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About PMI

Philip Morris International is a leading international consumer goods company, actively delivering a smoke-free future and evolving its portfolio for the long term to include products outside of the tobacco and nicotine sector. The company's current product portfolio primarily consists of cigarettes and smoke-free products, including heat-not-burn, nicotine pouch and e-vapor products. Our smoke-free products are available for sale in over 105 markets, and as of December 31, 2025 PMI estimates they were used by over 43 million legal-age consumers around the world, many of whom have moved away from cigarettes or significantly reduced their consumption. The smoke-free business accounted for 41.5% of PMI's full year 2025 total net revenues.

Since 2008, PMI has invested over \$16 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.

Following a robust science-based review, the U.S. Food and Drug Administration has authorized the marketing of Swedish Match's General snus and ZYN nicotine pouches and versions of PMI's IQOS devices and consumables - the first-ever such authorizations in their respective categories. Versions of IQOS devices and consumables and *General* snus also obtained the first-ever Modified Risk Tobacco Product authorizations from the FDA.

With a strong foundation and significant expertise in life sciences, PMI has a long-term ambition to expand into wellness areas.

References to "PMI", "we", "our" and "us" mean Philip Morris International Inc. and its subsidiaries.

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

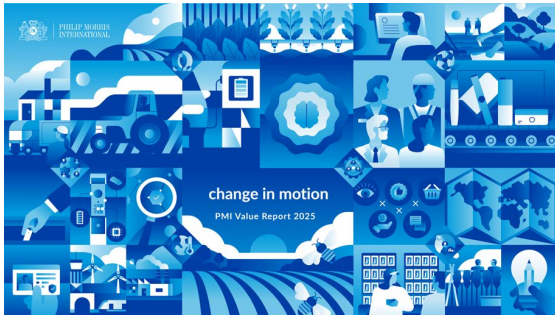
Evolved organizational model

As of January 1, 2026, PMI has implemented an evolved organizational model with three business units: PMI International, PMI U.S., and PMI Wellness unit (Aspeya). The four geographic segments have been replaced with three new reportable segments: International Smoke-Free, International Combustibles, and U.S. In the Value Report 2025 and this presentation, sustainability-related disclosures and accountability frameworks correspond to our 2025 organizational model. The Value Report 2025 introduces our Value Plan 2030+, and we also highlight, where applicable, the evolving responsibilities and governance changes that will take effect with our evolved organization.

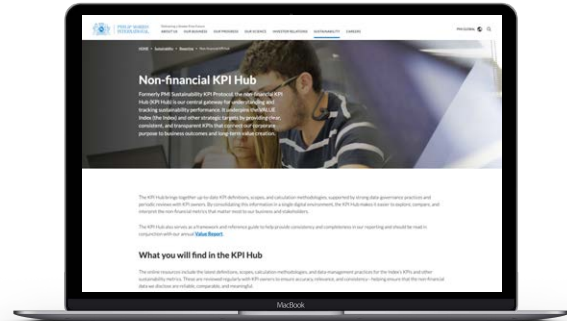


Resources

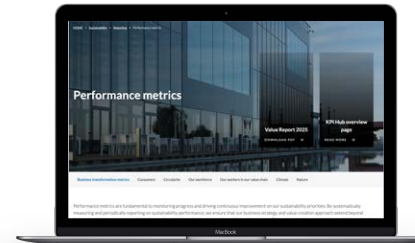
2025 reporting



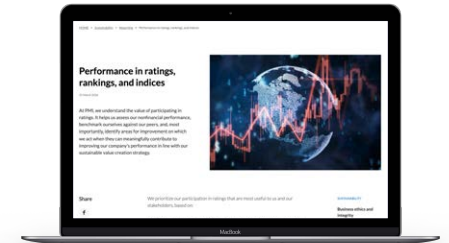
[Value Report 2025](#)



[Non-financial KPI hub](#)



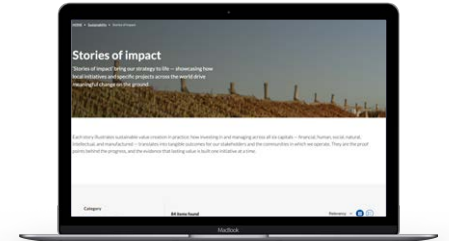
[Performance Metrics](#)



[Reporting indices](#)

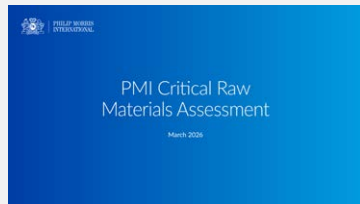


[PMI VALUE Index](#)



[Stories of Impact](#)

Additional sustainability disclosures



[Critical Raw Materials \(CRMs\) Assessment \(2026\)](#)



[Climate Transition Plan \(2025\)](#)



[Sustainability Materiality Report \(2025\)](#)



[Business Transformation-Linked Financing Framework \(2024\)](#)



[Human Rights Report \(2023\)](#)



[Biodiversity and Water \(2022\)](#)



[Post-consumer Waste Strategy \(2022\)](#)



Resources

Policies, guidelines, and standards



[Code of Conduct](#)



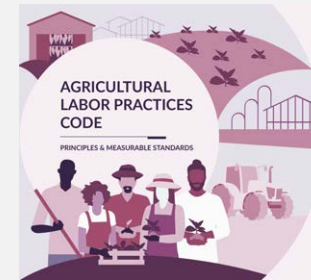
[Human Rights Commitment](#)



[Environmental Policy](#)



[Responsible Sourcing Principles](#)



[Agricultural Labor Practices \(ALP\) Code](#)



[Good Agricultural Practices \(GAP\)](#)



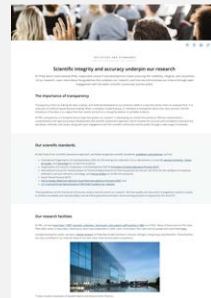
[Responsible Sourcing of Minerals Policy](#)



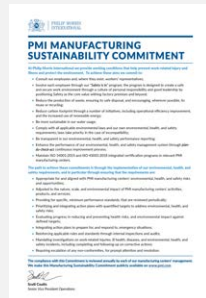
[Marketing Code Smoke-Free Products](#)



[Marketing Code Combusted Tobacco Products](#)



[Scientific standards](#)



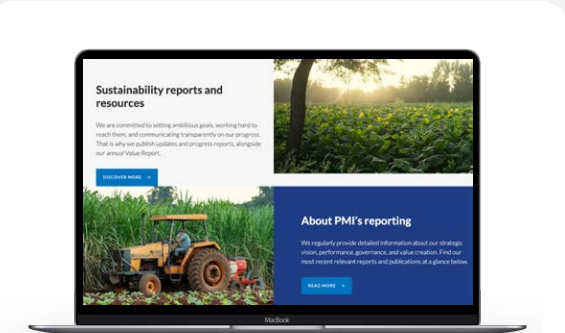
[Manufacturing Sustainability Commitment](#)



[Fleet Safety Policy Commitment](#)



[Zero Deforestation Manifesto](#)



See more in our [sustainability resources library](#)



Overview

In this section

Global footprint

Overview of our value chain

Product portfolio

Operating context

Stakeholder engagement



Global footprint

Our operations are centered around reaching consumers in markets around the world.

~43.5m

Legal-age adult consumers of our smoke-free products, and around 126m of our cigarette brands

106

Markets where our smoke-free products are available for sale, and around 170 markets where our cigarette brands are sold

~84,900

Employees, representing more than 130 nationalities

315

Direct retail physical stores (*IQOS* stores) in 66 markets, and 49 consumer service centers

~350,300

Contracted farmers supplying us with tobacco, located in 23 countries

~20,700

Suppliers worldwide

50

PMI-owned manufacturing facilities in 31 countries, of which 21 facilities producing smoke-free products



Overview of our value chain

1.

Sourcing



2.

Operations
(R&D, manufacturing)



3.

Commercialization



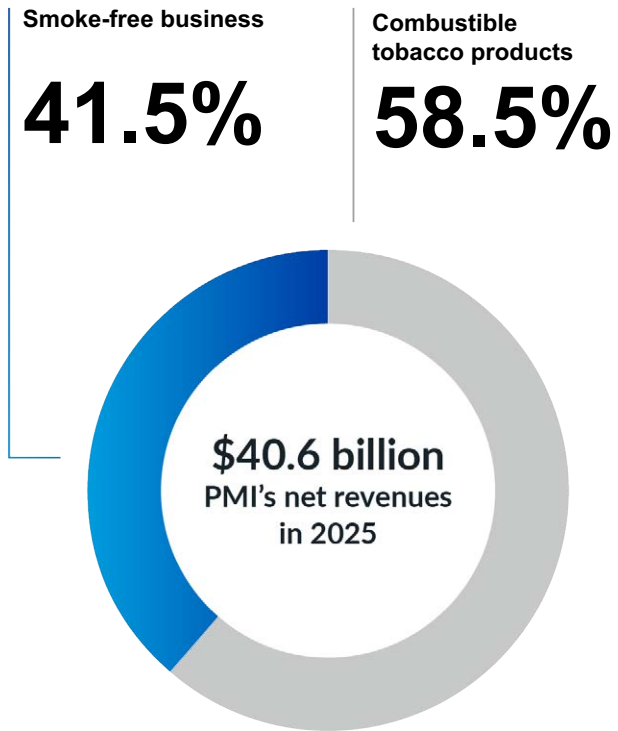
4.

Consumers and
product end-of-life

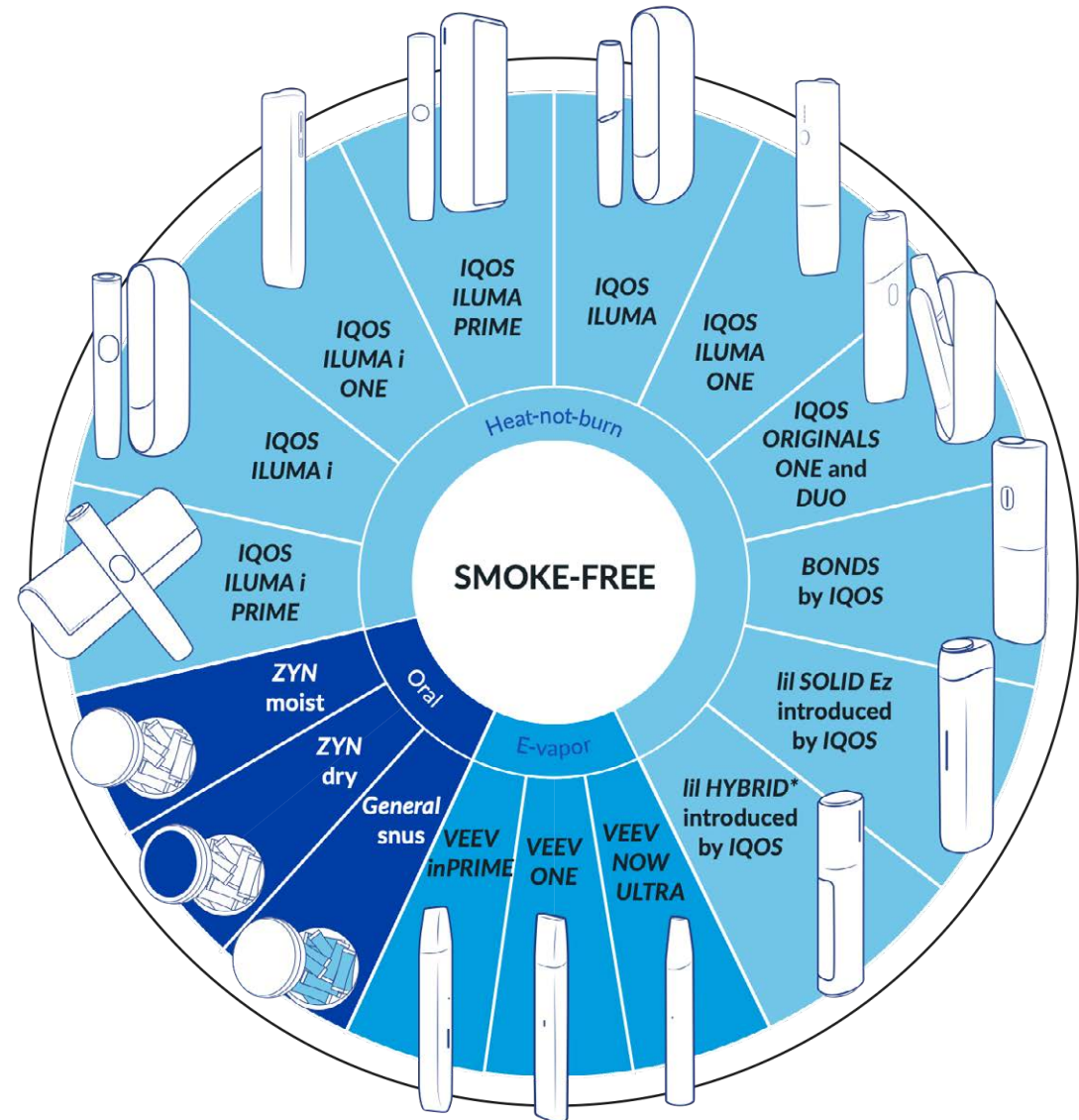


Product portfolio

We commercialize a wide range of products designed to meet adult consumers' preferences and drive the sustainable growth of our business.



Our global portfolio of main smoke-free products¹



Operating context: Global trends



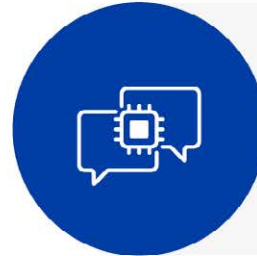
Wellness evolution



Trust erosion



Natural capital preservation



Artificial intelligence
(AI) integration



Human capital development



Geopolitical fragmentation

Operating context: Industry trends



Smoking decline



**Adoption of
smoke-free products**



Increased innovation

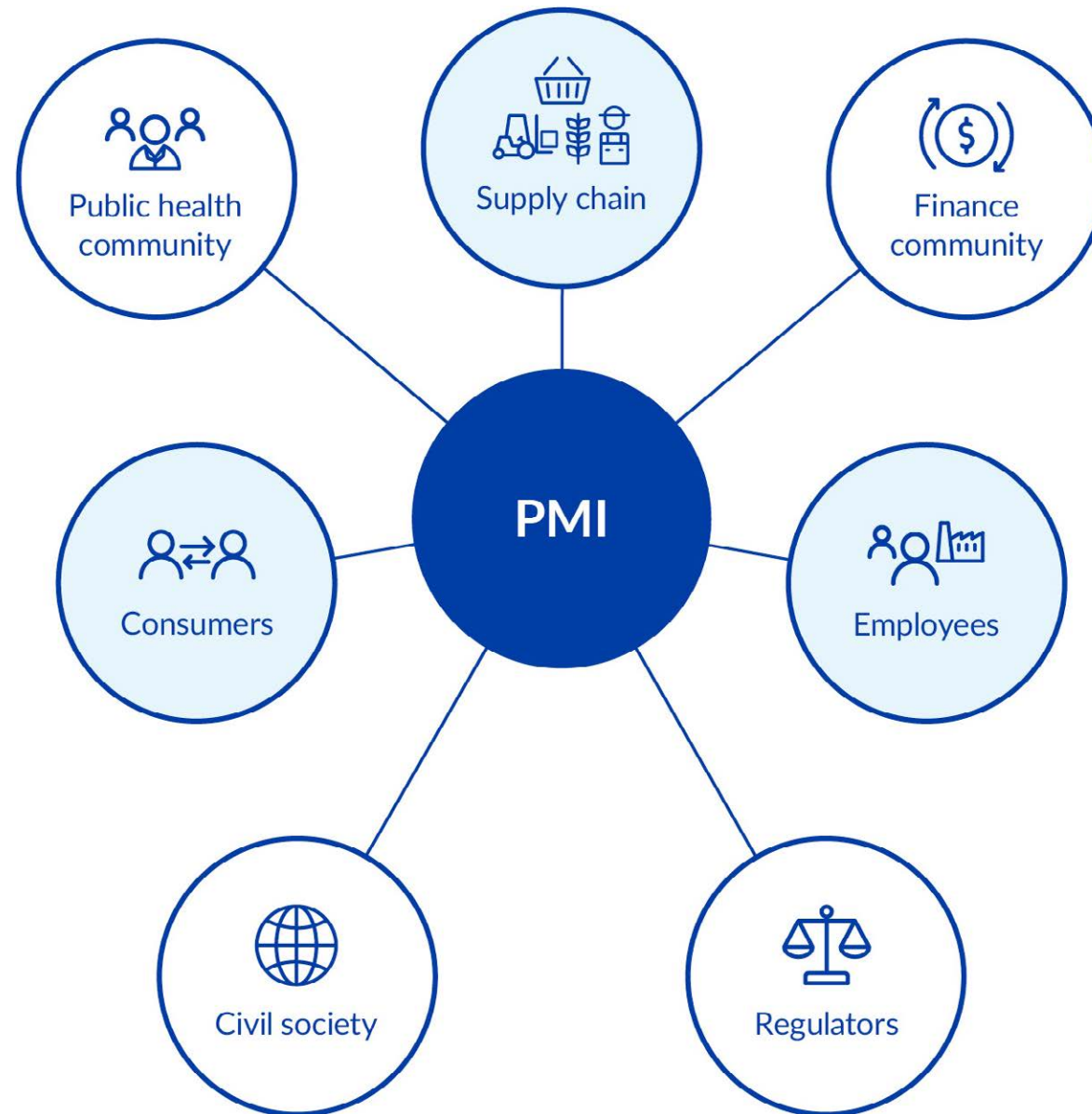


Illicit trade



Evolving regulation

Stakeholder engagement



Strategy and governance

In this section

Value creation

Change in motion

Business Transformation Metrics

Closing our 2025 Roadmap

Our approach to sustainability

PMI VALUE Index

Introducing our Value Plan 2030+



Value creation

Long-term financial success depends on the health of the resources and relationships that make it possible. Value creation reflects not only immediate financial returns but also the management of our physical assets and infrastructure, the responsible stewardship of natural resources, the development of our people, the advancement of our scientific capabilities, and the strengthening of trust with stakeholders.

Key resources



Human Capital

Global workforce with extensive expertise and experience



Intellectual Capital

Advanced research and development capabilities



Natural Capital

Responsible sourcing and efficient use of raw materials and natural inputs



Manufactured Capital

Well-optimized infrastructure of facilities, retail locations, and fleet



Social Capital

Constructive relationships with a wide array of stakeholders



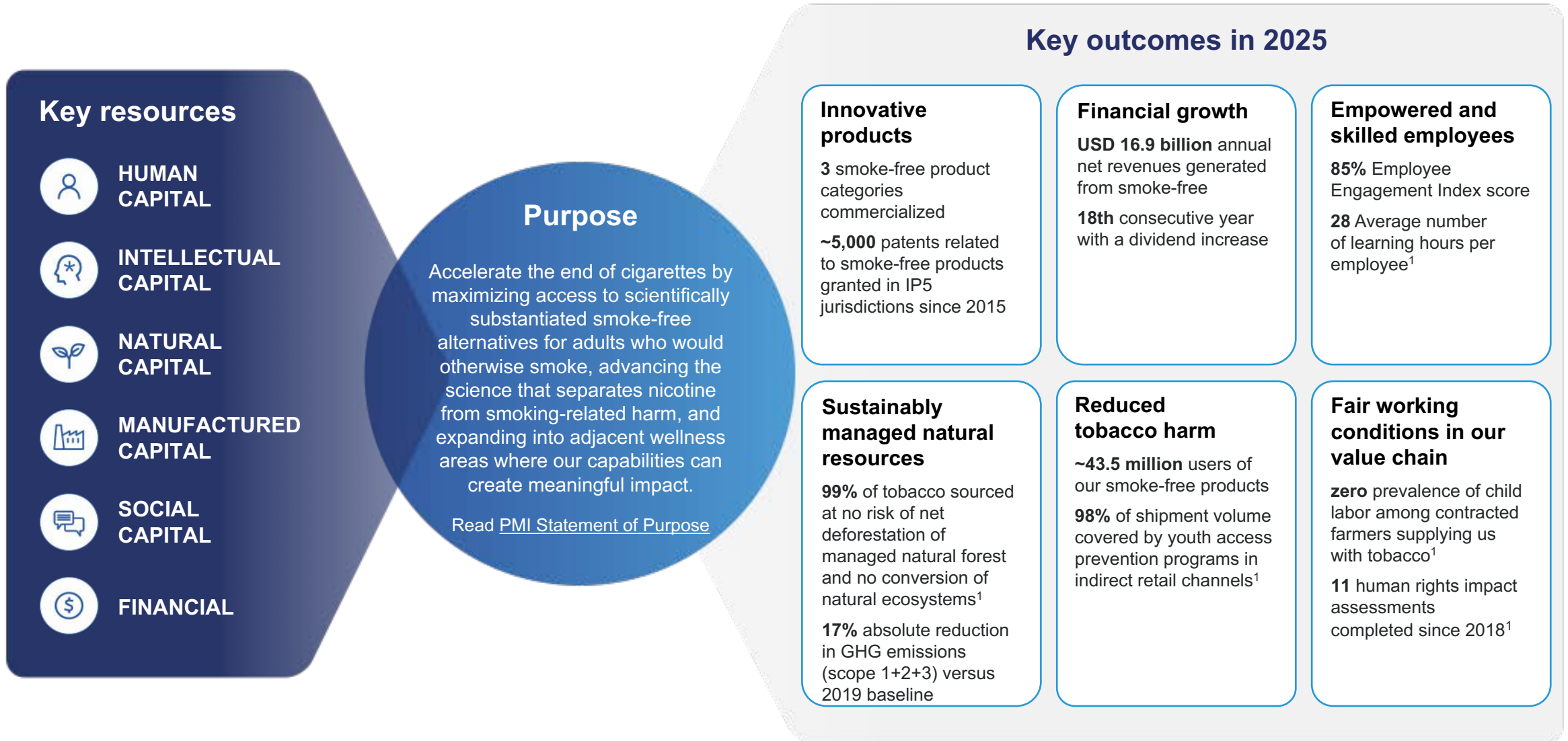
Financial

Strong financial position and cash flow generation

Value creation through:

- Deliberate investments in multiple forms of capital, alongside financial capital
- Integration in resources allocation, risk assessment, and performance measurement

Value creation: Key outcomes in 2025



Change in motion

This is who we are: a company perpetually in motion toward a better future, refusing to stand still even as we celebrate how far we have come. We embed value considerations—environmental, social, and financial—into our core business decisions. This focus guides us to direct resources toward what matters most: reducing the harm caused by smoking, building competitive advantages in smoke-free products, while respecting environmental and social boundaries.

Three corridors drive our transformation and propel our progress forward

1. Making cigarettes obsolete

Supporting transformation



Combustible tobacco products

2. Maximizing access to smoke-free products

Growth priorities



Smoke-free products

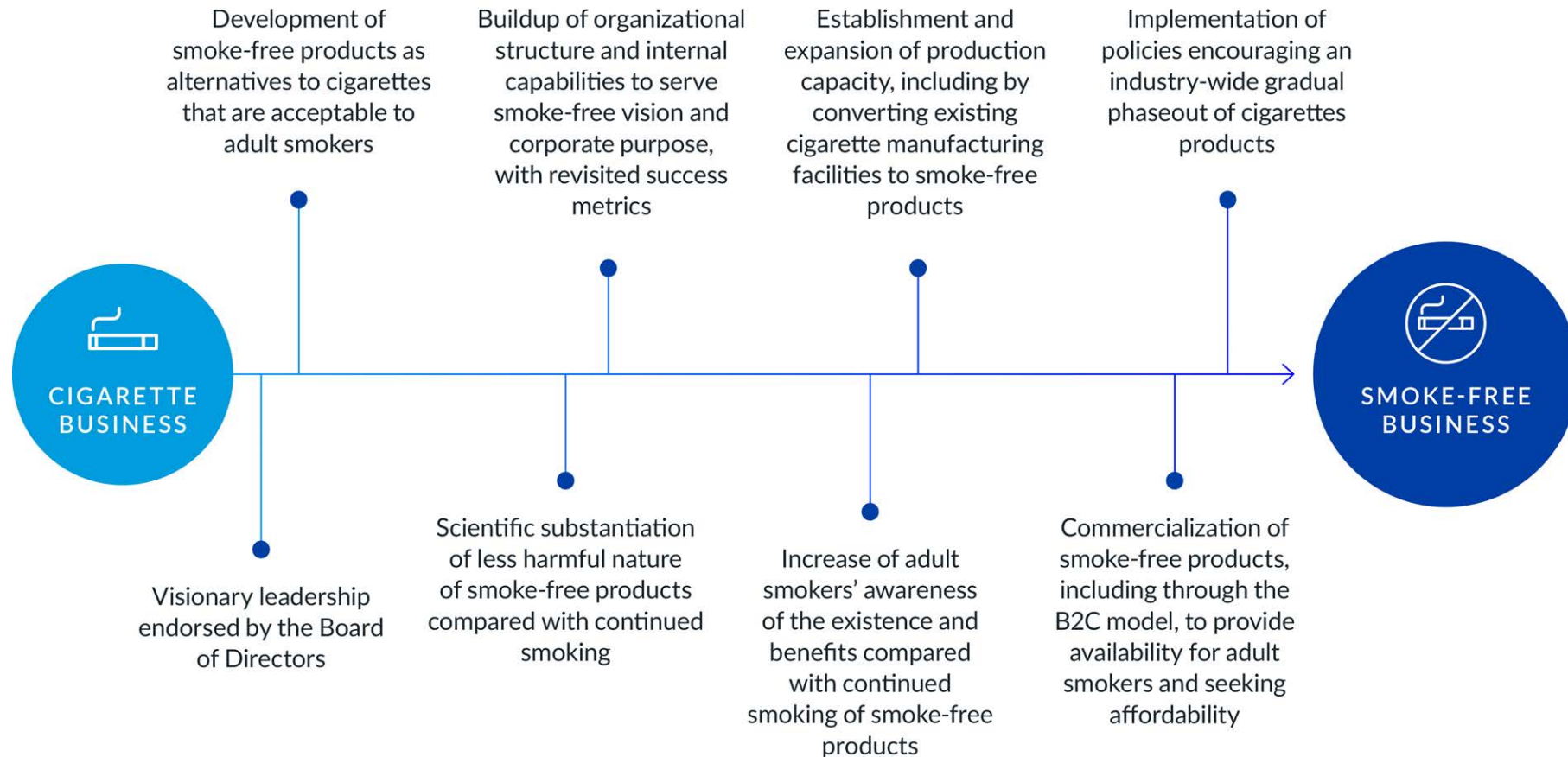
3. Beyond smoke-free

Emerging opportunities



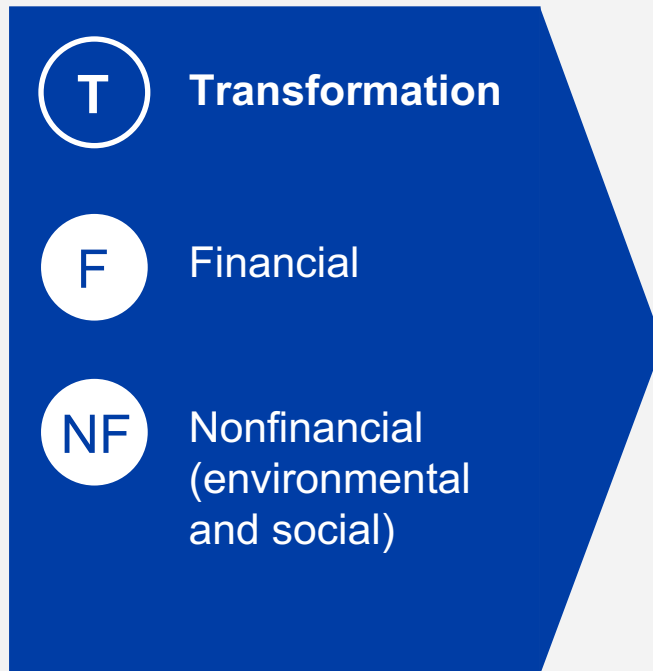
Wellness

Change in motion: Supply and demand measures needed to drive cigarette obsolescence



Business Transformation Metrics

Demonstrating intentionality through transparency



- Business transformation is a very company-specific journey, which reporting standards do not properly capture.
- In 2016, we introduced a set of bespoke key performance indicators (KPIs) we call Business Transformation Metrics (BTMs).
- They allow our shareholders and stakeholders to assess both the pace and scale of our transformation.
- In 2025, we refined our BTMs to reflect the current phase of our transformation and evolving stakeholder expectations.
- PricewaterhouseCoopers SA (PwC) has provided independent limited assurance.*

Business Transformation Metrics: Full picture

Category	Indicator	2015 (baseline)	2023	2024	2025*	Aspiration
INPUT	Adjusted R&D expenditure ratio (smoke-free/total)	69.6%	99.4%	99.5%	99.7%	
	Capital expenditure ratio (smoke-free/smoke-free+combustibles) ¹	27%	79%	81%	89%	
	Commercial expenditure ratio (smoke-free/total)	8%	74%	78%	77%	
OUTPUT AND OUTCOME	Number of markets where smoke-free products are available for sale ²	7	84	95	106	
	Number of markets where at least two categories of smoke-free products are available for sale ^{2,3}	0	36	45	52	
	Smoke-free product shipment volume (in billion units) ⁴	1	140	159	179	
	Smoke-free product shipment volume—heated tobacco units (in billion units)	0	125	140	155	
	Shipment volume—oral products (in billion equivalent unit) ⁵	0	14	17	21	
	Shipment volume—e-vapor (in billion equivalent unit)	0	1	2	3	
	Smoke-free net revenues (in billion USD) ⁶	0.2	12.8	14.7	16.9	
	Adjusted net revenues ratio (smoke-free/total) ^{6,7}	0.7%	36.4%	38.7%	41.5%	>2/3 by 2030
	Net revenues ratio in markets where PMI smoke-free products have been available for sale for at least three years ^{2,6,8}	n/a	41.7%	42.7%	49.5%	
	Number of markets where >50% of net revenues are smoke-free ⁶	0	25	23	27	~60 by 2030
Number of markets where >75% of net revenues are smoke-free ⁶	0	3	6	8	~40 by 2030	
IMPACT	Total number of users of PMI smoke-free products (in millions) ⁹	n/a	~33.5	~39	~43.5	
	Change in combustible tobacco product shipment volume versus 2015 baseline ¹⁰	n/a	(27.9)%	(27.6)%	(28.9)%	
	Change in combustible tobacco product shipment volume in markets where PMI smoke-free products are available for sale versus 2015 baseline ^{2,8,10}	n/a	(34.5)%	(35.4)%	(36.9)%	
	Change in combustible tobacco product industry volume versus 2015 baseline ^{10,11(a)}	n/a	(19)%	(19)%	(21)%	
	Change in combustible tobacco product industry volume in markets where PMI smoke-free products are available for sale versus 2015 baseline ^{2,8,10,11(b)}	n/a	(26)%	(27)%	(30)%	
Change in combustible tobacco product industry volume in markets where PMI smoke-free products are not available for sale versus 2015 baseline ^{8,10,11(c)}	n/a	0 %	4 %	10%		



Closing our 2025 Roadmap

Product impact

Purposefully phase out cigarettes

41.5%

Smoke-free business percentage of our total annual net revenues.

Maximize the benefits of smoke-free products

106

Markets where our smoke-free products were available, (more than 50% were low- and middle-income markets)

98%

Of our shipment volume covered with youth access prevention programs

Seek net positive impact in wellness and healthcare

Aspeya, PMI's Wellness unit, continued to innovate, optimize formulas, and prioritize responsible innovation

Reduce post-consumer waste

91%

Of shipment volumes with anti-littering programs for cigarette butts

56%

Of shipment volumes with end-of-life take-back programs for smoke-free consumables

All new PMI-designed electronic devices launched by year ended 2025 implemented eco-design requirements and obtained eco-design certification

2025 achievements

Operational impact

Foster an empowered and inclusive workplace

76%

Of employees globally had access to structured lifelong learning

34.4%

Of senior roles were held by women

Improve the quality of life of people in our supply chain

Child labor prevalence affected zero percent of our purchased tobacco

99.6%

Of contracted farmers supplying tobacco to PMI made a living income by year-end 2025

Tackle climate change

(46%)

Change of absolute scope 1+2 GHG emissions

(17%)

Change of absolute scope 1+2+3 GHG emissions

Preserve nature

99%

Of tobacco purchased at no risk of net deforestation

17.44

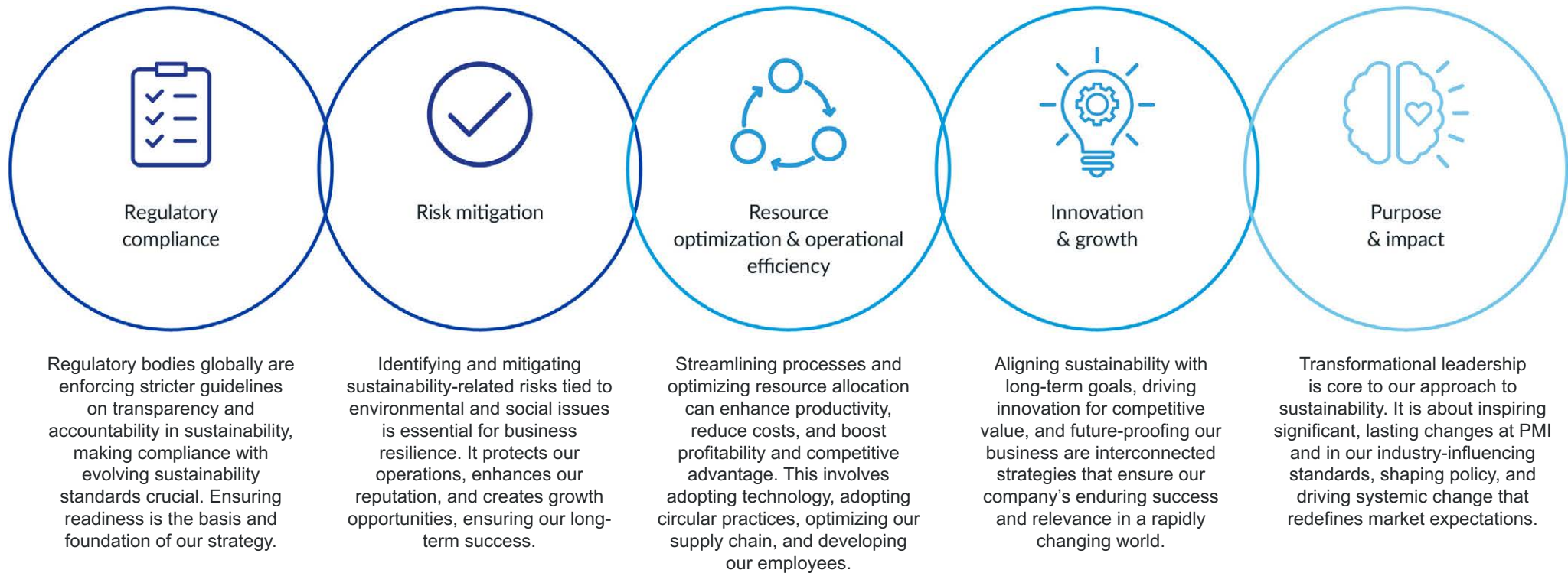
Million cubic meters of water optimizing in our tobacco-growing areas since 2019

2025 achievements

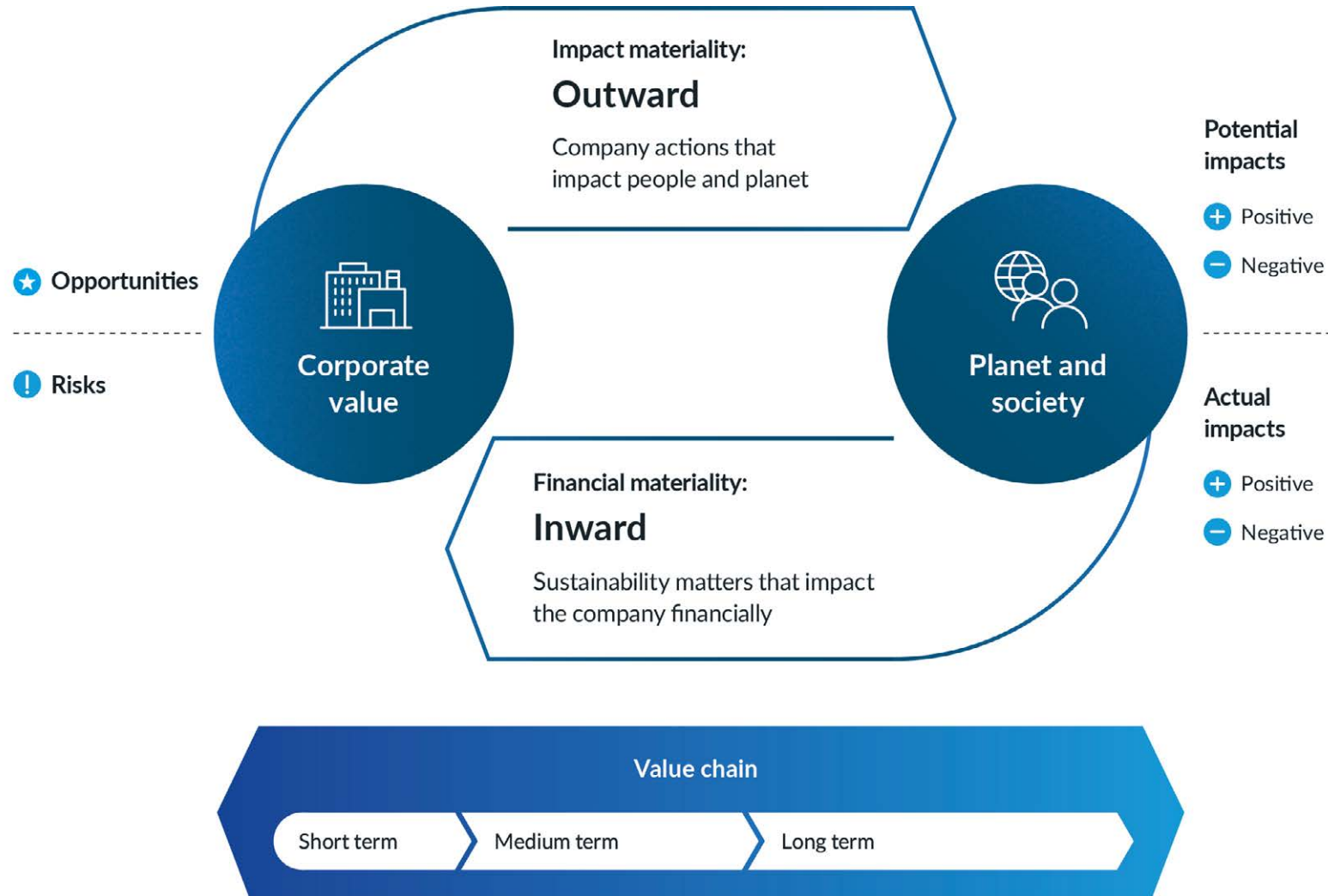


Our approach to sustainability

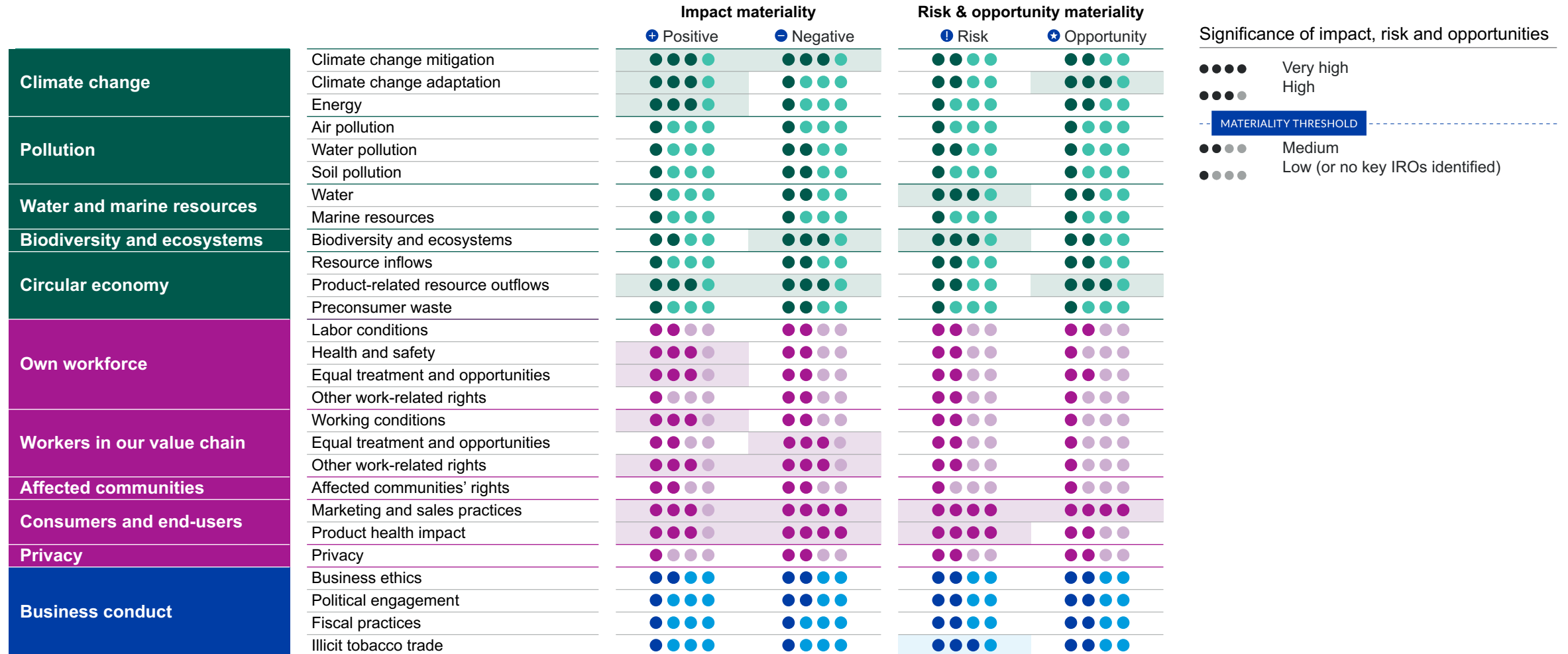
Meaningful progress and long-term business value are realized when a clear vision is translated into action through robust processes, collective accountability, and a commitment to transparency.



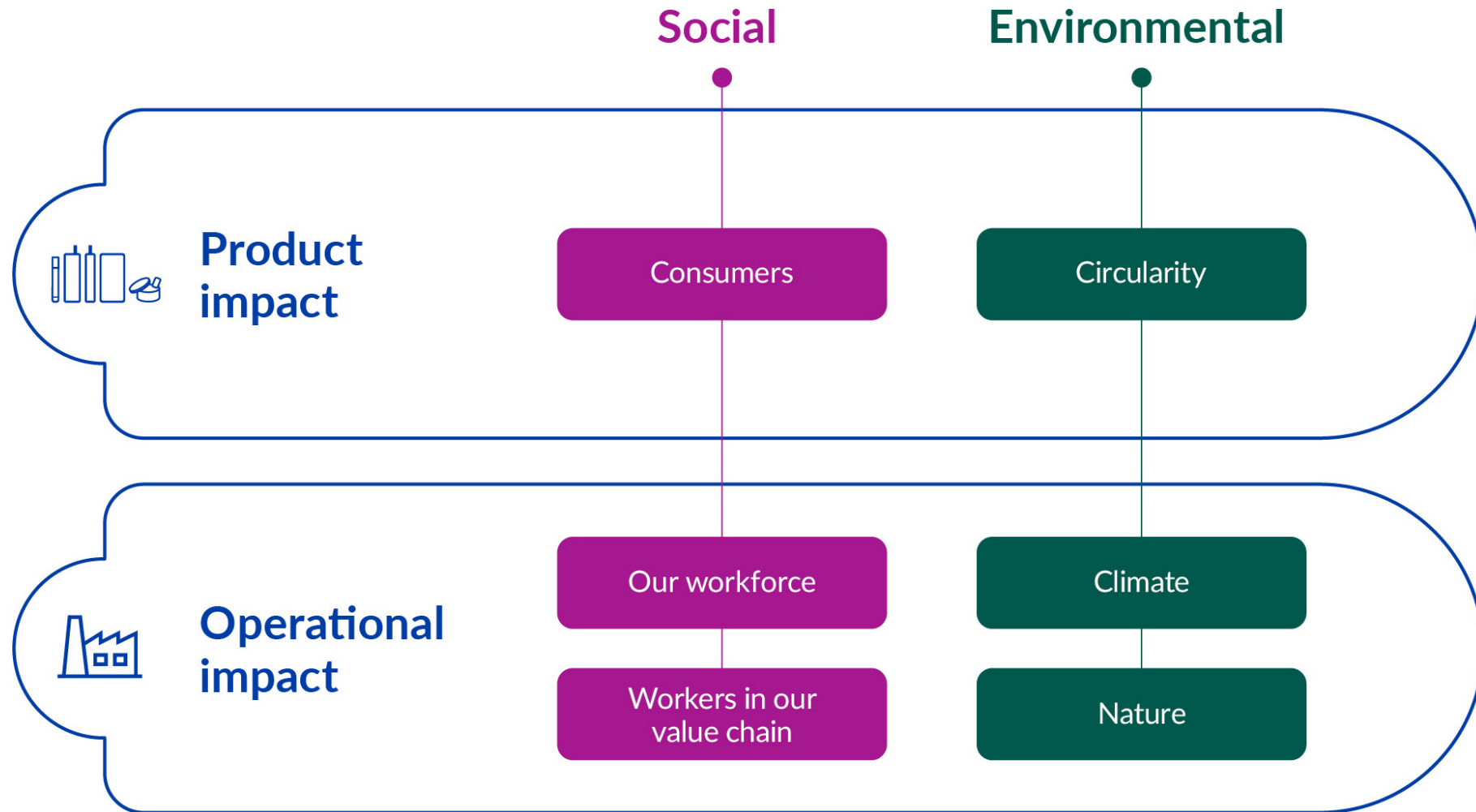
Sustainability materiality assessment: Our approach



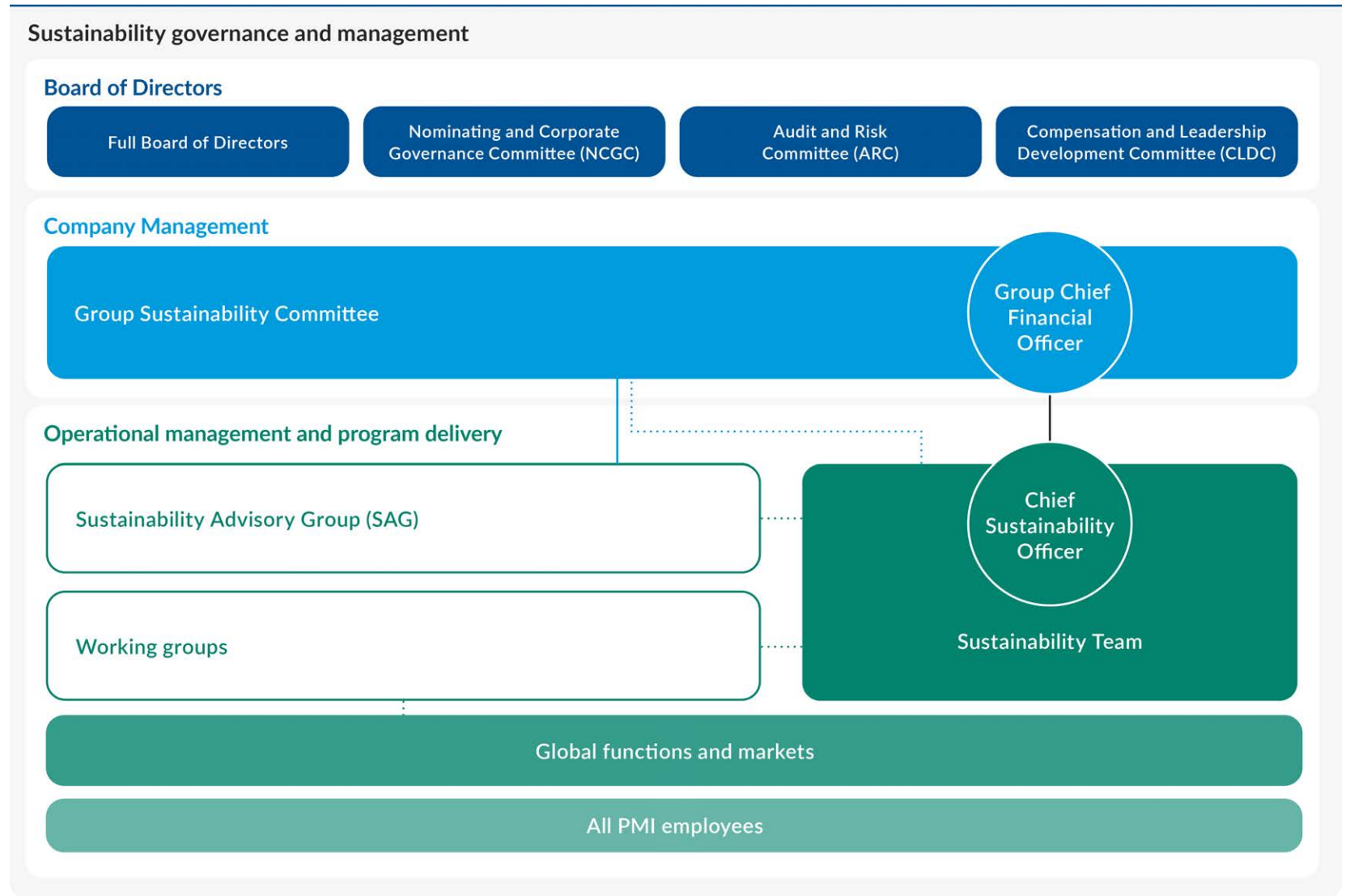
Sustainability materiality assessment results overview



Defining our priorities: Strategic framework

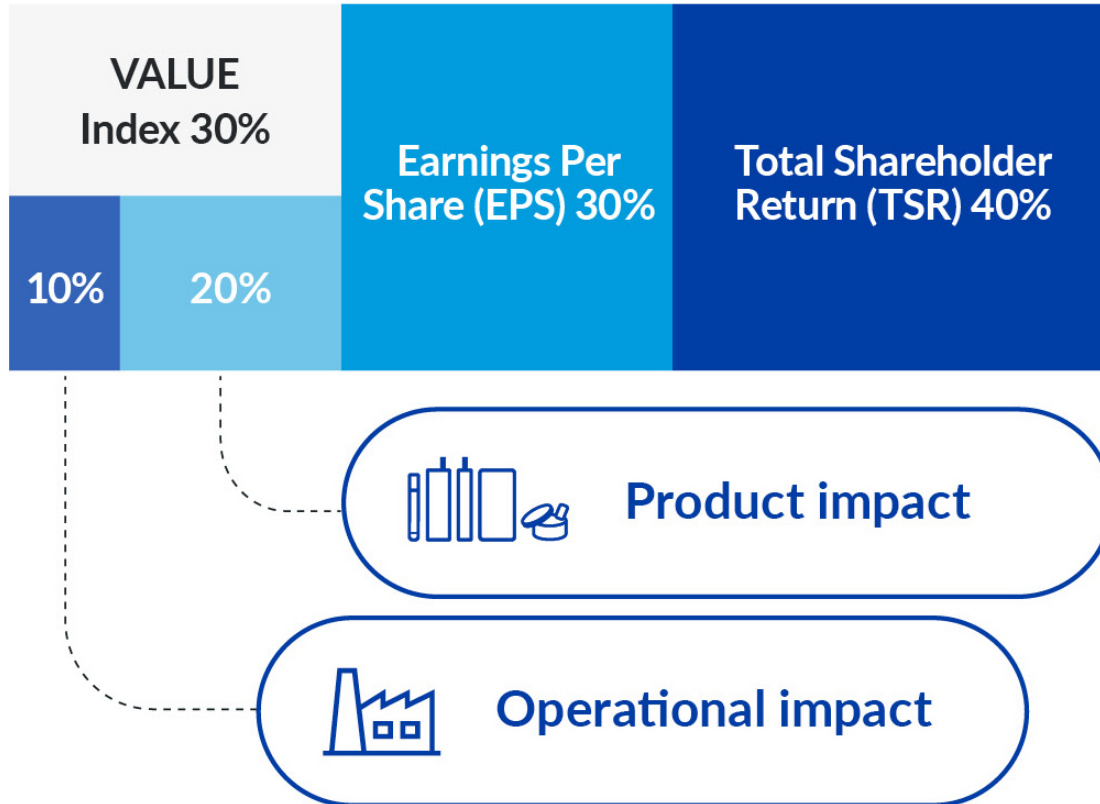


Integrating value creation into governance and management



PMI VALUE Index

Linking key value drivers to executive compensation



VALUE:

Viability

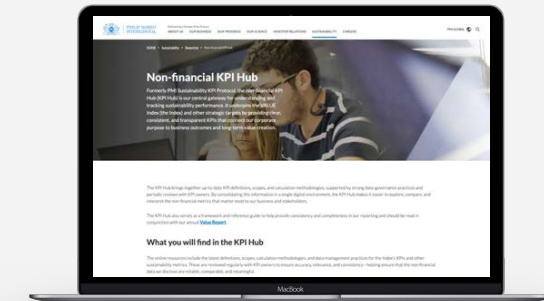
Adaptability

Long-term performance

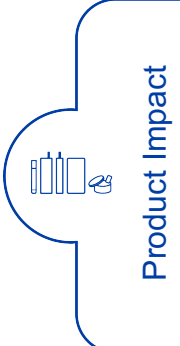

Uplifting

Excellence

[KPI methodological details are available in PMI's Non-financial KPI Hub.](#)

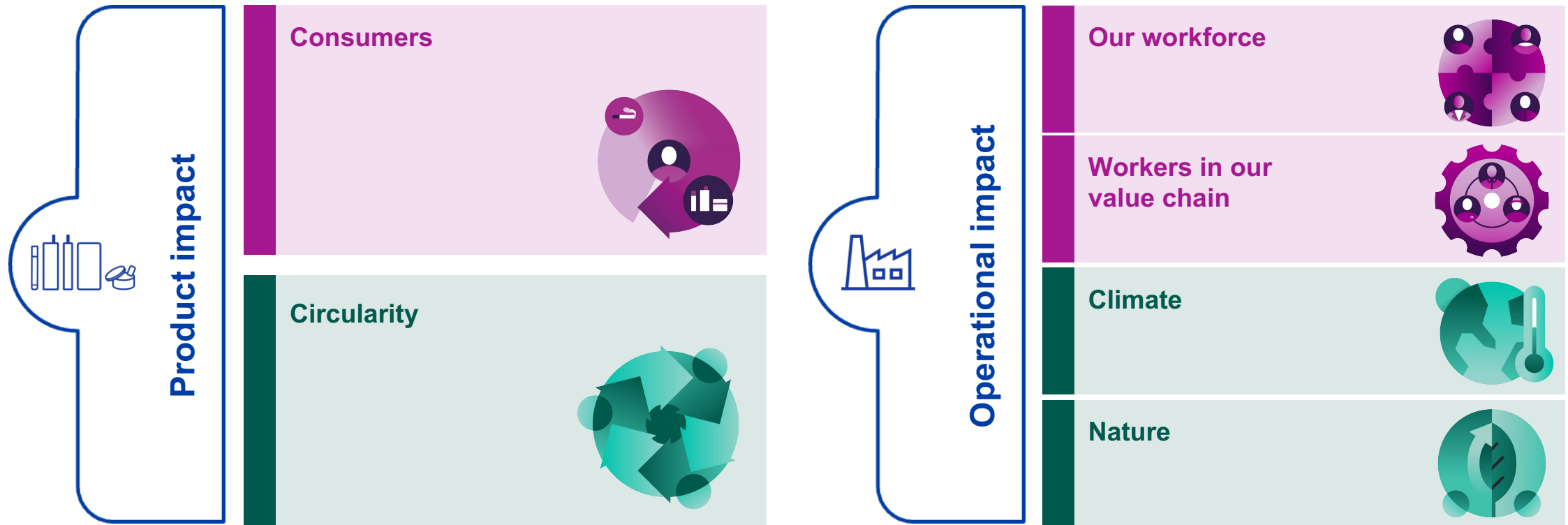


PMI VALUE Index 2026-2028

	Strategic priorities	Key performance indicators	KPI weight
 Product Impact	Consumers	Adjusted net revenues ratio (smoke-free/total)	80%
		Number of markets where >50% of net revenues are smoke-free	
		Percentage of PMI's total shipment volume covered by youth access prevention programs in indirect retail channels	
	Circularity	Percentage of overall recycled content in device portfolio	20%
Product Impact Performance			100%
 Operational Impact	Our workforce	Three-year average turnover at senior roles who were recently hired or promoted/upgraded	50%
	Workers in our value chain	Proportion of the most economically vulnerable farmers benefiting from interventions that drive a measured increase in income	
	Climate	Absolute scope 3 Forest, Land, and Agriculture (FLAG) greenhouse gas emissions reduction versus 2019 baseline	50%
	Nature	Proportion of priority forest area in PMI tobacco and paper and pulp-based product supply chains with zero deforestation	
Operational Impact Performance			100%

Introducing our Strategic Value Plan 2030+

Our six strategic priorities



Consumers

Our aspiration is to lead the change by maximizing access to smoke-free products among legal age consumers and actively working to make cigarettes obsolete, while continuing to uphold robust safeguards that help ensure the responsible marketing, sale, and use of our products.



Targets

>2/3

Net revenue ratio (smoke-free/total) by 2030

~60

Markets where net revenues from smoke-free exceed 50% of total net revenues, including ~40 where they exceed 75% of total net revenues by 2030

100%

Of online sales orders in our online direct retail channels subject to technology-based mandatory age verification, where technology is available, by 2030

>95%

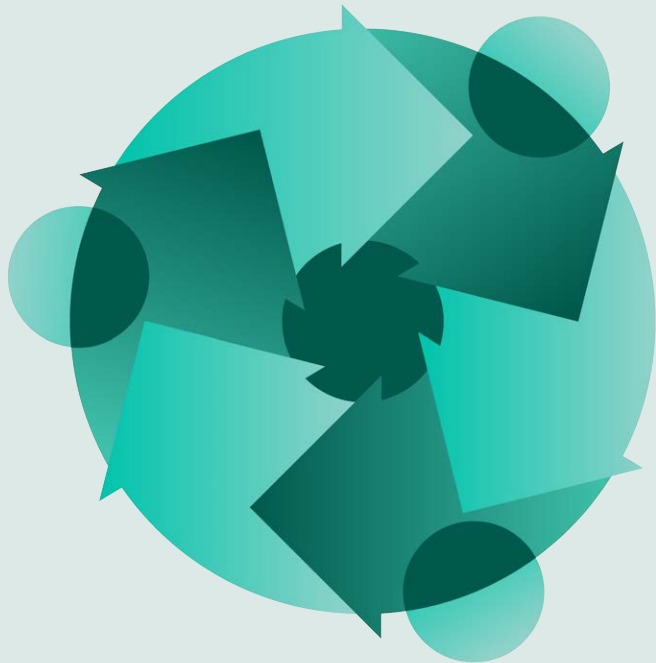
Success rate of PMI's Challenge 30 global mystery shopper program across PMI International markets which have a brand retail presence as of 2026

>90%

Of total shipment volume covered by youth access prevention programs in indirect retail each year as of 2026

Circularity

Our aspiration is to embed sustainability across the full lifecycle of our product portfolio—electronic devices, consumables, and packaging—by prioritizing the use of recycled and responsibly sourced materials, optimizing product durability and recyclability, and fostering responsible end-of-life management.



Targets

≥10%

Recycled content in our electronic device portfolio by 2030

≥80%

Of our shipment volume covered by markets with anti-littering program in place for cigarettes, every year through 2030

1

Plastic-free consumable per PMI heat-not-burn technology platform commercialized by 2030

Our workforce

Our aspiration is to empower our employees to thrive throughout their career by nurturing a growth mindset, providing skills development, and fostering an inclusive workplace where everyone can succeed in a fast-changing environment.



Targets

≥80%

Wellbeing Index score, maintained through 2030

100%

Of our employees earn a living wage, maintained through 2030

2030

Global EQUAL SALARY certification, maintained through 2030

<5%

Three-year average turnover for senior roles that have been filled through recent hires or promotions, maintained through 2030

80-90%

Three-year average internal development rate for managerial roles, maintained through 2030

100%

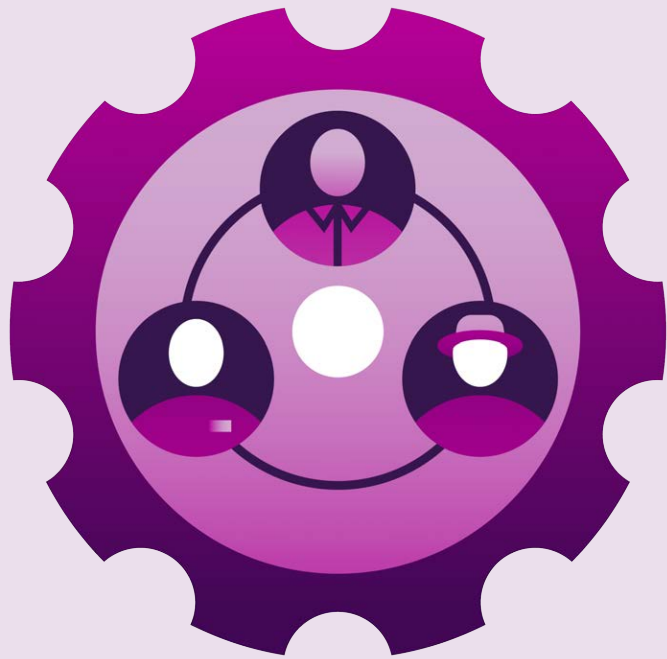
Coverage of ISO 45001 certification of PMI entities producing over 3 billion cigarette equivalents or more than 0.5 billion unit equivalents (pieces or pouches) annually by 2030

<0.1

Number of recordable incidents per 200,000 hours worked by 2030

Workers in our value chain

Our aspiration is to improve the livelihoods of workers in our value chain through a transparent, tailored, and risk-based due diligence that enables targeted and impactful interventions.



Targets

90%

Of priority suppliers meeting PMI's sustainability due diligence standard by 2030

90%

Of priority suppliers with identified child labor risk having implemented targeted prevention and remediation initiatives by 2030

<0.1%

Prevalence of child labor in our tobacco and nicotine agricultural supply chain by 2030

>95%

Of contracted tobacco farmers supplying tobacco to PMI achieving a living income, each year as of 2026

>80%

Of the most economically vulnerable contracted tobacco farmers benefiting from interventions that drive a measurable increase in income by 2030

>95%

Of contracted farmers supplying tobacco to PMI with access to basic drinking water, maintained through 2030

Climate

Our aspiration is to accelerate decarbonization toward net zero across our entire value chain to strengthen resilience, by prioritizing climate change mitigation and adaptation strategies that address evolving risks and seize opportunities.



Targets

Net zero

Scope 1+2+3 GHG emissions by 2040

90%

Reduction in absolute scope 1+2+3 GHG emissions versus 2019 baseline by 2040

72%

Reduction in absolute scope 3 FLAG GHG emissions versus 2019 baseline by 2040

100%

Of vulnerable direct operations locations and key tobacco sourcing locations covered by climate adaptation plan by 2030

50%

Reduction in absolute scope 1+2 GHG emissions versus 2019 baseline by 2030

33.3%

Reduction in absolute scope 3 FLAG and 27.5% reduction in absolute scope 3 industrial GHG emissions versus 2019 baseline by 2030

15%

Of total electricity consumed in our manufacturing operations self-generated by 2030

Nature

Our aspiration is to preserve and restore biodiversity, water, and forests across our operations and broader value chain to safeguard the long-term resilience of ecosystems and drive measurable progress toward achieving no net loss of natural resources.



Targets

No net loss

On ecosystems connected to our value chain by 2033

100%

Of priority tobacco-growing areas with regenerative agriculture practices implemented by 2033

Zero

Deforestation of priority forest area in our tobacco and pulp and paper-based product supply chains by 2026

≥60%

Circular water use in our priority manufacturing sites by 2030, and 100% by 2033

≥25

Million cubic meters of water optimized in our tobacco supply chain by 2033

100%

Of priority manufacturing sites certified by the Alliance for Water Stewardship (AWS), maintained through 2030



PRODUCT IMPACT



Consumers: Management approach



Our approach is rooted in science and innovation, the commercialization of high-quality products, and responsible marketing and sales practices, all designed to accelerate the shift away from cigarettes and reduce harm for adult smokers.

Core elements of our approach



Science-driven innovation



Strict Marketing Codes and robust youth access controls across all channels



ACCESS framework
(Awareness, Acceptability, Availability, Affordability, Advocacy)



Strong governance

Individual risk reduction

Science-based alternatives to cigarette smoking



Adult smokers switching

Access to smoke-free products and cigarette phase-out, upholding responsible marketing and sales practices



Population harm reduction

Maximized benefits of smoke-free products

Nicotine science



- **Nicotine is a naturally occurring substance** found in tobacco and in a range of nicotine-containing products.
- Nicotine is a **key factor influencing the acceptability of smoke-free alternatives** among adult smokers.
- **Independent scientific research is essential** to improve understanding of nicotine's characteristics, risks, and effects when used outside the context of smoking.

Further information on nicotine science, including current research and common misconceptions, is available at [PMscience.com](https://www.pmscience.com).

While nicotine is addictive and not risk-free, it is not the primary cause of smoking-related diseases; smoking itself is.



Growing scientific and regulatory consensus on tobacco harm reduction



Philip Morris International
Delivering a Smoke-Free Future
ABOUT US | OUR BUSINESS | OUR PROGRESS | OUR SCIENCE | INVESTOR RELATIONS | SUSTAINABILITY | CAREERS | PMI GLOBAL

Find the overview on [PMI.com](https://www.pmi.com).

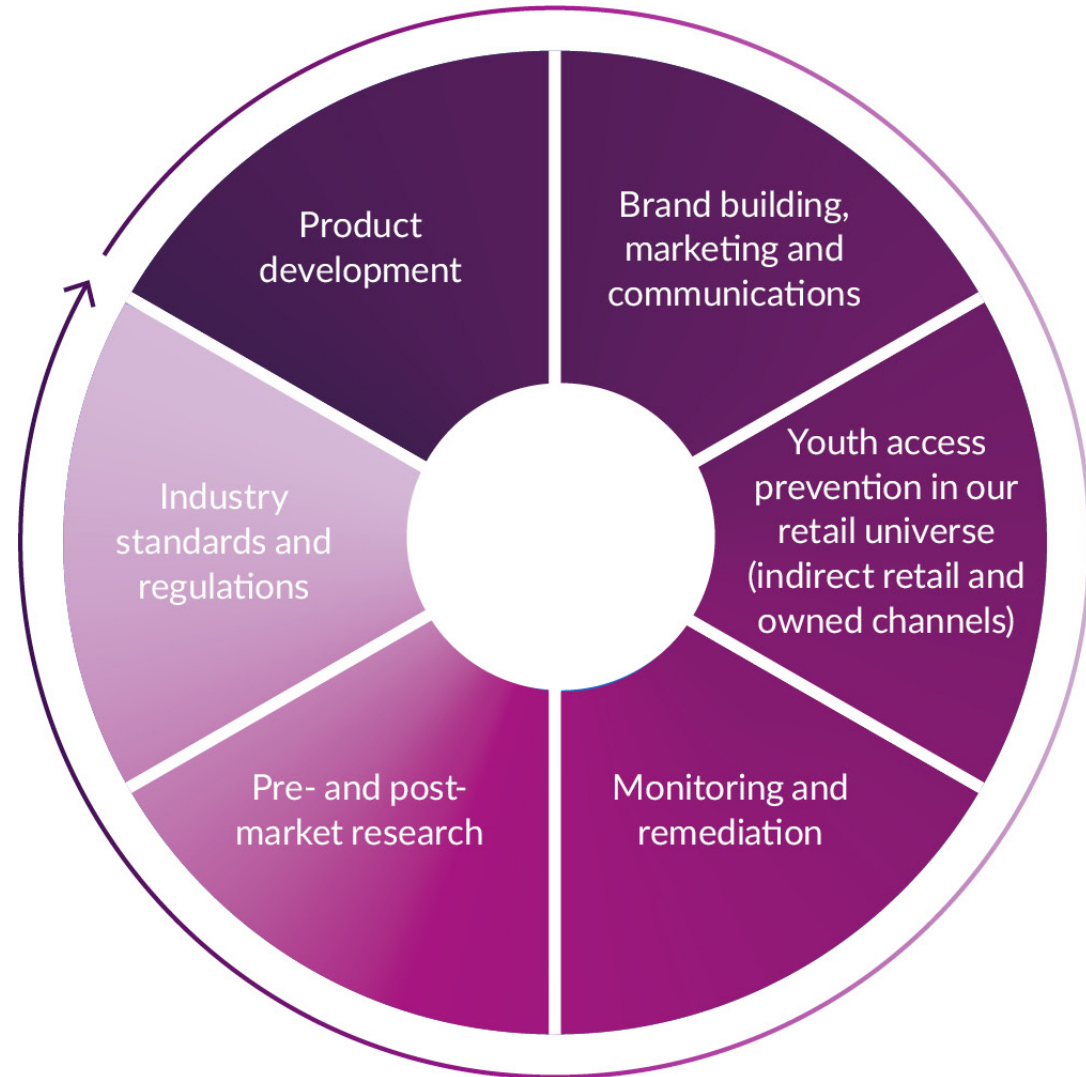
The grid of flags includes: New Zealand, United States, Philippines, Greece, Czech Republic, Switzerland, Turkey, Portugal, Slovakia, Tanzania, United Kingdom, Hungary, Germany, South Korea, China, Japan, Canada, and Ukraine.



Consumers: Responsible marketing and sales practices



Our commercialization strategy incorporates responsible marketing and sales principles and practices end-to-end, starting with our own product design and development, all the way to monitoring the effectiveness of our youth access prevention measures, and to advocating for strong regulation and enforcement.



Consumers: Access to smoke-free products



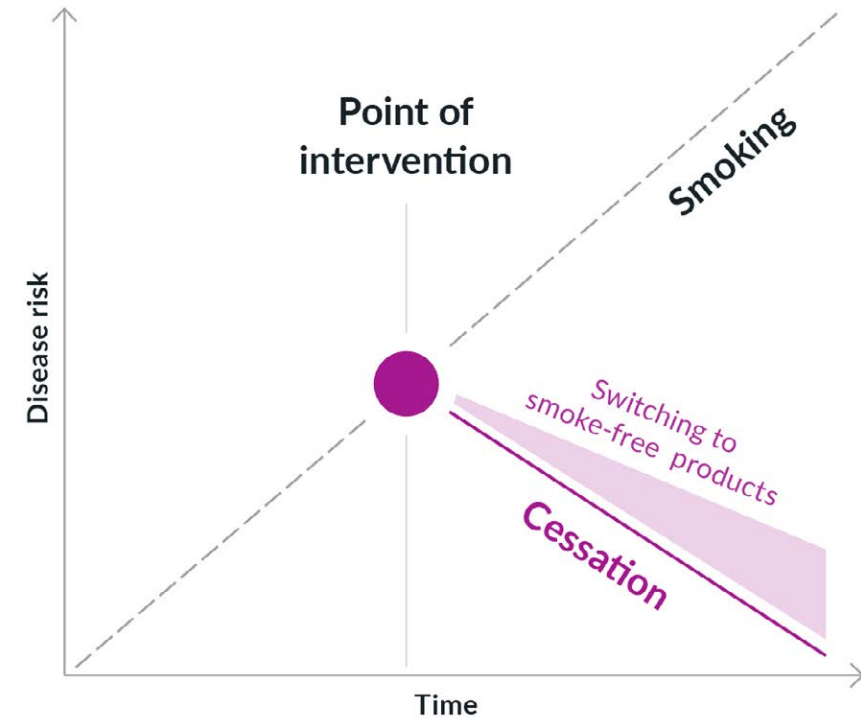
Consumers: Progress in 2025



Scientific research and product development

- FDA authorization for ZYN (20 variants) and renewed MRTP for *General Snus* in U.S.
- 551 peer-reviewed published papers on smoke-free products since 2018 and multi-disciplinary R&D across 1,600+ scientists
- 99.7 percent of R&D expenditure allocated toward our smoke-free business in 2025
- 5,000 patents granted for smoke-free technologies by the world's five largest intellectual property offices (IP5) between 2015 and year-end 2025

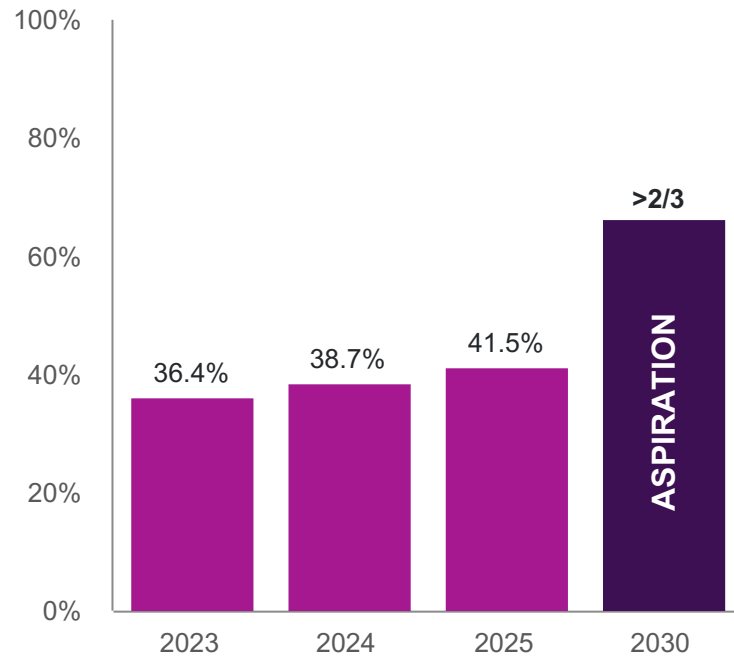
Conceptual depiction of the cumulated risk of smoking and the effect of cessation over time



Consumers: Progress in 2025

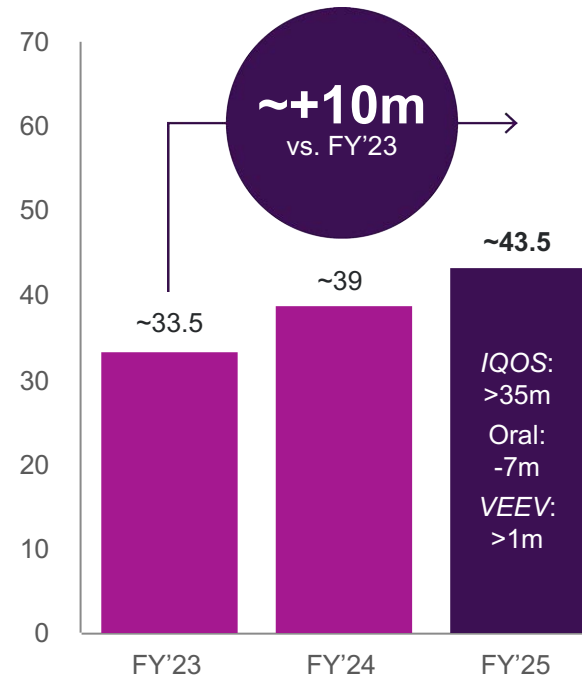


Adjusted net revenue ratio (smoke-free/total)



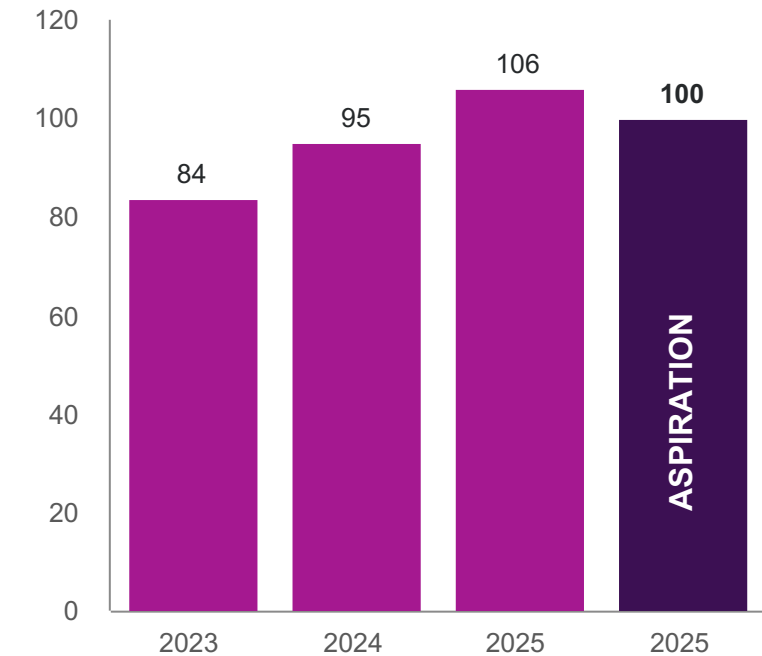
1. Data exclude the combustibles net revenue impact related to termination of distribution arrangement in the Middle East in 2023.

Total smoke-free product users¹ (in millions)



1. See Glossary for definition. Total may not foot due to rounding. Users include estimates of poly-use. Source: PMI market research or estimates.

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



Consumers: Progress in 2025



Youth access prevention in our retail universe

98%

Of shipment volume in indirect retail was covered by markets with youth access prevention programs

34

Mystery Shopper Program (MSP), Challenge 30, deployed in 34 markets globally, covering both direct retail and online orders

Age verification

Technology-powered solutions piloted in Austria, Switzerland, Belgium, and Poland

Story of Impact

Piloting age verification solutions to strengthen youth access prevention in Austria

The innovation integrates facial age estimation into cashier systems to reinforce youth access prevention in indirect retail, while prioritizing privacy, retailer usability, and stakeholder collaboration.

Consumers: Progress in 2025



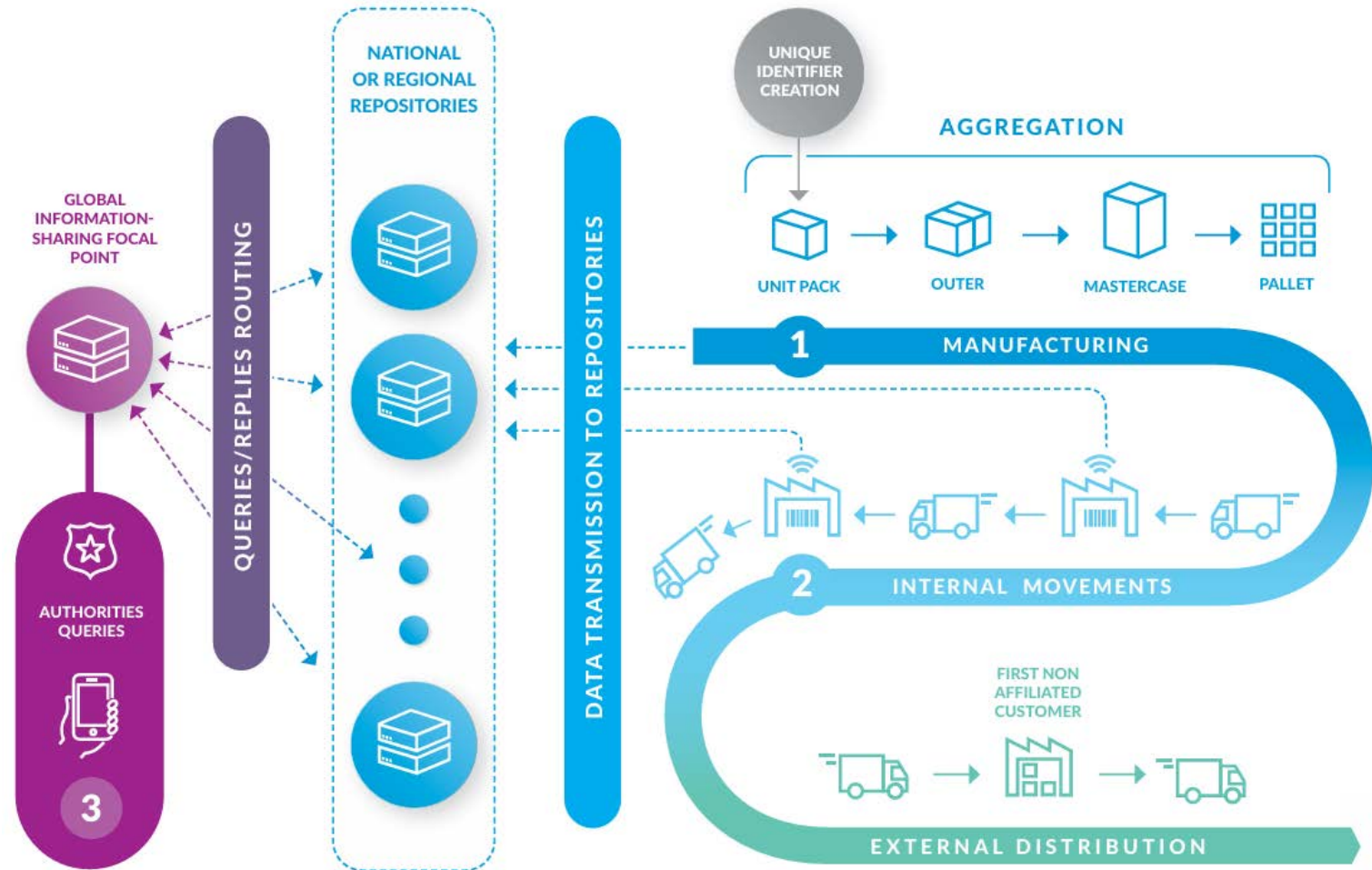
Illicit trade prevention

150

Countries covered by our track-and-trace process

470

Training sessions conducted with law enforcement agencies across the world since 2020, reaching more than 78,000 officials





PMI's Wellness unit (Aspeya)

Beyond smoke-free, we recognize the value of working toward the next horizon, steadily advancing wellness initiatives that support our long-term vision.

Key growth areas

Aspeya is exploring **adjacent avenues of growth in consumer wellness**, leveraging PMI's life science and technology expertise to address unmet consumer and patient needs.



Consumer wellness



Cannabinoids



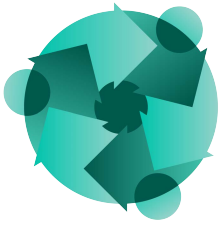
Inhaled therapeutics

Product impact

Circularity



Circularity: Management approach




We aim to preserve resources, reduce waste, and address inappropriate disposal of our products, including littering.

Core elements of our approach




 **Electronic devices**

- Optimize use of materials
- Increase use of recycled content
- Enhance longevity and repairability
- Maintain high recyclability

 **Consumables**

- Reduce plastic intensity

 **Packaging**

- Optimize use of material packaging format
- Reduce virgin plastic intensity
- Ensure design for recycling

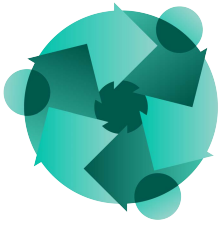
- Provide consumer services and support to maintain reliable product performance, longevity and repairability

- Promote responsible disposal of devices and recovery of materials

- Encourage responsible disposal through consumer education and anti-littering programs

- Encourage responsible disposal through consumer education

Circularity: Progress in 2025



Cigarette butt littering

91%

Of our shipment volumes for combustible cigarettes had anti-littering programs in place

Continued R&D

In 2025, we continued to assess the acceptability of a new non-plastic filter material, ensuring a more comprehensive series of pilot tests in different geographies

Stories of Impact



– Working together to reduce litter in South Korea and Tunisia

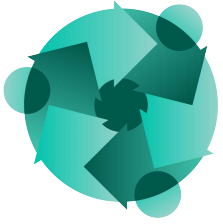


– How cross-sector collaboration in Kazakhstan is helping change littering behavior



– How Philip Morris Bulgaria is working to reduce cigarette butt littering in cities across the country

Circularity: Progress in 2025



Smoke-free consumables

37%

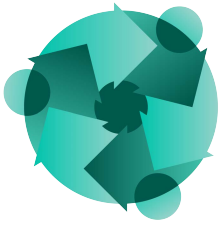
Plastic intensity reduction across our entire heat-not-burn portfolio in 2025 vs. 2019

HTUs

Are significantly less likely to be littered than cigarette butts



Circularity: Progress in 2025



Smoke-free electronic devices

100%

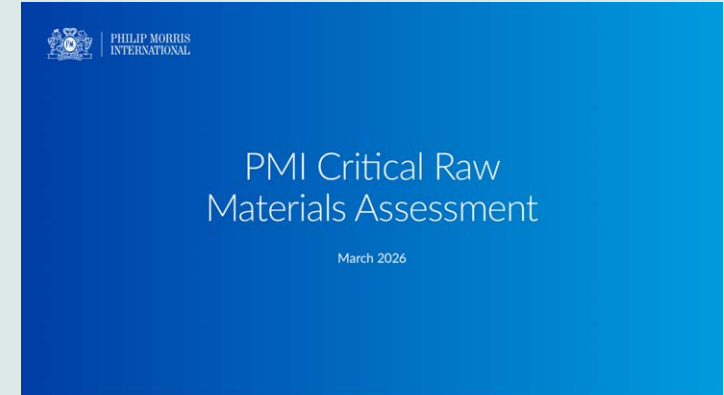
Of all PMI-designed electronic devices launched in 2025 obtained eco-design certification, supported by independently verified Environmental Product Declarations (EPDs)

Recycled materials

Recycled cobalt, plastic, and aluminum are increasingly integrated in product design

Critical raw materials assessment

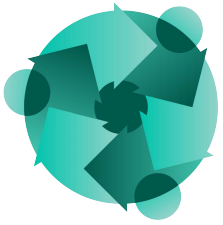
Completed for the first time in 2025 with identified priority materials for increasing recycled content



The report details the methodology we used to assess the inherent sourcing, environmental, and social impacts and risks associated with the CRMs used in our products.

[Critical Raw Materials \(CRMs\) Assessment \(2026\)](#)

Circularity: Progress in 2025



Packaging

Fiber-based

Our packaging remains predominantly fiber-based

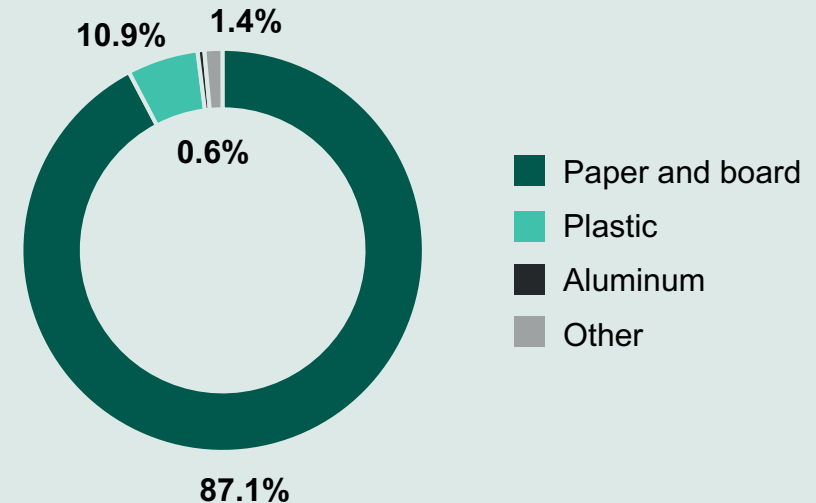
10.9%

Plastics accounted for 10.9% of packaging following the Swedish Match acquisition

99.5%

Of packaging formats designed for recycling in 2025

Use of materials in our packaging in 2025



Note: Data include Swedish Match, and exclude e-vapor product packaging materials (<0.5% of overall PMI tonnage).
Weight excluding Swedish Match: Paper and board 379,794 tons, plastic 25,600 tons, aluminum 2,600 tons, other materials 6,122 tons.



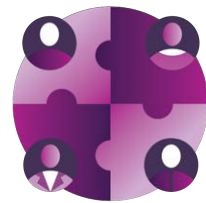
OPERATIONAL IMPACT



Operational impact

Our workforce

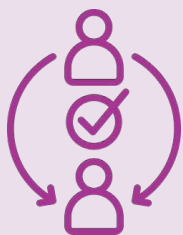




Our workforce: Management approach

Our approach rests on nurturing a future-fit, resilient workforce by leveraging a strong cultural foundation, developing our human capital, and ultimately enabling career growth with purpose.

Core elements of our approach



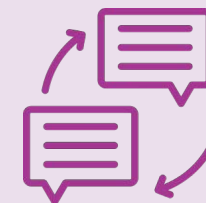
**Shared
responsibility**



**Business-aligned
people strategy**

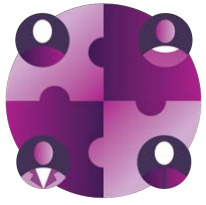


**Focused human
capital development**



**Open dialogue
and trust**

Our workforce: Progress in 2025



Human capital development

We continue to invest in employee development in view of technological advances such as artificial intelligence (AI), leveraging these opportunities to drive innovation and future-proof our workforce.



Early careers



Talent management



Performance management

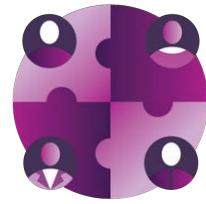


Lifelong learning and employability



Leadership programs

Our workforce: Selected initiatives



Story of Impact

Responsible use of artificial intelligence at PMI

We continue to accelerate the adoption of generative artificial intelligence (AI) through a coordinated, enterprise-wide approach, establishing central governance, expanding AI literacy, and scaling access to Microsoft Copilot solutions across the organization.

Targeted initiatives

Supporting wellbeing

We organized 100+ wellbeing events reaching 20,000+ participants. Over 900 employees completed our Mental Health for All training and targeted workshops supporting people managers in navigating mental health, uncertainty, and change.

Story of Impact

Transforming fleet safety in Indonesia

In Indonesia—one of our largest fleet markets—we implemented a comprehensive fleet safety program built on technology, behavioral training, and governance, leading to ~53% decrease in high-severity collisions.

Operational impact

Workers in our value chain





Workers in our value chain: Management approach

Central to our organization's operations is a commitment to responsible and human-centric value chain practices.

Core elements of our approach



Human rights-led governance



Risk-based supplier oversight



Integrated due diligence

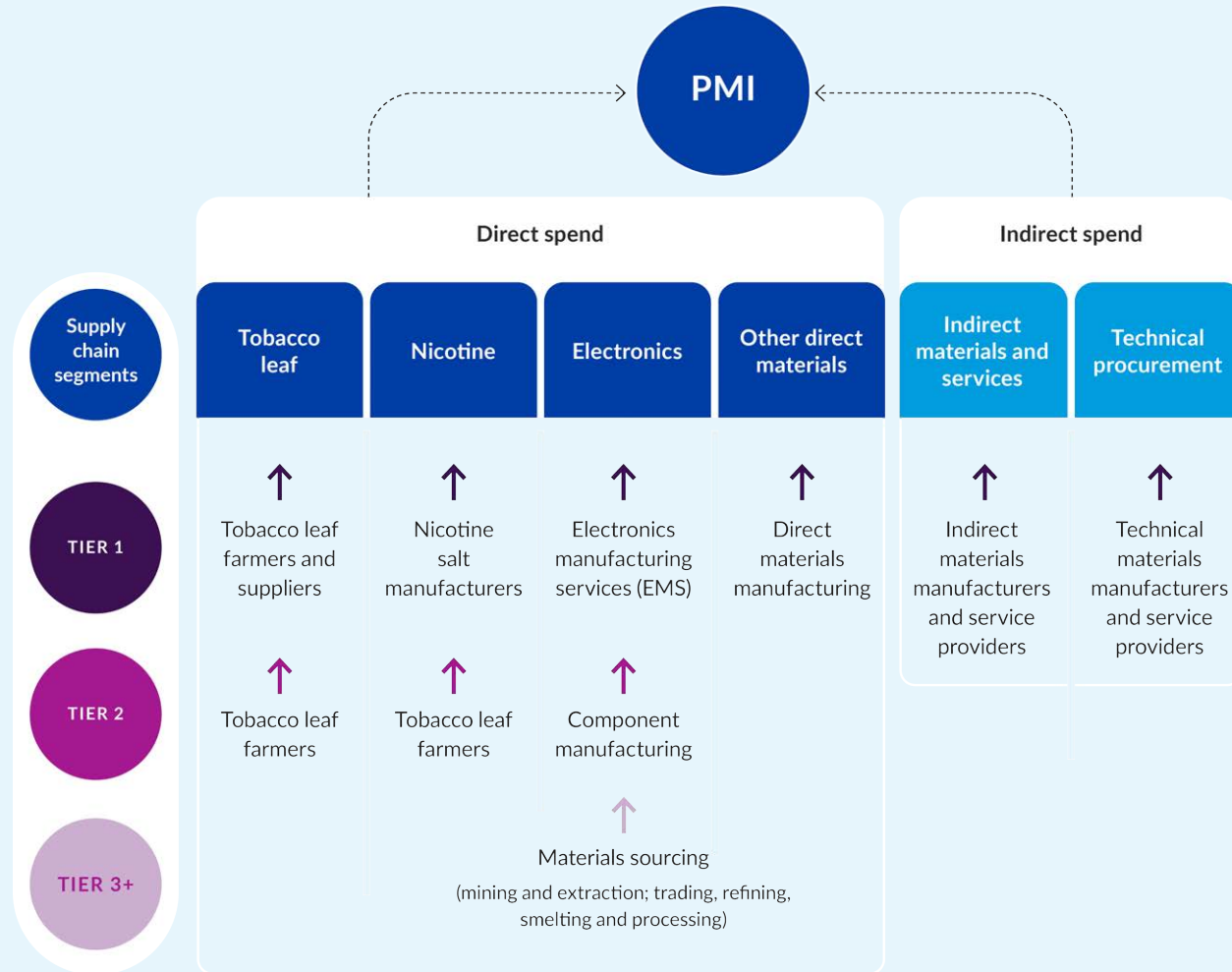


Evolving supply chains

Supply chain due diligence: Overview of main categories in scope



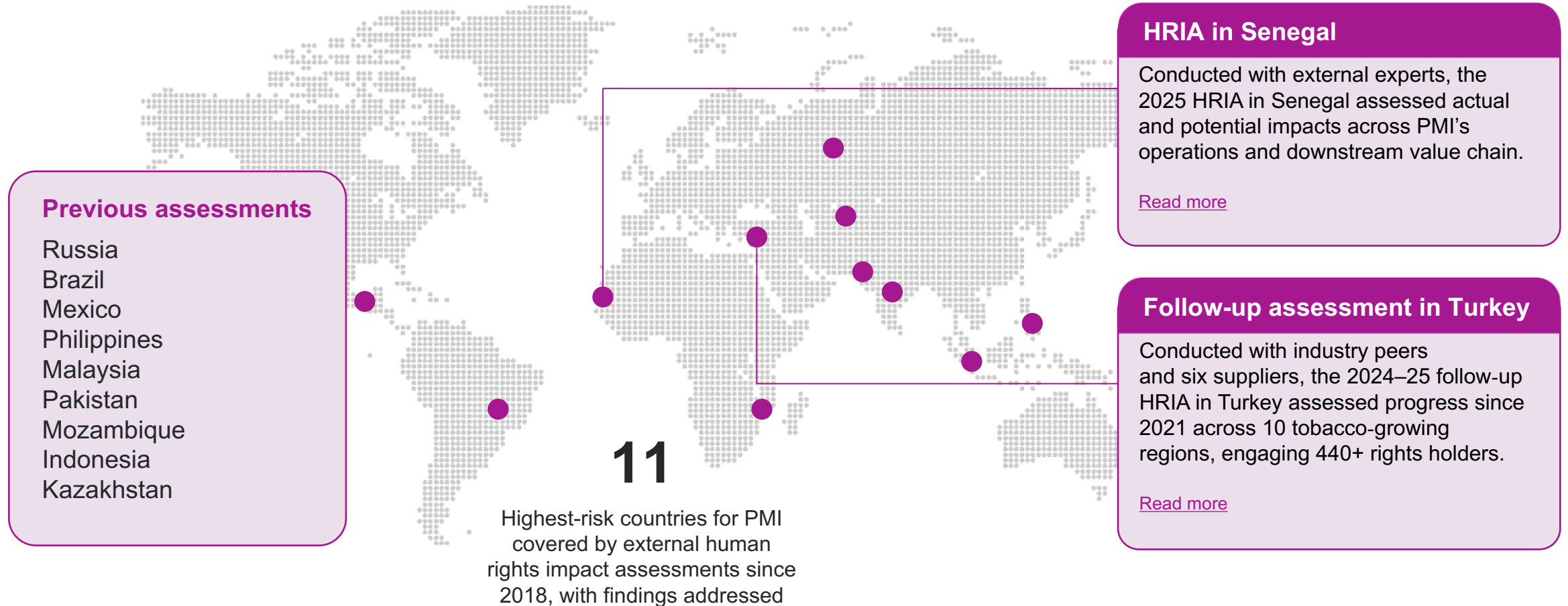
Our target is $\geq 90\%$ of priority suppliers meeting our new Sustainability Due Diligence Standard by 2030.



Assessing human rights impacts in high-risk countries



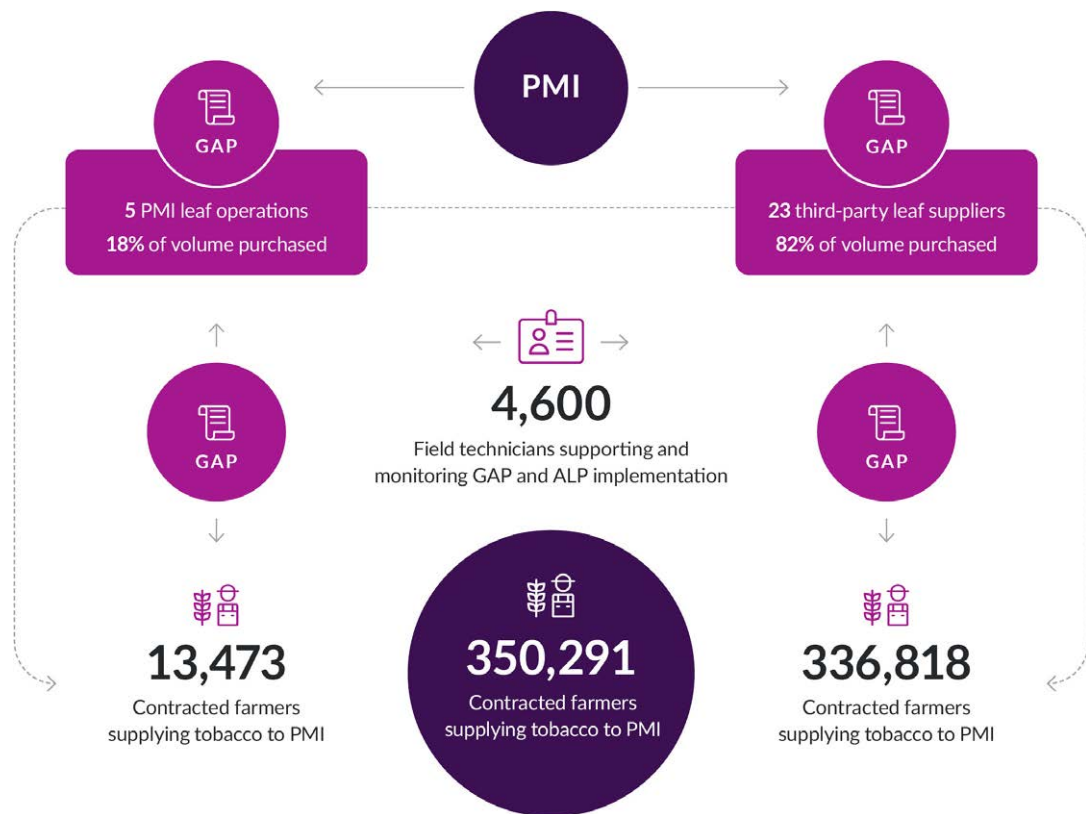
Our human rights impact assessments (HRIAs), described here, extend beyond our direct operations to cover upstream and downstream activities. This helps us identify and address potential issues proactively.



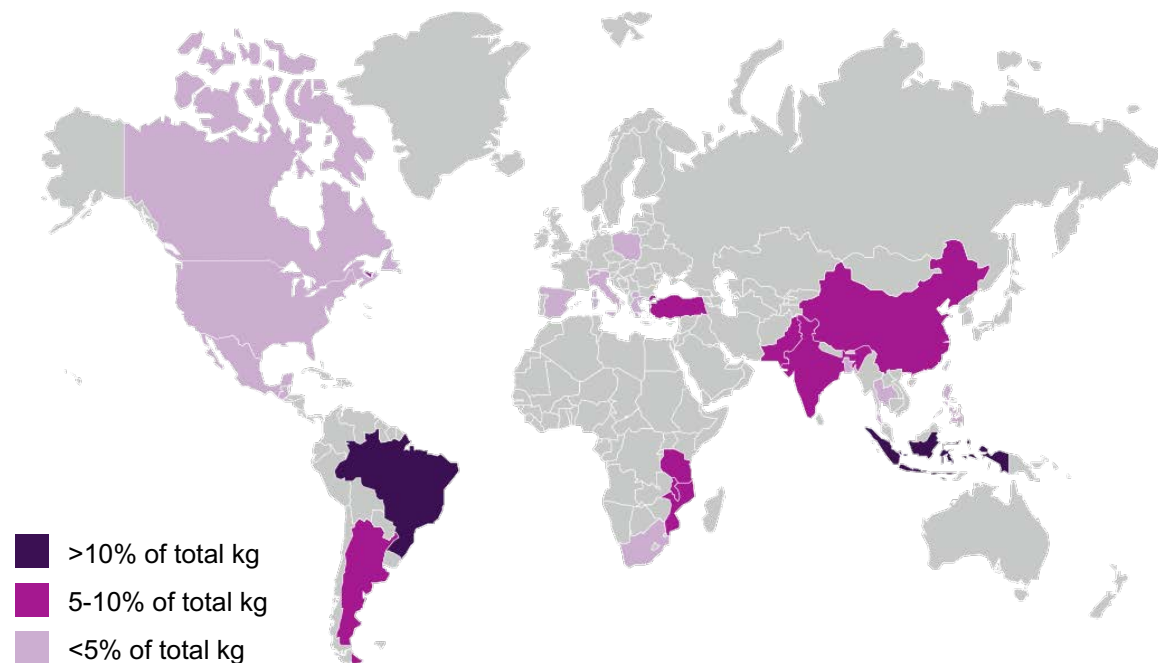


Tobacco supply chain

One of our long-standing commitments is to provide a decent livelihood to all contracted farmers supplying tobacco to our company.



PMI tobacco leaf purchases by geography (2025)



Note: Including Swedish Match.
Source: PMI Operations.



Tobacco supply chain



Our work focuses on these priority areas



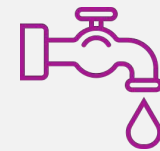
**Eliminating
child labor**



**Promoting
a safe work
environment**



**Payment of at least a
minimum legal wage
or agricultural
benchmark**



**Access
to water**

Eliminating child labor across our tobacco supply chain



Selected examples of targeted initiatives

Mexico

Operates child-care center programs providing safe daytime environments, educational support, and essential services for children of tobacco-sector migrant workers to prevent hazardous labor exposure.

Argentina and Malawi

Implemented comprehensive child labor prevention programs focusing on school improvement, structured educational and recreational activities, nutrition, and family social support, engaging thousands of children to keep them out of labor and in age-appropriate learning.

Asia (Pakistan, India, Philippines)

Sustained initiatives to reduce vulnerabilities through adolescent skills training and family rights-based education, notably the ANNAKO program in the Philippines, which reached over 2,500 children and 300 parents and received accolades for child protection and community empowerment.

Africa (Malawi)

Expanded school feeding and after-school programs across 35 schools benefiting over 34,500 children, alongside scholarship programs supporting 625 learners since 2022, aiming to reduce child labor risks and foster future leadership.



Living income program



99.6%

Of contracted farmers supplying tobacco to PMI making a living income in 2025

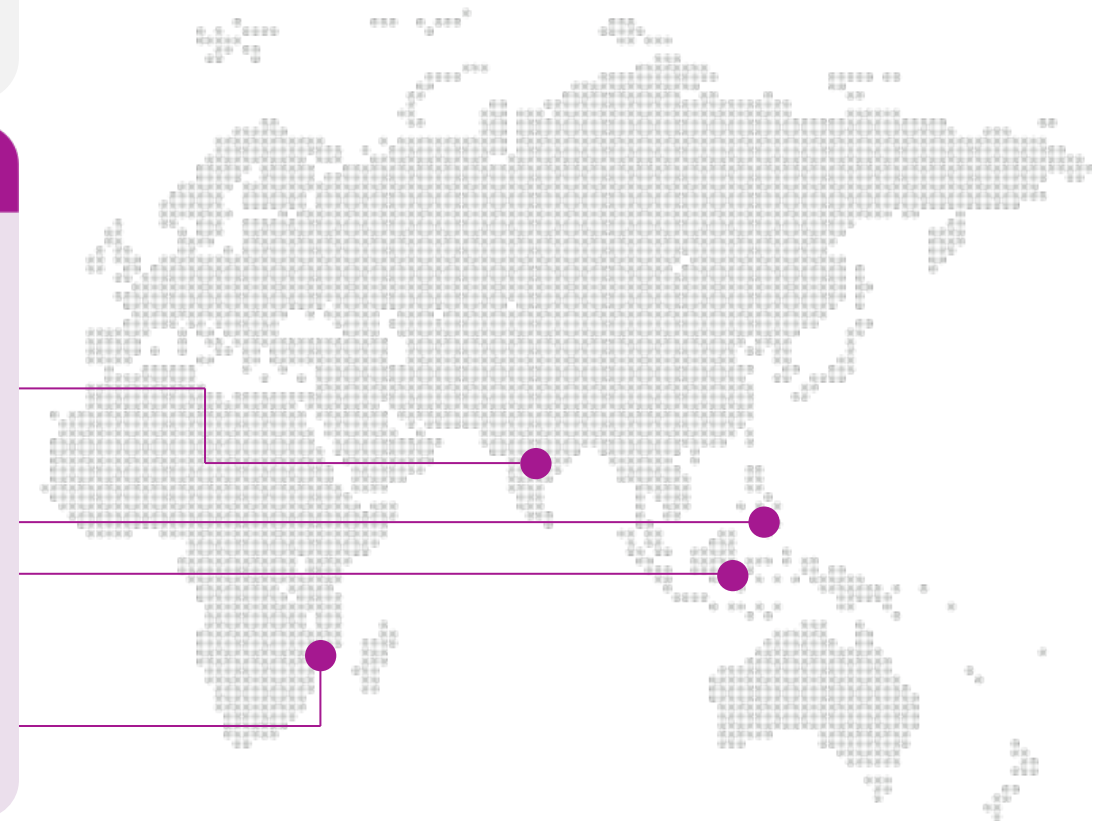
Our key focus areas

- Enhancing farm productivity
- Diversifying income sources

Targeted interventions

In 2025, through these interventions, we impacted 17 % of the most vulnerable farmers in scope (i.e., 1,433 farmers out of 8,523).

- **India:** Livestock initiatives enabled 254 farmers to generate ~USD 400 in additional annual household income through buffalo-milk sales.
- **Indonesia:** Mechanization projects supported 100+ farmers.
- **Philippines:** Income diversification through goat farming, poultry, and mushroom production supported 250 farmers.
- **Mozambique:** Treadle-pump irrigation and starter kits increased vegetable production, delivering ~15% additional annual income.



Nicotine supply chain

With the acquisition of Swedish Match by PMI in late 2022, our supply chain for tobacco was significantly extended to encompass the nicotine supply chain, specifically for oral nicotine products.



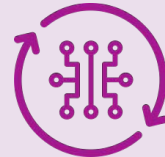
1. Agricultural production for nicotine extraction



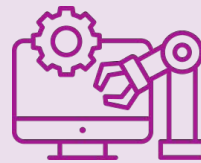
2. Extraction and purification processes

Electronics supply chain

As PMI advances its transformation toward smoke-free products, our reliance on electronics and critical raw materials (CRMs) is increasing.



1. Critical raw materials



2. Manufacturing of electronics



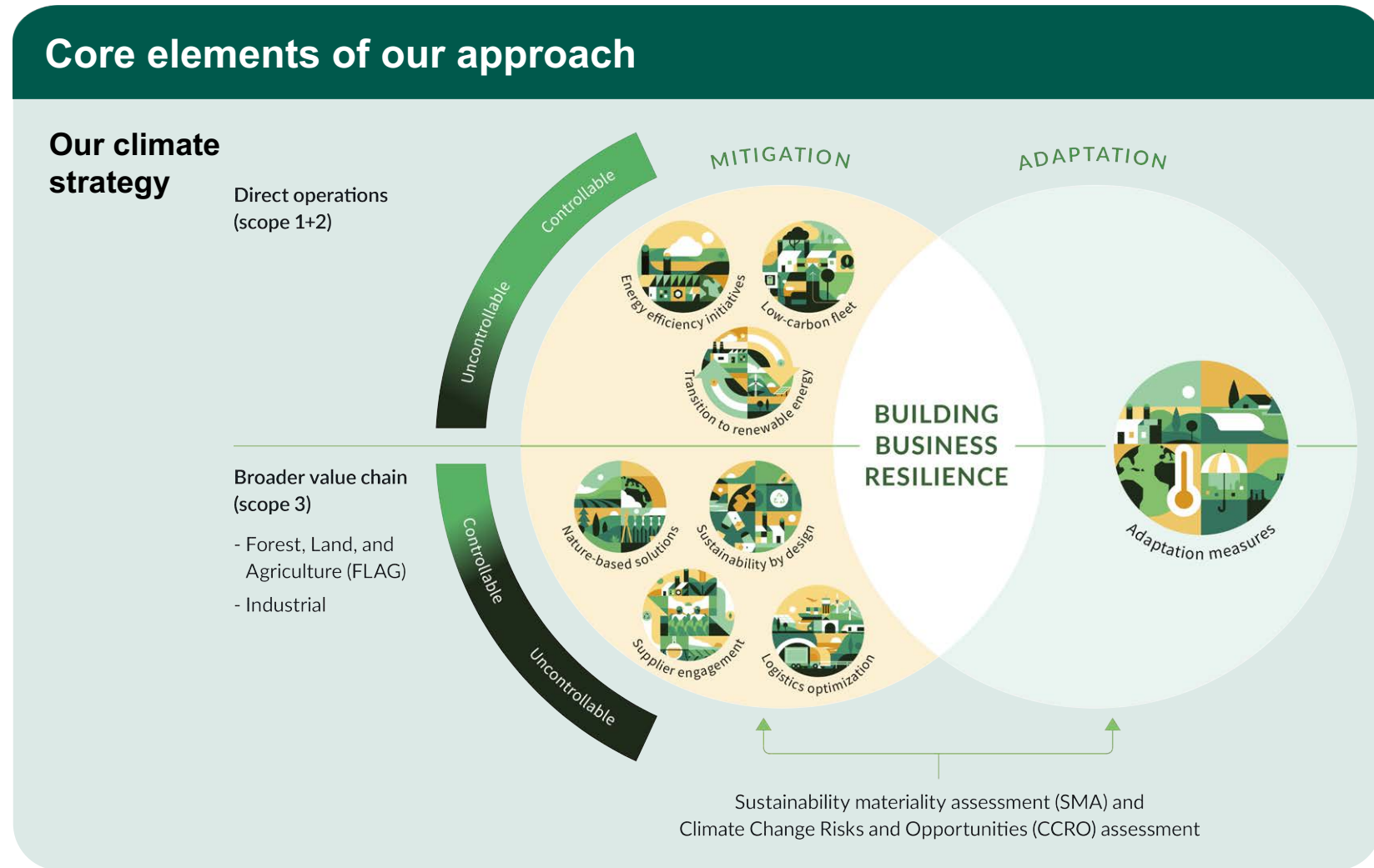
Operational impact

Climate



Climate: Management approach

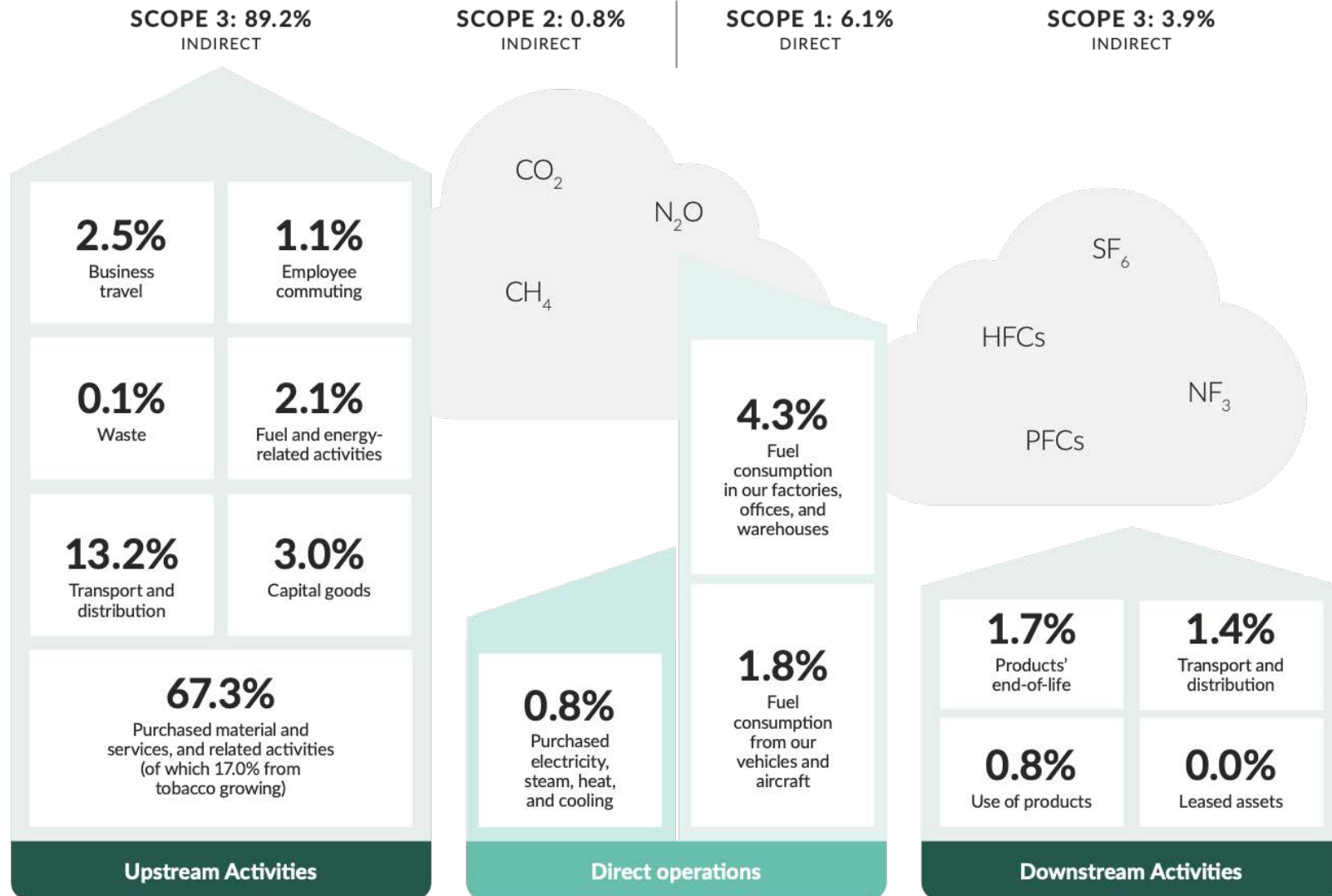
Our climate strategy aims to address pertinent climate change-related risks, build resilience, and seize opportunities presented by a low-carbon future.



Overview of our 2025 GHG emission footprint



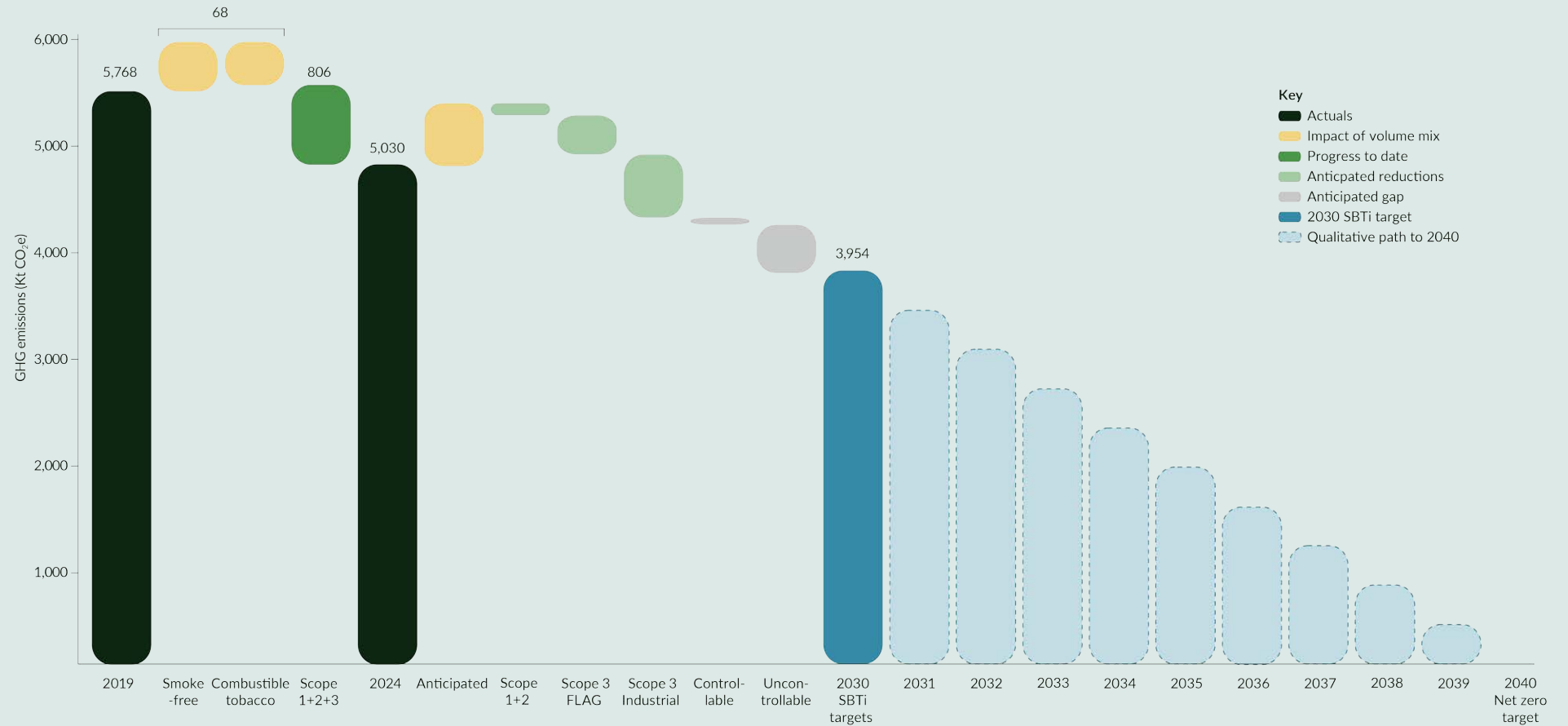
Carbon emissions along our value chain in 2025



PMI's Climate Transition Plan



Greenhouse gas emissions reduction plan



Direct operations (scope 1+2): Progress in 2025



Energy efficiency initiatives

We first promote and implement operational improvements in our factories to reduce energy consumption and waste, using programs, technologies, and employee engagement to drive a zero-loss mindset.



Transition to renewable energy

Our second key approach centers on a transition to renewables and electrification, with solutions tailored to the local conditions and infrastructure of our different manufacturing sites.



Low-carbon fleet

We invest in low-emission vehicles, promote eco-friendly driving with targeted training and telematics, and prioritize fleet electrification — all supported by a centralized fleet management approach.

Building business value through low-carbon operations



Our low-carbon transition strategy is strengthening operations, enhancing efficiency, and preparing us for a sustainable future.

Our two strategic programs

- Drive 4 Zero (D40)
- Zero Carbon Tech (ZCT)

[Read more on PMI.com](https://www.pmi.com)



- Mexico
- Brazil
- Italy
- Romania
- Portugal
- Greece
- Netherlands
- Philippines



Broader value chain (scope 3): Progress in 2025



Nature-based solutions

This lever addresses Forest, Land, and Agriculture (FLAG) emissions. In line with our commitment to achieve deforestation-free supply chains for our tobacco and paper and pulp-based materials, which represent the vast majority of the land use in our value chain, we see our initiatives as critical to avoiding carbon emissions from land conversion or degradation.



Logistics optimization

To deliver materials to PMI and products to our customers, we focus on minimizing our logistics emissions footprint, which includes shipping and transportation by air, sea, and land, as well as warehousing and distribution.



Supplier engagement

Striving to address a combination of FLAG and industrial emissions, we focus on decarbonizing our supply chain through strategic procurement practices and targeted supplier collaboration.



Sustainability by design

We seek to continuously improve product design by following eco-design standards and embedding circularity principles, which help us avoid direct or indirect carbon emissions.

Operational impact

Nature





Nature: Management approach

We avoid and reduce impacts where possible, restore and regenerate ecosystems, transform systems to address root causes of nature loss, and compensate for remaining effects.

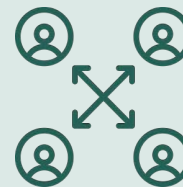
Core elements of our approach



**Integrated
biodiversity risk
assessments**



**Biodiversity
management plans
(BMPs)**

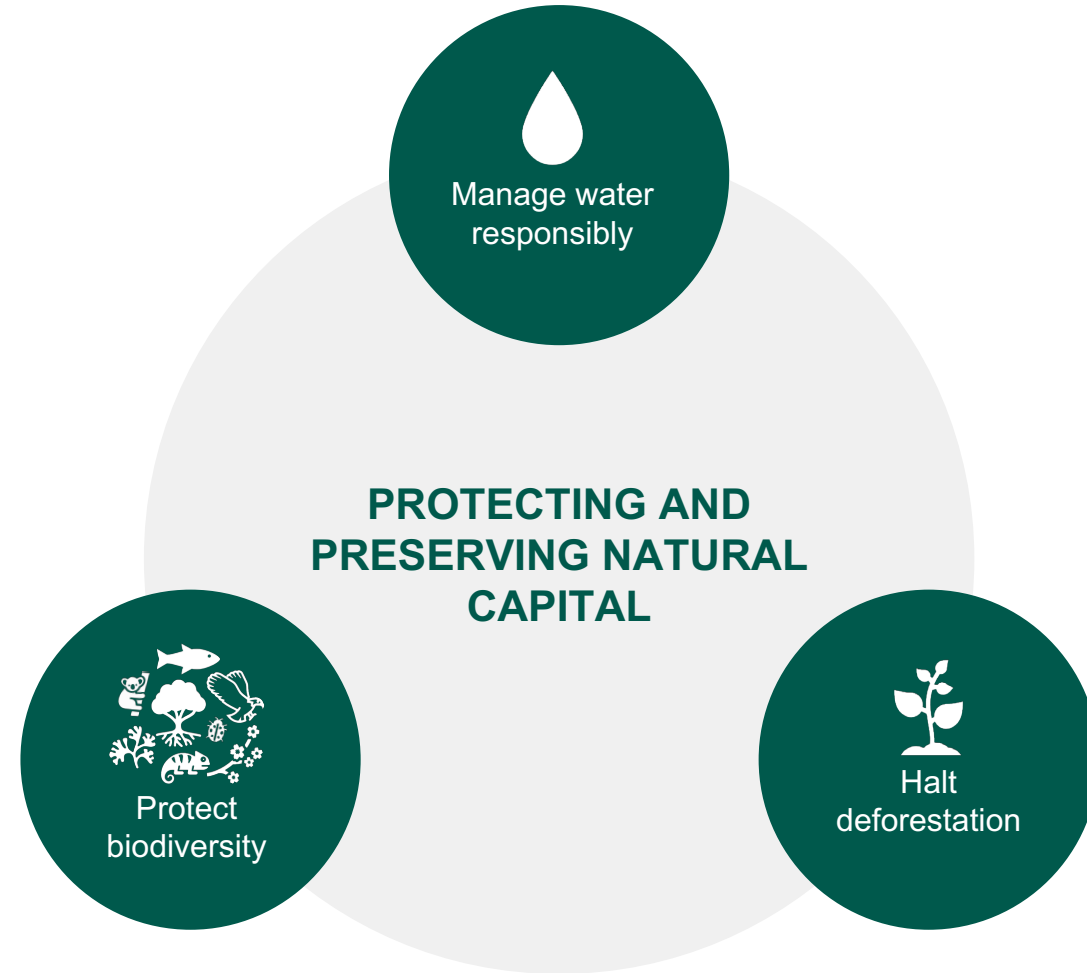
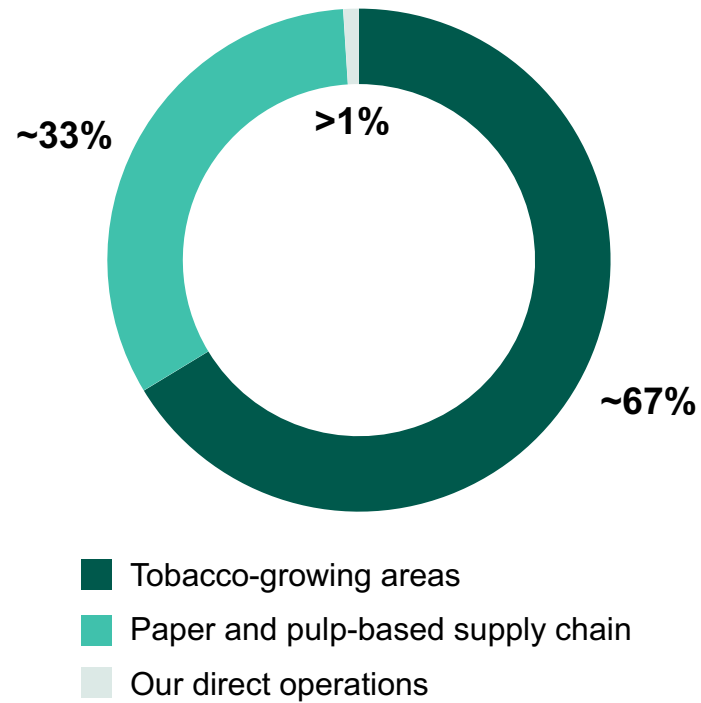


**Cross-industry,
cross-sector
collaboration**

Nature: Understanding our impacts and dependencies



Where our impacts on natural ecosystems are generated



Nature: Progress in 2025



Protecting biodiversity

100%

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

Story of impact

Soil restoration: Fostering farming resilience and sustainable supply chains in Malawi

In 2025, we advanced a soil health pilot project in Malawi. Through mechanization and training, the project improves soil productivity and promotes sustainable farming.

Halting deforestation

100%

Of tobacco purchased at no risk of gross deforestation of primary and protected forests

99%

Of tobacco purchased at no risk of net deforestation of managed natural forest and no conversion of natural ecosystems

Net positive

Impact on forests associated with our tobacco supply chain

Nature: Progress in 2025



Managing water responsibly

In our tobacco supply chain

61

Local water risk assessments conducted in tobacco-growing areas since 2018, reaching full coverage

17m

Cubic meters of water optimized since 2019, through tailored projects focused on optimizing water withdrawal

(11%)

Decline in our average freshwater withdrawal, measured in cubic meters per total volume of packed tobacco between 2024 and 2025

In our direct operations

(34%)

Reduction in water consumption at our manufacturing sites between 2018 and 2025, in absolute terms, mainly through water efficiency initiatives

100%

Of our priority manufacturing sites are certified to the Alliance for Water Stewardship (AWS) standard, as part of our water circularity approach

Stories of impact

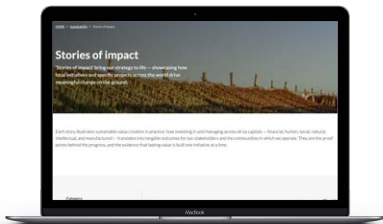


The stories of impact

How PMI's holistic approach to supplier engagement is driving transformation across the value chain



Piloting age verification solutions to strengthen youth access prevention in **Austria**



[Explore all Stories of Impact](#)



Aspeya: How a shared DNA created a united force




Transforming fleet safety: From risk to responsibility, **Indonesia**




Operations, Papastratos' 180° shift: From legacy to leadership, **Greece**


The stories of impact




How Philip Morris Manufacturing & Technology Bologna is scaling zero carbon technologies, **Italy**



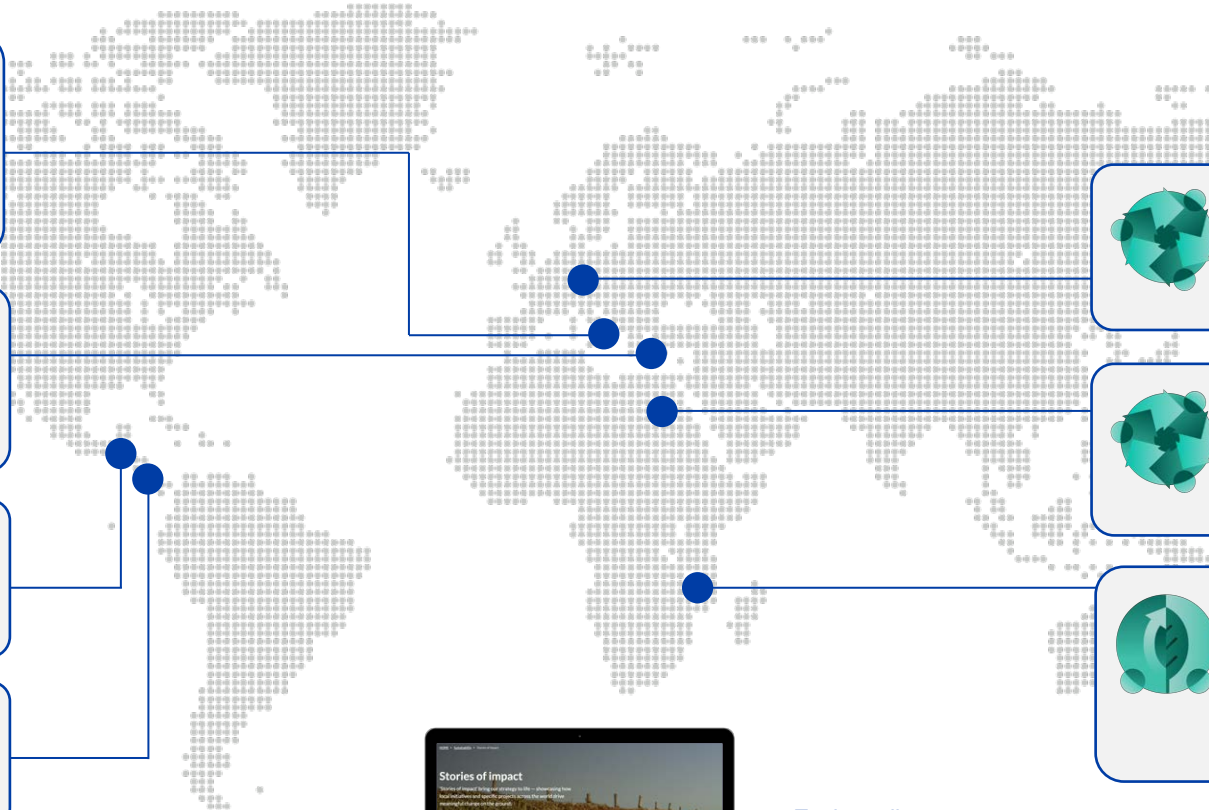
Driving climate action through cutting-edge industrial innovation, **Greece**




Driving climate action beyond the fence line, **Mexico**




Making recycling the easy choice, **Guatemala**



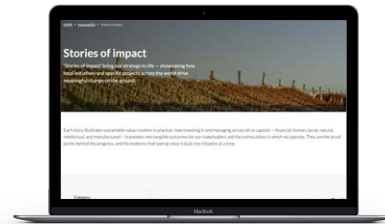
Scratch-free future: Piloting device longevity at a Geneva boutique, **Switzerland**



Turning smoke-free consumables waste into opportunity, **Egypt**



Soil restoration: Fostering farming resilience and sustainable supply chains, **Malawi**



[Explore all Stories of Impact](#)



Reporting

In this section



Performance in ratings, rankings and indices

Forward-looking and cautionary statements

Notes

Business Transformation Metrics: Footnotes

Performance in ratings, rankings, and indices

		2025 score	
CCLA Corporate Mental Health Benchmark	PMI earned a “Tier 2” ranking in the 2025 CCLA Corporate Mental Health Benchmark, a framework that places organizations within five tiers ranging from “Best” (Tier 1) to “Work to do” (Tier 5).	Tier 2	
CCLA Modern Slavery Global Benchmark	PMI earned a “Tier 2” ranking in the 2025 CCLA Modern Slavery Global Benchmarking, a framework that places organizations within five tiers ranging from “Leading on human rights innovation” (Tier 1) to “Unsatisfactory” (Tier 5)	Tier 2	
CDP	In 2025, PMI chose to submit its CDP environmental disclosure on a nonscored basis. The PMI submission is also made available on [PMI.com].	n/a	
HACE Corporate Child Labour Benchmark	PMI ranked third, with a score of 82 points, in HACE’s inaugural 2025 Corporate Child Labor Benchmark, which evaluates and scores companies on child labor-related matters	82/100	
ISS ESG Corporate Rating	PMI maintained a rating of “C+” and its “Prime” status (score as of December 16, 2025).	C+	
MSCI	PMI maintained a rating of “BBB” in the MSCI ESG Ratings assessment (score as of January 27, 2026).	BBB	
S&P Global Corporate Sustainability Assessment	PMI achieved a score of 78/100 in the 2025 S&P Global Corporate Sustainability Assessment reflecting an improvement of five points over the past year (score as of December 12, 2025).	78/100	Member of Dow Jones Sustainability Indices Powered by the S&P Global CSA
Sustainalytics	PMI improved from “Medium Risk” to “Low Risk” classification and ranked first in the tobacco sub-industry, with a score of 17.5 (score as of August 26, 2025).	Low Risk	



Forward-looking and cautionary statements

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

PMI's business risks include: marketing and regulatory restrictions that could reduce our competitiveness, disrupt our SFP commercialization efforts, eliminate our ability to communicate with adult consumers, or ban certain of our products in certain markets or countries; excise tax increases and discriminatory tax structures; health concerns relating to the use of tobacco and other

nicotine-containing products; litigation related to tobacco and/or nicotine products and intellectual property rights; intense competition; inability to anticipate changes in adult consumer preferences; use and reliance on third-parties; the adverse effects of global and individual country economic, regulatory and political developments, natural disasters, and conflicts; geopolitical instability affecting international trade; the impact and consequences of Russia's invasion of Ukraine; changes in adult smoker behavior; continued decline of tax-paid cigarettes; lost revenues as a result of counterfeiting, contraband, and cross-border purchases; governmental investigations; unfavorable currency exchange rates and currency devaluations, sustained periods of elevated inflation, and limitations on the ability to repatriate funds; adverse changes in applicable corporate tax laws; disruptions in the credit markets or changes to its credit ratings; recent and potential future tariffs imposed by the U.S. and other countries; adverse changes in the cost, availability, and quality of tobacco and other agricultural products and raw materials, as well as product components 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 key markets or

systemically, in its efforts to introduce, commercialize, and grow smoke-free 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; if there are prolonged disruptions of facilities used to produce its products; if it is unable to enter new markets or improve its margins through increased prices and productivity gains; if other market participants are more successful in their SFP commercialization efforts; if it is unable to attract and retain the best global talent; or if it is unable to successfully integrate and realize the expected benefits from recent transactions and acquisitions. Future results are also subject to the lower predictability of our smoke-free products performance.

PMI is further subject to other risks detailed from time to time in its publicly filed documents, including PMI's Annual Report on Form 10-K for the fourth quarter and year ended December 31, 2025. 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.



Notes

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

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

This report 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 report are the registered property of, or licensed by, the subsidiaries of Philip Morris International Inc., and are italicized or shown in their logo form.

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

Aspirations, targets, and goals do not constitute financial projections, and achievement of future results is subject to risks, uncertainties, and inaccurate assumptions, as outlined in our forward-looking and cautionary statements on page 85. This report should be read in conjunction with information and standards available in [PMI’s Non-financial KPI Hub](#).



Business Transformation Metrics: Footnotes

Metrics

Adjusted R&D expenditure ratio (smoke-free/total)

Capital expenditure ratio (smoke-free/smoke-free+combustibles)¹

Commercial expenditure ratio (smoke-free/total)

Number of markets where smoke-free products are available for sale²

- Number of markets where at least two categories of smoke-free products are available for sale^{2,3}

Smoke-free product shipment volume (in billion units)⁴

- Smoke-free product shipment volume—heated tobacco units (in billion units)

- Shipment volume—oral products (in billion equivalent units)⁵

- Shipment volume—e-vapor (in billion equivalent units)

Smoke-free net revenues (in billion USD)⁶

Adjusted net revenues ratio (smoke-free/total)^{6,7}

- Net revenues ratio in markets where PMI smoke-free products have been available for sale for at least three years^{2,6,8}

Number of markets where >50% of net revenues are smoke-free⁶

Number of markets where >75% of net revenues are smoke-free⁶

Total number of users of PMI smoke-free products (in millions)⁹

Change in combustible tobacco product shipment volume versus 2015 baseline¹⁰

- Change in combustible tobacco product shipment volume in markets where PMI smoke-free products are available for sale versus 2015 baseline^{2,8,10}

Change in combustible tobacco product industry volume versus 2015 baseline^{10,11(a)}

- Change in combustible tobacco product industry volume in markets where PMI smoke-free products are available for sale versus 2015 baseline^{2,8,10,11(b)}

- Change in combustible tobacco product industry volume in markets where PMI smoke-free products are not available for sale versus 2015 baseline^{8,10,11(c)}

Note: Unless otherwise stated, all Business Transformation Metrics include Swedish Match related data as of November 11, 2022 (acquisition date), as well as wellness business.

1. Excludes PMI's tech and other capital expenditures that are not allocated to smoke-free or combustible tobacco products.
2. For definition of available for sale, see [Glossary section](#).
3. Categories refer to heated tobacco, e-vapor, and oral smoke-free products.
4. Includes heated tobacco units, e-vapor unit equivalents, and oral smoke-free products in pouch or pouch equivalents, excluding snuff, snuff leaf, and U.S. chewing tobacco.
5. Excludes snuff, snuff leaf, and U.S. chewing tobacco.
6. For definition of net revenues related to smoke-free, see [Glossary section](#).
7. Data exclude the combustibles net revenues impact related to termination of distribution arrangement in the Middle East in 2023.
8. Based on number of markets where PMI's smoke-free products have been available for sale at the end of each respective year presented.
9. Total PMI smoke-free users is defined as the sum of total IQOS users, total oral smokeless users, and total e-vapor users of PMI products and considering poly-users across PMI's smoke-free product categories. For definitions, see [Glossary section](#).
10. Combustible tobacco products volume includes cigarettes and other tobacco products expressed in cigarette equivalent units. The indicator is calculated based on millions of units.
11. Worldwide, including the U.S., excluding China. For definition of industry, see [Glossary section](#). The industry estimates are calculated at the market and product level based on a methodology that includes the list of sources (such as third-party information from market research firms). The figures are reported on a monthly basis, governed by an internal standard. The 2015 baseline for each value is respectively 3.4 (a), 2.7 (b), and 0.8 (c) in billion equivalent units and was used as the basis for computing 2025 metrics.

