



PHILIP MORRIS  
INTERNATIONAL



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**DECLARATION OF CARBON  
NEUTRALITY  
PMI CLUSTER 5**

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## 0 Carbon Neutrality declaration

The **Qualifying Explanatory Statement (QES)** contains all the required information on the carbon neutrality of the given subject. All information provided within this report has been **reviewed by a third party (SGS)**. If provided with any information affecting the validity of the following statements, this document will be updated accordingly to reflect the PMI Cluster 5 (group of affiliates) current status towards carbon neutrality. This report is publicly available on a dedicated website:

[Sustainability resources | PMI](#)

In 2022, due to continuous growth of our community of entities that are joining the carbon neutral declaration process, we decided to cluster entities under the same declaration of commitment and achievement.

This is the first declaration of achievement of carbon neutrality for the following list of entities that we will call in this document “PMI Cluster 5”.

List of entities:

Reporting Entity	Current Legal Entity
MX (CIGATAM Guadal)	PM MEXICO PRD Y SRV
US (Triaga)	TRIAGA INC.
NL (BoZ)	PM INVESTMENTS B.V.
DE (PMMG Berlin)	PM Manuf GmbH
DE (F6 Dresden)	f6 CIG.FAB.GmbH&CoKG
PL (Krakow)	PM POLSKA S.A.
UA (Kharkiv)	PRJSC PM UKRAINE
UA (Lviv)	PRJSC PM UKRAINE
KR (Yangsan)	PM KOREA INC.
MY (Seremban)	PM MALAYSIA Sdn. Bhd
PH (PMFTC Marikina)	PMFTC INC.
RU (KUBAN)	PM Kuban
RU (IZHORA)	AO PHILIP MORRIS IZHORA
RU Market	Philip Morris Sales and Marketing Ltd.
House of Oliver Twist A/S	House Oliver Twist
Swedish Match Denmark A/S	SM DENMARK S.A.
Swedish Match Norway Sales	SM SALES NORWAY AS
Gotlands Snus AB	Gotland Snus AC
Swedish Match Gothenburg Factory	Swedish Match North Europe AB
Swedish Match Hunnebostrand	Swedish Match North Europe AB
Swedish Match Kungälv Factory	Swedish Match North Europe AB
Swedish Match Store 2 - Gbg	Swedish Match Sales Sweden AB
Swedish Match Store 3 - Sthlm	Swedish Match Sales Sweden AB
Swedish Match Store 6 - Lund	Swedish Match Sales Sweden AB
Swedish Match Curitiba Factory	Swedish Match do Brasil SA
Swedish Match Farms Brazil	Swedish Match do Brasil SA
Swedish Match Manaus Factory	Swedish Match da Amazônia S.A.
Swedish Match Pirai Factory	Swedish Match do Brasil
Swedish Match Assen Factory	Swedish Match Lighters B.V
Swedish Match Manila Factory	SWEDISH MATCH PHILIPPINES, INC.
Swedish Match Tidaholm Factory	Swedish Match Industries Aktiebolag
Swedish Match Vetlanda Factory	Swedish Match Industries Aktiebolag
Swedish Match Santiago Factory	SM DOMINICANA S.A.
Swedish Match Dothan Factory	Swedish Match Cigars Inc.
Swedish Match Owensboro Factory	SWEDISH MATCH NORTH AMERICA LLC
Swedish Match Richmond	SWEDISH MATCH NORTH AMERICA LLC
Swedish Match Turkey Sales	Swedish Match Kibrit ve Çakmak Endüstri A.Ş.



Carbon Neutrality of the Scope 1 and Scope 2 emissions under the direct operational control of PMI Cluster 5, achieved at **31<sup>st</sup> December 2025**. The achievement of PMI Cluster 5 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.

Verification opinion from SGS can be found in Annex A.

## 1 Introduction

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This document forms the Qualifying Explanatory Statement (QES) to demonstrate that Philip Morris International (PMI) "PMI Cluster 5" group of entities has achieved carbon neutrality for the period starting 1<sup>st</sup> January 2025 and ending 31<sup>st</sup> 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 claims certification under PAS 2060:2014. PMI verifies adherence 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 re-issued to reflect the finalized full-year 2025 data.



This has been achieved through:

- Continuous carbon emissions reduction through action plans under PMI direct controls: manufacturing, office, warehouse, fleet and retail operations under affiliates' control.
- Compensation of remaining carbon emissions for the period commencing 1<sup>st</sup> January 2025 and ending 31<sup>st</sup> December 2025.

This report includes the information which substantiates the declaration of PMI Cluster 5 achievement of carbon neutrality for this application period and commitment on carbon neutrality up to 2025.

PMI affiliates grouped in PMI Cluster 5 have also set up a Carbon Management Plan to reduce the GHG emissions associated to the manufacturing processes, office, warehouse, fleet and retail operations in order to demonstrate commitment to being carbon neutral.

### 1.1 General information of Carbon Neutrality

Information requirement	Information as it relates to PMI Cluster 5 affiliates
Entities in Scope of declaration	PMI Cluster 5, including entities as per the table mentioned in paragraph 0.
Individual responsible for the evaluation and provision of the data necessary for the substantiation of the declaration (inc. preparing, substantiating, communicating and maintaining the declaration)	Giedrius Cibulskas
Subject of declaration	Carbon Neutrality of the Scope 1 and 2 emissions under the direct operational control of PMI Cluster 5 (complete list available in Annex C)
Function of subject	<ul style="list-style-type: none"> <li>• Sales and distribution of products for PMI and its brands.</li> <li>• Factories and stemmeries manufacturing conventional cigarettes and Smoke Free Products for PMI and its brands.</li> </ul>
Activities required for subjects to fulfil its function	<p>The activities required within the office, warehouse, fleet and retail operations are:</p> <ul style="list-style-type: none"> <li>• Sales</li> <li>• Distribution</li> <li>• Marketing</li> <li>• Administration</li> <li>• Facility management</li> </ul>



	<p>The activities required within the manufacturing process are (note that not all the processes listed are present in all the PMI Cluster 5 entities):</p> <ul style="list-style-type: none"> <li>• Manufacture of Tobacco Related Products;</li> <li>• Flavour &amp; Casing Processing;</li> <li>• Improved Stem Processing;</li> <li>• Cut Filler Processing;</li> <li>• Filter Processing;</li> <li>• Machine Cigarette Processing;</li> <li>• Quality Control Laboratory Activities;</li> <li>• Warehousing Activities;</li> <li>• Stemmery Processes;</li> <li>• Print Shop Activities;</li> <li>• Manufacturing of Reduced Risk Products;</li> <li>• Mentholated Inner Liner Processing;</li> <li>• Other Tobacco Products Processing;</li> <li>• Cast Leaf Processing;</li> <li>• Manufacturing of Heated Tobacco sticks;</li> <li>• Manufacture of Hand-Rolled Cigarettes;</li> <li>• Clove Processing;</li> <li>• Reconstituted Tobacco &amp; Clove Processing;</li> <li>• Expanded Tobacco Processing;</li> <li>• Basic Blend Strips Processing;</li> </ul>
Rationale for selection of the subjects	PMI's ambition is to be carbon neutral for all of its direct operations (factories, fleet and offices) by 2025. In this journey, all subjects (factories) that have reached substantial emission reduction in the past years qualify to compensate residual emissions and become carbon neutral.
Type of conformity assessment undertaken	I3P-3 Independent third-party certification - unified
Reference date	1 <sup>st</sup> of January 2025
Achievement period	1 <sup>st</sup> of January 2025– 31 <sup>st</sup> of December 2025
Commitment period	1 <sup>st</sup> of January 2026 – 31 <sup>st</sup> of December 2026

Table 1.1 - General information



## 1.2 Scope

The **subject** for carbon neutrality is entities grouped in the PMI Cluster 5.

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

## 1.3 Boundaries of the subject

The system boundaries considered for the organizational carbon footprint of the subject are **all the activities** occurring **within the physical perimeter of the PMI Cluster 5** and **under the affiliates 'control** including:

- Manufacturing plant
- Offices
- Warehouses
- Fleet & Jet
- Retail stores

GHG emissions associated with PMI Cluster 5 of affiliates within the defined boundary from 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 Declaration QES is appropriately reported in accordance with our criteria in paragraph "0 Carbon Neutrality declaration".

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



## 2 Quantification of carbon footprint

### 2.1 Emissions results – R12M 2025 PMS data (Q1,Q2,Q3 2025 +Q42024)

Country	Entity	Scope 1 [tCO <sub>2</sub> e]	Scope 2 Market based [tCO <sub>2</sub> e]	Total [tCO <sub>2</sub> e]
Brazil	Swedish Match Curitiba Factory	272.2	-	272.2
Brazil	Swedish Match Farms Brazil	440.9	-	440.9
Brazil	Swedish Match Manaus Factory		-	0.0
Brazil	Swedish Match Pirai Factory	426.6	-	426.6
Denmark	House of Oliver Twist A/S		27.5	27.5
Denmark	Swedish Match Denmark A/S	1.5	107.6	109.1
Dominican Republic	Swedish Match Santiago Factory	1,418.5	-	1418.5
Netherlands	Swedish Match Assen Factory	87.7	-	87.7
Norway	Swedish Match Norway Sales		4.0	4.0
Philippines	Swedish Match Manila Factory	2.4	-	2.4
Sweden	Gotlands Snus AB		-	0.0
Sweden	Swedish Match Gothenburg Factory	30.7	-	30.7
Sweden	Swedish Match Hunnebostrand		-	0.0
Sweden	Swedish Match Kungälv Factory	0.5	-	0.5
Sweden	Swedish Match Store 2 - Gbg		-	0.0
Sweden	Swedish Match Store 3 - Sthlm		-	0.0
Sweden	Swedish Match Store 6 - Lund		-	0.0
Sweden	Swedish Match Tidaholm Factory		11.9	11.9
Sweden	Swedish Match Vetlanda Factory	13.8	932.7	946.5
Turkey	Swedish Match Turkey Sales		4.8	4.8
USA	Swedish Match Richmond (Cigars)	3,368.5	117.6	3486.1
USA	Swedish Match Richmond (Snuff & Chew)	3,368.5	117.6	3486.1
USA	Swedish Match Dothan Factory	1.7	-	1.7
USA	Swedish Match Owensboro Factory	10,376.6	-	10376.6
USA	Philip Morris International USA Market	2,455.9	-	2455.9
Russia	Philip Morris Sales and Marketing Ltd.	4,042.8	1,203.0	5245.8
Mexico	PM MEXICO PRD Y SRV	4,551.2	-	4551.2
USA	TRIAGA INC.	487.4	-	487.4
Benelux	PM INVESTMENTS B.V.	17,303.5	-	17303.5
Germany	PM Manuf GmbH	8,889.5	-	8889.5
Germany	f6 CIG.FAB.GmbH&CoKG	334.1	255.7	589.8
Poland	PM POLSKA S.A.	10,430.0	1,882.0	12312.1
Ukraine	PRJSC PM UKRAINE	197.3	244.6	441.9
Ukraine	PRJSC PM UKRAINE	195.3	848.3	1043.7

Korea	PM KOREA INC.	7,947.6	-	7947.6
Malaysia	PM MALAYSIA Sdn. Bhd	10,208.9	-	10208.9
Philippines	PMFTC INC.	1,954.5	-	1954.5
Russia	AO PHILIP MORRIS IZHORA	22,372.9	26,920.6	49293.5
Russia	PM Kuban	743.6	231.5	975.1
<b>PMI Cluster 5 Total</b>		<b>111,925</b>	<b>32,909</b>	<b>144,834</b>
<b>% of Total</b>		<b>77%</b>	<b>23%</b>	<b>100%</b>

Table 2.1 – PMI Cluster 5 GHG emissions overall results

The total GHG emissions in scope 1 and 2 of PMI Cluster 5 entities during the **Rolling 12 Months year 2025** represent a total of **144,834 Tons of CO<sub>2</sub> equivalent**.

**Renewable electricity in R12M 2025** are covered by renewable energy certificates as verified by SGS.

## 2.2 Methodology

Total GHG emissions associated with PMI affiliates in PMI Cluster 5, 1<sup>st</sup> January 2025 to 31<sup>st</sup> 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 (CO<sub>2</sub>),
- methane (CH<sub>4</sub>),
- nitrous oxide (N<sub>2</sub>O).

The inventory accounts for 100% of GHG emissions of business activities and operations in which PMI affiliates within PMI Cluster 5 have direct operational control and the full authority to introduce and implement its operating policies.

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

### 2.2.1.1 Scope 1

GHG emissions related to scope 1 come from direct emissions from sources owned or controlled by each of the affiliates within PMI Cluster 5. In PMI context, scope 1 emissions are:

- Stationary combustion:
  - Natural gas
  - LPG, Propane and Butane
  - Diesel (fuel oil)



- Heavy fuel oil
- Petrol
- Biomass
- Mobile combustion
  - Petrol
  - Diesel
  - Biodiesel
  - Bioethanol
  - Aviation Turbine Fuel
  - 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.

#### *2.2.1.2 Scope 2*

GHG emissions related to scope 2 come from indirect emissions from the generation of purchased electricity, steam, heat and cooling consumed by the affiliates in PMI Cluster 5. In PMI context, scope 2 emissions are:

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

#### *2.2.1.3 Scope 3*

GHG emissions related to scope 3 refer to all other indirect emissions as a consequence of the activities of affiliates in PMI Cluster 5 that occur from sources not owned or controlled by each of the affiliates within PMI Cluster 5 and are out of scope.

### **2.3 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 was used to quantify emissions.

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 inventory verification.

Source of data was reviewed by SGS through the GHG Protocol verification process



## 2.4 Assumptions and estimations

All assumptions made to quantify the greenhouse gas emission of PMI affiliates in PMI Cluster 5 were reviewed by SGS through the GHG inventory verification process. For scope 1 and 2, no assumptions were made.

## 2.5 Exclusions

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

## 2.6 Uncertainties

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

- Secondary emissions factors: uncertainty associated to the use of secondary emission factors is because they represent averages, rather than specific emissions. However, their use was appropriate, and care has been taken to use the best available datasets (DEFRA and GHG Protocol).
- No other secondary data has been used, except the fleet emission for three entities mentioned in paragraph 2.3.

Result of the uncertainty calculation is reported in Annex D.



## 2.7 Comparison with baseline period results

2025 is the first year of reporting and verification for this PMI Cluster 5 (Group of entities as mentioned previously in paragraph 0).

GHG scope	2025 GHG emissions [tCO <sub>2</sub> eq]	2025 Scope contribution [%]
CO <sub>2</sub> Scope 1 [tCO <sub>2</sub> e]	111,337.9	77%
CO <sub>2</sub> Scope 2 [tCO <sub>2</sub> e]	32,909.4	23%
Fugitive Emissions [tCO <sub>2</sub> e]	586.8	0.4%
Sub Total [tCO <sub>2</sub> e]	144,834.0	100%
3% Overtime [tCO <sub>2</sub> e]	4,345.0	
<b>Total Carbon footprint [tCO<sub>2</sub>e] with 3% (rounded up based on the decimals)</b>	<b>149,197</b>	

## 3 Carbon Management Plan

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

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

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

The following paragraphs explain in detail implemented (paragraph 3.2) projects, that are mainly related to PMI Cluster 5 GHG emissions reductions.



### 3.1 PMI best practice

In 2025, all reporting entities sourced 100% of their electricity from renewable sources, with the exception of Russia and Ukraine. Since 2017, we have gradually increased the uptake of green electricity (as shown in below table). By investing in electricity generated by renewable sources, PMI overall avoided emissions of **over 2,5 million ton of CO<sub>2</sub> equivalent**.

Indicator	2017	2018	2019	2020	2021	2022	2023	2024	2025 (R12M)	Total Value
PMI - CO <sub>2</sub> Scope 2 (GHG emissions) Market based [t GHG]	241,355	175,785	158,672	90,366	64,217	42,482	49,441	62,975	35,996	921,290
PMI - CO <sub>2</sub> Scope 2 (GHG emissions) Location based [t GHG]	438,896	422,337	447,322	383,895	361,315	358,475	398,646	407,531	401,086	3,619,502
<i>Cumulative difference between Location based and Market based [t GHG]</i>	197,540	246,552	288,649	293,529	297,098	315,993	349,205	344,556	365,090	2,698,213

Table 3.1 - Green electricity increase



### 3.2 Implemented GHG emissions reduction project repository

At PMI , emissions reduction project governance and budget approval come from two distinct streams: one driven by central functions and another by local teams.

Table 3.2 shows projects implemented in PMI Cluster 5 in the last years, evaluated in 2025 Carbon Footprint assessment.

Country	Description	Timing	Emissions Reduction [T CO2 eq]
<b>PMI Global</b>	<ul style="list-style-type: none"> <li>Renewable Electricity</li> </ul>	2025	34,601
<b>PMI Netherlands</b>	<ul style="list-style-type: none"> <li>Idle/Sleep mode for Primary Equipment</li> <li>Steam system equipment upgrade - installation of Venturi steam traps</li> </ul>	2025	474
<b>PMI Poland</b>	<ul style="list-style-type: none"> <li>Heat recovery in Steam System - Open condensate tank Vent Condenser</li> <li>Steam system equipment upgrade - Insulation of boiler surface</li> </ul>	2025	271

Table 3.2 - Implemented GHG emissions reduction projects.



## 4 Carbon offset program

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### 4.1 Offset program for this application period

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

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

To compensate residual **R12M 2025 GHG emissions**, PMI has selected a set of carbon projects as described in paragraph 4.2.

Credits were retired **on 29<sup>th</sup> January 2026**.

These projects are supported by publicly available project documentation on the [GSF Registry \(goldstandard.org\)](https://goldstandard.org) and on the VERRA registry (<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.

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<sup>1</sup> <https://verra.org/>

<sup>2</sup> <http://www.climate-standards.org/>

<sup>3</sup> <https://www.goldstandard.org/>



## 4.2 Offsetting project(s)

Offsetting projects selected by PMI Cluster 5 for compensating the **2025** emissions are:

#	Project Name	Carbon credits allocation		Official project link
		tons	%	
1	TerraClear Ceramic Water Purifier Project in Lao PDR	2109	1%	<a href="https://registry.goldstandard.org/projects/details/323">https://registry.goldstandard.org/projects/details/323</a>
2	Impact Carbon and myclimate Safe Water and Improved Cookstoves Global PoA - Uganda VPA	70746	47%	<a href="https://registry.goldstandard.org/projects/details/314">https://registry.goldstandard.org/projects/details/314</a>
3	Agrocortex REDD Project	35438	24%	<a href="https://registry.verra.org/app/projectDetail/VCS/1686">https://registry.verra.org/app/projectDetail/VCS/1686</a>
4	JARI/AMAPÁ REDD+ PROJECT	10000	7%	<a href="https://registry.verra.org/app/projectDetail/VCS/1115">https://registry.verra.org/app/projectDetail/VCS/1115</a>
5	IDCOL Improved Cook Stove Program - CER Conversion	21250	14%	<a href="https://registry.verra.org/app/projectDetail/VCS/3279">https://registry.verra.org/app/projectDetail/VCS/3279</a>
6	Manoa REDD+ Project	3176	2%	<a href="https://registry.verra.org/app/projectDetail/VCS/1571">https://registry.verra.org/app/projectDetail/VCS/1571</a>
7	Katingan Peatland Restoration and Conservation Project	6478	4%	<a href="https://registry.verra.org/app/projectDetail/VCS/1477">https://registry.verra.org/app/projectDetail/VCS/1477</a>
		<b>149197</b>	<b>100%</b>	



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

Reporting Entity	Credits allocated for compensation (tons)	Project chosen for compensation	Vintage
Swedish Match Curitiba Factory	281	IDCOL Improved Cook Stove Program - CER Conversion	2020
Swedish Match Farms Brazil	455	TerraClear Ceramic Water Purifier Project in Lao PDR	2019
Swedish Match Pirai Factory	440	TerraClear Ceramic Water Purifier Project in Lao PDR	2019
House of Oliver Twist A/S	29	Katingan Peatland Restoration and Conservation Project	2017
Swedish Match Denmark A/S	113	Impact Carbon and myclimate Safe Water and Improved Cookstoves Global PoA - Uganda VPA	2017-2018
Swedish Match Santiago Factory	1462	Katingan Peatland Restoration and Conservation Project	2017
Swedish Match Assen Factory	91	Katingan Peatland Restoration and Conservation Project	2017
Swedish Match Norway Sales	5	Impact Carbon and myclimate Safe Water and Improved Cookstoves Global PoA - Uganda VPA	2017-2018
Swedish Match Manila Factory	3	Agrocortex REDD Project	2017-2018
Swedish Match Gothenburg Factory	32	IDCOL Improved Cook Stove Program - CER Conversion	2020
Swedish Match Kungälv Factory	1	Agrocortex REDD Project	2017-2018
Swedish Match Tidaholm Factory	13	Impact Carbon and myclimate Safe Water and Improved Cookstoves Global PoA - Uganda VPA	2017-2018
Swedish Match Vetlanda Factory	975	Manoa REDD+ Project (264 tons) TerraClear Ceramic Water Purifier Project in Lao PDR (711 tons)	2017 2019
Swedish Match Turkey Sales	5	Impact Carbon and myclimate Safe Water and Improved Cookstoves Global PoA - Uganda VPA	2017-2018
Swedish Match Richmond (Cigars)	3591	IDCOL Improved Cook Stove Program - CER Conversion	2020
Swedish Match Richmond (Snuff & Chew)	3591	JARI/AMAPÁ REDD+ PROJECT	2017-2018
Swedish Match Dothan Factory	2	Agrocortex REDD Project	2017-2018
Swedish Match Owensboro Factory	10688	Agrocortex REDD Project	2017-2018
Philip Morris International USA Market	2530	Katingan Peatland Restoration and Conservation Project (226 tons) Manoa REDD+ Project (2304 tons)	2017 2017
Philip Morris Sales and Marketing Ltd.	5,404	JARI/AMAPÁ REDD+ PROJECT (5386 tons) IDCOL Improved Cook Stove Program - CER Conversion (18 tons)	2017-2018 2020
PM MEXICO PRD Y SRV	4688	JARI/AMAPÁ REDD+ PROJECT (18 tons) Katingan Peatland Restoration and Conservation Project (4670 tons)	2017-2018 2017
TRIAGA INC.	503	TerraClear Ceramic Water Purifier Project in Lao PDR	2019
PM INVESTMENTS B.V.	17823	Impact Carbon and myclimate Safe Water and Improved Cookstoves Global PoA - Uganda VPA	2017-2018
PM Manuf GmbH	9157	Agrocortex REDD Project (15 tons) IDCOL Improved Cook Stove Program - CER Conversion (9142 tons)	2017-2018 2020
f6 CIG.FAB.GmbH&CoKG	608	Manoa REDD+ Project	2017
PM POLSKA S.A.	12682	Agrocortex REDD Project	2017-2018
PRJSC PM UKRAINE	1531	Agrocortex REDD Project	2017-2018
PM KOREA INC.	8186	IDCOL Improved Cook Stove Program - CER Conversion	2020
PM MALAYSIA Sdn. Bhd	10516	Agrocortex REDD Project	2017-2018
PMFTC INC.	2014	Impact Carbon and myclimate Safe Water and Improved Cookstoves Global PoA - Uganda VPA	2017-2018
AO PHILIP MORRIS IZHORA	50773	Impact Carbon and myclimate Safe Water and Improved Cookstoves Global PoA - Uganda VPA	2017-2018
PM Kuban	1005	JARI/AMAPÁ REDD+ PROJECT	2017-2018



### 4.3 Amount of credits purchased

Credits have been purchased by PMI for the period covering **1<sup>st</sup> of January 2025 – 31<sup>st</sup> December 2025**.

The amount of credits purchased is **149,197** tons of CO<sub>2</sub> equivalent, it is composed by two contributions:

- **144,834 tons of CO<sub>2</sub> equivalent**, amount evaluated for this application period
- **4,345 tons of CO<sub>2</sub> equivalent**, that represent an additional 3% of the baseline carbon footprint to cover all the exclusions (Annex C) and to preclude underestimation.

We can reasonably assume that this amount covers 100% of the GHG emissions of PMI Cluster 5 Factories.

PMI Cluster 5 entities portfolio offsetting credits is composed as per the table in paragraph 4.2

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.

Retired credits certificates are attached on behalf of PMI for PMI Cluster 5 entities, for offsetting unavoidable emissions, **in year 2025**:

<https://registry.goldstandard.org/batch-retirements/details/232719>

<https://registry.goldstandard.org/batch-retirements/details/232720>

<https://registry.goldstandard.org/batch-retirements/details/232721>

<https://registry.goldstandard.org/batch-retirements/details/232722>

<https://registry.verra.org/mymodule/rpt/CertificateInfo.asp?rhid=149122>

<https://registry.verra.org/mymodule/rpt/CertificateInfo.asp?rhid=149583>

<https://registry.verra.org/mymodule/rpt/CertificateInfo.asp?rhid=152289>

<https://registry.verra.org/mymodule/rpt/CertificateInfo.asp?rhid=170977>

<https://registry.verra.org/mymodule/rpt/CertificateInfo.asp?rhid=229782>

<https://registry.verra.org/mymodule/rpt/CertificateInfo.asp?rhid=271215>

<https://registry.verra.org/mymodule/rpt/CertificateInfo.asp?rhid=324027>

<https://registry.verra.org/mymodule/rpt/CertificateInfo.asp?rhid=324029>

<https://registry.verra.org/mymodule/rpt/CertificateInfo.asp?rhid=324030>



## 5 Comments in verification opinion

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For Russia, PMI relied on internal greenhouse gas data. Due to the inability to verify Russian information back to source records, SGS could not perform full assurance procedures. Consequently, the Russian data carries inherent limitations in completeness and accuracy, and evidence of GHG-reduction actions could not be independently confirmed. These limitations do not alter the scope or boundaries of the declaration and are disclosed for full transparency.



## 6 Annex A – Carbon Neutrality Verification opinion



Philip Morris Cluster  
5 Verification Statement



### Verification Statement Number: CCP267920C5.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 Cluster 5, as defined in the scope section of this opinion and comprising market related activities of:

Reporting Entity	Legal Entity
MX (CIGATAM Guadaj)	PM MEXICO PRD Y SRV
US (Triaga)	TRIAGA INC.
NL (BoZ)	PM INVESTMENTS B.V.
DE (PMMG Berlin)	PM Manuf GmbH
DE (F6 Dresden)	f6 CIG.FAB.GmbH&CoKG
PL (Krakow)	PM POLSKA S.A.
UA (Kharkiv)	PRJSC PM UKRAINE
UA (Lviv)	PRJSC PM UKRAINE
KR (Yangsan)	PM KOREA INC.
MY (Seremban)	PM MALAYSIA Sdn. Bhd
PH (PMFTC Marikina)	PMFTC INC.
RU (KUBAN)	PM Kuban
RU (IZHORA)	AO PHILIP MORRIS IZHORA
RU Market	Philip Morris Sales and Marketing Ltd.
House of Oliver Twist A/S	House Oliver Twist
Swedish Match Denmark A/S	SM DENMARK S.A.
Swedish Match Norway Sales	SM SALES NORWAY AS
Gotlandis Snus AB	Gotland Snus AC
Swedish Match Gothenburg Factory	Swedish Match North Europe AB
Swedish Match Hunnebostrand	Swedish Match North Europe AB
Swedish Match Kungälv Factory	Swedish Match North Europe AB
Swedish Match Store 2 - Gbg	Swedish Match Sales Sweden AB
Swedish Match Store 3 - Sthlm	Swedish Match Sales Sweden AB
Swedish Match Store 6 - Lund	Swedish Match Sales Sweden AB
Swedish Match Curitiba Factory	Swedish Match do Brasil SA
Swedish Match Farms Brazil	Swedish Match do Brasil SA
Swedish Match Manaus Factory	Swedish Match da Amazônia S.A.
Swedish Match Pirai Factory	Swedish Match do Brasil
Swedish Match Assen Factory	Swedish Match Lighters B.V
Swedish Match Manila Factory	SWEDISH MATCH PHILIPPINES, INC.
Swedish Match Tidaholm Factory	Swedish Match Industries Aktiebolag
Swedish Match Vetlanda Factory	Swedish Match Industries Aktiebolag
Swedish Match Santiago Factory	SM DOMINICANA S.A.
Swedish Match Dothan Factory	Swedish Match Cigars Inc.
Swedish Match Owensboro Factory	SWEDISH MATCH NORTH AMERICA LLC
Swedish Match Richmond	SWEDISH MATCH NORTH AMERICA LLC
Swedish Match Turkey Sales	Swedish Match Kibrit ve Çakmak Endüstri A.Ş.

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

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Member of SGS Group

Registered in England No. 1193985 Registered Office: Rossmore Business Park, Ellesmere Port, Cheshire. CH65 3EN



PHILIP MORRIS  
INTERNATIONAL



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 5 of this Statement



**Schedule Accompanying Greenhouse Gas Verification Statement  
CCP267920C5.PML2025.2026.02.15**

**Brief Description of Verification Process**

SGS has been contracted by Philip Morris International for the verification of their Carbon Neutrality Declaration Report for Cluster 5, for the application period 01/01/2025 – 31/12/2025

**Roles and Responsibilities**

The management of Philip Morris International (PMI) is 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
- 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:**

Reporting Entity	Legal Entity
MX (CIGATAM Guadalupe)	PM MEXICO PRD Y SRV
US (Thaqa)	TRIAGA INC.
NL (BoZ)	PM INVESTMENTS B.V.
DE (PMMG Berlin)	PM Manuf GmbH
DE (F6 Dresden)	f6 CIG.FAB GmbH&CoKG
PL (Krakow)	PM POLSKA S.A.
UA (Kharkiv)	PRJSC PM UKRAINE
UA (Lviv)	PRJSC PM UKRAINE
KR (Yangsan)	PM KOREA INC.
MY (Seremban)	PM MALAYSIA Sdn. Bhd
PH (PMFTC Marikina)	PMFTC INC.
RU (KUBAN)	PM Kuban
RU (ZHORA)	AO PHILIP MORRIS IZHORA
RU Market	Philip Morris Sales and Marketing Ltd.
House of Oliver Twist A/S	House Oliver Twist
Swedish Match Denmark A/S	SM DENMARK S.A.
Swedish Match Norway Sales	SM SALES NORWAY AS
Gotland Snus AB	Gotland Snus AC
Swedish Match Gothenburg Factory	Swedish Match North Europe AB
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Swedish Match Store 5 - Lund	Swedish Match Sales Sweden AB
Swedish Match Curitiba Factory	Swedish Match do Brasil SA
Swedish Match Farnis Brazil	Swedish Match do Brasil SA
Swedish Match Manaus Factory	Swedish Match da Amazonia S.A.
Swedish Match Pirai Factory	Swedish Match do Brasil
Swedish Match Assen Factory	Swedish Match Lighters B.V
Swedish Match Manila Factory	SWEDISH MATCH PHILIPPINES, INC.
Swedish Match Tidaholm Factory	Swedish Match Industries Aktiebolag
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Swedish Match Turkey Sales	Swedish Match Kibrit ve Çakmak Endüstri A.Ş.



**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 CO<sub>2</sub> 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 CO<sub>2</sub> 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 B – Scope 1, 2 and 3 emissions inclusion and exclusion

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

Scope	Emission source	Description	Inclusion exclusion	Justification of Exclusion
1.1	Stationary combustion	Combustion of fuels in boilers and furnaces for the generation of heat and steam, used for production processes and heating of buildings	Included	-
1.2	Mobile combustion sources	Transportation of employees and goods with cars under affiliate control.	Included	-
1.3	Process emissions	Emissions occurring during the production process (DIET)	Included	-
1.4	Fugitive emissions	Refrigerant gases losses	Included	As of 2025 reporting year.
2.1	Electricity consumption	Generation of purchased electricity	Included	-
2.2	Heat, steam and/or cold consumption	Purchase of heat, steam or cold energy not produced at operation site.	Included	-
3	Scope 3	All other indirect emissions	Excluded	Out of scope

Table 7.1 - Inclusions and exclusions





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

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

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

Table 8.2 - IPCC uncertainty data



## 9 Annex D – Voluntary offset program

In this annex, shortlist of projects chosen for compensation of **2025 R12M** emissions.

#	Project Name	Carbon credits allocation		Official project link
		tons	%	
1	TerraClear Ceramic Water Purifier Project in Lao PDR	2109	1%	<a href="https://registry.goldstandard.org/projects/details/323">https://registry.goldstandard.org/projects/details/323</a>
2	Impact Carbon and myclimate Safe Water and Improved Cookstoves Global PoA - Uganda VPA	70746	47%	<a href="https://registry.goldstandard.org/projects/details/314">https://registry.goldstandard.org/projects/details/314</a>
3	Agrocortex REDD Project	35438	24%	<a href="https://registry.verra.org/app/projectDetail/VCS/1686">https://registry.verra.org/app/projectDetail/VCS/1686</a>
4	JARI/AMAPÁ REDD+ PROJECT	10000	7%	<a href="https://registry.verra.org/app/projectDetail/VCS/1115">https://registry.verra.org/app/projectDetail/VCS/1115</a>
5	IDCOL Improved Cook Stove Program - CER Conversion	21250	14%	<a href="https://registry.verra.org/app/projectDetail/VCS/3279">https://registry.verra.org/app/projectDetail/VCS/3279</a>
6	Manoa REDD+ Project	3176	2%	<a href="https://registry.verra.org/app/projectDetail/VCS/1571">https://registry.verra.org/app/projectDetail/VCS/1571</a>
7	Katingan Peatland Restoration and Conservation Project	6478	4%	<a href="https://registry.verra.org/app/projectDetail/VCS/1477">https://registry.verra.org/app/projectDetail/VCS/1477</a>
		<b>149197</b>	<b>100%</b>	



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END OF THE DOCUMENT

CARBON NEUTRAL DECLARATION PMI CLUSTER 5

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