PUBLIC DISCLOSURE STATEMENT

LARK DISTILLING CO. LIMITED

ORGANISATION CERTIFICATION
FY2020-21

Australian Government

Climate Active Public Disclosure Statement

An Australian Government Initiative

NAME OF CERTIFIED ENTITY: Lark Distilling Co. Limited

REPORTING PERIOD: 1 July 2020 – 30 June 2021

Declaration

To the best of my knowledge, the information provided in this Public Disclosure Statement is true and correct and meets the requirements of the Climate Active Carbon Neutral Standard.

Signature  Date: 21/04/22

Name of Signatory: Craig Johnstone

Position of Signatory: Wood Manager

Australian Government
Department of Industry, Science, Energy and Resources

1. CARBON NEUTRAL INFORMATION

Description of certification

This certification is attributed to the Australian business operations of Lark Distilling Co. Limited, ABN 62 104 600 544 for the financial year from 1 July 2020 to 30 June 2021.

The methods used for collating data, performing calculations, and presenting the carbon account are in accordance with the following standards:

- Climate Active Standards
- The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)
- National Greenhouse and Energy Reporting (Measurement) Determination 2008.

"Tasmania's climate is extremely important to the way we produce and develop our spirits. At Lark we believe it is our duty to reduce the impact we have on our local climate to preserve the conditions that have shaped our spirits, and brands, in the past so that we can continue to grow them into the future."

Organisation description

Lark Distilling Co. is a spirit producer based in Tasmania, with a Head Office located in the Hobart CBD. Our production facilities are located in Cambridge and Bothwell and we have hospitality venues located on Argyle and Davey Streets in Hobart. We are a producer of Tasmania single malt whisky and Tasmanian gin, as well as producers of hand sanitiser due to the global COVID-19 pandemic.

The Lark Vision

Our ambition is to make Lark whisky a globally consumed, recognised, and loved Tasmanian brand icon that celebrates our connection to the craft, the community and each other.

The Reason We Exist

We are custodians of a Tasmanian icon charged with a global vision.

We envision a better future, a better solution, and a different approach, one where our journey is about the quiet pursuit of the extraordinary by honouring tradition whilst creating new meaning and layers to the Lark story.

Lark Distilling Co. is an ASX listed company comprising several wholly owned subsidiaries, largest of which are Lark Distillery, The Nant Distillery & Australian Whisky Holdings Services (an employee services entity). Head office for the group is located in Hobart, at 30 Argyle Street, with core assets located at both production facilities; 40 Denholms Road, Cambridge and 254 Nant Lane, Bothwell.

2. EMISSION BOUNDARY

Diagram of the certification boundary

Quantified

Cleaning Services
Food & Catering
Telecommunications
Office Equipment
Printing & Stationery
Pest Control
Staff Clothing
Storage
Advertising
Waste
Business Accommodation
Business Flights
Fuel Used in Company Vehicles
Stationary Energy
Employee commute
Taxi & Rideshare
Electricity
Freight
Working From Home
Refrigerants
Water
Whisky & Gin Ingredients
Packaging
Software
Repair and maintenance

Non-quantified

N/A

Excluded

N/A

Non-quantified sources

N/A

Data management plan

N/A

Excluded sources (outside of certification boundary)

N/A

"Tasmanian peat bogs rely on the local environment and climate to regenerate and thrive. It is believed that Australia's peat bogs are existing at the edge of their climatic limits. Combatting Climate Change helps preserve the local peat from which Lark whisky gets it's unique smokiness; connecting us to our island home."

3. EMISSIONS SUMMARY

Emissions reduction strategy

As Lark Distilling Co. continues to grow, our environmental impact continues to be a key focus for our business activities. Overall, we continue to strive to minimize our carbon footprint per litre of production.

As part of this strategy, we have recently acquired the Shene Estate at Pontville. By August 2023 we plan to build and commission a world class 1,000,000L distillery with the following sustainable goals:

1. Removing reliance on fossil fuels by switching from gas powered boilers at our Cambridge facility to electrical boilers running from Tasmania's green electrical energy.

2. Designing the production processes to recycle as much of the heat energy used in the distillery as possible. This includes using heat from our mash tun and stills to pre-heat future batches.

3. We will continue to recycle as much of our grain waste as cattle feed and install a system that treats our stillage back to irrigation quality water

In addition, from Jul 2021 onwards we will be focusing on our maturation program, looking where possible to re-treat and recycle as many casks as possible resulting in:

1. A reduction in the number of ex-Bourbon Casks we require to be sent from the USA.

2. A reduction in the mileage of each cask in Lark's portfolio.

Finally, in our hospitality venues, we have expanded our 5L bulk gin program to all our venues and will look to roll it out to the wider trade (Jan 2022) where possible and have an active program looking to recycle bi-products from our cocktail list to minimize waste, an example of this includes using the oil from our "fat-washed gin" to coat snack olives in our new whisky bar. (Jul 2021) In addition, our hospitality team have nominated sustainability champions to help us develop our medium to long term environmental strategy for the business. (2021 onwards)

Emissions over time

Table 1

Emissions since base year		
	Base year: 2019-20	Current year Year 2: 2020-21
Total tCO_2-e	1,469.8	2,613.0

Overall, the total emissions have increased by 77.8%. This is explained by an increase in production and the addition of new emissions sources in this year's inventory.

The emission sources which have changed by more than 5% and contribute more than 5% tot the total emissions are:

- Drinks (Wine & Spirits): As Lark's business has flourished, so has the demand for our whisky. To allow us to sustain the growth of Lark, FY21 saw us acquire both New Make Spirit and Mature Whisky that fit our release profile. These acquisitions ensure we can meet the demand of the market in a timely manner without necessarily increasing the carbon footprint per litre of our production. In addition, FY21 was a bumper year for Forty Spotted Gin meaning we needed to secure an increase of Neutral Spirit as a gin base. These volumes are not captured in our NMS production numbers below which simply reflect what we made on site.

- Flour and cereals: In addition to purchasing third party whisky and spirits, FY21 also saw Lark increase the efficiency and output of our own spirit production. Extra brewing at our Bothwell plant to feed our column still as well as the maximization of single malt pot still production at both sites resulted in an increase of raw materials needing purchased, most notably malted barley and yeast. We saw an increase from 190,000L of NMS @63.4% in FY20 to ~300,000L in F21, a 63% increase.

- Paper and products: FY21 saw Lark's unit sales double in value compared to FY20, hence increasing the need for cardboard packaging by at least 100%. In addition, we replaced all bubble wrap throughout FY21 with shredded cardboard.

- Wooden pallets and wine barrels: during FY21, we took the decision to increase the average size of cask used from 120L to 220L for our core range of products from Cambridge. This equated to an 83% increase in average cask size. Coupled with a 63% increase in spirit production, we saw a decrease in the number of casks needed. Moving to larger casks saved us space, reduced the amount of wood wasted when casks are re-coopered without affecting the overall style or quality of our whisky under maturation.

- Total net electricity consumption: Total net electricity was up mainly due to an intensification of single malt whisky production at both Bothwell and Cambridge distilleries. We saw an increase of 31% more spirit from our electric stills at Cambridge and 40% more spirit at our Bothwell Distillery.

Emissions reduction actions

PRODUCTION

FY21 saw an increase in spirit production across both our whisky and gin brands. Despite this increase, we have seen a decrease in the carbon footprint per litre. In FY20, our carbon footprint per litre produced was 6.54kg. In F21, this has stayed relatively constant at 6.47kg of carbon per litre produced. Using this calculation allows us to continue to scale the business and still provide a useful metric to measure our performance against.

Cask sizes – as part of a re-design of our Classic Cask, we decided to adjust the recipe in such a way that it allowed us to move from 120L casks to 220L casks. It takes the same mass of oak to make a 120L

casks as it does a 220L cask as these casks are simply downsized from larger pre-used vessels. By moving to the larger format, we will realise a drop in the number of casks we need despite a huge increase in the volume of whisky we are producing.

DISPATCH

During F21 we managed to reduce our reliance on bubble wrap in our dispatch team to zero. Any bubble wrap that now leaves the facility is reused from other packages that come into the business. In addition, we shred excess cardboard packaging to cushion any fragile packages.

We also completed a review of our gin lid and have been able to source a fully recyclable alternative which will roll out in F22.

CAMBRIDGE SITE

2021 saw an introduction of a comingled recycling and cardboard bin at the site for the first time. This team driven initiative has allowed us to divert our recyclable waste from landfill.

HOSPITALITY

F21 allowed our Gin Bar in Hobart to introduce large format gin containers. These 5L containers are used to top up our glass bottles in the bar and reduce our dependence on filling and shipping glass bottles for our hospitality venues. The scheme minimizes the weight of gin shipments, maximises the volume of gin in each shipment and saves the use of plastic lids for multiple bottles. In addition, the new cocktail list focused heavily on minimizing waste from garnishes with peel, juice and pith all used for different parts of cocktails and completely edible garnishes used where possible.

Emissions summary (inventory)

Table 2

Emission source category	tonnes CO_2-e
Accommodation and facilities	2.99
Air Transport (fuel)	0.00
Air Transport (km)	20.74
Bespoke	0.00
Carbon neutral products and services	0.00
Cleaning and Chemicals	6.98
Construction Materials and Services	0.00
Electricity	286.27

Food	852.70
Horticulture and Agriculture	1.48
ICT services and equipment	9.58
Land and Sea Transport (fuel)	100.95
Land and Sea Transport (km)	43.26
Machinery and vehicles	36.41
Office equipment & supplies	338.75
Postage, courier and freight	206.05
Products	453.19
Professional Services	78.94
Refrigerants	7.37
Roads and landscape	0.00
Stationary Energy	85.98
use for duplicates	0.00
Waste	62.83
Water	15.54
Working from home	3.02
Total Net Emissions	2,613.03

Uplift factors

Table 3

Reason for uplift factor	**tonnes CO_2-e**
N/A	N/A
Total footprint to offset (uplift factors + net emissions)	N/A

Carbon neutral products

Lark Distilling Co uses carbon neutral paper from Reflex.

This assessment and Climate Active submission was prepared with the assistance of Pangolin Associates and these services are also carbon neutral.

Electricity summary

Electricity was calculated using a location-based approach

Market-based approach summary
Table 4

Market-based approach	Activity Data (kWh)	Emissions ($kgCO_2$-e)	Renewable %
Behind the meter consumption of electricity generated	0	0	0%
Total non-grid electricity	**0**	**0**	**0%**
LGC Purchased and retired (kWh) (including PPAs)	0	0	0%
GreenPower	0	0	0%
Jurisdictional renewables	0	0	0%
Residual Electricity	1,365,270	1,465,045	0%
Large Scale Renewable Energy Target (applied to grid electricity only)	318,689	0	19%
Total grid electricity	**1,683,960**	**1,465,045**	**19%**
Total Electricity Consumed (grid + non grid)	**1,683,960**	**1,465,045**	**19%**
Electricity renewables	318,689	0	
Residual Electricity	1,365,270	1,465,045	
Exported on-site generated electricity	**0**	**0**	
Emission Footprint ($kgCO_2$-e)		1,465,045	

Emission Footprint (tCO_2-e)	**1,465**
LRET renewables	**18.93%**
Voluntary Renewable Electricity	**0.00%**
Total renewables	**18.93%**

Location-based approach summary
Table 5

Location-based approach	Activity Data (kWh)	Emissions ($kgCO_2$-e)
Tas	1,683,960	286,273
Grid electricity (scope 2 and 3)	**1,683,960**	**286,273**
Tas	0	0
Non-grid electricity (Behind the meter)	**0**	**0**
Total Electricity Consumed	**1,683,960**	**286,273**

Emission Footprint (tCO_2-e)	**286**

4. CARBON OFFSETS

Offsets strategy

Table 6

Offset purchasing strategy: In arrears	
1. Total offsets previously forward purchased and banked for this report	0
2. Total emissions liability to offset for this report	2,614
3. Net offset balance for this reporting period	2,614
4. Total offsets to be forward purchased to offset the next reporting period	0
5. Total offsets required for this report	2,614

Co-benefits

Kenmore regeneration project

Located in New South Wales and Queensland, these carbon farming projects work with landholders to regenerate and protect native vegetation The projects help improve marginal land, reduce salinity and erosion and provide income to farmers. Widespread land clearing has significantly impacted local ecosystems. This degradation and loss of plant species threatens the food and habitat on which other native species rely. Clearing allows weeds and invasive animals to spread and affects greenhouse gas emissions

The project areas can harbour a number of indigenous plant species which provide important habitat and nutrients for native wildlife. By erecting fencing and actively managing invasive species, these projects avoid emissions caused by clearing and achieve key environmental and biodiversity benefits.

WALFA Cool fire burning

Arnhem Land in the Northern Territory is prone to extreme, devastating wildfires that affect the landscape, people, plants and animals. These projects are owned exclusively by Aboriginal people with custodial responsibility for those parts of Arnhem Land under active bushfire management. Local rangers conduct controlled burns early in the dry season to reduce fuel on the ground and establish a mosaic of natural firebreaks, preventing bigger, hotter and uncontrolled wildfires later in the season.

The projects provide employment and training opportunities for local rangers while supporting Aboriginal people in returning to, remaining on and managing their country. Communities are supported in the

preservation and transfer of knowledge, the maintenance of Aboriginal languages and the wellbeing of traditional custodians.

Offsets summary

Proof of cancellation of offset units

Table 7

Offsets cancelled for Climate Active Carbon Neutral Certification										
Project description	**Type of offset units**	**Registry**	**Date retired**	**Serial number (and hyperlink to registry transaction record)**	**Vintage**	**Eligible Quantity (tCO_2-e)**	**Quantity used for previous reporting periods**	**Quantity banked for future reporting periods**	**Quantity used for this reporting period claim**	**Percentage of total (%)**
Kenmore Regeneration Project (ERF 126432)	ACCU	ANREU	31/01/2022	8,327,325,993 - 8,327,326,796	2020-21	804	0	0	804	30.76%
Kenmore Regeneration Project (ERF 126432)	ACCU	ANREU	31/01/2022	8,327,333,304 - 8,327,334,613	2020-21	1,310	0	0	1,310	50.11%
West Arnhem Land Fire Abatement (WALFA) Project (EOP 100945)	ACCU	ANREU	31/01/2022	8,329,157,156 - 8,329,157,655	2020-21	500	0	0	500	19.13%
									Total offsets retired this report and used in this report	2,614

Total offsets retired this report and banked for future reports	0

Additional offsets cancelled for purposes other than Climate Active Carbon Neutral certification

Project description	Type of offset units	Registry	Date retired	Serial number (and hyperlink to registry transaction record)	Vintage	Eligible Quantity (tCO_2-e)	Purpose of cancellation	
n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	

Type of offset units	Quantity (used for this reporting period claim)	Percentage of Total
Australian Carbon Credit Units (ACCUs)	2,614	100%

5. USE OF TRADE MARK

Table 8

Description where trademark used	Logo type
ASX Announcements	Certified Organisation
Company Websites (Lark, Nant, FSG)	Certified Organisation

6. ADDITIONAL INFORMATION

n/a

APPENDIX 1

Excluded emissions

To be deemed relevant an emission must meet two of the five relevance criteria. Excluded emissions are detailed below against each of the five criteria.

Table 9

Relevance test					
Excluded emission sources	*The emissions from a particular source are likely to be large relative to the organisation's electricity, stationary energy and fuel emissions*	*The emissions from a particular source contribute to the organisation's greenhouse gas risk exposure.*	*Key stakeholders deem the emissions from a particular source are relevant.*	*The responsible entity has the potential to influence the reduction of emissions from a particular source.*	*The emissions are from outsourced activities previously undertaken within the organisation's boundary, or from outsourced activities typically undertaken within the boundary for comparable organisations.*
n/a	n/a	n/a	n/a	n/a	n/a

APPENDIX 2

Non-quantified emissions for organisations

Table 10

Non-quantification test				
Relevant-non-quantified emission sources	*Immaterial <1% for individual items and no more than 5% collectively*	*Quantification is not cost effective relative to the size of the emission but uplift applied.*	*Data unavailable but uplift applied. A data management plan must be put in place to provide data within 5 years.*	*Initial emissions non-quantified but repairs and replacements quantified*
n/a	n/a	n/a	n/a	n/a

An Australian Government Initiative

Climate Active