QUALIFYING EXPLANATORY STATEMENT (QES) IN SUPPORT OF PAS 2060:2014 DECLARATION OF ACHIEVEMENT

1st November 2021 to 31st October 2022

British American Tobacco Australia Limited (ABN 96 000 151 100)

Qualifying Explanatory Statement (QES) in support of PAS 2060:2014 – Validation by third party

This document declares that the Australian business operations of British American Tobacco Australia Limited (ABN 96 000 151 100) has achieved carbon neutrality for its operations, Scope 1 and 2, in accordance with *PAS 2060:2014 Specification for the Demonstration of Carbon Neutrality*, for the period 1st November 2021 to 31st October 2022. This is the first period of assessment.

The methodology used was applied in accordance with its provisions, and the principles set out in PAS 2060:2014 were met. It is assured by BSI Group.

DocuSigned by:

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Rory Cotter

General Manager

British American Tobacco Australia Limited

Date: 01-Feb-2023

Reviewed by:

Ricki Fitzgerald, Legal Counsel

Ruby Kaur, Sustainability and Facilities Manager

British American Tobacco Australia Limited

Statements based on PAS2060:2014 Checklist Table B.2 for QES supporting declaration of achievement to Carbon Neutrality

The statements listed below are in accordance with PAS2060:2014.

Entity making PAS 2060 declaration:

British American Tobacco Australia Limited (ABN 96 000 151 100)

Subject of the declaration:

British American Tobacco Australia Limited (ABN 96 000 151 100)

Description of the subject:

British American Tobacco South East Asia Pty Ltd (BATSEA) is an Australian proprietary limited company. BATSEA is the holding company of the British American Tobacco Australasia corporate group (BATAL Group). British American Tobacco Australia Limited (BATA) (ABN 96 000 151 100), who is the subject of this report is a wholly owned subsidiary of British American Tobacco Australasia Limited and is the main Australian tobacco marketing and sales operating entity in Australia within the BATAL Group.

BATA has approximately 280 employees in Australia. BATA import and distribute cigarette, roll-your-own and cigar tobacco, as well as non-nicotine vape products. BATA's head office is in Woolloomooloo, NSW with a warehouse in Castle Hill, NSW and trade offices in SA, WA, Qld and Victoria. BATA has taken an operational control approach to our emissions boundary. Refer to Table 1 below and *Appendix 2: BAT Australasia Organisation Structure.*

Site address	Activity conducted at this site	Type of site
166 William St, Woolloomooloo NSW 2011	Office work (Head office functions)	Office
Unit 48/5 Gladstone Road, Castle Hill NSW 2154	Document storage	Warehouse
Unit 3/600 St Kilda Road, Melbourne VIC 3004	Office work (Trade Marketing and Distribution team)	Office
702/301 Coronation Drive, Milton QLD 4064	Office work (Trade Marketing and Distribution team)	Office
Ground Floor, 64 Hindmarsh Square, Adelaide SA 5000	Office work (Trade Marketing and Distribution team)	Office
Level 3, 3 Loftus St West Leederville, WA	Office work (Trade Marketing and Distribution team)	Office

Table 1: BATA sites and their activities

Rationale for selection of the subject:

The scope and subject of this PAS2060 QES includes all emissions based on operational control defined by the World Business Council for Sustainable Development (WBCSD) and World Resources Institute (WRI) *Greenhouse Gas Protocol – Corporate Standard*.

The monitoring and reduction of greenhouse gas is part of British American Tobacco's (BAT's) Environmental Social Governance (ESG) program, which covers British American Tobacco Australia Limited business operations.

Boundaries of subject:

Scope 1 and 2 emissions. All activities considered material in Scope 1 and 2 have been included. Scope 3 emissions are excluded from this statement as BAT's global target is to achieve carbon neutral operations (Scope 1 and 2 CO_2e emissions) by 2030.

These boundaries are a true and fair representation of the organisation's greenhouse gas emissions.

Baseline date for PAS2060:

1st November 2021 to 31st October 2022.

Achievement period:

1st November 2021 to 31st October 2022.

Individuals responsible for the evaluation and provision of data necessary for the substantiation of this declaration:

Ruby Kaur, Sustainability and Facilities Manager (BATA)

Type of conformity statement:

Third party validation by BSI Group.

Justification for the selection of carbon method:
Data recording and calculations are based on the Greenhouse Gas (GHG) Protocol Guide, CDP Guidance.

		Included in calculations due to having operational control over emissions (Yes/No)					
Emission Type	**Data Source**	**Woolloomooloo, NSW**	**Castle Hill, NSW**	**Melbourne, Vic**	**Milton, Qld**	**Adelaide, SA**	**Leederville, WA**
Fuel (Unleaded Petrol, Diesel)	Monthly supplier spreadsheet detailing litres of fuel purchased per vehicle	Yes	Yes	Yes	Yes	Yes	Yes
Fugitive Emission (Refrigerants and Fire Extinguishers)	Labels detailing refrigerant used and capacity on fridges and freezers at each office site Labels detailing chemical used and capacity on fire extinguishers Supplier invoices for air condition service to recharge refrigerant on a regular maintenance schedule BAT Group fugitive emissions calculator	Yes	No	No	No	No	No
Stationary Combustion (Natural Gas)	Quarterly supplier invoice	Yes	No	No	No	No	No
Electricity	Monthly supplier invoice	Yes	Yes	Yes	Yes	Yes	Yes

Table 2: Emission type and data source

Methods used to quantify greenhouse gas emissions:

Credit 360 software published by UL LLC is used as the basis for calculations in this statement. The emission conversion factors for electricity are based on International Energy Agency (IEA) data from CO2 Emissions from Fuel Combustion (OECD/IEA 2021) www.iea.org/statistics, as modified by UL LLC for Credit 360. The emission conversion factors for fuels are based on Department of Environment, Food and Rural Affairs (DEFRA) Greenhouse Gas Reporting: Conversion Factors. DEFRA used Global Warming Potentials (GWPs) with reference to AR4. Where local Australian government conversion factors have been used, these are noted in the footnotes in this statement. Emission conversion factors used by BATA are updated annually. This is a PAS2060 recognised method.

The statements listed below are in accordance with PAS2060:2014:

Describe the actual types of greenhouse gas emissions, classification of emissions (Scope 1, 2 or 3) and size of carbon footprint of the subject exclusive of any purchases of carbon offsets.	
a) All greenhouse gases shall be included and converted into tCO2e.	Yes. Refer to ***Appendix 3: Standards Chosen and Sources of Emissions***
b) 100% Scope 1 (direct) emissions relevant to the subject shall be included when determining the carbon footprint.	Yes. Refer to ***Appendix 3: Standards Chosen and Sources of Emissions***
c) 100% Scope 2 (indirect) emissions relevant to the subject shall be included when determining the carbon footprint.	Yes. Refer to ***Appendix 3: Standards Chosen and Sources of Emissions***
d) Where estimates of greenhouse gas emissions are used in the quantification of the subject carbon footprint (particularly when associated with Scope 3 emissions) these shall be determined in a manner that precludes underestimation.	Not applicable.
e) Scope 1, 2 or 3 emission sources estimated to be more that 1% of the total carbon footprint shall be taken into consideration unless evidence can be provided to demonstrate that such quantification would not be technically feasible or cost effective. (Emission sources estimated to constitute less than 1% may be excluded on that basis alone.)	Yes. Refer to ***Appendix 3: Standards Chosen and Sources of Emissions***
f) The quantified carbon footprint shall cover at least 95% of the emissions from the subject.	Yes. Refer to ***Appendix 3: Standards Chosen and Sources of Emissions***
g) Where a single source contributes more than 50% of the total emissions, the 95% threshold applies to the remaining sources of emissions.	Yes. Refer to ***Appendix 3: Standards Chosen and Sources of Emissions***
h) Any exclusion and the reason for that exclusion shall be documented.	Refer to ***Boundaries of subject*** above

Where the subject is an organisation/company or part thereof ensure that:	
a) Boundaries are a true and fair representation of the organisation's greenhouse gas emissions (i.e. shall include all greenhouse gas emissions relating to core operations including subsidiaries owned and operated by the organisation). It will be important to ensure claims are credible – so if an entity chooses a narrow subject and excludes its carbon intensive activities or if it outsources its carbon intensive activities, then this needs to be documented.	British American Tobacco Australia Limited outsources freight to a third party company.
b) Either the equity shares or control approach has been used to define which greenhouse gas emissions are included. Under the equity share approach, the entity accounts for greenhouse gas emissions from the subject according to its share of equity in the subject. Under the control approach, the entity shall account for 100% of the greenhouse gas emissions over which it has financial and/or operational control.	100% emission declaration. BATA has taken an operational control approach to our emissions boundary. The scope and subject of this PAS2060 QES includes all emissions based on the operational control defined by the World Business Council for Sustainable Development (WBCSD) and World Resources Institute (WRI) *Greenhouse Gas Protocol – Corporate Standard*.
Identify if the subject is part of an organisation or a specific site or location, and treat as a discrete operation with its own purpose, objectives and functionality.	Refer to ***Appendix 2: BAT Australasia Organisation Structure***
Describe the actual methods used to quantify greenhouse gas emissions (e.g. use of primary or secondary data), the measurement units applied, the period of application and the size of the resulting carbon footprint. (The carbon footprint shall be based as far as possible on primary activity data.) Where quantification is based on calculations (e.g. greenhouse gas activity data multiplied by greenhouse gas emission factors or the use of mass balance / life cycle models) then greenhouse gas emissions shall be calculated using emission factors from national (Government) publications. Where such	Refer to ***Appendix 3: Standards Chosen and Sources of Emissions***

factors are not available, international or industry guidelines shall be used. In all cases the sources of such data shall be identified.	
Document all assumptions and calculations made in quantifying greenhouse gas emissions and in the selection or development of greenhouse gas emission factors. (Emission factors used shall be appropriate to the activity concerned and current at the time of quantification.)	Refer to ***Appendix 4: Calculations and Findings***
Uncertainty and variability statement:	
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.	
Document Carbon Management Plan:	Refer to ***Appendix 6: Carbon Management Plan***
a) Make a statement of commitment to carbon neutrality for the defined subject.	Refer to ***Appendix 5: Carbon Neutrality and Offset Program***
b) Set timescales for achieving carbon neutrality for the defined subject.	BATA achieved carbon neutrality for the period 1st November 2021 to 31st October 2022.
c) Specify targets for greenhouse gas 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.	Targets for greenhouse gas reductions have been set up by BAT globally. British American Tobacco Australia Limited has used 1st November 2021 to 31st October 2022 as the baseline date, first quantification date and first application period for PAS2060:2014

	Refer to ***Appendix 1: BAT Group Environmental Targets***
(d) Document the planned means of achieving and maintaining greenhouse gas emissions reductions including assumptions made and any justification of the techniques and measures to be employed to reduce greenhouse gas emissions.	Refer to ***Appendix 1: BAT Group Environmental Targets*** and ***Appendix 6: Carbon Management Plan***
e) Specify the offset strategy including an estimate of the quantity of greenhouse gas emissions to be offset, the nature of the offsets and the likely number and type of credits.	Refer to ***Appendix 5: Carbon Neutrality and Offset Program***
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.	British American Tobacco Australia Limited conducts monitoring of ESG performance discussed quarterly in monthly South-East Asia Operations Leadership Team meetings, and quarterly Environment Working Group meetings. Corrective actions are taken as required to ensure targets are achieved.
Insert type of conformity assessment:	Third party validation.
Include statements of validation where declarations of commitment to carbon neutrality are validated by a third party certifier or second party organisation.	Refer to ***BSI Group Validation Letter***

Table B.2 – Checklist for QES supporting declaration of commitment to Carbon Neutrality

The statements listed below in accordance with the PAS2060:2014 checklist *Table B.2 – Checklist for QES supporting declaration of commitment to Carbon Neutrality***.**

Requirements Statement Selected method:	World Business Council for Sustainable Development (WBCSD) and World Resources Institute (WRI) *Greenhouse Gas Protocol – Corporate Standard* - Operational control method applied.
Describe the means by which reductions have been achieved and any applicable assumptions or justifications.	Refer to ***Appendix 6: Carbon Management Plan***
Baseline date for PAS2060:2014:	1st November 2021 to 31st October 2022.
Confirm that:	
a) Offsets generated or allowance credits surrendered represent genuine, additional greenhouse gas emission reductions elsewhere.	Yes. Refer to ***Appendix 5: Carbon Neutrality and Offset Program***
b) Projects involved in delivering offsets meet the criteria of additionality, permanence, leakage, and double counting. (See the WRI Greenhouse Gas Protocol for definitions of additionality, permanence, leakage, and double counting).	Yes. Refer to ***Appendix 5: Carbon Neutrality and Offset Program***
c) Carbon offsets are verified by an independent third-party verifier.	The carbon offsets are verified by the Australian Government Clean Energy Regulator under the Emissions Reduction Fund. Refer to ***Appendix 5: Carbon Neutrality and Offset Program***
d) Credits from carbon offset projects are only issued after the emission reduction has taken place.	Yes.

e) Credits from carbon offset projects are retired within 12 months from the date of the declaration of achievement.	1,300 tonnes CO_2e carbon credits were purchased and retired in September 2022. Refer to ***Appendix 5: Carbon Neutrality and Offset Program***
f) Provision for event related option of 36 months to be added here.	Not applicable.
g) Credits from carbon offset projects are supported by publicly available project documentation on a registry which shall provide information about the offset project, quantification methodology and validation and verification procedures.	Yes. The credits are Australian Carbon Credit Units (ACCUs), recognised by the Australian Government Clean Energy Regulator under the Emissions Reduction Fund. Refer to ***Appendix 5: Carbon Neutrality and Offset Program***
h) Credits from carbon offset projects are stored and retired in an independent and credible registry.	Yes. Carbon standards meet PAS 2060:2014 requirement. Refer to ***Appendix 5: Carbon Neutrality and Offset Program***
Document the quantity of greenhouse gas emission credits and the type and nature of credits purchased including the number and type of credits used and the time period over which credits were generated including:	Refer to ***Appendix 5: Carbon Neutrality and Offset Program***
a) Which greenhouse gas emissions have been offset.	Scope 1 and 2 only.
b) The actual amount of carbon offset.	1,300 tCO2e Refer to ***Appendix 4: Calculations and Findings***
c) The type of credits and projects involved.	The type of credits purchased are Australian Carbon Credit Units (ACCUs) and are human induced regeneration (HIR) from the Werai Park Forest Regeneration Project, Queensland, Australia.

	Refer to ***Appendix 5: Carbon Neutrality and Offset Program***
d) The number and type of carbon credits used and the time over which the credits have been generated.	1,300 tCO2e of carbon credits purchased in support of Werai Park Forest Regeneration Project. Refer to ***Appendix 5: Carbon Neutrality and Offset Program***
e) For events, a rationale to support the retirement of credits in excess of 12 months including details of any legacy emission savings, taken into account.	Not applicable.
f) Information regarding the retirement/cancellation of carbon credits to prevent their use by others including a link to the registry or equivalent publicly available record, where the credit has been retired.	Refer to ***Appendix 5: Carbon Neutrality and Offset Program***
Specify the type of conformity assessment: a) independent third party certification; b) other party validation; c) self-validation	Third party validation by BSI Group.
Include statements of validation where declarations of achievement of carbon neutrality are validated by a third party certifier or second party organisations.	Refer to ***BSI Group Validation Letter***
Date the QES and have it signed by the senior representative of the entity concerned (e.g. CEO of a corporation; Divisional Director, where the subject is a division of a larger entity ; the Chairman of a town council or the head of the household for a family group).	Yes. Refer page 2
Make QES publicly available and provide a reference to any freely accessible information upon which substantiation depends (e.g. via websites).	This QES will be published on the BATA website https://www.bata.com.au

APPENDICES

Appendix 1: BAT Group Environmental Targets

The BAT Group (BAT) has set the following environmental targets globally:

Figure 1: BAT Group's Global Environmental Targets

Source: https://www.bat.com/group/sites/UK__9D9KCY.nsf/vwPagesWebLive/DOBYAM7A

BAT has also joined the Race-to-Zero: an alliance committed to reduce carbon emissions by halving global emissions by 2030 and achieving net-zero carbon emissions by 2050.

BAT will continue measuring greenhouse gas emissions with the same methods and standards. The subscription to Credit 360 platform used to track carbon emissions will be a permanent subscription and this will act as part of the technique to meet these targets.

Appendix 2: BAT Australasia Organisation Structure

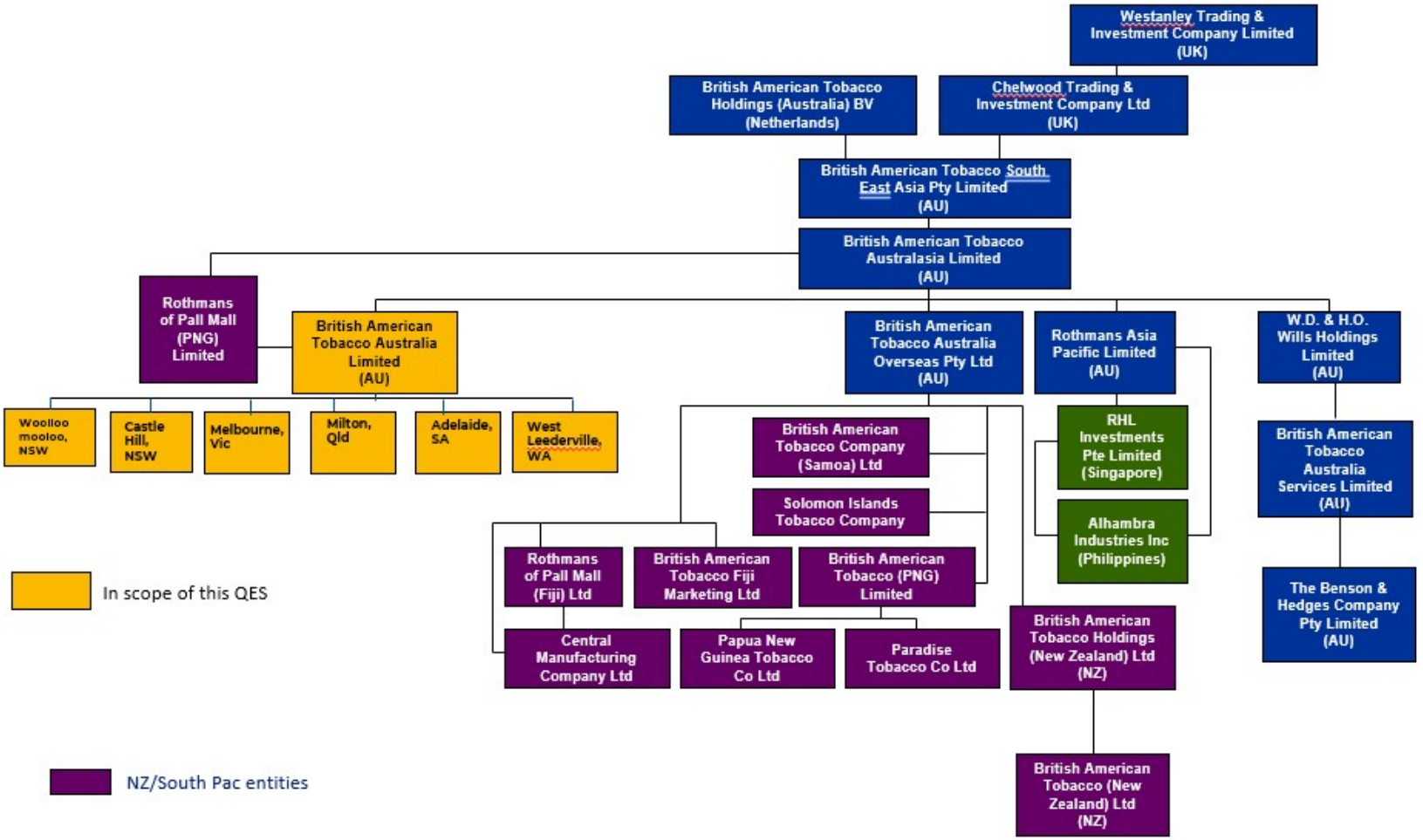


Figure 2: BAT Australasia Organisation Structure

British American Tobacco South East Asia Pty Ltd (BATSEA) is an Australian proprietary limited company. BATSEA is the holding company of the British American Tobacco Australasia corporate group (BATAL Group). British American Tobacco Australia Limited (BATA) (ABN 96 000 151 100), who is the subject of this report is a wholly owned subsidiary of British American Tobacco Australasia Limited and is the main Australian tobacco marketing and sales operating entity in Australia within the BATAL Group.

BATSEA is a subsidiary of a number of companies incorporated overseas, all of which are ultimately wholly owned by a UK company, British American Tobacco plc.

Appendix 3: Standards Chosen and Sources of Emissions

The Credit 360 tool is published by UL LLC and quantifies the greenhouse gas emissions associated with the selected boundary, using data representing operations between 1st November 2021 to 31st October 2022.

The quantification is based on Greenhouse Gas Protocol recommended methods. This method was chosen as it provides an internationally recognised approach to the calculation of representative product CO2e footprints and meets the requirements of PAS 2060. The Credit 360 tool was used as a guideline for environmental data management (i.e. BATA's Environmental Performance Report) to track the carbon footprint.

Data entered into Credit 360 by BAT companies is assured each year by KPMG. In addition, this carbon footprint for BATA for Scope 1 and 2 emissions has been reviewed and assured by a third party, BSI Group.

The focus is on carbon and fugitive emissions only. British American Tobacco Australia Limited is a commercial business, therefore it does not involve any product manufacturing. Additionally, British American Tobacco Australia Limited outsources product freight to a third party company. The only source of Scope 1 emissions were from:

- Fuel use from the trade marketing representative and other fleet vehicles;
- Fugitive emissions from air-conditioning, fridges, freezers and fire extinguishers (only those within operational control of BATA, not those within operational control of the landlord); and
- Natural gas combustion in the on-site café at BATA's head office.

Scope 2 is based on the electricity bill (grid supplied electricity) for all British American Tobacco Australia Limited sites and offices for the reporting period.

The footprint resulted in absolute terms of 1,300 tonnes CO_2e for Scope 1 and Scope 2 carbon emissions only from 1st November 2021 to 31st October 2022. The largest emissions were due to Scope 1 – fugitive emissions. It should be noted that measurement of fugitive emissions commenced for the first time during 1st November 2021 to 31st October 2022 and they have been measured by assuming 100% of gases contained in air conditioning, fridges, freezers and fire extinguishers have been released (i.e. not a small percentage through leaks of refrigerants, or from direct use of extinguishers). Therefore, the emissions are an overestimate. More details are included in *Appendix 5: Calculations and Findings*.

Greenhouse gas emissions accounted for in the study are based on the 100-year Global Warming Potential (GWP) figures published and required by the Greenhouse Gas Protocol Corporate Standard, which specifies emissions to and removals from the atmosphere of: carbon dioxide (CO_2); methane (CH_4); nitrous oxide (N_2O); sulphur hexafluoride (SF6); perfluorocarbons (PFCs); and hydrofluorocarbons (HFCs). Where local conversion factors have been used, these are noted in the footnotes.

Only Scope 1 and 2 emissions relevant to the scope are included in the footprint. Scope 3 is not included in the scope. Offsetting has not been included in the calculations.

Appendix 4: Calculations and Findings

The overall carbon emission for the company for 1st November 2021 to 31st October 2022 was found to be 1,300 tCO_2e (rounded up from the figures shown in Table 3 below). This included all annual consumption data of operational activities, including fuel, natural gas and electricity consumption, as well as fugitive emissions.

Scope	Carbon emission (tCO_2e)
Scope 1	1,223.92
Scope 2	76.06
TOTAL	1,299.98

Table 3: Overall carbon emissions for British American Tobacco Australia Limited

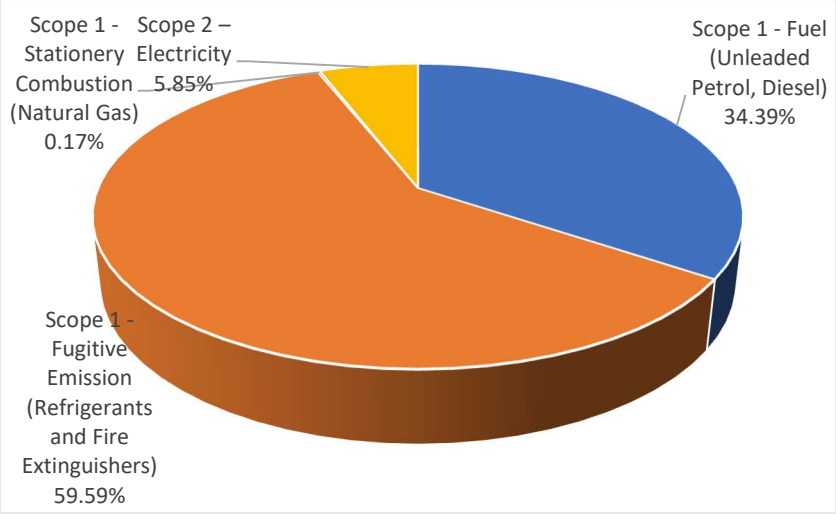


Figure 3: Scopes of carbon emissions

The carbon emissions are also further broken down into each source of Scope 1 and 2 emissions in Figure 3 above and Table 4 below, to identify the major source of carbon emissions.

Scope	Source of emission	Carbon emission (tCO2e)	Percentage of total carbon emission
Scope 1	Fuel (Unleaded Petrol)	447.03	34.39%
Scope 1	Fugitive Emissions (Refrigerants and Fire Extinguishers)	774.63	59.59%
Scope 1	Stationary Combustion (Natural Gas)	2.26	0.17%
Scope 2	Electricity (Market based)	76.06	5.85%
	TOTAL	**1,299.98**	**100.00%**

Table 4: Carbon emission breakdown

The calculations for carbon emissions and their respective conversion factors are shown in Table 5 to Table 8 below:

Scope of Carbon Emission	Fuel type	Quantity (L)	Greenhouse gas conversion factor (tCO_2e per litre)	Carbon Emission (tCO_2e)
Scope 1 – Fleet vehicles – Fuel (November 2021)[1]	Unleaded Petrol	17,206.71	0.00231467	39.83
Scope 1 – Fleet vehicles – Fuel (December 2021 to October 2022)[2]	Unleaded Petrol	174,043.10	0.00233969	407.21
			TOTAL	**447.03**

Table 5: Scope 1 – Fuel - Carbon emissions calculation

Scope of Carbon Emission	Fuel type	Quantity (kg)	Greenhouse gas conversion factor (tCO_2e per kg)[3]	Carbon Emission (tCO_2e)
Scope 1 - Fugitive Emission - Air conditioning (Refrigerants)	R410A	400.00	1,923.50	769.40
Scope 1 - Fugitive Emission (Refrigerants)	HFC-134a	1.95	1,430.00	2.7885
Scope 1 - Fugitive Emission (Refrigerants)	R404A	0.595	3,942.80	2.346
Scope 1 - Fugitive Emission (Fire Extinguishers)	CO_2	95.00	1.00	0.095
			TOTAL	**774.63**

Table 6: Scope 1 – Fugitives - Carbon emissions calculation

[1] Emission factor as per Credit 360 Emissions factors for 2021 applied in November 2021

[2] Emission factor as per Credit 360 Emissions factors for 2022 applied from December 2021 to October 2022

[3] Emission factors for fugitives as per Fourth Assessment Report (AR 4) in line with Credit 360 Emissions factors

Scope of Carbon Emission	Fuel type	Quantity (GJ)	Greenhouse gas conversion factor ($kgCO_2e$ per GJ)[4]	Carbon Emission (tCO_2e per year)
Scope 1 – Stationary Combustion	Natural Gas	44.032	51.4	2.26
			TOTAL	**2.26**

Table 7: Scope 1 – Natural gas - Carbon emissions calculation

Scope of Carbon Emission	Fuel type	Quantity (kWh)	Greenhouse gas conversion factor (CO_2e/ kWh)	Carbon Emission (tCO_2e)
Scope 2 – Electricity (Market based) – Woolloomooloo and Castle Hill, NSW[5] (November 2021)	Electricity usage	50,308.93	0.81	40.75
Scope 2 – Electricity (Market based) – SA – (November 2021) [5]	Electricity usage	1,247.00	0.43	0.54
Scope 2 – Electricity (Market based) – SA – (December 2021 to October 2022)[6]	Electricity usage	11,579.00	0.35	4.05
Scope 2 – Electricity (Market based) – Qld – (November 2021) [5]	Electricity usage	1,822.00	0.81	1.48
Scope 2 – Electricity (Market based) – Qld – (December 2021 to October 2022) [6]	Electricity usage	12,179.00	0.80	9.74
Scope 2 – Electricity (Market based) – Vic [5]	Electricity usage	502.19	0.98	0.49
Scope 2 – Electricity (Market based) – WA – (November 2021) [5]	Electricity usage	2,206.83	0.68	1.50
Scope 2 – Electricity (Market based) – WA – (December 2021 to October 2022)[6]	Electricity usage	25,751.82	0.68	17.51
Scope 2 – Electricity (Market based) – Woolloomooloo and Castle Hill NSW, Vic – GreenPower [7] (December 2021 to October 2022)	Electricity usage	630,790.01	0.00	0.00
			TOTAL	**76.06**

Table 8: Scope 2 – Electricity - Carbon emissions calculation

[4] Emission factor as per Australian Department of Industry, Science, Energy and Resources, August 2021, National Greenhouse Accounts Factors, Australian National Greenhouse Accounts p.12.

[5] Emission factor as per Australian Department of Industry, Science, Energy and Resources, October 2020, National Greenhouse Accounts Factors, Australian National Greenhouse Accounts p.19

[6] Emission factor as per Australian Department of Industry, Science, Energy and Resources, August 2021, National Greenhouse Accounts Factors, Australian National Greenhouse Accounts p.19

[7] Emissions Factor for GreenPower is 0 tonnes CO2e, as advised by Department of Planning, Industry and Environment by email on 12 March 2021

It should be noted that fugitive emissions have been measured by assuming 100% of gases contained in air conditioning, fridges, freezers and fire extinguishers have been released (i.e. not a small percentage through leaks of refrigerants, or from direct use of extinguishers). Therefore, the emissions are an overestimate.

The contributions to the overall carbon footprint by each BATA site are shown in Table 9 and Table 10 below:

	tCO_2e						
Emission Type	**Woolloomooloo, NSW**	**Castle Hill, NSW**	**Melbourne, Vic**	**Milton, Qld**	**Adelaide, SA**	**Leederville, WA**	**TOTAL**
Fuel (Unleaded Petrol, Diesel)	158.10	0	125.39	87.23	38.16	38.16	447.03
Fugitive Emission (Refrigerants and Fire Extinguishers)	774.629	0	0	0	0	0	774.629
Stationary Combustion (Natural Gas)	2.26	0	0	0	0	0	2.26
Electricity	39.53	1.22	4.59	11.22	0.49	19.01	76.06
TOTAL	**974.52**	**1.22**	**129.98**	**98.45**	**38.65**	**57.17**	**1,299.98**

Table 9: Emissions at each BATA site

Site address	**Total greenhouse gas for each location (tCO_2e)**	**% contribution to carbon footprint**
166 William St, Woolloomooloo NSW 2011	974.52	74.96%
Unit 48/5 Gladstone Road, Castle Hill NSW 2154	1.22	0.09%
Unit 3/600 St Kilda Road, Melbourne VIC 3004	129.98	10.00%
702/301 Coronation Drive, Milton QLD 4064	98.45	7.57%
Ground Floor, 64 Hindmarsh Square, Adelaide SA 5000	38.65	2.97%
Level 3, 3 Loftus St West Leederville, WA	57.17	4.40%
TOTAL	**1,299.98**	**100.00%**

Table 10: BATA sites and their contribution to greenhouse gas emissions

In addition, a comparative analysis has been made to assess British American Tobacco Australia Limited's carbon footprint across the years. Table 11 and Figure 4 show the breakdown of the carbon footprint for four consecutive years from 2019 to 2022.

Carbon Footprint (tCO_2e)				
Reporting Year	**2019**	**2020**	**2021**	**2022**
Scope 1 - Fuel (Unleaded Petrol, Diesel)	1,110.30	817.31	484.41	447.03
Scope 1 - Fugitive Emission (Refrigerants and Fire Extinguishers)	Not measured	Not measured	Not measured	774.63
Scope 1 - Stationary Combustion (Natural Gas)	4.80	4.57	2.97	2.26
Scope 2 – Electricity (Market based)	854.25	790.34	611.42	76.06
TOTAL	**1,969.35**	**1,612.22**	**1,098.80**	**1,299.98**
Percentage difference in carbon footprint on previous year		-18%	-32%	18%
TOTAL (without fugitive emissions)	**1,969.35**	**1,612.22**	**1,098.80**	**525.35**
Percentage difference in carbon footprint on previous year (without fugitives)		-18%	-32%	-52%

Table 11: Year on Year comparison of British American Tobacco Australia Limited's carbon footprint

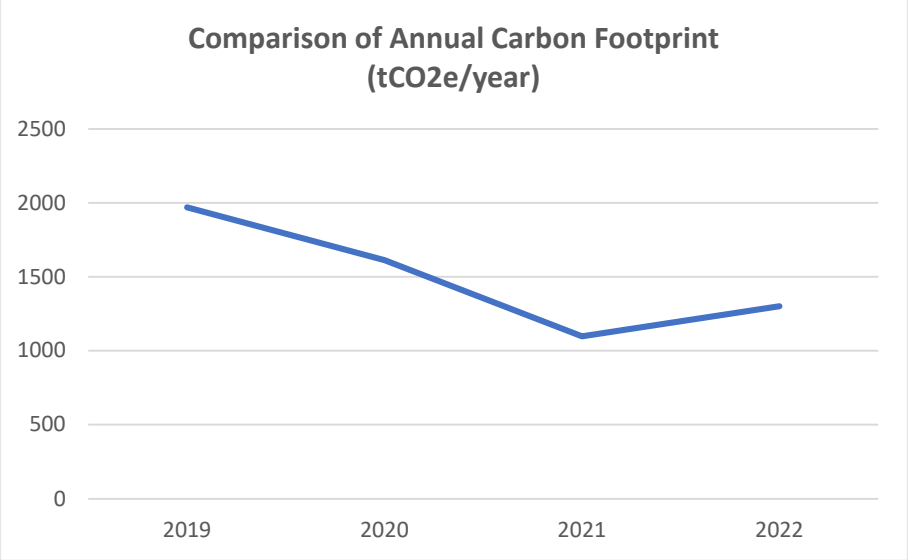


Figure 4: Comparison of Annual Carbon Footprint (tCO2e/year)

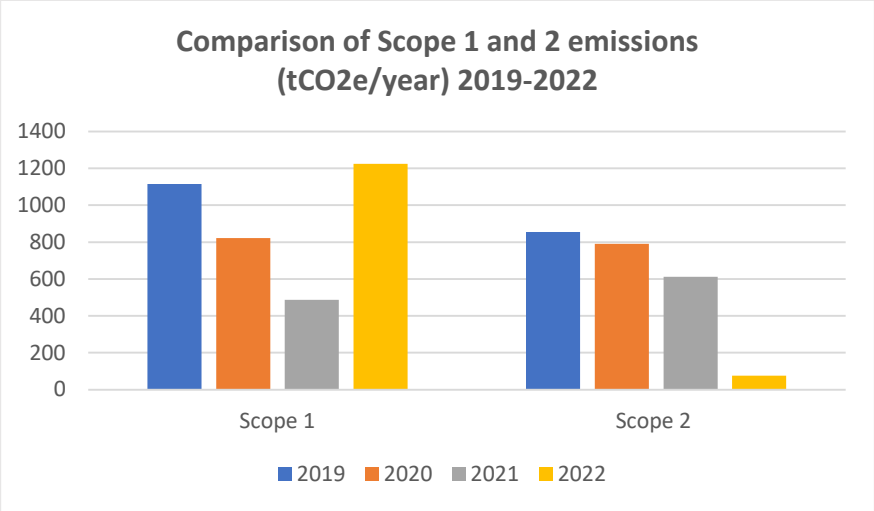


Figure 5:Comparison of Scope 1 and 2 emissions (tCO2e/year) 2019-2022

It can be observed from Table 11 and Figure 5 that the carbon footprint of British American Tobacco Australia Limited has reduced significantly from the year 2019 to 2021, and only increased in 2022 due to the newly introduced measurement of fugitive emissions.

Appendix 5: Carbon Neutrality and Offset Program

5.1 Carbon Offset Program

Carbon offset credits from the Werai Park Forest Regeneration Project in Queensland, Australia, have been used to achieve carbon neutrality. The credits are Australian Carbon Credit Units (ACCUs), recognised by the Australian Government Clean Energy Regulator under the Emissions Reduction Fund.

These credits meet the requirements of PAS 2060:2014, including:

a) Offsets generated or allowance credits surrendered represent genuine, additional greenhouse gas 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.

ACCUs are issued as either Kyoto ACCUs or non-Kyoto ACCUs:

- Kyoto ACCUs (KACCUs) are issued if the relevant offsets project is an eligible Kyoto project and the reporting period ends on or before the Kyoto abatement deadline.
- Non-Kyoto ACCUs are issued if the relevant offsets project is an eligible non-Kyoto project, or if the relevant project is an eligible Kyoto project but the reporting period ends after the Kyoto abatement deadline.

1,300 tCO2e from the Werai Park Forest Regeneration Project were purchased and retired in September 2022.

Carbon Credit Certification: Australian Government Clean Energy Regulator under the Emissions Reduction Fund

Project: Werai Park Forest Regeneration - Paroo Shire, Queensland

Registry: Australian National Registry of Emissions Units (ANREU)

Project type: Human Induced Regeneration (HIR). The aim of HIR projects is to establish permanent native forests through assisted regeneration from in-situ seed sources (including rootstock and lignotubers) on land that was cleared of vegetation and where regrowth was suppressed for at least 10 years prior to the project having commenced.

Project name	Type of offset units	Registry	Date retired	Serial number	Vintage	Eligible quantity (tCO_2-e)	Eligible quantity used for this reporting period
Werai Park Forest Project, Qld	KACCU	ANREU	28 September 2022	8,348,407,459 – 8,348,411,458	2022-23	4,000	1,300

Table 12: Carbon offsets retired for this carbon neutral claim

The carbon credits have been retired on a publicly available registry with British American Tobacco Australia Limited noted as the beneficiary. Details of the carbon offset registry are located in Annex A.

5.2 Commitment to Carbon Neutrality

British American Tobacco globally commits to carbon neutral operations (Scope 1 and 2) by 2030 and net zero emissions across BAT's value chain by 2050. To support this, British American Tobacco Australia Limited attained Climate Active certification with the Australian Government for calendar year 2021, and now commits to achieving carbon neutral operations (Scope 1 and 2) under PAS 2060:2014 from 1st November 2021 to 31st October 2022 and onwards.

Appendix 6: Carbon Management Plan

British American Tobacco has a global commitment to be carbon neutral by 2030 as outlined in our Environment, Social Governance Reports at https://www.bat.com/sustainabilityreport. As part of this, British American Tobacco Australia Limited has undertaken a number of activities prior to 2022 to reduce carbon emissions and continues to actively work to reduce emissions.

A statistical comparison of British American Tobacco Australia Limited carbon footprint for the past 4 years revealed a significant reduction in carbon footprint from year 2019 to year 2022. In 2021, a decrease of 32% on the previous year was recorded, and in 2020 a decrease of 18% on the previous year was recorded.

During 2019 and 2020, BATA purchased 35% GreenPower for head office. To further reduce BATA's footprint, during 2021, we:

- Purchased 100% GreenPower for BATA's head office, and other state offices where electricity is purchased directly (rather than through a shared tenancy);
- Changed BATA's company and trade marketing representative (TMR) fleet to hybrid vehicles;
- Changed air conditioning settings at head office to reduce energy for meeting rooms not in use, and for the whole building after hours, on weekends and during lockdowns;
- Installed diffusers on head office bathroom taps to reduce water use and therefore heating requirements for water;
- Introduced processes to increase recycling rates, such as clear bin liners so waste can be placed in the correct external bins for collection by waste contractors;
- Replaced fluorescent lighting with LED lighting in head office;
- Installed low flow showerheads in 14 staff showers to reduce water use from 12L/minute to 9L/minute – in turn reducing heating requirements for water; and
- Conducted building efficiency assessments at each of our state offices to identify further efficiency opportunities.

During the period 1st November 2021 to 31st October 2022, being period 1 of PAS 2060:2014, we are applying the 100% offset approach.

Planned actions

The following sets out BATA's planned actions to further reduce emissions by 2026.

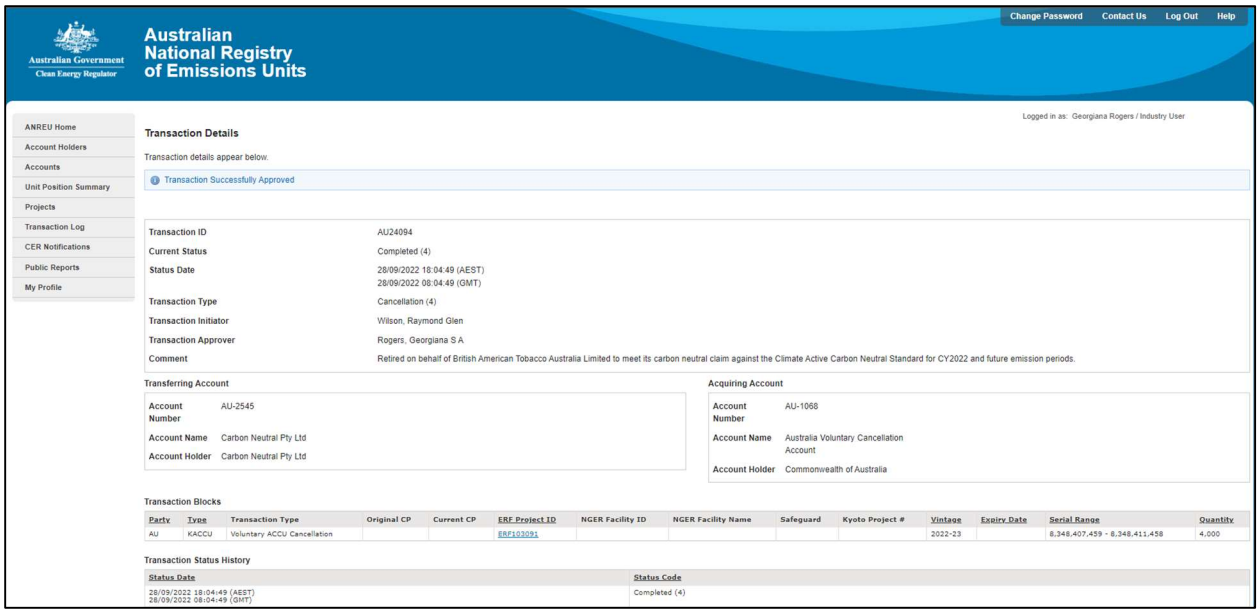
Scope 1

- Investigate the use of E10 fuel in hybrid vehicles or transition to electric vehicles where possible, to reduce fuel emissions by at least 10% by the end of 2026; and
- Transition to a head office without an on-site café to reduce natural gas emissions by 100% by the end of 2023.

Scope 2

- Maintain 100% GreenPower purchase at new head office location and existing state offices until end of 2026.

Annex A: Australian National Registry of Emissions Units Transaction Details



Australian Government
Clean Energy Regulator

Australian National Registry of Emissions Units

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- Accounts
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Transaction Details

Transaction details appear below.

Transaction Successfully Approved

Transaction ID	AU24094
Current Status	Completed (4)
Status Date	28/09/2022 18:04:49 (AEST) 28/09/2022 08:04:49 (GMT)
Transaction Type	Cancellation (4)
Transaction Initiator	Wilson, Raymond Glen
Transaction Approver	Rogers, Georgiana S A
Comment	Retired on behalf of British American Tobacco Australia Limited to meet its carbon neutral claim against the Climate Active Carbon Neutral Standard for CY2022 and future emission periods.

Transferring Account

Account Number	AU-2545
Account Name	Carbon Neutral Pty Ltd
Account Holder	Carbon Neutral Pty Ltd

Acquiring Account

Account Number	AU-1068
Account Name	Australia Voluntary Cancellation Account
Account Holder	Commonwealth of Australia

Transaction Blocks

Party	Type	Transaction Type	Original CP	Current CP	ERF Project ID	NGER Facility ID	NGER Facility Name	Safeguard	Kyoto Project #	Vintage	Expiry Date	Serial Range	Quantity
AU	KACCU	Voluntary ACCU Cancellation			ERF103091					2022-23		8,348,407,459 - 8,348,411,458	4,000

Transaction Status History

Status Date	Status Code
28/09/2022 18:04:49 (AEST) 28/09/2022 08:04:49 (GMT)	Completed (4)