



PHILIP MORRIS INTERNATIONAL

DECLARATION OF CARBON NEUTRALITY

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Table of contents

| | |
|-----------------------------------------------------------------------------------|----|
| 0 Carbon neutrality declaration..... | 4 |
| 1 Introduction | 5 |
| 1.1 General information | 5 |
| 1.2 Scope | 6 |
| 1.3 Boundaries of the subject | 6 |
| 2 Quantification of carbon footprint..... | 8 |
| 2.1 Emissions results | 8 |
| 2.2 Methodology | 8 |
| 2.2.1 Scope 1 | 8 |
| 2.2.2 Scope 2 | 9 |
| 2.2.3 Scope 3 | 9 |
| 2.3 Data sources | 9 |
| 2.4 Assumptions and estimations | 10 |
| 2.5 Exclusions | 10 |
| 2.6 Uncertainties | 10 |
| 2.7 Comparison with baseline period results | 10 |
| 3 Carbon Management Plan..... | 11 |
| 3.1 PMI best practice | 11 |
| 3.2 Implemented GHG emissions reduction project repository in Mexico | 11 |
| 3.3 Planned GHG emissions reduction initiatives in Mexico | 12 |
| 4 Carbon offset program..... | 14 |
| 4.1 Offset program for the first application period | 14 |
| 4.2 Offsetting project(s) | 14 |
| 4.3 Amount of credits purchased | 14 |
| 4.4 Compensation program for the second application | 17 |
| Annex A – Carbon Neutral Assurance letter..... | 18 |
| Annex B – Qualifying Explanatory Statements (QES) checklist..... | 21 |
| Annex C – Scope 1, 2 and 3 emissions inclusion and exclusion | 22 |
| Annex D – Uncertainty calculation..... | 23 |

| | |
|---------------------------------------------------------------------------|----|
| Annex E – Voluntary offset program..... | 25 |
| Annex F – Internal Reporting Guidelines for Offices and Warehouses..... | 26 |
| Annex G – Mexico Manufacturing Operations Carbon Neutral Declaration..... | 27 |

Table of Figures:

| | |
|--------------------------------------------------------------------------|----|
| Table 1.1 - General information..... | 6 |
| Table 2.1 - GHG emissions overall results..... | 8 |
| Table 3.1 - Avoided CO2 emissions due to green electricity increase..... | 11 |
| Table 3.2 - Implemented GHG emissions reduction projects..... | 12 |
| Table 3.3 - Planned GHG emissions reduction initiatives..... | 13 |
| Table 4.3 – Emissions to be offset by legal entity..... | 15 |
| Table 7.1 - Inclusions and exclusions..... | 22 |
| Table 8.1 - Uncertainty calculations..... | 23 |
| Table 8.2 - IPCC uncertainty data..... | 24 |

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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 report is publicly available on a dedicated website <https://www.pmi.com/carbon-neutrality-declaration-2022-mexico-market>

This is the **first declaration** of achievement for **Philip Morris Mexico Productos y Servicios, S de R.L de C.V.** (excluding its manufacturing operations, as already certified separately – see Annex G) 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 (excluding manufacturing operations) 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.** sales offices, warehouses and fleet operations, achieved 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.** in accordance with PAS2060:2014 on 31st December 2021 with a commitment to maintain to 31st December 2022 for the period commencing 1st January 2021, SGS United Kingdom Limited Certified.

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.** sales offices, warehouses and fleet operations for the period starting 1st January 2021 and ending 31st December 2021, in accordance with PAS 2060:2014.

This has been achieved through:

- **Continuous carbon emissions reduction** through action plans under PMI direct controls: affiliates and fleet under affiliates' control. These reductions have been captured as part of the GHG inventory for 2021.
- **Compensation of remaining carbon emissions** for the period commencing 1st January 2021 and ending 31st December 2021.

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.

PMI affiliate has also set up a **Carbon Management Plan** to **reduce the GHG emissions associated to the sales offices, warehouses 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) | Nikola Vuckovic |
| Subject of PAS 2060 declaration | Scope 1 & 2 Emissions (excluding manufacturing operations) under the 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 for sales offices, warehouses and fleet operations. (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 sales offices, warehouses and fleet operations process are: <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) that have reached substantial emission reduction in the past years qualify to compensate residual emissions and become carbon neutral. Philip Morris Mexico Productos y Servicios, S de R.L de C.V. manufacturing operations has been subject to separate declaration – see Annex G, |
| 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 2021 – 31 st of December 2021 |
| 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 are the following affiliates:

- **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 as reported in Annex C.

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:

- Sales offices
- Warehouses

- Fleet operations

GHG emissions associated to affiliate' sales offices, warehouses and fleet operations within the defined boundary from the periods of 1st January 2021 to 31st December 2021 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 sales offices, warehouses and fleet operations during the year 2021 (application period) and represent a total **1869.47 tons of CO₂ equivalent**.

| GHG scope | GHG emissions [tCO ₂ eq] | Scope contribution [%] |
|------------------------------------------------------|-------------------------------------|------------------------|
| Scope 1 – Fleet | 1459.29 | 78.1% |
| Scope 2 Market based – Office & Warehouse | 410.18 | 21.9% |
| Total carbon footprint | 1869.47 | 100% |

Table 2.1 - GHG emissions overall results

2.2 Methodology

Total GHG emissions associated with PMI affiliate(s), 1st January 2021 to 31st December 2021 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.

While scope 2 emissions for some PMI office/warehouse sites may be estimated (see internal methodology in Annex F), this is not the case for the Mexico sites. Offices and warehouses emissions for the Mexico market sites are reported based on direct utilities consumption – invoice data.

Fuel consumption data for both benefit and working tool cars from the Mexico fleet is reported based on direct consumption – invoice data. The total fuel consumption is then multiplied using DEFRA coefficient to determine the emissions.

1. Primary Data source related to all inputs and outputs corresponding to steps under the affiliates control were directly provided. This includes measured energy inputs for offices and warehouses.

2. Emission Factors were sourced from recognized databases (DEFRA and IEA).

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. For scope 1 and 2, including fleet, no assumptions were made. Due to internal reporting timelines, Q4 data must be reported prior to actuals being available – i.e., Q4 data for the current reporting year is estimated based on previous year Q4 data and adjusted with proportional increase/decrease from Q1-Q3 actual data (difference from current vs. previous year). Post closure of reporting cycle actuals are collected and reported separately, this primary data is then compared to estimated data, and adjustments are made to the forecasting model to improve accuracy year-on-year.

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.

- 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).
- Primary activity data has been used for fleet emissions and electricity emissions calculation.

Result of the uncertainty calculation is reported in Annex D.

2.7 Comparison with baseline period results

This section will be completed in subsequent years. 2021 is the first PAS 2060:2014 certification year, and therefore will be used as baseline period subsequently.

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 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**.

| 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 | |
| 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 2021 Carbon Footprint assessment.

| Project name | Description | Year | Type of energy used | Emission reduction [kg CO2 eq] |
|--------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|------|---------------------|--------------------------------|
| Shift in the benefit cars and work tool cars from internal combustion engines | By procuring hybrid (or more sustainable powertrain, such as full electric) vehicles we will reduce petrol consumption and | 2021 | Petrol | 82,600 |

| | | | | |
|----------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|-------------|--------|
| to hybrid & electric vehicles. | therefore CO2 emissions. | | | |
| Change of sales offices in the interior of the Mexican Republic to locations with more recent technology in energy consumption. | At the end of the leases in the sales offices, the option of LEED 2009-certified offices was sought, which are more energy efficient from the start of construction. | 2019-2020 | Electricity | 13,660 |

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 | Potential reduction estimation [kg CO2eq] |
|----------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------|--------------|---------------------|-------------------------------------------|
| 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 CO2. 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 first 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.

Through collaborating with **ACT Commodities B.V.** (internationally recognized stakeholders in carbon neutral strategies), PMI has invested into offsetting project “**Katingan Peatland Restoration and Conservation Project**” that has been used to compensate outstanding emissions in this declaration of carbon neutrality.

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 Standard**³, and other offsets as endorsed in PAS2060.

Credits were retired on 16 December 2022.

These credits are supported by publicly available project documentation on the VERRA registry (<https://registry.verra.org/app/projectDetail/VCS/1477>).

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:

VCS1477, Katingan Peatland Restoration and Conservation Project

4.3 Amount of credits purchased

Credits have been purchased by PMI for the period covering 1st of January 2021 – 31st December 2021.

The amount of credits purchased is **1926 tonnes of CO₂ equivalent**, it is composed by two contributions:

- i. **1,869.47 tonnes of CO₂ equivalent**, amount evaluated for the first application period
- ii. **56.08 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.

¹ <https://verra.org/>

² <http://www.climate-standards.org/>

³ <https://www.goldstandard.org/>

And is split as follow between both legal entities:

| Legal entity | GHG scope | 2021 GHG emissions [tCO ₂ eq] |
|-------------------------------------------------------------|-------------------------------------------|------------------------------------------|
| Philip Morris Mexico Productos y Servicios, S de R.L de C.V | Scope 1 – Fleet | 273 |
| | Scope 2 Market based – Office & Warehouse | 343 |
| | Overtime 3% | 19 |
| | Total emissions to be offset | 635 |
| Philip Morris Mexico S.A de C.V. | Scope 1 – Fleet | 1,186 |
| | Scope 2 Market based – Office & Warehouse | 67 |
| | Overtime 3% | 38 |
| | Total emissions to be offset | 1291 |

Table 4.1 – Emissions to be offset by legal entity

We can reasonably assume that PMI Market Carbon Neutral covers 100% of the GHG emissions.

PMI portfolio offsetting credits is composed of:

Project: **VCS1477, Katingan Peatland Restoration and Conservation Project** – 100%

The VERRA standard guarantees 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 VERRA label also guarantee that the project 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.

Originating project Name: Katingan Peatland Restoration and Conservation Project

Quantity of retired credits: 635

Unit Type VCU

Serial number: 6358-303222402-303223036-VCU-016-APX-ID-14-1477-01112015-31122016-1

Retirement Date: 16th December 2022

Project ID: VCS1477

Project type: Agriculture Forestry and Other Land Use

Country: Central Kalimantan- Indonesia

Retired on behalf of Philip Morris Mexico Productos y Servicios, S de R.L de C.V, for offsetting unavoidable emissions, year 2021.



Originating project Name: Katingan Peatland Restoration and Conservation Project
Quantity of retired credits: 1291
Unit Type VCU
Serial number: 6358-303207602-303208892-VCU-016-APX-ID-14-1477-01112015-31122016-1
Retirement Date: 16th December 2022
Project ID: VCS1477
Project type: Agriculture Forestry and Other Land Use
Country: Central Kalimantan- Indonesia

Retired on behalf of Philip Morris Mexico S.A de C.V., for offsetting unavoidable emissions, year 2021.



4.4 Compensation program for the second application

For the second 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.

Annex A – Carbon Neutral Assurance letter



**Verification Statement Number:
CCP278808/29/12/2022**

The Carbon Neutrality Declaration as presented in its Qualifying Explanatory Statement (QES), for the application period 01/01/2021 – 31/12/2021 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: 29th December 2022

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 CCP278808/29/12/2022

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 01/01/2021 – 31/12/2021, 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 01/01/2021 – 31/12/2021.

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 to December 2022. 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
- First application period: Calendar Year 2021

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 01/01/2021 – 31/12/2021 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 01/01/2021 – 31/12/2021 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.

Annex B – Qualifying Explanatory Statements (QES) checklist



QES%20Document.xls

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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 | N/A | - |
| 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 | Immaterial emissions from small retail spaces are excluded |
| 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

Annex E – Voluntary offset program

KATINGAN PEATLAND RESTORATION AND CONSERVATION PROJECT – VCS 1477

The Katingan Restoration and Conservation Project ('The Katingan Project') protects and restores 149,800 hectares of peatland ecosystems, to offer local communities sustainable sources of income, and to tackle global climate change. The project lies within the districts of Katingan and Kotawaringin Timur in Central Kalimantan Province and covers one of the largest remaining intact peat swamp forests in Indonesia. The project area is located entirely within state-designated production forest. Without the project, the area would be converted to fast-growing industrial timber plantations, grown for pulpwood. The Katingan Project prevents this fate by having obtained full legal control of the production forest area through an Ecosystem Restoration Concession license (ERC; Minister of Forestry Decree SK 734/Menhut-II/2013), blocking the applications of plantation companies.

All the relevant project documentations can be found at the following links:

- Project page on VERRA registry: <https://registry.verra.org/app/projectDetail/VCS/1477>
- Project description
https://registry.verra.org/mymodule/ProjectDoc/Project_ViewFile.asp?FileID=19811&IDKEY=90e98hfalksuf098fnsdalfkjoijmn4309JLKJFjlaksjfla9827319369
- Project validation report:
https://registry.verra.org/mymodule/ProjectDoc/Project_ViewFile.asp?FileID=18930&IDKEY=fq934lkmsad39asjdkfj90qlkalsdkngaf98ulkandDfdvDdfhd26104470

Annex F – Internal Reporting Guidelines for Offices and Warehouses



PMS Environmental
Reporting Guidance.p

Annex G – Mexico Manufacturing Operations Carbon Neutral Declaration



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