



Independent Limited Assurance Declaration

PROCESADORA DE TABACOS DE MÉXICO, S.A. DE C.V.

Verification Period: February 12th 2024 to April 15th 2024

Process Code for PAS 2060:2014 Certification Process: IT-26-2024

Verification Team: Claudio Silva (Lead Auditor) and Roberta Bertoni (Reviewer) – Instituto Totum

PROCESADORA DE TABACOS DE MÉXICO, S.A. DE C.V. contracted Instituto Totum to conduct a limited assurance assessment regarding the Carbon Neutrality Declaration (“Qualifying Explanatory Statement” document) for the Unit – México, for the period from December 1st 2022 to November 30th 2023.

Conclusion: Based on the procedures Instituto Totum has performed and the evidence obtained, nothing has come to verification team attention that causes it to believe that the Carbon Neutrality Declaration (“Qualifying Explanatory Statement”, dated 07th March 2024) is not fairly stated and has not been prepared, in all material respects, in accordance with the Reference Standard. This conclusion relates only to the referenced Carbon Neutrality Declaration (“Qualifying Explanatory Statement”), and should be read in the context of this Independent Limited Assurance Report, particularly with regard to the details listed below.

Scope of Limited Assurance Work

The scope and limits of this work are restricted to the verification of the Carbon Neutrality Declaration referenced in this Report, in accordance with Standard PAS 2060:2014 - “Specification for the demonstration of carbon neutrality” (reference standard). The object for which compliance to the reference standard is claimed is the México Unit, which belongs to British American Tobacco, Instituto Totum did not carry out any activity and did not express any conclusions that could be published outside the defined scope, for the period of compliance with the established reference standard. Annex to this Independent Limited Assurance Declaration is the checklist PAS 2060:2014 extracted from Totum Indicators Verification System – STVI.

Factual Basis of Conclusion

Instituto Totum planned and executed a limited assurance verification work, with the objective of minimizing the risks of not detecting material errors in relation to the reference standard, including, but not limited to:

- Allocation of qualified verification team with respect to the scope of work and reference standard;
- Conducting interviews with key personnel of the organization to obtain knowledge about the applied processes, systems and controls;
- Verification of data, information and documented records of the organization itself, preferably audited by an independent third party;
- Verification of documents from sources outside the company, traced back to their origin through consultation with public or private sources;
- Critical analysis of the evidence verified within the context of compliance with the reference standard;
- List of requested clarifications, observations and corrective actions that are attached to this statement.

Independence

Instituto Totum has internal policies and guidelines to ensure that the certifier itself, its verification team and internal team are independent in relation to the client's activities. Instituto Totum does not have other contracts with the client that may signify a conflict of interest.

Instituto Totum is accredited by the General Accreditation Coordination of INMETRO Brazil (CGCRE) by the ABNT NBR ISO 14.065:2012 Standard.

Inherent Limitations

The verification process was based on sampling of existing data and information, not including the generation of additional data to those that were already available. The assurance of Instituto Totum is made on the premise that the data and information were provided by the client organization in good faith. There are inherent limitations to the limited verification process. The detection of contingencies, liabilities and data consolidation errors, when they exist, are subject to limitations imposed by their evidence and materiality, always subject to sampling. The process of generating information contained in the greenhouse gas inventory of the client organization was not part of the scope of this verification, and the Audit Report issued by a third party (other than the Instituto Totum) was considered as sufficient evidence of the reliability of greenhouse gas inventory data at a reasonable level. The list of observations and notes made in the verification process is not intended to be the complete list of discrepancies in relation to the reference standard in the audited scope. Eventual items considered “compliant” due to the sampling are not necessarily exempt from real or potential problems.

The work performed on a verification with a limited confidence level varies in nature, timing and is less extensive and in-depth than work performed on a verification with a reasonable level of confidence. Instituto Totum planned and executed the work to obtain evidence considered sufficient to support his opinion, and the risk linked to this conclusion is reduced, but not reduced to the point of being very low. The report attests only to what was found within the analyzed sample. Instituto Totum expressly disclaims any responsibility for any decision by any person or organization based on this Independent Limited Assurance Report.



BAT – Procesadora de Tabacos de México, S.A. de C.V.

Declaration of Carbon Neutrality in accordance with PAS 2060: 2014

“Qualifying Explanatory Statement”

“Carbon Neutrality for the industrial activities of PROCESADORA DE TABACOS DE MÉXICO, S.A. DE C.V., ubicada en Av. Xalisco #39 Col. Infonavit los Sauces, Tepic, Nayarit, C.P. 63197, declared in accordance with standard PAS 2060: 2014 on March 07, 2024, for the period from December 1st, 2022 to November 30th 2023, certified by the Totum Institute.”

Senior Representative Name	Senior Representative Signature
Victor Hugo Garcia Betancourt	
Date: 07/03/2024	

Organization: Procesadora de Tabacos de México, S.A. de C.V.

Issue Date: March 7, 2024

Assurance Authority: Instituto Totum

Verification Report: IT-26-2024

Neutrality Period: 01/12/2022 to 30/11/2023

Note: The term “carbon” used throughout this document represents an abbreviation for the aggregate of greenhouse gases (GHG), reported as CO₂eq (carbon dioxide equivalent).

INTRODUCTION

This document is the declaration of carbon neutrality to demonstrate that BAT Procesadora de Tabacos de México, S.A. de C.V. achieved carbon neutrality for its operations at the industrial plant in Tepic, Nayarit, México under the guidelines of the PAS 2060: 2014 standard, in the period from December 1, 2022 to November 30, 2023.


PAS 2060 Requirement	Explanation
Entity responsible for the declaration	BAT Group – Procesadora de Tabacos de México, S.A. de C.V.
Object of declaration	Industrial activities carried out in Avenida Xalisco No. 39 Col. Infonavit los Sauces, Tepic, Nayarit, México, C.P. 63197
Object Description	The Tobacco Processing Plant of Mexico, S.A. of C.V. It's responsible for the industrialization of tobacco, from the reception of the tobacco from the producers, classification, storage, feeding, threshing, drying, packaging and shipment of the tobacco, according to the client's specifications. The installed production capacity is 17 tons/hour.
Object Limits	Scope includes all greenhouse gas emissions aggregated under Scopes 1 and 2 following the 2014 WRI GHG Protocol: Corporate Accounting Standards and BAT Standards (if applicable).
Type of Assurance	Third Party Certification for achieving carbon neutrality.
Period for Obtaining Carbon Neutrality	December 1, 2022 to November 30, 2023.

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

CARBON NEUTRALITY ACHIEVEMENT DECLARATION

PAS 2060 requirement	Explanation
Specify the period in which the organization demonstrated carbon neutrality regarding the object	December 1, 2022 to November 30, 2023
Total emissions (based on location) from the object in the period from December 1, 2022 to November 30, 2023.	Total of 3025 tCO ₂ eq (Base Credit360, Market Based + Fugitive Emissions) Scope 1, 3025 tCO ₂ e Scope 2, 1456 tCO ₂ e
Total emissions (based on purchase choice) of the object in the period from December 1, 2021 to November 30, 2022.	Total of 3025 tCO ₂ eq (Base Credit360)
Type of statement regarding 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 greenhouse gas emission reductions that provide the basis for the claim	Annex B
Description of instruments for reducing the carbon footprint and offsetting residual emissions	Annex C
Independent third party verification report	Annex D
Retirement and Carbon Offsetting Statements	Annex E

“Carbon Neutrality for the industrial activities of PROCESADORA DE TABACOS DE MÉXICO, S.A. DE C.V., ubicada en Av. Xalisco 39 Col. Infonavit Los Sauces, Tepic, Nayarit, C.P. 63197, declared in accordance with standard PAS 2060: 2014 on March 7th, 2024, for the period from December 1st, 2022, to November 30th 2023, certified by the Totum Institute.”

Senior Representative Name	Senior Representative Signature
Victor Hugo Garcia Betancourt	
Date: 07/03/2024	

This statement is available on the company's website at [www.batmexico.com.mx] and the custody and availability of documents and reports that support the statement are the responsibility of the Sustainability department.

ANNEX A - GREENHOUSE GAS EMISSIONS INVENTORY THAT PROVIDES BASIS FOR THE DECLARATION

A.1. Object Description

The target object of carbon neutrality is the is Procesadora de Tabacos de México, S.A. de C.V , located Av. Xalisco #39, Col. Infonavit los Sauces, Tepic, Nayarit, México C.P. 63197. In 2023 (December 2023 to November 2023) emissions reported on Credit360 were taken into account. For the year 2023, approximately 3,025 and 1456 tCO₂ were neutralized for Scope 1 & 2 respectively.

All greenhouse gas emissions from the target plant were considered, within the respective Scopes 1 and 2 according to the methodology of the GHG Protocol and GHG Form, including fugitive and effluent emissions. No Scope 3 emissions were reported for this object.

The company began operations in September 2000 as a company dedicated to tobacco deveining and is located on a property of around 18.823 hectares, and a built-up area of around 9.20 hectares. The Plant operates under a harvest regime, which extends from 6 to 7 months a year in 03 shifts, from Monday to Saturday. Out of season, maintenance activities are carried out during normal hours from Monday to Friday. In the harvest period, the teams number up to 450 people and in the low season, approximately 60 people.

Protamex processes tobacco leaf and stem for the production of cigarettes, in 2023, production reached a grand total of 20, 931.74 Kg.

The neutrality process includes all Scope 1 and Scope 2 emissions and the mentioned fugitives. Does not include Scope 3 emissions.

The production process

1. RECEIPT

The tobacco is supplied by the producers located in the state of Nayarit, it is transported by trucks in 50 kg tobacco packages. Those who are called Bales; they are received by crews of unloaders, classifiers and buyers. Later they are stored in cellars numbers 1, 2, 3, 4, 5, shed 1 and shed 2; Which are called "Green Tobacco Cellars". The tobacco received is evicted according to the production programs. The tobacco is unloaded using hoists to prevent the worker from loading it manually.

2.PROCESS

According to the production program, the pallets with tobacco are transported from "Bodegas de Tabaco Verde" to the food area, requiring the use of forklifts.

2.1 Feeding

The purpose of the personnel of this department is to deposit the tobacco bales on the conveyor belts respecting the tobacco Blend established in the Production Program. Making sure to remove the threads that held the bale and all that foreign material that is not tobacco.

2.2 Selection

The fundamental purpose of the staff of this department is to ensure the output quality of our finished product, removing from the production line all non-standard tobacco and all foreign materials (string, grass, cardboard, paper, labels, face masks, materials ferrous, plastic materials, etc.).

2.3 Preconditioning and Conditioning

It is carried out inside the cylinders by applying water spray, hot air and steam. The initial objective is to rehydrate the tobacco leaves that are fed, so that they can be manageable during the selection and thus reduce the degradation of the tobacco, later it is conditioned at approximately 55°C and 21% humidity before carrying out the process. of Mechanical Deveining, thereby reducing degradation and increasing yield per kilogram of product. The final temperature and humidity of the products will determine the quality.

.4.- Deveined

Deveining is called the mechanical process of separating tobacco into two products, the first is called "Sheet" and the other "Vein", it is carried out through two types of machinery "Threshers" and "Separators".

2.4.1- Threshers:

The complete tobacco leaf is mechanically passed through equipment called Threshers, by means of an extrusion process the Sheet is separated from the Vein.

2.4.2.- Separators

The vein-free sheet is separated by these teams through controlled air currents. Being the lightest sheet, it is lifted by the air and deposited (through airlocks) on a conveyor belt that leads it to the next process. The vein that stays on the conveyor belt (it is called flag) continues on its way to the next stage of threshing, completing a total of 6 stages (threshing-separated).

2.5. - Packing

The products obtained from deveined tobacco are: Sheet, Vein and Scrap. Which are packed in cartons through different machinery.

2.5.1. - Sheet Packaging

Sheet presses are provided with three fillers which pour the tobacco in its natural density into the box, when the weight of the tobacco is specified by the client, the tobacco is pressed so that the box complies with the subsequent operations such as: strapping, labeling, registration, flipping, stacking and storage in a temporary warehouse until it is transported to the finished product warehouses.

2.5.2.- Vein Packaging

The process is similar to that of Lamina, the difference is that here there are only two fillers.

2.5.3.- Foil packaging

The process is similar to that of Lamina, the difference is that here there are only two fillers.

2.6 Warehouse of Finished Product and Shipments

The last part of the process is when the boxes are transported from the Packaging department to the finished product warehouses. The transfer is carried out in the Raca which is loaded by a forklift. The stowage in the finished product warehouses is six boxes high per row, 8 rows of these form what is called a cocoon, these boxes will be in an aging process for a period of time until the cigarette factory schedules their exit from the warehouse. Once the requisition is made, they will be loaded and transported in tractor-trailers.

A.2. Carbon Footprint Summary

The GHG emissions of Procesadora de Tabacos de México, S.A. de C.V, in the reference period, add up to 4,481 tons of CO₂eq, considering the estimated fugitive emissions and the Scope 1 and 2 approach (by location). The GHG inventory is based on global warming potential (GWP) data from the Fourth Assessment Report issued by the IPCC (AR4).

Regarding the scope details (location approach):

- Scope 1: 3,025 tCO₂e
- Scope 2: 1456 tCO₂e

Scope 1 & 2 CO ₂ e (Location-based)		
Mgt petrol/petrol	tCO ₂ e	256
Diesel oil	tCO ₂ e	9
Heavy fuel oil (fuel oil #4, 5 and 6)	tCO ₂ e	2, 466
LPG	tCO ₂ e	235
Petroleum/gasoline	tCO ₂ e	4
Fugitive emissions	tCO ₂ e	55
Electrical energy	tCO ₂ e	1,456
Total	tCO₂e	4,481

Regarding the scope of application (market choice approach):

- Scope 1 (own emissions): 3,025 tCO₂e.
- Scope 2 (energy purchase emissions): zero tCO₂e

Scope 1 & 2 CO ₂ e (Location-based)		
Mgt petrol/petrol	tCO ₂ e	256
Diesel oil	tCO ₂ e	9
Heavy fuel oil (fuel oil #4, 5 and 6)	tCO ₂ e	2, 466
LPG	tCO ₂ e	235
Petroleum/gasoline	tCO ₂ e	4
Fugitive emissions	tCO ₂ e	55
Electrical energy	tCO ₂ e	0
Total	tCO₂e	3,025

At the BAT Group level, the calculation of GHG emissions uses internationally recognized methodologies and emission factors, in addition to the company presenting its results on platforms such as the CDP Report.

A.3. Standards and Methodologies Used

The greenhouse gas inventory reports are based on the GHG Protocol standards and guidelines and the GRI standards. The internal management of precursor data is carried out by the EHS teams and the data are entered into the reporting platform (CR360) and into the GHG Brazil Protocol Spreadsheet, which allows the calculation of CO2 emissions based on global warming potential data (GWP - Global Warming Potential) from the IPCC Fourth Assessment Report (AR4).

Cr360 input data that have different units of measurement (e.g. kWh, tonnes, litres) are converted into energy units (GJ) and emission units (tCO2e) using the emission factor set:

- IEA factors for electricity (unless location-specific and market-based factors are entered)
- DEFRA factors for all other emission factors are updated annually (available upon request).

The data originated from the GHG Protocol mentioned above, are generated through the GHG worksheet, according to the following equations:

Equation A - Fugitives
The calculation uses the equation: $E = (VE + T - MC) * GWP$
GWP = Global Warming Potential this is an international conversion factor. VE = Change in Stock (kg of gas): difference between the amount of gas in stock at the beginning and end of the period (includes only gas stored on site, eg cylinders, not gases inside equipment). T = Quantity Transferred (kg of gas): gas purchased minus gas sold/dispensed during the period. MC = Capacity Change (kg of gas): capacity of all units at the beginning of the period minus the capacity at the end of the period.

Equation B - Effluents
The calculation uses the equation: $E = \text{Emission } N_2O * GWP + \text{Emission } CH_4 * GWP$
The emission value of N2O and CH4 is generated through the Amount of Effluents Generated, COD and the methane conversion factor (according to the type of treatment used in the ETE)

Equation C – Non-Kyoto GHG
The calculation uses the equation: $E = (EUN + EUE + EUD) * GWP$
GWP = Global Warming Potential this is an international conversion factor. EUN = emissions from installing new units: gas used to charge new equipment minus equipment capacity (the difference corresponds to losses to the atmosphere); EUE = gas added to existing units as maintenance by the organization or supplier (does not include pre-charges made by the manufacturer); EUD = emissions from disposal of old units: capacity of the unit dispensed minus the amount of gas recovered (the difference corresponds to losses to the atmosphere).

The Tepic, Nayarit, México reports its monthly environmental KPIs on Credit360. Data is reviewed by the regional EHS team and checked by the Group EHS team for consistency. On an annual basis, Brazil UDI data is aggregated with BAT Group data to produce Group reports, including ESG Report, CDP submission and other platforms. Prior to publication, on an annual basis, the data are subject to external verification by an independent audit organization, whose report for the period is set out in Annex D.

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 its subsidiaries shall adhere to same when conducting their environmental reporting on quarterly basis.

The GHG inventory is based on global warming potential (GWP) data from the Fourth Assessment Report published by the IPCC (AR4).

The scope includes all greenhouse gas emissions aggregated in Scopes 1 and 2, in accordance with the 2014 WRI GHG Protocol: Corporate Accounting Standard and BAT standards (if applicable). Additionally, fugitive emissions are incorporated, coming from fire extinguishers.

Inventory Emissions- Protamex	
Scope 1 CO2e	
Emissions from use of fuel	
Fleet Vehicles - fuel	
Petrol/gasoline	256
Emissions from use on site	
Diesel oil	9
Heavy fuel oil	2466
LPG	235
Petroleum/gasoline	4
Fugitive and Process emissions	
Refrigerants and Fire Suppressants - PFC, HFC and CO2	55
Scope 2 CO2e (Market based)	
Purchased energy - on site use	
Purchased Electricity - Renewable	0
Purchased Electricity - Standard Grid	0

A.4. Information Assurance Level

The level of assurance of the greenhouse gas inventory at the Uberlândia Unit, carried out by the independent organization KPMG and Instituto Totum, was limited, covering Scope 1 and 2 (according to the GHG Protocol) and other KPI reported in the ESG panels. The Totum Institute limited itself to verifying the fugitive emissions and effluent emissions, belonging to Scope 1. The Uberlândia Unit (UDI) is ISO 14001 and ISO50001 certified. Independent Assurance Report (according to Annex D) was prepared in accordance with the ISAE 3000 standard, with an inventory materiality level of 1%.

The object has independent verification by a third party (Totum Institute) for the carbon neutrality process, based on the guidelines of PAS Standard 2060:2014, with a limited confidence level and 5% materiality for the neutrality process.

ANNEX B - DESCRIPTION OF THE GREENHOUSE GAS EMISSION REDUCTIONS THAT PROVIDE THE BASIS FOR THE DECLARATION

B1. History of Greenhouse Gas Emissions (GHG)

Scope 1 and 2 emissions (depending on market and location) are monitored and tracked monthly. Annual objectives (projections for the coming year) are defined, calculated, and compared. The engineering and EHS team calculate the projected emission reduction from energy-saving activities using the same emission factors.

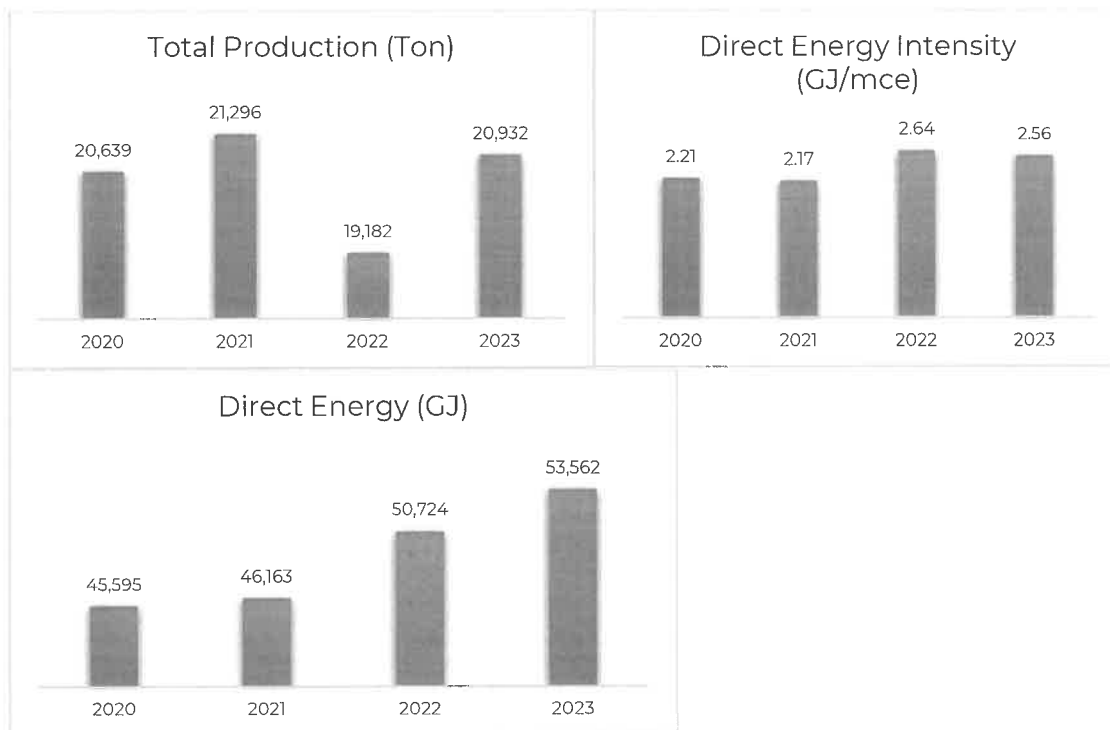
From 2020, BAT also adopted the internal carbon price to encourage carbon reduction projects.

The declaration intended by the Tepic, Nayarit, México is that of neutrality for 2023 of a certain period (December 1, 2022 to November 30, 2023), without inferences regarding past or future commitments.

B2. Description of GHG Emission Reductions in the reference year

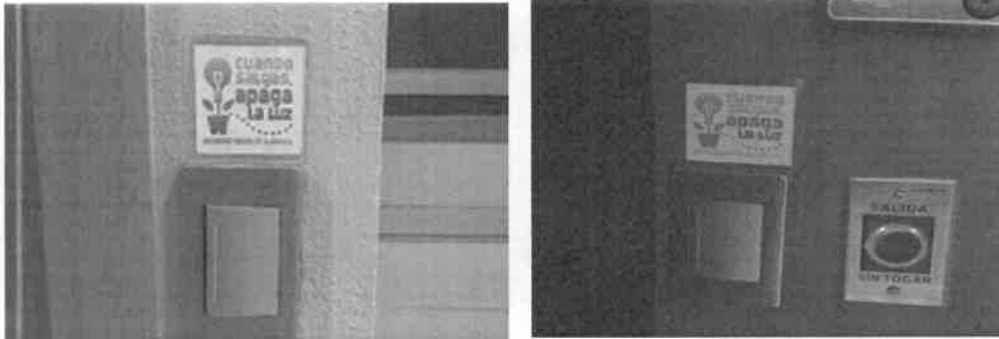
During 2023 there was an increase in production volume of 8.3% compared to 2022. Therefore there was an absolute increase of 8% in energy consumption.

In the period from 2020 to 2023, there was an absolute reduction of 12%* in GHG emissions, as shown below (information based on Credit360). *Calculations based on information from Credit360, as fugitive emissions and effluent emissions began to be measured in 2021.



- Energy awareness campaigns:

Lights out awareness signs were posted in all areas.



Newsletters were sent for energy care:



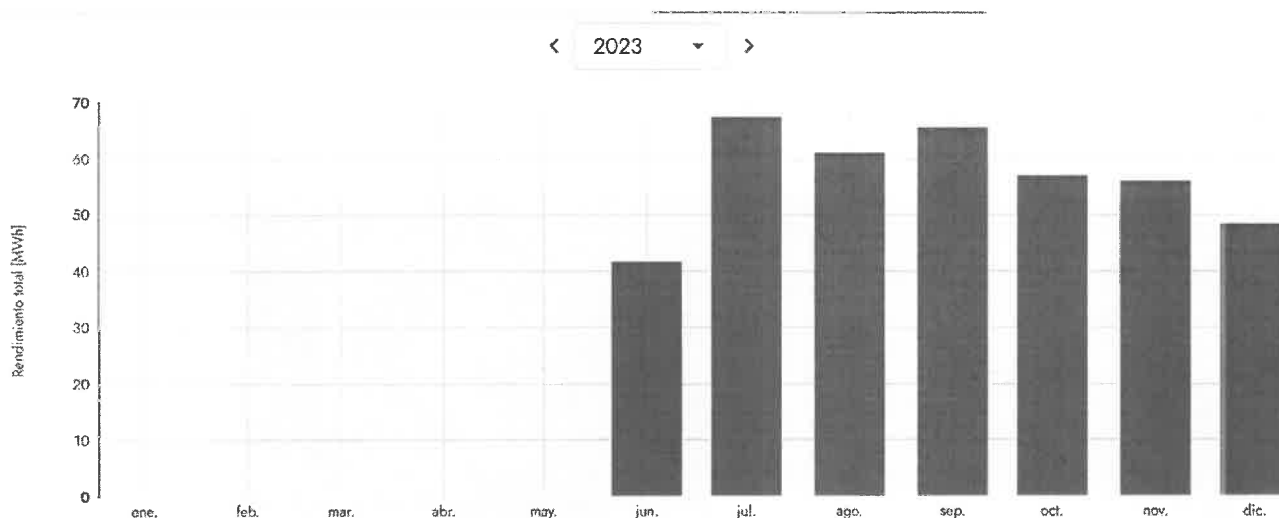
¿POR QUÉ ES IMPORTANTE AHORRAR ENERGÍA?

ESTRATEGIA

Ayuda a reducir la contaminación ambiental y el calentamiento de la atmósfera. Al **ahorrar energía**, también ahorramos dinero. La eficiencia energética se ha convertido en la mayor fuente de **energía** con la que contamos actualmente.

¡Cuidemos el planeta! No te lo dejaron tus padres, te lo prestaron tus hijos.

The monitoring of **the** electricity generation produced is through the “Sunny Portal System”.



B3. Description of Renewable Energy Traceability Instruments

According to the independently verified emissions inventory, a total electricity consumption of 53,562 GJ was recorded, resulting in an approximate total emission of 1,456 tonnes of CO₂eq (using CR360 factors).

To ensure the renewable origin of energy and reduce total Scope 2 emissions, the Tepic, Nayarit, Mexico acquired Renewable Energy Certificates. This measure reflects the company's commitment to environmental sustainability and its contribution to climate change mitigation.

“Retirement Declarations” of I-RECs (see Annex E) were presented for the reporting period from 12/01/2022 to 11/30/2023, as follows:

UNIT INFORMATION REPORT

UNIT INFORMATION

Verification Period	01/01/2016-31/12/2019
Vintage Period	01/01/2019-31/12/2019
Originating Program	NA
Serial Number	9894-156814987-156818011-VCS-VCU-1310-VER-CN-14-2087-01012019-31122019-1
Additional Certification(s)	CCB-No Distinction
Unit Type	VCU
Quantity of Units	3,025
Serial Number Help	

ORIGINATING PROJECT INFORMATION

Project ID	2087
Project Name	Chudu Afforestation Project
Primary Project Type	Agriculture Forestry and Other Land Use
Additional Project Type(s)	NA
Project Site State/Province	Henan Province
Project Site Country/Area	China (CN)
Project VVB	CTI Certification Co., Ltd.
Crediting Period Start Date	01/01/2016
Crediting Period End Date	31/12/2035
Project Document	View

PROJECT SUMMARY

ID
2087

State/Province
Henan Province

VCS

Proponent
Xichuan Rongda Agriculture and Forestry Co., Ltd
Henan Province, China

VCS Project Status
Withdrawn
[View Issuance Records](#)
[View VCS Buffer Pool Records](#)

Estimated Annual Emission Reductions
668883

Total Buffer Pool Credits
63,244

VCS Project Type
Agriculture Forestry and Other Land Use

AFOLU Activity
ARR

VCS Methodology
AR-ACM0003

Acres/Hectares
36500 Hectares

VCS Project Validator
CTI Certification Co., Ltd.

Project Registration Date
21/07/2020

Crediting Period Term
1st, 01/01/2016 - 31/12/2035

CCB

Proponent

Xichuan Rongda Agriculture and Forestry Co., Ltd
Henan Province, China

CCB Project Status

Verification approval requested

Estimated Annual Emission Reductions

668883

CCB Project Type

Afforestation, Reforestation and Revegetation

Acres/Hectares

36500 Hectares

CCB Project Validator

CTI Certification Co., Ltd.

CCB Standard Edition

CCB Third Edition

Auditor Site Visit To and From Date

19-Apr-2020 to 22-Apr-2020

First Verification

CTI Certification Co., Ltd.

Second Verification

Tuev Nord Cert GmbH (Tuev Nord)

Third Verification

Tuev Nord Cert GmbH (Tuev Nord)

Based on the information provided, all energy origin guarantees acquired come exclusively from zero-emission energy sources, specifically wind origin, with a total of 3,025 I-RECs. This implies that all energy consumption recorded during the period was supported by Renewable Energy Certificates issued in that same period. In accordance with the guidelines established in the GHG Protocol, it is suggested that energy traceability instruments adjust to the same claim period as the purchase made.

Consequently, when preparing the emissions inventory corresponding to Scope 2 using the choice approach methodology, it is concluded that the total emissions associated with said scope are zero. This statement is based on the fact that all energy consumption recorded during the period was completely covered by renewable energy, which leads to the elimination of any emissions related to the generation of electrical energy in Scope 2. This measure reflects the firm commitment of the company with environmental sustainability and its active contribution to the reduction of greenhouse gas emissions.

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

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

The renewable energy traceability instruments for calculating Scope 2 emissions using the market choice approach were detailed in item B.3 of this declaration.

C.2. Description of Offset Instruments – Carbon Credits

Carbon credits were acquired according to the residual emissions contained in the emissions inventory audited by KPMG and Instituto Totum.

To this end, 702 Verified Carbon Standard credits were acquired from the VCS Project (Hubei Hongshan IFM (Conversion of Logged to Protected Forest) Project) and 2,648 Verified Carbon Standard credits from the VCS Project (Inner Mongolia Wu'erqihan IFM (conversion of logged to protected forest) Project), for UDI, with 3,025 credits officially retired (or cancelled). Proof of operation can be found in the link below:

<https://registry.verra.org/myModule/rpt/myrpt.asp?r=206&h=190691>

<https://registry.verra.org/myModule/rpt/myrpt.asp?r=206&h=191278>

The verified carbon units (reductions) were monitored from July 2007 to July 2010. The project methodology is Methodology VM0007 REDD+ Methodology Framework (REDD+MF):

<https://verra.org/methodology/vm0007-redd-methodology-framework-redd-mf-v1-6/>

C.3. Use of Instruments for Carbon Neutrality

Residual Scope 1 emissions, according to the inventory audited by KPMG and Instituto Totum, add up to 3,025 tons of CO₂e. Residual Scope 2 emissions, according to the inventory audited by KPMG and due to the market choice approach using the I-RECs (according to item B.3), was considered zero.

In this sense, the function of the 3,045 carbon credits acquired is to offset the emissions of 3,025 tons of CO₂e related to Scope 1, thus making the Procesadora de Tabacos de México, Tepic Unit carbon neutral.

C.4. Quality Criteria for Offset Instruments - Carbon Credits

The carbon credits acquired, as mentioned in C.2, meet all the quality criteria set forth in Norm PAS 2060:2014, namely:

- Acquired credits represent an emission reduction considered additional (Hubei Hongshan IFM (Conversion of Logged to Protected Forest) Project) and INNER MONGOLIA WU'ERQIHAN IFM (CONVERSION OF LOGGED TO PROTECTED FOREST) PROJECT.
- Projects from which carbon credits originate meet the criteria of additionality, permanence and do not have the risk of double counting (Hubei Hongshan IFM (Conversion of Logged to Protected Forest) Project) and INNER MONGOLIA WU'ERQIHAN IFM (CONVERSION OF LOGGED TO PROTECTED FOREST) PROJECT
- Carbon credits were verified by an independent third party (Inc and China Quality Certification Center (CQC) and Rainforest Alliance), with the monitoring report available at <https://registry.verra.org/myModule/rpt/myrpt.asp?r=206&h=190691> and <https://registry.verra.org/myModule/rpt/myrpt.asp?r=206&h=191278>, and were only issued after the reduction was confirmed (Verra does not issue ex-ante credits).
- Carbon Credits were retired within a period of 12 months from the date of declaration of neutrality (January 18, 2023).
- The Project from which the Carbon Credits were acquired has all documentation and registration on the Verra public platform, which is an international standard and a platform that has Quality Assurance Principles including additionality, permanence, leakage and avoided double counting). <https://verra.org/project/vcs-quality-assurance-principles/> and on the public platform (Verra registry) <https://registry.verra.org/myModule/rpt/myrpt.asp?r=206&h=190691> and <https://registry.verra.org/myModule/rpt/myrpt.asp?r=206&h=191278>

ANNEX D - INDEPENDENT THIRD PARTY VERIFICATION REPORT

BAT Annual Report and Form 20-F 2022

Strategic Report

Governance Report

Financial Statements

Other Information

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 CO ₂ e emissions (thousand tonnes)	308
Scope 2 CO ₂ e emissions (market based) (thousand tonnes)	113
Scope 2 CO ₂ e emissions (location based) (thousand tonnes)	356
Scope 1 and Scope 2 CO ₂ e emissions intensity ratio (tonnes per £m revenue)	15.20
Scope 1 and Scope 2 CO ₂ e emissions intensity ratio (tonnes per EUR m revenue)	13.00
Total Scope 3 CO ₂ e emissions (thousand tonnes) ^{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 ³)	3.50
Total water recycled (million m ³)	1.02
Total water discharged (million m ³)	1.66
% of operations sites reported no production process use of priority substances	100
% operations sites not using priority substances in any on-site ancillary / support processes	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	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	82
% of tobacco farmers reported to grow other crops for food or as additional sources of income	92.8
% of farms monitored for child labour	99.99
% of farms with incidents of child labour identified	0.38
Number of child labour incidents identified	942
% of child labour incidents reported as resolved by end of the growing season	100
% of farms monitored for grievance mechanisms	100
% of farms reported to have sufficient PPE for agrochemical use	99.9
% of farms reported to have sufficient PPE for tobacco harvesting	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 ('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 Last 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 CO₂e emissions (thousand tonnes) including the Scope 3 supply chain CO₂e 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 Canade 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 AND CARBON OFFSETTING



Certificate of Verified Carbon Unit (VCU) Retirement

Verra, in its capacity as administrator of the Verra Registry, does hereby certify that on 07 Mar 2024, 3,025 Verified Carbon Units (VCUs) were retired on behalf of:

Procesadora de Tabacos de Mexico S.A. de C.V.

Project Name

Chudu Afforestation Project

VCU Serial Number

9894-156814987-156818011-VCS-VCU-1310-VER-CN-14-2087-01012019-31122019-1

Additional Certifications

CCB-No Distinction

Powered by  APX



Certificate of Verified Carbon Unit (VCU) Retirement

Verra, in its capacity as administrator of the Verra Registry, does hereby certify that on 07 Mar 2024, 20 Verified Carbon Units (VCUs) were retired on behalf of:

Procesadora de Tabacos de Mexico S.A. de C.V.

Project Name

Chudu Afforestation Project

VCU Serial Number

9894-156818012-156818031-VCS-VCU-1310-VER-CN-14-2087-01012019-31122019-1

Additional Certifications

CCB-No Distinction

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This Redemption Statement has been produced for
PROCESADORA DE TABACOS DE MEXICO, S.A. DE C.V.

by
STX COMMODITIES BV
 confirming the Redemption of
427.000000

I-REC Certificates, representing 427.000000 MWh of
 electricity generated from renewable sources

This Statement relates to electricity consumption located at or in


**PREDIO LOS SAUCES - s/n TEPIC, 63197 Mexico
 Mexico**

in respect of the reporting period
2023-06-01 to 2024-06-01

The stated Redemption Purpose is

**Certificates were retired on behalf of PROCESADORA DE TABACOS DE MEXICO, S.A. DE C.V. for
 electricity consumption in the indicated period.**

Ev. STX



QR Code Verification

Verify the status of this Redemption Statement by scanning the QR code on the left and entering in the Verification Key below

Verification Key

9 9 6 1 3 5 7 8

<https://api-internal.evident.app/public/certificate/verify?token=2FHLSghuNQHus5tdUehowhaxb5md56ZWhCbpmf60i3akUeMaK2AZ41xw0W>

Redeemed Certificates

Production Device Details

Device	Country of Origin	Energy Source	Technology	Supported	Commissioning Date	Carbon (CO ₂ / MWh)
EOLICA DE ARRIAGA	Mexico	Wind	Onshore	No	2012-06-05	0.000000

Redeemed Certificates

From Certificate ID	To Certificate ID	Number of Certificates	Offset Attributes	Period of Production	Issuer
0000-0216-8279-4341.000000	0000-0216-8279-4767.999999	427.000000	Incl	2023-02-01 - 2023-02-28	Sociedad Mexicana de Normalización y Certificación, S.C.

Auditor Notes

This statement is proof of the secure and unique redemption of the I-RECs stated above for the named beneficiary to be reported against consumption in the country during the reporting year stated. I-RECs are assigned to a beneficiary at redemption and cannot be further assigned to a third party. No other use of these I-RECs is valid under the I-REC Standard.

Where offset attributes are 'inc' the device registrant, who exclusively holds the environmental attribute rights, has undertaken never to release carbon offsets in association with these MWh; 'excl' means carbon offsets relating to these MWh may be traded independently at some point in the future.

For labelling scheme information please refer to the scheme's website. Labelling scheme listing may not be exhaustive.

Thermal plants emit carbon as part of the combustion process. Whilst this is not zero carbon, it is generally recognised as carbon neutral where the source is recent biomass.

Solar panel interconnection compliance certificate

gob.mx
Certificado de cumplimiento de interconexión de centrales eléctricas y conexión de centros de carga

Certificado: UIIE-CC-03283-2022

Fecha: 2022-09-21 16:58

Unidad de inspección de la industria eléctrica en el área de interconexión de centrales eléctricas y conexión de centros de carga

UIIE-CRE-013

VERIFICATION AND REGULATION MEXICAN CORPORATE SA DE CV

Acta de Inspeccion

CERTIFICADO DE CUMPLIMIENTO

La solicitante PROCESADORA DE TABACOS DE MEXICO S.A. DE C.V. tipo de instalación Central Eléctrica con capacidad menor a 0.5 MW con dirección PREDIO LOS SAUCES S/N . LOS SAUCES, Tepic, Nayari, C.P. 63197 con número de permiso N/A cumple con las características específicas de la infraestructura requerida por el Centro Nacional de Control de Energía

Cadena Original

[96DD4409]3694535321/09/2022 16:58:13[VERIFICATION AND REGULATION MEXICAN CORPORATE SA DE CV[MARIA NORMA MARTINEZ IBARRA]Emisión de certificado de cumplimiento de instalaciones eléctricas[Emisión de documento electrónico][UnidadInspeccion]([RazonSocial],[VERIFICATION AND REGULATION MEXICAN CORPORATE SA DE CV],[InspectorResponsable]([LUIS RAFAEL RODRIGUEZ MARTINEZ],[Inspector]([JOSE ALFREDO RAMIREZ LLAMAS],[FolioUII]([UIIE-CRE-013]),[Instalaciones]([RazonSocialEmpresa]([PROCESADORA DE TABACOS DE MEXICO S.A. DE C.V.],[Permiso]([N/A],[NumeroActaInspeccion]([0363/UU/2022]),[TipoInstalacion]([Central Eléctrica con capacidad menor a 0.5 MW],[TipoInstalacionId]([3],[EnviarNotificacionCENACE]([false],[correoCENACE]([],[Calle]([PREDIO LOS SAUCES],[NumeroExterior]([S/N],[NumeroInterior]([],[Colonia]([LOS SAUCES],[CodigoPostal]([63197],[Estado]([Nayarit],[EstadoId]([18],[Municipio]([Tepic],[MunicipioId]([017],[ResponsableInstalaciones]([RODRIGO HIRAM MEJIA CAVAZOS],[CorreoResponsableInstalaciones]([rodrigo@vivaelsol.mx],[Contacto]([JOSE JESUS VALDIVIA SALAZAR],[CorreoContacto]([jose.valdivias@cfe.mx]),[Anexos]([[[TipoDocumentalId]([1],[TipoDocumento]([Acta de inspección],[NombreOriginal]([Inspeccion_0363-2022.pdf],[NombreSistema]([7085f0fc-bd7b-4ecc-a7bf-e1023bc37974.pdf],[Hash]([1B2MZY8AsgTpgAmY7PhCfQ=)]])

APROBÓ: LUIS RAFAEL RODRIGUEZ MARTINEZ

rkyMzZSRA2L4W7f5oqgdAz20ctzd-tsmFRtaz6pTpD08ki#fobzGNCKZw5XQpNCyAPzxo0e7hpJ4RLBOrDgRDKtPgZu6KTG2GEvEmLD9s1LObsnMGBhmNEUWqTPWmrvq2ozu00JmWCHYpPW3hxdw1VSG6c7v6cNHTDQAbz7H6vN0CvGp64BsalfoKA24UzboS45dEbnz2BjKSCPR4Rzem0qG0H0Dev5w0H9smTelholJNk1498UTRUaOKXV7G-NbW0GEGmeH0LZG0KEwNDVt+Lc10b2A7nGZc29S+vsMG1u0x3SSgVzzzwAlkywMP7ysPhYg=

Con fundamento en el artículo 33' de la Ley de la Industria Eléctrica, el Acuerdo de Secretaría de Energía publicado el 15 de diciembre de 2016 por el que se emite el Manual de Interconexión de Centrales de Generación con Capacidad menor a 0.5 MW, así como por el folio de autorización de la unidad de inspección UIIE-CRE-013 otorgado por la Comisión Reguladora de Energía a VERIFICATION AND REGULATION MEXICAN CORPORATE SA DE CV como unidad de inspección de la industria eléctrica para el área de interconexión de centrales eléctricas y conexión de centros de carga

Trazabilidad



La integridad y autoría de la versión electrónica del presente documento se podrá comprobar a través de la liga que se encuentra debajo del QR. De igual manera, se podrá verificar el documento electrónico por medio del código QR, para lo cual se recomienda descargar una aplicación de lectura de este tipo de códigos a su dispositivo móvil.

<http://cre-boveda.saberehiles.net/Acta/Documento/3c329248-2cdd-458d-b204-5be5aee34ee>