissions (thousand tonnes)	308
Scope 2 CO2e emissions (market based) (thousand tonnes)	113
Scope 2 CO2e emissions (location based) (thousand tonnes)	356
Scope 1 and Scope 2 CO2e emissions intensity ratio (tonnes per £m revenue)	15.20
Scope 1 and Scope 2 CO2e emissions intensity ratio (tonnes per EUR m revenue)	13.00
Total Scope 3 CO2e emissions (thousand tonnes) <sup>^</sup> - for 2021, Scope 3 emissions are reported one year later	5,243
Total energy consumption (GWh)	2,344
Energy consumption intensity (GWh per million £ revenue)	0.08
Energy consumption intensity (GWh per million EUR revenue)	0.07
Renewable energy consumption (GWh)	771
Non-Renewable energy consumption (GWh)	1,574
Waste generated (tonnes)	125,686
Hazardous waste and radioactive waste generated (tonnes)	1,753
Total waste recycled (tonnes)	105,997
Total water withdrawn (million m <sup>3</sup> )	3.50
Total water recycled (million m <sup>3</sup> )	1.02
Total water discharged (million m <sup>3</sup> )	1.66
% of operations sites reported no production process use of priority substances <sup>^</sup>	100
% operations sites not using priority substances in any on-site ancillary / support processes <sup>^</sup>	38
Number of operations sites in areas of high-water stress with and without water management policies	16 / 0
% of sources of wood used by our contracted farmers for curing fuels that are from sustainable sources <sup>^</sup>	99.9
% of all paper and pulp volume that is certified as sustainably sourced	94
% of tobacco hectares reported to have appropriate best practice soil and water management plans implemented <sup>^</sup>	82
% of tobacco farmers reported to grow other crops for food or as additional sources of income <sup>^</sup>	92.8
% of farms monitored for child labour <sup>^</sup>	99.99
% of farms with incidents of child labour identified <sup>^</sup>	0.38
Number of child labour incidents identified <sup>^</sup>	942
% of child labour incidents reported as resolved by end of the growing season <sup>^</sup>	100
% of farms monitored for grievance mechanisms <sup>^</sup>	100
% of farms reported to have sufficient PPE for agrochemical use <sup>^</sup>	99.9
% of farms reported to have sufficient PPE for tobacco harvesting <sup>^</sup>	99.6
H&S - Lost Time Incident Rate (LTIR)	0.19
H&S - Number of serious injuries (employees)	22
H&S - Number of serious injuries (contractors)	11
H&S - Number of fatalities (employees)	1
H&S - Number of fatalities (contractors)	2
H&S - Number of fatalities to members of public involving BAT vehicles	1
% female representation in management roles	41
% female representation on senior leadership teams	30
% of key leadership teams with at least a 50% spread of distinct nationalities	100
Unadjusted gender pay gap (average %)	24
Incidents of non-compliance with regulations resulting in fine or penalty	3
Incidents of non-compliance with regulations resulting in a regulatory warning	2
Number of established SoBC breaches	84
Number of disciplinary actions taken as a result of established SoBC breaches that resulted in people leaving BAT	58
Number of established SoBC breaches - relating to workplace and human rights	33
% of product materials and high-risk indirect service suppliers that have undergone at least one independent labour audit within a three-year cycle	36.6





# ESG Limited Assurance Report

## Independent Limited Assurance Report to British American Tobacco p.l.c.

KPMG LLP ("KPMG" or "we") were engaged by British American Tobacco p.l.c ("BAT") to provide limited assurance over the Selected Information described below for the year ended 31 December 2022.

### Our conclusion

Based on the work we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Selected Information on pages ## and ## marked with a **▲** and listed as 'Assured' on page 1 has not been properly prepared, in all material respects, in accordance with the Reporting Criteria.

This conclusion is to be read in the context of the remainder of this report, in particular the inherent limitations explained below and this report's intended use.

### Selected Information

The scope of our work includes only the information included on pages ## and ## marked with a **▲** and that listed as 'Assured' on page 1 (being together 'the Selected Information') within BAT's Combined Report ('the Report') for the year ended 31 December 2022.

We have not performed any work, and do not express any conclusion, over any other information that may be included in the Report or displayed on BAT's website for the current year or for previous periods unless otherwise indicated.

Where Selected Information is calculated in arrears or includes periods outside of the year ended 31 December 2022, this is outlined within the reporting criteria.

### Reporting Criteria

The Reporting Criteria we used to form our judgements are BAT's Reporting Guidelines 2022 as set out at [www.bat.com/sustainabilityreporting](http://www.bat.com/sustainabilityreporting) ('the Reporting Criteria'). The Selected Information needs to be read together with the Reporting Criteria.

### Inherent limitations

The nature of non-financial information, the absence of a significant body of established practice on which to draw, and the methods and precision used to determine non-financial information, allow for different, but acceptable evaluation and measurement techniques and can result in materially different measurements, affecting comparability between entities and over time. The Reporting Criteria has been developed to assist BAT in reporting ESG information selected by BAT as key KPIs to measure the success of its ESG strategy. As a result, the Selected Information may not be suitable for another purpose.

### Directors' responsibilities

The Board of Directors of BAT are responsible for overseeing:

- the designing, operating and maintaining of internal controls relevant to the preparation and presentation of the Selected Information that is free from material misstatement, whether due to fraud or error;
- the process of selecting and/or developing objective Reporting Criteria;
- the measurement and reporting of the Selected Information in accordance with the Reporting Criteria; and
- the contents and statements contained within the Report and the Reporting Criteria.

### Our responsibilities

Our responsibility is to plan and perform our work to obtain limited assurance about whether the Selected Information has been properly prepared, in all material respects, in accordance with the Reporting Criteria and to report to BAT in the form of an independent limited assurance conclusion based on the work performed and the evidence obtained.

### Assurance standards applied

We conducted our work in accordance with International Standard on Assurance Engagements (UK) 3000 - 'Assurance Engagements other than Audits or Reviews of Historical Financial Information' ('ISAE (UK) 3000') issued by the Financial Reporting Council and, in respect of the greenhouse gas emissions information included within the Selected Information, in accordance with International Standard on Assurance Engagements 3410 - 'Assurance Engagements on Greenhouse Gas Statements' ('ISAE 3410'), issued by the International Auditing and Assurance Standards Board.

Those standards require that we obtain sufficient, appropriate evidence on which to base our conclusion.

### Independence, professional standards and quality control

We comply with the Institute of Chartered Accountants in England and Wales ("ICAEW") Code of Ethics, which includes independence, and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour, that are at least as demanding as the applicable provisions of the

IESBA "Code of Ethics". We apply International Standard on Quality Control (UK) 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements and accordingly we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Summary of work performed

A limited assurance engagement involves planning and performing procedures to obtain sufficient appropriate evidence to obtain a meaningful level of assurance over the Selected Information as a basis for our limited assurance conclusion. Planning the engagement involves assessing whether the Reporting Criteria are suitable for the purposes of our limited assurance engagement. The procedures selected depend on our judgement, on our understanding of the Selected Information and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise.

The procedures performed included:

- conducting interviews with BAT management to obtain an understanding of the key processes, systems and controls in place over the preparation of the Selected Information;
- selected limited substantive testing, including agreeing a selection of the Selected Information to the corresponding supporting information;
- considering the appropriateness of the carbon conversion factor calculations and other unit conversion factor calculations used by reference to widely recognised and established conversion factors;
- reperforming a selection of the carbon conversion factor calculations and other unit conversion factor calculations;
- performing analytical procedures over the aggregated Selected Information, including a comparison to the prior period's amounts having due regard to changes in business volume and the business portfolio; and
- reading the narrative accompanying the Selected Information in the Report with regard to the Reporting Criteria, and for consistency with our findings.

The work performed in a limited assurance engagement varies in nature and timing from, and is less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

For the KPIs marked with a **▲** symbol on page 1, our procedures did not include physical visits to the farms which provided the source data for the Leaf Data and Human Rights KPIs and testing the accuracy of the sales volumes in BAT's Procurement IT system which were used in calculating Scope 3 CO<sub>2</sub>e emissions (thousand tonnes) including the Scope 3 supply chain CO<sub>2</sub>e emissions (thousand tonnes) from purchased goods and services. Additionally, our procedures did not include physical visits to the operational sites which provided the source data for the Emissions to Water KPIs.

### This report's intended use

This assurance report is made solely to BAT in accordance with the terms of the engagement contract between us. Those terms permit disclosure to other parties, solely for the purpose of BAT showing that it has obtained an independent assurance report in connection with the Selected Information.

We have not considered the interest of any other party in the Selected Information. To the fullest extent permitted by law, we accept no responsibility and deny any liability to any party other than BAT for our work, for this assurance report or for the conclusions we have reached.

### George Richards

for and on behalf of KPMG LLP  
Chartered Accountants  
15 Canada Square  
London E14 5GL  
08 February 2023

The maintenance and integrity of BAT's website is the responsibility of the Directors of BAT; the work carried out by us does not involve consideration of these matters and, accordingly, we accept no responsibility for any changes that may have occurred to the reported Selected Information, Reporting Criteria or Report presented on BAT's website since the date of our report.

ANNEX E - RETIREMENT STATEMENTS FOR ENERGY ORIGIN  
 GUARANTEE INSTRUMENTS (I-  
 RECS) AND CARBON CREDITS

**ASC Clarksville - REC Retirement**

Site	2022 Electricity Consumption (MWh)	Recs Retired
ASC Clarksville	12,090	3,424 (H1)
		2,199 (H1)
		6,467 of 13,208 (H2)





From	
Account Holder:	<a href="#">ACT Commodities Inc.</a>
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:	<a href="#">American Snuff Company - Clarksville</a>
Retirement Purpose:	Voluntary
Consumption Period:	2022
Country of Consumption:	United States
Location of Beneficiary:	TN
Usage Category:	Disclosure
Type of Beneficiary:	End-consumer

Total RECs:	3,424
Total MWh:	3,424

Year	Month	Technology Type	Facility ID	Start#	End#	# of RECs	Last Operation
2021	12	BBL	W2578	7335	10758	3,424	Retirement confirmed by WREGIS admin
<b>Status:</b>	<b>Counter Party</b>	<b>Last Operation Date</b>	<b>Retire Reason</b>				
Retired	WREGIS admin	10/4/2022	Voluntary				



Production Device public information	
Domain of Production Device:	USA
Technology :	Black Liquor Biomass





### North American Renewables Registry Certificate of Retirement

APX, Inc., in its capacity as operator and administrator of the North American Renewables Registry (NAR), hereby confirms that the following Renewable Energy Certificates ("RECs") have been retired in NAR on behalf of:

**American Snuff Company - Clarksville**

**Total RECs Retired: 2,199**

**Retiring NAR Account Holder:** ACT Commodities Inc.

**Retirement Reason Details:** REC Redemption for American Snuff Co Clarksville

**Retirement Date:** October 04, 2022

NAR ID	Project Name	Project Type	NAR Serial Numbers	Quantity
GEN4279	KERR - KERR_1	HRR	NAR-REC-4279-OK-02-2022-13 0037-1 to 2199	2,199

The North American Renewables Registry is an online platform to issue, serialize and track REC. NAR meets RE100 best practices guidelines and CDP standards for procuring and reporting purchases of renewable energy. The Registry is developed and managed by APX, leveraging more than 15 years of experience in environmental markets. For more information: [www.apx.com](http://www.apx.com)



[EXTERNAL][M-RETS] Completed Certificate Retirement Confirmation Summary [01/25/2023]



systemadmin@mrets.org  
To: Kim Frasso



Wed 1/25/2023 12:06 PM

[Click here to download pictures.](#) To help protect your privacy, Outlook prevented automatic download of some pictures in this message.

Hello Kimberly Frasso,

A certificate Retirement transaction was successfully processed for SCB brokers LLC.

Transaction Details:

13208 certificates have been retired to American Snuff Company LLC(Account ID:98f5201c-c36) for project Grand Rapids - Grand Rapids (Project ID: M507, Location:MB) with Fuel Type of Hydroelectric Water and Vintage of 08/2022.

The serial number range for these retired certificates is 507-MB-08-2022-CB2937D5 - 172767 to 185974.

6130 certificates have been retired to American Snuff Company LLC(Account ID:98f5201c-c36) for project Grand Rapids - Grand Rapids (Project ID: M507, Location:MB) with Fuel Type of Hydroelectric Water and Vintage of 09/2022.

The serial number range for these retired certificates is 507-MB-09-2022-E9F8D5EB - 63735 to 69864.

The reason for the retirement is Beneficial Ownership: For Environmental Benefit Retired on behalf of American Snuff Company, LLC

If you have any questions, please contact us at [systemadmin@mrets.org](mailto:systemadmin@mrets.org).

Best Regards,  
The M-RETS Team

[M-RETS](#)

60 South 6th Street, Suite 2800  
Minneapolis, MN 55402

M-RETS® validates the environmental attributes of energy to serve as a trusted centralized gateway to environmental markets.

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Please add us to your address book.






## ASC Clarksville - Carbon Offset Retirement

Site	2022 Emissions (tCO2e)	Offsets Retired
ASC Clarksville	3,031	3,031 of 6,700
ASC Memphis	2,435	2,435 of 6,700
ASC Taylor Brothers	990	990 of 6,700
	Remaining Offsets	244 of 6,700

[EXTERNAL]ACR: Notification of Credit Retirement



ACR Administrator <acr@winrock.org>

To:  Thomas Hills;  Callum Brooker;  Kim Frasso;  OpsCarbon;  Jin Guo



Wed 1/25/2023 12:31 PM

American Carbon Registry Retirement Notification

This email is to acknowledge that on Jan 25 2023 5:30PM, SCB Environmental Markets SA retired 6700 Credits. The Credits were issued by the American Carbon Registry (ACR) following a rigorous project registration process used to ensure the originating offset project contributes to real and additional emission reductions.

The issuance and ownership of these ACR Credits have been tracked on the ACR using unique serial numbers to prevent double counting and double selling. The retirement of these Credits on the ACR is permanent, and the retired Credits cannot be held, transferred or retired by any other party. Details on the retired Credits are included below.

Quantity of retired Credits: 6700

Credit serial numbers: ACR-US-509-2017-1430-1 to 6700

Date of retirement: Jan 25 2023 5:30PM

Credit retirement reason details: Environmental Benefit; Retired on behalf of American Snuff Company LLC

Originating carbon offset project: Kite Hammock IFM

Vintage: 2017

Project type: Forest Carbon

Project state: FL

Visit [www.americancarbonregistry.org](http://www.americancarbonregistry.org) for more information about the ACR. You can view public records of retired credits by viewing either the Search Serial Numbers report or the Retired Credits report. Within each report, you will be able to access more information about the offset project, including project documentation.

## ANNEX F – MANAGEMENT DECLARATION

American Snuff Company, Inc.  
4583 Guthrie Highway  
Clarksville, TN 37040

Clarksville TN Manufacturing Plant  
Latitude: 36° 37' 13.879" N  
Longitude: 87° 13' 21.014" W