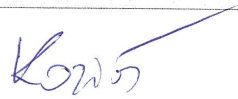


Qualifying Explanatory Statement

(As per PAS 2060)

Document Preparation		
Function/Designation	Name	Signature
Engineering Manager	Maciej Kozioł	

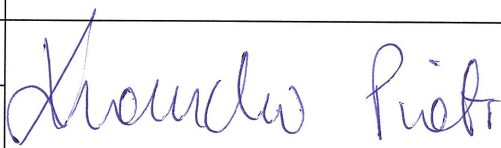
Version Control	
Change	Date
Published document	16.04.2024

eSmoking Liquids sp. z o.o.

Carbon Neutrality Statement according to PAS 2060: 2014

"Qualifying Explanatory Statement"

"Carbon Neutrality for the industrial activities of eSmoking Liquids sp. z o.o., declared in accordance with standard PAS 2060: 2014, 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
Piotr Krasucki – Factory Manager	
Date: 16.04.2024	

Company: eSmoking Liquids sp. z o.o.

Issue Date: 16.04.2024

Assurance Authority: Totum Institute

Verification Report: IT-32-2024

Neutrality Report: December 1st, 2022 to November 30th, 2023

Previous Certifications Obtained: IT-04-2023

Note: the term "carbon" used throughout this document represents an abbreviation for the aggregate of greenhouse gases (GHG), reported as CO₂e (carbon dioxide equivalent)

INTRODUCTION

This document is the declaration of carbon neutrality to demonstrate that eSmoking Liquids sp. z o.o. has achieved carbon neutrality for its Liquids Factory in Rojów, managed directly by BAT, aligned to the guidelines of PAS 2060: 2014, in the period from December 1st, 2022 to November 30th, 2023.

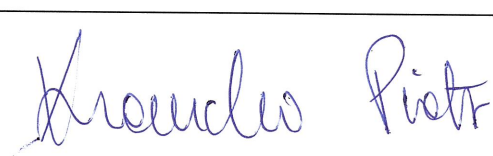
PAS 2060 Requirement	Explanation
Entity Responsible for the Declaration	eSmoking Liquids sp. z o.o.
Object of Declaration	Nicotine Liquids Factory in Rojow, Poland. The definition of the subject remains unchanged through each and every stage of the methodology.
Object Description	The production process of bottles with nicotine liquids for e-cigarettes includes the collection of raw materials - nicotine, flavors, glycol and glycerin. Mixing of ingredients according to recipes and delivery to automated bottling lines. Then the product is packed and transferred to the warehouse from where it goes to the customer. The area consists of a factory building, including production halls, storage and office areas for administration and supporting departments.
Object Limits	Activity includes all Scopes I and II GHG emissions calculated as tCO ₂ e (CO ₂ , N ₂ O and CH ₄), 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. 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 (https://www.institutototum.com.br/)
Period of obtaining Carbon Neutrality	December 1 st , 2022 – November 30 th , 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 st , 2022 to November 30 th , 2023
Total emissions (location-based method) of the object in the period from December 1 st , 2022 to November 30 th , 2023.	Total 344 tCO ₂ e
Total emissions (market-based method) of the object in the period from December 1 st , 2022 to November 30 th , 2023.	52 tCO ₂ 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 (if necessary)

"Carbon Neutrality for the industrial activities of eSmoking Liquids sp. z o.o. in Rojów, declared in accordance with standard PAS 2060: 2014, 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
Piotr Krasucki	
Date: 16.04.2024	

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

A.1. Object Description

The eSmoking Liquids sp. z.o.o (eSL) is a member of the BAT Group. Factory in Rojów was established in 2015. Being the only open system e-liquid BAT producer in Europe, site main responsibility is to produce nicotine liquids for e-cigarette business. The Factory also provides service of legalization for other imported BAT nicotine products.

Sustainability is very important on eSL Factory agenda, therefore site has created a proper ESG strategy with milestones in order to assure that business activities go hand in hand with care for the natural environment.



Figure 1: eSmoking Liquids sp. z.o.o in Poland

The production process begins at the substrate warehouse. Liquid components such as glycol and glycerin, as well as nicotine, are purchased. The above-mentioned ingredients are used to create base for liquids with a nicotine content of 0mg, 3mg, 6mg, 12mg, 18mg. The base is mixed in tanks specially designed for this purpose. The next stage of the process is the preparation of flavor aromas. Flavor variants are prepared according to a strictly defined recipe. Then the bases and flavor aromas go to the bottling line. In eSL there are 2 bottling lines pouring liquids into 10ml and 20ml bottles. Filled bottles are considered as semi-finished products by the factory. The products become ready when they are packed in cardboard boxes in accordance with the orders, and then they go to the warehouse of finished products. The maximum capacity of the factory is estimated for 30 million bottles (10 ml) per year.

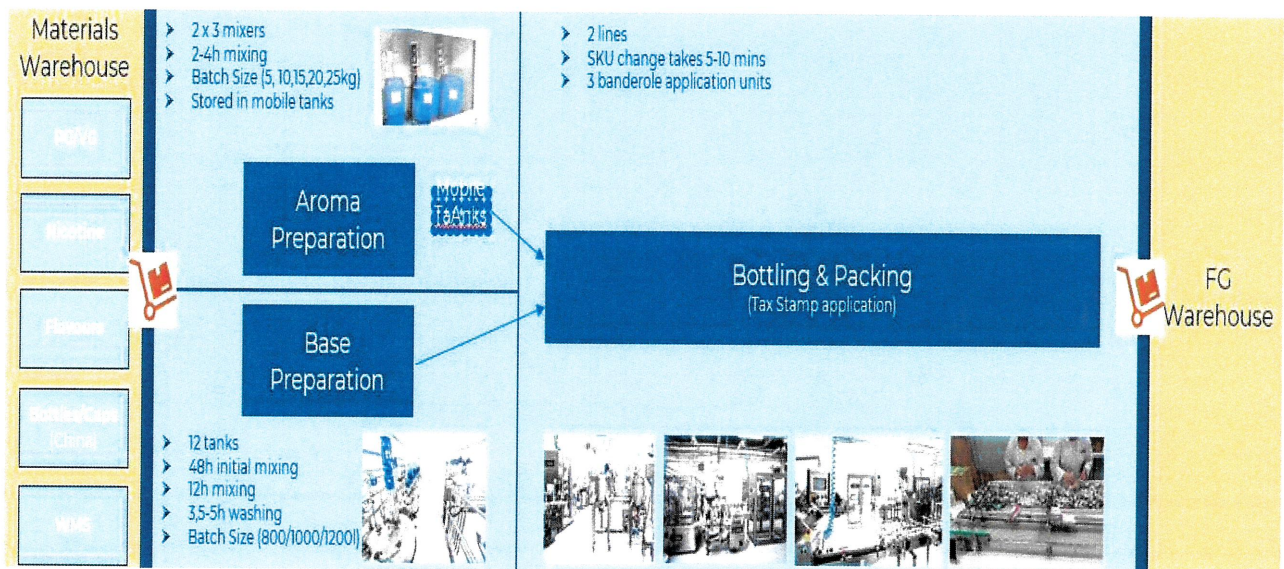


Figure 2: Liquid production process

A.2. Carbon Footprint Summary

Taking into account all data from the reporting period, fugitive sources were calculated. Data guaranteed by third-party verification (KPMG) is given below.

Emission Source	Emission Type		eSmoking Liquids Overall Emissions (Location Based Method)					Market Based
	Scope I	Scope II	tCO ₂ e	tCO ₂	tN ₂ O	tCH ₄	tHFC	tCO ₂ e
Site & Office - Electricity		√	292					0
Site & Office - LPG	√							40
Site & Office - Diesel Oil	√							3
Total	√	√	292					43

Table 01: Direct emissions from stationery combustion

Emission Source	Emission Type		eSmoking Liquids Overall Emissions (Location Based Method)					Market Based
	Scope I	Scope II	tCO ₂ e	tCO ₂	tN ₂ O	tCH ₄	tHFC	tCO ₂ e
Fleet Vehicles - Petrol	√							8
Total	√							8

Table 02: Direct emissions from mobile combustion

Emission Source	Fugitive		eSmoking Liquids Overall Emissions (Location Based Method)					Market Based
	Scope I	Scope II	tCO ₂ e	tCO ₂	tN ₂ O	tCH ₄	tHFC	tCO ₂ e
Refrigerant	√		0	0	0	0	0	1
Total	√		0	0	0	0	0	1

Table 03: Fugitive emissions

Method	Emission Type		eSL Overall Emissions				
	Scope I	Scope II	tCO ₂ e	tCO ₂	tN ₂ O	tCH ₄	tHFC
Location based	√		0.00	0	0	0	0
Location based		√	292	0	0	0	0
Market based	√		52	0	0	0	0
Market based		√	0	0	0	0	0

Table 04: eSL Overall Emissions

A.3. Standards and Methodologies Used

A.3.1 Reporting Period Covered and Frequency of Internal Reporting

BAT annual reporting (in CR360) considers the period from December previous year to November current year. Accordingly, the base period considered for emissions inventory and carbon neutrality verification is from December 1st, 2022 to November 30th, 2023. The internal reporting of environmental parameters is carried out on a monthly basis.

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

eSmoking Liquids sp. z.o.o has defined its organizational boundary for GHG reporting, as shown in Figure 1 in this report, based on an operational control approach where it has responsibility for plant operations and financial controls. Hence this report does not include any emissions over which eSL has no direct control of, although the emissions may be created in its own interest. The organizational boundary includes the production plant in Rojów as a key area of focus in this report, as well as the systems and devices belonging to the plant, such as a power generator or company cars.

The GHG emissions within the operating boundaries are comprised with two categories as scopes I and II, based on the type of activity and the nature of emission that is generated from its source. Applicability of each type of emissions has been described under this section of the report for better understanding.

- Direct Emissions – (direct emissions from operational activities)
 - Stationery Emissions- Site & office emission from burning of Diesel, Heavy Fuel, LPG and Biomass.
 - Mobile Emissions - Emission for fleet vehicles operating under long term rent or lease.
 - Emissions from fugitive sources.
- Indirect Emissions – (indirect emissions from imported sources)
 - The emissions from imported energy (grid electricity)
- Other indirect sources – The emissions from business-related operations in which eSL has no direct responsibility or control. The emissions from these sources have been excluded in the verification assessment as they fall into scope III as per BAT reporting guidelines.

- Fuel transportation
- Packing Material transportation
- Raw Material / Semi-Finished Goods transportation
- Emission from Finished Goods transportation
- Emission from Client and Visitor transportation
- Employee Commuting
- Employee Business air travels
- Waste Recycling
- Waste transport and disposal
- Municipal Water Consumption
- Sea Freight
- Air Freight

A.3.3 Selection of Quantification Approach

The data inventories maintained by eSL on GHG emission sources and standard conversion factors derived as per BAT referred international reporting standards are used in modelling the CO₂ quantities emitted from each source that are considered as direct and indirect categories.

The emission related data collection is carried out on a monthly basis. The data collected is categorized under one of the two scopes, in which the direct emissions are reported under Scope I and indirect imported energy as electricity is reported under scope II.

GHG Emissions Quantification

The tCO₂e emissions quantified separately for each source, in tons of CO₂e based on BAT specified factors mentioned in below table.

Direct – Stationary Sources (DEFRA / BEIS 2023 v1.1)				
Fuel type	Unit	2023	Unit	2023
Diesel oil	tCO ₂ e per tonne	3.2088	GJ per tonne	42.880
LPG	tCO ₂ e per tonne	2.9393	GJ per tonne	45.944
Direct – Fugitive Sources (DEFRA / BEIS 2023 v1.1)				
Gas Type	Unit	GWP – IPCC Fourth Assessment Report (AR4)		
Refrigerant - R407C	kgCO ₂ e	1624		
Refrigerant - R410A	kgCO ₂ e	1924		
Refrigerant - R134/HFC134A	kgCO ₂ e	1300		
Refrigerant - R22	kgCO ₂ e	1760		
CH ₄ Emission Estimation from ETP	kgCO ₂ e	28		
CO ₂	kgCO ₂ e	1		

Table 05: Direct stationary source to tCO₂e and GJ conversion factors

Direct – Mobile Sources (DEFRA / BEIS 2023 v1.1)				
Fuel type	Unit	2022	Unit	2022
Fleet vehicles Petrol/Gasoline	tCO ₂ e per liter	0.002340	GJ per liter	0.033124

Table 06: Direct Mobile sources to tCO₂e and GJ conversion factors

Indirect – Imported Energy (OECD/IEA 2023)				
Country	Conversion to g CO ₂ e	2022	Conversion to GJ	2022
Poland	gCO ₂ e/kwh	625.9	GJ/kwh	0.0036

Table 07: Indirect Imported Energy to tCO₂e and GJ conversion factors

The usage data of all relevant energy sources are collected from the sources as per below table from different sites on a monthly basis. These data are uploaded in the BAT CR360 system and amalgamation with the above-mentioned conversion factors where the tCO₂e emissions are calculated. Other data not reported in the CR 360 system and relevant emissions are calculated manually using the conversation factors obtained referring to the same standards.

Fuel Type/Emission Source	Data Collection Sources
LPG	Consumption records/Purchase bills
Diesel – Power generator	Consumption records/Purchase bills
Fleet vehicle fuel	Journey reports/Purchase bills
Refrigerant	Records of refilled or replaced refrigerant gases of air conditioners
Electricity	Consumption records/Purchase bills

Table 08: Fuel consumption data collection sources

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.

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

A5. Site Level tCO₂e

The categorization of GHG emissions in the scopes of direct and indirect can be illustrated as below.

Emission Source	PAS 2060		tCO ₂ e from Dec 2022 to Nov 2023
	Scope I	Scope II	eSL
Site and Office - Diesel	√		3
Site & Office - LPG	√		40
Stationery Combustion	√		43
Fleet Vehicles - Petrol	√		8
Mobile Combustion	√		8
Refrigerant	√		1
Total Fugitive	√		1
Total Direct	√		52
Grid Connected Electricity		√	292
Total	√	√	344

Table 09: Energy Sources and tCO₂e emissions

Emission Source	PAS 2060		tCO ₂ e from Dec 2022 to Nov 2023
	Scope I	Scope II	eSL
Total Scope I	√		52
Total Scope II		√	0
Total Scope I & II	√	√	52

Table 10: 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)

The eSL factory has been monitoring and reporting its energy consumption since 2017, and has made continuous efforts to enhance the accuracy and reliability of its reporting standards and the quality of data reported. The reporting is now carried-out on a quarterly basis in CR360 system, with better tracking of related issues to ensure improved reporting quality. From 2021 onwards, post capturing the depot level emission to the inventory, the reporting requirements in including end-to-end operations under eSL responsibility, was revised. In addition, the fugitive emissions were measured and started reporting from Dec 2021 onwards.

The reporting period is from 1st December previous year to 30th November current year. The last updated emission factor provided by BAT from credible sources was used in calculating the tCO₂e. The evolution of emission under each reporting entities are include in section B2 of this report.

B2. Description of GHG Emissions Reduction in Reference Year

Striving towards our purpose of creating A Better Tomorrow™, eSL has declared the organizational commitment of driving a sustainable business agenda through its environmental policy statement signed-off by the executive committee. The policy statement clearly sets the aims and key focus areas of eSL sustainable agenda.

The sustainability strategy of eSL has been laid down to achieve the sustainability goals and set targets. The specific KPIs have been set at various levels to ensure the Company is headed in the right direction by implementing the strategy.

The sustainability strategy is comprised of five key components as;

- Regular monitoring and continuous interventions,
- Efficiency improvements focus on current setup,
- Reporting of performance and monitoring against KPIs,
- Sustainability culture and individual ownership, and
- Sustainable intervention through investments and new projects.

The execution of the first two elements of the strategy and the positive impact created in energy saving and emission reduction will be elaborate henceforth.

B2.2 Reduction from Efficiency Improvement Focus

This element of the strategy was focused on addressing the improvement opportunities identified in the current system through targeted interventions. Below is a chart showing the trend of emission reduction in scope 1 and 2 in the years 2017-2023. The reduction of CO₂ emissions is clearly visible through, among others, heat pumps installation. The transition to electricity from renewable sources from 2021 has a large impact on reducing CO₂, which is presented in the next section.

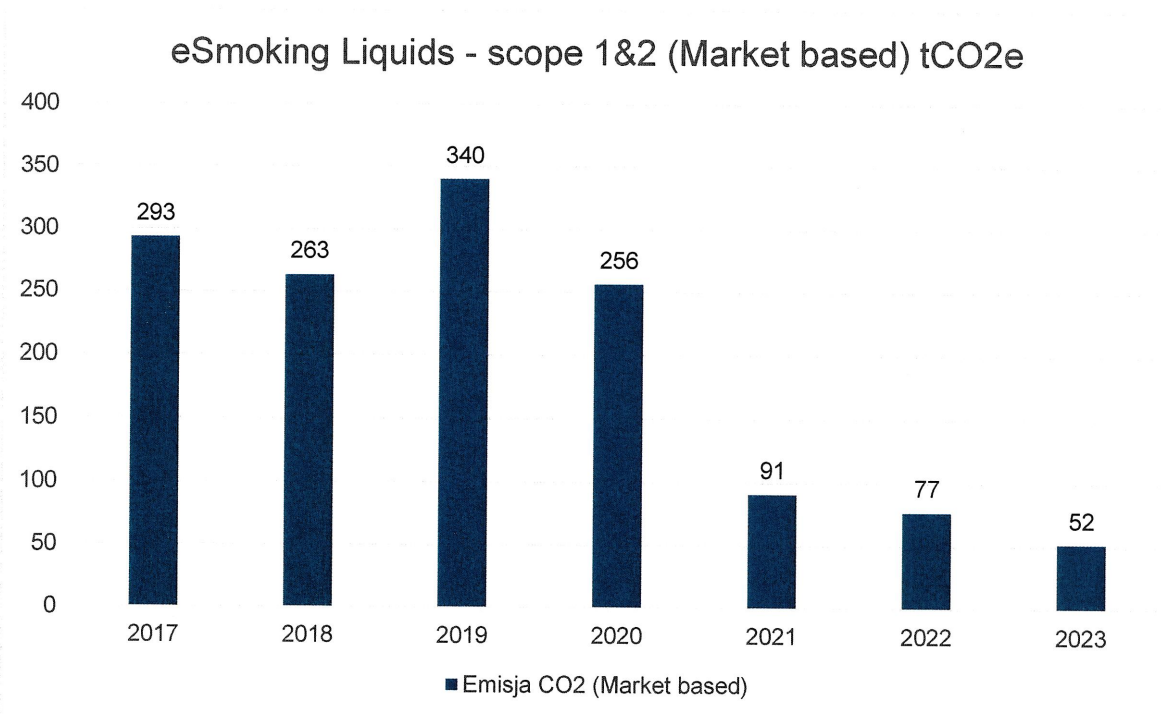


Figure 5: Scope I&II emission from 2017

B3. Description of Renewable Energy Tracking Instruments

According to the emissions inventory verified by the independent verifier - KPMG, the total electricity consumption and tCO₂e is described table.

Entity	Electricity (kWh)	tCO ₂ e (Location based)
eSL	448,230	292

Table 11: Electricity consumption and tCO₂e emissions

eSL has acquired Guaranties of Origin (GO) to ensure the renewable origin of energy and reduce total Scope II emissions.

The declaration of withdrawal is provided by the supplier within six months of the period of purchase of the Guarantee of Origin and will be verified by Totum Institute at a later date, additional proof is provided by the self-certification issued by the company, in accordance with Annex F.

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

C1. Description of Renewable Energy Traceability Instruments (GO)

The renewable energy traceability instruments for calculating scope II emissions by the market-based method is detailed in item B.3 of this report.

C2. Description of Offsetting Instruments - Carbon Credits

Carbon credits were acquired in accordance with the residual emissions contained in the emissions inventory audited by KPMG.

A total of 52 credits were retired as per details mentioned in below table.

Project Name	CC Quantity	Serial Number	Retired Date
Inner Mongolia Wu'erqihan IFM (conversion of logged to protected forest) Project	52	12403-409859595- 409859684-VCS-VCU-323- VER-CN-14-1715- 01012013-31122013-0	20 th Dec 2023

Table 12: Carbon Credit Quantities

The reference to the retirements made for quantum of carbon credits purchased can be validated from the details given in fig. 6 and retirement certificate attached in ANNEX E. The link project are given below.

Public URL: <https://registry.verra.org/myModule/rpt/myrpt.asp?r=206&h=196995>

The GOs and the Carbon Offsets were acquired in accordance with the results of the information in the Green House Gas Emission Inventory Report. Verra's Verified Carbon Standard was used for the purpose of offsetting and detailed project related information can be found in figure 6.

UNIT INFORMATION REPORT

UNIT INFORMATION

Verification Period	01/01/2013-30/06/2017
Vintage Period	01/01/2013-31/12/2013
Originating Program	NA
Serial Number	12403-409862488-409862539-VCS-VCU-323-VER-CN-14-1715-01012013-31122013-0
Additional Certification(s)	NA
Unit Type	VCU
Quantity of Units	52
Serial Number Help	

ORIGINATING PROJECT INFORMATION

Project ID	1715
Project Name	Inner Mongolia Wu'erqihan IFM (conversion of logged to protected forest) Project
Primary Project Type	Agriculture Forestry and Other Land Use
Additional Project Type(s)	Agriculture Forestry and Other Land Use
Project Site State/Province	Inner Mongolia Autonomous
Project Site Country/Area	China (CN)
Project VVB	China Environmental United Certification Center Co., Ltd. (CEC)
Crediting Period Start Date	01/01/2013
Crediting Period End Date	31/12/2042
Project Document	View

Back

Figure 6: Project Information

C3. Use of Carbon Neutrality Instruments

Scope I residual emissions, according to the inventory, add up to 52 tons of CO₂e. Scope II of residual emissions, according to the inventory audited by KMPG, and due to the market-based method using GO (according to item B.3), were considered zero.

Hence, the 52 carbon credits acquired are intended to offset the emissions of 52 tCO₂e related to Scope I, thus making eSmoking Liquids factory carbon neutral.

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 (VCS VCU 1715 - Multiple Proponents / Agriculture Forestry and Other Land Use
- Project originating from carbon credits meet the criteria of additionality, permanence and do not have double counting risks VCS VCU 1715 - Multiple Proponents / Agriculture Forestry and Other Land Use
- Carbon credits were verified by an independent third party and the respective details are given in below table.

Project	Verifier	Link
ID – 1715	China Environmental United Certification Center Co., Ltd. (CEC)	https://registry.verra.org/app/projectDetail/VCS/1715

Table 13: Carbon Credit Verifier Details

- 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.
 - <https://verra.org/project/vcs-quality-assurance-principles> and on the public platform (Verra registry)
 - <https://registry.verra.org/app/projectDetail/VCS/1715>

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

The verification opinion issued by KPMG, post completion of GHG inventory verification is attached below. The detail verification report will be shared separately to the QES as a supportive document.

BAT Annual Report and Form 20-F 2023

Strategic Report

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 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)	23.9
Scope 1 CO ₂ e emissions (thousand tonnes)	267
Scope 1 CO ₂ e emissions including fugitive emissions (thousand tonnes)	299
Scope 2 CO ₂ e emissions (market based) (thousand tonnes)	96
Scope 2 CO ₂ e emissions (location based) (thousand tonnes)	342
Scope 1 and Scope 2 CO ₂ e emissions intensity ratio (tonnes per EUR m revenue)	13.3
Scope 1 and Scope 2 CO ₂ e emissions intensity ratio (tonnes per EUR m revenue)	11.6
Total Scope 3 CO ₂ e emissions (thousand tonnes) ¹ for 2022, Scope 3 GHG emissions are reported one year later	6,046
Total energy consumption (GWh)	2,182
Energy consumption intensity (GWh per million EUR revenue)	0.08
Energy consumption intensity (GWh per million EUR revenue)	0.07
Renewable energy consumption (GWh)	582
Non-Renewable energy consumption (GWh)	1,380
Total waste generated (thousand tonnes)	114,84
Hazardous waste and radioactive waste generated (thousand tonnes)	1.69
Total waste recycled (thousand tonnes)	100.7
Total water withdrawn (million m ³)	3.16
Total water recycled (million m ³)	1.02
Total water discharged (million m ³)	1.63
Emissions to water:	
– 80% 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 growers 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	0.16
Number of child labour incidents identified	369
% 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 RPE for agrochemical use	99.99
% of farms reported to have sufficient RPE 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)	0
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 60% 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 ²	68.8

Sustainable Future

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 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 included 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 CO₂e 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 Guideline 2022 as set out at 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) 2000 – Assurance Engagements other than Audits or Reviews of Historical Financial Information (ISAE (UK) 2000) 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 ISBAC Code of Ethics. The firm applies International Standard on Quality Management (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;
- Reproducing 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 CO₂e emissions (thousands tonnes) including the Scope 3 supply chain CO₂e emissions (thousands 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 for 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 Richter de
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.

ANNEX E - RETIREMENT STATEMENTS FOR ENERGY ORIGIN GUARANTEE INSTRUMENTS (GO) AND CARBON CREDITS

Reference to GOs purchased by eSmoking Liquids sp. z o.o.

The confirmation of the purchased guarantees of origin is an annex to the agreement with Axpo Polska sp. z o. o. concerning the sale of electricity. Paragraph 2, point "3.7. Guarantees of Origin".

Reference to Carbon Credits Purchased by eSmoking Liquids sp. z.o.o.


 Verified Carbon Standard
Certificate of Verified Carbon Unit (VCU) Retirement
Verra, in its capacity as administrator of the Verra Registry, does hereby certify that on 20 Dec 2023, 52 Verified Carbon Units (VCUs) were retired on behalf of:
eSmoking Liquids sp. z o.o.
Project Name Inner Mongolia Wu'erqihan IFM (conversion of logged to protected forest) Project
VCU Serial Number 12403-409862488-409862539-VCS-VCU-323-VER-CN-14-1715-01012013-31122013-0
Additional Certifications
Powered by  APX

ANNEX F – eSL MANAGEMENT DECLARATION

eSmoking Liquids sp. z o.o.

eSL Management Statement

Reference Object: eSmoking Liquids sp. z o.o.

To:

Fernando G. Lopes

Totum Institute

Here by we request your expert interventions to verify and declare the Carbon Neutral Status of the reference object of eSmoking Liquids sp. z. o.o. aligned to PAS 2060 verification standards.

Object	Sub Objects	Coordinates	Business Address
eSL factory	Factory - Rojów	51.41654232297436, 17.885948353047688	Rojów ul. Piaski 27 63-500 Ostrzeszów Poland

GOs and Carbon Offset certificates were required to grantee the net-off and off-set the Scope II and Scope I emission of object of eSmoking Liquids sp. z o.o. for the period of consideration – 1st December 2022 to 30th November 2023.

The allocation of instruments in object based on the quantity of tCOe emissions are described in below tables.

Allocation of GOs

Entity	Electricity (kWh)	GOs Allocation
eSL Factory	448,230	448

Total Carbon Credit Quantity Purchased eSL			
Project Name	CC Quantity	Serial Number	Retired Date
Inner Mongolia Wu'erqihan IFM (conversion of logged to protected forest) Project	52	12403-409859595-409859684-VCS-VCU-323-VER-CN-14-1715-01012013-31122013-0	20 th Dec 2023

Allocation of Carbon Credits

Emission Source	tCO ₂ e from Dec 2022 to Nov 2023	
	eSL	Carbon Credit Qty
Site and Office - Diesel	3	<div>52</div> <div>Project ID</div> <div>1715</div>
Site & Office - LPG	40	
Stationery Combustion	43	
Fleet Vehicles - Petrol	8	
Mobile Combustion	8	
Refrigerant	1	
Total Fugitive	1	
Total Scope I	52	

As per the explanations given above in tables, the scope I and Scope II tCO₂e emission generated from 1st December 2022 to 30th November 2023 are off-set by using the instruments purchased as Carbon Credits and GOs which guaranteed the carbon neutrality status of reference object – eSmoking Liquids sp. z o.o.

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 eSL and validated for the PAS 2060 verification.

Being what depended on us for the moment, we subscribed,

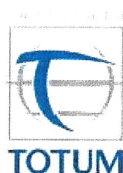
Sincerely,



Piotr Krasucki

Factory Manager

eSmoking Liquids sp. z o.o.



Independent Limited Assurance Declaration

BAT - eSmoking Liquids sp. z o.o. - Poland

Verification Period: February 01st 2024 to April 15th 2024

Process Code for PAS 2060:2014 Certification Process: IT-32-2024

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

BAT - eSmoking Liquids sp. z o.o. - Poland, contracted Instituto Totum to conduct a limited assurance assessment regarding the Carbon Neutrality Declaration ("Qualifying Explanatory Statement" document) for the Unit – Poland, for the period from December 1st 2022 to November 30th 2023.

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

Scope of Limited Assurance Work

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

Factual Basis of Conclusion

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

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

Independence

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

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

Inherent Limitations

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

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