



PHILIP MORRIS INTERNATIONAL

DECLARATION OF CARBON NEUTRALITY

MANUFACTURING ENTITIES CLUSTER 3

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Reporting Party	Current Year Emissions
CA (RBH-Cluster)	1,234,567 tCO ₂ e
IT (PM-WTB-RFP-2P)	987,654 tCO ₂ e
IT (PM-WTB-RFP-3P)	765,432 tCO ₂ e
PK (PMBK-Spinner)	543,210 tCO ₂ e

0 Carbon Neutrality declaration

The **Qualifying Explanatory Statement (QES)** contains all the required information on the carbon neutrality of the given subject. All information provided within this report has been **reviewed by a third party (SGS)**. If provided with any information affecting the validity of the following statements, this document will be updated accordingly to reflect the Cluster 3 (group of affiliates) current status towards carbon neutrality. This report is publicly available on a dedicated website:

[Sustainability resources | PMI](#)

In 2022, due to continuous growth of our community of factories that are joining carbon neutral declaration process, we decided to cluster facilities. From 2024 there will be three Clusters, group of manufacturing entities Cluster 1, Cluster 2 and Cluster 3.

This is the first declaration of achievement of carbon neutrality for the following list of factories that we will call in this document "Cluster 3", as per PAS 2060:2014 standard.

List of factories:

Reporting entity	Current Legal Entity
CA (RBH Quebec)	Rothmans, Benson & Hedges Inc.
IT (PM MTB RRP ZP)	Philip Morris Manufacturing & Technology Bologna S.p.A. (PM MTB), Zola Predosa plant
IT (PM MTB RRP GF)	Philip Morris Manufacturing & Technology Bologna S.p.A. (PM MTB), Valsamoggia plant
PK (PMPK Sahiwal)	Philip Morris (Pakistan) Limited- Sahiwal plant

Carbon Neutrality of the Scope 1 and Scope 2 emissions under the direct operational control of **Cluster 3**, achieved by **Cluster 3** in accordance with PAS2060:2014 at **31st December 2024** with a commitment to maintain to **31st December 2025** for the period commencing **1st January 2024**. The achievement of Cluster 3 facilities' carbon neutrality has been certified by SGS United Kingdom Limited.

Certification letter from SGS can be found in Annex A.

1 Introduction

This document forms the Qualifying Explanatory Statement (QES) to demonstrate that Philip Morris International (PMI) "Cluster 3" group of manufacturing affiliates has achieved **carbon neutrality** for the below mentioned manufacturing processes for the period starting **1st January 2024 and ending 31st December 2024** in accordance with PAS 2060:2014.

This has been achieved through:

- **Continuous carbon emissions reduction** through action plans under PMI direct controls: affiliates and fleet under affiliates' control (These reductions have been captured as part of the GHG inventory for 2024).
- **Compensation of remaining carbon emissions** for the period commencing 1st January 2024 and ending 31st December 2024

This report includes the information which substantiates the declaration of PMI **Cluster 3** achievement of carbon neutrality for this application period (under PAS 2060:2014) and commitment on carbon neutrality up to 2025 (1 year) in compliance with PAS 2060:2014 standard.

PMI affiliates grouped in **Cluster 3** have also set up a **Carbon Management Plan** to **reduce the GHG emissions associated to the manufacturing processes** in order to demonstrate commitment to being carbon neutral in accordance with PAS 2060:2014 standard.

1.1 General information

PAS 2060 Information requirement	Information as it relates to PMI Cluster 3 affiliates
Entities making PAS 2060 declarations	PMI Factories Cluster 3, including factories as per mentioned table in paragraph 0.
Individual responsible for the evaluation and provision of the data necessary for the substantiation of the declaration (inc. preparing, substantiating, communicating and maintaining the declaration)	Chiara Rizzi
Subject of PAS 2060 declaration	Carbon Neutrality of the Scope 1 and 2 emissions under the direct operational control of PMI Cluster 3 Factories (complete list available in Annex C)
Function of subject	Factories and/or stemmeries manufacturing conventional cigarettes and Smoke Free Products for PMI and its brands.
Activities required for subjects to fulfil its function	The activities required within the manufacturing process are (note that not all the processes listed are present in all the Cluster 3 factories):

	<ul style="list-style-type: none"> • Cast Leaf Processing; • Cut Filler Processing; • Development activities; • Filter Processing; • Flavour & Casing Processing; • Improved Stem Processing; • Machine Cigarette Processing; • Manufacture of Tobacco Related Products; • Manufacturing of Reduced Risk Products; • Other Tobacco Products Processing • Quality Control Laboratory Activities; • Warehousing Activities
Rationale for selection of the subjects	PMI's ambition is to be carbon neutral for all of its direct operations (factories, fleet and offices) by 2025. In this journey, all subjects (factories) that have reached substantial emission reduction in the past years qualify to compensate residual emissions and become carbon neutral.
Type of conformity assessment undertaken	I3P-3 Independent third-party certification - unified
Reference date for PAS 2060 programme	1 st of January 2024
Achievement period	1 st of January 2024– 31 st of December 2024
Commitment period	1 st of January 2025 – 31 st of December 2025

Table 1.1 - General information

1.2 Scope

The **subject** for carbon neutrality is manufacturing entities grouped in the following **Cluster 3** or group of entity.

Philip Morris International, Manufacturing entities grouped in Cluster 3:

Reporting entity	Production Type	Current Legal Entity
CA (RBH Quebec)	CC	Rothmans, Benson & Hedges Inc.
IT (PM MTB RRP ZP)	SFP	Philip Morris Manufacturing &Technology Bologna S.p.A. (PM MTB), Zola Predosa plant
IT (PM MTB RRP GF)		Philip Morris Manufacturing &Technology Bologna S.p.A. (PM MTB), Valsamoggia plant
PK (PMPK Sahiwal)	CC	Philip Morris (Pakistan) Limited- Sahiwal plant

The main business activity is the manufacturing of conventional (CC means conventional cigarettes) and SFP (Smoke free products) products under PMI brands (as reported in Annex C).

In 2024, we continued to group our factories that have been joining carbon neutral declaration process, we decided to cluster a third group of them under **Cluster 3**, to include them under a same declaration of commitment and achievement.

Cluster 3 declaration includes four Manufacturing reporting entities (the reporting entities are mainly defined as Conventional cigarettes sites).

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

1.3 Boundaries of the subject

The system boundaries considered for the organizational carbon footprint of the subject are **all the activities** occurring **within the physical perimeter of the Cluster 3** and **under the affiliates' control** including:

- The manufacturing plant
- The office(s) and/or warehouse(s) included within the perimeter
- The fleet under the affiliate's control

GHG emissions associated with **Cluster 3** of manufacturing affiliates within the defined boundary from the period of **1st January 2024 to 31st December 2024** have been quantified in accordance with GHG Protocol Corporate Accounting Standard (operational control) and verified by SGS.

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

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

2 Quantification of carbon footprint

2.1 Emissions results

Reporting entity	RRP P1 Stick Production Volume [Mio Sticks]	Total Production (Mio Cigarettes Equivalent) [Mio Cig]	CO2 Scope 1 Fuels (GHG emissions) - Manufacturing [t GHG]	Total CO2 (GHG emissions) - Manufacturing - Market based [t GHG]	Fleet Vehicles - Total CO2 scope1 (GHG Emissions) [t GHG]	TOTAL CO2_YE 2024 [t GHG]
CA (RBH Quebec)		3588.1	219.1	219.1		219
IT (PM MTB RRP ZP)	0	0.0	715.7	715.7		716
IT (PM MTB RRP GF)	50006.4	50006.4	22857.4	22857.4	382.5	23240
PK (PMPK Sahiwal)		6386.3	706.2	706.2	161.1	867

The total GHG emissions in scope 1 and 2 of **PMI Cluster 3** of manufacturing entities during the **year 2024** (first application period) represent a total of **25,042 tons of CO₂ equivalent**.

GHG scope	2024 GHG emissions [tCO ₂ eq]	2024 Scope contribution [%]
CO ₂ Scope 1 Fuels (GHG emissions) – Manufacturing [t GHG]	24498	98%
CO ₂ Scope1 – Fleet emissions - Vehicles [t GHG]	544	2%
CO ₂ Scope 1 Emissions from DIET (GHG emissions) Expanded Tobacco [t GHG]	0	0%
Sub Total [tCO ₂ eq]	25042	100%

Table 2.1 – Cluster 3 GHG emissions overall results

2.2 Methodology

Total GHG emissions associated with PMI affiliates in **Cluster 3, 1st January 2024 to 31st December 2024** have been quantified according to GHG Protocol, Corporate Accounting and Reporting Standard, following the operational control approach. This methodology was chosen as it represents best practice in terms of organization carbon footprint inventory and PAS 2060:2014 endorses it as being fully compliant with its requirements.

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

- carbon dioxide (CO₂),

- methane (CH₄),
- nitrous oxide (N₂O).

The inventory accounts for 100% of GHG emissions of business activities and operations in which PMI affiliates within Cluster 3 have direct operational control and the full authority to introduce and implement its operating policies.

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

2.2.1.1 Scope 1

GHG emissions related to scope 1 come from direct emissions from sources owned or controlled by each of the affiliates within Cluster 3. In PMI context, scope 1 emissions are:

- Stationary combustion:
 - Natural gas
 - LPG, Propane and Butane
 - Diesel (fuel oil)
 - Heavy fuel oil
 - Petrol
 - Biomass
- Mobile combustion
 - Petrol
 - Diesel
 - Biodiesel
 - Bioethanol
 - Natural Gas (Compressed)

2.2.1.2 Scope 2

GHG emissions related to scope 2 come from indirect emissions from the generation of purchased electricity, steam, heat and cooling consumed by the affiliates in Cluster 3. In PMI context, scope 2 emissions are:

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

2.2.1.3 Scope 3

GHG emissions related to scope 3 refer to all other indirect emissions as a consequence of the activities of affiliates in Cluster 3 that occur from sources not owned or controlled by each of the affiliates within Cluster 3 and are out of scope.

2.3 Data sources

Primary and secondary data has been used for the Carbon Quantification process. For scope 1 and 2 of PMI affiliates in **Cluster 3 primary data was exclusively used.**



1. Primary Data source related to all inputs and outputs corresponding to steps under the affiliates in Cluster 3 control were directly provided. This includes measured energy inputs for production.
2. Emission Factors were sourced from recognized databases (DEFRA and GHG protocol).

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

Source of data was reviewed by SGS through the GHG Protocol verification process and certification against the requirements of PAS 2060:2014.

2.4 Assumptions and estimations

All assumptions made to quantify the greenhouse gas emission of PMI affiliates in **Cluster 3** were reviewed by SGS through the GHG inventory verification process. For scope 1 and 2, no assumptions were made.

2.5 Exclusions

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

2.6 Uncertainties

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

- Secondary emissions factors: uncertainty associated to the use of secondary emission factors is because they represent averages, rather than specific emissions. However, their use was appropriate, and care has been taken to use the best available datasets (DEFRA and GHG Protocol).
- No other secondary data has been used for Cluster 3.

Result of the uncertainty calculation is reported in Annex D.

2.7 Comparison with baseline period results

This section will be completed in the subsequent years as 2024 is the first year for the PAS 2060:2014 certification for this **Cluster 3** (Group of Manufacturing entities/factories as mentioned previously in paragraph 0).

SFP products in Cluster 3 are converted to mio cigarette equivalent volumes using the relative efficiency for this group of entities in the 2023-year baseline period.

GHG scope	2024 GHG emissions [tCO ₂ eq]	2024 Scope contribution [%]
CO ₂ Scope 1 Fuels (GHG emissions) – Manufacturing [t GHG]	24498	98%
CO ₂ Scope1 – Fleet emissions - Vehicles [t GHG]	544	2%
CO ₂ Scope 1 Emissions from DIET (GHG emissions) Expanded Tobacco [t GHG]	0	0%
Sub Total [tCO₂eq]	25042	100%
3%	752	
Total Carbon footprint [tCO₂eq] with 3% (rounded up based on the decimals)	25794	

	Cluster 3 Emission Year 2023
SFP Intensity [tCO ₂ eq /mio Cig eq]	0.583
CC Intensity	0.104
Conversion factors for Cluster 3	5.59
new Denominator	314,597
New Intensity per Cluster 3 [t CO ₂ eq/New Denominator]	0.104

3 Carbon Management Plan

The carbon reduction management plan considers a **1-year period (2025)** with the aim of reducing emissions and energy intensity. Performance against the target will be monitored annually to review whether anticipated reductions have been achieved.

In order to achieve the targeted reductions a series of project will be implemented.

Although PMI affiliates began their Carbon Management Program for Carbon Neutrality in 2020, energy saving measures have been implemented since 2010 within the production plants. In 2022, due to continuous growth of our community of factories that are joining the carbon neutral declaration process, we decided to cluster them under the same declaration.

The following paragraphs explain in detail implemented (paragraph 0) and planned (paragraph 0) projects, that are mainly related to production plant GHG emissions reductions.

3.1 PMI best practice

In 2024, all reporting entities sourced 100% of their electricity from renewable sources, with the exception of Russia, Ukraine, and partially South Korea. Since 2017, we have gradually increased the uptake of green electricity (as shown in below table). By investing in renewable energy electricity, PMI overall avoided emissions of **over 2,2 million ton of CO2 equivalent**.

Indicator	2017	2018	2019	2020	2021	2022	2023	2024	Total Value
CO2 Scope 2 (GHG emissions) - Manufacturing - Market based [t GHG]	217,563	149,757	111,508	65,289	41,157	27,909	16,186	30,495	659,863
CO2 Scope 2 (GHG emissions) - Manufacturing - Location based [t GHG]	414,126	395,371	398,332	357,670	336,964	333,553	346,113	352,073	2,934,202
Cumulative difference between Location based and Market based	196,563	245,615	286,824	292,382	295,807	305,644	329,927	321,579	2,274,339

Table 3.1 - Green electricity increase

3.2 Implemented GHG emissions reduction project repository

At PMI, emissions reduction project governance and budget approval come from two distinct streams: one driven by central functions and another by local teams. Table 0 shows project implemented in Cluster 3 in the last years, evaluated in Carbon Footprint assessment. For the ease of reference, the projects have been split by entity.

Table 3.2 - Implemented GHG emissions reduction projects

Rothmans, Benson & Hedges Inc.

Project name	Description	Year	Type of energy used	Emission reduction [kg CO ₂ eq]
Electrification project	Electric boiler installation	2020	Natural gas to green electricity	Up to 1 000 000
Change management	Reduce unnecessary use of department conditioning to support energy efficiency	2022-2026	Steam – Natural gas or electricity	Continuous improvement
Water Heater	Electrical hot water tank + heat exchanger instead of steam from natural gas boiler	2022-2025	Steam – Natural gas or electricity	Continuous improvement

Philip Morris Manufacturing & Technology Bologna S.p.A. (PM MTB), Zola Predosa and Valsamoggia plants

Project name	Description	Year	Type of energy used	Emission reduction [kg CO ₂ eq]
Scirocco Line 4	Cast leaf dryer internal insulation & steam consumption reduction	2024	Natural Gas	1.207.843
Thermal insulation primary	Insulation of primary equipment for heat losses reduction	2024	Natural Gas	1.009.239
ZCT (Zero Carbon Tech) installation of HP (Heat Pumps) & e-Boilers system	Installation of Heat Pumps to produce heat needed for process and climatization instead of steam & e-Boilers	2024	Natural Gas	2.814.000
Dryer Energy saving mode optimization	Optimization of the existing Energy Saving logic to Cast Leaf dryer during standby mode	2024	Natural Gas	242.255
Heat recovery steam system-vent condenser	Deaerator heat recovery system installation in steam boiler system	2024	Natural Gas	57.490
Thermal insulation Zola Predosa Steam Boiler House	Heat losses reduction for steam boiler valves insulation in Hack	2024	Natural Gas	30.000

Philip Morris (Pakistan) Limited, Sahiwal plant

Project name	Description	Year	Type of energy used	Emission reduction [kg CO ₂ eq]
Steam flow meters in Primary	Monitoring installation at line level to decrease steam losses and save natural gas at boiler.	2024	Natural Gas	12622
Linkup energy reduction via vacuum centralization	Stand alone in production floors to be removed and centralized vacuum supply to be provided.	2024	Electricity	18000
Lamina DCCC flapper design optimization	Due to change in design optimization the steam consumption in DCCC reduced	2024	Natural Gas	28756
Replacement of non inverter AC		2024	Electricity	8730

3.3 Planned GHG emissions reduction initiatives

Table 0 shows main initiatives identified and their estimated reduction for the commitment period to 2025 for PMI factories included in Cluster 3. For ease of reading, the initiatives have been split by entity:

Table 3.3 - Planned GHG emissions reduction initiatives in Cluster 3

Rothmans, Benson & Hedges Inc.

Project name	Description	Year	Type of energy used	Emission reduction [kg CO ₂ eq]
Green electricity Purchasing	Green electricity on yearly basis purchasing	2025/2026/	Electrical	TBD
Heater change	Receiving and shipping stream unit heater replaced by electric heater.	2025-2026	Steam – Natural gas or electricity	TBD

Philip Morris Manufacturing & Technology Bologna S.p.A. (PM MTB), Zola Predosa and Valsamoggia plants

Project name	Description	Year	Type of energy used	Emission reduction [kg CO ₂ eq]
Heat recovery in vacuum system	Vacuum system heat recovery installation in low temperature hot water loop	2025	Natural Gas	9.131
Steam Cut off valves Heat Exchanger	Heat Exchangers automatic cut off valves for steam network during reduced production periods	2025	Natural Gas	13.271

Project name	Description	Year	Type of energy used	Emission reduction [kg CO ₂ eq]
Bosch boiler Condensing economizer	Installation of condensing economizer heat recovery systems in Bosch boilers for hot water production	2025/2026	Natural Gas	777.000
Steam primary meters	Installation of steam meters in Primary main and secondary dryers	2025/2026	Natural Gas	307.090
Smart Utilities	Steam boilers prioritization logic (Gas & Electric)	2025/2026	Natural Gas	847.000
Thermal insulation primary	Thermal insulation to electrical motors of primary cast leaf dryers	2025/2026	Natural Gas	6.700
Venturi Steam traps installation	Primary Cast Leaf dryers steam traps replacement with Venturi type	2025/2026	Natural Gas	1.000.145
Calidarium	Exhausted flow regulation to cast leaf dryers	2025/2026	Natural gas	333.000
Scirocco Line 1	Cast leaf dryer internal insulation & steam consumption reduction	2026	Natural Gas	1.800.000
Chimney Dryer 4	Diameter enlargement of chimney section dryer 4	2026	Natural Gas	295.742
HVAC optimization (Zola Predosa)	Set a new economy mode for temperature management	2025	Natural Gas	6.000
Proteus (Zola Predosa)	Heat recovery from Cast leaf dryer in primary to produce low pressure steam with dedicated Heat Pump	2025/2026	Natural Gas	120.000
Meters installation (Zola Predosa)	Thermal energy meters installation	2026	Natural Gas	50.000
Geothermal (Zola Predosa)	Open-loop geothermal heat pump system for industrial climate control	2026	Natural Gas	320.000

Philip Morris (Pakistan) Limited, Sahiwal plant

Project name	Description	Year	Type of energy used	Emission reduction [kg CO ₂ eq]
Solar Geyser at boiler	Installation of Solar Geyser to in increase temperature of water hence reducing the gas reduced to make steam.	2026	Natural Gas	18920
Photovoltaic powerplant	Photovoltaic powerplant (300 KW addition to existing 710 KW plant)	2026	Electricity	To be evaluated
Plenum 3 obsolescence Project	Replacement of plenum with better technology AHUs to reduce energy consumption	2025	Electricity	To be evaluated
Idle time reduction b/w batches on lamina conditioning line	Less steam usage due to batch time reduction in primary	2026	Natural Gas	19250

Actual emissions reductions will be measured in terms of intensity metrics relating to production output.

4 Carbon offset program

4.1 Offset program for this application period

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

Carbon neutrality is achieved by reducing and compensating Greenhouse Gases (GHG) emissions through supporting the development of sustainable climate solutions in developing countries. Compensation projects bring social, environmental and economic benefits, which contribute to United Nations Sustainable Development Goals (SDGs) and are labelled by independent carbon standards such as **Voluntary Carbon Standard (VCS)**¹, **Climate Community and Biodiversity Alliance (CCBA)**², **Gold Standard**³, and other offsets as endorsed in PAS2060.

To compensate 2024 GHG emissions, PMI has selected a set of carbon projects as described in paragraph 4.2.

Credits were retired by 25th September 2025

¹ <https://verra.org/>

² <http://www.climate-standards.org/>

³ <https://www.goldstandard.org/>

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

4.2 Offsetting project(s)

Offsetting projects selected by PMI Cluster 3 for compensating the 2024 emissions are:

#	Project Name	Carbon credits allocation		Official project link
		tons	%	
1	UNITOR REDD+ PROJECT	25794	100%	https://registry.verra.org/app/projectDetail/VCS/2508
		25794	100%	

The offsets are allocated to the individual entities as per following table:

Reporting Entity	Credits allocated for compensation (tons)	Vintage	Vintage
CA (RBH Quebec)	226	UNITOR REDD+ Project	26/04/2018-31/12/2018
IT (PM MTB RRP ZP)	738		26/04/2018-31/12/2018
IT (PM MTB RRP GF)	23937		26/04/2018-31/12/2018
PK (PMPK Sahiwal)	893		26/04/2018-31/12/2018
TOTAL	25794		

4.3 Amount of credits purchased

Credits have been ordered by PMI for the period covering **1st of January 2024 31st December 2024**

The amount of credits purchased is **25794 tons of CO₂ equivalent**, it is composed by two contributions:

- o **25042 tons of CO₂ equivalent**, amount evaluated for this application period
- o **752 tons of CO₂ equivalent**, that represent an **additional 3%** of the baseline carbon footprint to **cover all the exclusions (Annex C) and to preclude underestimation.**

We can reasonably assume that this amount covers 100% of PMI Cluster 3 GHG emissions.

PMI Cluster 3 Manufacturing entities portfolio offsetting credits is composed as per the table in paragraph 4.2

VERRA guarantees that the offsets **generated represent genuine, additional GHG** emission reductions. The projects are technically designed so as to enable the quantification of a specific number of emissions

reductions/removals the carbon credits expected from each farm/forest. The VERRA label also guarantee that the projects involved in delivering credits meet the criteria of additionality, permanence, leakage and double counting.

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

Retired credits certificates are attached on behalf of PMI for *Cluster 3* of manufacturing entities, for offsetting unavoidable emissions, **in year 2024:**

<https://registry.verra.org/myModule/rpt/myrpt.asp?r=206&h=178852>



Certificate of Verified Carbon Unit (VCU) Retirement

Verra, in its capacity as administrator of the Verra Registry, does hereby certify that on 24 Sep 2025, 25,794 Verified Carbon Units (VCUs) were retired on behalf of:

Manufacturing Cluster 3 - see Retirement Reason Details for full list

Project Name
UNITOR REDD+ PROJECT

VCU Serial Number
13195-478019822-478045615 VCS-VCU 262-VER-BR-14-2508-26042018-31122018-0

Additional Certifications

Powered by APX

4.4 Compensation program for the subsequent application periods

For subsequent application periods, PMI will retire the volume of carbon credits required once the emission calculations are completed for the period. The volumes of credits required by **PMI affiliates grouped in Cluster 3** will be confirmed upon completion of the greenhouse gas inventory audit for that Application Period. The portfolio composition and share among projects will be determined based on the volume of credits.

5 Annex A – Carbon Neutrality Assurance letter

SGS

**Verification Statement Number:
CCP267919.PMI.2024.20251024**

The Carbon Neutrality Declaration as presented in its Qualifying Explanatory Statement (QES), for the application period 01/01/2024 – 31/12/2024 of:

**Phillip Morris International "Cluster 3" group of manufacturing affiliates
(as defined in the scope section of this opinion)**

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

Lead Assessor: Lisa Gibson
Technical Reviewer: Andrew James Collins

Authorised by:



Pamela Chadwick
Business Manager
SGS United Kingdom Ltd

Verification Statement Date: 31 October 2025

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

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**Schedule Accompanying Greenhouse Gas Verification Statement
CCP267919.PMI.2024.20251024**

Brief Description of Verification Process

SGS has been contracted by Philip Morris International for the verification of their Carbon Neutrality Declaration as presented in the Qualifying Explanatory Statement (QES) for "Cluster 3" group of manufacturing affiliates, for the application period 01/01/2024 – 31/12/2024, against the requirements of PAS 2060 2014: Specification for the demonstration of carbon neutrality (PAS 2060).

Roles and Responsibilities

The management of Philip Morris International (PMI) responsible for the organization's GHG information system, the development and maintenance of records and reporting procedures in accordance with that system, including the calculation and determination of GHG emissions information, preparation of reports, QES, and purchase and retirement of carbon offsets.

It is SGS' responsibility to express an independent opinion on the Carbon Neutrality Declaration as provided by the client for the application period 01/01/2024 – 31/12/2024.

SGS conducted a third-party verification following the requirements of ISO 14064-3:2019 of the provided carbon neutral declaration and supporting QES during the period July to October 2025. The assessment was conducted via desk review. The verification was based on the verification scope, objectives and criteria as agreed between Philip Morris International and SGS.

Objective:

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

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

Level of Assurance

The level of assurance agreed is reasonable.

Scope

This engagement covers verification of:

- The organizational boundary was established following the operational control consolidation approach for each of the manufacturing affiliates.
- Title or description of activities: Emissions for manufacturing facilities, warehousing, offices and operator-controlled fleet.
- Scope 1 & 2 emissions only
- Location/boundary of the activities: as per list below
- First application period: Calendar Year 2024

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



Manufacturing affiliates:

Affiliate	Legal Entity
CA (RBH Quebec)	Rothmans, Benson & Hedges Inc.
IT (PM MTB RRP ZP)	Philip Morris Manufacturing & Technology Bologna S.p.A. (PM MTB), Zola Predosa plant
IT (PM MTB RRP GF)	Philip Morris Manufacturing & Technology Bologna S.p.A. (PM MTB), Valsamoggia plant
PK (PMPK Sahiwal)	Philip Morris (Pakistan) Limited- Sahiwal plant

Materiality

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

We planned and performed our work to obtain the information, explanations and evidence that we considered necessary to provide a reasonable level of assurance that the CO₂ equivalent emissions, carbon neutrality declaration and QES for the first period 01/01/2024 – 31/12/2024 are fairly stated.

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

Conclusion

Philip Morris International provided their carbon neutrality declaration based on the criteria outlined above. The carbon neutrality declaration and QES for the application period 01/01/2024 – 31/12/2024 are verified by SGS to a reasonable level of assurance, consistent with the agreed verification scope, objectives and criteria.

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



6 Annex B – Qualifying Explanatory Statements (QES) checklist



EHS.D.410.F02%20QE
S%20Check%20List%2

[Faint, illegible text, likely a checklist or table content]

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

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

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

Table 7.1 - Inclusions and exclusions

8 Annex D – Uncertainty calculation

8.1 Uncertainty calculation

Uncertainties around the quantification of the carbon footprint have been assessed throughout the assessment following the guidelines released by ISO and available in the “GHG Protocol’s Measurement and Estimation Uncertainty of GHG Emissions tool” (supporting worksheet file “2025 UN file Cluster 3”)⁴; since the uncertainties are not known for all the parameters (activity data and emission factors), the IPCC Guideline for National Greenhouse Inventories Reporting Instructions was used:

- Activity data: 7%
- Emission factor: 7%

All information can be accessed in the below file attached:



2025 UN file Cluster
3.xlsx

Outcome of the uncertainty calculation (from uncertainty Cluster 3 attached file)

Source description	Step 1-2					Step 3					Curtainty Ranking	Auxiliary Variable 1	Auxiliary Variable 2	
	A Activity Data (e.g. Quantity of Fuel used)	B Unit used to measure Activity Data	C Uncertainty of activity data (%) (Confidence Interval expressed in a percent)	D GHG emission Factor	E Unit of GHG emission Factor (for kg CO2)	F Uncertainty of emission Factor (Confidence Interval expressed in a percent)	G CO2 emissions in kg	H CO2 emissions in metric tonnes	I Uncertainty of calculated emissions					
Sum CO₂ emissions (M)							25,842,259.81	25,842.26						

Step 4: Cumulated Uncertainty:
$$= \pm \sqrt{\frac{\sum (U^2 \cdot I^2)}{N}}$$
 +/- 9.7% **Good**

Note: For individual uncertainties greater than 60%, the results of the tool are not valid

Table 8.1 - Uncertainty calculations

⁴ <https://ghgprotocol.org/calculation-tools>

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

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

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

Table 8.2 - IPCC uncertainty data

9 Annex – Voluntary offset program

In this annex, shortlist of projects chosen for compensation of **2024 emissions**.

#	Project Name	Carbon credits allocation		Official project link
		tons	%	
1	UNITOR REDD+ PROJECT	25794	100%	https://registry.verra.org/app/projectDetail/VCS/2508
		25794	100%	



Certificate of Verified Carbon Unit (VCU) Retirement

Verra, in its capacity as administrator of the Verra Registry, does hereby certify that on 24 Sep 2025, 25,794 Verified Carbon Units (VCUs) were retired on behalf of:

Manufacturing Cluster 3 - see Retirement Reason Details for full list

Project Name

UNITOR REDD+ PROJECT

VCU Serial Number

13195-478019822-478045615-VCS-VCU-262-VER-BR-14-2508-26042018-31122018-0

Additional Certifications

10 Annex F – Renewable Energy Certificates

Rothmans, Benson & Hedges Inc.

Luong, Giang (Enel X)

From: recadmin@ercot.com
 Sent: 18 March 2025 17:57
 To: ETHA Financial Back Office; Di Crescenzo Placida (Enel X Advisory); Corcoran, Rory (Enel North America - USA)
 Subject: Enel Trading North America, LLC

REC Retirement Transactions for Enel Trading North America, LLC

REC Year	REC Quarter	REC Type	Fac ID	Serial Start	Serial End	Quantity	Action	From	To	Date	Retire Reason	Compliance Year	Memo
2024	3	3	1415	180620	184624	4005	CR	Enel Trading North America, LLC	ERCOT admin	2025-03-18T12:51:50.127			Beneficiary name: Philip Morris International. Cancellation purpose is for electricity consumption located in USA in respect of the reporting period 1.01.2024 – 31.12.24. The stated Redemption Purpose is Scope 2 reporting and CDP disclosure for Philip Morris USA, Factory Triega.
2024	3	3	1415	184625	191705	7081	CR	Enel Trading North America, LLC	ERCOT admin	2025-03-18T12:51:41.850			Beneficiary name: Philip Morris International. Cancellation purpose is for electricity consumption located in Canada in respect of the reporting period 1.01.2024 – 31.12.24. The stated Redemption Purpose is Scope 2 reporting and CDP disclosure for CANADA-PMI company Rothmans, Benson & Hedges Inc., Factory RBH Quebec.
2024	3	3	1415	180620	184624	4005	VR	Enel Trading North America, LLC	ERCOT admin	2025-03-18T12:26:11.793	VR	2024	

2024	3	3	1415	184625	191705	7081	VR	Enel Trading North America, LLC	ERCOT admin	2025-03-17T13:15:00.497	VR	2024	
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Philip Morris Manufacturing & Technology Bologna S.p.A. (PM MTB) Zola Predosa plant and Valsamoggia plant

Statnett

Cancellation Statement

This cancellation statement provides the proof of origin for 6 436 MWh consumed energy. This cancellation statement proves that 6 436 Guarantees of Origin has been cancelled in the Norwegian Energy Certificate System (NECS).

Performed by	On behalf of
Account Holder Name: AES Energy b.v.	Name of Beneficiary: Philip Morris International
Account Holder Code: 08XR25C566	Cancellation Start: 2024-01-01
UIC Number: NLB08506432801	Cancellation End: 2024-12-31
Account: 707052300001284371	Country of Consumption: Romania
Name: Norway	Location of Beneficiary: -
Power Code: 1012 JW	Usage Category: Disclosure
City: Amsterdam	Type of Beneficiary: End Consumer
Country: Netherlands	

Transaction Information

Redemption Date: 2025-03-28 14:43
Transaction Number: 2025032801187
Cancellation Purpose: The stated Redemption Purpose is Scope 2 reporting and CDP disclosure for reporting period 2024 for Manufacturing & Technology Bologna S.p.A. factory PM MTB RRP ZP 6 436

This cancellation statement acts as a receipt of the cancellation of the certificates listed and for the purpose shown. With this Cancellation Statement, released on the 2025-03-28, the indicated certificates are no longer tradable. Onward sale of this Cancellation Statement is prohibited. The environmental qualities of the associated energy have been consumed and this Cancellation Statement and these certificates may not be transferred to any party other than the energy supplier or end-consumer specified above.



View cancellation statement here

Oslo, 2025-03-28

Die Jacob Heyland
Director, market operations
Statnett SF

Statnett

Cancellation Statement

This cancellation statement provides the proof of origin for 74 475 MWh consumed energy. This cancellation statement proves that 74 475 Guarantees of Origin has been cancelled in the Norwegian Energy Certificate System (NECS).

Performed by	On behalf of
Account Holder Name: AES Energy b.v.	Name of Beneficiary: Philip Morris International
Account Holder Code: 08XR25C566	Cancellation Start: 2024-01-01
UIC Number: NLB08506432801	Cancellation End: 2024-12-31
Account: 707052300001284371	Country of Consumption: Romania
Name: Norway	Location of Beneficiary: -
Power Code: 1012 JW	Usage Category: Disclosure
City: Amsterdam	Type of Beneficiary: End Consumer
Country: Netherlands	

Transaction Information

Redemption Date: 2025-03-28 14:44
Transaction Number: 2025032801188
Cancellation Purpose: The stated Redemption Purpose is Scope 2 reporting and CDP disclosure for reporting period 2024 for Manufacturing & Technology Bologna S.p.A. factory PM MTB RRP ZP 74 475

This cancellation statement acts as a receipt of the cancellation of the certificates listed and for the purpose shown. With this Cancellation Statement, released on the 2025-03-28, the indicated certificates are no longer tradable. Onward sale of this Cancellation Statement is prohibited. The environmental qualities of the associated energy have been consumed and this Cancellation Statement and these certificates may not be transferred to any party other than the energy supplier or end-consumer specified above.



View cancellation statement here

Oslo, 2025-03-28

Die Jacob Heyland
Director, market operations
Statnett SF

Philip Morris (Pakistan) Limited, Sahiwal plant.



This Redemption Statement has been produced for

PHILIP MORRIS (PAKISTAN) LIMITED

by

ENEL X ADVISORY SERVICES S.R.L.

confirming the redemption of

6 562 000000

1 REC Certificates, representing 6 562 000000 MWh of electricity generated from renewable sources

This Statement relates to electricity consumption located at or in

Mardan -Sahiwal
Pakistan

in respect of the reporting period

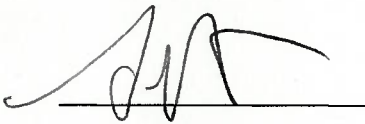
2024-01-01 to 2024-12-31

The stated Redemption Purpose is

Scope 2 Reporting and CDP disclosure for Philip Morris (Pakistan) Limited, Mardan and Sahiwal factories

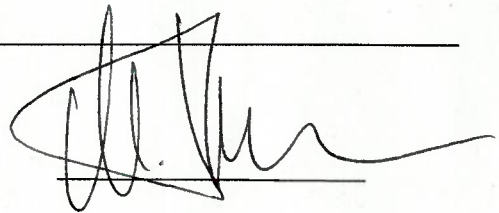
CLUSTER 3 CARBON NEUTRAL DECLARATION

END OF THE DOCUMENT



November 2025

Irene Pinto
Director Manufacturing Sustainability
PMI Operations



November 2025

Michael Scharer
VP Global Manufacturing
PMI Operations

