Forward-looking and cautionary statements

This presentation and related discussion contain projections of future results and other forward-looking statements. 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 continuing effects of the COVID-19 pandemic; the impact and

consequences of Russia's invasion of Ukraine; changes in adult smoker behavior; 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; or if it is unable to attract and retain the best global talent, including women or diverse candidates. 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 the Form 10-Q for the quarter ended March 31, 2022. 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.

The aspirations, goals, and forward-looking plans contained in this presentation may be impacted by the February 2022 Russian invasion of Ukraine and its potential effects on our business over the mid to long term, which remain uncertain. As part of our broader plan to evaluate our published sustainability aspirations to ensure they remain ambitious, reasonable, and achievable in the context of a dynamic and evolving smoke-free industry, we will also assess and reflect the impact of the invasion. Considering the volatility and rapidly changing environment, we continue to monitor the situation closely. We will communicate any related changes within the next year. Aspirational targets and goals do not constitute financial projections, and achievement of future results is subject to risks, uncertainties, and inaccurate assumptions, as outlined above. See Integrated Report 2021 p 2-3.
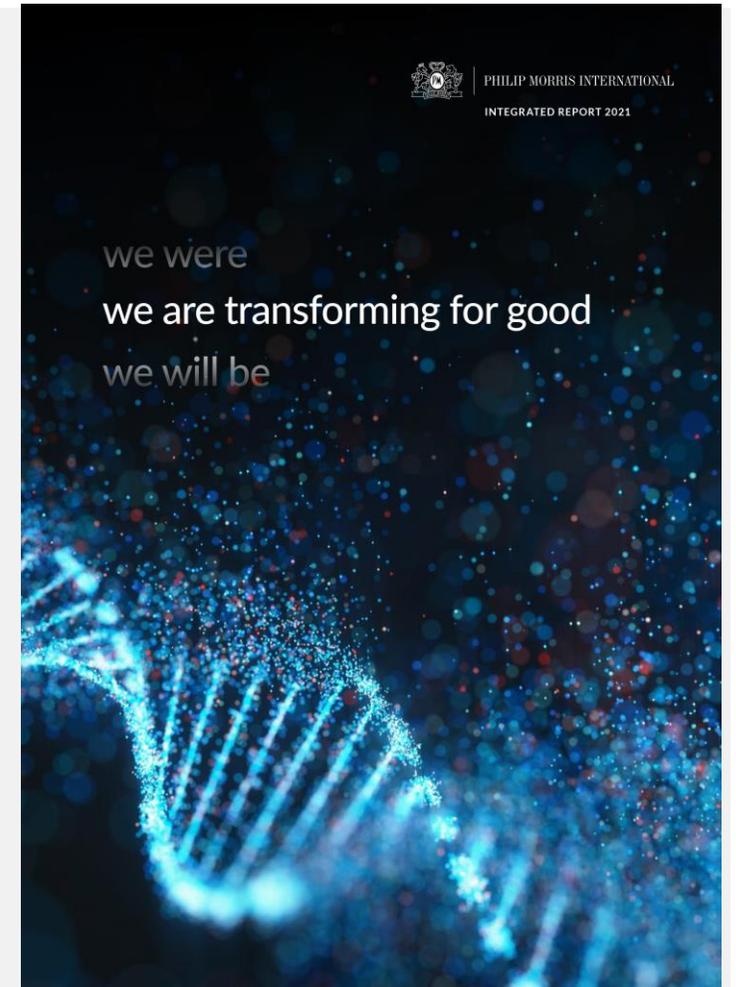
ESG highlights

This ESG Highlights presentation is based on PMI's Integrated Report 2021 and annual report on Form 10-K for the year ended December 31, 2021, as well as press releases and additional resources available at www.pmi.com.

Unless otherwise indicated, the data contained herein cover our operations worldwide for the full calendar year 2021 or reflect the status as of December 31, 2021. Where not specified, data come from PMI financials, non-financials, or estimates. Unless explicitly stated, the data and information in this presentation do not incorporate wellness and healthcare acquisitions made by PMI during 2021 of Fertin Pharma A/S, Vectura Group plc., and OtiTopic, Inc.

→ See PMI's Integrated Report 2021

PHILIP MORRIS INTERNATIONAL
INTEGRATED REPORT 2021

we were
we are transforming for good
we will be

Table of contents

PMI's updated Statement of Purpose

Transforming for good

" The Company is actively accelerating the decline of cigarette smoking beyond what traditional tobacco control measures can achieve alone.

" 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.

" This means not only transforming the Company to deliver on its purpose but also inspiring the industry to follow its lead.

" 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.

" PMI believes that with the right regulatory encouragement and support from civil society, cigarette sales can end within 10 to 15 years in many countries.

→ Read PMI's Statement of Purpose

Changes to our strategy and vision prompted the revision of our Statement of Purpose to encompass our strategic efforts to venture toward becoming a wellness and healthcare company. Issued by PMI's board, it was published in the 2022 Proxy Statement as an update to the letter to shareholders published in the 2017 Proxy Statement and the Statement of Purpose published in the 2020 Proxy Statement.

2021 highlights

PRODUCT IMPACT

SOCIAL

21.7m
Total adult users of PMI's smoke-free products, of whom 15.3m have switched and stopped smoking[1]
(2020: 18.3m; 13.0m)

USD 9.2bn
Cumulative investments behind smoke-free products since 2008[3]
(2020: 8.1bn)

29.1%
Of adjusted net revenues derived from smoke-free products, which were available for sale in 71 markets worldwide by year-end[2]
(2020: 23.8%; 64)

91%
Of total shipment volume covered by youth access prevention programs in indirect retail channels[4]
(2020: 94%)

Marketing and sales practices
New Marketing Codes deployed globally for both combusted and smoke-free (non-combusted) products, published in 2022 on PMI.com

Wellness and healthcare
Acquisitions of Fertin Pharma, OtiTopic, and Vectura have provided a foundation for progress toward our ambition to generate at least USD 1bn in annual net revenues from products in wellness and healthcare by 2025

ENVIRONMENT

86%
Recycling rate of *IQOS* devices returned to our centralized recycling hubs (weighted-average percentage of each device that is recycled)[5]
(2020: 84%)

46
Countries where our affiliates deployed cigarette butt anti-littering campaigns focusing on driving behavioral change

Smoke-free consumables
Programs deployed to take back smoke-free consumables after use by consumers in various markets, including Canada, Finland, Guatemala, Switzerland

2021 highlights

OPERATIONAL IMPACT

SOCIAL

39.7%
Of management positions held by women, on track to achieve our 2022 target of 40%[1] (2020: 37.7%)

Agricultural Labor Practices
Publication of a dedicated report celebrating the 10-year anniversary of PMI's Agricultural Labor Practices (ALP) program in its tobacco supply chain

5
Human rights impact assessments conducted since 2018 in highest-risk countries and action plans being implemented (2020: 4)

ENVIRONMENT

Low-Carbon Transition Plan
Publication of strategy to decarbonize our direct operations by 2025 and our entire value chain by 2040

100%
Of tobacco purchased at no risk of deforestation of primary and protected forests (2020: 100%)

Triple A
Score from CDP for the second consecutive year, recognizing our efforts to combat climate change, protect forests, and promote water security

1 Calculation methodology updated in 2021 to expand data scope to employees on long-term leave (over 30 calendar days). 2020 data restated accordingly. On 12 May 2022 PMI announced it had reached its global company-wide target to improve gender balance, ensuring at least 40% female representation in managerial roles by 2022. See press release.

Creating value

Resources and relationships

68,547
Employees, of whom 42.2% are women

USD 566m
Adjusted R&D expenditure, of which 99% dedicated to smoke-free products[1]

>291,000 tons
Packed tobacco sourced

38 factories
Of which 8 are partially or fully dedicated to the production of smoke-free products

>250,000
Contracted tobacco farmers
22,000
Suppliers

~USD 148bn
Market capitalization as of December 31, 2021

Our mission

Seek net positive impact as we accelerate the end of smoking and evolve into a broader lifestyle, consumer wellness, and healthcare company.

What we do

Transition away from a cigarette company into a world-leading smoke-free business while simultaneously exploring adjacent avenues of growth beyond tobacco.

CAPITALS

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

Value created

21.7m
Users of PMI smoke-free products

1.8%
Prevalence of child labor among contracted farms supplying tobacco to PMI

1,770
Patents granted in IP5 jurisdictions relating to smoke-free products

IQOS ILUMA
Major innovation in heat-not-burn launched in 2021, with product advancements addressing consumer pain points

18%
Reduction of CO_2e emissions along the value chain (scope 1+2+3) v 2019

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

10
Smoke-free heat-not-burn and e-vapor devices commercialized

71
Markets where PMI smoke-free products are available for purchase, among which 43% are low- and middle-income markets

83%
Critical supplier spend sourced sustainably

98%
Tobacco purchased through direct contracts by PMI and our tobacco suppliers, enabling implementation of PMI's Good Agricultural Practices

29.1%
Annual adjusted net revenues from smoke-free products[2]

USD 76.8bn
Total excise tax paid by consumers on PMI products

Note: Presentation of information in this visual is informed by the Integrated Reporting Framework of the Value Reporting Foundation. See Integrated Report 2021 for further details on data and related footnotes.

[1]R&D expenditure in wellness and healthcare is included in both smoke-free and total R&D expenditures. 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 617m.
[2]Reflects PMI Reduced-risk product and Other net revenues of USD 9.2bn as a percentage of PMI total adjusted net revenues of USD 31.7bn. Adjusted net revenues excludes USD 246m attributable to Saudi Arabia customs assessments.

OVERVIEW

Our company

Global trends

Industry trends

Our company

Our product portfolio

PMI's adjusted net revenues in 2021[2]

Combustible
71%

Smoke-free
29%

Operations Center: Lausanne, Switzerland

Headquarters: New York, U.S.[1]

European Union

Eastern Europe

South & Southeast Asia

Americas (incl. the U.S.)

Middle East & Africa

East Asia & Australia
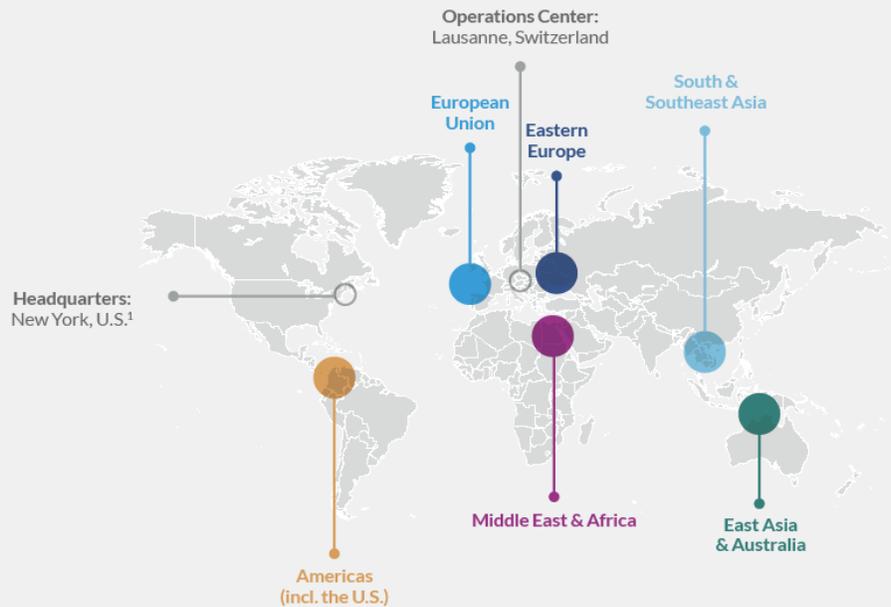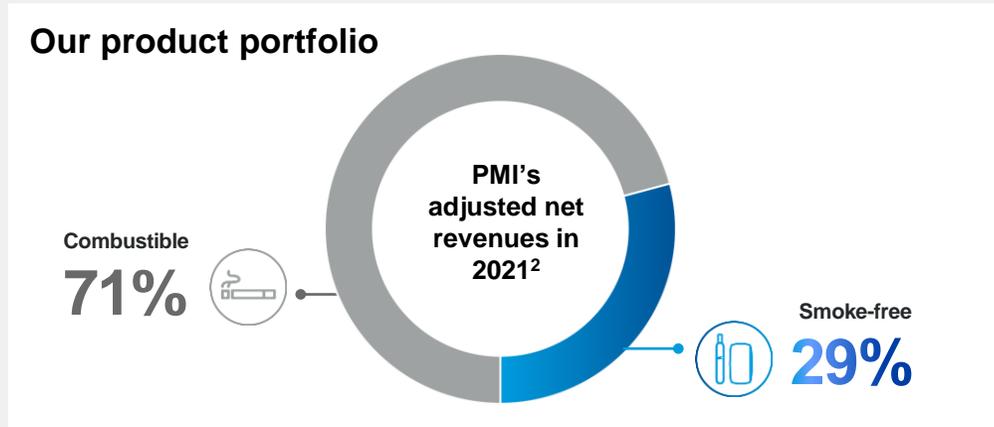
PMI's footprint in 2021

Total adjusted net revenue by PMI region

European Union	39%
Eastern Europe	11%
Middle East & Africa	11%
South & Southeast Asia	14%
East Asia & Australia	19%
Americas (incl. the U.S.)	6%

Proportion of adjusted net revenues from smoke-free products in each PMI region

European Union	Eastern Europe	Middle East & Africa	South & Southeast Asia	East Asia & Australia	Americas (incl. the U.S.)
33%	37%	4%	<1%	59%	3%
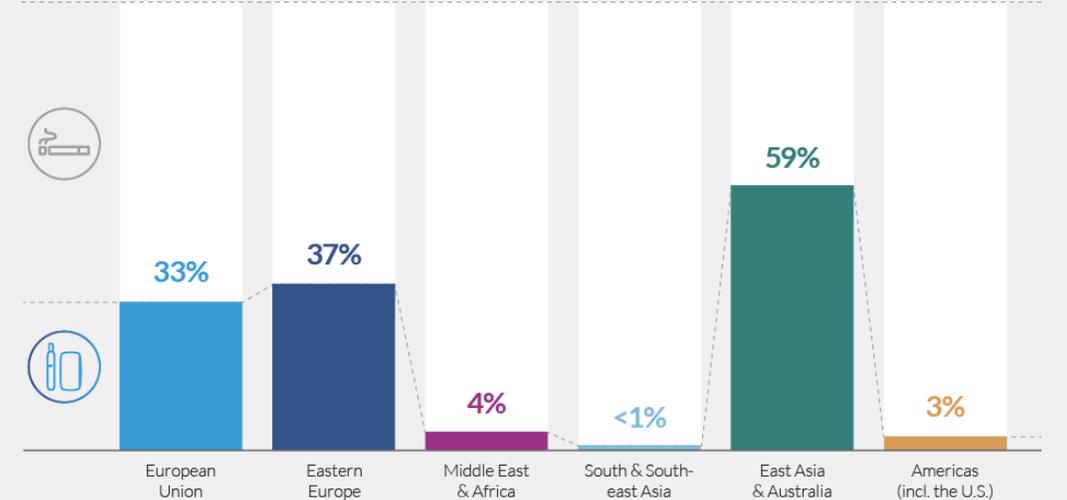
1 In the fourth quarter of 2021, we announced that we will be relocating our PMI corporate headquarters from New York, New York, to Stamford, Connecticut. This move is expected to be completed by the third quarter of 2022.
2 Adjusted net revenues excludes USD 246m attributable to Saudi Arabia customs assessments.

Global trends

Healthy lifestyles

Climate and nature urgency

Inequality

Erosion of trust

Technological progress

Main capitals impacted   Human   Intellectual   Natural   Manufactured   Social   Financial

Industry trends

Industry volume split 2018–2021

	2018	2021
Combustible products	96%	93%
Smoke-free products	4%	7%

Of which
2%
are heated tobacco products

Of which
4%
are heated tobacco products

2018

2021
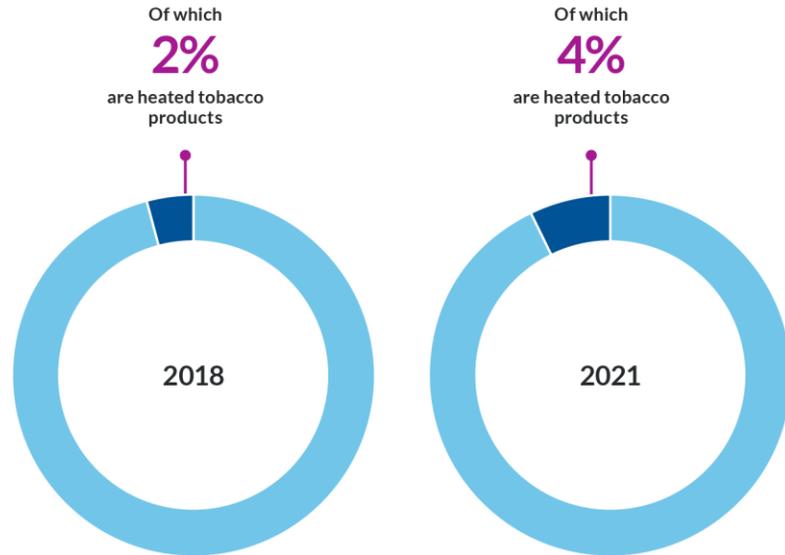
6.8% market share of PMI HTUs[1] in *IQOS* markets

PMI HTUs **#3 tobacco brand** in *IQOS* markets[2]

PMI total international share (in %)

Heated tobacco units

Cigarettes

Total: 28.3

Total: 27.6

Total: 27.3

	2019	2020	2021
Heated tobacco units	2.2	3.0	3.5
Cigarettes	26.1	24.6	23.7
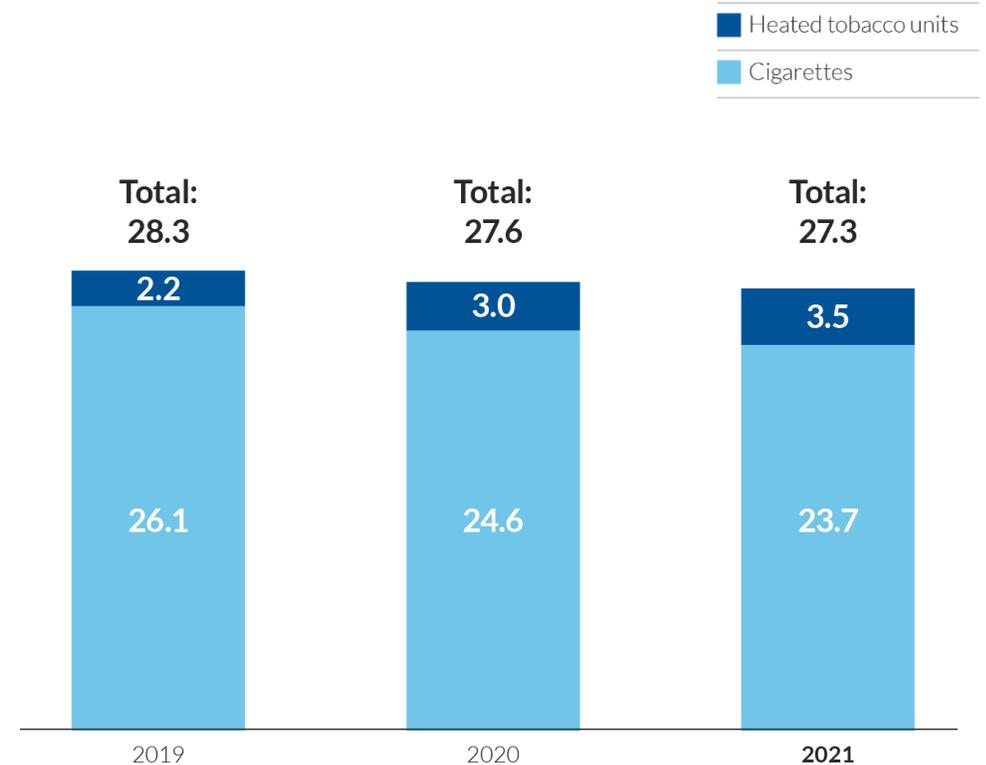
1 Reflects sales volume as percentage of the total industry sales volume for cigarettes and HTUs.
2 Reflects 68 markets where *IQOS* HTUs are available in key cities or nationwide at December 31, 2021. Excludes the U.S.
Note: See glossary. Data exclude China and the U.S. Source: PMI Financials or estimates

STRATEGY

Our strategy: Transforming for good

Product transformation

External transformation

Internal transformation

Transparent reporting on progress

Business Transformation Metrics

Anchoring sustainability at the core of strategy

Sustainability materiality assessment: the right focus

Our sustainability strategy

2025 Roadmap

Our Sustainability Index

Our strategy: Transforming for good

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

PMI's business transformation

Product transformation
Innovating for better products

External transformation
Changing the way we engage with stakeholders

A new organization and value chain
Internal transformation
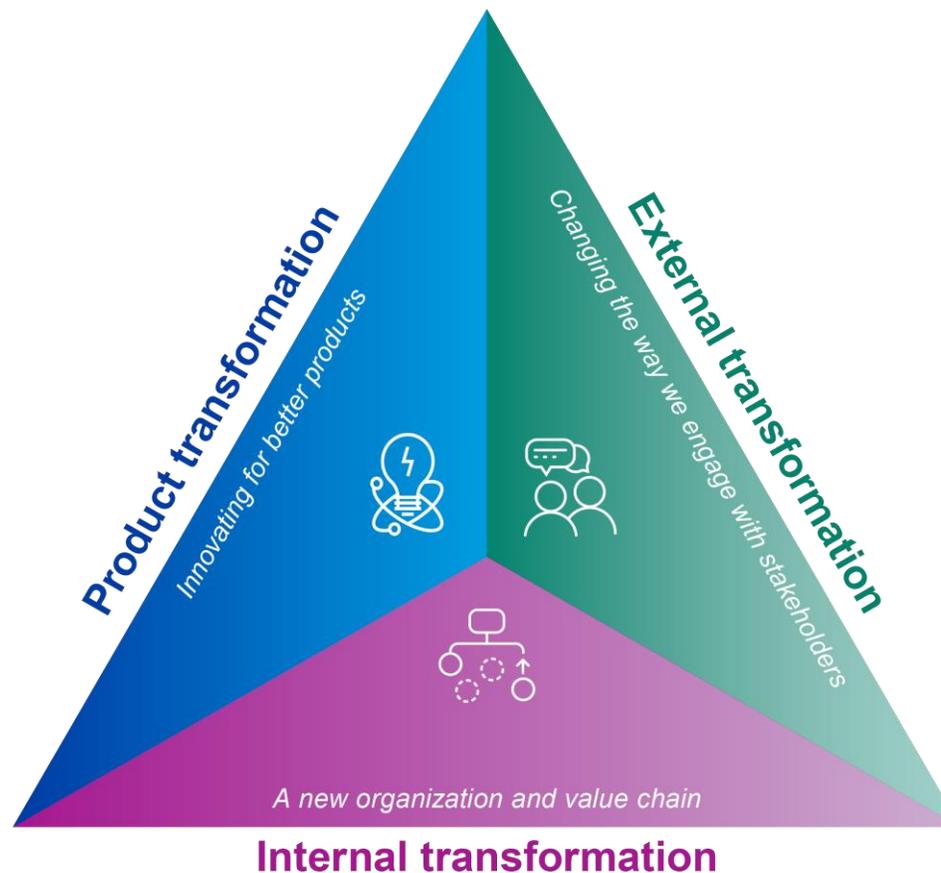
Product transformation

Innovating for better products

Strong progress towards becoming a majority smoke-free company by 2025 in terms of net revenues, our strategy is to responsibly transition from a cigarette company into a world-leading smoke-free business while simultaneously exploring adjacent avenues of growth in wellness and healthcare.

Product transformation portfolio

Supporting transformation

Growth priorities

Emerging opportunities

External transformation

Changing the way we engage with stakeholders

Engaging with external
stakeholders is critical to
achieving our purpose.
Our ability to successfully
transform depends not solely
on us—working together
with different parts of society,
we can create a paradigm
shift where cigarettes
become obsolete.

ⓘ See the <u>overview</u> of PMI's engagement principles

Consumers

Civil society

Regulators

Supply
chain

Finance
community

Public health
community

Employees

Internal transformation

SOURCING

OPERATIONS

COMMERCIALIZATION

CONSUMERS & REVENUES
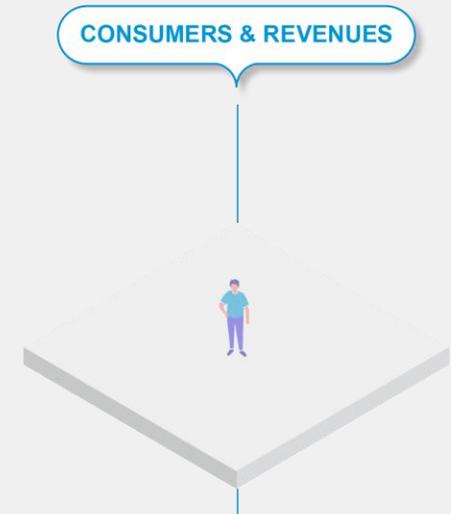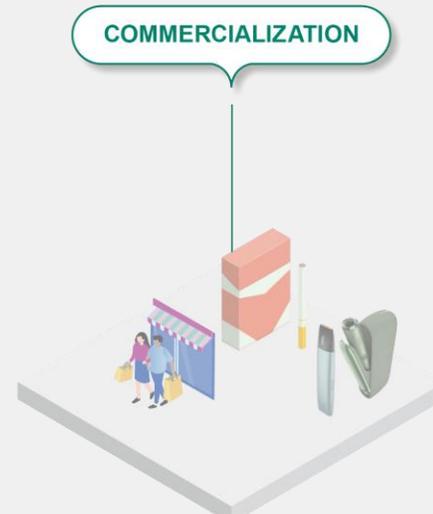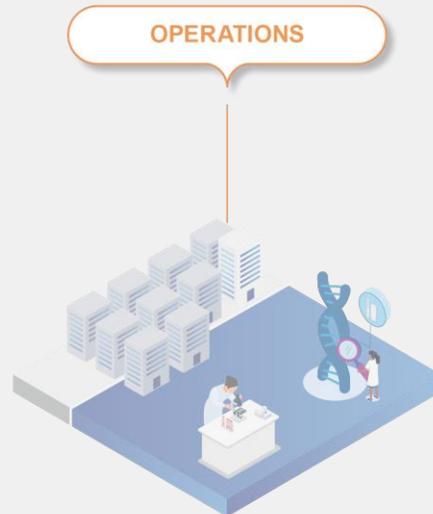
We were
2015

We are
2021
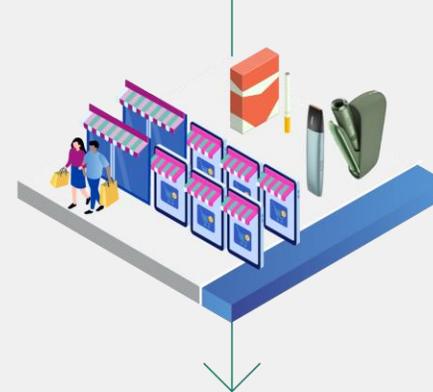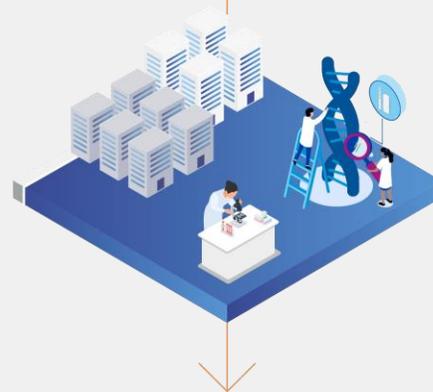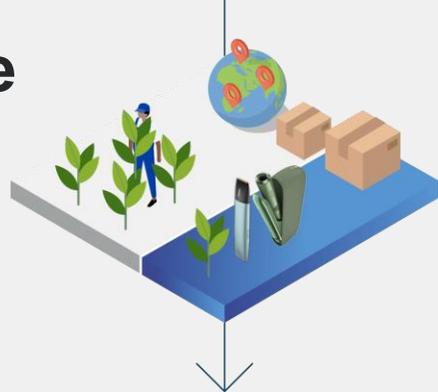
Our internal value chain transformation:

Sourcing

Transitioning from a mainly agricultural supply chain to an increasingly diversified one, including electronics sourcing

We were
2015

>350,000
Tobacco farmers contracted by PMI and our suppliers in
28 countries

We are
2021
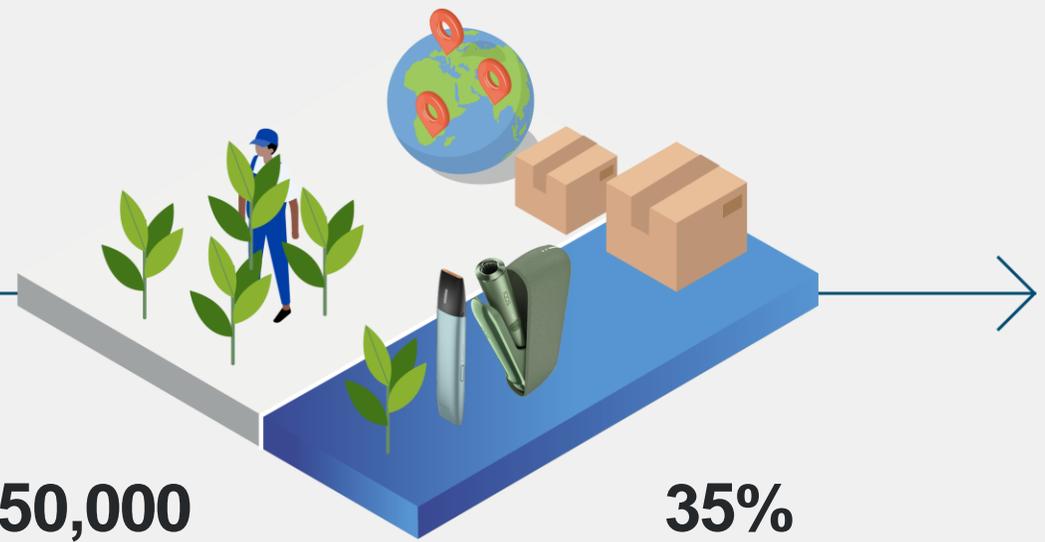
>250,000
Tobacco farmers contracted by PMI and our suppliers in
21 countries

35%
Of direct supply chain spend related to smoke-free products

Our internal value chain transformation:

Operations

We were
2015

2/48

Factories partially or fully dedicated to manufacturing smoke-free products
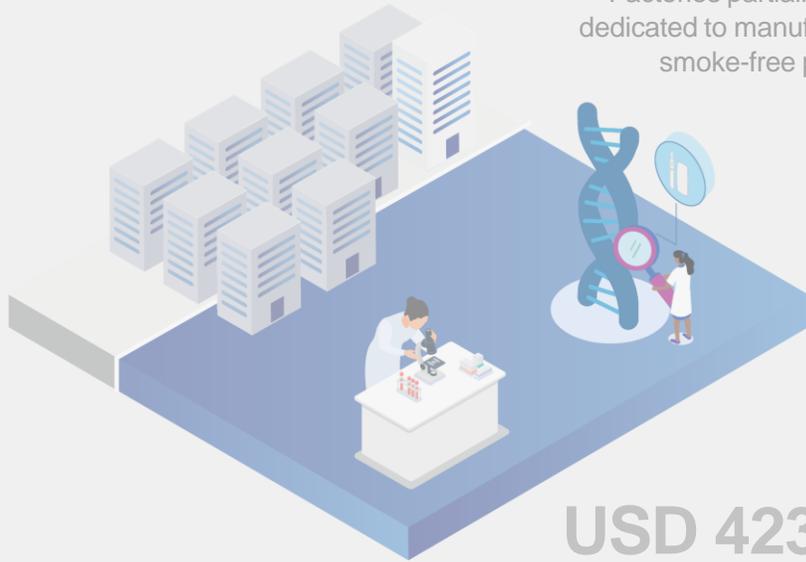
USD 423m

Adjusted R&D expenditure

70%

Of adjusted R&D expenditure related to smoke-free products

We are
2021

8/38

Factories partially or fully dedicated to manufacturing smoke-free products

USD 566m

Adjusted R&D expenditure

99%

Of adjusted R&D expenditure related to smoke-free products

Our internal value chain transformation:

Commercialization

Moving from B2B to a consumer-centric model to commercialize smoke-free products

We were
2015

7

Markets where PMI smoke-free products are available for sale

1

Smoke-free electronic product commercialized

0.1%

Of total shipment volume related to smoke-free products

1bn units smoke-free product shipment volume

881bn units combustible product shipment volume

We are
2021

71

Markets where PMI smoke-free products are available for sale
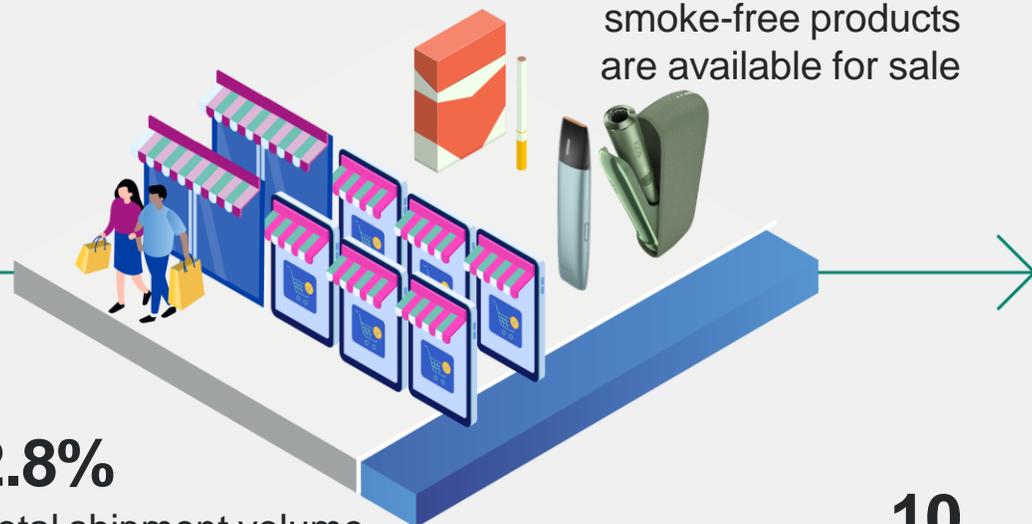
12.8%

Of total shipment volume related to smoke-free products

95bn units smoke-free product shipment volume

650bn units combustible product shipment volume

10

Smoke-free devices and over 40 taste variants for PMI heated tobacco units

Our internal value chain transformation:

Consumers and revenues

We were
2015

0.2%
Of adjusted net revenues from smoke-free products

We are
2021

29.1%
Of adjusted net revenues from smoke-free products

0.2m
Users of PMI smoke-free products

62,000
Electronic smoke-free devices refreshed or repaired

21.7m
Users of PMI smoke-free products, of whom 15.3m are estimated to have switched and stopped smoking

Our internal value chain transformation

We will be

2025 aspirations

100

Markets where PMI smoke-free products are available for sale

>50%

Markets where PMI smoke-free products are available for sale that are low-and middle-income

<550

Combustible product shipment volume (bn units)

>250

Smoke-free product shipment volume (bn units)

>30%

Smoke-free product shipment ratio (smoke-free/total)

~40% NEW

Reduction in combustible product shipment volume v 2015

≥USD 1bn

Net revenues from wellness and healthcare products

>50%

Adjusted net revenues from smoke-free products

>40m

Estimated number of users who have switched to PMI smoke-free products and stopped smoking

Transparent reporting on progress

Business Transformation Metrics measure what matters

Reporting the pace and scale of our transition

T	Transformation
F	Financial
E	Environmental
S	Social
G	Governance
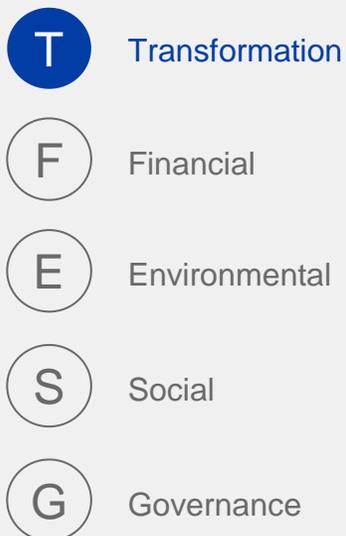
- Business transformation is a very company-specific journey, which ESG reporting standards do not properly capture.

- In 2016 we introduced a set of bespoke key performance indicators we call **Business Transformation Metrics**.

- They allow our shareholders and stakeholders to assess our purpose, actions taken to achieve it, resource allocation, as well as outcomes and forward-looking goals.

- Transparent, measurable, verifiable, updated based on stakeholder feedback.

- PricewaterhouseCoopers SA (PwC) has provided limited assurance on select Business Transformation Metrics.[1]

Business Transformation Metrics

T Transformation
F Financial
E Environmental
S Social
G Governance

		2015 baseline	2019	2020	2021	2025 Aspirations[8]
R&D	Adjusted R&D expenditure (in millions USD)[1*]	423	465	495	566	
	Adjusted R&D expenditure ratio (smoke-free/total)[1*]	70%	98%	99%	99%	
	Number of R&D positions (FTEs)[2]	n/a	942	934	981	
	Patents granted in IP5 jurisdictions relating to smoke-free products (cumulative, since 2015)[3]	n/a	740	1,300	1,770	
	Number of studies completed by PMI on smoke-free products (cumulative, since 2015)					
	Toxicological assessment	n/a	109	146	203	
	Clinical assessment	n/a	19	22	24	
	Perception and behavior (premarket and post-market)	n/a	13 (9 + 4)	30 (15 + 15)	44 (25 + 19)	
Sourcing and Operations	Supply chain direct spend expenditure ratio (smoke-free/total)[4]	n/a	35%	33%	35%	
	Cumulative investment behind smoke-free products (since 2008, in bn USD)[5]	2.4	7.2	8.1	9.2	
	Number of factories producing smoke-free products out of total number of factories[6*]	2/48	8/38	8/39	8/38	
Consumers	Total number of users of PMI smoke-free products (in millions)[7*]	0.2	13.5	18.3	21.7	
	Estimated number of users who have switched to PMI smoke-free products and stopped smoking (in millions)[7*]	0.1	9.6	13.0	15.3	>40

*The 2021 metrics marked with an asterisk (*) are subject to PwC's Assurance Report (see Integrated Report 2021 p 245).

Notes:
Smoke-free products include heated tobacco units, e-cigarettes, snus, and nicotine pouches. Total products include smoke-free products, cigarettes and other combustible products.

1 R&D expenditure in wellness and healthcare is included in both smoke-free and total R&D expenditures. 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 617m.
2 R&D positions include scientists, engineers, technicians, and support staff. Comparable data for years prior to 2018 are not available as the scope of R&D positions changed following company organizational changes.
3 IP5 jurisdictions are Europe (patents granted by the European Patent Office), China, South Korea, Japan, and the U.S.
4 Direct spend focuses on materials used in the manufacture of our products; it includes tobacco leaf, direct materials, and electronic devices and accessories.
5 Investments reflect research, product and commercial development, production capacity, scientific substantiation, and studies on adult smoker understanding. Figure does not include commercial deployment costs.
6 Data reflect the number of factories operated and owned by PMI at the end of the respective year. Number of factories fully or partially dedicated to smoke-free products includes 7 factories related to heated tobacco unit production and one factory related to e-vapor consumables production. 2021 figures exclude one factory dedicated to wellness and healthcare products owned by Fertin.

7 These metrics are excluding PMI Duty Free and reflect the estimated number of legal age (minimum 18 years) users of PMI *IQOS* heat-not-burn product (see glossary). In 2021, we evolved our methodology to estimate the total number of users of PMI smoke-free products, in order to better reflect the number of users for which PMI HTU represented at least a portion of their daily tobacco consumption over the past seven days. 2020 data was restated accordingly. Unavailability of sufficiently granular data did not enable us to restate figures for years prior to 2020. We also fine-tuned our methodology to estimate the number of users who have switched to PMI smoke-free products and stopped smoking, in order to reflect the conversion rate of our total user base at year-end, and restated 2020 data accordingly.

Business Transformation Metrics continued

T Transformation
F Financial
E Environmental
S Social
G Governance

*The 2021 metrics marked with an asterisk (*) are subject to PwC's Assurance Report (see Integrated Report 2021 p 245).

Notes:
Smoke-free products include heated tobacco units, e-cigarettes, snus, and nicotine pouches. Total products include smoke-free products, cigarettes and other combustible products.

8 SKUs stands for stock-keeping units. References to the number of SKUs are based on the latest available data and categorization of our product portfolio into SKUs, therefore minor restatements in previous years' data is reflected. The figures exclude China and the U.S.
9 Data reflect the status by the end of respective year. 2021 data excludes Belarus and the U.S.
10 Excluding PMI Duty Free. Data reflect the status by the end of respective year. 2021 data excludes Belarus and the U.S. For definition of low- and middle-income markets, see glossary.
11 Includes flagship stores and small, large, and temporary boutiques.
12 These indicators are calculated based on millions of units.
13 Data reflect the status by the end of respective year. 2021 adjusted net revenues exclude the impact related to the Saudi Arabia customs assessments. 2021 revenues from wellness and healthcare (USD 101m) are included in both smoke-free and total adjusted net revenues. See glossary.

		Baseline 2015	2019	2020	2021	2025 Aspirations
Commercialization	Year-on-year change in number of SKUs—combustible products[8]	n/a	(6)%	(5)%	3%	
	Year-on-year change in number of SKUs—smoke-free products[8]	n/a	26%	38%	42%	
	SKUs ratio (smoke-free/total)	3%	10%	14%	18%	
	Number of markets where smoke-free products are available for sale[9*]	7	52	64	71	100
	Proportion of markets where smoke-free products are available for sale that are low- and middle-income markets[10*]	33%	35%	41%	43%	>50%
	Number of IQOS stores[11]	n/a	199	259	274	
	Number of retailers that sell PMI smoke-free product consumables (in thousands)	n/a	679	748	812	
	Commercial (marketing) expenditure ratio (smoke-free/total)*	8%	71%	76%	73%	
	Smoke-free product shipment volume (bn units)*	1	60	76	95	>250
	Combustible product shipment volume (bn units)*	881	732	654	650	<550
	Change in combustible product shipment volume (bn units) vs. 2015 baseline[12*]	n/a	(17.0)%	(25.8)%	(26.3)%	~(40)%
	Smoke-free product shipment ratio (smoke-free/total)[12*]	0.1%	7.6%	10.4%	12.8%	>30%
Revenues	Adjusted net revenues ratio (smoke-free/total)[13*]	0.2%	18.7%	23.8%	29.1%	>50%
	Number of markets where adjusted net revenues from smoke-free products exceed 10% of adjusted total net revenues[13*]	0	31	38	47	
	Number of markets where adjusted net revenues from smoke-free products exceed 50% of adjusted total net revenues[13*]	0	4	6	10	
	Annual net revenue from wellness and healthcare products (in bn USD)	n/a	n/a	n/a	0.1	≥1

Anchoring sustainability at the core of strategy

Embedding sustainability in all we do

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.

Purpose, Value & Impact

Technology Innovation & Growth

Operational & Resource Efficiency

Mitigating Risk & Compliance
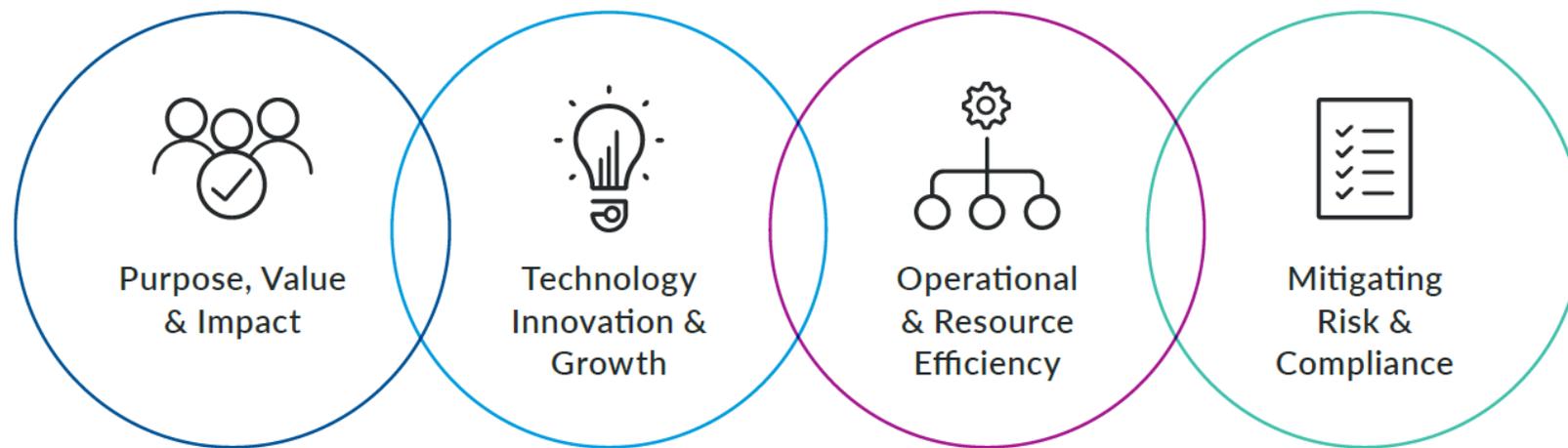
Sustainability materiality assessment: the right focus

A robust sustainability materiality analysis allows us to identify, assess, and prioritize ESG topics on which we should focus. In line with the principle of double materiality, it consists of a fivefold approach.

→ Read PMI's Sustainability Materiality Report

Our 2021 sustainability materiality assessment process

1 Identifying ESG topics

2 Gathering stakeholder perspectives

3 Assessing outward impacts

4 Assessing inward impacts

5 Identifying our most material ESG topics
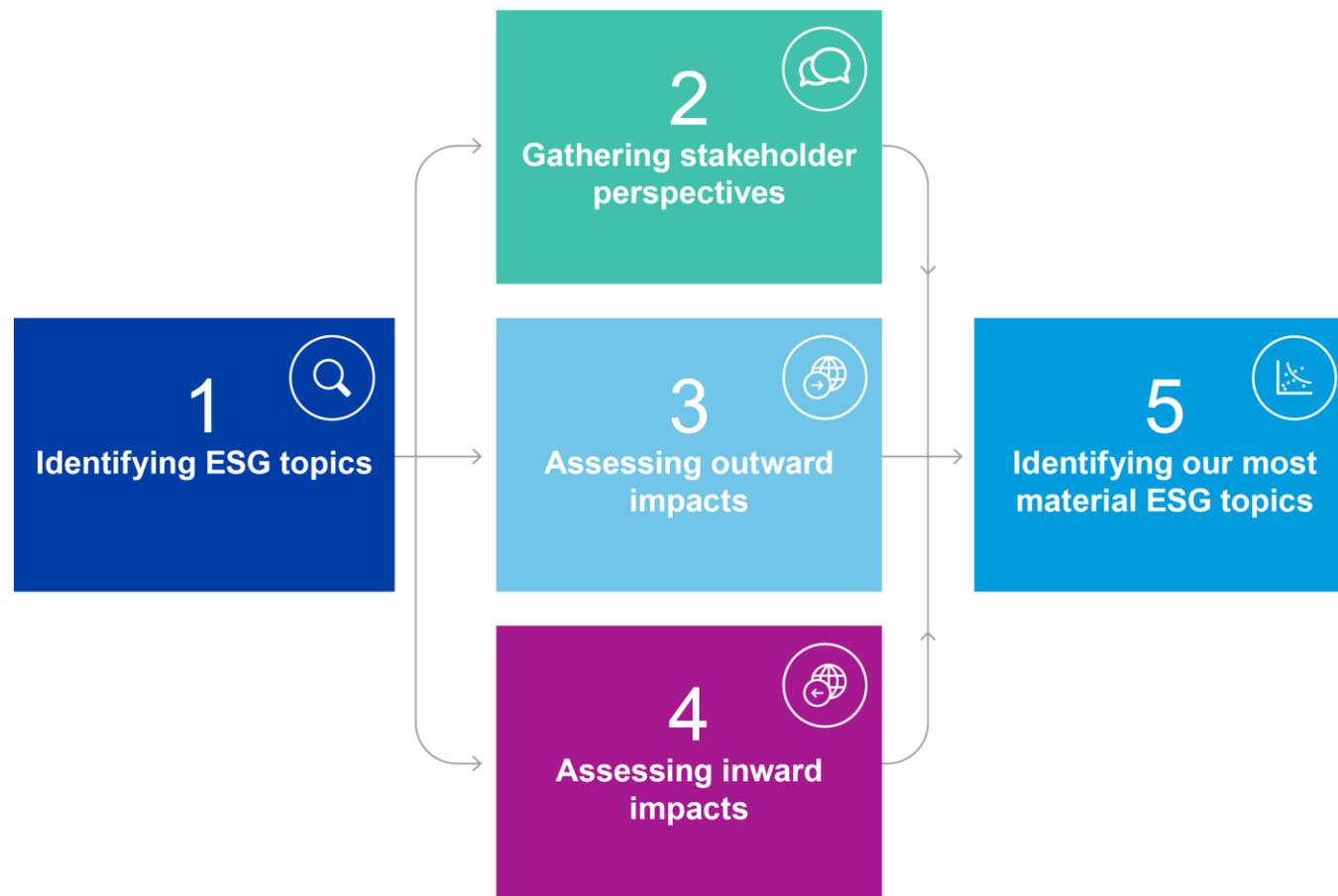
Sustainability materiality assessment: the right focus continued

Key

- (E) ENVIRONMENTAL
- (S) SOCIAL
- (G) GOVERNANCE
- ◯ Our most material topics
- ↗ Emerging topics

Relevance to our stakeholders

- ◯ Very high
- ◯ High
- ◯ Medium
- ○ Low

→ Read PMI's Sustainability Materiality Report

Significance of ESG impacts on PMI

- Product health impact
- Marketing, sales, and consumer communications
- Business integrity
- Climate
- Innovation beyond nicotine
- Laws and regulations
- Human capital development ↗
- Engagement with policymakers
- Economic contribution
- Diversity and inclusion
- Materials and product eco-design
- Water ↗
- Labor standards
- Post-consumer waste
- Health and safety at work
- Operational discharge
- Socioeconomic well-being of tobacco-framing communities
- Privacy
- Employee well-being
- Biodiversity ↗
- Philanthropy
- Animal welfare

LOW — HIGH

Significance of PMI's impacts on society

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 Sustainability Materiality Report

PRODUCT IMPACT

E — ENVIRONMENTAL

Materials and product eco-design
–
Post-consumer waste

S — SOCIAL

Product health impact
–
Sales, marketing, and consumer communications
–
Innovation in wellness and healthcare

G — GOVERNANCE

Responsible R&D
–
Product reliability
–
Nicotine science

OPERATIONAL IMPACT

ENVIRONMENTAL

Climate
–
Water
–
Biodiversity

Operational discharge
–
Animal welfare

SOCIAL

Diversity and inclusion
–
Socioeconomic well-being of tobacco-farming communities
–
Human capital development

Labor standards
–
Health and safety at work
–
Employee well-being
–
Philanthropy

GOVERNANCE

Business integrity
–
Respect for human rights
–
Sustainable supply chain management

Stakeholder engagement
–
Data privacy
–
Fair fiscal practices

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
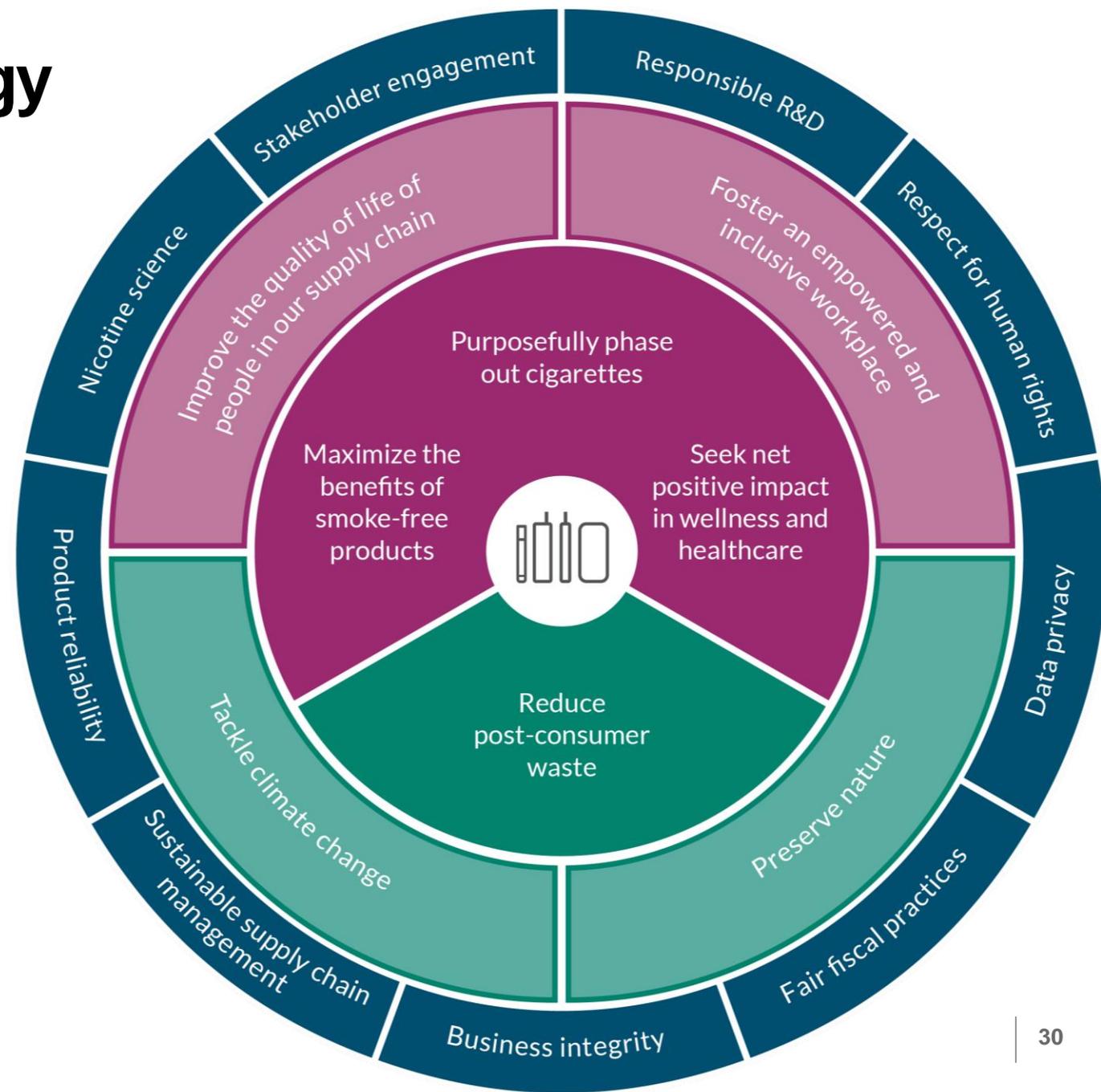
2025 Roadmap

11 headline goals connected to 8 strategies. Our roadmap outlines our key commitments and informs the route of our long-term plan.

Strategy	#	Commitment	Priority ESG topics	Progress in 2021
Purposefully phase out cigarettes	1	Intentionally work toward phasing out cigarettes by ensuring that smoke-free products represent at least 30% of our shipment volumes and more than half of our net revenues by 2025 while continuing to reduce our combustible shipment volume	**Product health impact**	On track
Maximize the benefits of smoke-free products	2	Develop and commercialize science-based smoke-free alternatives to smoking, 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	**Product health impact; Sales, marketing, and consumer communications**	On track
	3	Deploy robust youth access prevention programs in indirect retail channels and ensure that sales of our products abide by our Marketing Codes		On track
Seek net positive impact in wellness and healthcare	4	Leverage scientific and development capabilities to generate at least USD 1bn in annual net revenues from products in wellness and healthcare	**Innovation in wellness and healthcare**	On track
Reduce post-consumer waste	5	Reduce post-consumer waste and prevent littering by implementing comprehensive programs covering all our consumables	**Materials and product eco-design; post-consumer waste**	Progress with challenges
	6	Follow eco-design and circularity principles for all smoke-free electronic devices		Progress with challenges
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	**Diversity and inclusion; human capital development**	On track
Improve the quality of life of people in our supply chain	8	Eradicate systemic child labor in our tobacco supply chain	**Socioeconomic well-being of tobacco-farming communities**	On track
	9	Ensure all contracted tobacco farmers make a living income, and partner with our direct suppliers to promote a living wage for their workers		On track
Tackle climate change	10	Achieve carbon neutrality in our operations and accelerate our decarbonization toward net zero across our value chain	**Climate**	Progress further than anticipated
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	**Biodiversity; water**	Progress with challenges

Progress with challenges   On track   Progress further than anticipated

Our Sustainability Index

Progress on our Roadmap measured by a set of key performance indicators that collectively form our Sustainability Index, which links executive compensation and ESG performance.

	Key performance indicators	2021 performance	2025 aspirations	KPI weight	Contribution to total Index score
Purposefully phase out cigarettes	1. Smoke-free product shipment ratio (smoke-free/total)	12.8%	**>30%**		
	2. Smoke-free product net revenue ratio (smoke-free/total)	29.1%	**>50%**		
Maximize the benefits of smoke-free products	3. Number of markets where PMI smoke-free products are available for sale	71	**100**		
	4. Proportion of markets where PMI smoke-free products are available for sale that are low- and middle-income markets	43%	**>50%**		
	5. Total number of users of PMI's smoke-free products (in millions)	21.7		85%	
	6. Proportion of shipment volume covered by markets with youth access prevention programs in indirect retail channels	91%	**>90%**		
Seek net positive impact in wellness and healthcare	7. Annual net revenue from wellness and healthcare products (in bn USD)	0.1	**≥1**		
Reduce post-consumer waste	8. Proportion of shipment volume covered by markets with anti-littering programs in place for combustible cigarettes	n/a	**≥80%**		
	9. Proportion of shipment volume covered by markets with end of life take-back programs in place for smoke-free consumables	9 pilots	**≥80%**	15%	
	10. Proportion of PMI smoke-free devices with eco-design certification	n/a	**100%**		
	11. Cumulative number of smoke-free electronic devices refreshed or repaired since 2021 (in thousands)	62	**1,000**		
Product Sustainability	**67%**			**100%**	**67%**
Foster an empowered and inclusive workplace	12. Proportion of women in senior roles	31.1%	**35%**		
	13. Proportion of PMI employees who have access to structured lifelong learning offers	n/a	**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	5	**10**	50%	
	15. Prevalence of child labor among contracted farmers supplying tobacco to PMI	1.8%	**0%**		
	16. Proportion of contracted farmers supplying tobacco to PMI who make a living income	67%	**100%**		
Tackle climate change	17. Net carbon emissions in scope 1+2 (in thousands of metric tons)	357	**0**		
	18. Absolute carbon emissions reduction in scope 3 v 2019 baseline (in line with science-based target)	17%	**25%**	50%	
Preserve nature	19. Proportion of tobacco purchased at no risk of deforestation of managed natural forest and no conversion of natural ecosystems	37%	**100%**		
Operational Sustainability				**100%**	**33%**
SUSTAINABILITY INDEX					**100%**

Summary of our approach to sustainability
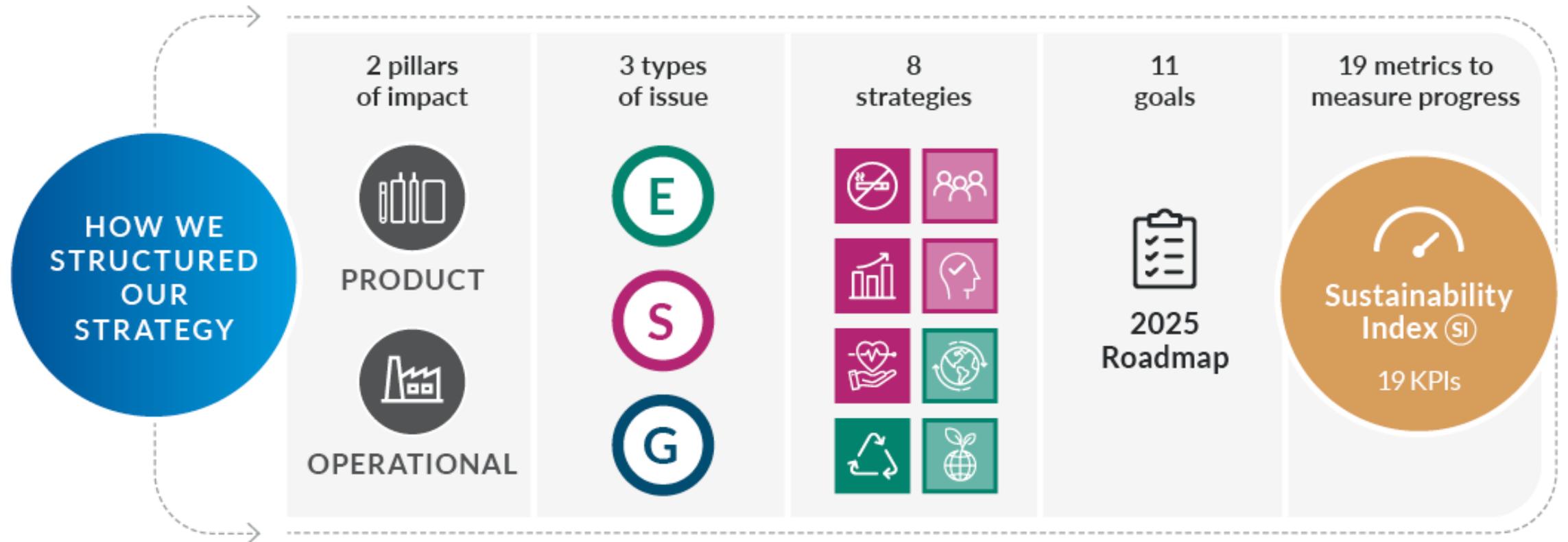
PRODUCT IMPACT

- Purposefully phase out cigarettes
- Maximize the benefits of smoke-free products
- Seek net positive impact in wellness and healthcare
- Reduce post-consumer waste

PRODUCT IMPACT

Purposefully phase out cigarettes

At PMI, we want to accelerate the end of smoking. To that end, we are transforming our operations and value chain to develop and commercialize science-based better alternatives to smoking and purposefully phase out cigarettes.

Pre-transformation (in 2015), our combustible product volume totaled 881bn units, or 99.9% of our shipment ratio, and, since then, in only seven years, it has declined by 26%. Over the same period, our smoke-free shipment increased to 95bn units, representing 12.8% of our shipment volume in 2021.

SI Sustainability Index

Our goal

Intentionally work toward phasing out cigarettes by ensuring that smoke-free products represent at least 30% of our shipment volumes and more than half of our net revenues by the end of 2025 while continuing to reduce our combustible shipment volume.

Purposefully phase out cigarettes

To accelerate the end of smoking, we:

- Dedicate the vast majority of our resources to commercializing our smoke-free products

- Mobilize everyone—regardless of business function—to play a crucial role in delivering on this purpose

- Actively advocate for others in the industry to follow our lead by transforming their businesses, phasing out cigarettes, and reporting transparently on progress

- Advocate for a comprehensive and risk-proportionate regulatory framework that acknowledges not all tobacco and nicotine products are the same

Progress in 2021

- Smoke-free products represented 73% of our commercial expenditure (marketing)
- Smoke-free product shipment volume 95bn units
- Combustible product shipment volume 650bn units
- Smoke-free product shipment ratio (smoke-free/total) 12.8%
- Combustibles product shipment volume down 26% v 2015

To progress on our smoke-free journey, it is essential that we maintain our competitive position in the cigarette market during the transition period, where the extensive commercial and distribution infrastructure:
- Provides an effective platform from which to launch our smoke-free products at scale
- Enables us to inform adult smokers about the benefits of switching v continued smoking

PRODUCT IMPACT

Maximize the benefits of smoke-free products

At PMI, we want to accelerate the end of smoking. To that end, we are transforming our operations and value chain to develop and commercialize science-based better alternatives to smoking and purposefully phase out cigarettes.

OUR ASPIRATIONS

Maintain

>90% of our total shipment volume covered by youth access prevention programs in indirect retail channels (SI)

2021

100% of PMI smoke-free electronic devices introduced to the market as of 2023 equipped with age-verification technology

2025

40% reduction in our combustible product shipment volume v 2015 baseline

<550bn combustible product shipment volume

>250bn smoke-free product shipment volume

>30% (SI) smoke-free product shipment ratio (smoke-free/total)

>50% (SI) net revenues (smoke-free/total)

100 (SI) number of markets globally where PMI smoke-free products are available for sale

>50% (SI) of markets globally where PMI smoke-free products are available for sale that are in low- and middle-income markets

>40m adult smokers globally who switch to PMI smoke-free products

Maximize the benefits of smoke-free products

Addressing the impact of our products on consumers' health is at the core of our strategy and company purpose. We deploy the following approach:

Science-based, less harmful alternatives to cigarette smoking

Individual risk reduction

×

Access to smoke-free products and cigarette phaseout

Consumer switching

Responsible marketing

Reaching the intended audience

=

Maximized benefits of smoke-free products

Population harm reduction

Science-based, less harmful alternatives to cigarette smoking

Science-based, less harmful alternatives to cigarette smoking × Access to smoke-free products and cigarette phaseout Responsible marketing = Maximized benefits of smoke-free products

PMI's scientific assessment of smoke-free products

- 99% of adjusted R&D expenditure of USD 566m went to developing and scientifically assessing smoke-free products in 2021

- USD >9bn in researching and developing better alternatives to cigarettes since 2008[1]

- 1,770 patents granted for smoke-free technologies by the five largest intellectual property offices in the world since 2015

PLATFORM DEVELOPMENT · · · · TOXICOLOGICAL ASSESSMENT · · · · CLINICAL ASSESSMENT · · · · PERCEPTION AND BEHAVIOR · · · · LONG-TERM ASSESSMENT

Growing external scientific consensus

Around

280

Independent studies published on PMI's smoke-free products or our methods and results as of March 16, 2022.

→ Available on PMIscience.com

1 Includes research, product development, production capacity, scientific substantiation, and studies on adult smoker understanding.

Access to smoke-free products

Science-based, less harmful alternatives to cigarette smoking × **Access to smoke-free products and cigarette phaseout** Responsible marketing = Maximized benefits of smoke-free products

Access

Awareness × Acceptability × Availability × Affordability

Regulatory Framework
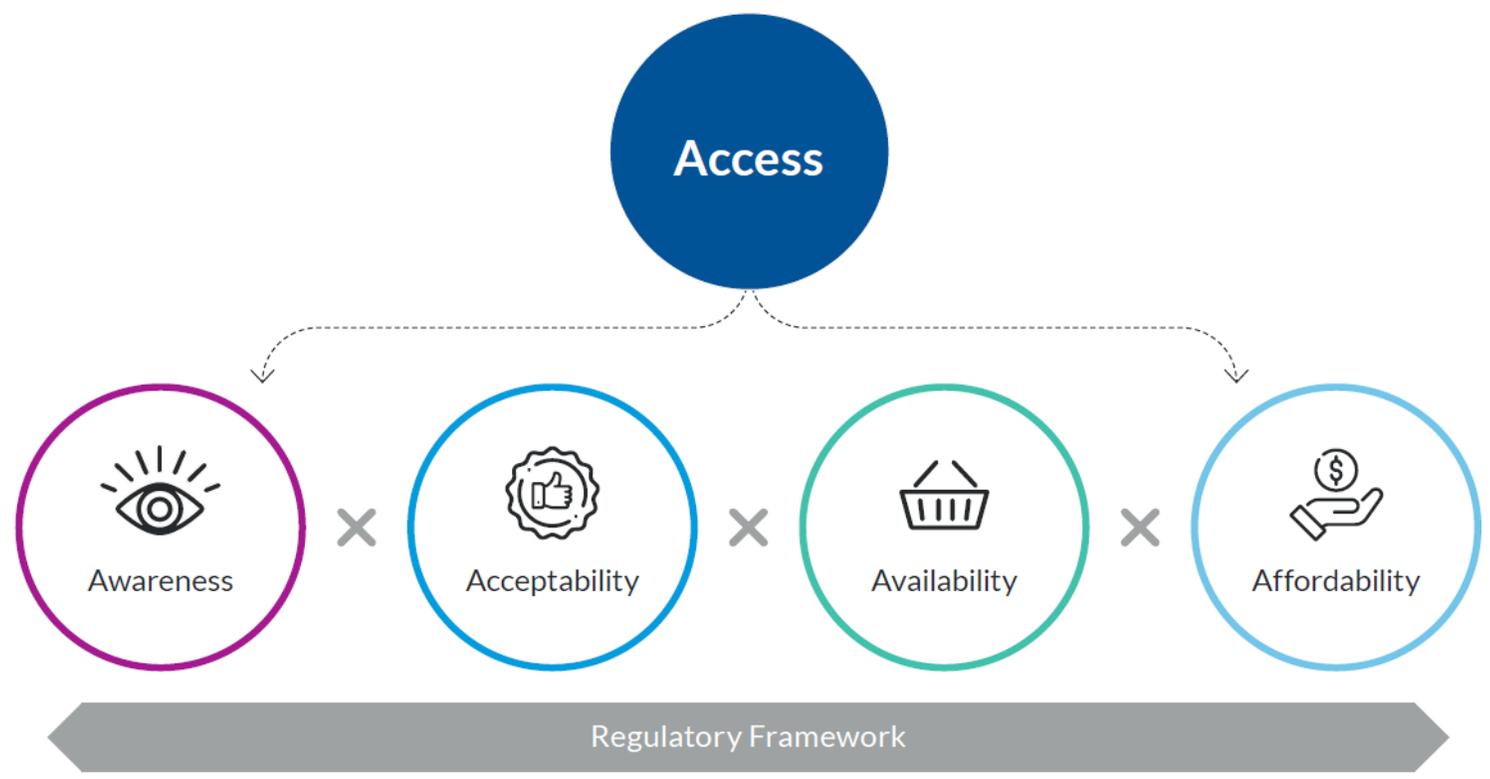
Lack of awareness impedes tobacco harm reduction: only 25% of adult smokers in the markets in which PMI commercializes *IQOS* were aware of the product's features and benefits compared with cigarette smoking.[1]

Progress in 2021

- 8/38 factories dedicated partially or fully to smoke-free products

- 21.7m adults use our smoke-free products, of whom estimated 15.3m switched to these products and stopped smoking

- Smoke-free products available in 71 markets, of which 43% are low- and middle-income markets

- 274 permanent *IQOS* boutiques and stores worldwide

- HTUs on average priced the same as or lower than an adult smoker's current cigarette brand for estimated 58% of smokers in the geographies where we commercialize *IQOS*

[1]In 2021 we improved our market research methodology by expanding beyond specific geographic focus areas (e.g., key cities) to full national coverage of our surveys, making a year-on-year comparison impossible. Applying the previous methodology and considering the same 54 markets covered in 2020, however, the proportion has increased from 36% in 2020 to 40% in 2021.

Access to smoke-free products continued
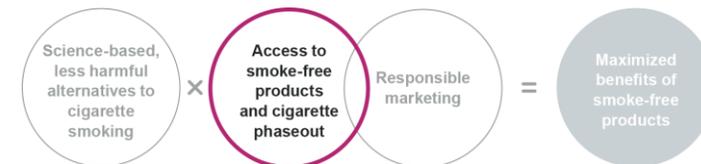
To phase out cigarettes entirely, we are expanding our smoke-free portfolio by:
- Improving current products
- Developing new ones
- Acquiring products and technologies that meet our scientific standards

- 10 heated tobacco and e-vapor devices
- 900 smoke-free consumable stock-keeping units (SKUs)
- 23 nicotine pouch SKUs commercialized under the *Shiro* brand, available for sale in 15 markets

Heat-not-burn products			E-vapor products	Nicotine pouches
IQOS ILUMA PRIME	IQOS ILUMA ONE	IQOS ILUMA	IQOS VEEV	SHIRO
IQOS 3 DUO	IQOS 3	IQOS 3 MULTI		
IQOS 2.4 PLUS	lil SOLID	lil HYBRID		

If you don't smoke, don't start.
If you smoke, quit.
If you don't quit, change.
"Unsmoke" campaign

Responsible marketing

Science-based, less harmful alternatives to cigarette smoking × Access to smoke-free products and cigarette phaseout | Responsible marketing | = Maximized benefits of smoke-free products
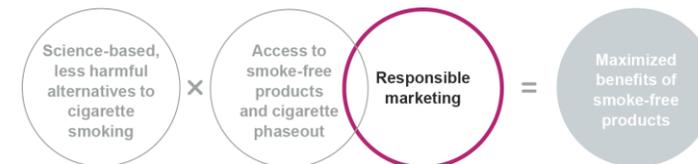
Management approach

Our commercialization activities across the world are guided both by applicable laws and by a set of core principles:

- PMI products are only for adults who smoke or use other nicotine-containing consumer products.
- We warn consumers about the health impacts of our products.
- We communicate about our products to enable adult consumers to make informed choices.
- We market our products truthfully and transparently, with claims that are accurate and not misleading.
- We design, develop, and commercialize our products in ways that are consistent with our smoke-free purpose.

Progress in 2021

- New Marketing Review Council composed of members of Company Management to guide implementation of Marketing Codes across the organization.
  - 70,000 people participated in at least one Marketing Codes-related training session. Of these:
    - 23,000 PMI employees
    - 47,000 third-party workers
  - 13 substantiated violations by PMI employees. Disciplinary actions:
    - 15% termination
    - 8% suspension
    - 15% written warning
    - 62% verbal warning or counselling
- Markets representing 91% of total shipment volume implemented youth access prevention programs in indirect retail channels

See Marketing Codes

PRODUCT IMPACT

Seek net positive impact in wellness and healthcare

We are striving to become a company that has a net positive impact on society. Therefore, we are expanding our offerings to include products that will address critical unmet needs within the health and wellness space, moving from a value proposition centered on doing less harm toward one where we contribute to society in positive ways.

≥USD 1bn

At least USD 1bn in net revenues generated from wellness and healthcare products by 2025

To demonstrate the seriousness of our endeavor and the strategic relevance of this aim, we introduced a new topic, "Innovation in wellness and healthcare," to our 2021 materiality assessment process, following the introduction of this new aspiration, which complements our Business Transformation Metrics and 2025 Roadmap.

Seek net positive impact in wellness and healthcare

Leveraging our scientific and engineering knowledge around aerosol chemistry and physics
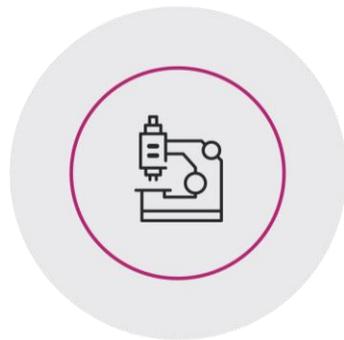
Best-in-class preclinical safety and inhalation models

Repurposing our device technology for inhaled therapeutics
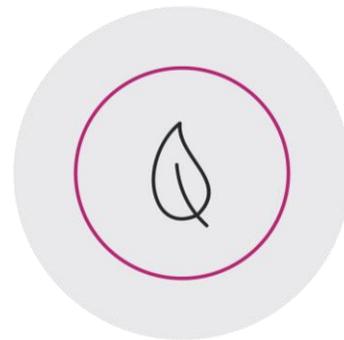
Repurposing the tobacco plant to serve other community needs, such as the world's first plant-derived COVID-19 vaccine

Key growth areas

1. Wellness products
2. Healthcare products

Key strategies

1. Invest in R&D
2. Expand via strategic acquisitions
3. Finance innovation in life sciences, industrial technologies, product technologies, consumer engagement technologies

Key acquisitions in 2021
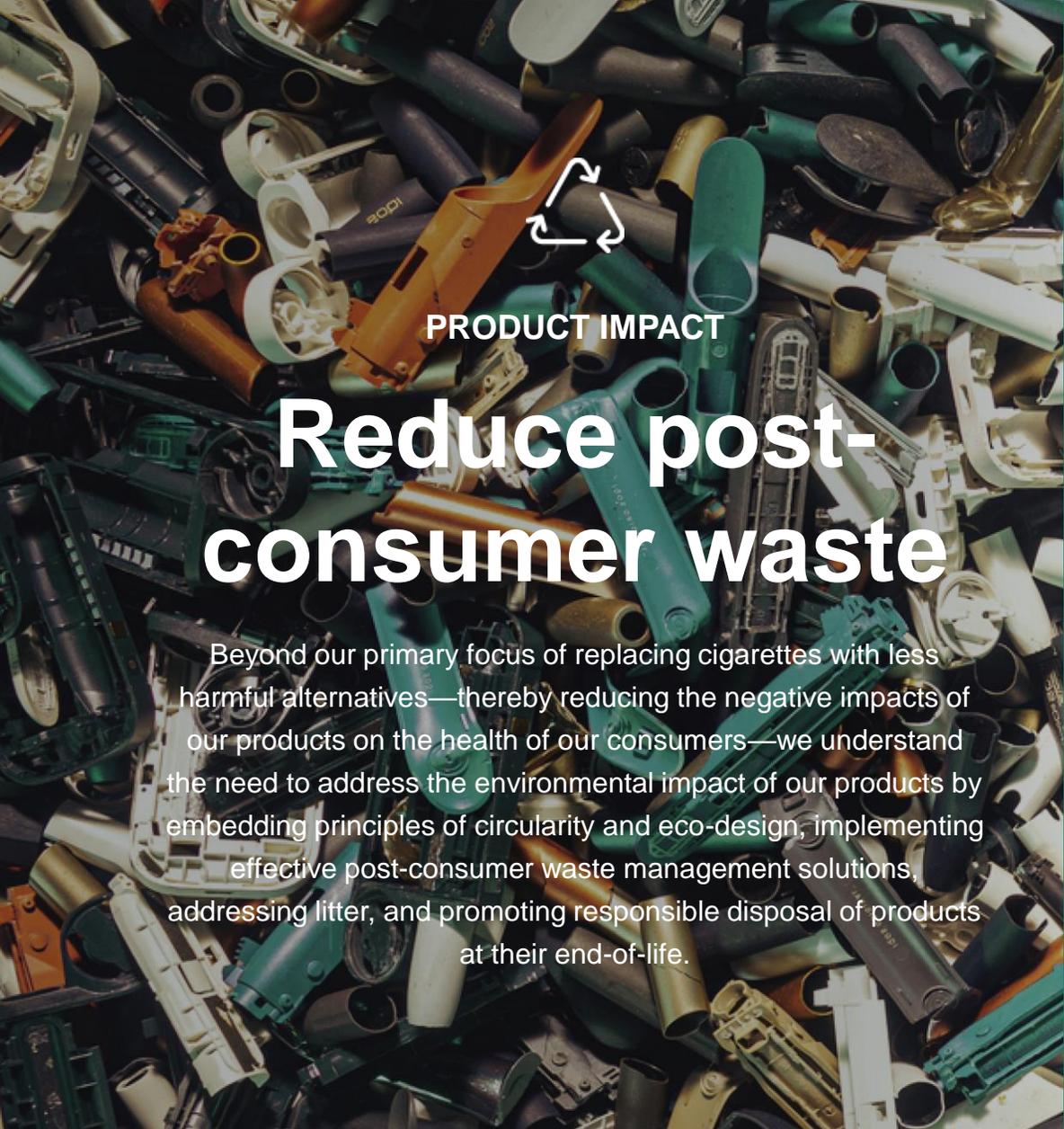
PRODUCT IMPACT

Reduce post-consumer waste

Beyond our primary focus of replacing cigarettes with less harmful alternatives—thereby reducing the negative impacts of our products on the health of our consumers—we understand the need to address the environmental impact of our products by embedding principles of circularity and eco-design, implementing effective post-consumer waste management solutions, addressing litter, and promoting responsible disposal of products at their end-of-life.

OUR ASPIRATIONS

	Devices	Consumables	Packaging
2022			**100%** recyclable inner liners by year-end[1]
2023	**70%** effective recycling rate of our *IQOS* devices[2]		
2025	**≥1m** (SI) smoke-free electronic devices refreshed or repaired (cumulative since 2021) **100%** (SI) of smoke-free electronic devices introduced on the market as of the end of 2025 that have eco-design certification **100%** of PMI smoke-free product users have access to collection and recovery of devices **80%** effective recycling rate of our *IQOS* devices[2]	**≥80%** (SI) of shipment volumes covered by markets with anti-littering programs in place for combustible cigarettes **≥80%** (SI) of shipment volume covered by markets with end-of-life take-back programs in place for smoke-free consumables	**100%** of packaging made with recyclable materials **95%** of packaging materials coming from renewable sources **15%** reduction of packaging materials weight v 2018 baseline

[1] For all markets where possible in compliance with local regulatory requirements.
[2] Effective recycling rate is calculated based on the proportion of device sales volume covered by the CIRCLE hubs program multiplied by the recycling rate of devices at the CIRCLE hubs (weighted average).

Reduce post-consumer waste

Smoke-free electronic devices

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

Packaging

1. Minimize materials
2. Materials from renewable resources
3. Improve recyclability

Progress in 2021

- 62,000 smoke-free electronic devices refreshed or repaired in newly launched second-life device program[1]
- 86% recycling rate of *IQOS* devices at the CIRCLE hubs (weighted average)[2]

Progress in 2021

- 95% of packaging material is recyclable; 90% is renewable
- Reduced packaging carbon emissions for *IQOS ILUMA:*
  - No plastic shrink film or plastic window; 9-ton reduction in plastics used
  - New packaging formats 40% lighter and 20% smaller; 43 tons of fiber-based packaging reduction with equivalent product protection

Use of materials in our packaging in 2021
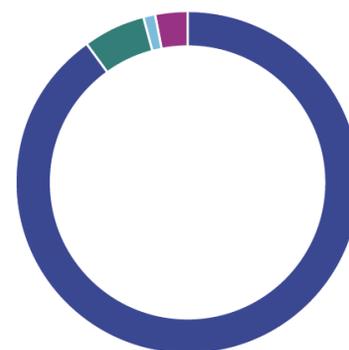
Paper and board Packs and bundles, inner liners, and shipping cases	385,167 tons	**90%**
Plastic Overwrap of packs and bundles, pouches, seal inner liners, and labels	27,793 tons	**6%**
Aluminum Inner liners (including seal) and other tobacco packaging	2,444 tons	**1%**
Other Inks and composite materials used in other tobacco product packaging	12,193 tons	**3%**

[1]For the definition of refreshed or repaired devices, see glossary and PMI's ESG KPI Protocol.
[2]Recycling rate: percentage of the weight of each device that is recycled, weighted-average depending on device type and processing facility (includes 78% recycling, 8% incineration with energy recovery). 2021 data covers CIRCLE hubs in Hungary and Japan.

Reduce post-consumer waste continued

Management approach

Cigarettes

1. Replace the plastic in filters with better, more sustainable alternatives
2. Behavior change for responsible disposal

Smoke-free consumables

1. Take-back and recycling schemes
2. Design for circularity and waste reduction
3. Responsible disposal

HTUs on average **3x less likely to be littered** than cigarette butts[1]

Progress in 2021

- Local anti-littering campaigns in 46 countries
- On World Cleanup Day PMI affiliates mobilized 3,150 volunteers in 53 countries to collect 17 tons of litter

We support an industry-wide Extended Producer Responsibility scheme as launched in the European Union, provided it is managed in a cost-efficient, proportionate, and transparent way that addresses the objectives of reducing litter and changing consumer behavior.

Progress in 2021

With the **support of external partners**, we piloted context-based, impactful **anti-littering programs** to collect and manage post-consumer waste from our smoke-free consumables in these markets. They align with global requirements to ensure consistency and comparability but adapt to each market.

Canada   Finland   Ukraine

Mexico

Guatemala
Costa Rica

Switzerland

[1]Source: PMI estimate. In 2020, we ran a survey in Lithuania to complement past studies in Greece, Italy, and Japan to measure the proportion of HTUs v cigarette butts found on the ground. In partnership with third-party experts at Cortexia, we then compared that figure with the market share of HTUs v all tobacco products. Across the 3 major cities. in Lithuania, the percentage of used HTUs among tobacco products littered was 2.4-4.5x lower than their sales market share. This finding suggests that an HTU is on average 3x less likely to be littered than a cigarette butt. See glossary for definition of HTUs.

OPERATIONAL IMPACT

- Foster an empowered and inclusive workplace
- Improve the quality of life of people in our supply chain
- Tackle climate change
- Preserve nature

OPERATIONAL IMPACT

Foster an empowered and inclusive workplace

Our employees are drivers of innovation and the ambassadors of our purpose. We aspire to provide meaningful and fair employment, opportunities to grow, and a workplace that champions well-being and inclusion.

OUR ASPIRATIONS

Maintain

100%
of employees earning at least a living wage

<0.65
collision rate in our fleet

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

≥30
employee Net Promoter Score

100%
global EQUAL-SALARY certification

2022

40%
of management positions held by women

100%
of PMI employees covered by new parental leave principles

2023

32%
of senior roles held by women

2025

70% (SI)
of PMI employees with access to lifelong learning offers

>70%
perception of psychological well-being among our employees

≤60%
representation of any one gender in management positions

35% (SI)
of senior roles held by women

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

≥20%
representation of Asian talent in senior roles globally

Foster an empowered and inclusive workplace

Progress in 2021

Employee health and safety

- **0.09 integrated total recordable incidents rate** (iTRIR)

- **0.05 lost time incident rate** (LTIR) for employees, contracted employees, contractors

Fair working conditions

- Independent **re-certification by EQUAL-SALARY Foundation** that PMI pays men and women equally for equal work everywhere the company operates

Talent attraction, retention, and employability

- 44,089 employees (64% of total workforce) recorded average employee **Net Promoter Score of 35** (minimum target 30)

Diversity, inclusion, and well-being

- **Women** held **39.7%** of managerial roles and **31.1%** of senior positions[1]

- **New Well-being Advisory Group**, including senior leaders and advocates from various functions and regions, created a **global framework** and integrated and data-driven **roadmap** of priority actions

Measuring inclusion

In 2021, we sought to capture employee sentiment on inclusion via a survey on fair treatment, integrating differences, decision-making, psychological safety, trust, belonging, and diversity. We averaged the scores to build an 'inclusion index' that landed at 76%. This first attempt helped us set a baseline and to design programs for every function according to their results.

76%
Inclusion Index

[1]For definitions of managerial roles and senior positions, see glossary and PMI's ESG KPI Protocol.
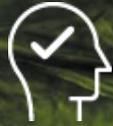
OPERATIONAL IMPACT

Improve the quality of life of people in our supply chain

Our supply chain connects us with millions of people, from the farmers cultivating tobacco and other agricultural products to workers at the supplier companies that provide the products and services used in our products or necessary to run our business.

OUR ASPIRATIONS

Maintain

>90%
of contracted tobacco farms for which labor practices and adherence to our Agricultural Labor Practices Code are systematically monitored

100%
of contracted tobacco farmers and farmworkers having 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 accommodation

2022

100% of contracted tobacco farmers 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

Zero (SI)
child labor in our tobacco supply chain

100%
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 tobacco farmers supplying tobacco to PMI have basic water access

2030

100% of contracted tobacco farmers supplying tobacco to PMI have access to basic sanitation and hygiene

Improve the quality of life of people in our supply chain

Total number of child labor prompt actions recorded in 2021, by geography

Mozambique	610
Turkey	376
North Macedonia	69
Malawi	39
Pakistan	22
Indonesia	13
Other	46
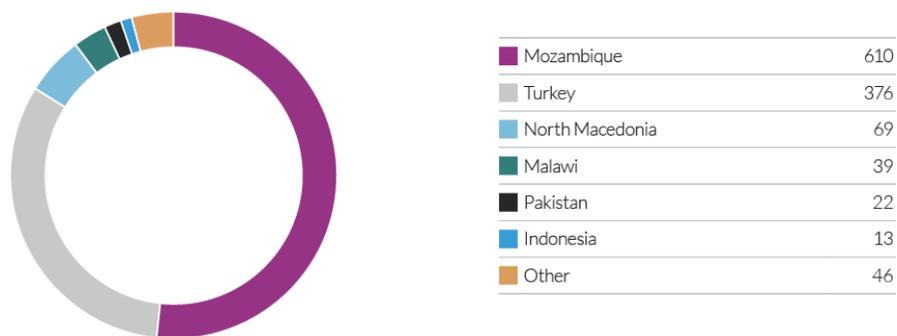
Types of prompt action recorded in 2021 relating to safe working environment issues

Harvesting or handling green tobacco	59%
Stringing	24%
Carrying heavy loads	4%
Working with sharp tools	4%
Driving a tractor or operating machinery	2%
Handling or applying CPA or fertilizer	2%
Other	5%
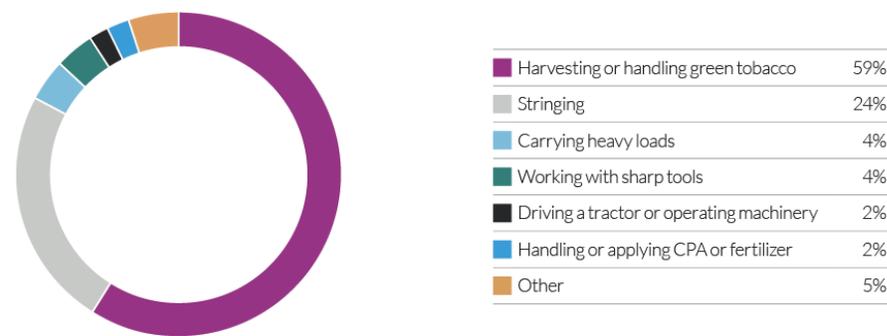
Progress in 2021

- 67% of contracted tobacco farmers made a living income
- Official living income[1] benchmark studies completed or ongoing in five sourcing markets (India, Malawi, Mexico, Pakistan, Philippines)
- 95% of contracted tobacco farmers paying their workers at least the minimum legal wage or agricultural benchmark
- 1.8% prevalence of child labor in PMI's tobacco supply chain[2]
- Joined Responsible Business Alliance, the electronics industry initiative for sustainable supply chains, and used its Validated Assessment Program to evaluate suppliers

Further reading: Agricultural Labor Practices (ALP) (2011), ALP Step Change (2018), ALP Code, Good Agricultural Practices, Human Rights Commitment, Responsible Sourcing Principles, ALP 10-year anniversary report

OPERATIONAL IMPACT

Tackle climate change

Climate change is among the greatest threats to society. There is broad scientific consensus about the urgency of setting more ambitious emission reduction targets to limit the rise in the global temperature to 1.5 degrees Celsius above preindustrial levels. These commitments now need to translate into concrete actions that support and are fully aligned with the Paris Climate Agreement.

OUR ASPIRATIONS

2023

Zero
coal used as curing fuel for the tobacco we source

2025

Carbon neutral (SI)
carbon neutrality in our direct operations (scope 1+2)

100%
of our manufacturing facilities certified carbon neutral

100%
of energy used and purchased in our factories derived from renewable sources

35%
reduction in absolute GHG emissions in our tobacco supply chain v 2019 baseline

25% (SI)
reduction in absolute scope 3 GHG emissions v 2019 baseline

2030

50%
reduction in absolute scope 1+2 GHG emissions v 2019 baseline (SBT)

50%
reduction in absolute scope 3 GHG emissions v 2019 baseline (SBT)

50%
reduction in absolute GHG emissions in our tobacco supply chain v 2019 baseline

2040

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

Tackle climate change

Carbon emissions along our value chain in 2021[1]

UPSTREAM VALUE CHAIN Scope 3: 85.9%	OUR DIRECT OPERATIONS Scope 1: 7.5%	DOWNSTREAM VALUE CHAIN Scope 3: 5.1%

UPSTREAM VALUE CHAIN — Scope 3: 85.9%

- 15.8% Tobacco growing
- 1.3% Business travel and employee commuting
- 54.5% Materials and services purchased, and related activities
- 14.4% Transportation and distribution

OUR DIRECT OPERATIONS — Scope 1: 7.5%

- Offices and warehouses
- 1.9% Fuel consumption from our vehicles and aircraft
- 5.6% Fuel consumption in our offices, factories, and warehouses
- Scope 2: 1.6% — 1.6% Indirect emissions from the generation of purchased or acquired electricity, steam, heat, or cooling consumed by PMI

DOWNSTREAM VALUE CHAIN — Scope 3: 5.1%

- 2.6% Use of our products
- 1.2% Transport and distribution
- 1.3% Products end-of-life

2025

2040

CARBON-NEUTRAL OPERATIONS BY 2025

PATH TO DECARBONIZATION

NET ZERO GHG EMISSIONS ALONG OUR VALUE CHAIN BY 2040

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See PMI's Low-Carbon Transition Plan
[1]Presentation of information aligns with guidance of the Greenhouse Gas Protocol. Figures are rounded.

Tackle climate change continued

Our threefold approach to decarbonization

REDUCE — Reduce consumption and optimize efficiency

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

OFFSET — Compensate for the remaining unavoidable emissions with instruments and activities in line with international best practices incorporating environmental and social integrity
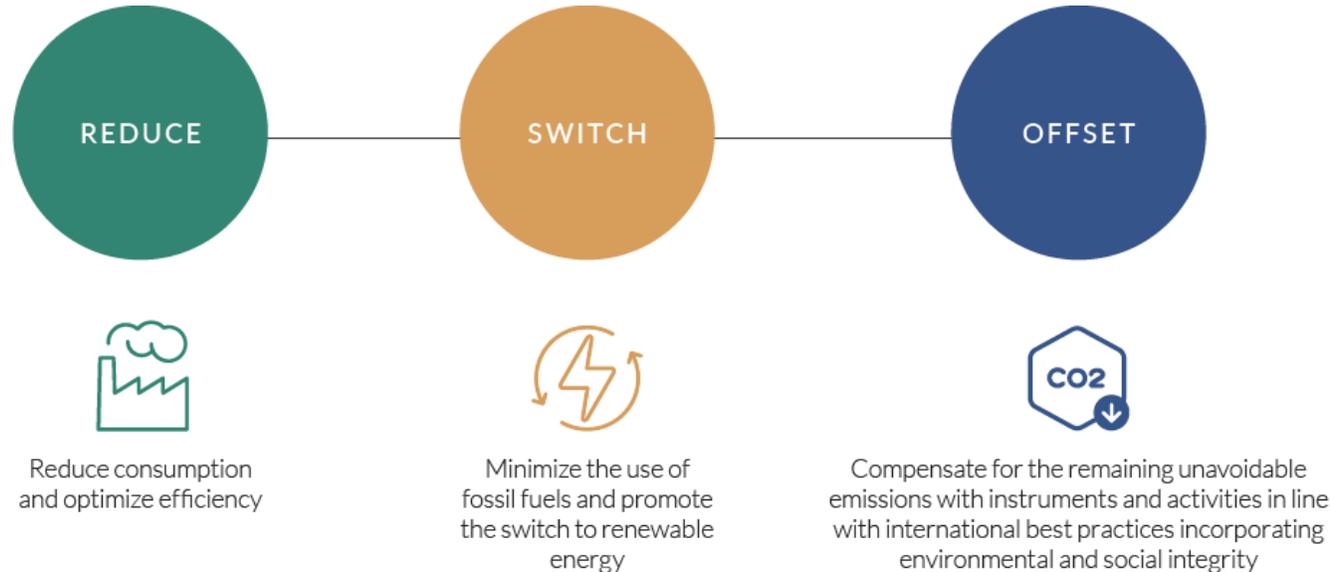
With a significant portion of our GHG emissions arising from our non-tobacco supply chain, engaging with our non-tobacco suppliers to contribute to their transition toward a net zero economy is at the heart of our approach.

PMI believes in limiting the use of carbon market approaches (offsetting) in the short term by prioritizing direct investment in our supply chain in the medium and long term (insetting).

Progress in 2021

- CDP Climate Change rating A for 8th consecutive year
- Place on CDP Supplier Engagement Leaderboard for engaging suppliers in tackling climate change for 5th consecutive year
- Emissions across our value chain down by 18% v 2019 baseline
    - Scope 1+2 emissions down by 33% v 2019 baseline
    - Scope 3 emissions down by 17% v 2019 baseline

- Emissions per kg of tobacco from flue-curing down by 64% v 2019
- Published a Low-Carbon Transition Plan
- 81% of factory electricity from renewable sources
- 3 additional sites certified as carbon neutral (by end of 2021, in total 5 carbon neutral factories)
- Portfolio of Climate Investments launched to standardize approach to investments in offsets and insets and invested USD 4m

Tackle climate change continued

PMI's Low-Carbon Transition Plan

→ See this graphic in full detail in PMI's Low-Carbon Transition Plan

PROGRESS ACHIEVED THUS FAR

BRINGING OUR TARGETS FORWARD

DELIVERING OUR TARGETS ON OUR CLIMATE STRATEGY

2010

2020

-55% Scope 1+2

- New baseline set from 2019
- Set science-based targets 1.5°C
- New approach to carbon pricing

-50% Scope 3

2021

- Carbon neutral Target accelerated to 2025
- ZERO Net-zero ambition Target accelerated to 2040
- Engaging suppliers % of suppliers adopting science-based target
- Nature-based solutions Portfolio of climate investments

2025

- Carbon neutral Scope 1+2
- 100% Factories carbon-neutral
- 35% Fleet hybrid or electric
- 35% Absolute reduction in tobacco supply chain
- 100% Green electricity in manufacturing
- 50% Reduction plastic litter from all products
- 100% Forest net positive in tobacco supply chain

2030

ACHIEVED SCIENCE-BASED TARGETS

- -50% Absolute reductions direct (scope 1+2)
- -50% Absolute reductions (scope 3)

2040

NET ZERO

Across our entire value chain

Path to net zero by 2040

Align with 1.5C° ambition

OPERATIONAL IMPACT

Preserve nature

Natural capital is a wealth we all share and depend on.
It is essential that we protect, sustainably manage,
and nurture it.

Maintain

Zero
gross deforestation of primary and protected forests associated with our tobacco supply chain

100%
of tobacco purchased without detection of residues attributable to the use of highly hazardous pesticides

Zero
virtually zero production waste to landfills

>70%
of flue-cured tobacco purchased cured with renewable fuel sources (self-sufficient firewood or biomass)

2022

Zero
virtually zero waste to landfill

3.1
water ratio in our manufacturing facilities (water withdrawn in m^3 per million cigarettes equivalent)

2025

Zero SI
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

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)

100%
of our manufacturing facilities certified to the Alliance for Water Stewardship (AWS) standard

2030

≥10m m³
of water optimized in our tobacco-growing areas (cumulative since 2019)

Zero
net deforestation of managed natural forest and no conversion of natural ecosystems in the paper and pulp-based products supply chain

Water and biodiversity: During 2022 we will develop and introduce new KPIs and related aspirations for these two topics.
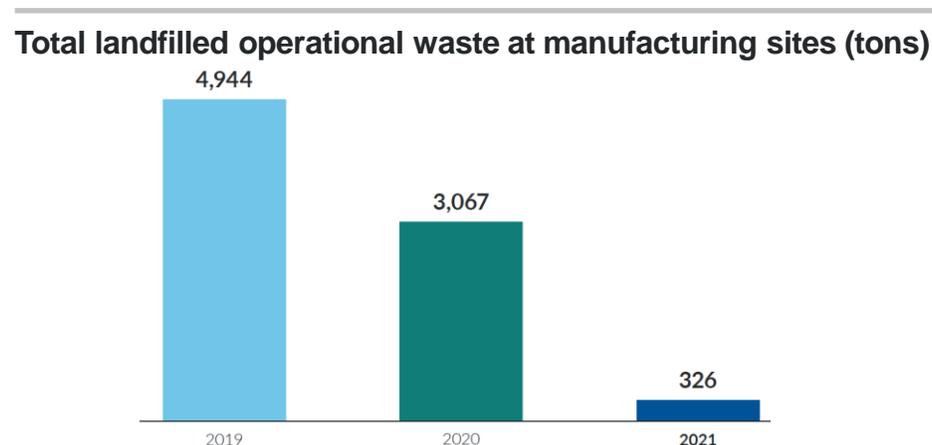
Preserve nature

Waste reduction

Our approach

- Avoid and reduce
- Reuse and recycle
- Recover

Progress in 2021

- Waste generated down 17% v 2020
- 83% of factories achieved virtually zero waste to landfill

Total landfilled operational waste at manufacturing sites (tons)

4,944 — 2019
3,067 — 2020
326 — 2021

Disposal of operational waste generated at manufacturing sites in 2021

Recycled	87%
Incinerated with energy recovery	11%
Disposed to landfill	1%
Incinerated without energy recovery	<1%

Forestry management

Progress in 2021

- CDP Forest rating A for 2nd consecutive year
- Revised Zero Deforestation Manifesto, including targets on tobacco and paper and pulp-based supply chain
- 100% of tobacco purchased at zero risk of deforestation of primary or protected forests
- 75% of purchased flue-cured tobacco cured with renewable fuel
- 100% of suppliers of paper and pulp-based materials committed to help achieve our 2025 and 2030 targets and undergo a compliance assessment in 2022

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For further info see our Environmental Commitment, Responsible Sourcing Principles, Good Agricultural Practices, Zero Deforestation Manifesto, Sustainable Design Framework, Water Stewardship Policy.

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Preserve nature continued

Biodiversity and water are key to our overall climate strategy and aims to preserve nature.
We expect to have a full set of targets and actionable milestones on both topics in 2022.

Biodiversity protection

Priorities for PMI to build a holistic biodiversity strategy

- Tobacco supply chain: risks of loss of ecosystem area, chemical pollution, invasive species in the cultivation process

- Nontobacco supply chain: deforestation risks linked to the sourcing of paper and pulp-based materials

- Direct operations: proximity to protected and key biodiversity areas and good environmental practices at manufacturing sites

- Downstream: preventing littering of product consumables

Water stewardship

Progress in 2021

- CDP Water rating A for 3rd consecutive year
- Tobacco supply chain
    - Improved methodology to assess water risks, taking into account the size of each tobacco growing area, instead of single geographic locations. 79% of areas had medium to high, high, or extremely high physical risk (including 32% high or extremely high)
    - 4 on-the-ground water risk assessments conducted in Argentina, Brazil, the Philippines, Turkey
    - Optimized 437,915 m^3 of water in our tobacco supply chain since 2019
- Operations
    - 2.6 water ratio in manufacturing (water withdrawn in m^3 per million units of cigarettes sold); water intensity down 44% v 2018[1]

For further info see our Environmental Commitment, Responsible Sourcing Principles, Good Agricultural Practices, Zero Deforestation Manifesto, Sustainable Design Framework, Water Stewardship Policy.

1 Water intensity is measured in m^3 per million cigarettes produced equivalent. In 2021 we updated our methodology to account for the conversion factor of heated tobacco units to conventional cigarettes of 5:1 and have restated historical data accordingly. For details on this indicator see PMI's ESG KPI Protocol.

FUNDAMENTALS

- Nicotine science
- Conduct R&D responsibly and transparently
- Sustain product reliability
- Respect human rights
- Manage our supply chain sustainably
- Uphold business ethics and integrity
- Safeguard data privacy and protection
- Apply fair fiscal practices
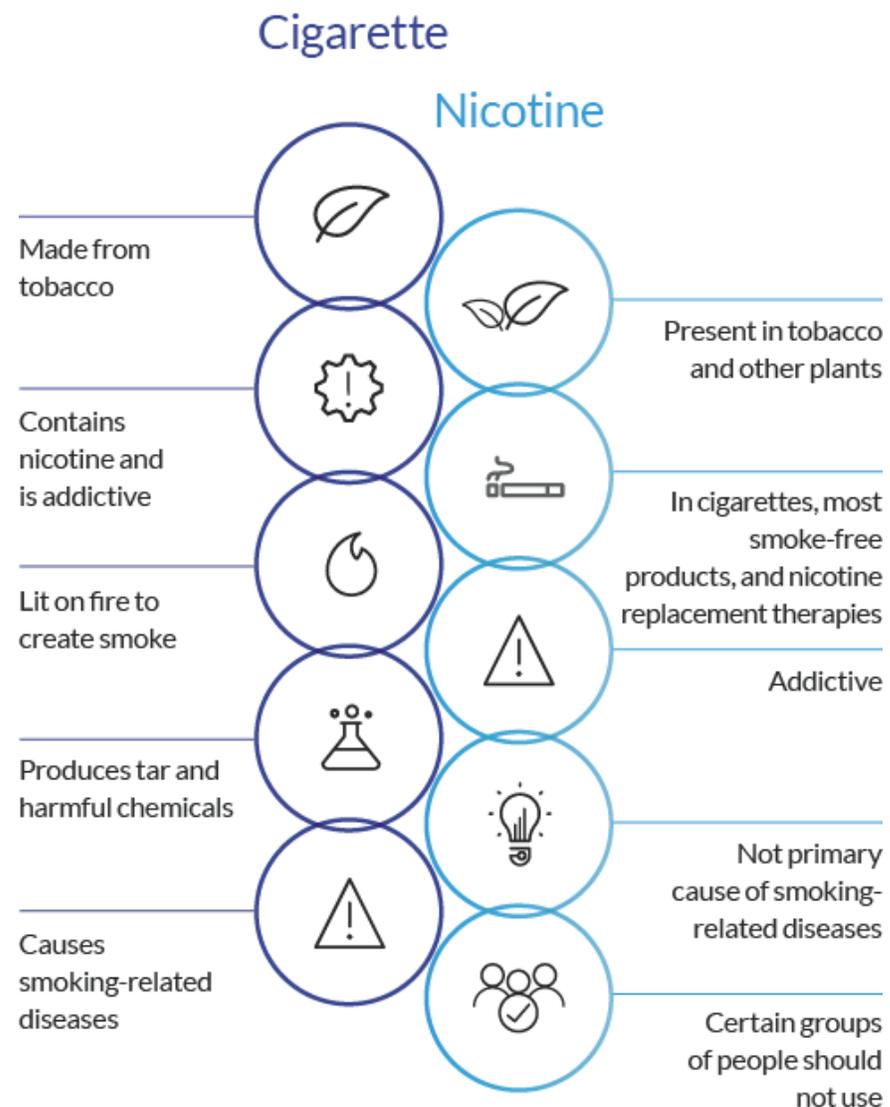- Prevent illicit trade

Nicotine science

While nicotine is addictive and not risk-free, combustion is the primary cause of smoking-related diseases.
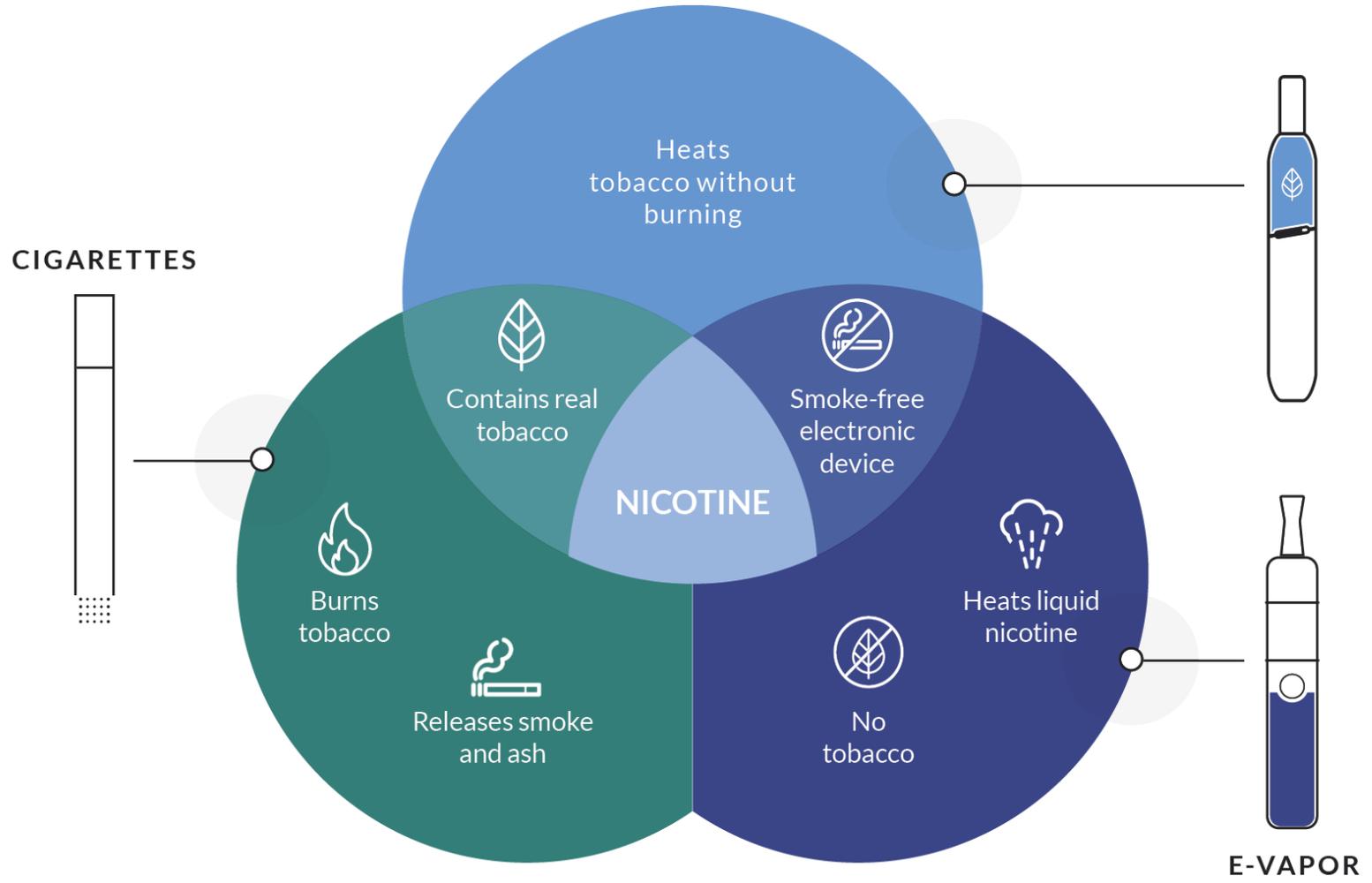
Our approach

1. Analyze the risks and potential benefits of nicotine use when not in combination with combusted tobacco and share our findings

2. Actively work toward responsibly commercializing tobacco and other nicotine-containing products

3. Conduct post-market studies to understand how our products are used and by whom

Nicotine plays an important role in helping adults who would otherwise continue to smoke to transition from cigarettes to better alternatives with a nicotine profile that resembles that of a cigarette.

Cigarette

Nicotine

Made from tobacco

Present in tobacco and other plants

Contains nicotine and is addictive

In cigarettes, most smoke-free products, and nicotine replacement therapies

Lit on fire to create smoke

Addictive

Produces tar and harmful chemicals

Not primary cause of smoking-related diseases

Causes smoking-related diseases

Certain groups of people should not use

Nicotine science continued

CIGARETTES

Heats tobacco without burning

Contains real tobacco

Smoke-free electronic device

NICOTINE

Burns tobacco

Releases smoke and ash

Heats liquid nicotine

No tobacco

E-VAPOR

Conduct R&D responsibly and transparently

R&D is focused on developing and scientifically substantiating smoke-free alternatives to cigarettes.

R&D:

- Builds confidence in our science among scientific community, regulators, consumers
- Protects our company from reputational risk
- Allows us to commercialize smoke-free products

Sharing our methods and findings

452+
Published papers on smoke-free products in peer-reviewed publications since 2008

Open Science
conference series in 2021

Presented findings at conferences and virtual events in the field of toxicology, aerosol engineering, respiratory drug delivery

Sustain product reliability

Our quality management system covers all our products, smoke-free and combustible, from raw material to retail shelf. Our factories are designed to manufacture our products to the highest quality standards, following the ISO 9001 certification principles.

Quality management system

- Contracted farmers and suppliers
- Factories
- Inspection by authorities and certified bodies
- Packaging, storage, and transport of finished goods to consumers

Progress in 2021

- Zero product recalls
- 1,800 product quality associates
- ~100 corporate quality professionals
- PMI quality assurance colleague on site at each key electronic manufacturing supplier of smoke-free devices
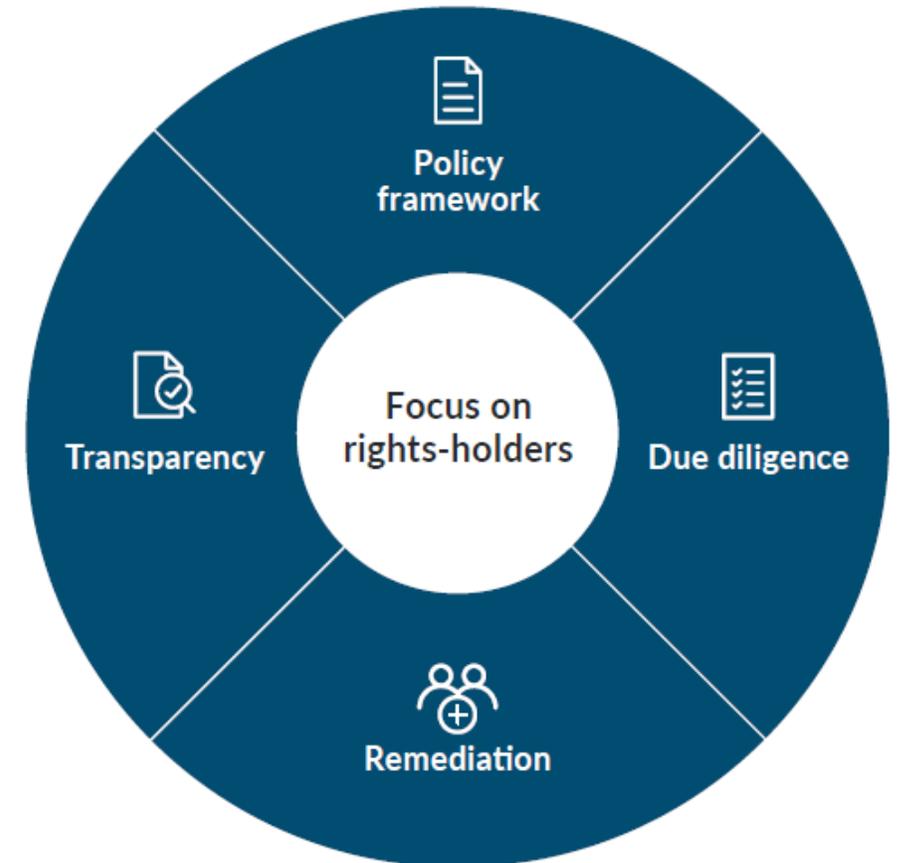
Respect human rights

Our aspiration

Conduct human rights impact assessments in the
10 highest-risk countries by 2025
and address findings[1]

Progress in 2021

- 5 human rights impact assessments conducted and findings addressed (cumulative since 2018)[1]

- 600 employees began or completed human rights e-training

- Mapped and prioritized salient human rights risks for our extended electronics supply chain

- Piloted new human rights impact assessment process and toolkit to enable medium- and low-risk country affiliates to self-identify salient human rights risks in their markets and develop action plans

Policy framework

Transparency

Focus on rights-holders

Due diligence

Remediation

[1]Our assessment prioritizes countries which are assessed as highest risks from a human rights standpoint. They are determined based on key parameters such as PMI's footprint and the country's human rights risk profile, as determined by internationally recognized organizations.

Respect human rights continued

Identifying human rights risks in our electronic supply chain

The human rights saliency mapping of our electronics manufacturing services and mechanical and electrical components found:

Visibility and risk management

- Robust at tier 1 and tier 2 supply chain levels and for specific tier 3+ minerals such as cobalt and tin, tantalum, tungsten, gold

- Limited visibility of upstream plastics supply chain and subcontracted services contracted by tier 1 and tier 2 suppliers

- Potential risk areas: working hours and wage-related risks in the subcontracted services supply chain; responsible sourcing of minerals, metals, plastics

Potential opportunities

- To influence human rights performance through direct engagement and capacity-building activities and continued integration of circularity and social responsibility principles in product development

- To use our leverage to advance respect for human rights further upstream in electronics supply chain

CASE STUDY: Assessing human rights impacts in the tobacco supply chain in Turkey. Read more.
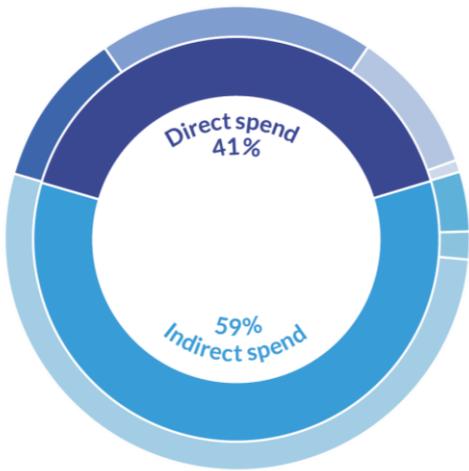
Manage our supply chain sustainably

Progress in 2021

- 83% critical supplier spend sourced sustainably[1]

- 35% supply chain spend on smoke-free products

- Transitioned supplier due diligence program to EcoVadis[2] for non-electronics and Responsible Business Alliance[3] for electronics

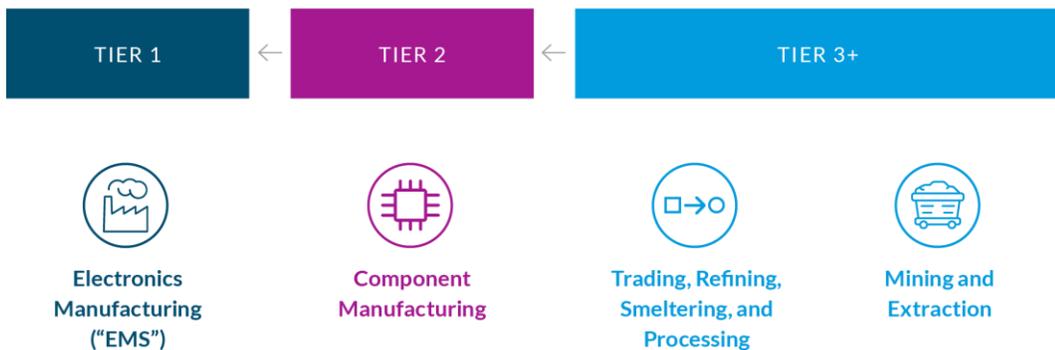| Direct spend with highest exposure to sustainability risk	Main risks
Tobacco production across Africa, Asia, South America	Working conditions, child labor, climate change, access to water, socioeconomic well-being of farming communities
Electronics manufacturing	Working conditions
Paper and pulp-based materials	Deforestation, biodiversity loss, climate change

2021 Supply chain spend

Direct spend 41%

59% Indirect spend

■ INDIRECT SPEND	59%
■ Technical procurement	4%
to source the manufacturing equipment used in our factories	
■ R&D expenditure	2%
enabling us to conduct advanced research (e.g., by acquiring clinical trials services and laboratory equipment)	
■ Indirect materials and services	53%
necessary to run our business, such as IT, office equipment, and consulting services	

■ DIRECT SPEND	41%
■ Tobacco leaf	11%
sourced from approximately 254,000 contracted farmers across 21 countries	
■ Direct materials	19%
used to produce and package our products (e.g., cellulose acetate tow for cigarette filters, paperboard for packaging, and nontobacco agricultural products such as menthol and guar gum)	
■ Electronic devices	10%
and accessories for heated tobacco and vapor products	
■ Advanced procurement	1%
to establish capabilities and supply sources to support PMI's innovation pipeline	

See our Responsible Sourcing Principles and corresponding Implementation Guidance.
[1]Calculation methodology evolved in 2021. Sustainable sourcing is determined based on a minimum threshold score of 45/100 in EcoVadis (for suppliers of direct materials) or 125/200 in Responsible Business Alliance (for electronics suppliers); all tobacco purchased from contracted tobacco farmers under the integrated production system is considered to be sustainable.
[2]The leading global service provider of online ESG supplier assessments.
[3]The electronics industry initiative for sustainable supply chains.

Manage our supply chain sustainably continued

Overview of electronics supply chain

| TIER 1 | ← | TIER 2 | ← | TIER 3+ |

Electronics Manufacturing ("EMS")

Component Manufacturing

Trading, Refining, Smeltering, and Processing

Mining and Extraction
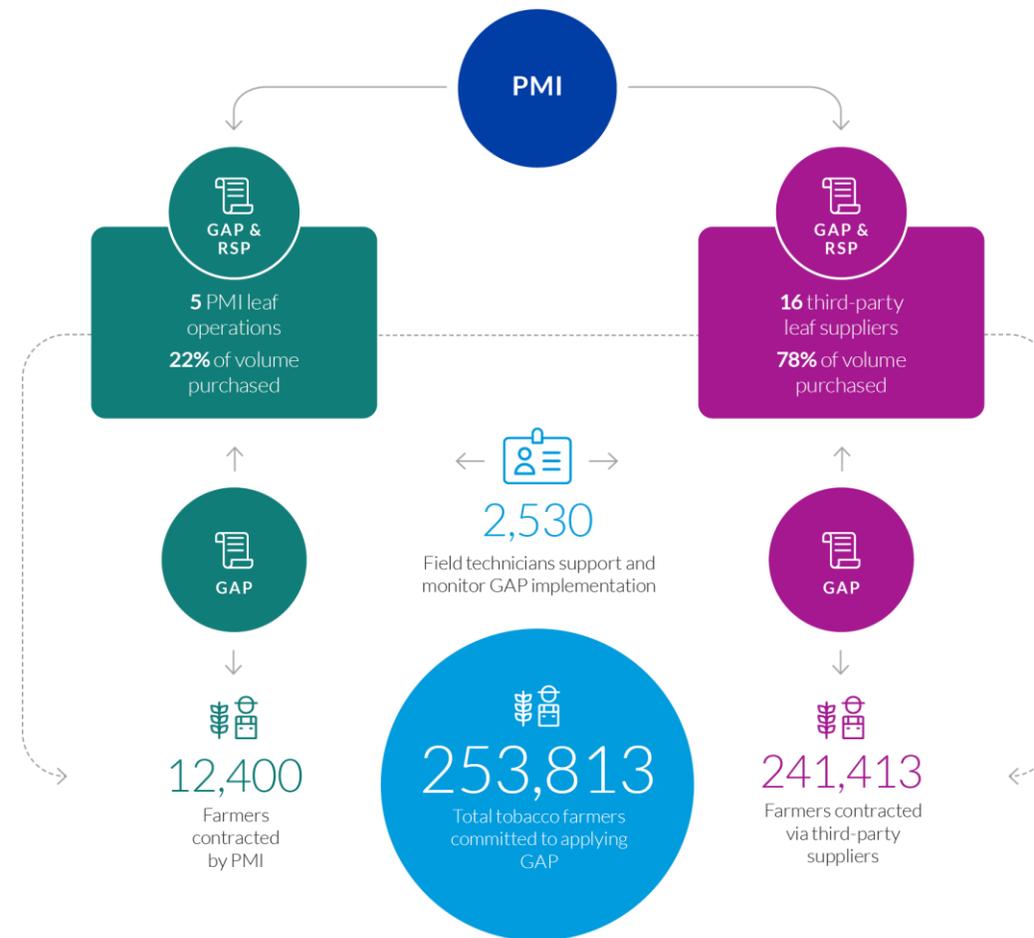
At a glance

>29,000 tier 1 suppliers

>180 markets

USD 11.1bn supply chain spend

Principles of sustainable supply chain management

- Proactive engagement
- Risk-based approach
- Continuous improvement
- Impactful programs to tackle climate change, protect nature, promote fair working conditions

Overview of tobacco supply chain

PMI

GAP & RSP
5 PMI leaf operations
22% of volume purchased

GAP & RSP
16 third-party leaf suppliers
78% of volume purchased

GAP

2,530
Field technicians support and monitor GAP implementation

GAP

12,400
Farmers contracted by PMI

253,813
Total tobacco farmers committed to applying GAP

241,413
Farmers contracted via third-party suppliers

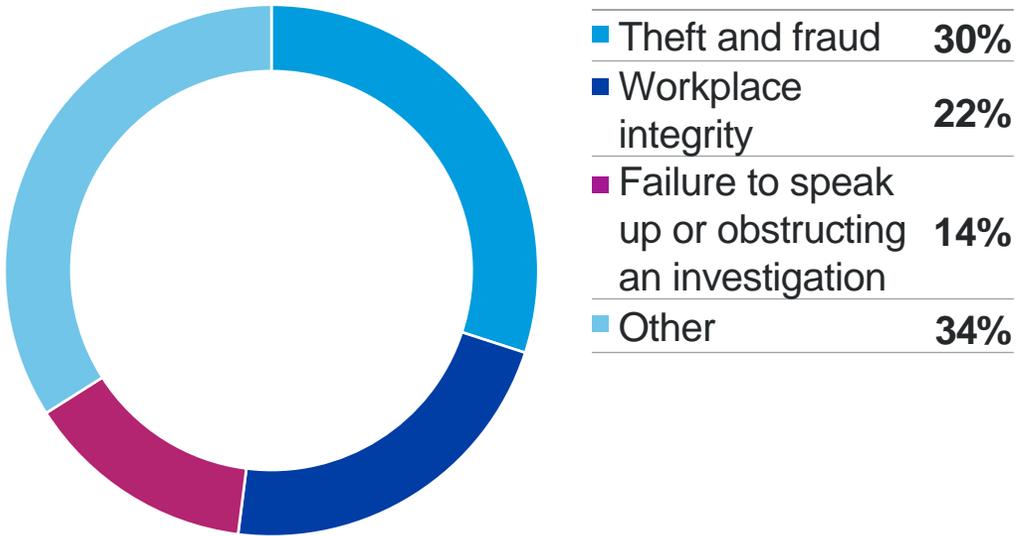# Uphold business ethics and integrity

Our approach

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

Progress in 2021

- Closed 891 of 929 reports of suspected compliance allegations and other concerns, of which:
  - 508 (57%) involved a compliance allegation
  - 383 (43%) did not involve a compliance allegation
- 71.3% of employees received training related to topics in the Guidebook for Success (code of conduct)[1]
- Total 261,890 training sessions completed by employees and third parties[2]

Substantiated violations

■ Theft and fraud	**30%**
■ Workplace integrity	**22%**
■ Failure to speak up or obstructing an investigation	**14%**
■ Other	**34%**

Safeguard data privacy and protection

PMI's **Global Privacy Program** sets standards for data privacy and security across markets and functions. It governs collection, processing and sharing of personal data by PMI affiliates. In 2021, we provided our workforce with renewed training to assist with identifying and reacting to key cyber threats.

Complemented by:

- Simulated phishing campaigns
- Hub of resources on information security awareness accessible to employees and contractors

Apply fair fiscal practices

Paying taxes commensurate with our economic activities is not only our duty but the responsible thing to do.

2021 taxes

	Baseline 2015
Corporate income tax	2.7
Total excise taxes on PMI products	76.8
• Excise taxes on PMI products reported by PMI affiliates	50.8
• Excise taxes reported by our importers and distributors	26.0
VAT and sales tax	9.0

Prevent illicit trade

Progress in 2021

- Expanded coverage of illicit trade tracking and tracing processes and technologies in 140 countries
- PMI IMPACT launched third funding round
- Since 2016 USD 48m allocated to 60 projects in 30 countries
- Launched a video series explaining illicit trade and its scale

1/10 cigarettes smoked worldwide is estimated to be illicit, causing governments to lose as much as USD 50bn in tax revenue each year.

We support and fund external organizations through our PMI IMPACT global initiative, launched in 2016. By sponsoring third-party projects aimed at addressing illegal trade, we are fostering and mobilizing a network of like-minded organizations and institutions around topics including capacity building, restorative justice and victim protection, and international cooperation.

REPORTING

Consolidated list of forward-looking aspirations

Performance in ESG ratings, rankings, indices

Performance metrics

Further resources

About PMI

Glossary and acronyms

Notes

Consolidated list of forward-looking aspirations

Aspiration	Goal	Timeline	Sustainability Strategy	Sustainability Index	Material Topic
Number of markets where smoke-free products are available for sale	100	2025	📊	(SI)	Product health impact; Sales, marketing, and consumer communications
Proportion of markets where smoke-free products are available that are low- and middle-income markets	>50%	2025	📊	(SI)	Product health impact; Sales, marketing, and consumer communications
Smoke-free product shipment volume (bn units)	>250	2025	🚭		Product health impact
Combustible product shipment volume (bn units)	<550	2025	🚭		Product health impact
Change in combustible product shipment volume v 2015 baseline	~(40%)	2025	🚭		Product health impact
Smoke-free product shipment ratio (smoke-free/total)	>30%	2025	🚭	(SI)	Product health impact
Total number of users of PMI smoke-free products (in millions)		2025	📊	(SI)	Product health impact; Sales, marketing, and consumer communications
Estimated number of users who have switched to PMI smoke-free products and stopped smoking (in millions)	>40	2025	📊		Product health impact; Sales, marketing, and consumer communications
Adjusted net revenues ratio (smoke-free/total)	>50%	2025	🚭	(SI)	Product health impact
Annual net revenue from wellness and healthcare products (in bn USD)	≥1	2025	💗	(SI)	Innovation in wellness and healthcare
Proportion of shipment volume covered by markets with youth access prevention programs in place in indirect retail channels	>90%	Achieved 2020*	📊	(SI)	Product health impact; Sales, marketing, and consumer communications

Business Transformation Metric

Maximize the benefits of smoke-free products	📊
Purposefully phase out cigarettes	🚭
Seek net positive impact in wellness and healthcare	💗

Note: See "Performance metrics" section of Integrated Report 2021 p 232-244 for complete aspirations with accompanying footnotes.
*We achieved the goal in this and subsequent years. Going forward we aim to maintain this level of performance.

Consolidated list of forward-looking aspirations continued

Aspiration	Goal	Timeline	Sustainability Strategy	Sustainability Index	Material Topic
Proportion of shipment volumes covered by markets with anti-littering program in place for combustible cigarettes	≥80%	2025	♻	(SI)	Materials and product eco-design; post-consumer waste
Proportion of PMI smoke-free devices with eco-design certification	100%	2025	♻	(SI)	Materials and product eco-design; post-consumer waste
Cumulative number of smoke-free electronic devices refreshed or repaired since 2021 (in thousands)	>1m	2025	♻	(SI)	Materials and product eco-design; post-consumer waste
Effective recycling rate IQOS devices	70%	2023	♻		Materials and product eco-design; post-consumer waste
	80%	2025	♻		Materials and product eco-design; post-consumer waste
Proportion of IQOS device sales volume covered by the CIRCLE program	100%	2025	♻		Materials and product eco-design; post-consumer waste
Recycling rate of IQOS devices at the CIRCLE hubs (weighted average)	80%	Achieved 2020*	♻		Materials and product eco-design; post-consumer waste
Proportion of shipment volume covered by markets with end of life take-back programs in place for smoke-free consumables	≥80 %	2025	♻	(SI)	Materials and product eco-design; post-consumer waste
Proportion of packaging material that is recyclable	100%	2025	♻		Materials and product eco-design; post-consumer waste
Proportion of packaging material that is renewable	95%	2025	♻		Materials and product eco-design; post-consumer waste
Reduction of packaging materials used v 2018 baseline	15%	2025	♻		Materials and product eco-design; post-consumer waste

Reduce post-consumer waste ♻

Note: See "Performance metrics" section of Integrated Report 2021 p 232-244 for complete aspirations with accompanying footnotes.
*We achieved the goal in this and subsequent years. Going forward we aim to maintain this level of performance.

Consolidated list of forward-looking aspirations continued

Aspiration	Goal	Timeline	Sustainability Strategy	Sustainability Index	Material Topic
Proportion of PMI employees who have access to structured lifelong learning offers	>70%	2025	👥	(SI)	Diversity and inclusion; human capital development
Employee Net Promoter Score	≥30	Achieved 2020*	👥		Employee well-being
Integrated total recordable incidents rate (iTRIR) per 200,000 hours worked—PMI employees, contracted employees, and contractors	<0.3	Achieved 2019*	👥		Health and safety at work
Collision rate within PMI's fleet of vehicles per year (collisions per million km driven)	<0.65	Achieved 2020*	👥		Health and safety at work
Proportion of manufacturing facilities with ISO 45001 certification	100%	Achieved 2020*	👥		Health and safety at work
Proportion of management positions held by women	≥40%	2022	👥		Diversity and inclusion; human capital development
Proportion of women in senior roles	32%	2023	👥	(SI)	Diversity and inclusion; human capital development
Proportion of women in senior roles	35%	2025	👥	(SI)	Diversity and inclusion; human capital development
Proportion of critical suppliers from whom PMI sources sustainably	100%	2025	♻		Sustainable supply chain management
Proportion of tobacco purchased through direct contracts by PMI and PMI tobacco suppliers	>90%	Achieved 2017*	♻		Sustainable supply chain management
Cumulative number of human rights impact assessments conducted since 2018, with findings addressed	10 highest-risk countries	2025	🤲	(SI)	Respect for human rights

Foster an empowered and inclusive workplace 👥	Manage our supply chain sustainably ♻	Respect for human rights 🤲

Note: See "Performance metrics" section of Integrated Report 2021 p 232-244 for complete aspirations with accompanying footnotes.
*We achieved the goal in this and subsequent years. Going forward we aim to maintain this level of performance.

Consolidated list of forward-looking aspirations continued

Aspiration	Goal	Timeline	Sustainability Strategy	Sustainability Index	Material Topic
Proportion of contracted tobacco farms for which labor practices have been systematically monitored (adherence to PMI's Agricultural Labor Practices)	>90%	Achieved 2019*	✓		Socioeconomic well-being of tobacco-farming communities; Labor standards
Proportion of contracted tobacco farmers supplying tobacco to PMI who make a living income	100%	2025	✓	SI	Socioeconomic well-being of tobacco-farming communities; Labor standards
Proportion of contracted tobacco farmers paying their workers at least the minimum legal wage or agricultural benchmark	100%	2022	✓		Socioeconomic well-being of tobacco-farming communities; Labor standards
Prevalence of child labor in PMI's tobacco supply chain	Zero	2025	✓	SI	Socioeconomic well-being of tobacco-farming communities; Labor standards
Proportion of contracted tobacco farmers who have access to water	100%	2025	✓		Socioeconomic well-being of tobacco-farming communities; Labor standards
Proportion of contracted tobacco farmers and farmworkers having access to personal protective equipment	100%	Achieved 2020*	✓		Socioeconomic well-being of tobacco-farming communities; Labor standards
Proportion of tobacco farmworkers provided with safe and adequate accommodation	100%	Achieved 2020*	✓		Socioeconomic well-being of tobacco-farming communities; Labor standards

Improve the quality of life of people in our supply chain ✓

Note: See "Performance metrics" section of Integrated Report 2021 p 232-244 for complete aspirations with accompanying footnotes.
*We achieved the goal in this and subsequent years. Going forward we aim to maintain this level of performance.

Consolidated list of forward-looking aspirations continued

Aspiration	Goal	Timeline	Sustainability Strategy	Sustainability Index	Material Topic
Proportion of tobacco purchased at no risk of gross deforestation of primary and protected forests	100%	Achieved 2020*	🌱🌐		Biodiversity
Proportion of tobacco purchased at no risk of net deforestation of managed natural forest and no conversion of natural ecosystems	100%	2025	🌱🌐	(SI)	Biodiversity
Proportion of flue-cured tobacco purchased that is cured with renewable fuel sources (self-sufficient firewood and biomass adoption)	>70%	Achieved 2021[1]	🌱🌐		Biodiversity
CDP Forest rating	A	Achieved 2020*	🌱🌐		Biodiversity
m^3 of water optimized in our tobacco-growing areas (cumulative since 2019)	≥10m	2030	🌱🌐		Water
Water ratio (water withdrawn in m^3 per million units of cigarettes sold)	<3.1	Achieved 2019[2]	🌱🌐		Water
CDP Water rating	A	Achieved 2019*	🌱🌐		Water
Proportion of tobacco purchased without detection of residues attributable to the use of highly hazardous pesticides (HHPs), as defined by FAO and WHO guidelines in 2016	100%	Achieved 2020[3]	🌱🌐		Biodiversity
Proportion of tobacco purchased without detection of residues attributable to the use of WHO TOX1 group of crop protection agents	100%	Achieved 2018[4]	🌱🌐		Biodiversity
Proportion of waste from PMI operations that is recycled (in metric tons)	85%	Achieved 2020*	🌱🌐		Operational discharge
Waste from PMI operations to landfill (in metric tons)	Zero	2022	🌱🌐		Operational discharge
Manufacturing facilities certified to ISO 14001	100	Achieved 2020*	🌱🌐		Health and safety at work

Preserve nature 🌱🌐

Note: See "Performance metrics" section of Integrated Report 2021 p 232-244 for complete aspirations with accompanying footnotes. During 2022 we will develop and introduce new KPIs and related aspirations on water and biodiversity.
*We achieved the goal in this and subsequent years. Going forward we aim to maintain this level of performance.

[1]Going forward we aim to maintain this level of performance.
[2]In 2019 and 2020 we achieved this goal with 3.9 and 3.5 respectively; in 2021 we did not achieve it with 2.6.
[3]We achieved this goal in 2020. The 2021 crop season data were not available at the time of the publication of PMI's Integrated Report 2021.
[4]We achieved this goal in 2018, 2019, 2020. The 2021 crop season data were not available at the time of the publication of PMI's Integrated Report 2021.

Consolidated list of forward-looking aspirations continued

Aspiration	Goal	Timeline	Sustainability Strategy	Sustainability Index	Material Topic
Absolute reduction of CO_2e scope 1+2 v 2019 baseline	50%	2030	🌍		Climate
Net CO_2e scope 1+2 (metric tons)	Carbon neutrality	2025	🌍	(SI)	Climate
Proportion of electricity used and purchased that is from renewable sources	100%	2025	🌍		Climate
Number of carbon-neutral factories	All	2025	🌍		Climate
Absolute reduction of CO_2e scope 3 v 2019 baseline	25%	2025	🌍	(SI)	Climate
	50%	2030	🌍		Climate
Absolute reduction of CO_2e scope 3 from tobacco supply chain v 2019 baseline	50%	2030	🌍		Climate
CO_2e intensity reduction in tobacco curing v 2019 baseline	75%	2025	🌍		Climate
Absolute reduction of CO_2e scope 1+2+3	Net zero	2040	🌍		Climate
CDP Climate Change rating	A	Achieved 2014*	🌍		Climate
Absolute reduction of CO_2e scope 1+2 v 2019 baseline	50%	2030	🌍		Climate
Net CO_2e scope 1+2 (metric tons)	Carbon neutrality	2025	🌍		Climate

Tackle climate change 🌍

Note: See "Performance metrics" section of Integrated Report 2021 p 232-244 for complete aspirations with accompanying footnotes.
*We achieved the goal in this and subsequent years. Going forward we aim to maintain this level of performance.

Performance in ESG ratings, rankings, indices

|	2021 score	
S&P Global Corporate Sustainability Assessment	PMI was selected for the 2nd year in a row as a member of the Dow Jones Sustainability Index North America and improved its corporate sustainability assessment score by 9 points v 2020 (score as of January 21, 2022).	83/100 ↗	Member of **Dow Jones Sustainability Indices** Powered by the S&P Global CSA
Sustainalytics	PMI maintained its "Medium ESG Risk" classification, improving its score to achieve an ESG Risk Rating of 22.9 (a Sustainalytics score of 0/100 represents the lowest ESG risk). PMI's ESG Risk Rating places the company 3rd in the Tobacco subindustry and in the 9th percentile of the industry group in which we are assessed (Food Products). (Score as of October 6, 2021.)	22.9 ↗	
MSCI	PMI maintained a rating of BBB in the MSCI ESG Rating assessment (score as of September 22, 2021).	BBB →	
CDP Climate, Forest, Water Security	PMI was awarded a Triple A score for the second consecutive year in recognition of its efforts to combat climate change, protect forests, and promote water security.	AAA →	CDP A LIST 2020 CLIMATE FORESTS WATER
CDP Supplier Engagement	PMI earned a place on CDP's Supplier Engagement Leaderboard for the 5th consecutive year.	Leaderboard →	CDP SUPPLIER ENGAGEMENT LEADER 2020
Bloomberg Gender-Equality Index	PMI was included for the 2nd year in a row in the Bloomberg Gender-Equality Index (GEI) for its transparency in gender reporting and advancing women's equity.	index member →	Bloomberg Gender-Equality Index 2021
S&P ESG Evaluation	PMI scored 60/100, based on its ESG Profile Score (57/100) and Preparedness Opinion ("Adequate"). The former is based on entity-specific scores and sector/region scores (score as of May 13, 2021; report available here).	60/100	
Tobacco Transformation Index	PMI ranked 2nd out of 15 tobacco companies assessed, leading the industry in the "Strategy and Management" category (2020 ranking—assessment is conducted every 2 years).	2.36/5	
ISS-oekom	"C" score, achieving industry leadership (2019 score; assessment is expected to be updated in 2022).	C	
State Street R-Factor	Outperformer within the tobacco industry; industry average score of 57 (score as of March 1, 2022).	65 ↗	

Performance metrics

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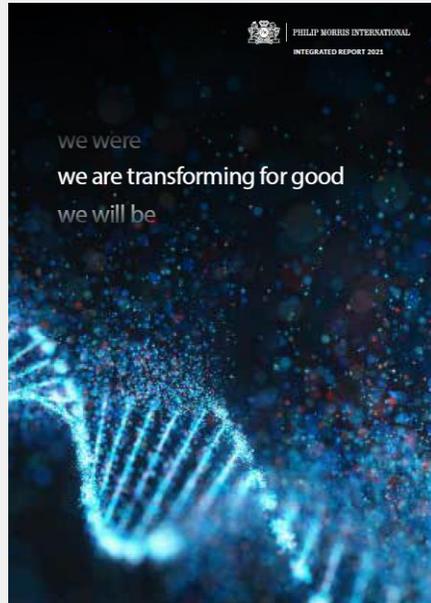Metrics and complete performance data.**

GRI Content Index
SASB Content Index
Sustainable Development Goals

→ Read more

ESG KPI Protocol and
Sustainability Index
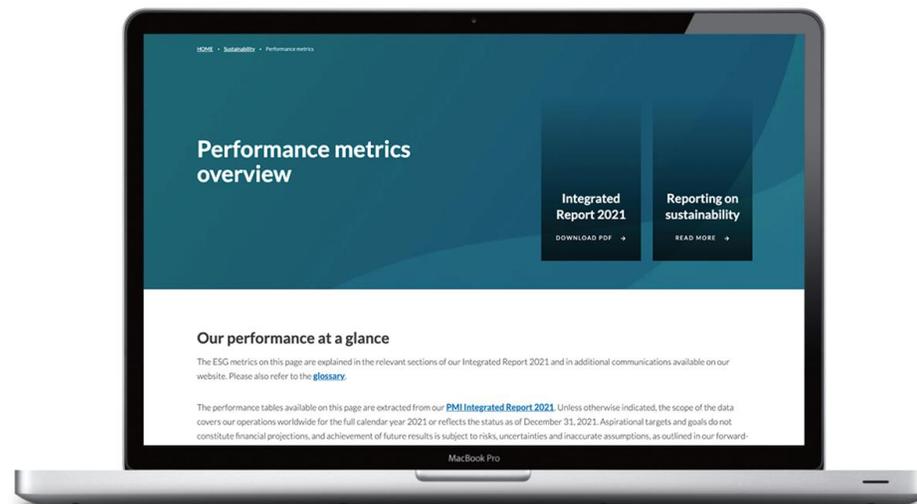
Further resources

→ Integrated Report 2021

More resources

→ Sustainability Resources   → Subscribe to PMI's quarterly Sustainability newsletter

→ Business Transformation-Linked Financing Framework

→ Sustainability Materiality Report

→ Low-Carbon Transition Plan

→ Climate Justice in Global Supply Chains: A perspective for the private sector

→ Agricultural Labor Practices 10-year Anniversary Report

→ **Case studies**

- Collaborating to improve the social conditions in Turkey's tobacco supply chain
- Tackling the littering problem through awareness-raising and innovation in Mexico
- Leading on water stewardship in the Philippines
- Fit for the future – PMI's lifelong learning program in Turkey
- Displacement of cigarette smoking through uptake of heated tobacco products
- Impact of PMI's expansion in wellness and healthcare on different forms of capital

About PMI

we were

we are transforming for good

we will be

Philip Morris International (PMI) is a leading international tobacco company working to deliver a smoke-free future and evolving its portfolio for the long term to include products outside of the tobacco and nicotine sector.
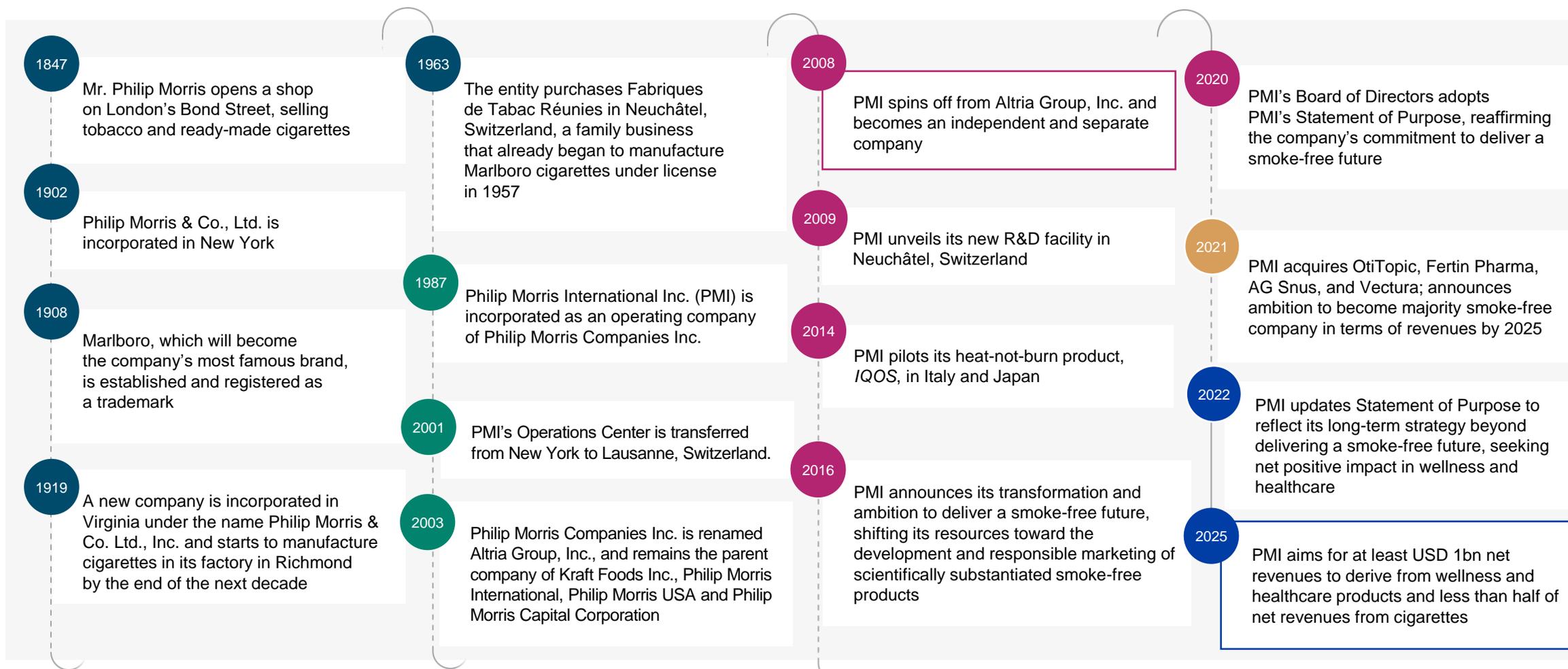
The company's current product portfolio primarily consists of cigarettes and smoke-free products, including heat-not-burn, vapor and oral nicotine products, which are sold in markets outside the U.S. Since 2008, PMI has invested more than USD 9 billion to develop, scientifically substantiate and commercialize 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. The U.S. Food and Drug Administration (FDA) has authorized the marketing of versions of PMI's *IQOS* Platform 1 devices and consumables as Modified Risk Tobacco Products (MRTPs), finding that exposure modification orders for these products are appropriate to promote the public health. As of March 31, 2022, PMI's smoke-free products were available for sale in 71 markets, and PMI estimates that approximately 12.7 million adults around the world, excluding Russia and Ukraine, had already switched to *IQOS* and stopped smoking. With a strong foundation and significant expertise in life sciences, in February 2021 PMI announced its ambition to expand into wellness and healthcare areas and deliver innovative products and solutions that aim to address unmet consumer and patient needs.

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

About PMI continued

1847 — Mr. Philip Morris opens a shop on London's Bond Street, selling tobacco and ready-made cigarettes

1902 — Philip Morris & Co., Ltd. is incorporated in New York

1908 — Marlboro, which will become the company's most famous brand, is established and registered as a trademark

1919 — A new company is incorporated in Virginia under the name Philip Morris & Co. Ltd., Inc. and starts to manufacture cigarettes in its factory in Richmond by the end of the next decade

1963 — The entity purchases Fabriques de Tabac Réunies in Neuchâtel, Switzerland, a family business that already began to manufacture Marlboro cigarettes under license in 1957

1987 — Philip Morris International Inc. (PMI) is incorporated as an operating company of Philip Morris Companies Inc.

2001 — PMI's Operations Center is transferred from New York to Lausanne, Switzerland.

2003 — Philip Morris Companies Inc. is renamed Altria Group, Inc., and remains the parent company of Kraft Foods Inc., Philip Morris International, Philip Morris USA and Philip Morris Capital Corporation

2008 — PMI spins off from Altria Group, Inc. and becomes an independent and separate company

2009 — PMI unveils its new R&D facility in Neuchâtel, Switzerland

2014 — PMI pilots its heat-not-burn product, *IQOS*, in Italy and Japan

2016 — PMI announces its transformation and ambition to deliver a smoke-free future, shifting its resources toward the development and responsible marketing of scientifically substantiated smoke-free products

2020 — PMI's Board of Directors adopts PMI's Statement of Purpose, reaffirming the company's commitment to deliver a smoke-free future

2021 — PMI acquires OtiTopic, Fertin Pharma, AG Snus, and Vectura; announces ambition to become majority smoke-free company in terms of revenues by 2025

2022 — PMI updates Statement of Purpose to reflect its long-term strategy beyond delivering a smoke-free future, seeking net positive impact in wellness and healthcare

2025 — PMI aims for at least USD 1bn net revenues to derive from wellness and healthcare products and less than half of net revenues from cigarettes

Glossary and acronyms

3TGs – Tin, tantalum, tungsten, and gold

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

ALP – Agricultural Labor Practices

AWS – Alliance for Water Stewardship

CA – Cellulose acetate

Caregiver – A person who has responsibility for the care of a newborn 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 products – The term we use to refer to cigarettes and OTP, combined

Combustible tobacco product or combusted tobacco product – A manufactured consumable product that combusts tobacco and/or generates smoke inhaled directly by the user when it is used as intended. Combustible tobacco products include, for example, cigarettes, cigarillos, cigars, "roll your own," and pipe tobacco

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 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 their employer rather than PMI and are often involved in project-specific or outsourcing arrangements

CPA – Crop protective agent

Directors – The term we use to refer to employees in salary grade 14 to 16

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&C – Ethics & Compliance

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

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

EPR – Extended Producer Responsibility

ESG – Environmental, social, and governance

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")

FAO – Food and Agriculture Organization of the United Nations

FCTC – WHO Framework Convention on Tobacco Control

FDA – U.S. Food and Drug Administration

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 product or HTP – A manufactured tobacco product that delivers a nicotine-containing vapor (aerosol), without combustion of the tobacco mixture

Heated tobacco units or HTUs – The term we use to refer to heated tobacco consumables, which for PMI include the company's *HEETS*, *HEETS Creations*, *HEETS Dimensions*, *HEETS Marlboro* and *HEETS FROM MARLBORO* (defined collectively as *HEETS*), *Marlboro Dimensions*, *Marlboro HeatSticks*, *Parliament HeatSticks* and *TEREA*, as well as the KT&G-licensed brand, *Fiit* and *Miix* (outside of South Korea)

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 issues – 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

In-setting – 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)

IPM – Integrated Pest Management

IPS – Integrated Production System

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

ITP – Illicit trade prevention

KPIs – Key performance indicators

LCA – Life-cycle analysis

LCTP – Low-Carbon Transition Plan

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

LTIR – Lost Time Incident Rate

Management positions – The term we generically use to refer to all positions in a defined salary grade (10) and above, regardless of their job title or function.

Managers – The term we use to refer to employees in salary grade 10 to 13

Market share for HTUs – Total sales volume for HTUs as a percentage of the total estimated sales volume for cigarettes and HTUs

MRTP – 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 revenues related to combustible 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. PMI recognizes revenue when control is transferred to the customer, typically either upon shipment or delivery of goods

Net revenues related to smoke-free products – Represent operating revenues from the sale of non-combustible products, including shipping and handling charges billed to customers, net of sales and promotion incentives, and excise taxes

NGOs – Non-governmental organizations

Non-combustible products – The term PMI uses to refer to products, excluding cigarettes and OTP. This may include heated tobacco units, heat-not-burn devices and related accessories, other nicotine-containing products, primarily e-vapor products, and products in wellness and healthcare

NRTs – Nicotine replacement therapies

Glossary and acronyms continued

OECD – Organisation for Economic Cooperation 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)

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

P&C – People and Culture

PCI – Portfolio of Climate Investments

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

PMI Regions – We manage our business in six geographical segments and an Other category: the European Union region (EU); the Eastern Europe region (EE); the Middle East & Africa region (ME&A), which includes PMI's international duty-free business; the South & Southeast Asia region (S&SA); the East Asia & Australia region (EA&A); the Americas (AMCS); and Other, which includes our third quarter 2021 acquisitions of Fertin Pharma A/S, Vectura Group plc., and OtiTopic, Inc.

QMS – Quality management system

R&D – Research and development

RBA – Responsible Business Alliance

Refreshed devices – Smoke-free devices resulting from the care and maintenance refresh services (that 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 re-use as pre-owned devices

Repaired devices – Smoke-free devices resulting from the care and maintenance repair services (that 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 re-use as pre-owned devices

RSP – Responsible Sourcing Principles

SBT – Science-based target

SBTi – Science Based Targets initiative

SDGs – Sustainable Development Goals

Senior leaders – The term we use to refer to employees in senior leadership roles; it includes all employees in salary grade 17 and above

Senior roles – The term we generically use to refer to all positions in a defined salary grade (14) and above, regardless of their job title or function

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

Smoke-free products, reduced risk products (RRPs), or noncombusted

alternatives (NCAs) – The terms 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 v continuing smoking. PMI has a range of smoke-free products in various stages of development, scientific assessment, and commercialization. PMI's smoke-free products contain and/or generate far lower quantities of harmful and potentially harmful constituents than found in cigarette smoke.

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

SUP – Single-use plastics

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 presentation

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.

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.

Total shipment volume – Includes cigarettes, OTPs, and smoke-free product consumables

TRIR – Total Recordable Incident Rate. The integrated Total Recordable Incident Rate (or iTRIR) covers PMI employees, contracted employees, and contractors

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

WASH – Water access, sanitation, and hygiene

WBCSD – World Business Council for Sustainable Development

WHO – World Health Organization

ZDM – Zero Deforestation Manifesto

Glossary and acronyms continued

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.

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" refers to Philip Morris International Inc. and its subsidiaries.

In this presentation and in related communications, the term "materiality," "material," and similar terms, when used in the context of economic, environmental, and social topics, are defined in the referenced sustainability standards, 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.

Trademarks and service marks in this presentation are the registered property of, or licensed by, the subsidiaries of Philip Morris International Inc., and are italicized or shown in their logo form.

Unless otherwise stated, references to total industry, total market, PMI shipment volume, and PMI market share performance reflect cigarettes and heated tobacco units.

References to total international market, defined as worldwide cigarette and heated tobacco unit volume excluding the U.S., total industry, total market, and market shares are PMI estimates for tax-paid products based on the latest available data from a number of internal and external sources and may, in defined instances, exclude the People's Republic of China and/or PMI's duty-free business.

2020 and 2021 estimates for total industry volume and market share in certain geographies reflect limitations on the availability and accuracy of industry data during pandemic-related restrictions.