



PHILIP MORRIS INTERNATIONAL

DECLARATION OF CARBON NEUTRALITY

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0 Carbon neutrality declaration

The Qualifying Explanatory Statement (QES) contains all the required information on the carbon neutrality of the given subject. All information provided within this report has been reviewed by a third party (SGS) and is believed to be correct. If provided with any information affecting the validity of the following statements, this document will be updated accordingly to reflect the affiliate(s) current status towards carbon neutrality.

This is the **second declaration** of achievement for **Philip Morris Mexico Productos y Servicios, S de R.L de C.V.** (excluding its manufacturing operations) and **Philip Morris Mexico S de R.L de C.V.** for the scope detailed below.

Carbon Neutrality of the Scope 1 and 2 emissions under the direct operational control of **Philip Morris Mexico Productos y Servicios, S de R.L de C.V** and **Philip Morris Mexico S de R.L de C.V.** offices, warehouses, retail and fleet operations, achieved by **these entities** in accordance with PAS2060:2014 for the period 1 January 2022 to 31 December 2022 with a commitment to maintain to 31 December 2025.

Certification letter from SGS can be found in Annex A.

1 Introduction

This document forms the Qualifying Explanatory Statement (QES) to demonstrate that Philip Morris International (PMI) has achieved carbon neutrality for **Philip Morris Mexico Productos y Servicios, S de R.L de C.V** (excluding its manufacturing operations) and **Philip Morris Mexico S de R.L de C.V.** offices, warehouses, retail and fleet operations for the period starting 1st January 2022 and ending 31st December 2022, in accordance with PAS 2060:2014.

This has been achieved through:

- **Continuous carbon emissions reduction** through action plans under PMI direct control: offices, warehouses, retail and fleet operations. These reductions have been captured as part of the GHG inventory for 2022.
- **Compensation of remaining carbon emissions** for the period commencing 1st January 2022 and ending 31st December 2022.

This report includes the information which substantiates the declaration of PMI affiliate's achievement of carbon neutrality for this application period (under PAS 2060:2014) and commitment on carbon neutrality up to 2025 (5 years, from 2021 the reference year) in compliance with PAS 2060:2014 standard.

The PMI affiliate has also set up a Carbon Management Plan to reduce the GHG emissions associated to the offices, warehouses, retail, and fleet operations to demonstrate commitment to being carbon neutral in accordance with PAS2060:2014 standard.

1.1 General information

PAS 2060 Information requirement	Information as it relates to PMI affiliates
Entities making PAS 2060 declarations	Philip Morris Mexico Productos y Servicios, S de R.L de C.V and Philip Morris Mexico S de R.L de C.V.
Individual responsible for the evaluation and provision of the data necessary for the substantiation of the declaration (inc. preparing, substantiating, communicating and maintaining the declaration)	Hugo Alfaro (supported by Valeria Gilling and Len Buggs)
Subject of PAS 2060 declaration	Scope 1 & 2 emissions under the operational control of Philip Morris Mexico Productos y Servicios, S de R.L de C.V (excluding manufacturing) and Philip Morris Mexico S de R.L de C.V. (full list available in Annex C).
Function of subject	Sales and distribution of products for PMI and its brands.
Activities required for subjects to fulfil its function	The activities required within the offices, warehouses, retail and fleet operations includes: <ul style="list-style-type: none"> • Sales • Distribution • Marketing • Administration • Facility management
Rationale for selection of the subjects	PMI's ambition is to be carbon neutral for all of its direct operations (full scope 1 and 2) by 2025. In this journey, all subjects (factories, offices, warehouses, fleet, retail) that have reached substantial emission reduction in the past

	years qualify to compensate residual emissions and become carbon neutral.
Type of conformity assessment undertaken	I3P-3 Independent third-party certification - unified
Reference date for PAS 2060 program	1 st of January 2021
Achievement period	1 st of January 2022 – 31 st of December 2022
Commitment period	1 st of January 2021 – 31 st of December 2025

Table 1.1 - General information

1.2 Scope

The subject for carbon neutrality is the following legal entities:

- **Philip Morris Mexico Productos y Servicios, S de R.L de C.V** and
- **Philip Morris Mexico S.A de C.V.**

The main business activity is the distribution, sales and marketing of PMI brands.

During the reporting period, the definition of the subject(s) remained unchanged. In the case that material change occurs to the subject(s) in the future, the process of determination and substantiation of the subject(s) and associated GHG emissions shall be re-started on the basis of newly defined subject(s).

1.3 Boundaries of the subject

The system boundaries considered for the organizational carbon footprint of the subject are the activities occurring within the physical perimeter of the affiliate and under the affiliate control (excluding manufacturing operations) including:

- Offices
- Warehouses
- Retail store
- Fleet

GHG emissions associated to affiliate' office, retail, and fleet operations within the defined boundary from the periods of 1st January 2022 to 31st December 2022 have been quantified in accordance with GHG Protocol Corporate Accounting Standard (operational control) and verified by SGS.

The data for this application period has been verified by an independent third party, SGS, who certifies that the Carbon Neutral Declaration set out in this QES is appropriately reported in accordance with the requirement of PAS 2060:2014.

The assurance letter issued by SGS can be found in Annex A.

2 Quantification of carbon footprint

2.1 Emissions results

The total GHG emissions related to scope 1 and 2 refer to offices, retail store, warehouses and fleet operations during the year 2022 (application period) and represent a total **2,491.18 tonnes of CO₂ equivalent**.

Market	Scope 1 [tCO ₂ e]	Scope 2 [tCO ₂ e]*	Total Scope 1 and 2 [tCO ₂ e]*
Philip Morris Mexico S.A de C.V.	1,670.81	76.37	1,747.19
Philip Morris Mexico Productos y Servicios, S de R.L de C.V	290.45	453.54	743.99
Total	1,961.27	529.91	2,491.18
% of Total	78.7	21.3	100.0

Table 2.1 - GHG emissions overall results

* market-based

2.2 Methodology

Total GHG emissions associated with PMI affiliate(s), 1st January 2022 to 31st December 2022 have been quantified according to GHG Protocol, Corporate Accounting and Reporting Standard, following the operational control approach. This methodology was chosen as it represents best practice in terms of organization carbon footprint inventory and PAS 2060:2014 endorses it as being fully compliant with its requirements.

The types of greenhouse gases (GHG) included in the Kyoto Protocol to the United Nations Framework Convention on Climate Change are required for reporting under the GHG Protocol Corporate Standard and the below listed were covered in the calculations:

- carbon dioxide (CO₂),
- methane (CH₄),
- nitrous oxide (N₂O).

The inventory accounts for 100% of GHG emissions of business activities and operations in which PMI affiliate(s) has direct operational control and the full authority to introduce and implement its operating policies (excluding manufacturing operations, as already certified separately – see Annex G).

All scope 1 and 2 greenhouse gas emissions relevant to the system boundary are included and quantified, in accordance with the GHG Protocol, Corporate Accounting and Reporting Standard, as confirmed by SGS verification.

2.2.1 Scope 1

GHG emissions related to scope 1 come from direct emissions from sources owned or controlled by the affiliate(s). In PMI context, scope 1 emissions are:

- Stationary combustion:
 - Natural gas
 - LPG, Propane and Butane
 - Diesel – (fuel oil)
 - Heavy fuel oil
 - Petrol
 - Biomass

- Mobile combustion
 - Petrol
 - Diesel
 - Biodiesel
 - Bioethanol
 - Natural Gas (Compressed)

2.2.2 Scope 2

GHG emissions related to scope 2 come from indirect emissions from the generation of purchased electricity, steam, heat and cooling consumed by the affiliate(s). In PMI context, scope 2 emissions are:

- Purchased electricity
- District steam
- District heating (inc. cooling)

2.2.3 Scope 3

GHG emissions related to scope 3 refer to all other indirect emissions as a consequence of the activities of the affiliate(s) that occur from sources not owned or controlled by the PMI affiliate are out of scope.

2.3 Data sources

Primary and secondary data has been used for the Carbon Quantification process. Primary data is used where possible, only where primary data was not available, secondary data is used to quantify emission. Mainly primary data is used for scope 1 and 2.

Scope 2 emissions for some PMI sites are estimated (see internal methodology in Annex F). Offices emissions are reported based on a combination of direct utilities consumption – invoice data – and estimations. The total consumption is then multiplied using IEA emission factors to determine the emissions.

Fleet emissions from benefit and working tool cars are reported based on direct fuel consumption – fuel card data. The total fuel consumption is then multiplied using DEFRA coefficient to determine the emissions.

Data sources (e.g., invoices) were reviewed by SGS through the inventory verification, and certification against PAS 2060:2014 processes.

2.4 Assumptions and estimations

All assumptions made to quantify the greenhouse gas emission of PMI affiliates were reviewed by SGS through the GHG inventory verification process.

2.5 Exclusions

Annex C outlines all the inclusions and exclusions for GHG emissions; to ensure the coverage of any potential exclusions within the system boundary an additional 3% has been added to affiliate total carbon footprint to ensure the Carbon Neutrality program covers 100% of the GHG emissions.

2.6 Uncertainties

Generally, the use of secondary data throughout the assessment represents the major source of uncertainties on results. Actions taken to minimize these uncertainties are described below and were reviewed by SGS.

- Primary activity data and secondary data has been used for calculating emissions from offices, warehouses and fleet operations.

- Secondary emissions factors: uncertainty associated to the use of secondary emission factors is because they represent averages, rather than specific emissions. However, their use was appropriate, and care has been taken to use the best available datasets (DEFRA and IEA).

Result of the uncertainty calculation is reported in Annex D.

2.7 Comparison with baseline period results

GHG scope	GHG emissions [tCO ₂ eq]	
	2021	2022
Scope 1	1,459.29	1,961.27
Scope 2 (market-based)	410.18	529.91
Total carbon footprint	1,869.47	2,491.18

Table 2.2 – Comparison with baseline period results

- * For scope 1 increased emissions, the kilometers travel increased by 91.8% from 2021 to 2022. During the same period our emissions increased by only 48.9%
- ** For scope 2 increased emissions, the attendance and use of the different sites increased post COVID restrictions in 2021. The COVID impacts meant that the head office air conditioning was turned off from March 2020 until August 2022. Until January 2022 the office attendance rate was up to 15%. This attendance figure gradually increased from January 2022, until the current 'Smart Work' arrangements (ie employees can continue to work from home for a portion of their working week). By the end of 2022 the office attendance rate was around 40%. A similar pattern was experienced at several of the remote sales offices as well.
- * The scope 1 intensity improvement can be seen in the below table:

Measure	2021	2022
L per 100 km Driven	7.99	6.29
g GHG/km	175	136

Table 2.3 – Fleet emissions intensity comparison

- ** The scope 2 intensity improvement can be seen in the below table:

Measure	2021	2022
Scope 2 (market-based) GHG emissions [kg CO₂eq]	410,180	529,914
Estimated number of employees attending office (annualized)	108	193
kg CO₂eq per employee in office (Scope 2)	3,809	2,753

Table 2.4 – Office emissions intensity comparison

3 Carbon Management Plan

The carbon reduction management plan considers a 5-year period (2021-2025) with the aim of reducing emissions, this means that the emission indicator must not increase during the period.

This target will be monitored periodically (annually) to check if the expected outcomes are aligned to the actual results. To achieve the target a series of projects will be implemented.

The following paragraphs explain in detail projects implemented in Mexico (paragraph 3.2) and planned in Mexico (paragraph 3.3), that are mainly related to offices, warehouses, and fleet GHG emissions reductions.

3.1 PMI global best practice

In 2021 82% of the electricity purchased came from renewable sources. Since 2017, we are gradually increasing the uptake of green electricity (as showed in below table) to reach 100% green electricity purchased for all our affiliates by 2025. By investing in renewable energy electricity, PMI overall avoided the emissions of **over 1.3 million ton of CO₂ equivalent between 2017 and 2021.**

Indicator	2017	2018	2019	2020	2021	Total Value
Total electricity purchased from renewable sources [kWh]	442,738,547	544,844,559	616,336,304	612,693,557	663,106,175	2,879,719,142
CO2 Scope 2 (GHG emissions) - Market based [t GHG]	241,355	175,785	158,672	90,366	64,217	730,396
CO2 Scope 2 (GHG emissions) - Location based [t GHG]	438,896	422,337	447,322	383,895	361,314	2,053,764
Cumulative difference between location based and market based	197,540	246,552	288,650	293,530	297,097	1,323,369

Table 3.1 - Avoided CO2 emissions due to green electricity increase

3.2 Implemented GHG emissions reduction project repository in Mexico

At PMI, emissions reduction project governance and budget approval come from two distinctive main streams; one driven from central functions and another by the local team. Table 3.2 shows projects implemented or under implementation in the last few years, evaluated in 2022 carbon footprint assessment.

Project name	Description	Year	Type of energy used	Emission reduction [kg CO ₂ eq]
Shift in the benefit cars and work tool cars from internal combustion engines to hybrid & electric vehicles.	By procuring hybrid (or more sustainable powertrain, such as fully electric) vehicles we will reduce petrol consumption and therefore CO2 emissions.	2021	Petrol	82,600
Change of sales offices in the interior of the Mexican Republic to locations with more	At the end of the leases in the sales offices, the option of LEED 2009-certified offices was sought, which are more	2019-2020	Electricity	13,660

recent technology in energy consumption.	energy efficient from the start of construction.			
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Table 3.2 - Implemented GHG emissions reduction projects

3.3 Planned GHG emissions reduction initiatives in Mexico

In order to achieve the above-mentioned target, PMI is committed to identifying and implementing carbon saving projects until 31/12/2025. Table 3.3 shows main initiatives identified and estimated reduction for the whole commitment period (2021-2025).

Initiative name	Description	Year planned	Type of energy used	Emission reduction estimation [kg CO ₂ eq]
Shift in the purchase of benefit cars and work tool carts to hybrid & electric vehicles.	Continue purchasing hybrid vehicles in order to keep on reducing CO ₂ . Detailed reduction per year to be calculated.	2022-2030	Petrol	1,559,290
Implementation of Telematics to reduce fuel consumption		2023-2025	Petrol	Impact to be determined
Energy Awareness Campaigns	Encourage people to turn lights off after themselves - e.g., changerooms etc.	2022/2023	Electricity	0
Change of sales offices in the interior of the Mexican Republic to locations with more recent technology in energy consumption.	Continue the option of LEED 2009-certified offices to have lesser electricity consumption	2022/2023	Electricity	3,000
Switch all offices and warehouses to renewable electricity	Gradual change to renewable electricity where available	2022-2030	Electricity	407,180
Evaluation of own renewable electricity generation		2023/24	Electricity	Impact to be determined

Table 3.3 - Planned GHG emissions reduction initiatives

Actual emissions reductions will be measured in terms of absolute emissions compared year on year.

4 Carbon offset program

4.1 Offset program for the second application period

PMI has an offsetting program in place to support the carbon neutrality, based on quality criteria aligned with the most rigorous international standards and targeting social and economic benefits.

Carbon neutrality is achieved by reducing and compensating Greenhouse Gases (GHG) emissions through supporting the development of sustainable climate solutions in developing countries. Compensation projects bring social, environmental and economic benefits, which contribute to United Nations Sustainable Development Goals (SDGs) and are labelled by independent carbon standards such as the VERRA Standard (VCS)¹, Climate Community and Biodiversity Alliance (CCBA)², Gold Standard³, and other offsets as endorsed in PAS2060.

Credits were retired on 21 December 2023.

These projects are supported by publicly available project documentation on the [GSF Registry \(goldstandard.org\)](https://registry.verra.org/)⁴ and on <https://registry.verra.org/>. The registry system is the central storehouse of data on all registered projects, and tracks the generation, retirement and cancellation of all credits. To register with the program, projects must show that they have met all standards and methodological requirements.

4.2 Offsetting project(s)

Offsetting project selected by Philip Morris Mexico Productos y Servicios, S de R.L de C.V and Philip Morris Mexico S.A de C.V. is:

¹ <https://verra.org/>

² <http://www.climate-standards.org/>

³ <https://www.goldstandard.org/>

⁴ <https://registry.goldstandard.org/projects?q=&page=1t>

Project Name	Description of Project	Carbon Credits Allocation		Official Project Link
		tons	%	
Manoa – VCS 1571	Manoa REDD+ Project is a partnership between Biofílica and Grupo Triângulo, located at Manoa Farm, city of Cujubim, state of Rondônia (Brazil), in an area of 74,038.7 hectares. The farm's 73,000 hectares of forest demonstrates the pioneering in sustainable forest management, and are one of the few forest areas remaining in private area in the region, constantly threatened by invasions and timber theft. Manoa is of paramount importance in the landscape connectivity, as it is close to conservation units and provides shelter for several species. Benefits to Climate: Avoid the emission of 279,290 tons of CO ₂ e per year or 8,378,697 tons of CO ₂ e along 30 years of project. This corresponds to 22,118 hectares of avoided deforestation.	2566	100	https://registry.verra.org/app/projectDetail/VCS/1571

4.3 Amount of credits purchased

Credits have been purchased by PMI for the period covering 1st of January 2022 – 31st December 2022.

The amount of credits purchased is **2,566 tonnes of CO₂ equivalent**, it is composed by two contributions:

- i. **2,491.18 tonnes of CO₂ equivalent**, amount evaluated for the first application period
- ii. **74.74 tonnes of CO₂ equivalent**, that represent the overrate of 3% of the whole carbon footprint to cover all the exclusions (Annex C) and precludes underestimation.

And is split as follow between both legal entities:

Legal entity	GHG scope	2022 GHG emissions [tCO ₂ e]
Philip Morris Mexico S.A de C.V.	Scope 1	1,670.81
	Scope 2 (market-based)	76.37
	Overrate 3%	52.42
	Total emissions to be offset	1,799.61
Philip Morris Mexico Productos y Servicios, S de R.L de C.V	Scope 1	290.45
	Scope 2 (market-based)	453.54
	Overrate 3%	22.32
	Total emissions to be offset	766.31

Table 4.1 – Emissions to be offset by legal entity

We can reasonably assume that PMI Market Carbon Neutrality covers 100% of the GHG emissions of the subject addressed in this declaration.

The Gold Standard and VERRA guarantee that the offsets **generated represent genuine, additional GHG** emission reductions. The projects are technically designed so as to enable the quantification of a specific number of emissions reductions/removals the carbon credits expected from each farm/forest. The Gold Standard and VERRA label also guarantee that the projects involved in delivering credits meet the criteria of additionality, permanence, leakage and double counting.

It also guarantees that the units were verified by an independent third-party and that the credits were only issued after the emission reduction has taken place.

PMI portfolio offsetting credits is composed of:

Originating project name: Manoa REDD+ Project
Quantity of retired credits: 1800
Unit Type: VCU
Serial number: 13561-513324017-513325816-VCS-VCU-261-VER-BR-14-1571-01012017-31122017-0
Retirement Date: 21 December, 2023
Project ID: VCS 1571
Project type: Agriculture Forestry and Other Land Use
Country: Brazil (BR)

Retired on behalf of **Philip Morris Mexico SA de C.V**, for offsetting unavoidable emissions, year 2022.





Certificate of Verified Carbon Unit (VCU) Retirement


Verra, in its capacity as administrator of the Verra Registry, does hereby certify that on 21 Dec 2023, 1,800 Verified Carbon Units (VCUs) were retired on behalf of:

Philip Morris Mexico S.A de C.V.

Project Name
Manoa REDD+ Project

VCU Serial Number
13561-513324017-513325816-VCS-VCU-261-VER-BR-14-1571-01012017-31122017-0

Additional Certifications

Powered by  APX

Originating project name: Manoa REDD+ Project
Quantity of retired credits: 766
Unit Type: VCU
Serial number: 13561-513325817-513326582-VCS-VCU-261-VER-BR-14-1571-01012017-31122017-0
Retirement Date: 21 December, 2023
Project ID: VCS 1571
Project type: Agriculture Forestry and Other Land Use
Country: Brazil (BR)

Retired on behalf of **Philip Morris Mexico Productos y Servicios, S de R.L de C.V**, for offsetting unavoidable emissions, year 2022.





**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 21 Dec 2023, 766 Verified Carbon Units (VCUs) were retired on behalf of:

Philip Morris Mexico Productos y Servicios, S de R.L de C.V

Project Name
Manoa REDD+ Project

VCU Serial Number
13561-513325817-513326582-VCS-VCU-261-VER-BR-14-1571-01012017-31122017-0

Additional Certifications

Powered by  APX

4.4 Compensation program for the third application

For the third application period, PMI will cancel the volume of carbon credits required once the emission calculations are completed for that period. The volumes of credits required by PMI affiliates will be confirmed at later stage upon completion of the greenhouse gas inventory audit for this Application Period. The portfolio composition and share among projects will be determined based on the volume of credits.

5 Annex A – Carbon Neutral Assurance letter



**Verification Statement Number:
CCP278808/09/02/2024MX**

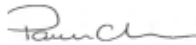
The Carbon Neutrality Declaration as presented in its Qualifying Explanatory Statement (QES), for the application period 01/01/2022 – 31/12/2022 of:

Philip Morris Mexico Productos y Servicios, S de R.L de C.V and Philip Morris Mexico S de R.L de C.V.

has been verified by SGS United Kingdom Limited as conforming to the requirements of PAS 2060:2014: Specification for the demonstration of carbon neutrality (PAS 2060).

Lead Assessor: Lisa Gibson
Technical Reviewer: Andrew James Collins

Authorised by:



Pamela Chadwick
Business Manager
SGS United Kingdom Ltd

Verification Statement Date: 08 March 2024

This Statement is not valid without the full verification scope, objectives, criteria and conclusion available on pages 2 to 3 of this Statement



Schedule Accompanying Greenhouse Gas Verification Statement CCP278808/09/02/2024MX

Brief Description of Verification Process

SGS has been contracted by Philip Morris Mexico Productos y Servicios, S de R.L de C.V and Philip Morris Mexico S de R.L de C.V. for the verification of their Carbon Neutrality Declaration as presented in its Qualifying Explanatory Statement (QES), for the application period 01/01/2022 – 31/12/2022, against the requirements of PAS 2060:2014: Specification for the demonstration of carbon neutrality (PAS 2060).

Roles and Responsibilities

The management of Philip Morris Mexico Productos y Servicios, S de R.L de C.V and Philip Morris Mexico S de R.L de C.V. is responsible for the organization's GHG information system, the development and maintenance of records and reporting procedures in accordance with that system, including the calculation and determination of GHG emissions information, preparation of reports, QES, and purchase and retirement of carbon offsets.

It is SGS' responsibility to express an independent opinion on the Carbon Neutrality Declaration as provided by the client for the application period 01/01/2022 – 31/12/2022.

SGS conducted a third-party verification following the requirements of ISO 14064-3: 2019 of the provided carbon neutral declaration and supporting QES during the period November 2023 to February 2024. The assessment was conducted via desk review. The verification was based on the verification scope, objectives and criteria as agreed between Philip Morris Mexico Productos y Servicios, S de R.L de C.V and Philip Morris Mexico S de R.L de C.V. and SGS.

Objectives:

The purpose of the verification exercise was, by review of objective evidence, to independently review and confirm:

- That the carbon neutrality declaration and QES conform to the requirements of PAS 2060
- That the emissions data reported in the QES are accurate, complete, consistent, transparent and free of material error or omission and have been determined in accordance with WRI/WBCSD GHG Protocol, Corporate Accounting and Reporting Standard
- That evidence is available to support information reported within the QES including carbon offset purchases and retirements.



Level of Assurance

The level of assurance agreed is reasonable.

Scope

This engagement covers verification of:

- Philip Morris Mexico Productos y Servicios, S de R.L de C.V and Philip Morris Mexico S de R.L de C.V. The organizational boundary was established following the operational control consolidation approach.
- Title or description of activities: Emissions for sales offices, warehouses and fleet operations (excluding manufacturing facilities).
- Scope 1 & 2 emissions only
- Location/boundary of the activities: Mexico
- Second application period: Calendar Year 2022

Intended user of the verification statement: internal, customers, general public.

Materiality

The materiality required of the verification was considered by SGS to be below 5%.

We planned and performed our work to obtain the information, explanations and evidence that we considered necessary to provide a reasonable level of assurance that the CO₂ equivalent emissions, carbon neutrality declaration and QES for the first period 01/01/2022 – 31/12/2022 are fairly stated.

SGS' approach is risk-based, drawing on an understanding of the risks associated with compiling and reporting GHG emission information and the controls in place to mitigate these risks. Our examination included assessment, on a sample basis, of evidence relevant to the voluntary reporting of emission information and carbon neutrality.

Conclusion

Philip Morris Mexico Productos y Servicios, S de R.L de C.V and Philip Morris Mexico S de R.L de C.V. provided their carbon neutrality declaration based on the criteria outlined above. The carbon neutrality declaration and QES for the application period 01/01/2022 – 31/12/2022 are verified by SGS to a reasonable level of assurance, consistent with the agreed verification scope, objectives and criteria.

SGS concludes with reasonable assurance that the presented carbon neutrality declaration and supporting QES is materially correct and is a fair representation of the CO₂ equivalent data and information and conforms to the requirements of PAS2060 2014.

6 Annex B – Qualifying Explanatory Statements (QES) checklist



QES%20Document.xls

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7 Annex C – Scope 1, 2 and 3 emissions inclusion and exclusion

Included and excluded emission sources related to the subject(s) are presented below, together with explanation for exclusions.

Scope	Emission source	Description	Inclusion exclusion	Justification of Exclusion
1.1	Stationary combustion	Combustion of fuels in boilers and furnaces for the generation of heat and steam, used for production processes and heating of buildings	Included	-
1.2	Mobile combustion sources	Transportation of employees and goods with cars under affiliate control.	Included	-
1.3	Process emissions	Emissions occurring during the production process (DIET)	N/A	-
1.4	Fugitive emissions	Refrigerant gases losses	Excluded	Identified as below materiality threshold within the GHG inventory.
2.1	Electricity consumption	Generation of purchased electricity	Included	The one retail store is part of HQ, so is already included in the HQ energy consumption
2.2	Heat, steam and/or cold consumption	Purchase of heat, steam or cold energy not produced at operation site.	N/A	-
3	Scope 3	All other indirect emissions	Excluded	Out of scope

Table 7.1 - Inclusions and exclusions

Uncertainties due to emission Factors and Activity Data				
1	2	3	4	5
Gas	Source category	Emission factor	Activity data	Overall uncertainty
CO ₂	Energy	7%	7%	10%
CO ₂	Industrial Processes	7%	7%	10%
CO ₂	Land Use Change and Forrestry	33%	50%	60%
CH ₄	Biomass Burning	50%	50%	100%
CH ₄	Oil and Nat. Gas Activities	55%	20%	60%
CH ₄	Rice cultivation	$\frac{3}{4}$	$\frac{1}{4}$	1
CH ₄	Waste	$\frac{2}{3}$	$\frac{1}{3}$	1
CH ₄	Animals	25%	10%	20%
CH ₄	Animal waste	20%	10%	20%
N ₂ O	Industrial Processes	35%	35%	50%
N ₂ O	Agricultural Soils			2 orders of magnitude
N ₂ O	Biomass Burning			100%

Note: Individual uncertainties that appear to be greater than ± 60% are not shown. Instead judgement as to the relative importance of emissions factor and activity data uncertainties are shown as fractions which sum to one

Source:
Revised 1996 IPCC Guidelines for National Greenhouse Gas
Inventories: Reporting Instructions

Table 8.2 - IPCC uncertainty data

9 Annex E – Voluntary offset program

In this annex, shortlist of projects chosen for compensation of 2022 emissions.

Project Name	Description of Project	Official Project Link
Manoa – VCS 1571	Manoa REDD+ Project is a partnership between Biofílica and Grupo Triângulo, located at Manoa Farm, city of Cujubim, state of Rondônia (Brazil), in an area of 74,038.7 hectares. The farm's 73,000 hectares of forest demonstrates the pioneering in sustainable forest management, and are one of the few forest areas remaining in private area in the region, constantly threatened by invasions and timber theft. Manoa is of paramount importance in the landscape connectivity, as it is close to conservation units and provides shelter for several species. Benefits to Climate: Avoid the emission of 279,290 tons of CO ₂ e per year or 8,378,697 tons of CO ₂ e along 30 years of project. This corresponds to 22,118 hectares of avoided deforestation.	https://registry.verra.org/app/projectDetail/VCS/1571

Table 9.1 - Voluntary Offset Program

10 Annex F – Internal Reporting Guidelines for Offices and Warehouses



PMS Environmental
Reporting Guidance.p

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