

PAS 2060 QUALIFYING EXPLANATION STATEMENT

DECLARATION OF ACHIEVEMENT

This Qualifying Explanation Statement documents that British American Tobacco Switzerland SA achieved carbon neutrality for its operations, scope 1 and 2, in accordance with PAS 2060, for the period 1st December 2019 to 30th November 2021. This is the second period of assessment. Please note that carbon neutrality does not exclude any negative impact of products on the environment.

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).

Cette déclaration d'explication qualifiante documente que British American Tobacco Switzerland SA a atteint la neutralité carbone pour ses opérations, scope 1 et 2, conformément à PAS 2060, pour la période du 1er décembre 2019 au 30 novembre 2021. Il s'agit de la deuxième période d'évaluation. Veuillez noter que la neutralité carbone n'exclut pas tout impact négatif des produits sur l'environnement.

La méthodologie utilisée a été appliquée conformément à ses dispositions et les principes énoncés dans le PAS 2060 ont été respectés, comme l'a assuré Energy & Technical Services Ltd (ETS).

Diese qualifizierte Erklärung dokumentiert, dass British American Tobacco Switzerland SA für den Zeitraum vom 1. Dezember 2019 bis zum 30. November 2021 die Klimaneutralität für seinen Betrieb, Scope 1 und 2, gemäss PAS 2060 erreicht hat. Dies ist der zweite Beurteilungszeitraum. Bitte beachten Sie, dass die CO₂-Neutralität negative Auswirkungen von Produkten auf die Umwelt nicht ausschließt.

Die verwendete Methodik wurde in Übereinstimmung mit den Bestimmungen angewandt und die in PAS 2060 dargelegten Grundsätze wurden eingehalten, wie von Energy & Technical Services Ltd (ETS) versichert wurde.

Internal Sign-Off

Gilles Surdez
Factory Manager

DocuSigned by:

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Date & Location
15.02.2022, Boncourt

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15.02.2022, Lausanne

Scope and Boundary Definition

PAS 2060 Requirements	Statement
Selected method:	GHG Protocol Corporate Standard. Operational control method applied.
Entity making PAS 2060 declaration:	<p>British American Tobacco Switzerland SA (BAT)</p> <p>BAT Switzerland SA part of BAT Group. The Swiss entity is registered in Boncourt Switzerland. It operates an operational business unit in Boncourt and a commercial business unit in Lausanne, Switzerland.</p> <p>The purpose of the company is the purchase, treatment, production, distribution and sales of tobacco and nicotine or related products.</p>
Subject of the declaration:	<p>BAT Switzerland facilities at Boncourt and Lausanne.</p> <p>The definition of the subject remains unchanged through each and every stage of the methodology.</p>
Description of the subject:	<p>Boncourt is the operational unit of BAT Switzerland. It operates a factory manufacturing cigarettes. The process includes reception of raw tobacco leaves, cutting, mixing and preparing the tobacco for mechanized manufacturing of cigarettes by adding paper and filter and packing the cigarettes. Manufactured products are then stored and dispatched. The site consists of owned factory buildings and storage facilities.</p> <p>Lausanne is the commercial unit of BAT Switzerland. It manages the sales and marketing of tobacco and nicotine product for the Swiss market. It also holds most of the administration for the Swiss entity, such as Finance, Legal, External Communication and HR. The site consists of leased office surfaces.</p>

<p>Rationale for selection of the subject:</p>	<p>Climate change has long been part of our wider approach to environmental management, and we have now elevated it to a standalone priority in recognition of the growing climate emergency and we aim to minimize our climate impact. 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.</p> <p>Numerous actions have been undertaken on the global level by BAT Group, however, each end market is responsible to add its own brick in the wall in terms of CO2 reduction as well as CO2 compensation.</p>
<p>Boundaries of subject:</p>	<p>Scope 1 and 2 emissions. All activities considered material in scope 1 and 2 have been included.</p> <p>Fugitive emissions have been excluded based on estimated immateriality. Internal discussions will take place on the feasibility of including in next year's reporting period.</p> <p>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 ways. Scope 3 emissions for Switzerland are fully and duly reported for the market, however, management of the emissions and reduction initiative are managed at the group level.</p> <p>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>Historic reduction period = 2017 (reporting period starts 1st of December 2016)</p> <p>PAS 2060 Period 1 = 1st December 2019 to 30th November 2020</p>
<p>This assessment period:</p>	<p>PAS 2060 Period 2 - 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>Norbert Dietlin, EHS & Security Manager</p> <p>Rapin Julien, EHS, Facilities & HR Specialist</p>
<p>Type of conformity statement:</p>	<p>Other party validation by Energy & Technical Services Ltd (ETS)</p>
<p>Justification for the selection of carbon method:</p>	<p>The methodologies are selected at the Group level as these are the internationally recognized methodologies and emissions factors sets, 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.</p> <p>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 was taken from energy bills and employee transport records.</p> <p>Renewable electricity is procured, and evidence provided by the supplier.</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
21) Document carbon management plan	<p>Reducing our direct impacts: Good environmental management is not only the right thing to do, it makes business sense given our dependence on natural resources. Climate change has long been part of our wider approach to environmental management and we've now elevated it to a standalone priority in recognition of the growing climate emergency.</p> <p>Addressing our water and waste impacts has environmental benefits and delivers financial savings and efficiencies, while implementing sustainable agriculture practices helps to address environmental impacts and secure our tobacco leaf supply chain. In response to increasing concerns regarding plastics and post-consumption waste, we've established circular economy as a new priority area. 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 and working with our farmers to increase their resilience.</p> <p>Building on our progress, we've set ourselves even more ambitious and stretching targets.</p> <p>BAT Switzerland is already purchasing its whole electricity consumption from renewable sources only.</p>
a) Make a statement of commitment to carbon neutrality for the defined subject.	<p>British American Tobacco Switzerland SA is committed to achieving carbon neutrality for their operations.</p> <p>British American Tobacco Switzerland SA is committed to 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 carbon neutral by 2020.</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. Furthermore, specific targets for Switzerland have also been defined in accordance with the Swiss Authorities, FOEN Federal Office for the Environment with 2013 as a baseline.</p> <p>See section 'Environmental KPI's and Targets'</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>Since 2013, numerous initiatives have been put in place for achieving carbon reduction, better efficiency in heating and cooling system, upgrading old systems with more efficient systems, an insulation program, etc. To continue in this direction, we have planned an energy efficiency assessment Mid of 2022. Furthermore, we will keep sourcing renewable electricity. We plan to change the vehicle fleet to vehicle with lower CO2 emissions. 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. Specific for BAT Switzerland, we have planned an energy efficiency assessment with Mid of 2022.</p>

Environmental KPI's and Targets

Global KPI's and targets as per ESG Report available online:

<https://www.bat.com/sustainabilityreport>

Specific Swiss target, from the FOEN decision on BAT Switzerland's CO2 tax exemption:

- en prenant en considération l'adaptation selon l'article 73 de l'ordonnance sur le CO₂ mentionnée plus haut, l'objectif d'émission a été déterminé sur la base de la trajectoire de réduction suivante (art. 67, al. 2 et 3 de l'ordonnance sur le CO₂):

2013	4'264.28 tonnes d'éq.-CO ₂
2014	4'062.21 tonnes d'éq.-CO ₂
2015	3'193.98 tonnes d'éq.-CO ₂
2016	3'003.13 tonnes d'éq.-CO ₂
2017	2'673.21 tonnes d'éq.-CO ₂
2018	2'460.87 tonnes d'éq.-CO ₂
2019	2'248.52 tonnes d'éq.-CO ₂
2020	2'036.18 tonnes d'éq.-CO ₂
Total	23'942 tonnes d'éq.-CO₂

Swiss specific target by the FOEN for 2021:

l'objectif d'émission pour l'année 2021 a été calculé comme suit (art. 146i, al. 3 ordonnance sur le CO₂) :

2021	1'823.84 tonnes d'éq.-CO ₂
Total (2013 - 2021)	25'766 tonnes d'éq.-CO₂

Carbon Emission Summary

A summary of the carbon emissions is presented below. The total emissions in 2021 is 1,809 tCO₂e.

Boncourt Factory OBU

Emissions		
Scope 1 & 2 CO ₂ e (Market-based)	tCO ₂ e	1 567
Scope 1 CO ₂ e Emissions	tCO ₂ e	1 567
Mgt diesel	tCO ₂ e	2
Mgt petrol/gasoline	tCO ₂ e	0
Sites and offices	tCO ₂ e	1 565
Diesel oil	tCO ₂ e	4
Heavy fuel oil (fuel oil #4, 5 and 6)	tCO ₂ e	5
Natural gas	tCO ₂ e	1 539
Woodfuel	tCO ₂ e	17
Scope 2 CO ₂ e Emissions (Location based)	tCO ₂ e	163
Purchased Electricity - Location Based	tCO ₂ e	163
Purchased Electrical Energy - Renewable - LB Emissions	tCO ₂ e	163

Lausanne Office CBU

Emissions		
Scope 1 & 2 CO ₂ e (Market-based)	tCO ₂ e	242
Scope 1 CO ₂ e Emissions	tCO ₂ e	242
TM&D fleet vehicles - diesel	tCO ₂ e	203
TM&D fleet vehicles - petrol/gasoline	tCO ₂ e	1
Natural gas	tCO ₂ e	38
Scope 2 CO ₂ e Emissions (Location based)	tCO ₂ e	2
Purchased Electrical Energy - Renewable - LB Emissions	tCO ₂ e	2

Carbon Neutrality

Carbon offset credits from Verra have been used to achieve carbon neutrality.

These credits meet the requirements of PAS 2060, including:

- Offsets generated or allowance credits surrendered represent genuine, additional GHG emission reductions elsewhere.
- Projects involved in delivering offsets meet the criteria of additionality, permanence, leakage and double counting.
- Carbon offsets are verified by an independent third party verifier.
- 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 British American Tobacco Switzerland SA noted as the Beneficiary:

Carbon credit certification: Verra Verified Carbon Standard

Project: Bukaleba Forest Project (799)

Volume retired: 2000 tCO₂e

Carbon offset credits retirement date: 15/10/2021

VCU Serial Number:

8081-453302046-453304045-VCU-006-APX-UG-14-799-21072011-30112016-0

Carbon Emission Reduction

Emissions at the reference period (historic reduction period):

The carbon emissions for the period 1st of December 2016 to 30th November 2017 was 1,920 tCO₂e. This is used as the purpose for historical reductions on an absolute emissions basis.

The carbon emissions in PAS 2060 Period 1, e.g. excluding the historic reduction, was = 1,672 tCO₂e

It is confirmed that the definition of the subject has not changed over the periods of assessment. The calculations for the historic period are to the same method throughout.

The carbon emission reduction up to end Period 2:

There was an increase in emissions between 2020 and 2021 of 137 tCO₂e. However, there is still a reduction against the historical baseline. This is used as the basis for the reduction calculation. We maintain our reduction target and commitment to reduce emissions further.

Absolute change with reference period = 1,809 (Year 2021) - 1,920 (Year 2017) = -111 tCO₂e
Relative change with reference period, % = -5.8%

The increase in emissions over this 1 year period, was attributed to:

Fuel increase: difference between 2020 and 2021 due to the Covid lockdown in 2020, fuel consumption decrease in comparison between 2019 and 2021.

Natural gas consumption increased partly from the cold weather in 2021 and partly due to the leased office space. Some offices surfaces have remained unoccupied during 2021 in the building where BAT rents its office space. The natural gas share in the building allocated to BAT was greater than the previous year, due to a virtually greater surface occupation rate.

The number of times that the declaration of commitment has been renewed without declaration of achievement = zero (0)

Assurance & Public Disclosure

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 www.bat.ch and provide a reference to any freely accessible information upon which substantiation depends.