



PHILIP MORRIS  
INTERNATIONAL

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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 second 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 Market Entities Cluster 3, including their office, warehouse, fleet and retail operations achieved by Market Entities Cluster 3, 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 3” has achieved **carbon neutrality** for the period starting 1<sup>st</sup> January 2024 and ending 31<sup>st</sup> 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 1<sup>st</sup> January 2024 and ending 31<sup>st</sup> 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 (2 years, from 2023 the reference year) in compliance with PAS 2060:2014 standard.

The Markets Cluster 3 affiliates have also set up a 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 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 PAS 2060 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"> <li>• Sales</li> <li>• Distribution</li> <li>• Marketing</li> <li>• Administration</li> <li>• Facility management</li> </ul>
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 <sup>st</sup> of January 2023
Achievement period	1 <sup>st</sup> of January 2024 – 31 <sup>st</sup> of December 2024
Commitment period	1 <sup>st</sup> of January 2023 – 31 <sup>st</sup> 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 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 **3,402.9 tons of CO<sub>2</sub> equivalent**.

Group / Country	Legal Entities	Scope 1 (t CO <sub>2</sub> eq)	Scope 2 (t CO <sub>2</sub> eq)	Total Scope 1 and 2 (t CO <sub>2</sub> eq)
Armenia	Philip Morris Armenia Limited Liability Company	112.6	8.9	121.5
Georgia	Limited Liability Company Philip Morris Georgia	98.2	0.0	98.2
Israel	Philip Morris Ltd	912.9	0.0	912.9
Kazakhstan	PHILIP MORRIS KAZAKHSTAN LLP	1,147.0	201.1	1,348.1
Pakistan	Philip Morris (Pakistan) Limited	922.2	0.0	922.2
Cluster 3 Total		3,192.9	210.0	3,402.9
% of Total		93.8	6.2	100.0

Table 3.1 - GHG emissions overall results

#### 3.2 Methodology

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

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

- carbon dioxide (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 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)

### 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 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 period results

2023 is the first PAS 2060:2014 certification year, and therefore is used as baseline period subsequently.

Year	Scope 1 [tCO <sub>2</sub> e]	Scope 2 (market-based) [tCO <sub>2</sub> e]	Total Scope 1 and 2 [tCO <sub>2</sub> e]
2023	3,317.0	1,276.0	4,593.0
2024	3,192.9	210.0	3,402.9
<b>% Reduction vs Baseline year</b>	<b>3.7</b>	<b>83.5</b>	<b>25.9</b>

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 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 CO<sub>2</sub> 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
<b>Difference between location based and market based</b>	<b>197,261</b>	<b>246,281</b>	<b>288,004</b>	<b>293,530</b>	<b>297,097</b>	<b>315,994</b>	<b>342,992</b>	<b>343,546</b>	<b>2,324,704</b>

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 2024 carbon footprint assessment.

Country	Description	Timing	Emissions Reduction [T CO2 eq]
Global	<b>Telematics implementation</b> 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	264
Global	<b>Reduced emission vehicle limits</b> Reducing the maximum permissible emissions levels of vehicles to ensure our fleet has constant downward pressure on our overall emissions.		
Global	<b>Fleet electrification</b> Reviewing vehicle replacement options with a view to moving to hybrid, plug in hybrid and electric vehicles.		
Global	<b>Driving elearning training, "Fleet Defense"</b> Drivers in the markets in scope have been undergoing driver training, which is expected to improve anticipatory driving, thereby reducing fuel emissions.		
Global	<b>Market Scorecard</b> 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.
Cluster 2	Renewable Electricity	2024 total savings	1,295

Country	Description	Timing	Emissions Reduction [T CO <sub>2</sub> eq]
<b>Pakistan</b>	Awareness session for employees on world environment day where external guests were invited to speak & promote environmentally sustainable activities. The session was broadcasted for all employees.	Jun-23	Difficult to quantify, but still good initiatives for organizational environmental engagement.
<b>Pakistan</b>	Created a dedicated email domain (PMPKL Sustainability) to focus awareness on sustainable topics through regular communications.	Mar-23	
<b>Pakistan</b>	Organized an energy awareness campaign which involved display of important energy conservation related infographics at all PMPKL sites.	Jan-24	
<b>Pakistan</b>	Rolled out “I Pledge” movement to motivate and encourage employees to take oaths to switch to sustainable options in their personal lives.	Dec-23	

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 2024 our Scope 1 emissions contribute 95% of 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 CO <sub>2</sub> eq]
Global	<b>Telematics implementation</b> 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	<b>Reduced emission vehicle limits</b> Reducing the maximum permissible emissions levels of vehicles to ensure our fleet has constant downward pressure on our overall emissions.	Ongoing	
Global	<b>Fleet electrification</b> Reviewing vehicle replacement options with a view to moving to hybrid, plug in hybrid and electric vehicles.	Ongoing	
Global	<b>Driving elearning training, "Fleet Defense"</b> Drivers in the markets in scope have been undergoing driver training, which is expected to improve anticipatory driving, thereby reducing fuel emissions.	Ongoing	
Pakistan	Conversion of remaining 8 x sales offices to solar energy (Hyderabad, Sukkur, Sahiwal, Bahawalpur, Lahore, Jhelum, Peshawar and Sargodha sales offices)	Jun-26	Consumption reduction only. No CO <sub>2</sub> savings due to renewable electricity being used 2024 and beyond.

<b>Pakistan</b>	Cautious use of energy by maximum utilization of day light by switching off unnecessary bulbs/lights and replacement of bulbs with LED lights at Head office	Ongoing	
<b>Israel</b>	Pilot of solar panels installation - POC for reducing 5-7 % in fuel consumption of fleet distribution vehicles	Feb-25	TBD

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)<sup>1</sup>, Climate Community and Biodiversity Alliance (CCBA)<sup>2</sup>, Gold Standard<sup>3</sup>, 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://registry.goldstandard.org/)<sup>4</sup> and on <https://registry.terra.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.

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

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

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

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

## 5.2 Offsetting project(s)

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

Project Name	Description of Project	Official Project Link
<b>GS2447 GS1265 African Biomass Energy Conservation PoA Malawi Biomass Conservation (5)</b>	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.	<a href="https://registry.goldstandard.org/batch-retirements/details/225573">https://registry.goldstandard.org/batch-retirements/details/225573</a>

Table 5.1 - Offsetting Projects

Offsetting retirements per legal entity for Markets Cluster 3 for compensating the 2024 emissions are as follows:

Country	Legal Entity	Final requested offset value from GS2447 GS1265 African Biomass Energy Conservation PoA Malawi Biomass Conservation (5) [tCO <sub>2</sub> ]
Armenia	Philip Morris Armenia Limited Liability Company	98
Georgia	Limited Liability Company Philip Morris Georgia	913
Israel	Philip Morris Ltd	1,348
Kazakhstan	PHILIP MORRIS KAZAKHSTAN LLP	922
Pakistan	Philip Morris (Pakistan) Limited	122
TOTAL exc overrate		3,403
Overrate (3%)		102
TOTAL inc overrate		3,505

Table 5.2 - Markets Cluster 3 offsetting projects retirement allocations

### Amount of credits purchased

Credits have been purchased by PMI, for Cluster 3, for the period covering 1<sup>st</sup> of January 2024 – 31<sup>st</sup> December 2024.

The amount of credits purchased is **3,505 tonnes of CO<sub>2</sub> equivalent\***, it is composed by two contributions:

- 3,402.9 tonnes of CO<sub>2</sub> equivalent (scope 1 and 2), amount evaluated for the first application period
- 102.1 tonnes of CO<sub>2</sub> equivalent, that represent the overrate of 3% of the whole carbon footprint to cover all the exclusions (Annex C) and precludes underestimation.

*\* Note that the final figure is rounded up to the nearest ton which can, at times, appear to increase the total of CO<sub>2</sub> 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 <sub>2</sub> e]	Scope 2 (market- based) [tCO <sub>2</sub> e]	Total Scope 1 and 2 [tCO <sub>2</sub> e]
Armenia	Philip Morris Armenia Limited Liability Company	112.6	8.9	121.5
Georgia	Limited Liability Company Philip Morris Georgia	98.2	0.0	98.2
Israel	Philip Morris Ltd	912.9	0.0	912.9
Kazakhstan	PHILIP MORRIS KAZAKHSTAN LLP	1,147.0	201.1	1,348.1
Pakistan	Philip Morris (Pakistan) Limited	922.2	0.0	922.2
Cluster 3 Total		3,192.9	210.0	3,402.9
% of Total		93.8	6.2	100.0
Cluster 3 3% Overtime [tCO <sub>2</sub> e]		95.8	6.3	102.1
Cluster 3 Total CO <sub>2</sub> to be Compensated (round up) [tCO <sub>2</sub> e]		3,288.7	216.3	3,505.0

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 2024.

Originating project name: GS2447 GS1265 African Biomass Energy Conservation PoA Malawi Biomass Conservation (5)  
Quantity of retired credits: 3505  
Unit Type: VER  
Serial number: GS1-1-MW-GS2447-16-2016-6766-47401-50905  
Retirement Date: 21 November, 2025  
GS ID: 2447  
POA GS ID: 1265  
Country: Malawi



*We are delighted to confirm the retirement of*  
**3505 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 3 - see Retirement Reason Details for full list.

Retired on behalf of the following companies: Philip Morris Armenia Limited Liability Company, Limited Liability Company Philip Morris Georgia, Philip Morris Ltd, PHILIP MORRIS KAZAKHSTAN LLP, Philip Morris (Pakistan) Limited,  
for offsetting outstanding emissions, year 2024

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

*These credits have been retired, saving **3505** 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 Balxert 7-9 1219 Châtellaine, International Environment House 2, Switzerland | [goldstandard.org](http://goldstandard.org). +41 22 788 70 80, [help@goldstandard.org](mailto:help@goldstandard.org)

### **5.3 Compensation program for the second application**

For the second 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.

## 6 Annex A – Carbon Neutral Assurance letter



**Verification Statement Number:**  
**CCP267920.PMI.2024.Market Cluster 3 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 3, as defined in the scope section of this opinion and comprising market related activities of:

Country	Legal Entity
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

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.

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## Schedule Accompanying Greenhouse Gas Verification Statement CCP267920.PMI.2024.Market Cluster 3 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 3, 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 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 Cluster 3 office, warehouse, fleet and retail operations
- Scope 1 & 2 emissions only
- Location/boundary of the activities: market activities excluding manufacturing operations, as per list below
- Application period: Calendar Year 2024
- Intended user of the verification statement: internal, customers, general public.

### Market Affiliates

Country	Legal Entity
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





#### 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, carbon neutrality declaration and QES for the first period 01/01/2024 – 31/12/2024 are fairly stated.

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

#### Conclusion

Philip Morris International provided their Carbon Neutrality Declaration for Market Entities Cluster 3, 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 CO<sub>2</sub> 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	-

Emission source	Description	Inclusion exclusion	Justification of Exclusion
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”)<sup>5</sup>; 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 3 Uncertain

Overall outcome of the uncertainty calculation (from attached file)

Overall												
Source description	Value	Unit	Uncertainty	Factor	Value	Unit	Uncertainty	Factor	Value	Unit	Uncertainty	Factor
LPG (Energy) [MJ]	14,291.53	MJ	± 7.0%		14,291.53	MJ	± 7.0%		14,291.53	MJ	± 7.0%	
Natural Gas (Energy) [MJ]	5,291,423.12	MJ	± 7.0%		5,291,423.12	MJ	± 7.0%		5,291,423.12	MJ	± 7.0%	
Diesel or Fuel oil (Energy) [MJ]	0.00	MJ	± 7.0%		0.00	MJ	± 7.0%		0.00	MJ	± 7.0%	
Fuel oil - H <sub>2</sub> (Energy) [MJ]	0.00	MJ	± 7.0%		0.00	MJ	± 7.0%		0.00	MJ	± 7.0%	
Hard Coal (Energy) [MJ]	538,388.98	MJ	± 7.0%		538,388.98	MJ	± 7.0%		538,388.98	MJ	± 7.0%	
Biomass (Energy) [MJ]	0.00	MJ	± 7.0%		0.00	MJ	± 7.0%		0.00	MJ	± 7.0%	
Distorted Steam (Energy) [MJ]	0.00	MJ	± 7.0%		0.00	MJ	± 7.0%		0.00	MJ	± 7.0%	
Distorted Heating (Energy) [MJ]	4,030,061.50	MJ	± 7.0%		4,030,061.50	MJ	± 7.0%		4,030,061.50	MJ	± 7.0%	
Purchased Renewable Electricity (Energy) [kWh]	2,239,020.00	kWh	± 7.0%		2,239,020.00	kWh	± 7.0%		2,239,020.00	kWh	± 7.0%	
Net Electricity (Energy) [kWh]	48,889.00	kWh	± 7.0%		48,889.00	kWh	± 7.0%		48,889.00	kWh	± 7.0%	
Vehicle Diesel Consumption [L]	1,128,786.36	L	± 7.0%		1,128,786.36	L	± 7.0%		1,128,786.36	L	± 7.0%	
Vehicle Diesel Consumption [t]	28,272.00	t	± 7.0%		28,272.00	t	± 7.0%		28,272.00	t	± 7.0%	
Vehicle Biodiesel Consumption [L]	0.00	L	± 7.0%		0.00	L	± 7.0%		0.00	L	± 7.0%	
Vehicle Biodiesel Consumption [t]	0.00	t	± 7.0%		0.00	t	± 7.0%		0.00	t	± 7.0%	
Vehicle Natural Gas Consumption [L]	0.00	L	± 7.0%		0.00	L	± 7.0%		0.00	L	± 7.0%	
Vehicle Natural Gas Consumption [t]	0.00	t	± 7.0%		0.00	t	± 7.0%		0.00	t	± 7.0%	
Sum CO <sub>2</sub> emissions (t)					3,482,882.11	t	± 7.1%		3,482,882.11	t	± 7.1%	

Table 9.1 - 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 <sub>2</sub>	Energy	7%	7%	10%
CO <sub>2</sub>	Industrial Processes	7%	7%	10%
CO <sub>2</sub>	Land Use Change and Forestry	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 9.2 - IPCC uncertainty data

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



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