



Sustainability Strategy & 2023 Performance Highlights

based on PMI's Integrated Report 2023



PHILIP MORRIS INTERNATIONAL

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About PMI

we were

we are transforming for good

we will be

Philip Morris International (PMI) is a leading international tobacco company, actively delivering a smoke-free future and evolving its portfolio for the long term to include products outside of the tobacco and nicotine sector.

The company's current product portfolio primarily consists of cigarettes and smoke-free products. Since 2008, PMI has invested USD \$12.5 billion to develop, scientifically substantiate and commercialize innovative smoke-free products for adults who would otherwise continue to smoke, with the goal of completely ending the sale of cigarettes. This includes the building of world-class scientific assessment capabilities, notably in the areas of pre-clinical systems toxicology, clinical and behavioral research, as well as post-market studies. In 2022, PMI acquired Swedish Match – a leader in oral nicotine delivery – creating a global smoke-free champion led by the companies' *IQOS* and *ZYN* brands.

The U.S. Food and Drug Administration has authorized versions of PMI's *IQOS* Platform 1 devices and consumables and Swedish Match's *General* snus as Modified Risk Tobacco Products. As of December 31, 2023, PMI's smoke-free products were available for sale in 84 markets, and PMI estimates that approximately 20.8 million adults around the world had already switched to *IQOS* and stopped smoking. Smoke-free products accounted for approximately 37% of PMI's total full year 2023 net revenues. With a strong foundation and significant expertise in life sciences, PMI announced in February 2021 its ambition to expand into wellness and healthcare areas and, through its Vectura Fertin Pharma business, aims to enhance life through the delivery of seamless health experiences.



For more information, please visit www.pmi.com and www.pmiscience.com



Forward-looking and cautionary statements

This report and related materials contain projections of future results and goals and other forward-looking statements, including statements regarding expected financial or operational performance; capital allocation plans; investment strategies; regulatory outcomes; market expectations; and business plans and strategies. Achievement of future results is subject to risks, uncertainties and inaccurate assumptions. In the event that risks or uncertainties materialize, or underlying assumptions prove inaccurate, actual results could vary materially from those contained in such forward-looking statements. Pursuant to the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995, PMI is identifying important factors that, individually or in the aggregate, could cause actual results and outcomes to differ materially from those contained in any forward-looking statements made by PMI.

PMI’s business risks include: excise tax increases and discriminatory tax structures; increasing marketing and regulatory restrictions that could reduce our competitiveness, eliminate our ability to communicate with adult consumers, or ban certain of our products in certain markets or countries; health concerns relating to the use of tobacco and other nicotine containing products and exposure to environmental tobacco smoke; litigation related to tobacco use and intellectual property; intense competition; the effects of global and

individual country economic, regulatory and political developments, natural disasters and conflicts; the impact and consequences of Russia’s invasion of Ukraine; changes in adult smoker behavior; the impact of COVID-19 on PMI’s business; lost revenues as a result of counterfeiting, contraband and cross-border purchases; governmental investigations; unfavorable currency exchange rates and currency devaluations, and limitations on the ability to repatriate funds; adverse changes in applicable corporate tax laws; adverse changes in the cost, availability, and quality of tobacco and other agricultural products and raw materials, as well as components and materials for our electronic devices; and the integrity of its information systems and effectiveness of its data privacy policies.

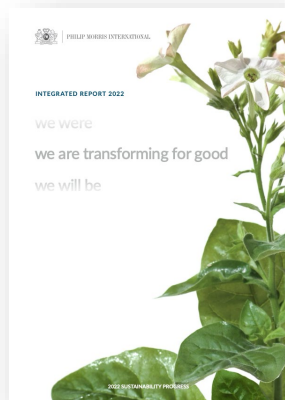
PMI’s future profitability may also be adversely affected should it be unsuccessful in its attempts to produce and commercialize reduced-risk products or if regulation or taxation do not differentiate between such products and cigarettes; if it is unable to successfully introduce new products, promote brand equity, enter new markets or improve its margins through increased prices and productivity gains; if it is unable to expand its brand portfolio internally or through acquisitions and the development of strategic business relationships; if it is unable to attract and retain the best global talent, including women or diverse candidates; or if it is unable

to successfully integrate and realize the expected benefits from recent transactions and acquisitions. Future results are also subject to the lower predictability of our reduced-risk product category’s performance.

PMI is further subject to other risks detailed from time to time in its publicly filed documents, including PMI’s Annual Report on Form 10-K for the fourth quarter and year ended December 31, 2023. PMI cautions that the foregoing list of important factors is not a complete discussion of all potential risks and uncertainties. PMI does not undertake to update any forward-looking statement that it may make from time to time, except in the normal course of its public disclosure obligations.



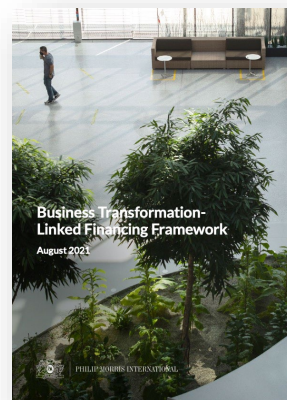
Resources



→ [Integrated Report 2023](#)



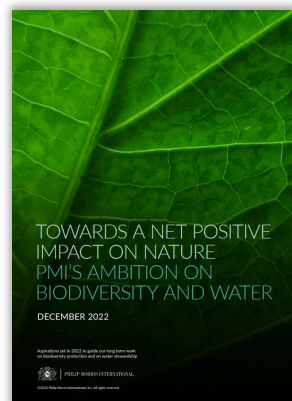
→ [Human Rights Report 2023](#)



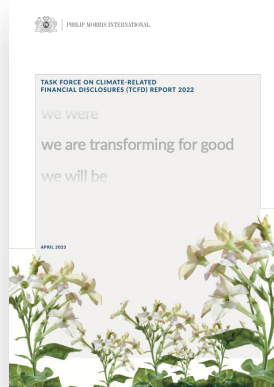
→ [Business Transformation-Linked Financing Framework](#)



→ [Post-consumer waste strategy](#)



→ [Biodiversity and Water](#)



→ [TCFD Report 2022](#)



→ [Low-Carbon Transition Plan](#)

More resources

- [Sustainability Materiality Report](#)
- [Sustainability KPI Protocol 2023](#)
- [Case studies and market stories](#)
- [ALP Code](#)
- [Climate Justice Report](#)
- [Sustainability Reporting](#)
- [Sustainability Resources](#)
- [Subscribe to PMI's quarterly Sustainability newsletter](#)



2023 Case studies

Indonesia



Applying impact valuation and Social Return on Investment methodologies to PMI's Waste Bank project in Indonesia

The Indonesian waste bank and plastic recycling project is a PMI-funded, community-driven solution designed to address the effect of plastic waste while positively impacting local communities.

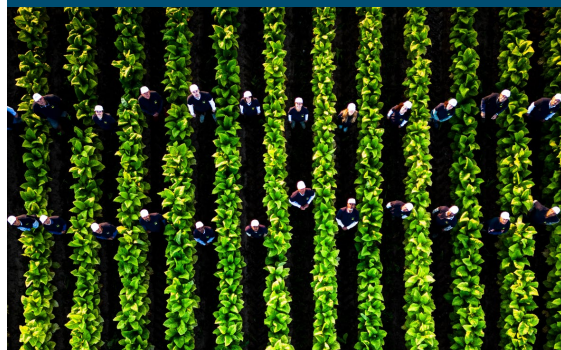
Indonesia



Building confidence and HOPE for retirement in Indonesia

An example of our commitment to promote employability and reskilling is our voluntary program in Indonesia, HOPE. It aims to equip hand-rolling employees with the skills, knowledge, and resources to establish a new daily life beyond retirement.

Italy



PMI's holistic approach to water stewardship in Italy

Water is a renewable, yet finite resource shared by all. PM Italia has been increasingly focusing on sustainable water management in all tobacco-growing areas to address the water crisis and drought through intentional stakeholder engagement.

Pakistan




Assessing human rights impacts in the tobacco supply chain in Pakistan

In 2023, we completed a human rights impact assessment (HRIA) in Pakistan, our first gender inclusive HRIA. This work covered our operations in the country, the manufacturing facilities we use, and our leaf supply chain.




2023 Market stories

Brazil



[Home Garden Brazil: Planting seeds for the future](#)




Brazil




[Water guardians – protecting one of nature’s most valuable resources in Brazil](#)



Bulgaria



[Using creativity to encourage positive change on post-consumer waste in Bulgaria](#)




Colombia




[New project in Bogotá sees increase in responsible cigarette butt disposal](#)




Germany




[Communities creating change in Berlin](#)



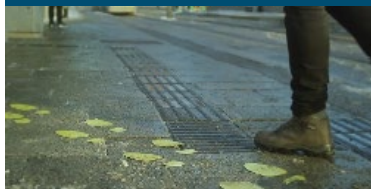
Greece




[Replanting Greece’s fire-ravaged woodlands](#)




Norway




[Taking steps to encourage behavioral change around littering in Norway](#)



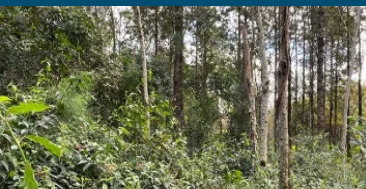
Switzerland




[Driving change in Switzerland](#)




PMI




[Perfect Forest™](#)




PMI




[Fostering a lasting impact on our supply chain](#)




PMI




[PMI’s monitoring-verification and reporting framework for sustainable leaf curing fuel is adopted by a global certification body](#)



PMI



[Utilizing technology for a smarter way to reduce litter](#)




Overview

[Our global footprint in 2023](#)

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Our global footprint in 2023

73,704

Employee worldwide¹

~33 m

Estimated number of users of PMI smoke-free products, including 28.6 m IQOS users²

84

Markets where PMI smoke-free products are available for sale³

50

PMI-owned manufacturing facilities⁴

306,000

Contracted farmers supplying us with tobacco, located in 23 countries⁵

32

Third-party manufacturers

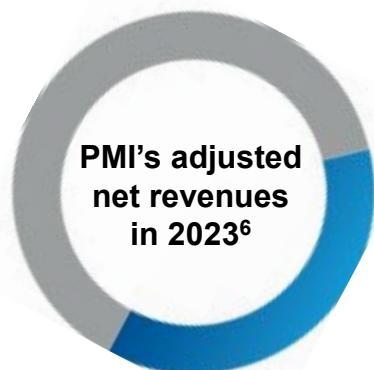
38

Third-party operators (in Indonesia)

Our product portfolio

Combustible tobacco products

63.6%



Smoke-free products

36.4%

¹ Incorporating Vectura Fertin Pharma, as well as the 2022 acquisition of Swedish Match, PMI employed approximately 82,700 people worldwide at year-end 2023.

² Figures are based on IQOS user panels and PMI Market Research. Estimated user numbers for oral nicotine and e-vapor are approximate, with further methodology details to be provided in future disclosures. See [Glossary](#).

³ For definition of available for sale, see [Glossary](#).

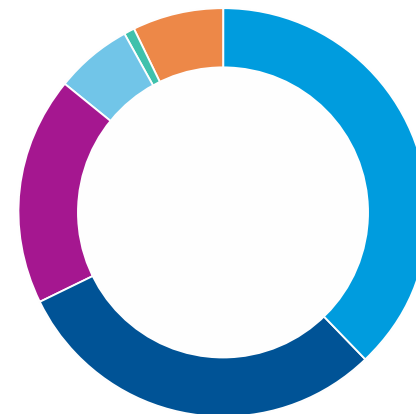
⁴ Data reflects the number of factories operated and owned by PMI at the end of the respective year.

⁵ Figure pertains to tobacco farmers whose tobacco are included in PMI packed products.

⁶ For definition of net revenues related to smoke-free products, see [Glossary](#). 2023 figure includes Swedish Match.

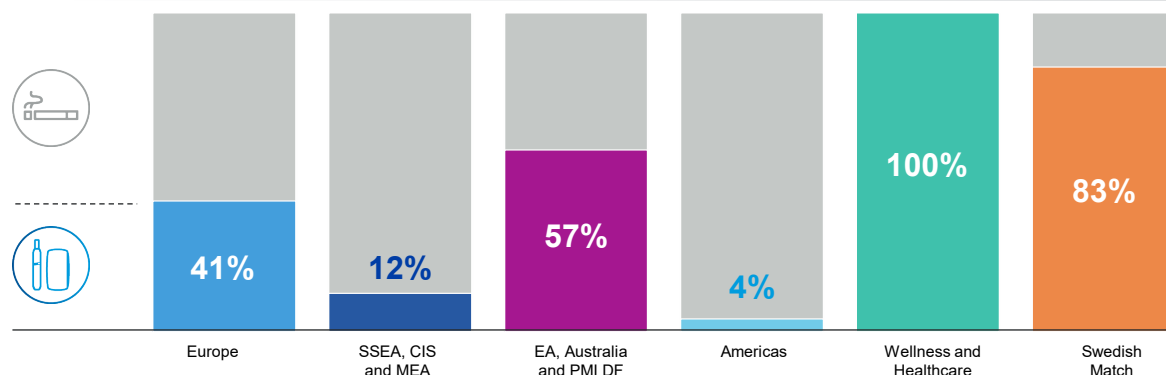
⁷ For definition of net revenues derived from smoke-free products, see [Glossary](#).

Proportion of PMI's total 2023 adjusted net revenues generated by each segment⁷



Europe	38%
SSEA, CIS and MEA	30%
EA, Australia and PMI DF	18%
Americas	6%
Wellness & Healthcare	1%
Swedish Match	7%

Proportion of 2023 adjusted net revenues derived from smoke-free products in each segment^{6,7}



Notes:

Figures in the charts above are rounded.

As of December 31, 2023, we managed our business in four geographical segments, a Swedish Match segment and a Wellness and Healthcare segment (which includes the operating results of our new Wellness and Healthcare business, Vectura Fertin Pharma). See [Glossary](#). Following the combination and the progress in 2023 toward the integration of the Swedish Match business into the existing PMI regional segment structure, we changed our segment reporting by including Swedish Match results in the four existing geographical segments on February 27, 2024. For more information, please access the corresponding 8-K as filed with the SEC on February 27, 2024 [here](#).



PMI's Statement of Purpose

Our company's purpose is clearly articulated in PMI's Statement of Purpose, a declaration issued by our Board of Directors. The Statement of Purpose also recognizes those stakeholders most critical to long-term value creation and sustainability.

Excerpts from PMI's Statement of Purpose:



"In 2016, with the full support of the Board of Directors, PMI announced its new purpose of delivering a smoke-free future. Since then, PMI has fully aligned its employees with this purpose and swiftly shifted its organizational focus and resources to smoke-free alternatives. PMI is essentially disrupting its traditional business from the inside out and is leading the industry in this unprecedented transformation."



"PMI remains committed to accelerating the end of smoking and laying the foundations of a strong business in areas of wellness and healthcare as we strive to develop commercially successful products that have a net positive impact on society."



"PMI's key stakeholder constituencies, which are fundamental to both the achieving of its purpose and to the pace of its progress, will be affected in different ways by PMI's transformation."



"To make its progress both measurable and verifiable, PMI developed a set of bespoke key performance indicators called Business Transformation Metrics. This set of metrics allow stakeholders to assess both the pace and the scale of its transformation and showcase how it is allocating resources away from its traditional cigarette business, aiming to base success on a future where it no longer makes or sells cigarettes."



Operating context

Megatrends



**Healthier
lifestyles**



**Climate and
nature urgency**



Inequality



Erosion of trust



**Technological
progress**



[Read more about our identified megatrends on PMI.com](https://www.pmi.com)

Industry trends

- **Moderate decline in prevalence of tobacco smoking worldwide**
- **Rapid adoption of smoke-free alternatives by adult smokers where permitted**
- **Increased pace of innovation in smoke-free product categories and geographies**
- **Evolving regulation and taxation**

Strategy and governance

Value creation in 2023	p14	2025 Roadmap	p24
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Value creation in 2023

Resources and relationships

73,704
Employees, of whom
43% are women¹

USD 709 m
Adjusted R&D expenditure,
of which 99% dedicated to
smoke-free products

~308,000 tons
Of packed tobacco sourced

50 factories²
Of which 16 are partially or
fully dedicated to the production
of smoke-free products

306,000
Contracted tobacco farmers
>26,000
Suppliers³

~USD 146 bn
Market capitalization as
of December 31, 2023







Our mission

Accelerate the end of smoking
by offering adult smokers who would
otherwise continue to smoke scientifically
substantiated better alternatives than smoking and
evolve in the longer term into a broader lifestyle,
consumer wellness and healthcare company.

Our value chain transformation

To achieve this mission, all segments
of our value chain—including sourcing,
operations, commercialization,
and consumers and revenues—
are undergoing rapid
transformation.

CAPITALS

-  Human
-  Manufactured
-  Intellectual
-  Social
-  Natural
-  Financial

Value created

77%
Of PMI employees have access to
lifelong learning program

3,720
Patents granted in IP5 jurisdictions
relating to smoke-free products

13%
Reduction of CO₂e emissions
along the value chain⁴ (scope
1+2+3) vs. 2019

13
Smoke-free (heat-not-burn and
e-vapor) devices in our portfolio
commercialized

~33 million
Estimated number of users of
PMI smoke-free products,
including ~28.6 million IQOS
users⁵

36.4%
Annual adjusted net revenues
from smoke-free products⁶

41.8%
Of management positions held by women

532
Scientific publications since 2008
sharing our methods and findings

100%
Tobacco purchased at no risk of deforestation
of primary and protected forests

84
Markets where PMI smoke-free products are
available for sale⁵, of which 39 are
low- and middle-income markets⁶

96%
Of contracted farmers supplying tobacco to PMI
who make a living income, and 0.1% prevalence of
child labor among contracted farmers supplying
tobacco to PMI

USD 74 bn
In excise tax paid on all products

Note: Presentation of information in this visual is informed by the Integrated Reporting Framework of the IFRS Foundation.

¹ Incorporating Vectura Fertin Pharma, as well as the 2022 acquisition of Swedish Match, PMI employed approximately 82,700 people worldwide at year-end 2023.

² Data reflects the number of factories operated and owned by PMI at the end of the respective year. As of 2023 "Smoke-free products factories" is defined as manufacturing facilities producing heated tobacco units and oral nicotine products. Additionally, in 2023, PMI evolved its approach to report the number of factories based on location instead of based on plant. If a facility is one location, but has several physical areas (plants) the facility is counted as one.

³ Suppliers refer to tier 1 suppliers, for definitions see [Glossary](#).

⁴ Including Swedish Match.

⁵ For definition of available for sale, see [Glossary](#).

⁶ Excluding PMI Duty Free. World Bank report issued in 2023 is used on a comparative basis for income level classification. For definition of low- and middle-income markets, see [Glossary](#).

⁷ Figures are based on IQOS user panels and PMI Market Research. Estimated user numbers for oral nicotine and e-vapor are approximate, with further methodology details to be provided in future disclosures. See [Glossary](#).

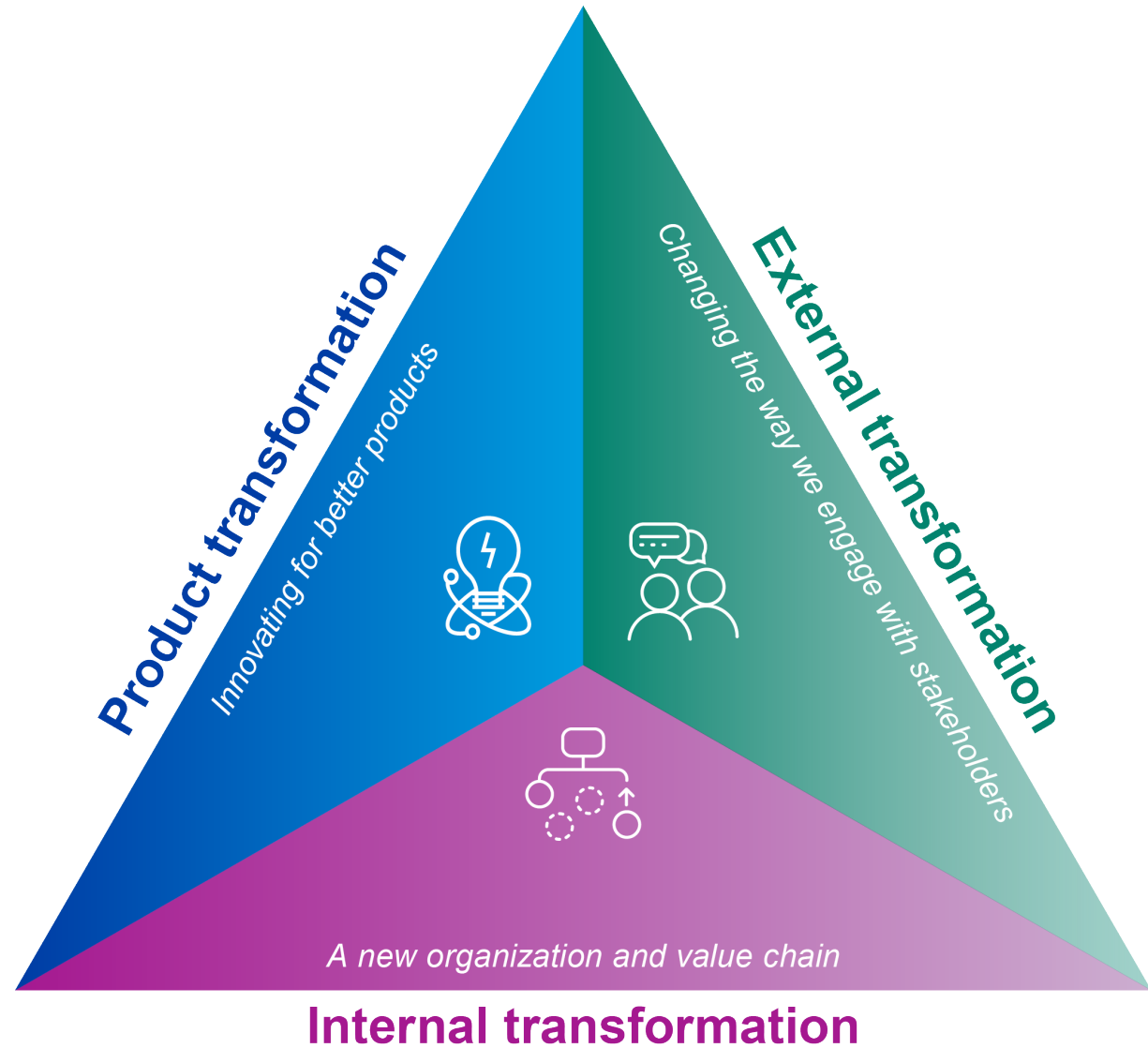
⁸ For definition of net revenues related to smoke-free products, see [Glossary](#). Data excludes the impact related to termination of distribution arrangement in the Middle East in 2023.



Transforming for good

PMI's business transformation

While a transformation of this magnitude and complexity is not achieved overnight, we are committed to making it happen as fast as possible.



Transforming for good continued

Product transformation

Innovating for better products

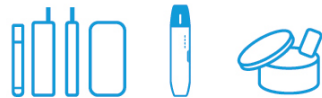


Supporting transformation



Combustible tobacco products

Growth priorities



Smoke-free products

Emerging opportunities



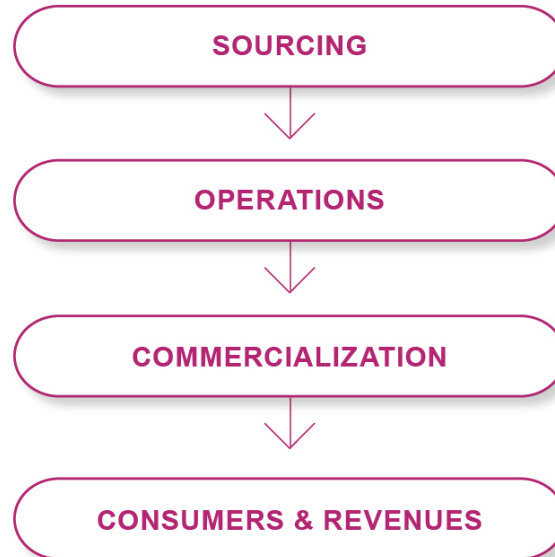
Wellness and healthcare

Internal transformation

A new organization and value chain



Value chain

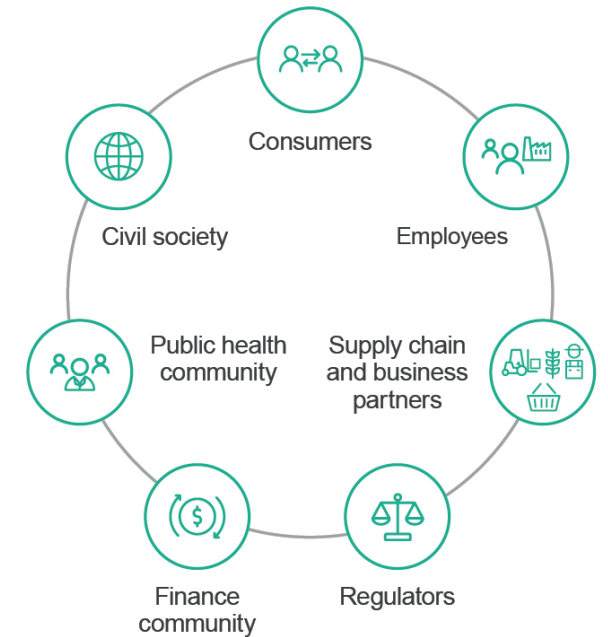


External transformation

Changing the way we engage with stakeholders

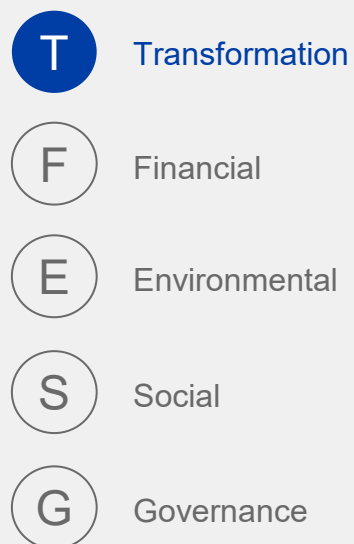


Key stakeholder groups



Business Transformation Metrics

Reporting the pace and scale of our transition



- Business transformation is a very company-specific journey, which ESG reporting standards do not properly capture.
- In 2016, we introduced a set of bespoke key performance indicators (KPIs) we call **Business Transformation Metrics**.
- They allow our shareholders and stakeholders to assess both the pace and scale of our transformation.
- Transparent, measurable, verifiable, and updated based on stakeholder feedback.
- PricewaterhouseCoopers SA (PwC) has provided limited independent assurance on select Business Transformation Metrics.¹

¹ See Assurance Report available in [Integrated Report 2023](#), p. 203

Business Transformation Metrics

	2015 baseline	2021	2022	2023	Aspirations	
Consumers & Revenues	Total number of users of PMI smoke-free products (in millions) ^{1*}	0.2	21.7	24.9	28.6	
	Estimated number of users who have switched to PMI smoke-free products and stopped smoking (in millions) ^{1*}	0.1	15.3	17.8	20.8	
	Adjusted net revenues ratio (smoke-free/total) ^{2*}	0.7%	29.5%	32.1%	36.4%	>2/3 by 2030
Commercialization	Number of markets where smoke-free products are available for sale ^{3*}	7	71	73	84	100 by 2025
	Number of markets where adjusted net revenues from smoke-free products exceed 50% of adjusted total net revenues ^{4*}	0	10	17	25	~60 by 2030
	Number of markets where adjusted net revenues from smoke-free products exceed 75% of adjusted total net revenues ^{4*}	0	0	0	3	~40 by 2030
	Proportion of markets where smoke-free products are available for sale that are low- and middle-income markets ^{4*}	17%	42%	42%	47%	>50% by 2025
	Commercial (marketing) expenditure ratio (smoke-free/total) ^{5*}	8%	73%	74%	74%	
	Smoke-free product shipment volume – heated tobacco units (billion units) ^{5*}	0	95	109	125	
	Shipment volume – nicotine pouches (million cans) ^{6*}	0	1	42	421	
	Combustible tobacco product shipment volume (billion units) ^{5*}	877	645	642	633	
Change in combustible tobacco product shipment volume (billion units) vs. 2015 baseline ^{5*}	n/a	(26.4)%	(26.8)%	(27.9%)		
Sourcing & Operations	Adjusted R&D expenditure ratio (smoke-free/total) ^{6*}	70%	99%	99%	99%	
	Supply chain direct spend expenditure (smoke-free/total) ⁷	n/a	35%	43%	41%	
	Number of factories producing smoke-free products out of total number of factories ^{8*}	3 out of 48	9 out of 39	14 out of 49	16 out of 50	

* The 2023 metrics marked with an asterisk (*) are subject to PwC's Limited Assurance Report, available on the [2023 integrated report](#), pp. 203-205.

Notes:

Unless otherwise stated, all applicable business transformation metrics include Swedish Match related data as of November 11, 2022 (acquisition date), as well as Vectura Fertin Pharma.

In 2023, we evaluated and republished a new set of aspirations for 2030 to ensure they remain ambitious, reasonable, and achievable in the context of a dynamic and evolving smoke-free industry, and impacts of our recent acquisitions.

1 Figures pertain to total IQOS users. See [Glossary](#).

2 For definition of net revenues related to smoke-free products, see [Glossary](#).

Data excludes the impact related to termination of distribution arrangement in the Middle East in 2023 and the impact related to the Saudi Arabia customs assessments in 2021.

3 For definition of available for sale, see [Glossary](#).

4 Excluding PMI Duty Free. World Bank report issued in 2023 is used on a comparative basis for income level classification. For definition of low- and middle-income markets, see [Glossary](#).

5 These indicators are calculated based on millions of units. For definition of heated tobacco units and combustible tobacco products, see [Glossary](#). Combustible tobacco products shipment volume includes cigarettes and other tobacco products expressed in cigarette equivalent units.

6 Adjusted R&D expenditure excludes asset acquisition cost related to OtiTopic, Inc. in 2021. Total reported R&D expenditure in 2021 including these items amounted to USD 617 million.

7 Direct spend focuses on materials used in the manufacture of our products; it includes tobacco leaf, direct materials, and electronic devices and accessories. Data excludes Swedish Match and Vectura Fertin Pharma.

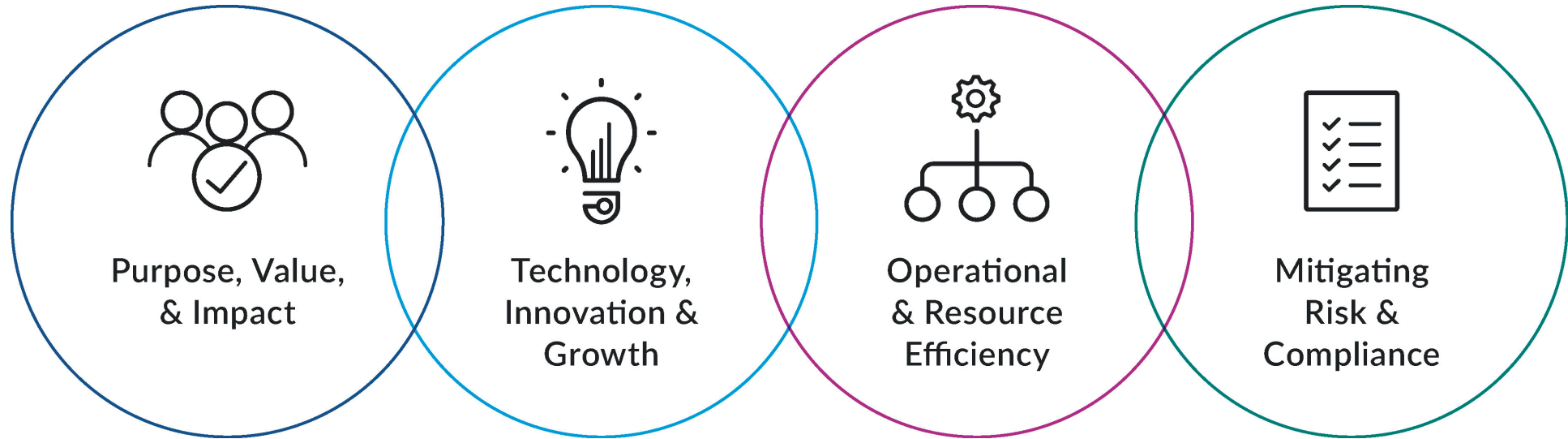
8 Data reflects the number of factories operated and owned by PMI at the end of the

respective year. As of 2023 "Smoke-free products factories" is defined as manufacturing facilities producing heated tobacco units and oral nicotine products. Additionally, in 2023, PMI evolved its approach to report the number of factories based on location instead of based on plant. If a facility is one location, but has several physical areas (plants) the facility is counted as one. To provide comparability, 2022 data has been restated on the same basis.



Our approach to sustainability

For PMI, sustainability is more than just a means to minimize negative externalities and mitigate risks while maximizing operational efficiency and resource optimization. We see it as a **fundamental opportunity for innovation, growth, and purpose-led, impact-driven, long-term value creation.**



Sustainability materiality assessment: the right focus

A robust sustainability materiality analysis allows us to identify, assess, and prioritize ESG topics on which we should focus. Seeking to embed the principle of double materiality, our 2021 assessment consisted of a fivefold approach.

During 2023, we conducted a light sustainability materiality refresh to reassess and further confirm our priority ESG topics.

Our 2021 sustainability materiality assessment process



→ [Read PMI's 2021 Sustainability Materiality Report](#)



Sustainability materiality assessment: the right focus continued

Key		Relevance to our stakeholders	
E	ENVIRONMENTAL		Very high
S	SOCIAL		High
G	GOVERNANCE		Medium
	Our most material topics		Low
	Emerging topics		

[Read PMI's 2021 Sustainability Materiality Report](#)

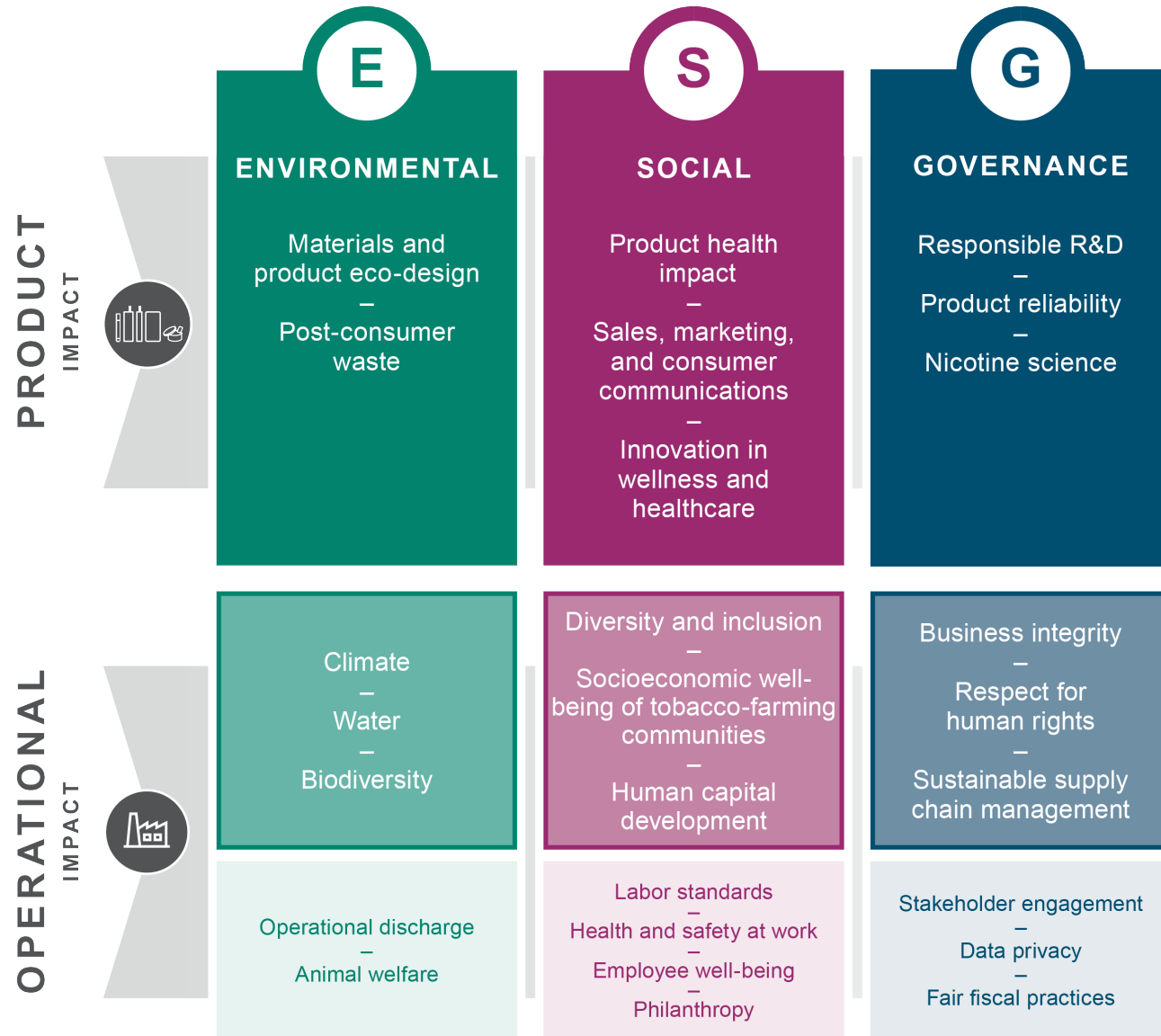


Sustainability materiality assessment: the right focus continued

Our **ESG framework** showcases these priority ESG topics.

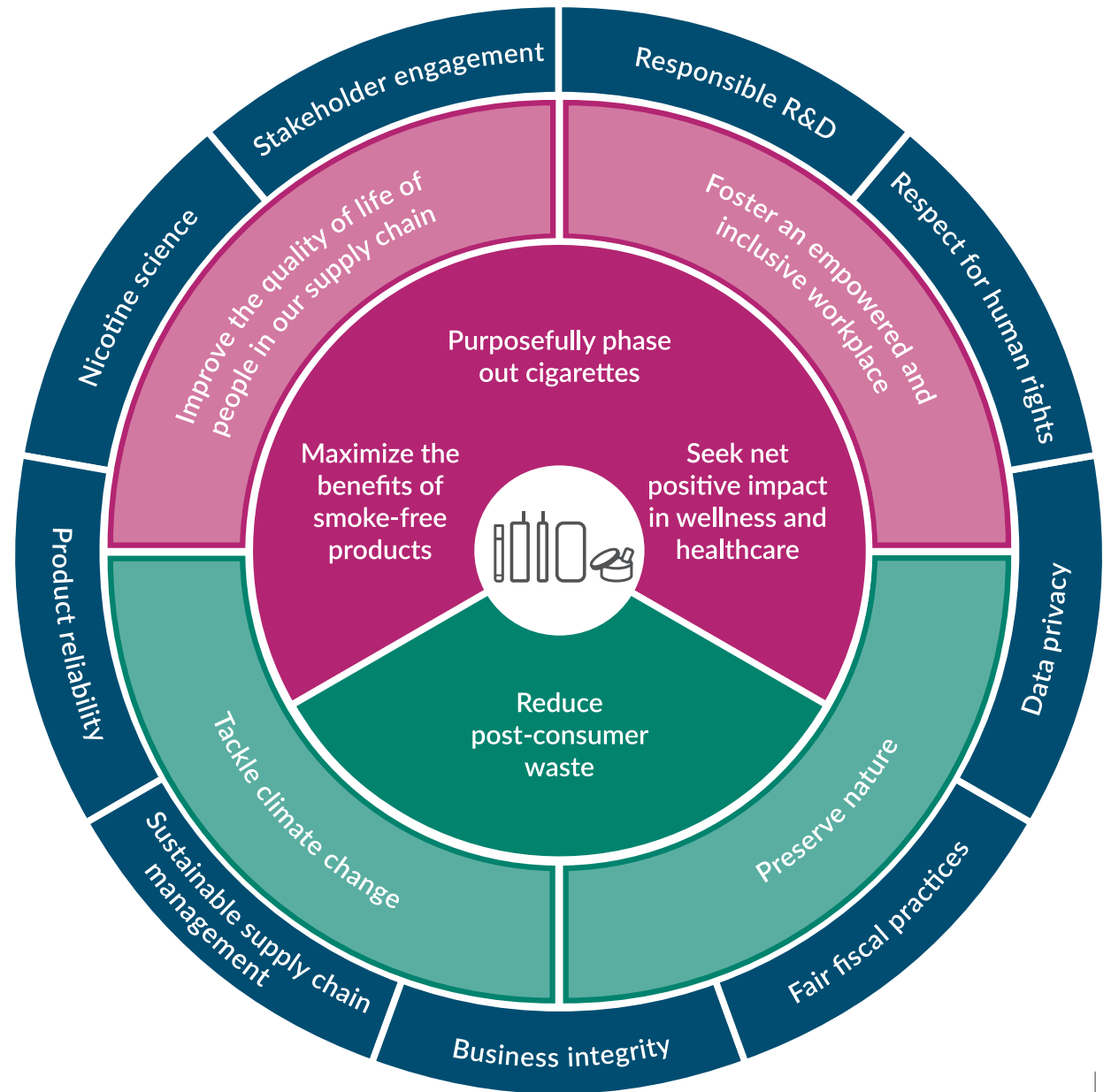
This framework recognizes two distinct forms of issues: those that relate to **our products** (what we produce) and those related to **our business operations** (how we produce).

→ [Read PMI's 2021 Sustainability Materiality Report](#)



Our sustainability strategy

- Impact-driven approach to sustainability
- Separate identification of environmental and social impacts
- Distinct forms of social and environmental impacts —
 - **PRODUCT IMPACT:**
those impacts generated by our products (what we produce)
 - **OPERATIONAL IMPACT:**
those impacts generated by our business operations (how we produce)
- 8 impact-driven strategies: 4 on product impacts + 4 on operational impacts
- 9 governance-related topics define our ability to successfully address environmental and social issues



2025 Roadmap

Our 2025 Roadmap outlines our key goals and informs the route of our company's long-term plan

	Goals	Priority ESG topics	Primary SDGs	
PRODUCT IMPACT	Purposefully phase out cigarettes  <ol style="list-style-type: none"> 1 Intentionally work toward phasing out cigarettes by ensuring that we become a substantially smoke-free company by net revenues by 2030 and continue to reduce our combustible shipment volume 	Product health impact	3 GOOD HEALTH AND WELL-BEING	
	Maximize the benefits of smoke-free products  <ol style="list-style-type: none"> 2 Develop and commercialize science-based smoke-free alternatives, making them available in 100 markets (of which at least half in low- and middle-income markets) and continuing to increase the total number of users 3 Deploy robust youth access prevention programs in indirect retail channels and ensure that sales of our products abide by our Marketing Codes 	Product health impact; Sales, marketing, and consumer communications	3 GOOD HEALTH AND WELL-BEING	
	Seek net positive impact in wellness and healthcare  <ol style="list-style-type: none"> 4 Lay the foundation to evolve into a broader lifestyle, consumer wellness, and healthcare company in the long term 	Innovation in wellness and healthcare	3 GOOD HEALTH AND WELL-BEING, 8 DECENT WORK AND ECONOMIC GROWTH	
	Reduce post-consumer waste  <ol style="list-style-type: none"> 5 Reduce post-consumer waste and prevent littering by implementing comprehensive programs covering all our consumables 6 Follow eco-design and circularity principles for all smoke-free electronic devices 	Materials and product eco-design; Post-consumer waste	8 DECENT WORK AND ECONOMIC GROWTH, 17 CLIMATE ACTION	
OPERATIONAL IMPACT	Foster an empowered and inclusive workplace  <ol style="list-style-type: none"> 7 Nurture a more diverse culture that promotes equity and inclusion by providing access to lifelong learning to all our employees and improving gender and local representation in management globally 	Diversity and inclusion; Human capital development	4 QUALITY EDUCATION, 5 DECENT WORK AND ECONOMIC GROWTH, 8 DECENT WORK AND ECONOMIC GROWTH, 10 AFFORDABLE AND CLEAN ENERGY	
	Improve the quality of life of people in our supply chain  <ol style="list-style-type: none"> 8 Eradicate systemic child labor in our tobacco supply chain 9 Ensure all contracted tobacco farmers make a living income; partner with our direct suppliers to promote a living wage for their workers 	Socioeconomic well-being of tobacco-farming communities	1 NO POVERTY, 8 DECENT WORK AND ECONOMIC GROWTH	
	Tackle climate change  <ol style="list-style-type: none"> 10 Achieve carbon neutrality in our operations and accelerate our decarbonization toward net zero across our value chain 	Climate	13 CLIMATE ACTION, 15 LIFE ON LAND	
	Preserve nature  <ol style="list-style-type: none"> 11 Promote biodiversity, address critical water challenges, ensure no conversion of natural ecosystems, and halt deforestation in both our tobacco and pulp and paper supply chains 	Biodiversity; Water	6 CLEAN WATER AND SANITATION, 15 LIFE ON LAND	



2025 Roadmap – 2023 progress highlights



Product Impact

Purposefully phase out cigarettes



1

Intentionally work toward phasing out cigarettes by ensuring that we become a substantially smoke-free company by net revenues by 2030 and continue to reduce our combustible shipment volume



36.4% Of our adjusted net revenues from smoke-free products¹ (2022: 32.1%).

18.6% Of our total shipment volume pertained to smoke-free products shipment volume² (2022: 15.3%). Meanwhile, combustible tobacco product shipment volume decreased by 27.9% versus 2015.

Maximize the benefits of smoke-free products



2

Develop and commercialize science-based smoke-free alternatives, making them available in 100 markets (of which at least half are low- and middle-income markets) and continuing to increase the total number of users



84 Markets where PMI smoke-free products were available for sale³ (2022: 73).

47% Of markets where smoke-free products are available for sale³ that are low- and middle-income markets⁴ (2022: 42%).



¹ For definition of net revenues related to smoke-free products, see [Glossary](#). Data excludes the impact related to termination of distribution arrangement in the Middle East in 2023.

² These indicators are calculated based on millions of units. For definition of smoke-free products and combustible tobacco products, see [Glossary](#). Smoke-free products shipment volume includes volume of smoke-free products that can be converted into cigarette equivalent units, such as heat-not-burn, e-vapor, and oral nicotine. Total shipment volume includes the listed smoke-free products as well as combustible tobacco products: cigarettes and other tobacco products expressed in cigarette equivalent units. Data does not include wellness and healthcare products.

³ For definition of available for sale, see [Glossary](#).

⁴ Excluding PMI Duty Free. World Bank report issued in 2023 is used on a comparative basis for income level classification. For definition of low- and middle-income markets, see [Glossary](#).

2025 Roadmap – 2023 progress highlights continued

Product Impact

Maximize the benefits of smoke-free products



3

Deploy robust youth access prevention programs in indirect retail channels and ensure that sales of our products abide by our Marketing Codes



98%

Of shipment volume covered by youth access prevention programs in our indirect retail channels (2022: 91%).

Seek net positive impact in wellness and healthcare



4

Lay the foundation to evolve into a broader lifestyle, consumer wellness, and healthcare company in the long term



While we focus in the short to medium term on capitalizing on our smoke-free products' growth potential, we remain convinced of the longer-term potential of our wellness and healthcare business.





Product Impact

Reduce post-consumer waste



5 Reduce post-consumer waste and prevent littering by implementing comprehensive programs covering all our consumables



76% Of shipment volume covered by markets with anti-littering programs in place for combustible cigarettes (2022: 68%)

17.6% Of shipment volume covered by markets with end-of-life take-back programs in place for smoke-free consumables¹ (2022: 8.5%).

6 Follow eco-design and circularity principles for all smoke-free electronic devices



Smoke-free products—and heated tobacco products, in particular—are a relatively new product category. As such, they are generally not covered by existing product category rules. We have further defined our framework for eco-design and integrated several sustainable design principles into select pilot projects.

¹ Shipment volume includes heated tobacco units, e-vapor cartridges, and e-vapor disposables. See [PMI's Sustainability KPI Protocol 2023](#) for further details.



Operational Impact

Foster an empowered and inclusive workplace



7

Nurture a more diverse culture that promotes equity and inclusion by providing access to lifelong learning to all our employees and improving gender and local representation in management globally



32%

Of senior roles were held by women in 2023 (2022: 30.5%).

77%

Of employees could access structured lifelong learning offers.

Improve the quality of life of people in our supply chain



8

Eradicate systemic child labor in our tobacco supply chain



9

Ensure all contracted tobacco farmers make a living income; partner with our direct suppliers to promote a living wage for their workers



0.1%

Prevalence of child labor among contracted farmers supplying tobacco to PMI (2022: 0.1%).¹

96%

Proportion of contracted farmers supplying tobacco to PMI who make a living income, and 99.8% who pay their workers at least the minimum legal wage of agricultural benchmark (2022: 73%, 99.9%)

Operational Impact

Tackle climate change



10 Achieve carbon neutrality in our operations and accelerate our decarbonization toward net zero across our value chain



36% Reduction in absolute scope 1+2 GHG emissions versus 2019 baseline.¹

13% Reduction of net CO₂e scope 1+2+3 emissions.¹

¹ Including Swedish Match.

² For definitions, please see PMI's Zero Deforestation Manifesto and PMI's Sustainability KPI Protocol 2023.

³ Indicator is based on the World Resources Institute's volumetric benefit accounting methodology and is verified by an external third party.

Preserve nature



11 Promote biodiversity, address critical water challenges, ensure no conversion of natural ecosystems, and halt deforestation in both our tobacco and pulp and paper supply chains





94% Of tobacco purchased at no risk of net deforestation of managed natural forest and no conversion of natural ecosystems.²

95% Of paper, board, and pulp-based purchased at no risk of gross deforestation of primary and protected forests.²

8.1 m Cubic meters of water optimized in our tobacco-growing areas since 2019.³

PMI 2022-2024 Sustainability Index

		Key performance indicators	2025 aspirations	KPI weight	Contribution to total index score
	Purposefully phase out cigarettes	1 Smoke-free product shipment ratio (smoke-free/total)*	>30%	85%	
		2 Adjusted net revenues ratio (smoke-free/total)*	>50%		
	Maximize the benefits of smoke-free products XYZ	3 Number of markets where PMI smoke-free products are available for sale*	100		
		4 Proportion of markets where smoke-free products are available for sale that are low- and middle-income markets*	>50%		
		5 Total number of users of PMI smoke-free products (in millions)*			
	Seek net positive impact in wellness and healthcare	6 Proportion of shipment volume covered by markets with youth access prevention programs in place in indirect retail channels	>90%		
		7 Annual net revenue from wellness and healthcare products (in billions USD)*	≥1		
Reduce post-consumer waste	8 Proportion of shipment volumes covered by markets with anti-littering programs in place for combustible cigarettes	≥80%	15%		
	9 Proportion of shipment volume covered by markets with end-of-life take-back programs in place for smoke-free consumables	≥80%			
	10 Proportion of PMI smoke-free devices with eco-design certification	1			
	11 Cumulative number of smoke-free electronic devices refreshed or repaired since 2021 (in thousands)	1,000			
Product Sustainability performance				100%	67%
	Foster an empowered and inclusive workplace	12 Proportion of women in senior roles	35%	50%	
		13 Proportion of PMI employees who have access to structured lifelong learning offers	70%		
	Improve the quality of life of people in our supply chain	14 Cumulative number of human rights impact assessments conducted since 2018, with findings addressed	10		
		15 Prevalence of child labor among contracted farmers supplying tobacco to PMI	0%		
	Tackle climate change	16 Proportion of contracted farmers supplying tobacco to PMI who make a living income	100%		
		17 Net carbon emissions in scope 1+2 (in thousands of metric tons)	0		
	Preserve nature	18 CO ₂ e scope 3 absolute reduction versus 2019 baseline (in-line with science-based target)	25%	50%	
		19 Proportion of tobacco purchased at no risk of deforestation of managed natural forest and no conversion of natural ecosystems	100%		
Operational Sustainability performance				100%	33%
PMI Sustainability Index				100%	100%



PMI 2023-2025 Sustainability Index

		Key performance indicators		2025 aspirations	KPI weight	Contribution to total index score
PRODUCT IMPACT	Purposefully phase out cigarettes	1	Adjusted net revenues ratio (smoke-free/total)*†	>50%	80%	
		2	Number of markets where smoke-free products are available for sale*†	100		
	3	Proportion of markets where smoke-free products are available for sale that are low- and middle-income markets*†	>50%			
	4	Proportion of shipment volume covered by markets with youth access prevention programs in place in indirect retail channels†	>90%			
	Reduce post-consumer waste	5	Proportion of shipment volumes covered by markets with anti-littering programs in place for combustible cigarettes	≥80%	20%	
		6	Proportion of shipment volume covered by markets with end-of-life take-back programs in place for smoke-free consumables	≥80%		
		7	Proportion of PMI smoke-free devices with eco-design certification	100%		
		8	Cumulative number of smoke-free electronic devices refreshed or repaired since 2021 (in thousands)	>1,000		
Product Sustainability performance				100%	67%	
OPERATIONAL IMPACT	Foster an empowered and inclusive workplace	9	Proportion of women in senior roles†	35%	50%	
		10	Proportion of PMI employees who have access to structured lifelong learning offers†	70%		
	11	Cumulative number of human rights impact assessments conducted since 2018, with findings addressed†	10			
	12	Prevalence of child labor among contracted farmers supplying tobacco to PMI	zero			
	Improve the quality of life of people in our supply chain	13	Proportion of contracted farmers supplying tobacco to PMI who make a living income	100%	50%	
		14	Net carbon emissions in scope 1+2 (in thousands of metric tons)†	zero		
	Tackle climate change	15	CO ₂ e scope 3 FLAG absolute reduction versus 2019 baseline (in-line with science-based target)†	18%		
		16	Proportion of tobacco purchased at no risk of deforestation of managed natural forest and no conversion of natural ecosystems	100%		
Operational Sustainability performance				100%	33%	
PMI Sustainability Index				100%	100%	

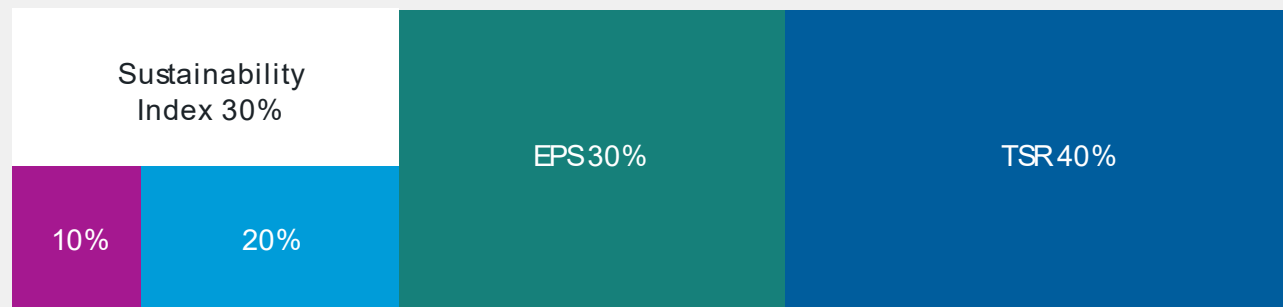
→ Read more about the mechanics of the [Sustainability Index](#)

The metrics marked with an asterisk (*) are subject to limited PwC's Assurance Report in 2023. For definitions of the KPIs please refer to the [PMI's Sustainability KPI Protocol 2023](#).
 The aspirations for metrics marked with a cross (†) include Swedish Match's operations in the Sustainability Index 2023-25.
 Note: The Sustainability Index reflects KPIs approved by the Compensation and Leadership Development Committee of PMI's Board of Directors on a yearly basis, and is not intended to reflect, among others, the current forward-looking goals or aspirations of the Company.



Linking sustainability performance to executive compensation

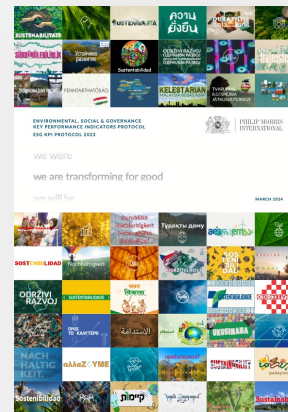
PMI's Sustainability Index enables us to measure objectively and communicate rigorously progress on our aspirations by using a set of clearly defined and verifiable metrics aligned with our 2025 Roadmap



PRODUCT SUSTAINABILITY



OPERATIONAL SUSTAINABILITY



→ [Read PMI's 2023 Proxy Statement](#)

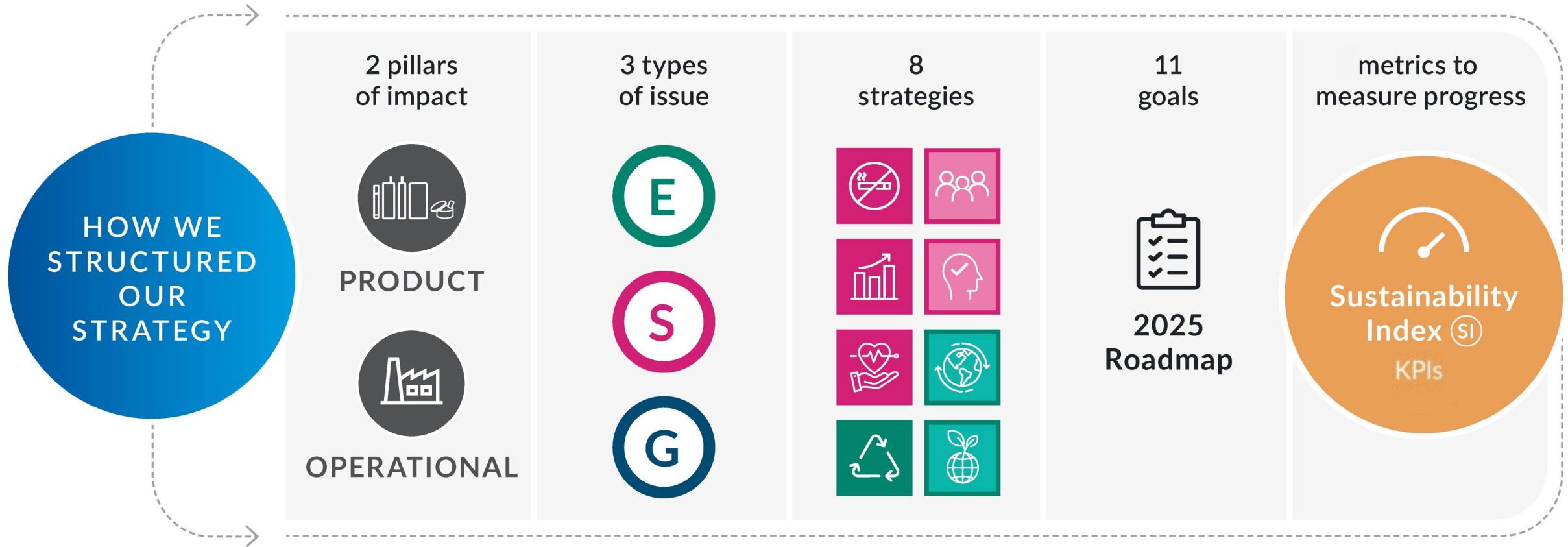
Strengthening the link between long-term executive compensation and sustainability performance, PMI's Sustainability Index is linked to part of our performance share unit (PSU) award.

Accordingly, the Index is based on three-year cycles, and split into two drivers: Product Sustainability and Operational Sustainability

→ Further details about our 2022-2024 Sustainability Index and 2023-2025 Sustainability Index are available on [PMI.com](https://www.pmi.com)

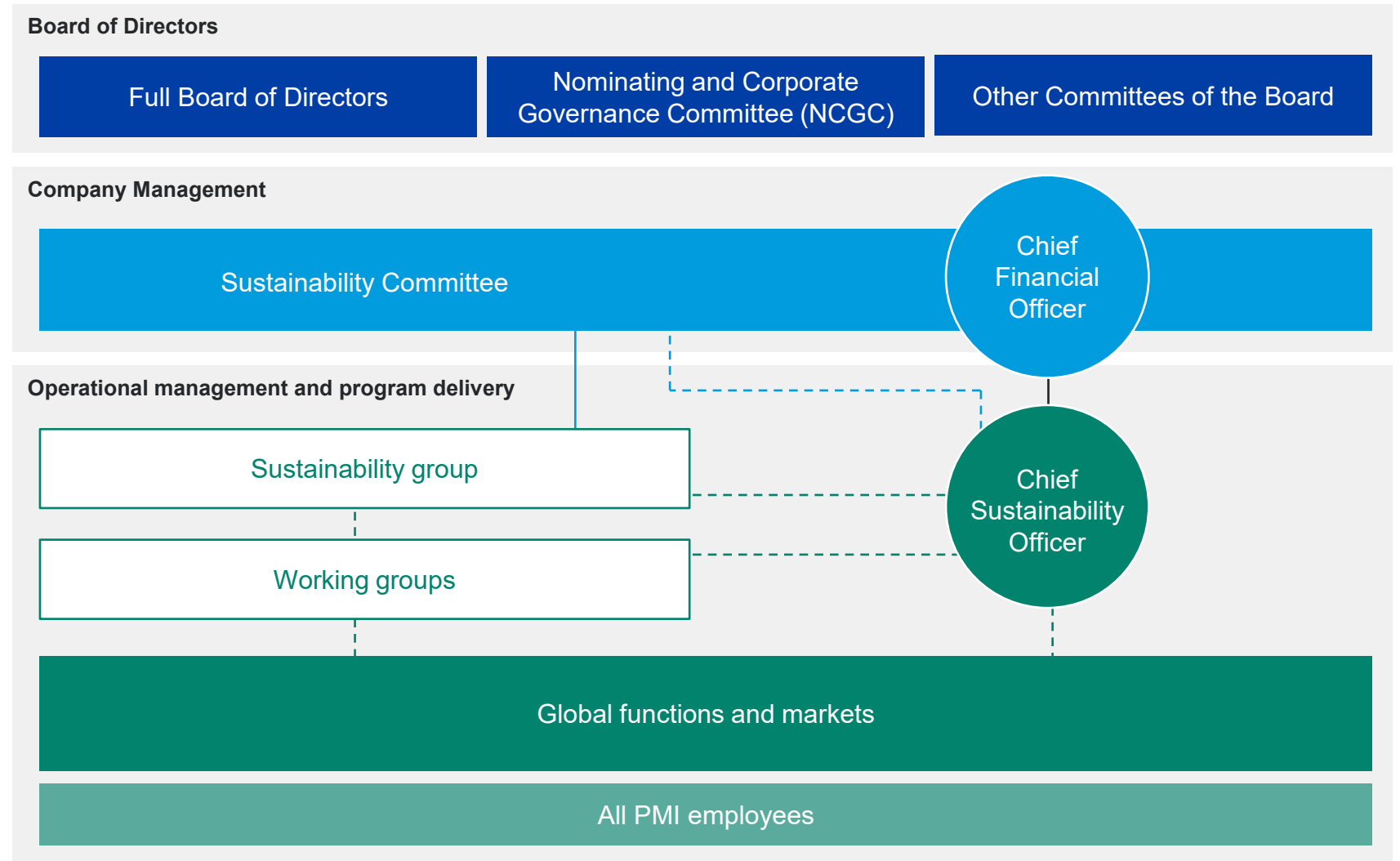


Summary of our approach to sustainability



Sustainability governance structure

Integrating sustainability into our Company relies on a formal governance and management structure with clear accountabilities at different levels of the organization







Our approach to sustainability programs

Our harmonized approach to designing and managing material sustainability topics is built on the following foundational elements:





Product impact

-  [Maximize the benefits of smoke-free products](#) [p37](#)
-  [Purposefully phase out cigarettes](#) [p41](#)
-  [Seek net positive impact in wellness and healthcare](#) [p43](#)
-  [Reduce post-consumer waste](#) [p44](#)





Maximize the benefits of smoke-free products

OUR ASPIRATIONS AT A GLANCE

Maintain

90% ^{SI}

Of PMI's shipment volume covered by markets with youth access prevention programs in indirect retail channels

2025

100 ^{SI}

Number of markets where PMI smoke-free products are available for sale¹

>50% ^{SI}

Of markets globally where PMI smoke-free products are available for sale¹ that are low- and middle-income markets²



Read more in the "[Maximize the benefits of smoke-free products](#)" chapter of PMI's [Integrated Report 2023](#)

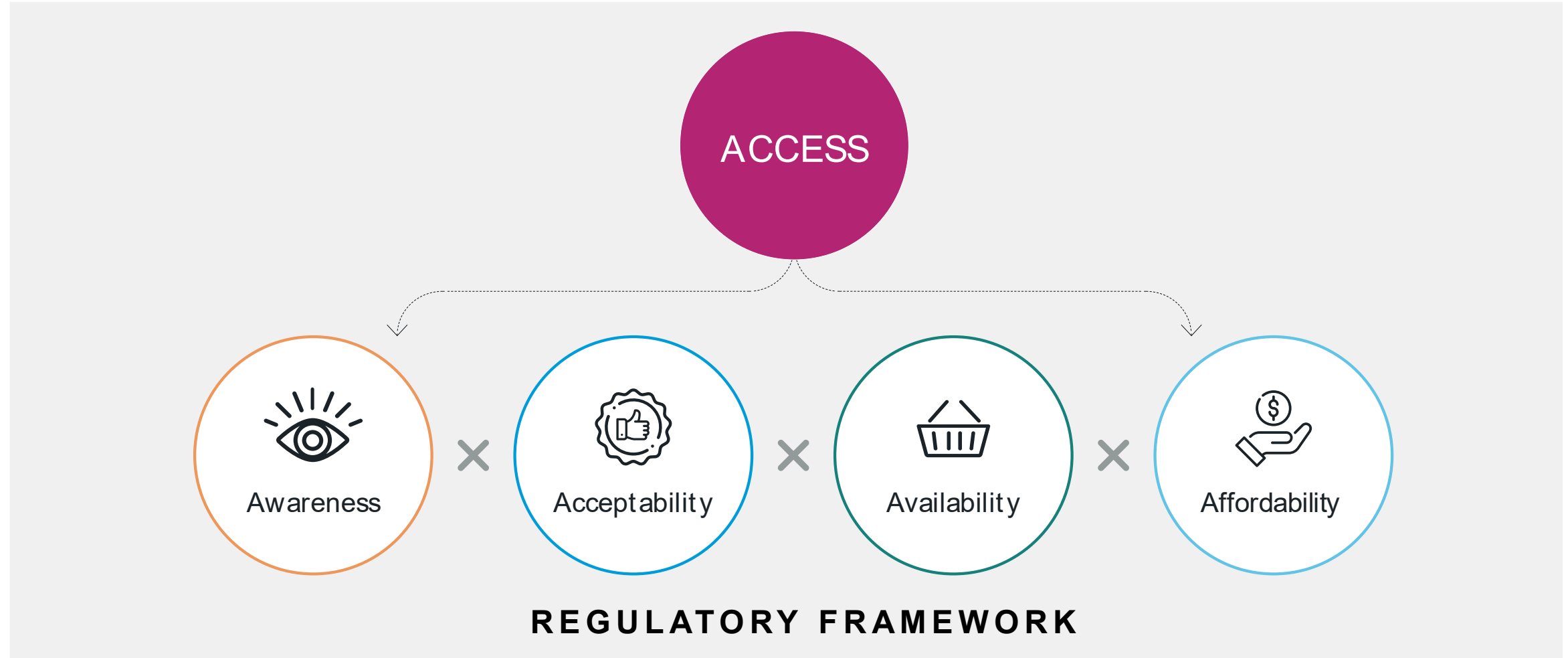


Note: Aspirations marked with "SI" symbol are constituents of PMI's Sustainability Index, which is tied to our long-term executive compensation for the period vesting either in 2024 (see PMI's Sustainability Index 2022-2024 [here](#)) or in 2025 (see the PMI's Sustainability Index 2023-2025 [here](#)).

1 For definition of available for sale, see [Glossary](#).

2 Excluding PMI Duty Free. World Bank report issued in 2023 is used on a comparative basis for income level classification. For definition of low- and middle-income markets, see [Glossary](#).

Access to smoke-free products



Maximize the benefits of smoke-free products

To maximize the benefits of our SFP to individual smokers, and the population as a whole, we deploy a three-fold approach:



Responsible marketing and sales



Marketing Codes

Embody PMI's commitment to ethical behavior and lay the groundwork for responsible product development, design, marketing, consumer engagement, and sales practices

- ✓ Code for Non-Combusted Alternatives
- ✓ Code for Combusted Tobacco Products



Employee and third-party training



Monitoring and remediation

- Self-assessments
- Compliance investigations and audits



Preventing youth access and use of our products

- Marketing Code requirements
- Assessment of flavors
- Youth access prevention (YAP) program in direct and indirect retail channels



Purposefully phase out cigarettes

OUR ASPIRATIONS AT A GLANCE

2030

>2/3 ^{SI}

Net revenue ratio (smoke-free/total)¹

~60

Markets where net revenues from smoke-free products exceed 50% of total net revenues

~40

Markets where net revenues from smoke-free products exceed 75% of total net revenues



Read more in the [“Purposefully phase out cigarettes” chapter of PMI’s Integrated Report 2023](#)



Purposefully phase out cigarettes

To accelerate the end of smoking, we:



Allocate our resources into our smoke-free products to drive forward our company's transformation



Actively seek open dialogue with our stakeholders to understand their expectations and respond accordingly



Advocate for risk-appropriate supply and demand measures



Pave the way for the rest of the industry to follow our lead



Seek net positive impact in wellness and healthcare

As we work to become a company that has a net positive impact on society, we believe in the importance of continuing to invest in a future that allows us to expand our offerings to products that are suited to address critical unmet consumer and patient needs within the wellness and healthcare space.

Key growth areas



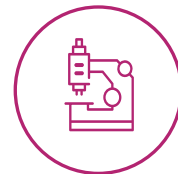
Inhaled therapeutics



Nicotine replacement therapies



Consumer health



Contract Development and Manufacturing Organization

PM Equity Partner (PMEP)

- Launched in 2016
- USD 350 million committed since inception

It invests across four main corridors:

- ✓ Wellness and healthcare
- ✓ Inhalable therapeutics
- ✓ Smoke-free products
- ✓ Impact investing

[→ Read more here.](#)





Reduce post-consumer waste

OUR ASPIRATIONS AT A GLANCE

2023

2025

DEVICES

70% Effective recycling rate of our smoke-free electronic devices¹

90% Of PMI smoke-free electronic device sales volume covered by the CIRCLE program²

100%^{SI} Of smoke-free electronic devices introduced on the market as of the end of 2025 that have eco-design certification

≥1m^{SI} Smoke-free electronic devices refreshed or repaired (cumulative since 2021)

CONSUMABLES

≥80%^{SI} Of shipment volumes covered by markets with anti-littering programs in place for combustible cigarettes

≥80%^{SI} Of shipment volumes covered by markets with end-of-life take-back programs in place for smoke-free consumables

PACKAGING

15% Average packaging weight reduction for combustible products versus 2018 baseline

15% Average packaging weight reduction for heat-not-burn products versus 2018 baseline

95% Of packaging materials coming from renewable sources

100% Proportion of packaging formats that are designed for recyclability

→ Read more in the “Reduce post-consumer waste” chapter of PMI’s [Integrated Report 2023](#)



→ [Read our strategy online](#)

Notes: Aspirations referring to smoke-free electronic devices exclude disposable products and non-PMI-designed devices.
¹ The effective recycling rate is calculated based on the proportion of device sales volume covered by the CIRCLE program multiplied by the actual recycling rate of devices recycled within the scope of the CIRCLE program (weighted average) excluding energy recovery. Excludes disposable products and non-PMI designed devices.
² Excludes disposable products and non-PMI-designed devices. We recalibrated our 2025 aspiration to 90 percent during 2023 to account for regulatory and market developments. Collected devices are considered covered by the CIRCLE program if they are either processed at our centralized CIRCLE hubs or by validated local recycling partners.



Reduce post-consumer waste



Cigarettes

1. Invest in R&D toward filters made of plastic-free alternatives
2. Encourage behavioral change through impactful anti-littering awareness programs and initiatives



Smoke-free electronic devices

1. Design for circularity and waste reduction
2. Improve recyclability
3. Refresh and repair used devices



Smoke-free consumables

1. Deploy end-of-life take-back programs
2. Design for circularity and waste reduction
3. Responsible disposal



Packaging

1. Minimize packaging materials
2. Improve packaging circularity by designing for recyclability
3. Promote use of materials made from renewable resources



Operational impact



Foster an empowered and inclusive workplace

p47



Improve the quality of life of people in our supply chain

p49



Tackle climate change

p51



Preserve nature

p54



Foster an empowered and inclusive workplace

OUR ASPIRATIONS AT A GLANCE



Maintain

100% Of PMI employees earning at least a living wage

<0.65 Collision rate in our fleet

<0.3 Total Recordable Incident Rate (TRIR) for PMI employees, contracted employees, and contractors (per 200,000 hours worked)

≥30 Employee Net Promoter Score (eNPS)

Global EQUAL-SALARY certification

≥40% Of management positions held by women



2025

70% ^{SI} Of PMI employees with access to structured lifelong learning offers

≥60% Representation of local talent in the executive management teams of at least 80% of our markets or clusters

>70% score on self-perception of psychological well-being among our employees¹

35% ^{SI} Of senior roles held by women

≥20% Of senior roles held by Asian talent globally²



Read more in the [“Foster an empowered and inclusive workplace”](#) chapter of PMI’s Integrated Report 2023



Note: Aspirations marked with “SI” symbol are constituents of PMI’s Sustainability Index, which is tied to our long-term executive compensation for the period vesting either in 2024 (see PMI’s Sustainability Index 2022-2024 [here](#)) or in 2025 (see the PMI’s Sustainability Index 2023-2025 [here](#)).

¹ We measured perception of psychological well-being on a five-point scale from very bad to very good through our ongoing company-wide employee survey.

² For the purpose of measuring progress against this indicator, PMI uses the nationality data of employees recorded in our HR systems. The determination of Asian nationalities is based on the regional groupings as listed by the United Nations, and we consider the following regions: Central and Southern Asia, Eastern and South-Eastern Asia.

Foster an empowered and inclusive workplace



Providing fair employment

- ✓ Respect employees' rights to form or join trade unions
- ✓ Committed to ensuring that all employees globally earn at least a living wage



Protecting the health, safety, and security of our employees

- ✓ Embed clear methodologies, procedures, and robust controls in our factories, offices, and fleet



Developing our human capital

- ✓ Provide employees with opportunities to learn, upskill, and reskill to meet personal and professional growth aspirations



Fostering diversity, equity, equality, and inclusion

- ✓ Seek to cultivate an inclusive environment in which a diverse workforce can be realized, and grow local talent within executive management teams



Promoting mental health and well-being

- ✓ Committed to provide an environment that fosters well-being, promotes the importance of healthcare and removes stigma around mental-health



Improve the quality of life of people in our supply chain

OUR ASPIRATIONS AT A GLANCE

Maintain

>90%

Of PMI purchased tobacco volume for which labor practices and adherence to our Agricultural Labor Practices Code are systematically monitored

100%

Of contracted tobacco farmers and farmworkers supplying tobacco to PMI have access to personal protective equipment for the application of crop protection agents and prevention of green tobacco sickness

100%

Of tobacco farmworkers are provided with safe and adequate accommodation¹

100%

Of contracted farmers supplying tobacco to PMI paying their workers at least the minimum legal wage or agricultural benchmark

2025

100% ^{SI}

Of contracted farmers supplying tobacco to PMI make a living income

0% ^{SI}

Prevalence of child labor among contracted farmers supplying tobacco to PMI

100%

Of spend of critical suppliers from whom PMI sources sustainably

10 ^{SI}

Highest-risk countries covered by external human rights impact assessments, with findings addressed

100%

Of contracted farmers supplying tobacco to PMI that have basic water access

2030

100%

Of contracted farmers supplying tobacco to PMI have access to basic sanitation and hygiene



Read more in the [“Improve the quality of life of people in our supply chain”](#) chapter of PMI’s Integrated Report 2023



Promoting fair working and living conditions in our tobacco supply chain

Implementing our Sustainable Tobacco Supply Chain framework

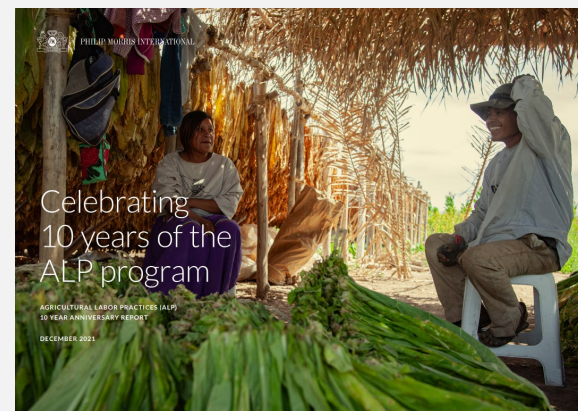


PMI's Sustainable Tobacco Supply Chain (STSC) framework is a comprehensive approach that PMI initiated in 2022 to continuously strengthen our ALP program.

→ Learn more about our STSC framework [here](#)

Monitoring the implementation of PMI's ALP Code

- Internal monitoring by field technicians, who raise “prompt actions” and report “nonconformities”
- External assessments by the independent third-party organization Control Union (all reports available [here](#))
- External verification by specialized local expert partners



→ Further reading: [ALP 10 year Anniversary Report](#)

→ Further reading: [Agricultural Labor Practices \(ALP\) \(2011\)](#), [ALP Step Change \(2018\)](#), [ALP Code](#), [Good Agricultural Practices \(GAP\)](#), [Human Rights Commitment](#), [Responsible Sourcing Principles](#),



Tackle climate change

OUR ASPIRATIONS AT A GLANCE

Maintain

Zero Coal used as curing fuel for the tobacco we source

2025

Carbon neutrality in our direct operations (scope 1+2) ^{SI}

35% Reduction in absolute greenhouse gas (GHG) emissions in our tobacco supply chain versus 2019 baseline

75% Reduction of CO₂e intensity in tobacco curing versus 2019 baseline

100% Of our manufacturing facilities certified carbon neutral

100% Of electricity used and purchased in our factories derived from renewable sources

18% Reduction in absolute scope 3 Forest, Land and Agriculture (FLAG) GHG emissions versus 2019 baseline ^{SI}

15% Of suppliers by spend (covering purchased goods and services) will have science-based targets (SBT)

2030

50% Reduction in absolute scope 1+2 GHG emissions versus 2019 baseline (SBT)*

50% Absolute reduction of CO₂e scope 3 in our tobacco supply chain

33.3% Reduction in absolute scope 3 FLAG GHG emissions versus 2019 baseline (SBT)*

27.5% Reduction in absolute scope 3 industrial GHG emissions versus 2019 baseline*

2040

Net zero GHG emissions in our value chain (scope 1+2+3) (SBT)*

72% Reduction in absolute scope 3 FLAG GHG emissions versus 2019 baseline (SBT)*

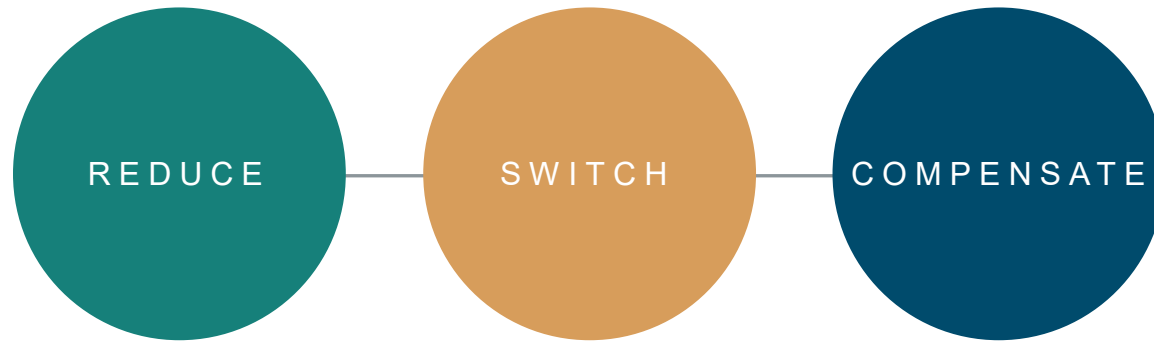
90% Reduction in absolute scope 1+2+3 GHG emissions versus 2019 baseline (SBT)*

➔ Read more in the "Tackle climate change" chapter of PMI's Integrated Report 2023



Tackle climate change

Our three-pronged approach to decarbonization



Reduce consumption and optimize efficiency



Minimize the use of fossil fuels and promote the switch to renewable energy



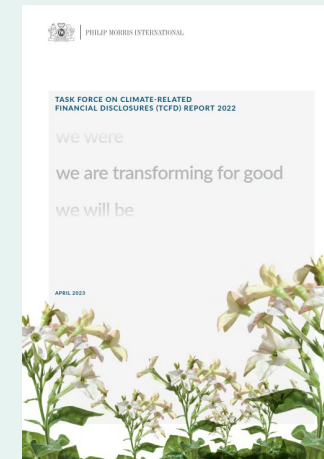
Compensate for the remaining unavoidable emissions with instruments and activities in line with international best practices incorporating environmental and social integrity

PMI's Low-Carbon Transition Plan

Our Low-Carbon Transition Plan (LCTP), published in October 2021, provides a transparent and detailed view of how we plan to achieve our climate ambitions. It describes the various tools and enablers—including our approach to carbon pricing, our portfolio of climate investments, and our governance and management arrangements—that will help us deliver on our climate targets. By openly sharing our objectives and methodologies, we seek to accelerate the achievement of our targets and commitments (read more [here](#)).



→ Further reading: [Low-Carbon Transition Plan \(LCTP\)](#)

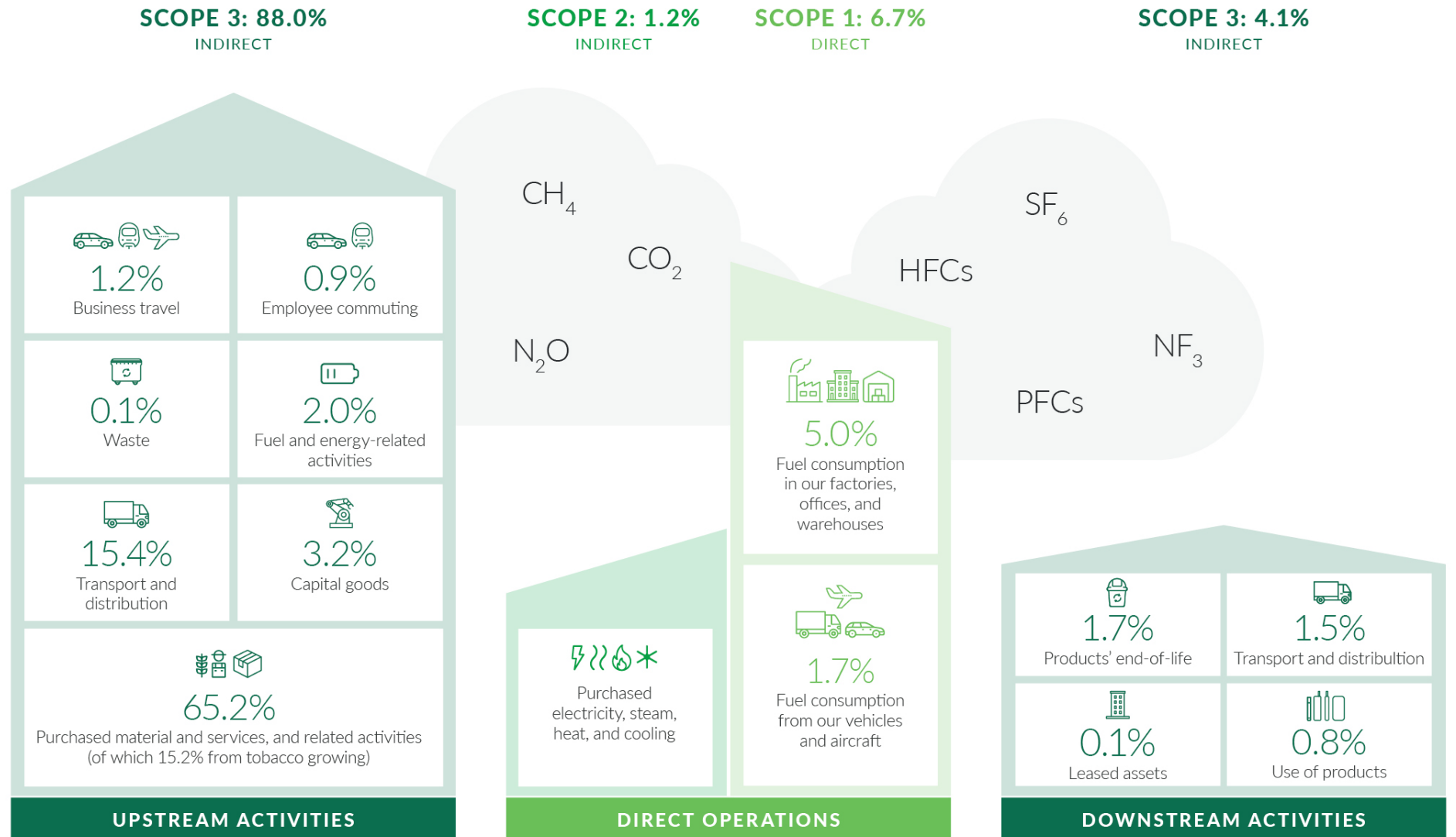


We published our inaugural Task Force on Climate-related Financial Disclosures (TCFD) Report in 2023 after completing a thorough climate change risks and opportunities (CCRO) assessment in 2022 across our value chain aligned with international expectations.

→ Further reading: [Task Force on Climate-related Financial Disclosures \(TCFD\)](#)

Tackle climate change continued

Carbon emissions along our value chain in 2023





Preserve nature

OUR ASPIRATIONS AT A GLANCE



	Zero gross deforestation of primary and protected forests associated with our tobacco supply chain	>70% Of flue-cured tobacco purchased cured with renewable fuel sources (self-sufficient firewood or biomass)	100% Of tobacco purchased without detection of residues attributable to the use of highly hazardous pesticides	≤3.1 Water ratio in our manufacturing facilities (water withdrawn in cubic meters per million cigarettes equivalent)	Virtually zero waste to landfill in manufacturing operations ¹
SI	Zero net deforestation of managed natural forest and no conversion of natural ecosystems in our tobacco supply chain	Net positive impact on forests associated with our tobacco supply chain	100% Of our manufacturing facilities certified to the Alliance for Water Stewardship (AWS) standard ²	Zero gross deforestation of primary and protected forest associated with our supply of paper and pulp-based materials	
	100% Of our tobacco-growing areas covered by local water risk assessments (cumulative since 2018)				
	Zero net deforestation of managed natural forest and no conversion of natural ecosystems in the paper and pulp-based products supply chain				
	No net loss on ecosystems connected to PMI's value chain	≥25 million cubic meters of water optimized in our tobacco-growing areas (cumulative since 2019)	Scale solutions toward a positive impact on water resources, measured as volume of water optimized and restored		
	Contribute toward a net positive impact on nature	Contribute toward a positive impact on water resources	Read more in the "Preserve Nature" chapter of PMI's integrated report 2023		

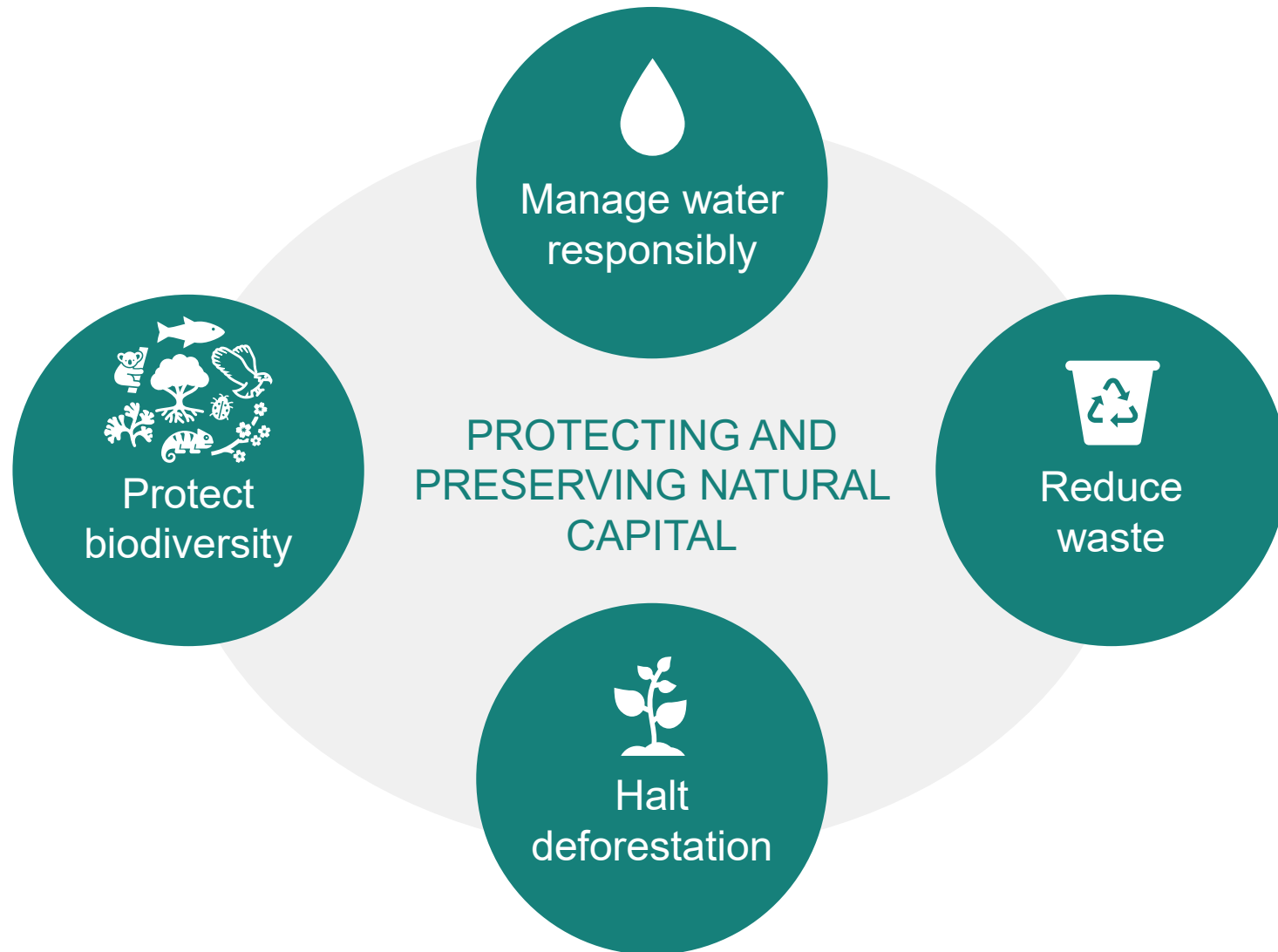
Note: Aspirations marked with "SI" symbol are constituents of PMI's Sustainability Index, which is tied to our long-term executive compensation for the period vesting either in 2024 (see PMI's Sustainability Index 2022-2024 [here](#)) or in 2025 (see the PMI's Sustainability Index 2023-2025 [here](#)).

¹ Virtually zero waste to landfill is achieved when the landfill diversion rate is equivalent to 99 percent or greater. This aspiration covers our manufacturing site and PMI owned tobacco stemmeries.

² Aspiration pertains to priority manufacturing facilities identified based on site overall risk in relation to the watershed, water withdrawal, water consumption, product portfolio, and other strategic considerations. PMI sites that are in low to medium water risk areas and below 2.5% of PMI manufacturing water footprint are excluded.



Preserve nature



We published a dedicated report at the end of 2022 describing our ambition to contribute toward a net positive impact on nature, and announcing related new aspirations that will guide our work to protect biodiversity and steward water in the decades to come.

→ Read more about our Biodiversity and Water Ambitions [here](#)

→ Additional resources:

- [Environmental Commitment](#)
- [Responsible Sourcing Principles](#)
- [Good Agricultural Practices](#)
- [Zero Deforestation Manifesto](#)
- [Water Stewardship Policy](#)





Fundamentals

[Uphold business ethics and integrity](#)

[p57](#)

[Respect human rights](#)

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[Manage our supply chain sustainably](#)

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Uphold business ethics and integrity

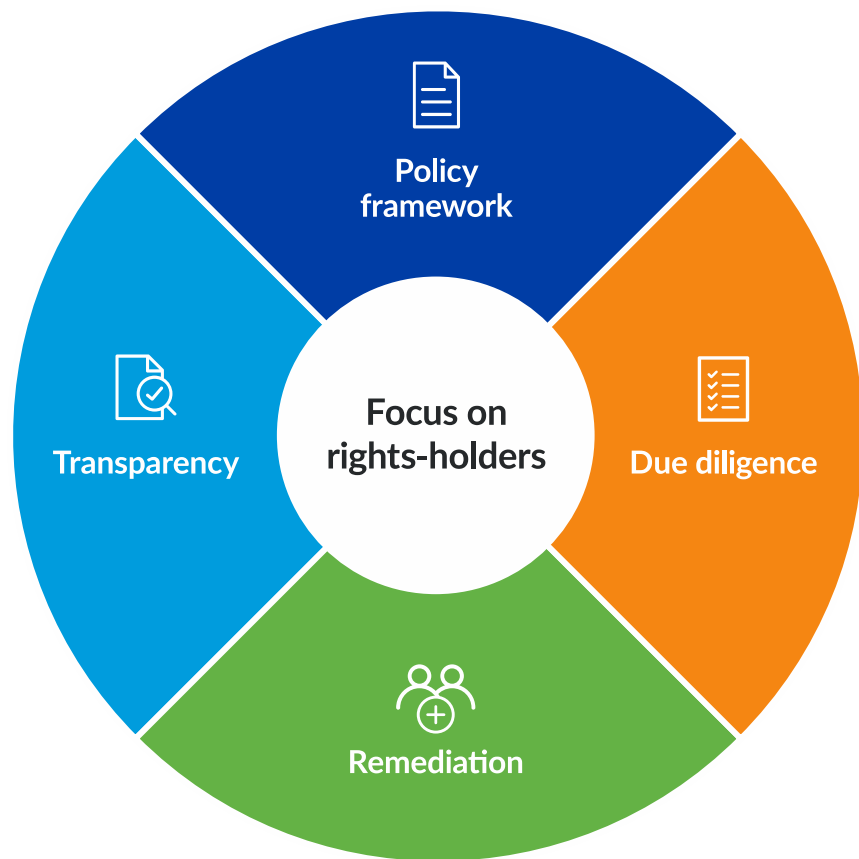
We clearly define the ethical and compliance expectations to which we hold ourselves and the third parties with whom we work, and we back up these expectations with governance and management systems to ensure we deliver on them.



→ Further reading: [Our Code of Conduct \(2023\)](#)

Respect human rights

Human rights are inherent to the dignity of human life and a prerequisite for society to prosper. As a global company, we work to uphold human rights within our organization and across our value chain.



➔ Further reading: [Human Rights Report \(2023\)](#)

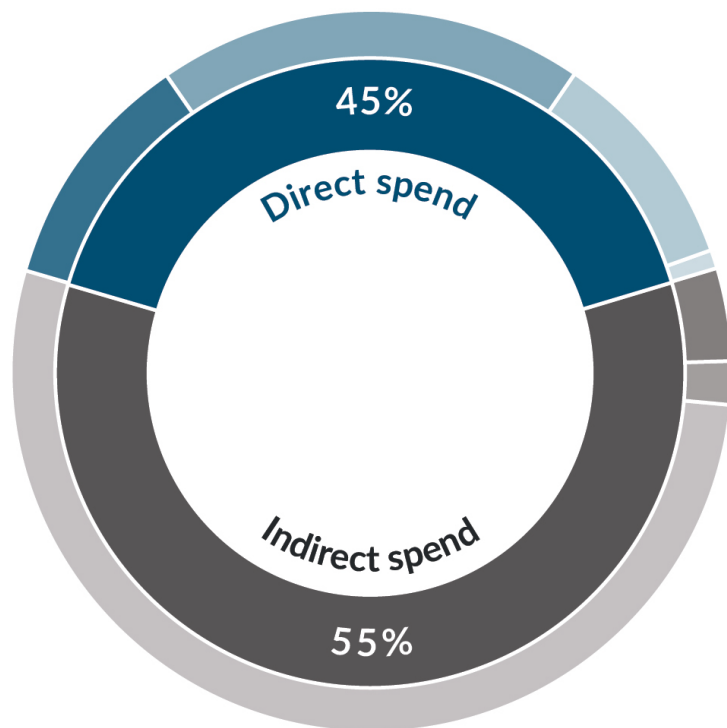


➔ Further reading: [Human Rights Commitment \(2022\)](#)



Manage our supply chain sustainably

2023 Supply chain spend



DIRECT SPEND	45%
Tobacco leaf	12%
Direct materials used to produce and package our products (e.g., cellulose acetate tow, paperboard, and nontobacco agricultural products, etc.)	22%
Electronic devices and accessories for smoke-free products	10%
Advanced procurement	1%
INDIRECT SPEND	55%
Technical procurement to source the manufacturing equipment used in our factories	6%
R&D expenditure enabling us to conduct advanced research	2%
Indirect materials and services necessary to run our business, such as IT, office equipment, and consulting services	47%

In 2023, we released the updated version of our **Responsible Sourcing Principles (RSP)** and related implementation guidance documents.



In the updated version, we:

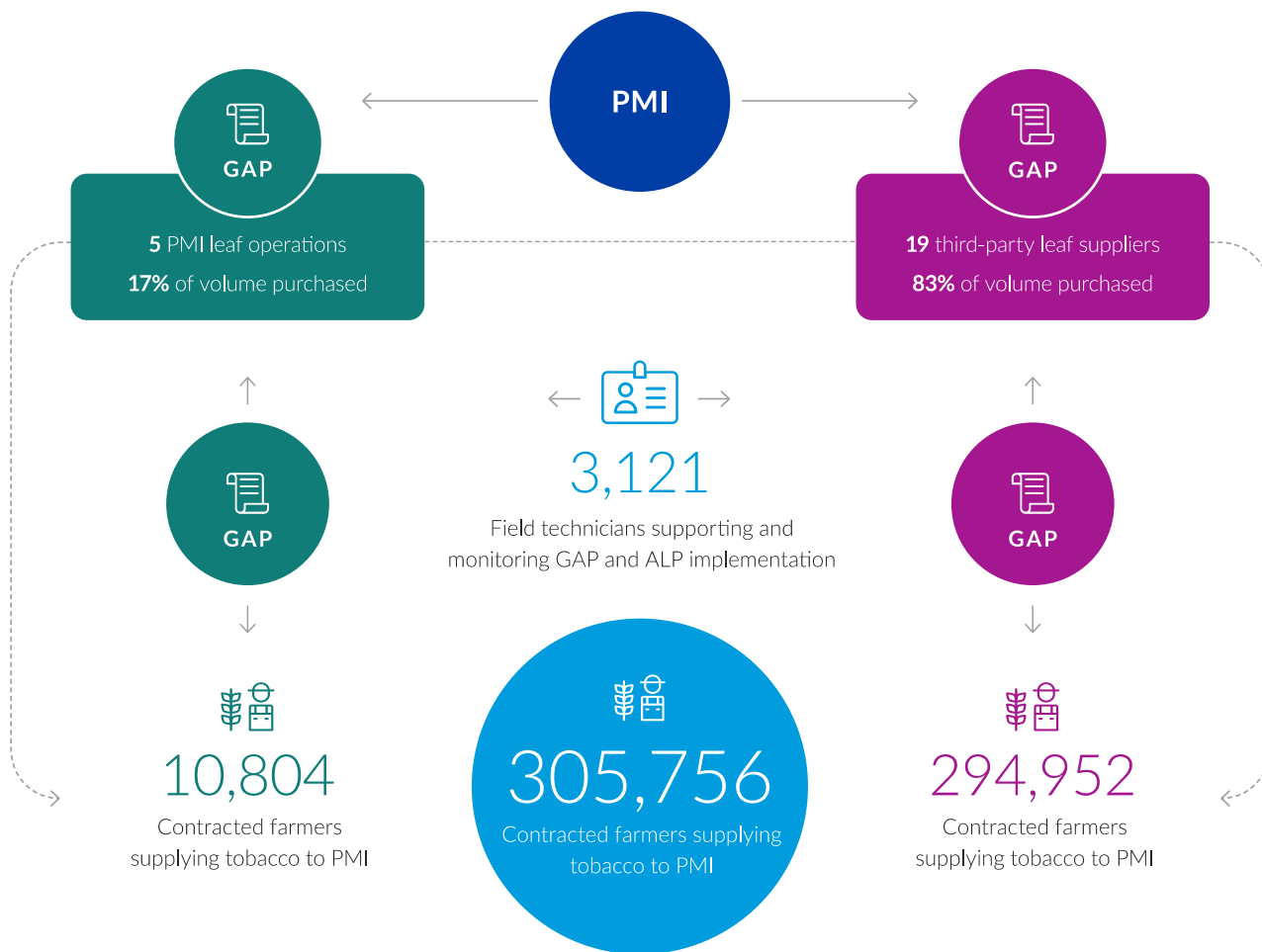
- ✓ Broadened its scope to incorporate more relevant topics including environmental stewardship, forest, and biodiversity;
- ✓ Enhanced sections on responsible sourcing of minerals; and
- ✓ Added some sector-specific clauses that will drive improvements in the sustainability performance of our suppliers.

[→ Responsible Sourcing Principles \(2023\)](#)

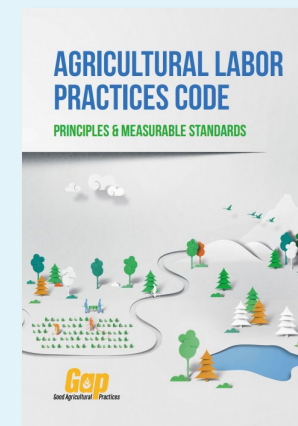


Manage our supply chain sustainably

Overview of tobacco supply chain



→ [Good Agricultural Practices](#)



→ Further reading: [Agricultural Labor Practices Code](#)



Reporting

[Performance in ESG ratings, rankings, and indices](#) [p62](#)

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Performance in ESG ratings, rankings, and indices

		2023 score (and year-on-year trend)	
S&P Global Corporate Sustainability Assessment	PMI was included for the first time in the Dow Jones Sustainability World Index, and for the fourth consecutive year in the Dow Jones Sustainability North America Composite Index (score as of November 24, 2023, Indices effective as of December 18, 2023).	85/100 	Member of Dow Jones Sustainability Indices Powered by the S&P Global CSA
ISS ESG	PMI achieved industry leadership, improving to a rating of “C+” and gaining “Prime” status for the first time; only one in the sector (score as of November 21, 2023).	C+ 	
CDP Climate, Forest, Water Security	PMI was awarded a Triple A score for the fourth consecutive year in recognition of its efforts to combat climate change, protect forests, and promote water security.	AAA 	
CDP Supplier Engagement	PMI earned a place on CDP’s Supplier Engagement Leaderboard for the seventh consecutive year.	Leaderboard 	
Bloomberg Gender-Equality Index	PMI was included for the third consecutive year in the Bloomberg Gender-Equality Index (GEI) for its transparency in gender reporting and advancing women’s equity (announcement on January 31, 2023).	Index Member 	
Sustainalytics	PMI maintained its “Medium ESG Risk” classification scoring 27.7 (score as of December 28, 2023).	Medium risk 	
MSCI	PMI maintained a rating of BBB in the MSCI ESG Rating assessment (score as of October 13, 2023).	BBB 	
Tobacco Transformation Index	PMI ranked second out of 15 tobacco companies assessed, leading the industry in the “Strategy and Management,” “Capital Allocation & Expenditure,” and “Marketing Policy & Compliance” categories (score as of September 2022).	3.69/5 	
State Street R-Factor	Achieved Leader (Universe level) and Outperformer (Industry level) rating (score as of February 1, 2024).	Outperformer 	

Key



Improved



Maintained

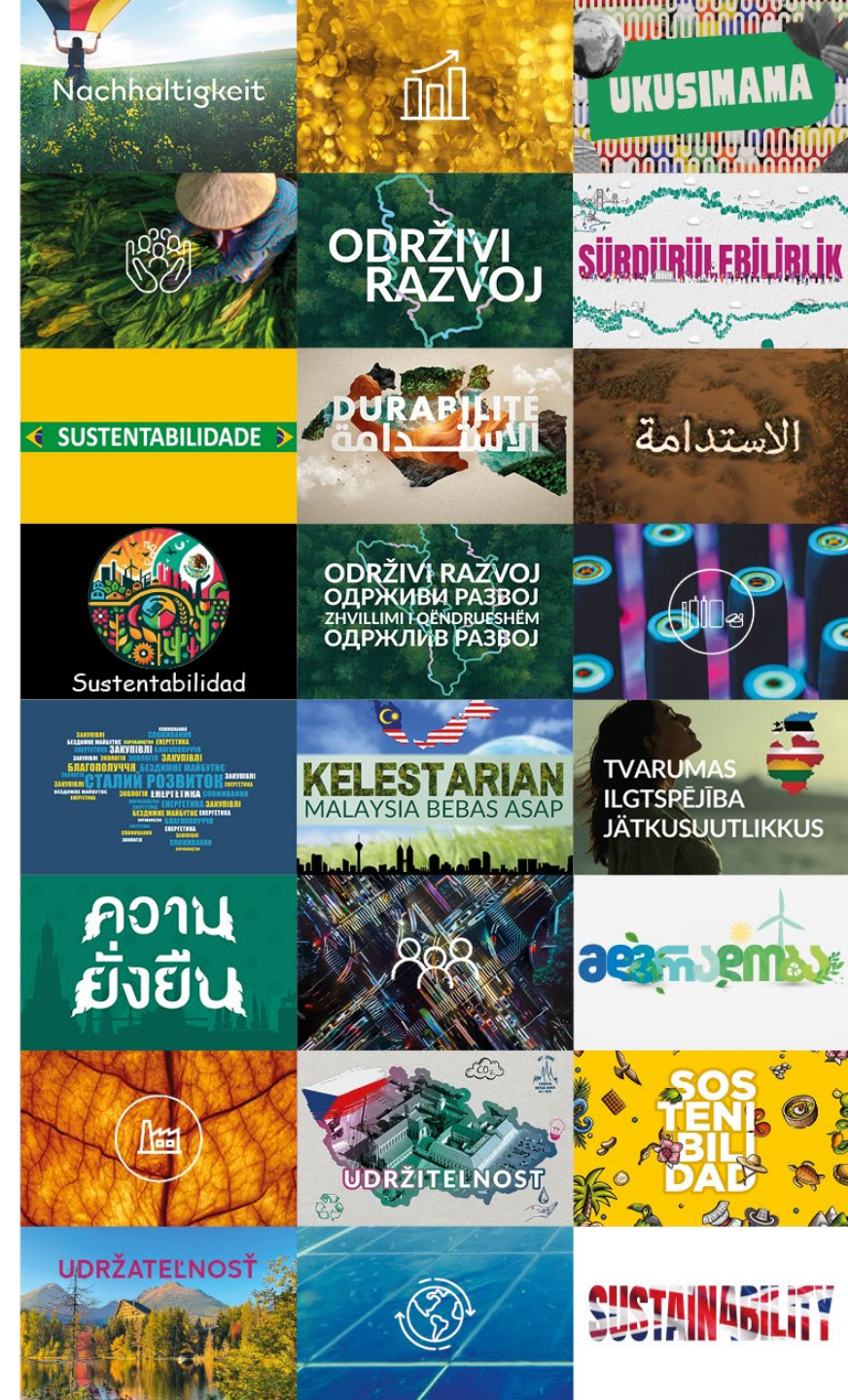
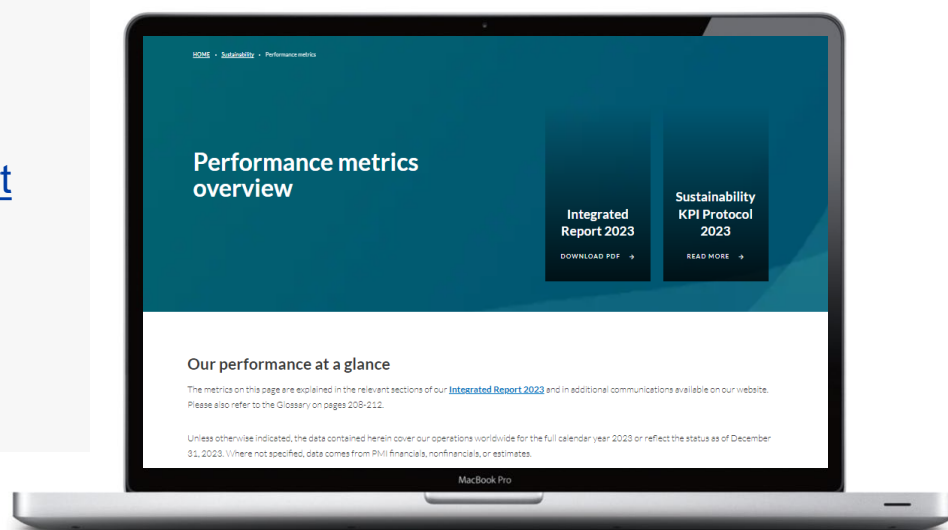


Performance metrics

Please visit

www.pmi.com/sustainability/performance-metrics
to browse and download our Business Transformation Metrics
and complete performance data.

- [GRI Content Index](#)
[SASB Content Index](#)
available [here](#)
- [Read more in PMI's 2023 Integrated Report](#)
- [Sustainability KPI Protocol 2023](#) and
[Sustainability Index](#)



Reconciliation of Non-GAAP measures

Schedule 1

Net Revenues by Product Category

(\$ in millions) / (Unaudited)	Years ended December 31,			
	2015	2021	2022	2023
Combustible Tobacco	26,595	22,067 ¹	21,572	22,334 ²
Smoke-free incl. Wellness and Healthcare	199	9,338	10,190	12,840
Total PMI	26,794	31,405 ¹	31,762	35,174 ²

¹ Includes a reduction in net revenues of \$246 million related to the Saudi Arabia customs assessment.

Excluding this impact total PMI adjusted net revenues are \$31,651 million and for combustible tobacco \$22,313 million.

² Includes a reduction in net revenues of \$80 million related to the termination of distribution arrangement in the Middle East.

Excluding this impact total PMI adjusted net revenues are \$35,254 million and for combustible tobacco \$22,414 million.



Reconciliation of Non-GAAP measures

Schedule 2

Reconciliation of Net Revenues by Product Category to Adjusted Net Revenues by Product Category

(\$ in millions) / (Unaudited)	Year ended December 31, 2023			(\$ in millions) / (Unaudited)	Year ended December 31, 2023		
	Net revenues	Special items	Adjusted Net Revenues		Net revenues	Special items	Adjusted Net Revenues
Combustible tobacco				Wellness and Healthcare			
Europe	8,037	–	8,037	Total Wellness and Healthcare	306	–	306
SSEA, CIS & MEA	9,321	(80) ¹	9,401	Smoke-free incl. Wellness and Healthcare			
EA, AU & PMI DF	2,676	–	2,676	Total Smoke-free incl. Wellness and Healthcare	12,840	–	12,840
Americas	1,869	–	1,869				
Swedish Match	431	–	431	PMI			
Total Combustible Tobacco	22,334	(80)	22,414	Europe	13,598	–	13,598
Smoke-free excl. Wellness and Healthcare				SSEA, CIS & MEA	10,629	(80) ¹	10,709
Europe	5,561	–	5,561	EA, AU & PMI DF	6,201	–	6,201
SSEA, CIS & MEA	1,308	–	1,308	Americas	1,944	–	1,944
EA, AU & PMI DF	3,525	–	3,525	Swedish Match	2,496	–	2,496
Americas	75	–	75	Wellness and Healthcare	306	–	306
Swedish Match	2,065	–	2,065	Total PMI	35,174	(80)	35,254
Total Smoke-free excl. Wellness and Healthcare	12,534	–	12,534				

¹ Related to the termination of distribution arrangement in the Middle East.
Note: Sum of product categories or regions might not foot to Total PMI due to roundings.



Reconciliation of Non-GAAP measures

Schedule 3

Research & Development Expenditure by Product Category

(\$ in millions) / (Unaudited)	Years ended December 31,			
	2015	2021	2022	2023
Combustible Tobacco	129	7	7	4
Smoke-free incl. Wellness and Healthcare	294	609 ¹	634	705
Total PMI	423	617 ¹	642	709

¹ Includes asset acquisition cost of \$51 million related to OtiTopic Inc. in August 2021. Excluding this impact total PMI adjusted R&D expenditures are \$566 million and for smoke-free incl. W&H \$558 million.

Note: Sum of product categories might not foot to Total PMI due to roundings.



Glossary of terms and acronyms

3TGs – Tin, tantalum, tungsten, and gold

Aerosol – Gaseous suspension of fine solid particles and/or liquid droplets

ALP – Agricultural Labor Practices

ASI – Aluminum Stewardship Initiative

Available for sale – When PMI products are available for general sale in the market, through direct retail, indirect retail, or e-commerce in either one or more key cities or nationwide.

AWS – Alliance for Water Stewardship

B2B – Business to business

B2C – Business to consumer

CA – Cellulose acetate

CAGR – Compound annual growth rate

Caregiver – A person who has responsibility for the care of a new-born child or newly adopted child including the child’s biological parent, the child’s adoptive parent, a person having legal parental responsibility for the child such as the child’s guardian, a stepparent, or a child’s parent through surrogacy

• **Primary caregiver** – The caregiver who has the primary responsibility for the care of the new-born or newly adopted child following the child’s arrival

• **Secondary caregiver** – A caregiver who is not the primary caregiver

Combustible tobacco products – The term we use to refer to cigarettes and other tobacco products that are combusted

Combustion – The process of burning a substance in oxygen, producing heat and often light

Company Management – The term we use to refer to the senior management of the company, as presented on our www.PMI.com site (also referred to as “our leadership team” or “senior management team”)

Contracted employee – We define a contracted employee as an employee who is under the direct supervision of PMI employees but employed by a temporary employment agency

Contracted farmers – Tobacco farmers supplying to PMI and contracted either directly by PMI (through the company’s leaf operations) or through third-party leaf suppliers

Contractor – We define a contractor as a person employed or working on behalf of a third-party company contracted by PMI, who remains under the direct supervision of his or her employer rather than PMI and is often involved in project specific or outsourcing arrangements

COPD – Chronic obstructive pulmonary disease

CPA – Crop protective agent

Downstream supply chain – Those stages in the supply chain in which materials (mostly in the form of finished products) flow away from the organization to the customers/consumers

E-liquids – A liquid solution that is used in/with e-cigarettes. E-liquids contain different levels of nicotine in a propylene glycol and/or vegetable glycerin-based solution with various flavors.

E-vapor product – Electrical product that generates an aerosol by heating a nicotine or non-nicotine containing liquid, such as electronic cigarettes (or “e-cigarettes”)

EHS – Environmental, Health, and Safety

Employee resource groups, or ERGs – Employee-led groups that focus on particular dimensions of diversity and are intended to provide a platform for building a sense of belonging and sparking conversations

Employee Net Promoter Score or eNPS: A universal benchmark used across industries to calculate employee engagement calculated by disregarding neutral responses and then calculating the difference between positive and negative responses

EPR – Extended Producer Responsibility

ERM – Enterprise Risk Management

FAO – Food and Agriculture Organization of the United Nations

FCTC – WHO Framework Convention on Tobacco Control

FDA – U.S. Food and Drug Administration

FSC – Forest Stewardship Council

GAP – Good Agricultural Practices

Gender pay gap – Calculated as the percentage difference between the sum of annual base salary, bonus, and stock options

GHG – Greenhouse gas

GPP – Global Privacy Program

Heated tobacco units, or HTUs – The term we use to refer to heated tobacco consumables, which include the Company’s *BLENDS*, *DELIA*, *HEETS*, *HEETS Creations*, *HEETS Dimensions* (defined collectively as *HEETS*), *Marlboro HeatSticks*, *SENTIA*, *TEREA*, *TEREA CRAFTED*, and *TEREA Dimensions*, as well as the KT&G-licensed brands, *Fiit* and *Miix* (outside of South Korea). HTUs also include zero tobacco heat-not-burn consumables (*LEVIA*).

HPHCs – The harmful or potentially harmful constituents which have been identified as likely causes of tobacco-related diseases by various public health institutions

Human rights impact assessment or HRIA – Assessments to identify human rights risks and adverse impacts

Human rights salient risks – Those human rights that stand out because they are at risk of the most severe negative impact through the company’s activities or business relationships (source: UN Guiding Principles)

Illicit trade – Domestic non-tax paid products

ILO – International Labour Organization

In-market sales, or IMS – Sales to the retail channel, depending on the market and distribution model

Insetting – The act of generating a carbon credit within the corporate’s sphere of influence and retiring the unit on behalf of 1 ton of carbon that has been emitted by the corporate (source: International Carbon Reduction and Offset Alliance)

IP5 – The five largest intellectual property offices in the world

IPM – Integrated Pest Management

IPS – Integrated Production System

/QOS heat-not-burn devices – Precisely controlled heating devices into which a specially designed and proprietary tobacco units are inserted and heated to generate an aerosol

KPIs – Key performance indicators

LCA – Life-cycle analysis

Low- and middle-income markets – Markets composed of countries classified by the World Bank as low- and middle-income economies based on Gross National Income (GNI) per capita; or where no World Bank classification exists, those with GNI per capita below the World Bank LMIC threshold

LTIR – Lost Time Incident Rate

Managerial roles – The terms we use to refer to employees in different salary grades, regardless of their job title or function:

• **Junior roles** – Employees in salary grade 9 or below

• **Managers** – Employees in salary grade 10 to 13

• **Management positions** – Employees in salary grade 10 and above

• **Senior roles** – Employees in salary grade 14 and above

• **Senior leaders** – Employees in senior leadership roles including all employees in salary grade 17 and above

Market share for HTUs – The in-market sales volume for HTUs as a percentage of the total estimated industry sales volume for cigarettes and HTUs. For Japan, total estimated industry sales volume also includes cigarillos.

M RTP – Modified Risk Tobacco Product

MVR – Monitoring, Verification, and Reporting Framework for Sustainable Leaf Curing Fuels

NCGC – Nominating and Corporate Governance Committee of PMI’s Board of Directors

Net debt – Defined as total debt, less cash and cash equivalents



Glossary of terms and acronyms continued

Net revenues related to combustible tobacco products –

The operating revenues generated from the sale of these products, including shipping and handling charges billed to customers, net of sales and promotion incentives, and excise taxes. These net revenue amounts consist of the sale of our cigarettes and other tobacco products that are combusted. Other tobacco products primarily include roll-your-own and make-your-own cigarettes, pipe tobacco, cigars and cigarillos and do not include smoke-free products.

Net revenues related to smoke-free products – Represent operating revenues generated from the sale of these products, including shipping and handling charges billed to customers, net of sales and promotion incentives, and excise taxes, if applicable. These net revenue amounts consist of the sale of all of our products that are not combustible tobacco products, such as heat-not-burn, e-vapor, and oral nicotine, also including wellness and healthcare products, as well as consumer accessories such as lighters and matches.

Net revenues related to wellness and healthcare products – Represent operating revenues generated from the sale of products primarily associated with inhaled therapeutics, and oral and intra-oral delivery systems that are included in the operating results of PMI's new Wellness and Healthcare business, Vectura Fertin Pharma.

NGOs – Non-governmental organizations

No Net Loss – The point at which business-related impacts on biodiversity are balanced by measures from the mitigation hierarchy, to leave no degradation on natural ecosystems at end balance

NRTs – Nicotine replacement therapies

OECD – Organisation for Economic Co-operation and Development

Offsetting – The act of purchasing a carbon credit generated outside the corporate's sphere of influence and retiring the unit on behalf of 1 ton of carbon that has been emitted by the corporate (source: International Carbon Reduction and Offset Alliance)

OHS – Occupational health and safety

Other Tobacco Product – Primarily roll-your-own and make-your-own cigarettes, pipe tobacco, cigars and cigarillos, and does not include smoke-free products

PCI – Portfolio of Climate Investments

PMI Segments – To further support the growth of our smoke-free business, reinforce consumer centricity, and increase the speed of innovation and deployment, in January 2023, we rearranged our operations in four geographical segments, down from the previous six, as follows:

- Europe Region is headquartered in Lausanne, Switzerland, and covers all the European Union countries, Switzerland, the United Kingdom, and also

Ukraine, Moldova and Southeast Europe;

- South and Southeast Asia, Commonwealth of Independent States, Middle East and Africa Region ("SSEA, CIS & MEA") is headquartered in Dubai, United Arab Emirates. It covers South and Southeast Asia, the African continent, the Middle East, and Turkey, as well as Israel, Central Asia, Caucasus and Russia;

- East Asia, Australia, and PMI Duty Free Region ("EA, AU & PMI DF") is headquartered in Hong Kong, and includes the consolidation of our international duty free business with East Asia & Australia; and

- Americas Region is headquartered in Stamford, Connecticut, and covers the United States, Canada and Latin America. The operations of Swedish Match, which reflects our fourth quarter 2022 acquisition of the company, and our Wellness and Healthcare segment remained unchanged. The Wellness and Healthcare ("W&H") segment includes the operating results of our Wellness and Healthcare business, Vectura Fertin Pharma.

Following the combination and the progress in 2023 toward the integration of the Swedish Match business into the existing PMI regional segment structure, we changed our segment reporting by including Swedish Match results in the four existing geographical segments on February 27, 2024.

For more information, please access the corresponding 8-K as filed with the SEC on February 27, 2024 [here](#).

PMI heat-not-burn products – Include licensed KT&G heat-not-burn products

PMTA – Premarket Tobacco Application

QMS – Quality management system

R&D – Research and development

RBA – Responsible Business Alliance

Reduced-risk products or RRPs – The term we use to refer to products that present, are likely to present, or have the potential to present less risk of harm to smokers who switch to these products versus continuing smoking.

PMI has a range of RRP's in various stages of development, scientific assessment and commercialization. PMI's RRP's are smoke-free products that contain and/or generate far lower quantities of harmful and potentially harmful constituents than found in cigarette smoke

Refreshed devices – Smoke-free devices resulting from the care and maintenance refresh services (which may include unpacking, diagnostics, cleaning, firmware update, cosmetic parts replacement, battery charging, and repacking of devices) that meet the agreed quality requirements to allow for their reuse as pre-owned devices

Repaired devices – Smoke-free devices resulting from the care and maintenance repair services (which may include unpacking, diagnostics, testing, cleaning, battery charging, firmware update, cosmetic part or battery

replacement, component harvesting, and repacking of devices) that meet the agreed quality requirements to allow for their reuse as pre-owned devices

RMI – Responsible Minerals Initiative

RSP – Responsible Sourcing Principles

SBT – Science-based target

SBTI – Science Based Targets initiative

SDGs – Sustainable Development Goals

Smoke – A visible suspension of solid particles, liquid droplets, and gases in air, emitted when a material burns

Smoke-free products or SFPs – The term we primarily use to refer to all of our products that are not combustible tobacco products, such as heat-not-burn, e-vapor, and oral nicotine. In addition, smoke-free products include wellness and healthcare products, as well as consumer accessories such as lighters and matches.

Smoke-free product consumables – The term PMI uses to refer to heated tobacco units used with heat-not-burn products, e-vapor disposables, cartridges containing e-liquids that are used for e-vapor products, and oral nicotine products including snus and nicotine pouches

TCFD – Task Force on Climate-related Financial Disclosures

TGA – Tobacco-growing area

Tier 1 suppliers – Suppliers that directly supply goods, materials or services to PMI

Tier 2 suppliers – Suppliers that provide their products and services to the tier 1 suppliers

TNFD – Taskforce on Nature-related Financial Disclosures

Tons – "Tons" equates to "metric tons" throughout this report

Total IQOS users – The estimated number of Legal Age (minimum 18 years) users of PMI heat-not-burn products, for which PMI HTUs represented at least a portion of their daily tobacco consumption over the past seven days. The estimated number of adults who have "switched to IQOS and stopped smoking" reflects:

- for markets where there are no heat-not-burn products other than PMI heat-not-burn products: daily individual consumption of PMI HTUs represents the totality of their daily tobacco consumption in the past seven days;
- for markets where PMI heat-not-burn products are among other heat-not-burn products: daily individual consumption of HTUs represents the totality of their daily tobacco consumption in the past seven days, of which at least 70% is PMI HTUs



Glossary of terms and acronyms continued

Note: The above IQOS user metrics reflect PMI estimates, which are based on consumer claims and sample-based statistical assessments with an average margin of error of +/- 5% at a 95% Confidence Interval in key volume markets. The accuracy and reliability of IQOS user metrics may vary based on individual market maturity and availability of information.

As of December 2020, PMI heat-not-burn products and HTUs include licensed KT&G heat-not-burn products and HTUs, Respectively.

TRIR – Total Recordable Incident Rate

UNGPs – United Nations Guiding Principles on Business and Human Rights

Upstream supply chain – Those operations in which the materials flow into the organization (i.e., it mainly refers to procurement activities and inbound logistics)

VAP – Validated Assessment Program of the Responsible Business Alliance (RBA) is a leading standard for on-site compliance verification and effective, shareable audits

Voluntary standards and frameworks

- Global Reporting Initiative (GRI)
- International Integrated Reporting Council (IIRC)
- Sustainability Accounting Standards Board (SASB)
- Task Force on Climate-related Financial Disclosures (TCFD)
- UN Global Compact (UNGC)
- UN Sustainable Development Goals (SDGs)

WASH – Water access, sanitation, and hygiene

WBCSD – World Business Council for Sustainable Development

Wellness and Healthcare products – The term we use to primarily refer to products associated with inhaled therapeutics and oral and intra-oral delivery systems that are included in the operating results of PMI's new Wellness and Healthcare business, Vectura Fertin Pharma

WHO – World Health Organization

YAP – Youth access prevention

ZDM – Zero Deforestation Manifesto

Key definitions related to our work to improve tobacco farmer livelihoods

A **living income** and **living wage** are both about achieving a decent standard of living. A living income is the net annual income required for a household to afford a decent standard of living for all its members and applies to, for example, self-employed farmers. A living wage is applied in the context of hired workers (e.g., in factories or on farms). (source: The Global Living Wage Coalition).

A **minimum legal wage**, as defined in PMI's ALP Code, is a wage for all workers (including temporary, piece-rate, seasonal, and migrant) that meets, at a minimum, the national legal standard or formalized agricultural benchmark standard. An agricultural benchmark may be formalized where a minimum legal wage is not available or applicable to a specific context.

Child labor, as defined by the ILO, is work that deprives children of their childhood, their potential and their dignity, and that is harmful to physical and mental development. Under PMI's ALP Code, the minimum age for admission to work is not less than the age at which compulsory schooling is completed and, in any case, is not less than 15 years or the minimum age accepted by the country's laws, whichever age limit affords greater protection. No person below age 18 should be involved in any type of hazardous work. In the case of family farms, a child may only help on the farm provided that the work is non-hazardous, and the child is at least 13 years old or above the minimum age for such work as defined by the country's laws, whichever affords greater protection.

Hazardous work means work that, by its nature or by virtue of when or where it is carried out, is likely to harm the health, safety, or morals of children or others. The following can, for example, be hazardous, particularly without the proper PPE: applying crop protection agents (CPA); stalk cutting; stringing; carrying heavy loads; working with sharp tools; working in extreme temperatures; and working after dark.

Green tobacco sickness or GTS is a type of nicotine poisoning caused by the absorption of nicotine from the surface of wet, fresh, green tobacco leaves through the skin. The characteristic symptoms of GTS include nausea, vomiting, weakness, dizziness, stomach cramps, difficulty breathing, excessive sweating, headache, and fluctuations in blood pressure and heart rate. They can last from 12 to 48 hours.¹

Personal protective equipment or PPE in tobacco farming refers to any clothes, materials, or devices that provide protection from exposure to CPA and GTS during specific activities throughout the crop cycle.²

Living income benchmark studies are studies conducted in specific regions or areas to estimate the net annual income required for a household to afford a decent standard of living for all members of that household.

Living Income Reference Values represent a living income for typical families in rural (or urban) areas of low-income and middle-income countries.³ Reference Values provide a credible estimate of living wage or income at a country level, for rural and urban areas. They offer an insightful reference beyond the currently available indicators for many countries, which are mostly limited to poverty lines and minimum wages.

Farmer income studies are conducted, through third-party service providers, to assess all legal income sources of contracted farmers within PMI's tobacco supply chain, including tobacco, complementary crops, and off-farm income.

Sustainable Tobacco Supply Chain framework or STSC – PMI's new approach focused on the full life cycle of tobacco production and targets actions toward the tobacco we purchase and use in our products.

¹ Schep LJ, Slaughter RJ, Beasley DM (September-October 2009). "Nicotinic plant poisoning." *Clinical Toxicology*.

² Adapted from the FAO/WHO (2014). *International Code of Conduct on Pesticide Management*.

³ Reference values are built on data and knowledge gained from 40 complete Anker methodology benchmark studies. Since they are based on a statistical analysis, they have a margin of error for typical rural (or urban) areas of a country, which is generally around +/- 10% using a 95% confidence interval. Sources: Living Income Reference Values | livingincome (living-income.com) and Anker Living Wage and Living Income Reference Values | Global Living Wage Coalition.



Notes

In this presentation, “PMI,” “we,” “us,” and “our” refer to Philip Morris International Inc. and its subsidiaries.

In this presentation and in related communications, the term “materiality,” “material,” and similar terms are defined in the referenced sustainability standards and certain regulatory requirements, as may be applicable to us, and are not meant to correspond to the concept of materiality under the U.S. securities laws and/or disclosures required by the U.S. Securities and Exchange Commission.

This presentation contains references and links to websites operated by third parties. These references are provided as a convenience to you and as an additional avenue of access to the information contained in those sources; they should not be viewed as an endorsement by us of the content of these references and linked sites or opinions of their authors.

Unless otherwise stated, all references to *IQOS* are to our *IQOS* heat-not-burn devices and consumables.

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This report reflects PMI’s current views and estimates based on the data and information available at the time of publication. Changes in circumstances or new information may have occurred since the report’s publication, which could impact the accuracy of certain details. This report includes metrics that are subject to measurement uncertainties due to inherent limitations in the nature and methods for data collection and measurement. The precision of different collection and measurement techniques may also vary. This report includes data or information obtained from external sources or third parties.

Aspirational targets and goals do not constitute financial projections, and achievement of future results is subject to risks, uncertainties, and inaccurate assumptions, as outlined in our forward-looking and cautionary statements on slide 4 of this presentation.

This presentation should be read in conjunction with PMI’s [2023 integrated report](#) and [Sustainability KPI Protocol 2023](#)

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