


# Qualifying Explanatory Statement

**(As per PAS 2060)**

Document Preparation		
Function/Designation	Name	Signature
Senior Manager ESG & EHS	Sean Sampson	


Version Control	
Change	Date
Legal Review	February 19, 2024

Imperial Tobacco Canada Ltd.

## Carbon Neutrality Statement according to PAS 2060: 2014

### "Qualifying Explanatory Statement"

*"Carbon Neutrality for the trade marketing and distribution activities of Imperial Tobacco Canada Limited in Montreal Quebec, Canada, declared in accordance with standard PAS 2060: 2014 on February 16<sup>th</sup> 2024 for the period from December 1st, 2022 to November 30th 2023, certified by the Totum Institute."*

Name of the Senior Representative	Signature of the Senior Representative
Eric Gagnon – Vice-President, Corporate and Regulatory Affairs	
Date: April 18, 2024	

Company:: Imperial Tobacco Canada Limited

Issue Date: February 16, 2024

Assurance Authority: Totum Institute

Process Code: IT-22-2024

Neutrality Period: December 1, 2022 to November 30, 2023

Previous Certifications Obtained: December 1, 2021 to November 30, 2022

*Note: the term "carbon" used throughout this document represents an abbreviation for the aggregate of greenhouse gases (GHG), reported as CO<sub>2</sub>e (carbon dioxide equivalent)*

## INTRODUCTION

This document is the declaration of carbon neutrality to demonstrate that Imperial Tobacco Canada Limited, including its affiliated company, Imperial Tobacco Company Limited (together referred to as ITCAN) has achieved carbon neutrality. This declaration is for ITCANs trade marketing and distribution activities related to the sale and delivery of nicotine products in Canada managed directly by Imperial Tobacco Canada Limited, aligned to the guidelines of PAS 2060: 2014, in the period from December 1st, 2022 to November 30<sup>th</sup>, 2023.


PAS 2060 Requirement	Explanation
Entity Responsible for the Declaration	Imperial Tobacco Canada Limited
Object of Declaration	Trade Marketing and Distribution activities within Canada by Imperial Tobacco Canada Limited
Object Description	Imperial Tobacco Canada Limited operates a direct to store sales model of nicotine products. (Factory made cigarettes, vapor, and modern oral products) The warehousing and delivery is managed by a third party, Ryder Logistics, who operates distribution centers in the United States and Canada. (2 in the US & 4 in Canada) The head office is located in Brampton, Ontario and includes and a field force of 203 member covers the 29,000 number of retail locations across Canada.
Object Limits	The scope includes all Scopes I and II GHG emissions calculated as tCO <sub>2</sub> e (CO <sub>2</sub> , N <sub>2</sub> O and CH <sub>4</sub> ), according to the GHG protocol accounting standards. The emission quantifications have been aligned to British American Tobacco Plc (BAT), CR360 reporting other than fugitive emissions.
Type of Assurance	Emission inventory have been assured at limited level by KPMG. Third Party Certification for obtaining Carbon Neutrality is completed with Totum Institute, Brazil ( <a href="https://www.institutototum.com.br/">https://www.institutototum.com.br/</a> )
Period of obtaining Carbon Neutrality	December 1 <sup>st</sup> , 2022 – November 30 <sup>th</sup> , 2023

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

## DECLARATION OF OBTAINING CARBON NEUTRALITY

PAS 2060 Requirement	Explanation
Specify the period in which the Company has demonstrated carbon neutrality for the object	December 1 2022 to November 30 2023
Total emissions (location-based method) of the object in the period from December 1 <sup>st</sup> , 2022 to November 30 <sup>th</sup> , 2023.	Total – 3066 tCO <sub>2</sub> e (CR 360)
Total emissions (market-based method) of the object in the period from December 1 <sup>st</sup> , 2022 to November 30 <sup>th</sup> , 2023.	Total – 2553 tCO <sub>2</sub> e (CR 360)
Type of declaration of 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 the greenhouse gas emission reductions that provide the basis for the declaration.	Annex B
Description of the instruments for reducing the carbon footprint and for offsetting residual emissions.	Annex C
Independent third-party verification report of the GHG emissions inventory.	Annex D
Retirement statements for energy source assurance instruments (I-RECs) and carbon credits.	Annex E
BAT Management Statement for details of certified facilities	Annex F (if necessary)

*"Carbon Neutrality for the industrial/ services / logistics / activities of Imperial Tobacco Canada Limited in Montreal, Quebec Canada, declared in accordance with standard PAS 2060: 2014 on February 16, 2023, for the period from December 1<sup>st</sup>, 2022 to November 30<sup>th</sup>, 2023, certified by the Totum Institute."*

Name of the Senior Representative	Signature of the Senior Representative
Eric Gagnon – Vice-President, Corporate and Regulatory Affairs	
Date: April 18, 2024	



## ANNEX A - INVENTORY OF GREENHOUSE GAS EMISSIONS THAT PROVIDE BASIS FOR DECLARATION

### A.1.Object Description

The target object of carbon neutrality is Imperial Tobacco Canada Limited (ITCAN), including Imperial Tobacco Company Limited (ITCO) which is wholly owned by ITCAN. The reference period is December 2022 to November 2023.

The company's head office is located at 30 Pedigree Court in Brampton, Ontario. Included with the target object is an office located in Montreal, where most support function activities occur, as well as a network of 6 distribution centers which are operated by a third party, Ryder Logistics. In addition, the company operates a sales division which includes an inventory of fleet vehicles.

The direct greenhouse gas emissions of the object company were limited to the parameters listed in the BAT CR 360 system (Scope 1) including fugitive emissions and indirect emissions due to energy consumption were fully considered within Scope 2, according to the GHG Protocol methodology. Scope 3 emissions have not been reported for this object.

The neutrality process encompasses Scope 1 Emissions listed in BAT's CR 360 system, all Scope 2 emissions and does not include Scope 3 emissions.

Imperial Tobacco Canada Limited does not manufacture the nicotine products (Factory made cigarettes, vaping, and modern oral products) it distributes. These products are produced in other end markets or through contracted outside third parties and then shipped to Canada. Imperial Tobacco is a Trade Marketing and Distribution (TMD) company and is a direct reporting business unit within BAT global.

The TM&D Key processes include:

- Trade Coverage of Retail Universe of traditional retail outlets, pharmacies, and vape shops.
- Office Activities including but not limited to the following functions:
  - Trade Marketing & Distribution
  - Brand Marketing
  - Secondary Supply Chain Management
  - Human Resources
  - Finance
  - IT
  - Legal & External Affairs
- Picking & packing of case orders for DC's and for direct to store delivery from DCs in Canada
- Case picking for shipment to Canadian DC's from 2 DCs in United States
- Emissions from delivery service including from manufacturing site, between DC's and from DC to retail are captured as part of scope 3 reporting and are not included within scope of the carbon neutrality assessment.

Combined sales volume for 2023 was 6.6 bn sticks equivalency.

## A.2. Carbon Footprint Summary

The greenhouse gas emissions of Imperial Tobacco Canada Limited, in the reference period, add up to 2,553 tonnes of CO<sub>2</sub> equivalency, considering the utilization of renewable energy certificates for Scope 2. The 4569 renewable energy certificates, issued by Innergex (Appendix B) neutralized the scope 2 emissions associated with the total electricity consumption of 4341 MWh for the period under review.

Regarding Scopes, details (location approach):

- Scope 1 (own emissions): 2553 tonnes of CO<sub>2</sub>eq.
  - Fleet Vehicles – 1624 tonnes of CO<sub>2</sub>eq.
  - Natural gas usage (DC's, Head Office and Montreal Office) – 922 of CO<sub>2</sub>eq.
  - Fugitive Emissions (Refrigerant) – 7 tonnes of CO<sub>2</sub>eq.
- Scope 2 (electricity): 513 tonnes of CO<sub>2</sub>eq
  - Offices & DC's – 511 tonnes of CO<sub>2</sub>eq
  - Fleet Vehicles – 2 tonnes of CO<sub>2</sub>eq

Scope 1 CO <sub>2</sub> e (Location based)	2022	2023	Reduction
Emissions from use of fuel			
Fleet Vehicles - fuel			
TMD vehicles	1730	1623	(107)
Bio-petrol	0	1	1
Emissions from use on site			
Natural gas	952	922	(30)
Fugitive and Process emissions			
DIET			
Air Conditioning, refrigeration, fire fighting	0	7	7
Scope 2 CO <sub>2</sub> e (Location based)	2022	2023	Reduction
Emissions from use of fuel			
Fleet Vehicles - electrical			
TMD vehicles	0	2	2
Purchased energy - on site use			
Purchased Electricity	593	511	(82)

In relation to Scopes 1&2, it follows details (approach by market choice):

- Scope 1 (own emissions): 2,553 tons of CO<sub>2</sub>eq.
- Scope 2 (Renewable energy certificates purchase emissions): 4569 RECs for 4341MWh.

Scope 1 CO <sub>2</sub> e (Market based)	2022	2023	
Emissions from use of fuel			
Fleet Vehicles - fuel			
TMD vehicles	1730	1623	(107)
Bio-petrol	0	1	1
Emissions from use on site			
Natural gas	952	922	(30)
Fugitive and Process emissions			
DIET			
Air Conditioning, refrigeration, fire fighting	0	7	7
Scope 2 CO <sub>2</sub> e (Market based)			
Emissions from use of fuel			
Fleet Vehicles - electrical			
TMD vehicles	0	2	2
Purchased energy - on site use			
Purchased Electricity - Renewable	593	513	(80)

At 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 Carbon Disclosure Project (CDP Report).

The inventory of greenhouse gas emissions is based on global warming potential (GWP) data from the Fifth IPCC Assessment Report (AR5).

### A.3. Patterns and Methodologies Used

Greenhouse gas inventory reports are based on GHG Protocol standards and guidelines and GRI standards. The internal management of the precursor data is done by the EHS teams and inserted in the reporting platform (CR360), which allows the calculating of CO<sub>2</sub> emissions.

The input data related to CO<sub>2</sub>e emissions from Scope 1 and 2 are: fuels (petroleum/gasoline) for trade team fleet vehicles, natural gas for heating the DC's, the H/O and Montreal Office, fugitive emissions resulting from refrigerants in air conditioning and cooling systems, and electricity acquired in the market, respectively. The input data is converted into energy measures (GJ) and then converted in terms of GHG emissions, using DEFRA factors to total emissions



(updated annually) for scope 1 & scope 2 emissions (exclusion : electricity) and using International energy Agency (IEA) factors for electricity for scope 2 emissions . DEFRA / IEA factors are used as the standard within the global strategy for Carbon Neutral in BAT.

In the case of the neutralization of emissions from electricity consumption, the option is to search for I-Recs in the market, ensuring 100% renewable energy. Thus, neutrality is achieved by compensation in external neutralization projects considering residual emissions, originated in Scope 1. This compensation is guaranteed by participation in the projects described in this document.

Imperial Tobacco Canada reports its environmental KPIs monthly. The data are reviewed by the regional EHS team and verified by the Group's EHS team for consistency. On an annual basis, all data from the DRBU's is aggregated to bat group data to produce Group reports, including ESG Report, CDP submission and other platforms.

Prior to publication, on an annual basis, the data is subject to external verification through an independent auditing organization, whose report for the period is set out in Annex D.

#### **A.4. Level of Information Assurance**

The level of assurance of the greenhouse gas inventory for Imperial Tobacco Canada Limited (ITCAN) by an independent third party, KPMG, was limited assurance, covering Scope 1 and 2 (according to GHG Protocol) and other KPIs reported in the ESG panels. ITCAN is ISO 14001 certified. Certification was issued by SGS.

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

The independent assurance of GHG emissions inventory was completed with KPMG, WITH LIMITED LEVEL OF CONFIDENCE. The documents are attached in Annex D.

As the verification of carbon neutrality process the assurance work of Totum Institute was conducted with a limited level of assurance.



## ANNEX B - DESCRIPTION OF REDUCTIONS OF GREENHOUSE GAS EMISSIONS THAT PROVIDE BASIS FOR DECLARATION

### B1. History of Greenhouse Gas Emissions (GHG)

Scope 1 and 2 emissions (market-based and location-based) are tracked and compared monthly. Annual targets (projections for next year) are defined, calculated, and compared. These annual targets are then broken down into a monthly glidepath. Projected emissions reduction and energy-saving activities are calculated by the following teams using the same emission factors:

- (PHEV) fleet vehicles – Holman Fleet Management Services & Solutions
- Natural Gas – Efficiency assessments as provided by each location's natural gas provider
- Electricity :- Project based assessments based on efficiency opportunity

The declaration intended by Imperial Tobacco Canada Limited is that of neutrality of a certain period (December 1, 2022 to November 30, 2023), without inferences regarding past or future commitments.

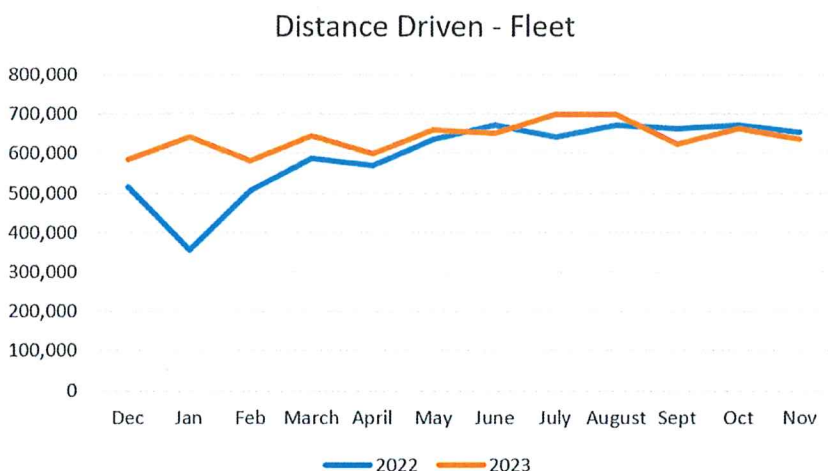
		Canada - TMD & HO			
		Dec 2019 to Nov 2022	Dec 2020 to Nov 2022	Dec 2021 to Nov 2022	Dec 2022 to Nov 2023
Carbon Emissions					
Fugitive and Process Emissions					
Fugitive and Process Emissions - CO <sub>2</sub> e	ICO <sub>2</sub> e			0	7
Scope 1 & 2 CO <sub>2</sub> e (Market-based) - Calculations					
Scope 1 & 2 CO <sub>2</sub> e (Market-based) - Total	ICO <sub>2</sub> e	2,969	2,890	2,681	2,546
Scope 1 CO <sub>2</sub> e Emissions	ICO <sub>2</sub> e	2,162	2,140	2,681	2,546
Fleet - Petrol - Total	ICO <sub>2</sub> e	1,550	1,524	1,730	1,623
Fleet Vehicles - Renewable Fuels	ICO <sub>2</sub> e	0	0	0	1
Natural gas	ICO <sub>2</sub> e	611	616	952	922
Scope 2 CO <sub>2</sub> e Emissions (Location based)	ICO <sub>2</sub> e	807	767	593	513
Fleet Vehicles Electrical - Renewable - LB	ICO <sub>2</sub> e				2
Purchased Electricity - LB	ICO <sub>2</sub> e	807	767	593	511
Purchased Electrical Energy - Renewable - LB	ICO <sub>2</sub> e	0	0	593	511
Purchased Electrical Energy - Standard Grid - LB	ICO <sub>2</sub> e	807	767	0	0

### B2. Description of GHG Emissions Reduction in Reference Year

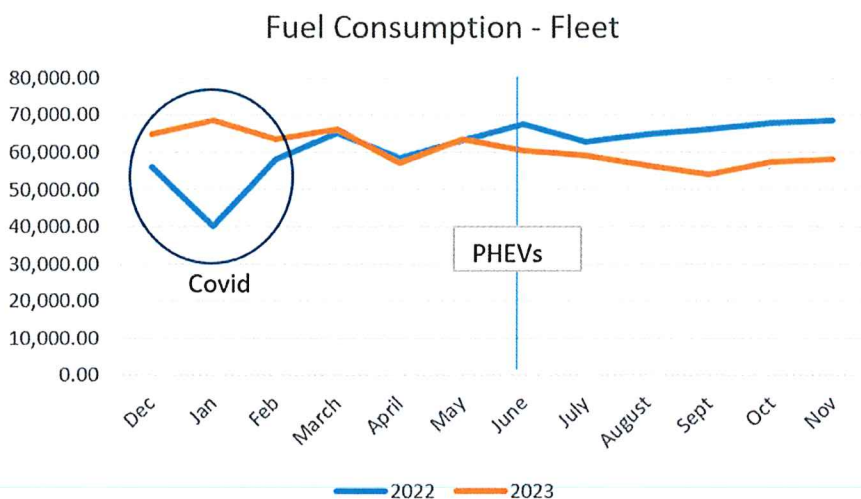
During 2023, there was a drop in the combined sales volume of FMC & Vapor products. However, shifts in sales volumes do not directly correlate with GHG emission reductions as the trade marketing and distribution activities that contribute to our scope 1 and 2 emissions are relatively constant. To illustrate:

- Fleet vehicles – Mileage driven in 2023 to complete the TCP was consistent with 2022 as the retail coverage network did not change significantly. Covid impact – In year over year comparison, mileage from 2022 was lower due to restrictions on in person visits through December and January of 2022. The net impact being, despite a drop in sales, mileage driven was 7% higher in 2023 (the reference year) as compared with 2022. Details below:

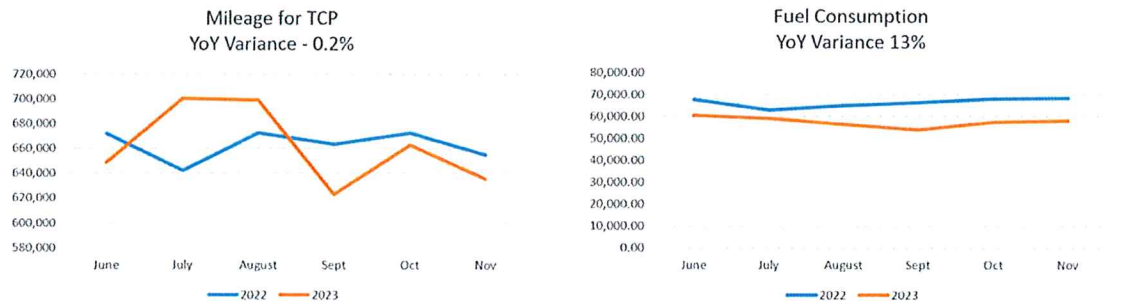
#### Fleet Mileage Comparison:



Fleet Fuel – Quantity purchased: 2023 FY fuel is 1% less than FY 2022, despite having 7% more kms driven.



## PHEV Analysis: Mileage vs. Fuel Consumption June 1, 2023 to Nov. 30, 2023



- Montreal office activities were maintained:
- Heating requirements (ie. natural gas usage) remained constant

		Dec 2019 to Nov 2020	Dec 2020 to Nov 2021	Dec 2021 to Nov 2022	Dec 2022 to Nov 2023
Carbon Emissions		Benchmark			Reference
Fugitive and Process Emissions					
Fugitive and Process Emissions - CO <sub>2</sub> e	tCO <sub>2</sub> e				7
Scope 1 & 2 CO <sub>2</sub> e (Market-based) - Calculations					
Scope 1 & 2 CO <sub>2</sub> e (Market-based) - Total	tCO <sub>2</sub> e	2,959	2,890	2,681	2,546
Scope 1 CO <sub>2</sub> e Emissions	tCO <sub>2</sub> e	2,162	2,140	2,681	2,546
Fleet Vehicles - fuel	tCO <sub>2</sub> e	1,550	1,524	1,730	1,624
Fleet - Petrol - Total	tCO <sub>2</sub> e	1,550	1,524	1,730	1,623
Fleet - Bio-Petrol	tCO <sub>2</sub> e	0	0	0	1
Natural gas	tCO <sub>2</sub> e	611	616	952	922
Scope 2 CO <sub>2</sub> e Emissions (Location based)	tCO <sub>2</sub> e	807	767	593	513
Fleet Vehicles Electrical - Renewable - LB	tCO <sub>2</sub> e				2
Purchased Electricity - LB	tCO <sub>2</sub> e	807	767	593	511
Purchased Electrical Energy - Renewable - LB	tCO <sub>2</sub> e	0	0	593	511
Purchased Electrical Energy - Standard Grid - LB	tCO <sub>2</sub> e	807	767	0	0
Scope 2 CO <sub>2</sub> e Emissions (Market based)	tCO <sub>2</sub> e	807	750	0	0

In 2022, Canada exited most of its Covid-19 restrictions. This change enabled more physical visits by our field force and the Montreal office, the head office, and the regional sales offices all re-opened for use. The operations at the DC's were not impacted by the restrictions. Through the reference year, 2023, all activities remained consistent. Hence reductions achieved in absolute emissions reductions were not attributable to changes in business activities

### GHG Reduction Actions:

- 90% of the fleet transitioned from combustion engines to PHEVs
- Deployment of eco driver training for trade team
- Natural gas efficiency assessments at each DC

- Installation of motion activated lighting and LeD implementation at the DCs
- Procurement of Renewable Energy Certificates

### B3. Description of Renewable Energy Tracking Instruments

According to the independently verified emissions inventory, the total electricity consumption in the period was 4,319,946 kWh. Imperial Tobacco Canada Limited has acquired Renewable Energy Certificates (RECs) to ensure the renewable origin of energy and reduce the total emissions of Scope 2 for the period to 0.

Figure 5: Electricity consumption throughout 2023

"Retirement Statements" of RECs (see Annex E) were submitted for the reporting period of 12/01/22 to 11/30/2023, as follows:

2023					
Electricity	TOTAL REC	ENERGY TYPE	RETIRED AMOUNT	RETIRED DATE	CERTIFICATE ID
Dec	377	WIND	478	12-30-2022	50C2E3D2-A82D
Jan	370	WIND			
Feb	334	WIND			
Mar	353	WIND			
Apr	340	WIND			
May	339	WIND	1,151	05-31-2023	50C2E3D2-A82D
Jun	364	WIND			
Jul	396	WIND	1,036	07-25-2023	50C2E3D2-A82D
Aug	382	WIND			
Sep	370	WIND			
Oct	362	WIND			
Nov	352	WIND	1,904	12-19-2023	50C2E3D2-A82D
<b>Grand Total</b>	<b>4,341</b>		<b>4,569</b>	<b>228</b>	



All guarantees of energy origin are from zero emission (wind) sources, with the total number of RECs retired 4,569 and the total energy consumption 4,320 MWh.

Thus, all energy consumption of the period was tracked by Renewable Energy Certificates issued in the same period. According to ghg protocol guidelines, the recommendation is that energy traceability instruments refer to the same claim period as the purchasing approach.

Thus, in the report of the emissions inventory for Scope 2, according to the methodology of the approach of choice, it can be affirmed that the total emissions of Scope 2 is zero.

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

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

The renewable energy traceability instruments for the calculation of Scope 2 emissions by the market choice approach were detailed in item B.3 of this statement.

### C 2. Description of Offsetting Instruments - Carbon Credits

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

For this, Imperial Tobacco Canada Limited acquired credits totaling 5000 tCO<sub>2</sub>e with 2700 to retired in the VCS for 2022 – Monet Forest Conservation Project. The balance of 2300 was retired for 2023. Additionally, 400 credits from STX were also retired for 2023. Certificates are attached in Annex E.

### C3. Use of Carbon Neutrality Instruments

The residual emissions of Scope 1, according to inventory audited by KPMG, totals 2553 tonnes of CO<sub>2</sub>eq. The residual emissions of Scope 2, according to inventory audited by KPMG and depending on the market choice approach with the use of RECs (as item B.3), were considered to be zero.

For Imperial Tobacco Canada Limited, a total of 5000 carbon credits were acquired, for the years of 2022 which has the function of compensating emissions from the year 2022 for Scope 1 2681 (tCO<sub>2</sub>e) with 2700 credits retired, and the balance, 2300, retired for 2023. Details for these as well as the additional 400 credits from STX are described in section C.2 and attached in Annex E.

#### C4. Quality Criteria for Clearing Instruments

The carbon credits purchased, as mentioned in C.2, meet all the quality criteria provided for in PAS 2060:2014, including:

- Purchased credits represent an additional emission reduction (VCS Monet Forest Conservation Project)
- Project of origin of carbon credits meets the criteria of additionality, permanence and has no double counting risks (VCS Monet Forest Conservation Project).
- Purchased credits from STX,
- Carbon credits were verified by an independent third party and were issued after the reduction was verified (Verra does not issue ex-ante credits). The documentation and registration are on the public platform Verra which is an international standard with principles of quality (*Verra's Quality Assurance Principles including additionality, permanence, leakage and avoided double counting*).

## ANNEX D - REPORT ON THE VERIFICATION OF THIRD PART INDEPENDENT OF THE GHG EMISSIONS INVENTORY

### @ESG Limited Assurance Report

^ Refer to KPMG Independent Limited Assurance Report on page 2 for details on selected information.

Consumers of non-combustible products (number of, in millions) 23.9  
 Scope 1 CO<sub>2</sub>e emissions (thousand tonnes) 267  
 Scope 1 CO<sub>2</sub>e emissions including fugitive emissions (thousand tonnes) 299  
 Scope 2 CO<sub>2</sub>e emissions (market based) (thousand tonnes) 95  
 Scope 2 CO<sub>2</sub>e emissions (location based) (thousand tonnes) 342  
 Scope 1 and Scope 2 CO<sub>2</sub>e emissions intensity ratio (tonnes per £m revenue) 13.3  
 Scope 1 and Scope 2 CO<sub>2</sub>e emissions intensity ratio (tonnes per EUR m revenue) 11.5  
 Total Scope 3 CO<sub>2</sub>e emissions (thousand tonnes) ^ - for 2022, Scope 3 GHG emissions are reported one year later 6,045  
 Total energy consumption (GWh) 2,182  
 Energy consumption intensity (GWh per million £ revenue) 0.08  
 Energy consumption intensity (GWh per million EUR revenue) 0.07  
 Renewable energy consumption (GWh) 832  
 Non-Renewable energy consumption (GWh) 1,350  
 Total waste generated (thousand tonnes) 114.94  
 Hazardous waste and radioactive waste generated (thousand tonnes) 1.59  
 Total waste recycled (thousand tonnes) 100.7  
 Total water withdrawn (million m<sup>3</sup>) 3.16  
 Total water recycled (million m<sup>3</sup>) 1.02  
 Total water discharged (million m<sup>3</sup>) 1.53  
 Emissions to water:  
 – 60% of the facilities reported not using priority substances, and 74% reported not having them in storage  
 – out of 48 priority substances, 44% are reported as not used, 44% are reported as not stored  
 Number of operations sites in areas of high-water stress with and without water management policies 24/0  
 % of sources of wood used by our contracted farmers for curing fuels that are from sustainable sources ^ 99.99  
 % of tobacco hectares reported to have appropriate best practice soil and water management plans implemented ^ 81  
 % of tobacco farmers reported to grow other crops for food or as additional sources of income ^ 93.3  
 % of farms monitored for child labour ^ 100  
 % of farms with incidents of child labour identified ^ 0.15  
 Number of child labour incidents identified ^ 359  
 % of child labour incidents reported as resolved by end of the growing season ^ 100  
 % of farms monitored for grievance mechanisms ^ 100.0  
 % of farms reported to have sufficient PPE for agrochemical use ^ 99.99  
 % of farms reported to have sufficient PPE for tobacco harvesting ^ 99.7  
 H&S - Lost Time Incident Rate (LTIR) 0.17  
 H&S - Number of serious injuries (employees) 12  
 H&S - Number of serious injuries (contractors) 9  
 H&S - Number of fatalities (employees) 2  
 H&S - Number of fatalities (contractors) 2  
 H&S - Number of fatalities to members of public involving BAT vehicles 3  
 % female representation in Management roles 42  
 % female representation on Senior Leadership teams 33  
 % of key leadership teams with at least a 50% spread of distinct nationalities 100  
 Global unadjusted gender pay gap (average %) 14  
 Incidents of non-compliance with regulations resulting in fine or penalty 3



Incidents of non-compliance with regulations resulting in a regulatory warning 0  
 Number of established SoBC breaches 123  
 Number of disciplinary actions taken as a result of established SoBC breaches that resulted in people leaving BAT 79  
 Number of established SoBC breaches - relating to workplace and human rights 69  
 % of product materials and high-risk indirect service suppliers that have undergone at least one independent labour audit within a three-year cycle@ 58.8  
 BAT Annual Report and Form 20-F 2023 Governance Report Financial Statements Other Information

## @ESG 2023 Assured Metrics

KPMG have conducted independent, limited assurance in accordance with ISAE 3000 over the 2023 ESG 'Selected Information' listed below, as contained in this Annual Report. KPMG's Independent Limited Assurance Report is provided on page 120.

1

### 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 2023.

#### 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 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 within BAT's Combined Annual and Sustainability Report ('the Report') for the year ended 31 December 2023 on pages 11 and 115 marked with a ♦ and listed as "Assured" on page 119 ('the Selected Information'). The Selected Information is for the year ended 31 December 2023 except for Total Scope 3 CO<sub>2</sub>e emissions which is 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.

#### Reporting Criteria

The Reporting Criteria we used to form our judgements are British American Tobacco's Reporting Guidelines 2023 as set out at [www.bat.com/esgreport](http://www.bat.com/esgreport) ('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 sustainability 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:

- The designing, implementing 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 selection and/or development of 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 Management**

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. The firm applies International Standard on Quality Management 1 (UK) Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, which requires the firm to design, implement and operate a system of quality management including policies 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;
  - Performing risk assessment 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
  - 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; 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 Selected Information marked with a ^ symbol on page 119, our procedures did not include physical visits to the farms which provided the source data for the Leaf Data and Human Rights Selected Information and testing the accuracy of the sales volumes in BAT’s Procurement IT system which were used in calculating Scope 3 CO<sub>2</sub>e emissions (thousand tonnes) including the Scope 3 supply chain CO<sub>2</sub>e 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 Selected Information.

#### **This Report’s Intended Use**

Our report has been prepared for BAT solely in accordance with the terms of our engagement. We have consented to the publication of our report on BAT's website for the purpose of BAT showing that it has obtained an independent assurance report in connection with the Selected Information.

Our report was designed to meet the agreed requirements of BAT determined by BAT's needs at the time. Our report should therefore not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than BAT for any purpose or in any context. Any party other than BAT who obtains access to our report or a copy and chooses to rely on our report (or any part of it) will do so at its own risk. To the fullest extent permitted by law, KPMG LLP will accept no responsibility or liability in respect of our report to any other party.

**George Richards**

for and on behalf of KPMG LLP

Chartered Accountants

15 Canada Square

London E14 5GL

07 February 2024

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. @

BAT Annual Report and Form 20-F 2023

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**Sustainable Future**

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## ANNEX E - RETIREMENT STATEMENTS FOR ENERGY ORIGIN GUARANTEE INSTRUMENTS (I- RECS) AND CARBON CREDITS

### Transaction Confirmation



Date: 12-30-2022

M-RETS Organization: Innergex Cartier Energie SEC

#### Retiring 478 active RECs

Account	ID	Project	Fuel Type	Vintage	Location	Quantity	Serial Number
Default	50C2E3D2-A82D	Gros Morne Facility	Wind	2022-09-01	QC	478	2826-QC-09-2022-53FADE41-56697-57174

#### Retirement reason:

Beneficial Ownership - For Beneficial Owner 'Individual'

#### Retirement reason details:

Notes: REC 2022

#### to this retirement account

Imperial Tobacco Company Limited

*M-RETS hereby declares this transaction confirmation shall serve as proof that the above transaction was completed on the date listed.*

## Transaction Confirmation



Date: 05-31-2023

M-RETS Organization: Innergex Carlier Energie SEC

### Retiring 1151 active RECs

Account	ID	Project	Fuel Type	Vintage	Location	Quantity	Serial Number
Default	50C2E3D2-A82D	Gros Morne Facility	Wind	2023-04-01	QC	1151	2826-QC-04-2023-DEE6A580-53343-54493

### Transaction Notes:

REC 2023

### Retirement reason:

Beneficial Ownership - For Beneficial Owner 'Individual'

### Retirement reason details:

### to this retirement account

Imperial Tobacco Company Limited

M-RETS hereby declares this transaction confirmation shall serve as proof that the above transaction was completed on the date listed.



## Transaction Confirmation



Date: 07-25-2023

M-RETS Organization: Innergex Cartier Energie SEC

### Retiring 1036 active RECs

Account	ID	Project	Fuel Type	Vintage	Location	Quantity	Serial Number
Default	50C2E3D2-A82D	Gros Morne Facility	Wind	2023-05-01	QC	1036	2826-QC-05-2023-390896E2-34222-35257

### Transaction Notes:

REC 2023

### Retirement reason:

Beneficial Ownership - For Beneficial Owner 'Individual'

### Retirement reason details:

### to this retirement account

Imperial Tobacco Company Limited

*M-RETS hereby declares this transaction confirmation shall serve as proof that the above transaction was completed on the date listed.*

## Transaction Confirmation



Date: 12-19-2023

M-RETS Organization: Innergex Cartier Energie SEC

### Retiring 1904 active RECs

Account	ID	Project	Fuel Type	Vintage	Location	Quantity	Serial Number
Default	50C2E3D2-A82D	Gros Morne Facility	Wind	2023-09-01	QC	1904	2826-QC-09-2023-895BAC6F-69678-71581

### Transaction Notes:

REC 2023

### Retirement reason:

Beneficial Ownership - For Beneficial Owner 'Individual'

### Retirement reason details:

### to this retirement account

Imperial Tobacco Company Limited

*M-RETS hereby declares this transaction confirmation shall serve as proof that the above transaction was completed on the date listed.*

For 2022 emissions (Historical context)



## Certificate of Verified Carbon Unit (VCU) Retirement

Verra, in its capacity as administrator of the Verra Registry, does hereby certify that on 05 Jan 2023, 2,700 Verified Carbon Units (VCUs) were retired on behalf of:

Imperial Tobacco Canada Limited


**Project Name**

Monet Forest Conservation Project

**VCU Serial Number**

11556-339471098-339473797-VCS-VCU-466-VER-CA-14-2322-01052016-30042021-0

**Additional Certifications**

Powered by  APX

For 2023:



## Certificate of Verified Carbon Unit (VCU) Retirement

Verra, in its capacity as administrator of the Verra Registry, does hereby certify that on 16 Feb 2023, 2,300 Verified Carbon Units (VCUs) were retired on behalf of:

Imperial Tobacco Canada Limited

**Project Name**

Monet Forest Conservation Project

**VCU Serial Number**

11556-339473798-339476097-VCS-VCU-466-VER-CA-14-2322-01052016-30042021-0

**Additional Certifications**

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 19 Feb 2024, 1,800 Verified Carbon Units (VCUs) were retired on behalf of:

British American Tobacco Group - Imperial Tobacco Canada Limited

**Project Name**

Chudu Afforestation Project

**VCU Serial Number**

9894-156796159-156797958-VCS-VCU-1310-VER-CN-14-2087-01012019-31122019-1

**Additional Certifications**

CCB-No Distinction

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## ANNEX F – MANAGEMENT DECLARATION

## Independent Limited Assurance Declaration

BAT - Imperial Tobacco Canada Limited

Verification Period: February 09th 2024 to April 15th 2024

Process Code for PAS 2060:2014 Certification Process: IT-23-2024

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

BAT – Imperial Tobacco Canada Limite, contracted Instituto Totum to conduct a limited assurance assessment regarding the Carbon Neutrality Declaration ("Qualifying Explanatory Statement" document) for the Unit – Canada, for the period from *December 1<sup>st</sup> 2022 to November 30<sup>th</sup> 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 16<sup>th</sup> February 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 Canada 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.

### 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.

### 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.

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.