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CARBON NEUTRALITY
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DECLARATION OF CARBON NEUTRALITY

MARKET ENTITIES CLUSTER 1

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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 1" in this document:

Country	Legal Entities
Australia	Philip Morris (Australia) Limited
Costa Rica	PHILIP MORRIS COSTA RICA, SOCIEDAD ANONIMA
Denmark	Philip Morris ApS
Finland	Philip Morris Finland Oy
Greece	PAPASTRATOS CIGARETTES MANUFACTURING COMPANY SINGLE MEMBER
New Zealand	Philip Morris (New Zealand) Limited
Norway	Philip Morris Norway AS
Portugal	Tabaqueira II, S.A.
Sweden	Philip Morris Aktiebolag
Turkey	Philip Morris Pazarlama ve Satis A.S.
Turkey	Philip Morris Seyahat Perakende Satis Anonim Sirketi

Table 1.1 - Market Legal Entities

Carbon neutrality of the Scope 1 and 2 emissions under the direct operational control of Market Entities Cluster 1, including their office, warehouse, fleet and retail operations achieved by Market Entities Cluster 1, in accordance with PAS2060:2014 for the period 1 January 2024 to 31 December 2024 with a commitment to maintain to 31 December 2025, SGS United Kingdom Limited Certified.

Certification letter from 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 1” has achieved **carbon neutrality** for the period starting 1st January 2024 and ending 31st December 2024 in accordance with PAS 2060:2014.

This has been achieved through:

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

This report includes the information which substantiates the declaration of PMI affiliate's achievement of carbon neutrality for this application period (under PAS 2060:2014) and commitment on carbon neutrality up to 2025 (3 years, from 2022 the reference year) in compliance with PAS 2060:2014 standard.

The Markets Cluster 1 affiliates have also set up Carbon Management Plans to reduce the GHG emissions associated to the office, warehouse, fleet and retail operations to demonstrate commitment to being carbon neutral in accordance with PAS2060:2014 standard.



2.1 General information

PAS 2060 Information requirement	Information as it relates to PMI affiliates
Entities making PAS 2060 declarations	Markets Cluster 1, 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 PAS 2060 declaration	Scope 1 and 2 emissions under the direct operational control of Markets Cluster 1, 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	<p>The activities required within the office, warehouse, fleet and retail operations are:</p> <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 for PAS 2060 program	1 st of January 2023
Achievement period	1 st of January 2024 – 31 st of December 2024
Commitment period	1 st of January 2022 – 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 1.

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 1 office, warehouse, fleet and retail operations within the defined boundary for the period of 1st January 2024 to 31st December 2024 have been quantified in accordance with GHG Protocol Corporate Accounting Standard (operational control) and verified by SGS.

SGS then certifies that the Carbon Neutral Declaration set out in this QES is appropriately reported in accordance with the requirement of PAS 2060:2014.

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



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 year 2024 (application period) and represent a total **4309.8 tons of CO₂ equivalent**.

Country	Legal Entity(ies)	Scope 1 [tCO ₂ e]	Scope 2 (market-based) [tCO ₂ e]	Total Scope 1 and 2 [tCO ₂ e]
Australia	Philip Morris (Australia) Limited	385.2	0.0	385.2
Costa Rica	PHILIP MORRIS COSTA RICA, SOCIEDAD ANONIMA	368.0	0.0	368.0
Denmark	Philip Morris ApS	120.1	5.9	125.9
Finland	Philip Morris Finland Oy	41.2	0.0	41.2
Greece	PAPASTRATOS CIGARETTES MANUFACTURING COMPANY SINGLE MEMBER	378.3	0.0	378.3
New Zealand	Philip Morris (New Zealand) Limited	76.7	0.0	76.7
Norway	Philip Morris Norway AS	34.4	0.0	34.4
Portugal	Tabaqueira II, S.A.	1,510.6	0.0	1,510.6
Sweden	Philip Morris Aktiebolag	223.1	19.7	242.8
Turkey	Philip Morris Pazarlama ve Satis A.S.	1,577.4	0.0	1,577.4
Turkey	Philip Morris Seyahat Perakende Satis Anonim Sirketi	45.0	0.0	45.0
Cluster 1 Total		4,284.2	25.6	4,309.8
% of Total		99.4	0.6	100.0

Table 3.1 - GHG emissions overall results

3.2 Methodology

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

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

- carbon dioxide (CO₂),
- methane (CH₄),



- nitrous oxide (N₂O).

The inventory accounts for 100% of GHG emissions of business activities and operations in which PMI 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 1. 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)

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 1. 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 1 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 IEA 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, and certification against PAS 2060:2014 processes.

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 country.

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

3.4 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.

3.5 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.

3.6 Comparison with baseline year

2022 is the first PAS 2060:2014 certification year, and therefore is used as baseline period subsequently.

Year	Scope 1 [tCO ₂ e]	Scope 2 (market-based) [tCO ₂ e]	Total Scope 1 and 2 [tCO ₂ e]
2022	5,330.2	649.0	5,979.1
2023	4,731.1	593.2	5,324.3
2024	4,284.2	25.6	4,309.8
% Reduction vs Baseline year	19.6	96.1	27.9

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 1, that relate related to office, warehouse, fleet and retail operations GHG emissions reductions.



4.1 PMI global best practice

In 2023, 92.8% 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 renewable energy electricity, PMI overall avoided the emissions of **over 2.3 million tonnes of CO₂ equivalent between 2017 and 2024**.

Indicator	2017	2018	2019	2020	2021	2022	2023	2024	Total
Purchased electricity [MWh]	858,511	870,181	890,430	823,365	809,464	818,363	850,999	875,720	6,797,033
Electricity purchased from renewable sources [MWh]	442,739	544,845	616,336	612,694	663,106	715,257	789,318	780,847	5,165,142
% Renewable	51.6	62.6	69.2	74.4	81.9	87.4	92.8	89.2	76.0
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	790,062
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	3,114,766
Difference between location based and market based	197,261	246,281	288,004	293,530	297,097	315,994	342,992	343,546	2,324,704

Table 4.1 - Avoided CO₂ emissions due to green electricity increase



4.2 Implemented GHG emissions reduction project repository in Markets Cluster 1

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 2024 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	876	
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, but a measure we believe is important to raise awareness and commitment in markets.	
Cluster 1	Renewable Electricity	2024 total savings	761	
Denmark	Scope 2 - Current lease in LEED or Green Building Offices	Dec-19	Difficult to quantify	
Sweden	Scope 2 - Current lease in LEED or Green Building Offices	Dec-19	Difficult to quantify	
Sweden	Scope 2 - automatic switch off lamps in toilets (when not in use for a couple of minutes)	>5 years	Saves consumption, not CO2 due to renewable electricity acquisition.	



Country	Description	Timing	Emissions Reduction [T CO2 eq]
Turkey	Office Lighting Efficiency (LED)	1/01/2023	Also promotes awareness with employees.
Turkey	Office space consolidation after smart-work model.	1/01/2022	
Costa Rica	Reforestation activity	6/06/2024	
Costa Rica	Office relocation - 30% reduction m2	Q3-2023	

Table 4.2 - Implemented GHG emissions reduction projects



4.3 Planned GHG emissions reduction initiatives in Markets Cluster 1

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 (2022-2025).

Note:

From 2024 our Scope 1 emissions contribute 99% of Cluster 1 scopes 1 and 2 emissions. Our focus is therefore focused largely on our fleet emissions for the coming period.

Country	Description	Timing	Emissions Reduction 2025 [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	
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	170
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 Standard (VCS)¹, Climate Community and Biodiversity Alliance (CCBA)², Gold Standard³, and other offsets as endorsed in PAS2060.

Credits were retired on 21 November 2025.

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

5.2 Offsetting project(s)

Offsetting projects selected by Markets Cluster 1 for compensating the 2024 emissions are:

Project Name	Description of Project	Official Project Link
GS2447 GS1265 African Biomass Energy Conservation PoA Malawi Biomass Conservation (5)	Hestian intends to reduce greenhouse gas emissions from non-renewable biomass fuel by dissemination of: (a) improved household and institutional cook-stoves; (b) improved brick-making technologies; (c) improved green charcoal; and (d) improved productive thermal appliances, in Least Developed Countries and Land-locked Developing Countries and in Africa, including Burundi, Democratic Republic of Congo, Ethiopia, Lesotho, Malawi, Mozambique, Rwanda, Somalia, Tanzania, Uganda, Zambia, and underdeveloped zones of Kenya.	https://registry.goldstandard.org/batch-retirements/details/225573

Table 5.1 - Offsetting Projects

Offsetting retirements per legal entity for Markets Cluster 1 for compensating the 2024 emissions are as follows:

Country	Legal Entity	Final requested offset value from GS2447 GS1265 African Biomass Energy
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¹ <https://verra.org/>

² <http://www.climate-standards.org/>

³ <https://www.goldstandard.org/>

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



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Conservation PoA Malawi Biomass Conservation (5) [tCO2]		
Australia	Philip Morris (Australia) Limited	385
Costa Rica	PHILIP MORRIS COSTA RICA, SOCIEDAD ANONIMA	368
Denmark	Philip Morris ApS	126
Finland	Philip Morris Finland Oy	41
Greece	PAPASTRATOS CIGARETTES MANUFACTURING COMPANY SINGLE MEMBER	328
New Zealand	Philip Morris (New Zealand) Limited	77
Norway	Philip Morris Norway AS	34
Portugal	Tabaqueira II, S.A.	1,459
Sweden	Philip Morris Aktiebolag	243
Turkey	Philip Morris Pazarlama ve Satis A.S.	1,214
Turkey	Philip Morris Seyahat Perakende Satis Anonim Sirketi	35
TOTAL (exc overrate)		4,310
Overrate (3%)		129
TOTAL (inc overrate)		4,440

Table 5.2 - Markets Cluster 1 offsetting projects retirement allocations



5.3 Amount of credits purchased

Credits have been purchased by PMI, for Cluster 1, for the period covering 1st of January 2024 – 31st December 2024.

The amount of credits purchased is **4,440 tonnes of CO₂ equivalent***, it is composed by two contributions:

- i. 4309.8 tonnes of CO₂ equivalent (scope 1 and 2), amount evaluated for the first application period
- ii. 129.3 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 4,440 tonnes of CO₂ equivalent.

We can reasonably assume that the emissions from Market Cluster 1 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 (market-based) [tCO ₂ e]
Australia	Philip Morris (Australia) Limited	385.2	0.0	385.2
Costa Rica	PHILIP MORRIS COSTA RICA, SOCIEDAD ANONIMA	368.0	0.0	368.0
Denmark	Philip Morris ApS	120.1	5.9	125.9
Finland	Philip Morris Finland Oy	41.2	0.0	41.2
Greece	PAPASTRATOS CIGARETTES MANUFACTURING COMPANY SINGLE MEMBER	327.8	0.0	327.8
New Zealand	Philip Morris (New Zealand) Limited	76.7	0.0	76.7
Norway	Philip Morris Norway AS	34.4	0.0	34.4
Portugal	Tabaqueira II, S.A.	1,458.8	0.0	1,458.8
Sweden	Philip Morris Aktiebolag	223.1	19.7	242.8
Turkey	Philip Morris Pazarlama ve Satis A.S.	1,214.0	0.0	1,214.0
	Philip Morris Seyahat Perakende Satis Anonim Sirketi	35.0	0.0	35.0
Cluster 1 Total		4,284.2	25.6	4,309.8
% of Total		99.4	0.6	100.0
Cluster 1 3% Overrate [tCO₂e]		128.5	0.8	129.3
Cluster 1 Total CO₂ to be Compensated (round up) [tCO₂e]		4,412.7	26.4	4,440.0

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.



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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.



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The following certificates have been retired in accordance with *Table 5.1 - Markets Cluster 1 offsetting projects retirement allocations* to offset unavoidable emissions, year 2024.

Originating project name: GS2447 GS1265 African Biomass Energy Conservation PoA Malawi Biomass Conservation (5)

Quantity of retired credits: 4440

Unit Type: VER

Serial number: GS1-1-MW-GS2447-16-2016-6766-42651-47090

Retirement Date: 21 November, 2025

GS ID: GS1265

Country: Rwanda



We are delighted to confirm the retirement of

4440 Verified Emission Reductions (VERs)

by

Philip Morris Products S.A.

on 21/11/2025

These credits were retired on behalf of Market and Fleet Cluster 1 - see Retirement Reason Details for full list.

Retired on behalf of the following companies: Philip Morris (Australia) Limited, PHILIP MORRIS COSTA RICA, SOCIEDAD ANONIMA, Philip Morris ApS, Philip Morris Finland Oy, PAPASTRATOS CIGARETTES MANUFACTURING COMPANY SINGLE MEMBER, Philip Morris (New Zealand) Limited, Philip Morris Norway AS, Tabaqueira II, S.A.

Philip Morris Aktiebolag, Philip Morris Pazarlama ve Satis A.S., Philip Morris Seyahat Perakende Satis Anonim Sirketi,
for offsetting outstanding emissions, year 2024

Project: GS2447 GS1265 African Biomass Energy Conservation PoA Malawi Biomass Conservation (5)

*These credits have been retired, saving **4440** 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



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5.4 Compensation program for the third application

For the third application period, PMI will cancel the volume of carbon credits required once the emission calculations are completed for that period. The volumes of credits required by PMI affiliates will be confirmed at later stage upon completion of the greenhouse gas inventory audit for this Application Period. The portfolio composition and share among projects will be determined based on the volume of credits.



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6 Annex A – Carbon Neutral Assurance letter



Verification Statement Number:
CCP267920.PMI.2024.Market Cluster 1 V1 20251216

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

Philip Morris International Market Entities Cluster 1, as defined in the scope section of this opinion and comprising market related activities of:

Philip Morris (Australia) Limited

Philip Morris Costa Rica S.A.

Philip Morris ApS

Philip Morris Finland Oy

Philip Morris Greece – Papastratos Cigarette Manufacturing Company, SA

Philip Morris (New Zealand) Limited

Philip Morris Norway AS

Philip Morris Portugal – Tabaqueira II, S.A.

Philip Morris Aktiebolag

Philip Morris Pazarlama ve Satış A.Ş (Türkiye) and

Philip Morris Seyahat Perakende Satış Anonim Şirketi

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

Lead Assessor: Lisa Gibson

Technical Reviewer: Andrew James Collins

Authorised by:

Pamela Chadwick

Business Manager

SGS United Kingdom Ltd

Verification Statement Date: 16 December 2025

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

SGS United Kingdom Ltd

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Schedule Accompanying Greenhouse Gas Verification Statement CCP267920.PMI.2024.Market Cluster 1 V1 20251216

Brief Description of Verification Process

SGS has been contracted by Philip Morris International (PMI) for the verification of their Carbon Neutrality Declaration as presented in the Qualifying Explanatory Statement (QES) for Market Entities Cluster 1, for the application period 01/01/2024 – 31/12/2024, against the requirements of PAS 2060:2014: Specification for the demonstration of carbon neutrality (PAS 2060).

Roles and Responsibilities

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

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

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

Objectives:

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

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

Level of Assurance

The level of assurance agreed is reasonable.

Scope

This engagement covers verification of:

- The organizational boundary was established following the operational control consolidation approach for each of the market affiliates.
- Title or description of activities: Emissions for market affiliates office, warehouse, fleet and retail operations
- Scope 1 & 2 emissions only
- Location/boundary of the activities: as per list below
- Application period: Calendar Year 2024
- Intended user of the verification statement: internal, customers, general public.



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Market Affiliates:

Country	Legal Entity
Australia	Philip Morris (Australia) Limited
Costa Rica	Philip Morris Costa Rica S.A.
Denmark ²	Philip Morris ApS
Finland ²	Philip Morris Finland Oy
Greece ¹	Philip Morris Greece – Papastratos Cigarette Manufacturing Company, SA
New Zealand	Philip Morris (New Zealand) Limited
Norway ²	Philip Morris Norway AS
Portugal ¹	Philip Morris Portugal – Tabaqueira II, SA
Sweden ²	Philip Morris Aktiebolag
Turkey ¹	Philip Morris Pazarlama ve Satış A.Ş (Türkiye) and Seyahat Perakende Satış Anonim Şirketi

¹ excluding manufacturing operations related emissions.

² excluding Swedish Match related emissions.

Materiality

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

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

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

Conclusion

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

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



7 Annex B – Qualifying Explanatory Statements (QES) checklist



QES%20Document.xls
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8 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	Excluded	Identified as below materiality threshold within the GHG inventory
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 8.1 - Inclusions and exclusions



9 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”)⁵; 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:



2025 PMI Markets
Cluster 1 Uncertain

Overall outcome of the uncertainty calculation (from attached file)

Overall Source description	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100	101	102	103	104	105	106	107	108	109	110	111	112	113	114	115	116	117	118	119	120	121	122	123	124	125	126	127	128	129	130	131	132	133	134	135	136	137	138	139	140	141	142	143	144	145	146	147	148	149	150	151	152	153	154	155	156	157	158	159	160	161	162	163	164	165	166	167	168	169	170	171	172	173	174	175	176	177	178	179	180	181	182	183	184	185	186	187	188	189	190	191	192	193	194	195	196	197	198	199	200	201	202	203	204	205	206	207	208	209	210	211	212	213	214	215	216	217	218	219	220	221	222	223	224	225	226	227	228	229	230	231	232	233	234	235	236	237	238	239	240	241	242	243	244	245	246	247	248	249	250	251	252	253	254	255	256	257	258	259	260	261	262	263	264	265	266	267	268	269	270	271	272	273	274	275	276	277	278	279	280	281	282	283	284	285	286	287	288	289	290	291	292	293	294	295	296	297	298	299	300	301	302	303	304	305	306	307	308	309	310	311	312	313	314	315	316	317	318	319	320	321	322	323	324	325	326	327	328	329	330	331	332	333	334	335	336	337	338	339	340	341	342	343	344	345	346	347	348	349	350	351	352	353	354	355	356	357	358	359	360	361	362	363	364	365	366	367	368	369	370	371	372	373	374	375	376	377	378	379	380	381	382	383	384	385	386	387	388	389	390	391	392	393	394	395	396	397	398	399	400	401	402	403	404	405	406	407	408	409	410	411	412	413	414	415	416	417	418	419	420	421	422	423	424	425	426	427	428	429	430	431	432	433	434	435	436	437	438	439	440	441	442	443	444	445	446	447	448	449	450	451	452	453	454	455	456	457	458	459	460	461	462	463	464	465	466	467	468	469	470	471	472	473	474	475	476	477	478	479	480	481	482	483	484	485	486	487	488	489	490	491	492	493	494	495	496	497	498	499	500	501	502	503	504	505	506	507	508	509	510	511	512	513	514	515	516	517	518	519	520	521	522	523	524	525	526	527	528	529	530	531	532	533	534	535	536	537	538	539	540	541	542	543	544	545	546	547	548	549	550	551	552	553	554	555	556	557	558	559	560	561	562	563	564	565	566	567	568	569	570	571	572	573	574	575	576	577	578	579	580	581	582	583	584	585	586	587	588	589	590	591	592	593	594	595	596	597	598	599	600	601	602	603	604	605	606	607	608	609	610	611	612	613	614	615	616	617	618	619	620	621	622	623	624	625	626	627	628	629	630	631	632	633	634	635	636	637	638	639	640	641	642	643	644	645	646	647	648	649	650	651	652	653	654	655	656	657	658	659	660	661	662	663	664	665	666	667	668	669	670	671	672	673	674	675	676	677	678	679	680	681	682	683	684	685	686	687	688	689	690	691	692	693	694	695	696	697	698	699	700	701	702	703	704	705	706	707	708	709	710	711	712	713	714	715	716	717	718	719	720	721	722	723	724	725	726	727	728	729	730	731	732	733	734	735	736	737	738	739	740	741	742	743	744	745	746	747	748	749	750	751	752	753	754	755	756	757	758	759	760	761	762	763	764	765	766	767	768	769	770	771	772	773	774	775	776	777	778	779	780	781	782	783	784	785	786	787	788	789	790	791	792	793	794	795	796	797	798	799	800	801	802	803	804	805	806	807	808	809	810	811	812	813	814	815	816	817	818	819	820	821	822	823	824	825	826	827	828	829	830	831	832	833	834	835	836	837	838	839	840	841	842	843	844	845	846	847	848	849	850	851	852	853	854	855	856	857	858	859	860	861	862	863	864	865	866	867	868	869	870	871	872	873	874	875	876	877	878	879	880	881	882	883	884	885	886	887	888	889	890	891	892	893	894	895	896	897	898	899	900	901	902	903	904	905	906	907	908	909	910	911	912	913	914	915	916	917	918	919	920	921	922	923	924	925	926	927	928	929	930	931	932	933	934	935	936	937	938	939	940	941	942	943	944	945	946	947	948	949	950	951	952	953	954	955	956	957	958	959	960	961	962	963	964	965	966	967	968	969	970	971	972	973	974	975	976	977	978	979	980	981	982	983	984	985	986	987	988	989	990	991	992	993	994	995	996	997	998	999	1000	1001	1002	1003	1004	1005	1006	1007	1008	1009	10010	10011	10012	10013	10014	10015	10016	10017	10018	10019	10020	10021	10022	10023	10024	10025	10026	10027	10028	10029	10030	10031	10032	10033	10034	10035	10036	10037	10038	10039	10040	10041	10042	10043	10044	10045	10046	10047	10048	10049	10050	10051	10052	10053	10054	10055	10056	10057	10058	10059	10060	10061	10062	10063	10064	10065	10066	10067	10068	10069	10070	10071	10072	10073	10074	10075	10076	10077	10078	10079	10080	10081	10082	10083	10084	10085	10086	10087	10088	10089	10090	10091	10092	10093	10094	10095	10096	10097	10098	10099	100100	100101	100102	100103	100104	100105	100106	100107	100108	100109	100110	100111	100112	100113	100114	100115	100116	100117	100118	100119	100120	100121	100122	100123	100124	100125	100126	100127	100128	100129	100130	100131	100132	100133	100134	100135	100136	100137	100138	100139	100140	100141	100142	100143	100144	100145	100146	100147	100148	100149	100150	100151	100152	100153	100154	100155	100156	100157	100158	100159	100160	100161	100162	100163	100164	100165	100166	100167	100168	100169	100170	100171	100172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