

Conflict Minerals Policy

PMI Responsible Sourcing of Minerals Policy

At Philip Morris International (“PMI”), we are committed to doing business in line with internationally recognized principles on human rights, environmental management, business integrity, and anti-corruption. This commitment is reflected in our [Human Rights Commitment](#), [Environmental Commitment](#), and [Responsible Sourcing Principles \(RSPs\)](#).

PMI recognizes that the responsible sourcing of minerals is important to address significant societal and environmental issues that can be associated with critical raw materials. We define Critical Raw Materials as materials of high economic importance that are also highly vulnerable to supply disruptions and/or associated with high social and environmental risks. These include but are not limited to the relevant minerals covered by the rules of the U.S. Securities and Exchange Commission on conflict minerals and the materials relevant under the EU Battery Regulation (“EUBR”). For this reason, PMI exercises risk-based due diligence, by making reasonable and good faith efforts to ensure that critical raw materials entering PMI's supply chain do not cause harm to people and the planet.

Applying a risk-based approach, in line with the recommendations of the [Organization for Economic Cooperation and Development's \(“OECD”\) Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas](#) (hereafter referred to as “OECD Guidance”) and other internationally recognized due diligence instruments (e.g., [UN Guiding Principles on Business and Human Rights](#)), allows us to tailor our due diligence activities on supply chains where the risks of significant environmental and social impacts are higher; to meet compliance requirements; and to prioritize areas where PMI's leverage and influence of the supply chain can most effectively catalyze change. Accordingly, this policy covers three categories of supply chains:

- Tin, tantalum, tungsten and gold (collectively, the “3TGs” or “conflict minerals”);
- Cobalt, natural graphite, lithium, nickel, and chemical compounds based on these raw materials, which are necessary for the manufacturing of the active materials of batteries (collectively, “EU Battery Regulation Raw Materials” or “EUBR Raw Materials”);
- Other Critical Raw Materials.

Conflict Minerals:

In accordance with the rules of the U.S. Securities and Exchange Commission (the “SEC”) on conflict minerals, we implement policies, procedures and due diligence processes, to determine whether tin, tantalum, tungsten and gold contained in Covered Products¹ are sourced from the Democratic Republic of the Congo (“DRC”) or any of its adjoining countries (“Covered Countries”²), and whether they contribute to the financing of armed groups that are committing human rights abuses. In order to support the economic activity in the region, we communicate to the suppliers from whom we source our Covered Products (“Direct Suppliers”) that we do not discourage them from sourcing 3TGs from the Covered Countries, so long as they are sourced in accordance with the SEC's rules on conflict minerals, our RSPs and the OECD Guidance.

¹ “Covered products” are defined by the US SEC as those products that PMI manufactures or contracts to be manufactured that contain tin, tungsten, tantalum or gold.

² “Conflict minerals” and “covered countries” are defined by Section 1502 of the US Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”).

In support of this policy, PMI commits to:

1. Not knowingly procure, when sourcing from a Covered Country, minerals that contributed to conflict;
2. Implement and update a process managed by members of management, including a dedicated cross-functional team, for carrying out conflict minerals supply chain due diligence and reporting compliance;
3. Identify, assess, and prioritize “Conflict Minerals risks” in our supply chain, as listed in the [OECD Guidance Annex II](#);
4. Engage with our Direct Suppliers, requiring their compliance to this policy and our RSPs;
5. Engage with sub-tier Suppliers to increase their awareness, explain PMI’s expectations, and cascade best practices in the supply chain;
6. Encourage Direct Suppliers to engage with their own value chain partners and foster collaboration within the industry; for example, to join the Responsible Minerals Initiative (the "RMI");
7. Require that, in relation to the Covered Products, our Direct Suppliers source only from smelters or refiners (SORs) that have been validated as "conflict free" by the RMI's Responsible Minerals Assurance Process (RMAP), or a comparable program, and to undertake reasonable due diligence in their respective supply chains to assure the same;
8. Design and implement strategies to respond to Conflict Minerals risks identified, specifically:
 - a. Following the principle of engagement, we will immediately devise, adopt and implement a risk management plan with suppliers and other stakeholders to improve and track performance with a view to preventing or mitigating identified risks. We will suspend or discontinue engagement with suppliers after failed attempts at mitigation within reasonable timescales;
 - b. We will suspend or discontinue engagement with suppliers where we identify a reasonable risk that they are sourcing from, or linked to, any party committing serious abuses associated with the extraction, transport or trade of minerals;
 - c. We will suspend or discontinue engagement with suppliers where we identify a reasonable risk that they are sourcing from, or linked to, any party providing direct or indirect support to non-state armed groups;
9. Collaborate with customers, suppliers and industry associations such as the RMI to advance the agenda related to the responsible sourcing of minerals;
10. Report annually on PMI conflict minerals' supply chain due diligence activities, following SEC's rules on conflict minerals.

EUBR Raw Materials:

We implement policies, procedures and due diligence processes, to identify and assess risks of adverse impacts in the sourcing, processing and trading of EUBR Raw Materials, adhering to the requirements of the EUBR (Regulation (EU) 2023/1542 of the European Parliament and of the Council of 12 July 2023 concerning batteries and waste batteries).

In line with EUBR requirements, PMI commits to:

1. Adopt, and clearly communicate to Direct Suppliers and the public, this Responsible Sourcing of Critical Minerals Policy;
2. Assign responsibility to top management level to oversee the Policy and to qualified personnel for carrying out supply chain due diligence and reporting compliance;
3. Identify, assess, and prioritize risks in our supply chain, with priority given to Conflict Minerals Risks associated with the sourcing of minerals and metals from Conflict-Affected and High-Risk Areas, as well as and risk categories covered in the [EUBR Annex X](#);
4. Establish and operate a system of controls and transparency regarding the supply chain, including a chain of custody or traceability system, identifying upstream actors in the supply chain of EUBR Raw Materials;
5. Engage with our Direct Suppliers requiring their compliance to this policy and our RSPs;
6. Design and implement strategies to respond to identified risks, including, where appropriate, in consultation with suppliers, with the stakeholders concerned, and other relevant stakeholders;

7. Carry out third-party verification of our due diligence management system and encourage third-party audits at critical points in the supply chain;
8. Collaborate with other actors, including through due diligence schemes recognised under the EUBR; as well as customers, suppliers and industry associations such as the RMI to advance the agenda related to the responsible sourcing of minerals;
9. Report regularly on PMI battery due diligence activities, following EUBR disclosure requirements.

Other Critical Raw Materials:

Critical Raw Materials (“CRMs”), including those identified by the European Union, play a fundamental role in the technologies of today and tomorrow. As geopolitical, environmental, and market dynamics continue to evolve, the sourcing landscape for these minerals is becoming increasingly complex, bringing new expectations from regulators and other stakeholders. PMI recognizes the need to regularly update its due diligence practices to reflect these evolving risks and stakeholder expectations, as well as the evolution of PMI product portfolio.

In this context, PMI commits to:

1. Define and regularly update a list of minerals, metals, or raw materials which PMI defines as “Critical Raw Materials” on the basis of compliance requirements, social and environmental risks, and other relevant criteria;
2. Assign responsibility to top management level to oversee the Policy and to qualified personnel for carrying out supply chain due diligence;
3. Identify, assess, and manage supply chain risks, as relevant and appropriate based on the company’s level of influence, leverage, and position in the supply chain;
4. Encourage third-party audits at critical points in the supply chain;
5. Report on supply chain due diligence.

Governance:

The policy will be reviewed on a regular basis and when new circumstances arise; and updated to reflect changes in regulations and leading practices.

Regular training is conducted on this policy for all relevant PMI employees to ensure effective implementation and continuous improvement.

In the spirit of transparency, this policy is published on our website and communicated both internally and to our business partners.

Grievance mechanism:

PMI is committed to transparency and accountability in the implementation of this policy. We welcome feedback and encourage any stakeholder - including employees, suppliers, communities, and civil society organizations - to raise concerns or submit grievances related to our sourcing practices and risks covered in this policy. Grievances will be handled in a timely, confidential, and respectful manner, in line with our PMI Investigation Standards.

Grievances can be submitted by email to:

1. PMI.EthicsandCompliance@pmi.com;
2. The PMI Ethics & Compliance Help Line, which is a third-party operated reporting channel available 24 hours a day, seven days a week, in all languages spoken at PMI. Individuals may contact the Help Line online at www.compliance-speakup.pmi.com or by telephone in your local market or reverse calling +1 303-623-0588.

Reports to the PMI Ethics & Compliance Help Line can be made anonymously, subject to local laws and regulations.