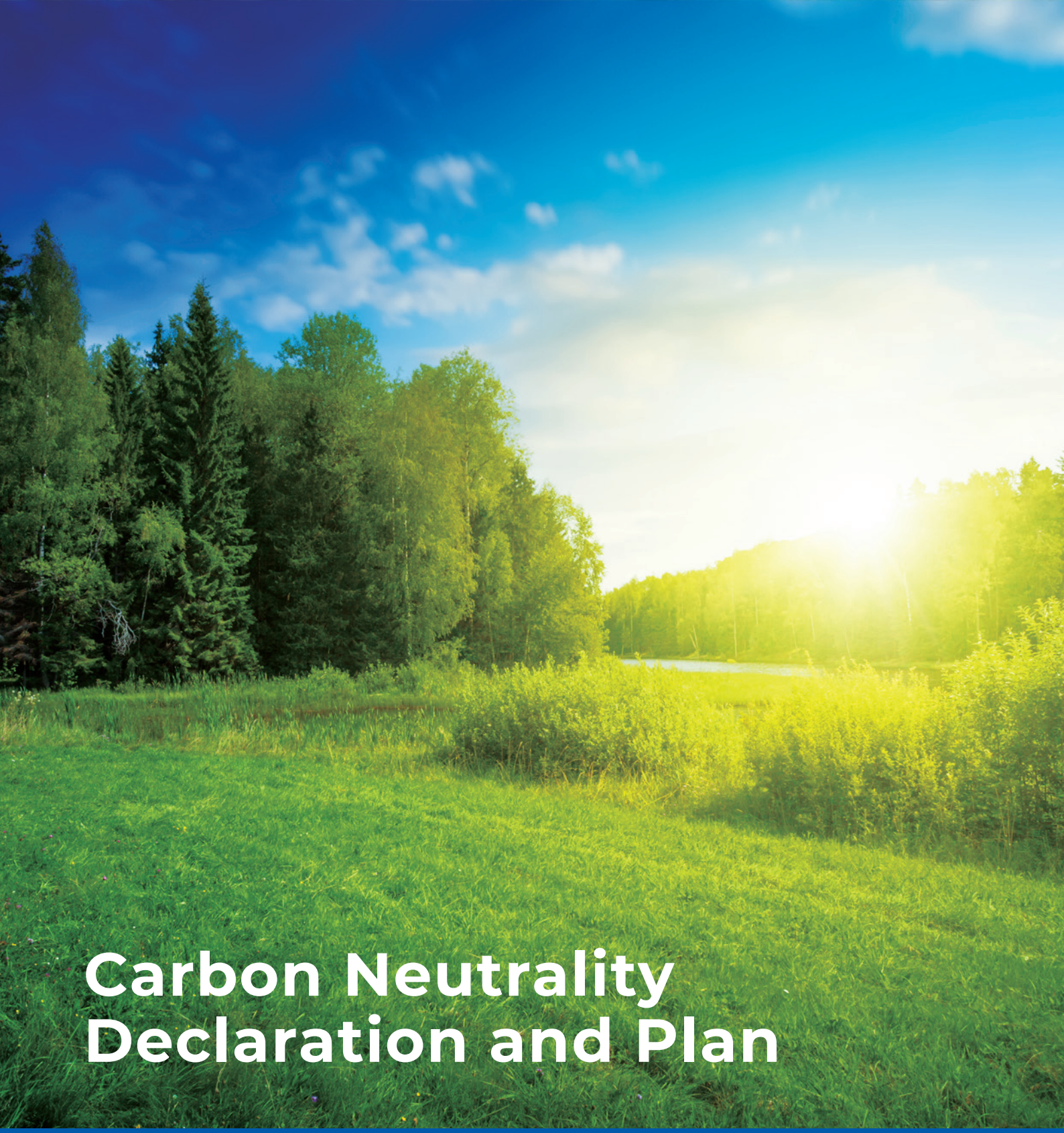


Carbon Neutrality Declaration and Plan

British American Tobacco Japan, Ltd.

May 8, 2024

BAT
A BETTER TOMORROW

Table of contents

1. Declaration of Carbon Neutrality

BAT

Bold Ambitions for the Future

At BAT, we began reporting on our carbon emissions in 2001 and set our first long-term carbon-related target in 2007. In 2019, we set carbon neutrality targets, covering our entire direct operations.

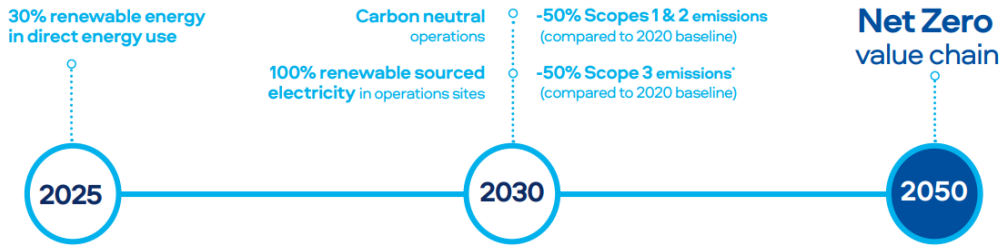
However, it is clear that limiting global warming to 1.5°C requires a greater coordinated effort to stay within carbon budgets and reduce absolute emissions.

Our Science-Based Targets (SBTs), approved by the Science-Based Targets initiative (SBTi) in July 2022 are in line with a 1.5°C warming pathway. **We aim to:**

- Reduce absolute Scopes 1 and 2 GHG emissions 50% by 2030 from a 2020 base year;
- Reduce absolute Scope 3 GHG emissions from purchased goods and services, upstream transportation and distribution, use of sold products and end-of-life treatment of sold products 50% by 2030 from a 2020 base year;
- Have 20% of our suppliers by spend covering purchased goods and services adopt SBTs by 2025.

Our climate targets are supported by a range of commitments across energy, waste, water and biodiversity.

This Low-Carbon Transition Plan details the targets and actions that will enable us to achieve our climate goals.



*Includes the following categories: purchased goods and services, upstream transportation and distribution, use of sold products, and end-of-life treatment of sold products

BAT Japan

Carbon Neutrality Declaration

Carbon neutrality of Tokyo Head office, Sapporo sales office, Nagoya sales office, Osaka sales office and Fukuoka sales office achieved by British American Tobacco Japan, Ltd. in accordance with PAS 2060 at 30/11/2023 with commitment to maintain to 30/11/2024 for the period commencing 1/12/2023, BSI Group Japan K.K. certified.

Emma Dean
General Manager
British American Tobacco Japan, Ltd.

Declaration

“Carbon neutrality of HO, Sapporo, Nagoya, Osaka, Fukuoka achieved by British American Tobacco Japan, Ltd. in accordance with PAS 2060 at November 30, 2023 with commitment to maintain to November 30, 2024 for the period commencing December 1, 2023, BSI Group K.K. certified.”

Person in charge:

British American Tobacco Japan, Ltd.

President: Emma Dean

Locations:

All locations in Japan (Head Office, Sapporo Sales Office, Nagoya Sales Office, Osaka Sales Office, and Fukuoka Sales Office)

Boundaries:

Scope1, Scope2

Period:

Activities conducted from December 1, 2022 to November 30, 2023 and activities conducted from December 1, 2023 to November 30, 2024

Conformity Assessment:

Type of declaration: I3P-3

Independent third-party certification

Verification body: BSI Group Japan K.K.

Verification completion date: June 17, 2024

2. Measurement target

2-1. Target locations:

All bases in Japan (Head Office, Sapporo Office, Nagoya Office, Osaka Office, Fukuoka Sales Office)

2-2. Boundaries:

Sales activities and other relevant administrative operations at the target locations above are covered. The measurement of Scope3 is currently being worked on globally. However, it is excluded from the measurement of domestic boundary of Japan.

2-3. Cut-off Criteria:

Not applicable

2-4. Period:

Activities conducted from December 1, 2022, to November 30, 2023, and activities conducted from December 1, 2023, to November 30, 2024

2-5. Reference Guidelines

GHG Protocol

PAS2060:2014

3. Measurement method

The GHG (Greenhouse gases) to be measured include carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF6), and nitrogen trifluoride (NF3). The collection of activity data is based on the acquisition of primary data. If primary data cannot be obtained, secondary data is used for the measurement. The measurement method for each emission stage is as follows:

3-1. Scope1 Emissions

Direct GHG emissions of the organization are measured. This applies to emissions associated with the movement of sales vehicles at each location. The activity data is measured from the amount of fuel provided by the vehicle leasing company. The activity data obtained is multiplied by the corresponding emission factor. For emission factors, the DEFRA (The Department for Environment, Food and Rural Affairs) is Greenhouse Gas Reporting: Conversion Factors of the latest reporting year will be used.

3-2. Scope2 Emissions

Indirect GHG emissions of the organization are measured. This applies to emissions associated with the use of office electricity at each location. The activity data is measured from the actual energy use stated in the invoice. The emissions are then measured by multiplying the activity data obtained by the corresponding emission factor. For emission factors, the latest reporting year of DEFRA (The Department for Environment, Food and Rural Affairs) Greenhouse Gas Reporting: Conversion Factors of the latest reporting year will be used.

3-3. Confirmation of uncertainty and variability

Secondary data is used for emission factors, and the latest coefficients at the time of calculation are used. However, they are subject to change due to revisions of emission factors.

4. Measurement results

Scope 1 and 2 emissions from December 1, 2022 to November 30, 2023 are shown below. Scope 2 uses a market-based result. In the target year, it is 0 t-CO2e due to the use of the Green Electricity Certificates and the Non-Fossil Certificate.

Emissions (t-CO2e)	December 1, 2022~ November 30, 2023
Scope1	1,097 t-CO2e
Scope2 (market-based)	0
Total	1,097 t-CO2e

5. Carbon Footprint Management Plan

In order to achieve carbon neutrality set in Section1, the carbon footprint management plan, including GHG emission reduction targets, GHG emission reduction initiatives, and offset strategies, is shown below.。

5-1. Base year:

2020 (December 1, 2019 ~ November 30, 2020).

5-2. GHG emission reduction target:

Scope 1 and 2 50% reduction by 2030 and 100% reduction by 2050.

5-3. GHG Emission Reduction Initiatives:

Scope1: Since 2017, the company has been promoting hybrid (HV) commercial vehicles, and 97% of its vehicles were HVs in 2022. One battery electric vehicle (BEVs) was installed in 2023 and the company plans to promote the use of BEVs in the Tokyo area from 2024 to 2026 and nationwide from 2026 to 2028. The company is also working to improve fuel efficiency by raising awareness of eco-driving.

Scope 2: In addition to achieving 100% renewable energy through the use of Green Electricity Certificates, the company is implementing energy-saving activities such as switching floor lighting to LED. In the future, we will promote energy-saving measures such as automatic turning off of lights.

5-4.Offset Strategy:

After implementing the contents described in GHG Emission Reduction Initiatives in 5-3, the remaining that could not be reduced through the initiatives will be offset. The guideline for the procurement of carbon credits for offsetting in the BAT Group (excerpted from THE BAT GROUP CLIMATE CHANGE & ENERGY STANDARD) is provided below

Verified Carbon Standard (VCS), Gold standard, American Carbon Registry, and Climate Action Registry, and other standards accepted by CDP

6. Determination of GHG reduction amount

The amount of GHG reduction is calculated from the difference between emissions in the base year and emissions during the target period. The calculation method of the base year emissions is the same as the calculation method shown in Section 3.

6-1. Base year emissions and reductions:
Scope 1 and 2 emissions for the base year (December 1, 2019 to November 30, 2020) and reductions for the target period (December 1, 2022 to November 30, 2023) are shown below.

Emissions (t-CO2e)	December 1, 2019~ November 30, 2020	December 1, 2022~ November 30, 2023	Reduction amount	Reduction rate
Scope1	1,597	1,097	500	31%
Scope 2 (market-based)	156	0	156	100%
Total	1,753	1,097	656	37%

7. Offsetting

According to the calculation results in Section 4, the GHG emissions subject to offset in the target year are 1,100 t-CO2e. Carbon credits are procured and cancelled in accordance with the credit procurement guideline in Section 5. The details are shown below.

Credit quantity	1,100 t-CO2e
Certification Program Name	VCS (Verified Carbon Standard)
Serial number	9894-156808747-156809846-VCS-VCU-1310-VER-CN-14-2087-01012019-31122019-1
Project name	Chudu Afforestation Project
Project implementation country and region	China
Project duration	January 1, 2019 - December 31, 2019
Cancellation date	March 7, 2024

Reference link: Verra Registry

8. Others

- ✓ Documents including records will be retained for as long as the carbon neutrality remains in effect and for six years thereafter.

- ✓ The Carbon Footprint Management Plan will be updated at least every 12 months.

- ✓ Documents including records in the Carbon Neutrality Declaration shall be verified by an independent third-party verification body.

- ✓ During the Carbon Neutral Declaration period, if any changes or events that could invalidate the declaration occur, corrective actions issued within three months are to be taken to restore its validity, or the declaration is to be withdrawn.

Document History

Version	Issued date	Changes
Ver1.0	July 1, 2023	Original edition
Ver1.1	May 8, 2024	Update