

# Qualifying Explanatory Statement

(As per PAS 2060)

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**British American Tobacco /Jordan PSC**

**Carbon Neutrality Statement according to PAS 2060: 2014**

**“Qualifying Explanatory Statement”**

*“Carbon Neutrality for the industrial/ services / logistics / activities of British American Tobacco /Jordan PSC, declared in accordance with standard PAS 2060: 2014 on DATE, for the period from December 1<sup>st</sup>, 2021 to November 30<sup>th</sup> 2022, certified by the Totum Institute.”*

Name of the Senior Representative	Signature of the Senior Representative
Muayyad Hamarneh, Operations Manager	
Date: 13/03/2023	

Company: British American Tobacco /Jordan PSC

Issue Date: 13<sup>th</sup> March 2023

Assurance Authority: Totum Institute

Verification Report: IT-06-2023

Neutrality Report: December 1st, 2021 to November 30th, 2022

Previous Certifications Obtained: December 1<sup>st</sup>, 2020 to November 30<sup>th</sup>, 2021

*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 British American Tobacco /Jordan PSC has achieved carbon neutrality for its manufacturing activities within the facility, including owned company vehicles and commercial offices on the same site. All managed directly by BAT, aligned to the guidelines of PAS 2060: 2014, in the period from 1<sup>st</sup> of December 2021 to the 30<sup>th</sup> of November 2022.


<b>PAS 2060 Requirement</b>	<b>Explanation</b>
Entity Responsible for the Declaration	British American Tobacco /Jordan PSC
Object of Declaration	Manufacturing activities at the BAT Jordan factory, including owned company vehicles and commercial offices on the same site.
Object Description	The PAS2060 will be targeting Jordan's factory plant including all machinery and ancillaries. As well as management offices and vehicles owned and operated by BAT.
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 BritishAmerican Tobacco Plc (BAT), CR360 reporting other than fugitive emissions. The fugitive emissions were accounted as per ISO 14063 – 1 2018 standards.
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> , 2021 – November 30 <sup>th</sup> , 2022

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 <sup>st</sup> ,2021 to November 30 <sup>th</sup> ,2022
Total emissions (location-based method) of the object in the period from December 1 <sup>st</sup> , 2021, to November 30 <sup>th</sup> , 2022.	828.786 tCO <sub>2</sub> e
Total emissions (market-based method) of the object in the period from December 1 <sup>st</sup> , 2021, to November 30 <sup>th</sup> , 2022.	56.466 tCO <sub>2</sub> e
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

*“Carbon Neutrality for the industrial/ services/ activities of British American Tobacco /Jordan PSC, declared in accordance with standard PAS 2060:2014 on December 13, for the period from December 1<sup>st</sup>, 2021, to November 30<sup>th</sup> 2022, certified by the Totum Institute.”*

Name of the Senior Representative	Signature of the Senior Representative
Muayyad Hamarneh	
Date: 13/03/2023	

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

### A.1. Object Description

BAT Jordan factory including its facilities and management offices is the objective of this PAS2060 certificate renewal for the period December 2021 to November 2022.

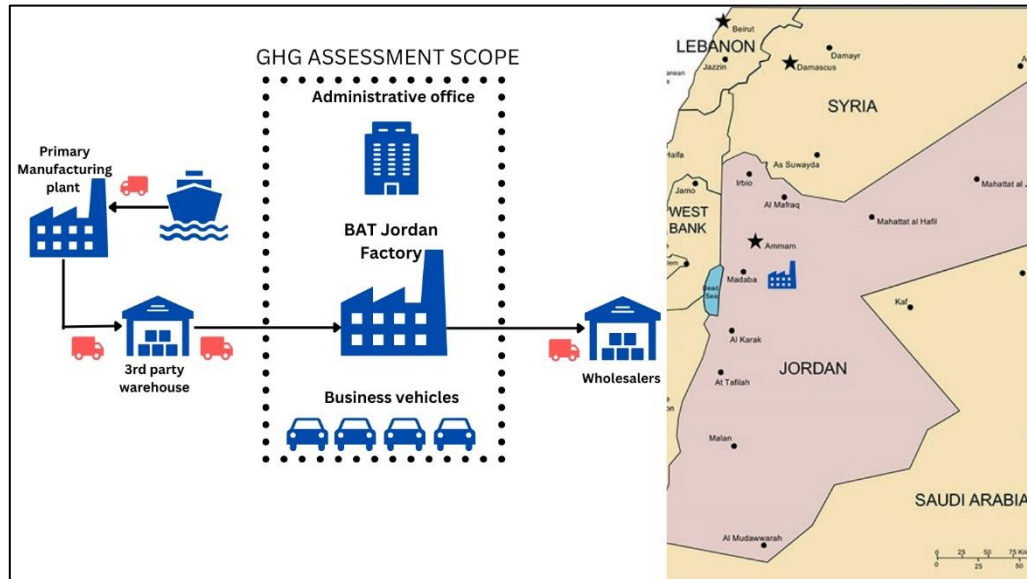


Figure 1: BAT Jordan operating footprint

The BAT Jordan Factory and all management offices are in one site, located 32 KM south of Amman in Al-Qastal Industrial Area.

BAT Jordan factory, which is under the control and management of BAT, was opened in its current locations in 2015 after moving from a previous location in the same AL-Qastal Industrial area. Since making the move, the factory has benefitted from the improved building/hangar conditions to implement successive investments in infrastructure and technology have allowed the incorporation of high quality and progressively better energy and emissions management standards.

BAT Jordan factory produces around 1.6 billion cigarettes per year supplying the local market.

Manufacturing at BAT Jordan is made up of the Secondary Process, mainly combining wrapping materials and cut rag tobacco (CRT) to produce one type of finished goods, which is packaged cigarettes.

The cigarette itself is assembled and the product is inserted into the package for distribution. At this stage, the tobacco enters the cigarette production line: it is wrapped in paper, which, after being cut, receives the filter. Assembled units are bundled and inserted into cases, then sealed and packaged as the final product.

Jordan’s factory plant including all machinery and ancillaries, as well as management offices and vehicles owned and operated by BAT will be the main scope of this PAS2060 certificate.

## A.2. Carbon Footprint Summary

BAT Jordan, including the Secondary Manufacturing Department (SMD) and Trade Marketing & Distribution (TM&D), is considered as one operational unit.

The below tables summarize both scope 1 and scope 2 emissions for the reporting period December 2021 to November 2022:

Emission Source	Emission Type	Location Based Emissions (tCO2e)	Market Based Emissions (tCO2e)
Petrol/Gasoline – Vehicles	Scope 1 mobile combustion	45.652	45.652
AC/HVAC Units	Scope 1 stationary combustion	10.505	10.505
Diesel – Sites and Offices	Scope 1 stationary combustion	0.189	0.189
CO2 extinguisher	Scope 1 stationary combustion	0.12	0.12
<b>Total Scope 1 Emissions (tCO2e)</b>		<b>56.466</b>	<b>56.466</b>

Table 1: BAT Jordan Scope 1 Emissions Summary

Emission Source	Emission Type	Location Based Emissions (tCO2e)	Market Based Emissions (tCO2e)
Grid Connected Electricity	Scope 2	772	0
<b>Total Scope 2 Emissions (tCO2e)</b>		<b>772</b>	<b>0</b>

Table 2: BAT Jordan Scope 2 Emissions Summary

## A.3. Standards and Methodologies Used

### A.3.1 Reporting Period Covered and Frequency of Internal Reporting

BAT Jordan follows the standards and guidelines of the GHG Protocol in terms of reporting. The data are collected through the reporting platform (CR360) on a monthly basis which considers the period from December previous year to November current year. Accordingly, the period considered for emissions inventory and carbon neutrality verification is from December 2021 to November 2022.

### A.3.2 Report Standards and Scope

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 monthly basis. The used Global Warming Potential factors in this report are per the UK Government GHG Conversion Factors for Company Reporting, DEFRA/BEIS, which uses the IPCC 4<sup>th</sup> assessment report as a reference.

BAT Jordan has defined its organizational boundary for GHG reporting as highlighted in figure 01 of this report, based on the operational control approach, where it has the site operations ownership, responsibility, and financial controls. Hence this report does not include any emissions which BAT Jordan does not have a direct control of, although the emissions may be created in its own interest. The organizational boundary includes the manufacturing of packaged cigarettes, warehousing and administrative functions located in Al-Qastal industrial Area.

The GHG emissions within the operating boundaries are comprised within two categories as scope 1 and 2, based on the type of activity and the nature of emission that is generated from its source.

The following table shows the reported categories for both scope 1 and scope 2 emissions, as well as scope 3 emissions which were not accounted for in this report:

Category	Scope	Included
Vehicles Gasoline/Petrol	Scope 1	Yes
Diesel Oil	Scope 1	Yes
Fugitive Emissions from AC/HVAC Units	Scope 1	Yes
Fugitive Emissions from CO2 Fire Extinguishers	Scope 1	Yes
Purchased Electricity	Scope 2	Yes
<ul style="list-style-type: none"> <li>• 3rd party articulated &amp; rigid truck used for transporting materials</li> <li>• 3rd party vans used for transporting materials</li> <li>• Employees commuting</li> <li>• Air freight</li> <li>• Sea freight</li> <li>• Business travel</li> <li>• Waste produced, transport and disposal</li> <li>• Municipal Water Consumption</li> <li>• Wastewater transportation and treatment</li> </ul>	Scope 3	No

Table 3: Emission Scopes & Sources

Scope 1 and scope 2 CO<sub>2</sub>e emissions are accounted in tonnes, reporting by BAT Jordan is based on the standards and guidelines of the GHG Protocol. The data are collected through the reporting platform (Cr360), which allows the calculation of CO<sub>2</sub>e emissions from data entry by the respective Sustainability teams.

The methods used to quantify GHG emissions include the use of primary data, so that the calculation can be verified, and uncertainty reduced.

Emissions from electricity are calculated using International Energy Agency (IEA) data for standard electricity grid by country, however, since BAT Jordan has procured I-RECs to certify all electricity consumption is from renewable energy, we use the I-REC project specific emissions factor which is in our case zero.

Emissions from fuel use by sites and offices are calculated using a range of factors using UK Department for Business, Energy & Industrial Strategy (BEIS) GHG Conversion Factors for Reporting, 2021. This is justified by the fact that emission factors for Jordan fuels are not available in official sources and the company, as a global organization, decided to use BEIS emission factors in all the sites where local emission factors are not accessible.

For BAT Jordan, Scope 1 emissions cover the consumption of petrol fuel, AC/HVAC emissions, diesel used for an emergency generator and CO<sub>2</sub> emissions from refilling on site fire extinguishers.

Scope 2 covers purchased electricity which is all from renewable sources, Renewable Energy Certificates (I-RECs) are acquired to guarantee the renewable origin of energy.

Scope 3 emissions for the whole group are calculated at a global level. BAT Jordan is partially aware of their Scope 3 emissions which do not have a significant contribution to the whole group carbon footprint. Due to this, and the fact that Scope 3 emissions calculation was not technically viable or cost effective, these emissions were not taken into consideration and not calculated.



### A.3.3 Selection of Quantification Approach

#### GHG Emissions Quantification

The input data that have different units of measure (for example, kWh, tons, litres) are converted into energy units (GJ) and emission units (tCO<sub>2</sub>e) using the emissions factors in the following table:

Emissions Source	Location Based Factor	Market Based Conversion Factor	Justification
Petrol/ Gasoline (tCO <sub>2</sub> e per litre)	0.0023397	0.0023397	UK Government GHG Conversion Factors for Company Reporting, 2021, DEFRA/BEIS
Diesel Oil (tCO <sub>2</sub> e per tonne)	3.2088	3.2088	
Electricity (gCO <sub>2</sub> e/kWh)	420.3	0	Emission factor for I-RECs source project

Table 4: CO<sub>2</sub>e Emission Factors

Scope 1 and 2 (market-based and location-based) emissions are tracked and compared monthly with reference to the overall year sum and compared to the same period last year.

#### Scope 1 Emissions

##### Vehicles (Mobile Combustion)

BAT Jordan factory owns 5 business vehicles used for commercial, operations and security services, all 5 vehicles have been replaced in late November 2022 by electric vehicles which is a part of BAT Jordan's commitment in lowering its carbon emissions.

Calculation of CO<sub>2</sub> emissions resulting from business vehicles are shown in tables 3 and 4 below:

Vehicle	Distance travelled (Km)	Fuel QTY (L)
Vehicle #1	53628	5242
Vehicle #2	61736	5491
Vehicle #3	25714	2051
Vehicle #4	42990	3011
Vehicle #5	34198	3717
<b>Total</b>	<b>218266</b>	<b>19512</b>

Table 5: BAT Jordan Fuel Consumption

Period start	Period end	Fuel type	Fuel QTY (L)	Emissions factor (tCO <sub>2</sub> e/L)	Total emissions (tCO <sub>2</sub> e)
01/12/2021	30/11/2022	Petrol/Gasoline	19512	0.0023397	<b>45.65</b>

Table 6: BAT Jordan Emissions from Mobile Consumption of Petrol/Gasoline

## Air-Conditioning and HVAC Fugitive Emissions

BAT Jordan has 51 AC units and three HVAC units distributed within the facility, gases used are either R22, R407C or R410A.

Based on “Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance”, and using the Global Warming Potential (GWP) factors as per “UK Government GHG Conversion Factors for Company Reporting 2021, DEFRA/BEIS, the fugitive emissions resulting from AC & HVAC within BAT factory were calculated as in the following table:

Refrigerant	Fugitive emissions (Kg)	GWP (tCO <sub>2</sub> e/Kg)	Total emissions (tCO <sub>2</sub> )
R22	38.13	1.81	7.77
R407C	33.75	1.774	2.09
R410A	5.35	2.088	0.65
<b>Total emissions (tCO<sub>2</sub>e)</b>			<b>10.505</b>

Table 7: Refrigerant Emissions

## Emergency Diesel Generator

BAT Jordan has a diesel generator used for emergencies in case of power outages. The generator is tested monthly and only operated for short periods of time since power outages are not common within the factory’s area.



Figure 2: Diesel Generator Onsite

Fugitive emissions from operating the generator are calculated as in the table below:

Period start	Period end	Fuel type	Fuel QTY (L)	Conversion factor (Tone/L)	Emissions Factor (tCO <sub>2</sub> e/tonne)	Total emissions (tCO <sub>2</sub> e)
01/12/2021	30/11/2022	Diesel oil	69.3	0.00085	3.2088	<b>0.189</b>

Table 8: Stationary Fuel Consumption & Emissions

## CO2 Fire Extinguishers

BAT Jordan owns 20 on site CO2 fire extinguishers distributed within the facility, the total emissions are in the table below where each extinguisher is emptied on a yearly basis and refilled:

Extinguisher	Count	Weight (Kg)	Refill schedule	Total emissions (tCO2)
Class C, CO2 extinguisher	20	6 Kg	Yearly	<b>0.12</b>

Table 9: Emissions from CO2 Fire Extinguishers

## Scope 2 Emissions

The total electricity consumption during the period December 2021 to November 2022 in BAT Jordan was 1,837,537 KWh, resulting in total location based emission of 772.32 tCO2e.

To guarantee the renewable origin of energy, Renewable Energy Certificates (I-RECs) have been acquired. Therefore, scope 2 emissions are excluded and accounted for as zero.

1838 I-RECs were purchased through a retirement declaration issued by the international platform I-REC Standard.

BAT Jordan monthly electricity consumption for the period December 2021 to November 2022 is shown in the below table:

Month	QTY (kWh)	Location based emission factor (tCO2e/Kwh)	Market based emission factor (tCO2e/Kwh)	Location based emissions (tCO2e)	Market based emissions (tCO2e)
December 2021	171,550	0.0004203	0	72.10	0
January 2022	106,800	0.0004203	0	44.89	0
February 2022	108,310	0.0004203	0	45.52	0
March 2022	129,230	0.0004203	0	54.32	0
April 2022	210,320	0.0004203	0	88.40	0
May 2022	146,987	0.0004203	0	61.78	0
June 2022	190,720	0.0004203	0	80.16	0
July 2022	148,700	0.0004203	0	62.50	0
August 2022	171,730	0.0004203	0	72.18	0
September 2022	128,340	0.0004203	0	53.94	0
October 2022	168,050	0.0004203	0	70.63	0
November 2022	156,800	0.0004203	0	65.90	0
<b>Total</b>	<b>1,837,537</b>			<b>772.32</b>	<b>0</b>

Table 10: BAT Jordan Electricity Consumption and Emissions

#### A.4. Information Assurance Level

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.

#### A5. Site Level tCO2e

Emission source	PAS 2060		tCO2e from Dec'21 till Nov'22 (Location based)
	Scope 1	Scope 2	
Petrol/Gasoline – Vehicles	✓		45.652
AC/HVAC Units	✓		10.505
Diesel – Sites and Offices	✓		0.189
CO2 extinguisher	✓		0.12
<b>Total Scope I emissions</b>			<b>56.466</b>
Grid connected electricity		✓	772.32
<b>Total Scope II emissions</b>			<b>772.32</b>
<b>Total Site emissions</b>			<b>828.78</b>

Table 11: Energy sources & tCO2e emissions

Emission source	PAS 2060		tCO2e from Dec'21 till Nov'22 (Market based)
	Scope 1	Scope 2	
<b>Total Scope I emissions</b>	✓		<b>56.466</b>
<b>Total Scope II emissions</b>		✓	<b>0</b>
<b>Total Site emissions</b>			<b>56.466</b>

Table 12: Site wise tCO2e market-based method

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

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

BAT Jordan has been tracking and reporting its energy consumptions over many years, with continuous efforts to improve its reporting standards and quality of data reported. Initially, the data was uploaded to CR360 system quarterly. The reporting is now carried out monthly, with better tracking of related issues to ensure improved reporting quality.

From 2021 onwards, the fugitive emissions were measured and reported.

The reporting period remained same as from 1st December previous year to 30th November current year.

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

BAT Jordan plans to reduce both scope 1 and scope 2 carbon emissions through a combination of technological upgrades and process improvements. An evidence-based five-year plan for the reduction of carbon emission was set through a full scope energy audit conducted in 2021 to identify improvement opportunities at the factory and set several projects to reduce its carbon footprint.

The carbon reduction management plan is phased out over 5 years (2022 – 2026). Over this period, BAT Jordan will aim to reduce emissions by executing a series of carbon energy efficiency and carbon abatement projects.

BAT Jordan has achieved its first project in mid-November 2022 through replacing its business cars with electric models as set to achieve in last year's QES. This will aid in eliminating around 40 tCO<sub>2</sub>e from scope 1 emissions per year starting next year's reporting period.



*Figure 3: BAT Jordan Business Vehicles*

## B2.1 Reduction through Regular Monitoring and Continuous Interventions

At BAT Jordan the emissions are tracked monthly and compared with the same period last year (SPLY) and the overall year to date (YTD) emissions per year to ensure that reduction goals are met. The reduction in emissions will be measured against the baseline year, 2020, represented by scope 1 and scope 2 emissions between Dec 1st 2019 and Nov 30th 2020.

Also, to improve our energy utilization and to highlight opportunities for further emissions reduction, 17 new energy submeters are now installed to monitor the consumption of our key energy centres.

The initiative which was completed in late 2022 will enable the respective team to obtain daily readings from energy meters, compare them with daily targets and carry out investigations whenever an abnormality has been observed.

## B2.2 Reduction from Efficiency Improvement Focus

Year on year, BAT Jordan has been able to reduce its total emissions compared to year 2020 (baseline).

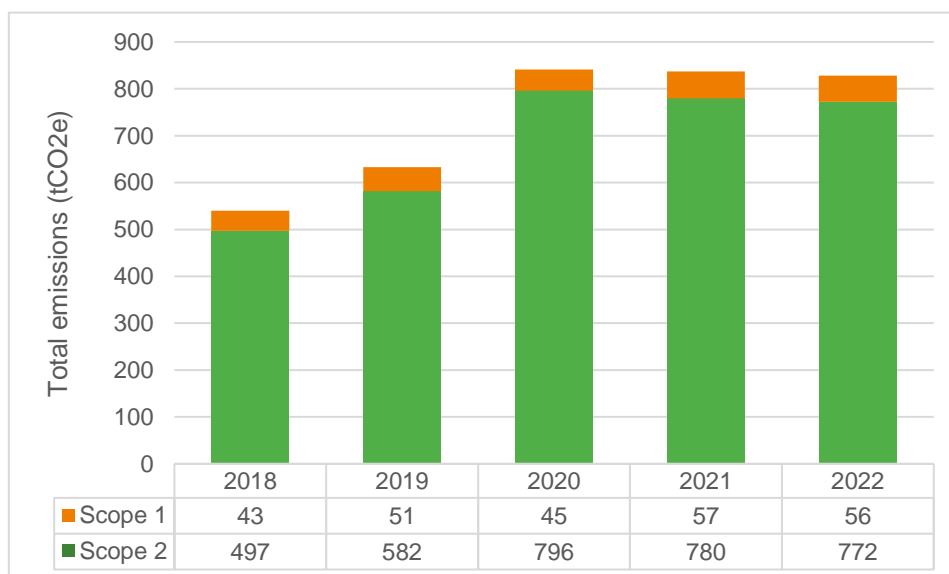


Figure 4: BAT Jordan total emissions

The figures below demonstrate our trend for both Scope 1 & Scope 2 emissions. Compared to 2020 (baseline), our Scope II emissions have decreased by around 24 tCO<sub>2</sub>e. While an increase in scope 1 emissions has been reported in 2021 & 2022, this increase is mainly because fugitive emissions were only included in the emissions calculations 2021 onwards.

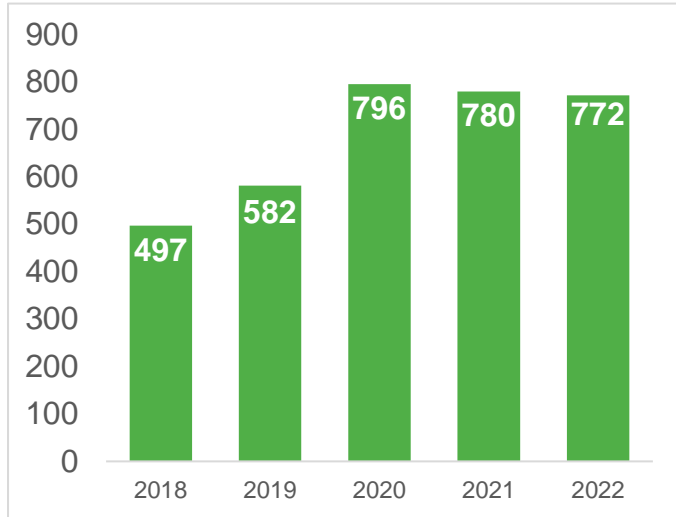


Figure 6: BAT Jordan Scope 2 emissions

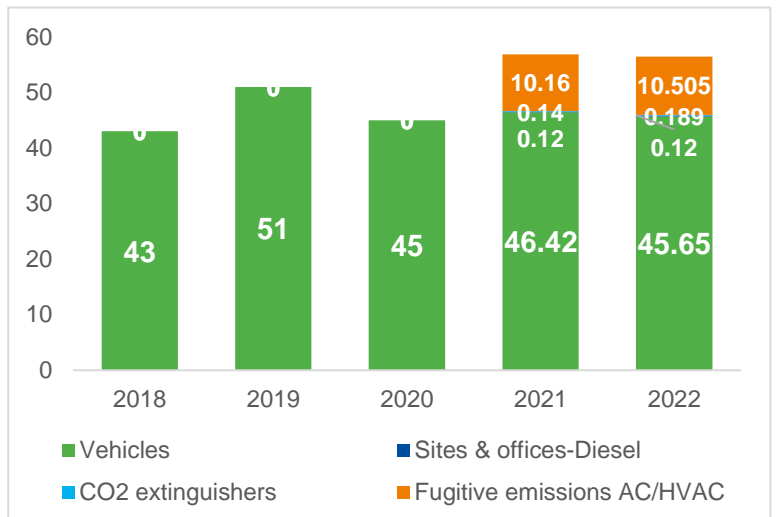


Figure 5: BAT Jordan Scope 1 emissions

BAT Jordan set several carbon abatement projects through its five-year plan with timelines to achieve, the target is to achieve a 93% reduction by end of 2025.

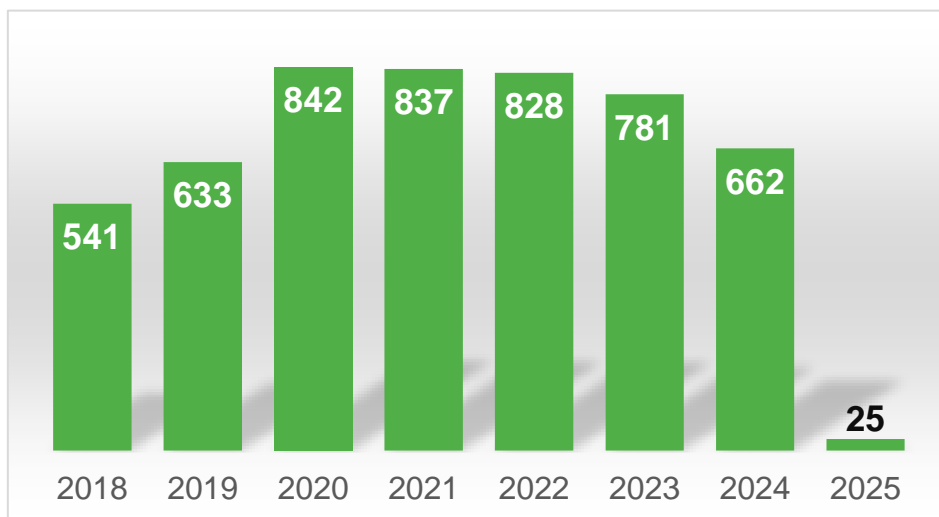


Figure 7: BAT Jordan 5-year emissions reduction glidepath

Energy saving (Kwh) and carbon abatement (tCO<sub>2</sub>e) in the table below are based on energy audit conducted in 2021, the reduction from exchanging business cars will be reported starting next year's QES for the period December 2022 to November 2023.

Carbon Abatement Project	Energy saving (Kwh)	Carbon Abatement tCO2e	Carbon Abatement %	Timeline	Status
Exchange business cars with electric models	NA	40	1.6%	2022	Completed
Install a central vacuum pump	15,971	7	0.8%	2023	Work in progress
Replace the package unit supplying the production area by a VRF system	75,503	33	4.0%	2024	Work in progress
Replace the package unit supplying the feeder area by a VRF system	52,149	23	2.7%	2024	Work in progress
Exchange air compressors with more efficient models	142,779	63	7.5%	2024	Work in progress
Utilize solar energy	1,444,000	637	76.1%	2025	Planned

Table 13: BAT Jordan Five-Year Plan for Carbon Abatement

### B3. Description of Renewable Energy Tracking Instruments

According to the emissions inventory verified independently, the total electricity consumption was 1,837,537 kWh, resulting in a total emission (location-based method) of 772.32 tCO<sub>2</sub> eq.

BAT Jordan has acquired Renewable Energy Certificates (I-RECs) to guarantee the renewable origin of energy. As the emission factor for green energy is zero, the total Scope 2 emissions are zero, according to the market-based methodology.

The purchase of 1838 I-RECs was demonstrated through a retirement declaration issued by the international platform I-REC Standard.



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

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

The renewable energy traceability instruments for calculating scope 2 location-based and market-based emissions (tCO<sub>2</sub>e) are detailed in section B.3 of this report.

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

BAT Jordan has retired 60 Verified Carbon Units (VCU) to offset all remaining scope 1 emissions, which total to 56.841 tonnes used in Bukaleba Forest Project in Uganda, implemented on land within the Bukaleba Central Forest Reserve in Mayuge. The retirement certificate is included in ANNEX E.

Carbon credits acquired by BAT Jordan represent Verified Emission Reduction (VER) which are in accordance with the Verified Carbon Standard (VCS) and demonstrate additionality according to the VCS project test or the CDM Additionality tool.

The project reduces greenhouse gas (GHG) emissions by planting forests to sequester CO<sub>2</sub>. Alongside GHG reductions, the project leads to substantial socio-economic development, which supports local communities in the project area.

Reforestation activities enhance the area's biodiversity and ability to sequester carbon emissions, and lead to many more impactful co-benefits. The project promotes many conservation activities, including soil conservation, protecting vital water sources, and boosting biodiversity. Implementing this project benefits the forestry sector through an increase in timber supply, improved management of the national resource base, and significantly reduced pressure on existing natural forests.

### **C3. Use of Carbon Neutrality Instruments**

Scope 1 residual emissions sum up to a total of 60 tCO<sub>2</sub>e, where VCU were retired as shown in Section C.2 resulting in a total of zero for scope 1 emissions. Scope 2 market-based emissions were also considered as zero due to acquiring I-RECs. Thus, BAT Jordan is considered as carbon neutral in terms of both scope 1 emissions and scope 2 emissions.

### **C4. Quality Criteria for Clearing Instruments**

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

- Acquired credits represent an emission reduction considered additional (VCS799 - Busoga Forestry Co. Ltd (Subsidiary Green Resources)/ Agriculture Forestry and Other Land Use
  
- Projects originating from carbon credits meet the criteria of additionality, permanence and do not have double counting risks (VCS799 - Busoga Forestry Co. Ltd (Subsidiary Green Resources)/ Agriculture Forestry and Other Land Use
  
- The public platform Verra, which is an international standard and a platform that has Quality principles (Verra's Quality Assurance Principles including additionality, permanence, leakage and avoided double counting) contains all documentation of the Project from which the Carbon Credits were acquired.
  - [VCS Quality Assurance Principles - Verra](#)
  - <https://registry.verra.org/app/projectDetail/VCS/799>

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

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.

<sup>^</sup> 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)	22.60
Scope 1 CO <sub>2</sub> e emissions (thousand tonnes)	308
Scope 2 CO <sub>2</sub> e emissions (market based) (thousand tonnes)	113
Scope 2 CO <sub>2</sub> e emissions (location based) (thousand tonnes)	368
Scope 1 and Scope 2 CO <sub>2</sub> e emissions intensity ratio (tonnes per £m revenue)	16.20
Scope 1 and Scope 2 CO <sub>2</sub> e emissions intensity ratio (tonnes per EUR m revenue)	13.00
Total Scope 3 CO <sub>2</sub> e emissions (thousand tonnes) <sup>^</sup> - for 2021, Scope 3 emissions are reported one year later	6,243
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)	1,674
Waste generated (tonnes)	126,888
Hazardous waste and radioactive waste generated (tonnes)	1,763
Total waste recycled (tonnes)	106,997
Total water withdrawn (million m <sup>3</sup> )	3.60
Total water recycled (million m <sup>3</sup> )	1.02
Total water discharged (million m <sup>3</sup> )	1.68
% of operations sites reported no production process use of priority substances <sup>^</sup>	100
% operations sites not using priority substances in any on-site ancillary / support processes <sup>^</sup>	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 <sup>^</sup>	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 <sup>^</sup>	82
% of tobacco farmers reported to grow other crops for food or as additional sources of income <sup>^</sup>	92.8
% of farms monitored for child labour <sup>^</sup>	99.99
% of farms with incidents of child labour identified <sup>^</sup>	0.38
Number of child labour incidents identified <sup>^</sup>	942
% of child labour incidents reported as resolved by end of the growing season <sup>^</sup>	100
% of farms monitored for grievance mechanisms <sup>^</sup>	100
% of farms reported to have sufficient PPE for agrochemical use <sup>^</sup>	99.9
% of farms reported to have sufficient PPE for tobacco harvesting <sup>^</sup>	99.8
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	68
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	38.8

# 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](http://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 Leaf 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 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 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 Canada 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 FOR ENERGY ORIGIN GUARANTEE INSTRUMENTS (I-RECS) AND CARBON CREDITS



This Redemption Statement has been produced for

**BRITISH AMERICAN TOBACCO COMPANY JORDAN**

by

**ACT COMMODITIES BV**

confirming the Redemption of

**1 213**

I-REC Certificates, representing 1 213 MWh of electricity generated from renewable sources

This Statement relates to electricity consumption located at or in

**Jordan**

in respect of the reporting period

**2021-12-01 to 2022-07-31**

The stated Redemption Purpose is

**Retirement on behalf of British American Tobacco Company Jordan for consumption between December 2021 and July 2022**

## Evident



### 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

**2 9 7 5 7 7 3 6**

<https://evident.app/public/certificates/en/YAK9TmFzR9327tVWQZ/VdIro2RbAQOQyH3gdyNs1xaIBNeh2xkoV4PpdKu4422>



This Redemption Statement has been produced for

## BRITISH AMERICAN TOBACCO COMPANY JORDAN

by

### ACT COMMODITIES BV

confirming the Redemption of

# 625.000000

I-REC Certificates, representing 625.000000 MWh of  
electricity generated from renewable sources

This Statement relates to electricity consumption located at or in

## Jordan

in respect of the reporting period

### 2022-08-01 to 2022-11-30

The stated Redemption Purpose is

**Retired on behalf of British American Tobacco Jordan**

# Evident



### 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

4 3 4 7 1 8 2 2

<https://evident.app/public/certificates/en/PYYzYv7We7/Y0kDbV+trtQW0tsRgsuJStyRKx34351tsAlwdmAv7qNyo>

## Reference to Carbon Offsets Purchased by British American Tobacco / Jordan

- Bukaleba Forest Project - <https://registry.verra.org/app/projectDetail/VCS/799>





### Certificate of Verified Carbon Unit (VCU) Retirement

Verra, in its capacity as administrator of the Verra Registry, does hereby certify that on 22 Nov 2022, 60 Verified Carbon Units (VCUs) were retired on behalf of:

British American Tobacco Jordan - Consumption Period December 2021 to November 2022

**Project Name**  
Bukaleba Forest Project

**VCU Serial Number**  
8081-453319029-453319088-VCU-006-APX-UG-14-799-21072011-30112016-0

**Additional Certifications**

Powered by  APX

## ANNEX F – MANAGEMENT DECLARATION

British American Tobacco /Jordan PSC

Reference Objects: Jordan Factory

To: Totum Institute

Hereby we request your expert interventions to verify and declare the Carbon Neutral Status of the reference object of Jordan factory listed below, aligned to PAS 2060 verification standards.

Object	Longitude	Latitude
Jordan Factory	31.749	35.963

Table 14: BAT Jordan Coordinates

I-RECS and Carbon Offset certificates were required to guarantee the net-off and off-set the Scope II and Scope I emission of Jordan factory for the period of consideration 1<sup>st</sup> December 2021 to 30<sup>th</sup> November 2022.

### Total I-REC Quantity Purchased

Total IRECS Quantity purchased				
Period	Supplier	Volume	From certificate	To certificate
1 <sup>st</sup> Dec 2021-31 <sup>st</sup> Jul 2022	ACT Commodities	1213	0000-0002-8626-8647	0000-0002-8626-9859
1 <sup>st</sup> Aug 2022- 30 <sup>th</sup> Nov 2022	ACT Commodities	625	0000-0002-8627-6169.000000	0000-0002-8627-6793.999999

### Allocation of IRECS

Object	Electricity consumption (kWh)	I-RECS Allocation
Jordan factory	1,837,537	1838



## Total Carbon Credits Quantity Purchased

Total Carbon Credits Quantity Purchased			
Project Name	CC Quantity	Serial number	Retired date To certificate
Bukaleba Forest Project	ACT Commodities	8081-453307296-453308795-VCU-006-APX-UG-14-799-21072011-30112016-0	22 <sup>nd</sup> Nov 2022

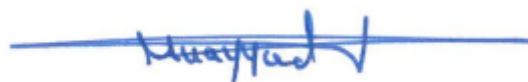
## Allocation of carbon credits

Emission Source	Emission Type	Emissions (tCO2e)	Carbon Credit Quantity
Petrol/Gasoline – Vehicles	Scope 1 mobile combustion	45.652	60  Project ID 799
AC/HVAC Units	Scope 1 stationary combustion	10.505	
Diesel – Sites and Offices	Scope 1 stationary combustion	0.189	
CO2 extinguisher	Scope 1 stationary combustion	0.12	
<b>Total Scope 1 Emissions (tCO2e)</b>		<b>56.466</b>	

As per the explanations given above in tables, the scope I and Scope II tCO2e emission generated from 1st December 2021 to 30th November 2022 are off-set by using the instruments purchased as Carbon Credits and I-RECs which guaranteed the carbon neutrality status of BAT Jordan factory.

Finally, we request that this declaration be used as an instrument to ensure that the certifications attached to the Totum Institute System are considered as reference to the objects of BAT Jordan PSC and validated for the PAS 2060 verification.

Sincerely,



Muayyad Hamarneh

Operations Manager

British American Tobacco/ Jordan PSC