



PHILIP MORRIS
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DECLARATION OF CARBON NEUTRALITY

MARKET ENTITIES CLUSTER 3

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1 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) and is believed to be correct.

Emissions within each market are allocated to a legal entity, or entities, based on the best of our knowledge at the time of preparing this statement. In any event, the total emissions declared for each market represent all our known scope 1 and 2 emissions from Market office, warehouse, fleet and retail operations for this cluster (excluding Aspeya and Swedish Match, unless otherwise specifically mentioned).

Philip Morris has also been pursuing the acquisition of renewable electricity for all our markets. We have been largely successful in this cause. In limited cases we have been unable to source renewable electricity certificates within the geographical boundary of the target market. In these cases, we have sourced the equivalent requirement from a neighbouring market. The total electricity consumption of all affected markets represents less than 1% of our total electricity consumption.

This is the third declaration of achievement of carbon neutrality for the following list of markets that will be collectively referred to as “Markets Cluster 3” in this document:

Group / Country	Legal Entity(ies)
Armenia	Philip Morris Armenia Limited Liability Company
Georgia	Limited Liability Company Philip Morris Georgia
Israel	Philip Morris Ltd
Kazakhstan	PHILIP MORRIS KAZAKHSTAN LLP
Pakistan	Philip Morris (Pakistan) Limited

Table 1.1 - Market Legal Entities

Carbon neutrality of the Scope 1 and 2 emissions under the direct operational control of Markets Cluster 3, including their office, warehouse, fleet and retail operations achieved by Markets Cluster 3 for the period 1 January 2025 to 31 December 2025 The achievement of Cluster 3 facilities’ Carbon Neutrality has been verified by SGS United Kingdom Limited.

Verification Criteria:

- Determination of emissions and reductions in accordance with the WRI/WBCSD GHG Protocol, Corporate Accounting and Reporting Standard for the baseline year and subsequent years.
- Transparent definition of the scope and boundary of activities included within the subject of the Carbon Neutral claim
- Establishment and Implementation of a Carbon footprint management plan targeting emissions reductions by defined actions
- Quantifiable reductions in emissions have been achieved year on year based on actions taken as part of the Carbon footprint management plan



- Carbon Neutral declaration produced that provides sufficient detailed information for the claim, quantification methodology, scope, carbon management plan, reductions and offsets to be fully transparent.
- Offsetting of residual emissions has been undertaken with carbon credits that:
 - Have been verified by an independent third-party verifier
 - Have been retired or cancelled via an independent and credible registry
 - Are only issued after the reduction associated with the project has taken place (ex-post)
 - Represent genuine additional reductions elsewhere
 - Meet the criteria of permanence, leakage, additionality and permanence as defined in the WRI/WBCSD GHG Protocol for project accounting
 - Are supported by publicly available project documentation available on a registry or equivalent that provides details of the offset project, the quantification methodology and the validation and verification procedures.

The verification opinion issued by SGS can be found in Annex A.

2 Introduction

This document forms the Qualifying Explanatory Statement (QES) to demonstrate that Philip Morris International Markets Cluster 3 has achieved **carbon neutrality** for the period starting 1st January 2025 and ending 31st December 2025.

PAS 2060:2014 is no longer available as a certifiable standard as of 2026. While this QES applies the methodological principles of PAS 2060:2014 to ensure consistency, it does not constitute nor claim certification under PAS 2060:2014. PMI adheres to the methodological principles and requirements of PAS 2060:2014, which was enforced during 2025, although certification under it is no longer possible. In line with our commitment made in 2022 to achieve Carbon Neutrality by 2025, this QES continues to ensure methodological rigor and transparency in how we account for and communicate our carbon-neutrality progress.

The Carbon Neutrality declaration is based on rolling twelve-month data for the 2025 reporting year. Following completion of the reconciliation process, the declaration will be amended to reflect the finalized full-year 2025 data.

This has been achieved through:

- **Continuous carbon emissions reduction** through action plans under PMI direct controls: office, warehouse, fleet and retail operations under affiliates' control. These reductions have been captured as part of the GHG inventory for 2025.
- **Compensation of remaining carbon emissions** for the period commencing 1st January 2025 and ending 31st December 2025.

This report includes the information which substantiates the declaration of PMI affiliate's achievement of carbon neutrality for this application and commitment on carbon neutrality up to 2025.

Given most markets are sourcing renewable electricity, the opportunity for reduction for our market clusters is primarily through fleet improvements. These initiatives are implemented via PMI central functions' Carbon Management Plans, demonstrating our commitment to being carbon neutral.

2.1 General information regarding Carbon Neutrality

Information requirement	Information as it relates to PMI affiliates
Entities in scope of declaration	Markets Cluster 3, as per <i>Table 1.1 - Market Legal Entities</i> .
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)	Len Beggs
Subject of declaration	Scope 1 and 2 emissions under the direct operational control of Markets Cluster 3, as per <i>Table 1.1 - Market Legal Entities</i> , from offices, warehouse, fleet and retail operations (full list available in Annex C).
Function of subject	Sales and distribution of products for PMI and its brands.
Activities required for subjects to fulfil its function	The activities required within the office, warehouse, fleet and retail operations are: <ul style="list-style-type: none"> • Sales • Distribution • Marketing • Administration • Facility management
Rationale for selection of the subjects	PMI's ambition is to be carbon neutral for all of its direct operations (full scope 1 and 2) by 2025. In this journey, all subjects (factories, offices, warehouses, fleet, retail) 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	1 st of January 2023
Achievement period	1 st of January 2025 – 31 st of December 2025
Commitment period	1 st of January 2023 – 31 st of December 2025

Table 2.1 - General information

2.2 Scope

The subject for carbon neutrality is the entities grouped in Markets Cluster 3.

The main business activities of these entities is the distribution, sales and marketing of PMI brands.

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).

2.3 Boundaries of the subject

The system boundaries considered for the organizational carbon footprint of the subject are the activities occurring within the physical perimeter of the entities and under the entities' control (excluding manufacturing and Swedish Match) including:

- Offices
- Warehouses
- Fleet
- Retail stores

GHG emissions associated with entities in Markets Cluster 3 office, warehouse, fleet and retail operations within the defined boundary for the period of 1st January 2025 to 31st December 2025 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 verified that the Carbon Neutral Declaration set out in this QES is appropriately reported in accordance with our criteria in paragraph 1 of this declaration.

The verification opinion issued by SGS can be found in Annex A.

3 Quantification of carbon footprint

3.1 Emissions results

The total GHG emissions related to scope 1 and 2 refer to office, warehouse, fleet and retail operations during the rolling 12 months year 2025 (application period) and represent a total **3,404.1 tons of CO₂ equivalent**.

Group / Country	Legal Entities	Scope 1 (t CO ₂ eq)	Scope 2 (t CO ₂ eq)	Total Scope 1 and 2 (t CO ₂ eq)
Armenia	Philip Morris Armenia Limited Liability Company	118.4	4.6	123.1
Georgia	Limited Liability Company Philip Morris Georgia	108.0	0.0	108.0
Israel	Philip Morris Ltd	885.5	0.0	885.5
Kazakhstan	PHILIP MORRIS KAZAKHSTAN LLP	1,203.2	185.2	1,388.4
Pakistan	Philip Morris (Pakistan) Limited	899.1	0.0	899.1
Cluster Total		3,214.2	189.9	3,404.1
% of Total		94.4	5.6	100.0

Table 3.1 - GHG emissions overall results

3.2 Methodology

Total GHG emissions associated with entities in Markets Cluster 3, 1st January 2025 to 31st December 2025, 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.

The types of greenhouse gases (GHG) included in the Kyoto Protocol to the United Nations Framework Convention on Climate Change need to be reported 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 affiliate(s) has direct operational control and the full authority to introduce and implement its operating policies (excluding manufacturing and Swedish Match).

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.

3.2.1 Scope 1

GHG emissions related to scope 1 come from direct emissions from sources owned or controlled by entities within Markets Cluster 3. In PMI context, scope 1 emissions result from:

- Stationary combustion of:
 - Natural gas
 - LPG, propane and butane
 - Diesel – (fuel oil)
 - Heavy fuel oil
 - Petrol
 - Biomass
- Mobile combustion of:
 - Petrol
 - Diesel
 - Biodiesel
 - Bioethanol
 - Natural gas (compressed)

In reporting year 2025, PMI affiliates incorporated fugitive emissions into the GHG inventory. Previously, these emissions were included within the 3% overrate, as they were not reported separately.

This refinement does not alter the established boundaries or scope of the Carbon Neutrality process and further enhances the transparency and accuracy of our reporting. The 3% overrate has not been altered following this addition.

3.2.2 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 entities in Markets Cluster 3. In PMI context, scope 2 emissions are from the consumption of:

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

3.2.3 Scope 3

GHG emissions related to Scope 3 refers to all other indirect emissions as a consequence of the activities of the entities within Markets Cluster 3 that occurs from sources not owned or controlled by these entities. These emissions are out of scope of this declaration.

3.3 Data sources

Primary and secondary data has been used for the Carbon Quantification process. Primary data is used where possible, only where primary data was not available, secondary data is used to quantify emissions.

While Scope 2 emissions for some PMI sites may be estimated, wherever possible emissions are reported based on direct utilities consumption – invoice data. The consumption is then multiplied using the relevant GHG Protocol coefficient to determine the emissions for that energy source.

Fuel consumption data for fleet vehicles are reported based on direct consumption. The total fuel consumption is then multiplied using relevant DEFRA coefficients to determine the emissions.

Data sources (e.g., invoices) were reviewed by SGS through the inventory verification process.

3.4 Assumptions and estimations

Wherever possible primary data is used to determine our scope 1 and 2 emissions. In some cases, primary data is not available. In these cases, the affected market estimates their consumption using the surface area and average PMI consumption rates from the previous year for the relevant surface type (eg office or warehouse). For retail space estimations, industry averages are used to estimate consumption where primary data is not available.

In some markets where there are multiple legal entities, but data is captured at country level, then the consumption is spread across the legal entities. In some cases, the split is well defined in the market (eg entity one owns site A, entity 2 owns site B etc). In other cases, it is less obvious for the separation of emissions. In these cases, the headcount associated with each entity is used to allocate emissions between legal entities.

A similar situation can arise with the fleet emissions. In countries with multiple legal entities, fleet emissions are either allocated based on vehicle count in each entity or kilometers travelled by each entity.

In each case where the emissions are spread across legal entities using one of the methods described above, the total emissions is not compromised for the market.

All data related to Philip Morris market declared greenhouse gas emissions has been reviewed by SGS through the GHG inventory verification process.

3.5 Exclusions

Annex C outlines all the inclusions and exclusions for GHG emissions; to ensure the coverage of any potential exclusions within the system boundary an additional 3% has been added to the cluster's total carbon footprint to ensure the carbon neutrality program covers 100% of the GHG emissions.

3.6 Uncertainties

Generally, the use of secondary data throughout the assessment represents the major source of uncertainties on 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 IEA).
- Primary activity data has been used where practical for fleet and office emissions.

Result of the uncertainty calculation is reported in Annex D.

3.7 Comparison with baseline period results

2025 is the third year of reporting and verification for this Cluster.

Year	Scope 1 [tCO ₂ e]	Scope 2 (market-based) [tCO ₂ e]	Total Scope 1 and 2 [tCO ₂ e]
2023	3,317.0	1,276.0	4,593.0
2024	3,192.9	210.0	3,402.9
2025 (exc Fugitive)	3,214.2	189.9	3,404.0
% Reduction vs Baseline year	3.1	85.1	25.9
2025 (inc Fugitive)	3,214.2	189.9	3,404.1

Table 3.2 - Comparison with baseline year

4 Carbon Management Plan

The carbon reduction management plan considers a 3-year period (2023-2025) with the aim of reducing emissions and/or emissions intensity.

This target will be monitored periodically (minimum annually) to check if the expected outcomes are aligned to the actual results. To achieve the target a series of projects will be, or have been, implemented.

The following paragraphs explain in detail projects implemented in entities in Markets Cluster 3, that relate related to office, warehouse, fleet and retail operations GHG emissions reductions.

4.1 PMI global best practice

In 2025, 90.8% of PMI's purchased electricity came from renewable sources. Since 2017, we are gradually increasing the uptake of green electricity (as showed in below table) with the aim to reach 100% green electricity purchased for all our affiliates by 2025. By investing in electricity generated by renewable sources, PMI overall avoided the emissions of **over 2.5 million tonnes of CO₂ equivalent between 2017 and 2025**.

Indicator	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total
Purchased electricity [MWh]	858,511	870,181	890,430	823,365	809,464	818,363	850,999	875,720	893,661	7,690,694
Electricity purchased from renewable sources [MWh]	442,739	544,845	616,336	612,694	663,106	715,257	789,318	780,847	811,087	5,976,230
% Renewable	51.6	62.6	69.2	74.4	81.9	87.4	92.8	89.2	90.8	700
CO2 Scope 2 (GHG emissions) - Market based [t GHG]	229,977	164,159	132,721	90,370	64,217	42,482	28,727	37,409	34,670	824,731
CO2 Scope 2 (GHG emissions) - Location based [t GHG]	427,238	410,441	420,725	383,899	361,314	358,475	371,719	380,955	371,954	3,486,720
Difference between location based and market based	197,261	246,281	288,004	293,530	297,097	315,994	342,992	343,546	337,285	2,661,989

Table 4.1 - Avoided CO2 emissions due to green electricity increase

4.2 Implemented GHG emissions reduction project repository in Markets Cluster 3

At PMI, emissions reduction project governance and budget approval come from two distinctive main streams; one driven from central functions and another by the local team. Table 4.2 shows projects implemented or under implementation in the last few years, evaluated in 2025 carbon footprint assessment.

Country	Description	Timing	Emissions Reduction [T CO2 eq]
Global	Telematics implementation To increase safe and eco driving awareness and make safe and eco driving a habit, telematic solutions have been implemented. The plan is to cover 100% of working tool vehicles.	2022 and ongoing	286
Global	Reduced emission vehicle limits Reducing the maximum permissible emissions levels of vehicles to ensure our fleet has constant downward pressure on our overall emissions.		
Global	Fleet electrification Reviewing vehicle replacement options with a view to moving to hybrid, plug in hybrid and electric vehicles.		
Global	Driving elearning training, "Fleet Defense" Drivers in the markets in scope have been undergoing driver training, which is expected to improve anticipatory driving, thereby reducing fuel emissions.		
Global	Market Scorecard Market comparison score card which contains the requirement for them to have a CO2 reduction plan.	Since 2022	Difficult to quantify with certainty, but a measure we believe is important to raise awareness and commitment in markets.
Markets Cluster 2	Renewable Electricity	2025 total savings	1,483

Table 4.2 - Implemented GHG emissions reduction projects

4.3 Planned GHG emissions reduction initiatives in Markets Cluster 3

In order to achieve the above-mentioned target, PMI is committed to identifying and implementing carbon saving projects until 31/12/2025. Table 4.3 shows main initiatives identified and estimated reduction for the whole commitment period (2023-2025).

Note:

From 2025 our Scope 1 emissions contribute 94% of Markets Cluster 3 Scopes 1 and 2 emissions. Our focus is therefore focused largely on our fleet emissions for the coming period.

Country	Description	Timing	Emissions Reduction [T CO2 eq]
Global	Telematics implementation To increase safe and eco driving awareness and make safe and eco driving a habit, telematic solutions have been implemented. The plan is to cover 100% of working tool vehicles.	Ongoing	114
Global	Reduced emission vehicle limits Reducing the maximum permissible emissions levels of vehicles to ensure our fleet has constant downward pressure on our overall emissions.	Ongoing	
Global	Fleet electrification Reviewing vehicle replacement options with a view to moving to hybrid, plug in hybrid and electric vehicles.	Ongoing	
Global	Driving elearning training, "Fleet Defense" Drivers in the markets in scope have been undergoing driver training, which is expected to improve anticipatory driving, thereby reducing fuel emissions.	Ongoing	

Table 4.3 - Planned GHG emissions reduction initiatives

Actual emissions reductions will be measured in terms of absolute emissions compared year on year.

5 Carbon offset program

5.1 Offset program for the first application period

PMI has an offsetting program in place to support the carbon neutrality, based on quality criteria aligned with the most 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 the VERRA Carbon Standard (VCS)¹, Climate Community and Biodiversity Alliance (CCBA)², Gold Standard³.

To compensate residual the rolling twelve months 2025 GHG emissions, PMI has selected a set of carbon projects as described in table 5.1.

Credits were retired on 29 January 2026.

These projects are supported by publicly available project documentation on the [GSF Registry](#) (goldstandard.org)⁴ and 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.

¹ <https://verra.org/>

² <http://www.climate-standards.org/>

³ <https://www.goldstandard.org/>

⁴ <https://registry.goldstandard.org/projects?q=&page=1>

5.2 Offsetting project(s)

Offsetting projects selected by Markets Cluster 3 for compensating the 2025 emissions are:

Project Name	Description of Project	Official Project Link
TerraClear Ceramic Water Purifier Project in Lao PDR	<p>In Lao PDR, the surface water is plentiful but frequently it is of very poor quality and not safe to drink especially in rural areas. Around 30% of Lao population lacks access to a source of improved drinking water and are at risk of getting diarrhoea or other water borne diseases. Though, a significant fraction of Lao population treats water preferable by boiling using woody biomass, charcoal etc to make the water safe for drinking. There is a significant fraction of families even cannot afford firewood to boil water, hence are forced to continue to drink unsafe water. TerraClear is a social enterprise, registered as a private limited company under the Ministry of Industry and Commerce. The enterprise is in the business of getting clean water to more people in Laos by selling the Lao Ceramic Water Purifier (CWP) to the population. CWP's help people access safe drinking water, especially in rural areas, reduce time spent provisioning drinking water or collecting wood, reduce costs for families, reduce child and adult morbidity and mortality, improving attendance at school and increased productivity. Ceramic Water Purifiers provide for removal of microorganisms from water by gravity filtration through porous ceramics, with a typical flow rate at production of 1.5 - 3 litres per hour. Originally TerraClear plans to sell over 100,000 CWP's between 2012 and 2019 but this target seems a bit high as up to mid-2018, the total sale is just about 58,000 filters. It is estimated that by the end of its first crediting period (15th July 2019), the total sale would be about 67,000 CWPs. With the new target, CWPs will provide safe drinking water for potentially more than 0.3 million people, and at the same time reduce the demand for water treatment through boiling water with non- renewable biomass. The CWP's have a useful life of 5 years or more provided proper care and maintenance. The Lao Ceramic Water Purifiers are manufactured locally in Laos and therefore contribute to building a local industry and value added in Laos, as well as creating much needed sustainable jobs and business opportunities in rural areas. The project start date is 06/06/2012. With the assistance of carbon finance, TerraClear can become a unique and on-going sustainable enterprise capable of providing emissions-free household water treatment options to rural households, and thereby improve public health, household welfare and economy, as well as contribute to reduced deforestation in Lao PDR.</p>	https://registry.godstandard.org/projects/details/323

Table 5.1 - Offsetting Projects

Offsetting retirements per legal entity for Markets Cluster 3 for compensating the 2025 emissions are as follows:

Country	Legal Entity	TerraClear Ceramic Water Purifier Project in Lao PDR
		GS1-1-LA-GS2095-16-2017-18488-6517-10023
Armenia	Philip Morris Armenia Limited Liability Company	108
Georgia	Limited Liability Company Philip Morris Georgia	885
Israel	Philip Morris Ltd	1,388
Kazakhstan	PHILIP MORRIS KAZAKHSTAN LLP	899
Pakistan	Philip Morris (Pakistan) Limited	123
TOTAL exc overrate		3,404
Overrate (3%)		102
TOTAL inc overrate		3,507

Table 5.2 - Markets Cluster 3 offsetting projects retirement allocations

Amount of credits purchased

Credits have been purchased by PMI, for Markets Cluster 3, for the period covering 1st of January 2025 – 31st December 2025.

The amount of credits purchased is **3,507 tonnes of CO₂ equivalent***, it is composed by two contributions:

- i. **3,404.1** tonnes of CO₂ equivalent (scope 1 and 2), amount evaluated for the application period
- ii. **102.1** tonnes of CO₂ equivalent, that represent the overrate of 3% of the whole carbon footprint to cover all the exclusions (Annex C) and precludes underestimation.

* *Note that rounding up to nearest ton increased the total to 3,507 tonnes of CO₂ equivalent

We can reasonably assume that the emissions from Market Cluster 3 entities are covered by these credits.

Emissions are split as per the following between the following legal entities:

Country	Legal Entity(ies)	Scope 1 [tCO ₂ e]	Scope 2 (market-based) [tCO ₂ e]	Total Scope 1 and 2 [tCO ₂ e]
Armenia	Philip Morris Armenia Limited Liability Company	118.4	4.6	123.1
Georgia	Limited Liability Company Philip Morris Georgia	108.0	0.0	108.0
Israel	Philip Morris Ltd	885.5	0.0	885.5
Kazakhstan	PHILIP MORRIS KAZAKHSTAN LLP	1,203.2	185.2	1,388.4
Pakistan	Philip Morris (Pakistan) Limited	899.1	0.0	899.1
Cluster Total		3,214.2	189.9	3,404.1
% of Total		94.4	5.6	100.0
Cluster 3% Overtime [tCO₂e]		96.4	5.7	102.1
Total CO₂ to be Compensated (round up) [tCO₂e]		3,310.6	195.6	3,507.0

Table 5.3 – Emissions to be offset by legal entity

The Gold Standard and VERRA guarantee 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 Gold Standard and 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.



The following certificates have been retired in accordance with *Table 5.2 - Markets Cluster 3 offsetting projects retirement allocations* to offset unavoidable emissions, year 2025.

Originating project name: TerraClear Ceramic Water Purifier Project in Lao PDR
Quantity of retired credits: 3507
Unit Type: VER
Serial number: GS1-1-LA-GS2095-16-2017-18488-6517-10023
Retirement Date: 29 January, 2026
GS ID: GS2095
Country: Lao People's Democratic Republic

We are delighted to confirm the retirement of
3507 Verified Emission Reductions (VERs)
by
Philip Morris Products S.A.
on 29/01/2026

These credits were retired on behalf of PMI Markets and Fleet Cluster 3.

Retired on behalf of the companies included in Markets and Fleet Cluster 3 as defined in the respective carbon neutrality declaration, for offsetting outstanding emissions, year 2025

Project: TerraClear Ceramic Water Purifier Project in Lao PDR

*These credits have been retired, saving **3507 tonnes of CO2 emissions** from being released into the atmosphere.
Thank you for investing in a safer climate and more sustainable world.*

[View retirement](#)

Gold Standard

Retirement certificates are hosted on the Gold Standard Impact Registry, [view your certificate](#).

Gold Standard | Chemin de Balexert 7-9 1219 Châtelaine, International Environment House 2, Switzerland | goldstandard.org, +41 22 788 70 80, help@goldstandard.org

6 Annex A – Carbon Neutral Verification Opinion



Verification Statement Number:

CCP267920C3.PMI.2025.2026.02.15

The Carbon Neutrality Declaration Report as presented, for the application period 01/01/2025 – 31/12/2025 by:

Philip Morris International Market Entities Cluster 3, as defined in the scope section of this opinion and comprising market related activities of:

Philip Morris Armenia Limited Liability Company
Limited Liability Company Philip Morris Georgia
Philip Morris Ltd
PHILIP MORRIS KAZAKHSTAN LLP
Philip Morris (Pakistan) Limited

has been verified by SGS United Kingdom Limited as Carbon Neutral and in accordance with current best practice for carbon neutrality claims as per the verification criteria detailed below.

Lead Assessor: Lisa Gibson

Technical Reviewer: Andrew Collins

Authorised by:



James McGurk

Managing Director

SGS United Kingdom Ltd

Verification Statement Date: 15 February 2026

This Statement is not valid without the full verification scope, objectives, criteria and conclusion available on pages 2 to 4 of this Statement



Schedule Accompanying Greenhouse Gas Verification Statement

CCP267920C3.PMI.2025.2026.02.15

Brief Description of Verification Process

SGS has been contracted by Philip Morris International for the verification of their Carbon Neutrality Declaration Report for Market Entities Cluster 3, for the application period 01/01/2025 – 31/12/2025

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, determination of GHG emissions reductions, preparation of reports and purchase and retirement of appropriate 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.

SGS conducted a third-party verification following the requirements of ISO 14064-3: 2019 of the provided carbon neutral declaration report during the period September 2025 to February 2026. 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.

Verification Criteria

- Determination of emissions and reductions in accordance with the WRI/WBCSD GHG Protocol, Corporate Accounting and Reporting Standard for the baseline year and subsequent years.
- Transparent definition of the scope and boundary of activities included within the subject of the Carbon Neutral claim
- Establishment and Implementation of a Carbon footprint management plan targeting emissions reductions by defined actions
- Quantifiable reductions in emissions have been achieved year on year based on actions taken as part of the Carbon footprint management plan
- Carbon Neutral declaration produced that provides sufficient detailed information for the claim, quantification methodology, scope, carbon management plan, reductions and offsets to be fully transparent.
- Offsetting of residual emissions has been undertaken with carbon credits that:
 - Have been verified by an independent third-party verifier
 - Have been retired or cancelled via an independent and credible registry
 - Are only issued after the reduction associated with the project has taken place (ex-post)
 - Represent genuine additional reductions elsewhere
 - Meet the criteria of permanence, leakage, additionality and permanence as defined in the WRI/WBCSD GHG Protocol for project accounting
 - Are supported by publicly available project documentation available on a registry or equivalent that provides details of the offset project, the quantification methodology and the validation and verification procedures.

Objectives

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

- That the carbon neutrality declaration report and company actions conform to the specified verification criteria

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- That the emissions data reported in the declaration, including reductions, are accurate, complete, consistent, transparent, and free of material error or omission and have been determined in accordance with WRI/WBCSD GHG Protocol, Corporate Accounting and Reporting Standard
- That evidence is available to support information reported within the carbon neutrality declaration report 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
- The environmental information provided was based on a combination of historical data, estimation methodologies and data extrapolation considered representative of calendar year 2025. Data is actual for January to September 2025 and estimated for October to December 2025, with the exception of markets environmental data which is actual for January to June 2025 and estimated for July to December 2025.
- Intended user of the verification statement: internal, customers, general public.

PMI affiliates included:

Philip Morris Armenia Limited Liability Company
Limited Liability Company Philip Morris Georgia
Philip Morris Ltd
PHILIP MORRIS KAZAKHSTAN LLP
Philip Morris (Pakistan) Limited

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 and carbon neutrality declaration report for the period 01/01/2025 – 31/12/2025 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 report based on the criteria outlined above. The carbon neutrality declaration report for the application period 01/01/2025 – 31/12/2025 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 report is materially correct and is a fair representation of the CO₂ equivalent data and information and conforms to the specified verification criteria.



Note: This Opinion is issued, on behalf of Client, by SGS United Kingdom Ltd, Rossmore Business Park, Inward Way, Ellesmere Port, Cheshire, CH65 3EN ("SGS") under its General Conditions for GHG Validation and Verification Services. The findings recorded hereon are based upon an audit performed by SGS. This Opinion does not relieve Client from compliance with any bylaws, federal, national, or regional acts and regulations or with any guidelines issued pursuant to such regulations. Stipulations to the contrary are not binding on SGS and SGS shall have no responsibility vis-à-vis parties other than its Client.

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.

Emission source	Description	Inclusion exclusion	Justification of Exclusion
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	-
Mobile combustion sources	Transportation of employees and goods with cars under the affiliates' control.	Included	-
Process emissions	Emissions occurring during the production process (DIET)	N/A	-
Fugitive emissions	Refrigerant gases losses	Included	As of 2025 reporting year
Electricity consumption	Generation of purchased electricity	Included	-
Heat, steam and/or cold consumption	Purchase of heat, steam or cold energy not produced at operation site.	Included	-
Scope 3	All other indirect emissions	Excluded	Out of scope

Table 7.1 - Inclusions and exclusions



8 Annex D – 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 “Uncertainty_Calculation_Tool”); since the uncertainties are not known for all the parameters (activity data and emission factors), the IPCC Guideline for National Greenhouse Inventories Reporting Instructions (1996) was used:

- Activity data: 7% (IPCC)
- Emission factor: 7% (IPCC)

All country information can be accessed in the below file attached:



2026 PMI Markets Cluster 3 Uncertainit

Overall outcome of the uncertainty calculation (from attached file)

Overall											
Source description	Value	Unit	Uncertainty	Category	Value	Unit	Uncertainty	Category	Value	Unit	Uncertainty
LPG (Energy) [MJ]	14,931.07	MJ	+/- 7.0%	kg GHG/MJ	993.23	kg	+/- 7.0%	Good	0.09	kg	0.01
Natural Gas (Energy) [MJ]	5,333,281.89	MJ	+/- 7.0%	kg GHG/MJ	300,294.90	kg	+/- 7.0%	Good	28.73	kg	863.69
Diesel oil Fuel oil light (E) (Energy) [MJ]	0.00	MJ	+/- 7.0%	kg GHG/MJ	0.00	kg	+/- 7.0%	Good	0.00	kg	0.00
Fuel oil - H (Energy) [MJ]	0.00	MJ	+/- 7.0%	kg GHG/MJ	0.00	kg	+/- 7.0%	Good	0.00	kg	0.00
Hard Coal (Energy) [MJ]	526,372.27	MJ	+/- 7.0%	kg GHG/MJ	50,501.90	kg	+/- 7.0%	Good	5.00	kg	24.99
Biomass (Energy) [MJ]	0.00	MJ	+/- 7.0%	kg GHG/MJ	0.00	kg	+/- 7.0%	Good	0.00	kg	0.00
District Steam (Energy) [MJ]	0.00	MJ	+/- 7.0%	kg GHG/MJ	0.00	kg	+/- 7.0%	Good	0.00	kg	0.00
District Heating (Energy) [MJ]	3,783,576.81	MJ	+/- 7.0%	kg GHG/MJ	185,221.73	kg	+/- 7.0%	Good	16.34	kg	238.21
Fugitive emissions	36.25	kg	+/- 7.0%	kg GHG/MJ	47,623.96	kg	+/- 7.0%	Poor	73.51	kg	5,984.60
Purchased Renewable Electricity (Energy) [kWh]	2,913,068.22	kWh	+/- 7.0%	kg CO2/kWh	0.00	kg	+/- 7.0%	Good	0.00	kg	0.00
Ren Electricity (Energy) [kWh]	25,436.00	kWh	+/- 7.0%	kg CO2/kWh	4,622.44	kg	+/- 7.0%	Good	0.46	kg	0.23
Vehicle Fuel Consumption [L]	170,821.84	L	+/- 7.0%	kg CO2/l	2,302,701.47	kg	+/- 7.0%	Good	227.96	kg	51,963.95
Vehicle Diesel Consumption [L]	200,469.00	L	+/- 7.0%	kg CO2/l	512,667.17	kg	+/- 7.0%	Good	50.74	kg	2,674.71
Vehicle Biodiesel Consumption [L]	0.00	L	+/- 7.0%	kg CO2/l	0.00	kg	+/- 7.0%	Good	0.00	kg	0.00
Vehicle Bioethanol Consumption [L]	0.00	L	+/- 7.0%	kg CO2/l	0.00	kg	+/- 7.0%	Good	0.00	kg	0.00
Vehicle Natural Gas Consumption [L]	0.00	L	+/- 7.0%	kg CO2/l	0.00	kg	+/- 7.0%	Good	0.00	kg	0.00
				Sum CO₂ emissions [Mg]	3,403,952.30	kg	+/- 8.5%	Good	0.00	kg	0.00

Table 8.1 - Uncertainty calculations

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 Forestry	33%	50%	60%
CH ₄	Biomass Burning	50%	50%	100%
CH ₄	Oil and Nat. Gas Activities	55%	20%	60%
CH ₄	Rice cultivation	3/4	1/4	1
CH ₄	Waste	2/3	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

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



END OF THE DOCUMENT
