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DECLARATION OF CARBON NEUTRALITY

MANUFACTURING ENTITIES CLUSTER 3

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Table of Figures:

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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 Manufacturing Entities Cluster 3 (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 factories that are joining carbon neutral declaration process, we decided to cluster facilities under the same declaration of commitment and achievement.
This is the second declaration of achievement of carbon neutrality for the following list of factories that we will call in this document "Manufacturing Entities Cluster 3".

List of factories:

Reporting entity	Current Legal Entity
CA (RBH Quebec)	Rothmans, Benson & Hedges Inc.
IT (PM MTB RRP ZP)	Philip Morris Manufacturing &Technology Bologna S.p.A. (PM MTB), Zola Predosa plant
IT (PM MTB RRP GF)	Philip Morris Manufacturing & Technology Bologna S.p.A. (PM MTB), Valsamoggia plant
PK (PMPK Sahiwal)	Philip Morris (Pakistan) Limited- Sahiwal plant

Carbon Neutrality of the Scope 1 and Scope 2 emissions under the direct operational control of the factories included in the Manufacturing Entities Cluster 3 was achieved on **31st December 2025** with a commitment to maintain it from 1st January 2025 to **31st December 2025**. The achievement of Manufacturing Entities Cluster 3 facilities' carbon neutrality has been verified by SGS United Kingdom Limited.

Verification Criteria:

- Determination of emissions and reductions in accordance with the WRI/WBCSD GHG Protocol, Corporate Accounting and Reporting Standard for the baseline year and subsequent years.
- Transparent definition of the scope and boundary of activities included within the subject of the Carbon Neutral claim
- Establishment and Implementation of a Carbon footprint management plan targeting emissions reductions by defined actions
- Quantifiable reductions in emissions have been achieved year on year based on actions taken as part of the Carbon footprint management plan
- Carbon Neutral declaration produced that provides sufficient detailed information for the claim, quantification methodology, scope, carbon management plan, reductions and offsets to be fully transparent.

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

Verification opinion from SGS can be found in Annex A.

1 Introduction

This document forms the Qualifying Explanatory Statement (QES) to demonstrate that Philip Morris International (PMI) “Manufacturing Entities Cluster 3” group of manufacturing affiliates has achieved carbon neutrality for the below mentioned manufacturing processes for the period starting 1st January 2025 and ending 31st December 2025 (Rolling 12 Months).

PAS 2060:2014 is no longer available as a certifiable standard as of 2026. While this QES therefore applies the methodological principles of PAS 2060:2014 to ensure consistency, it does not constitute nor claim certification under PAS 2060:2014. PMI adheres to the methodological principles and requirements of PAS 2060:2014 which was enforced during 2025, although certification under it is no longer possible.

In line with our commitment made in 2022 to achieve Carbon Neutrality by 2025, this QES continues to ensure methodological rigor and transparency in how we account for and communicate our carbon neutrality progress.

The original Carbon Neutrality declaration was based on rolling twelve-month data for the 2025 reporting year. Following completion of the reconciliation process, we committed to updating the declaration to reflect the finalized full-year 2025 actuals.

This document presents the amended QES, incorporating the full-year 2025 actuals data.

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This has been achieved through:

- Continuous carbon emissions reduction through action plans under PMI direct controls: affiliates and fleet under affiliates' control.
- Compensation of remaining carbon emissions for the period commencing 1st January 2025 and ending 31st December 2025.

This report includes the information which substantiates the declaration of PMI Manufacturing Entities Cluster 3 achievement of carbon neutrality for this application period and commitment on carbon neutrality up to 2026.

PMI affiliates grouped in Manufacturing Entities Cluster 3 have also set up a Carbon Management Plan to reduce the GHG emissions associated with the manufacturing processes in order to demonstrate commitment to being carbon neutral.

1.1 General information regarding Carbon Neutrality

Information requirement	**Information as it relates to PMI Manufacturing Entities Cluster 3 affiliates**
Entities in scope of declaration	PMI Manufacturing Entities Cluster 3, including factories as 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)	Chiara Rizzi
Subject of declaration	Carbon Neutrality of the Scope 1 and 2 emissions under the direct operational control of PMI Manufacturing Entities Cluster 3 Factories (complete list available in Annex B)
Function of subject	Factories and/or stemmeries manufacturing conventional cigarettes and Smoke Free Products for PMI and its brands.
Activities required for subjects to fulfil its function	The activities required within the manufacturing process are (note that not all the processes listed are present in all the Manufacturing Entities Cluster 3 factories): • Cast Leaf Processing; • Cut Filler Processing; • Development activities; • Filter Processing; • Flavour & Casing Processing;

	• Improved Stem Processing; • Machine Cigarette Processing; • Manufacture of Tobacco Related Products; • Manufacturing of Reduced Risk Products; • Other Tobacco Products Processing • Quality Control Laboratory Activities; • Warehousing Activities
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	1st of January 2025
Achievement period	1st of January 2025– 31st of December 2025
Commitment period	1st of January 2025 – 31st of December 2025

Table 1.1 - General information

1.2 Scope

The **subject** for carbon neutrality is manufacturing entities grouped in the following **Manufacturing Entities Cluster 3** or group of entities.

Philip Morris International, Manufacturing entities grouped in Cluster 3:

Reporting entity	Production Type	Current Legal Entity
CA (RBH Quebec)	CC	Rothmans, Benson & Hedges Inc.
IT (PM MTB RRP ZP)	SFP	Philip Morris Manufacturing & Technology Bologna S.p.A. (PM MTB), Zola Predosa plant
IT (PM MTB RRP GF)		Philip Morris Manufacturing & Technology Bologna S.p.A. (PM MTB), Valsamoggia plant
PK (PMPK Sahiwal)	CC	Philip Morris (Pakistan) Limited- Sahiwal plant

The main business activity is the manufacturing of conventional cigarettes (CC means conventional cigarettes) and SFP (Smoke free products) under PMI brands (as reported in Annex B).

In 2024, we continued to group our factories that have been joining carbon neutral declaration process, we decided to cluster a third group of them under cluster, to include them under a same declaration of commitment and achievement.

Manufacturing Entities Cluster 3 declaration includes four Manufacturing reporting entities (the reporting entities are mainly defined as Conventional cigarettes sites).

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 Manufacturing Entities Cluster 3** and **under the affiliates' control** including:

- The manufacturing plant
- The office(s) and/or warehouse(s) included within the perimeter
- The fleet under the affiliate's control

GHG emissions associated with **Manufacturing Entities Cluster 3** of manufacturing 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 QES is appropriately reported. in accordance with our criteria in paragraph "0 Carbon Neutral declaration".

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

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2 Quantification of carbon footprint

2.1 **Emissions results -** 2025 PMS data

Reporting entity	RRP P1 Stick Production Volume [Mio Sticks]	Total Production (Mio Cigarettes Equivalent) [Mio Cig]	CO2 Scope 1 Fuels (GHG emissions) - Manufacturing [t GHG]	Total CO2 (GHG emissions) - Manufacturing - Market based [t GHG]	Total Fugitive Emissions from Replenishment and Estimation [t GHG]	Fleet Vehicles - Total CO2 scope1 (GHG Emissions) [t GHG]	Total CO2 (GHG emissions) - Manufacturing - Market based – including Fugitive & Fleet [t GHG]	Total CO2 CO2 (GHG emissions) - Manufacturing – Excluding Fugitive emissions Market based [t GHG]
CA (RBH Quebec)	-	2,918.24	214.33	297.27	82.94	-	297.3	214.33
IT (PM MTB RRP ZP)	-	-	853.22	901.99	48.77	-	902.0	853.22
IT (PM MTB RRP GF)	49,091.65	49,091.65	19,746.47	19,934.46	187.99	368.11	20,302.6	20,114.58
PK (PMPK Sahiwal)	-	7,258.80	758.04	1,013.61	255.57	196.30	1,209.9	954.34
	49,092	**59,269**	21,572	**22,147**	**575**	564	**22,711.7**	22,136.5

The total GHG emissions in scope 1 and 2 of **PMI Manufacturing Entities Cluster 3** of manufacturing entities during the **year 2025** represent a total **of 22,712 tons of CO_2 equivalent**. (**22,136 excluding Fugitive emissions**).

	2025 GHG emissions [tCO2eq]	**2025 Scope contribution [%]**
CO2 Scope 1 Fuels (GHG emissions) - Manufacturing [t GHG]	21,572	95%
CO2 Scope1 - Fleet emissions -Vehicles [t GHG]	564	2%
Fugitive Emissions [t GHG]	575	3%
CO2 Scope 1 Emissions from DIET (GHG emissions) Expanded Tobacco [t GHG]	-	
Sub Total [tCO2 eq]	22,712	100%
3%	682	
Total GHG emissions with 3% Rounded up [tCO2eq]	**23,394**	

Table 2.1 – Manufacturing Entities Cluster 3 GHG emissions overall results

Renewable electricity in 2025 is covered by renewable energy certificates as verified by SGS.

2.2 Methodology

Total GHG emissions associated with PMI affiliates in Manufacturing Entities Cluster 3**, 1st January 2025 to 31st December 2025** have been quantified according to GHG Protocol, Corporate Accounting and Reporting Standard, following the operational control approach. This methodology was chosen as it represents best practice in terms of organization carbon footprint inventory.

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

- carbon dioxide (CO_2),
- methane (CH_4),
- nitrous oxide (N_2O).

The inventory accounts for 100% of GHG emissions of business activities and operations in which PMI affiliates within Manufacturing Entities Cluster 3 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 Manufacturing Entities Cluster 3. 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
  - 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, which increases the challenge associated with achieving our targets.

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 Manufacturing Entities Cluster 3. 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 Manufacturing Entities Cluster 3 that occur from sources not owned or controlled by each of the affiliates within Manufacturing Entities Cluster 3 and are out of scope.

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, which increases the challenge associated with achieving our targets.

2.3 Data sources

Primary and secondary data have been used for the Carbon Quantification process. For Scope 1 and 2 of PMI affiliates in Manufacturing Entities Cluster 3 **primary data was exclusively used.**

1. Primary Data source related to all inputs and outputs corresponding to steps under the affiliates in Manufacturing Entities Cluster 3 control were directly provided. This includes measured energy inputs for production.

2. Emission Factors were sourced from recognized databases (DEFRA and GHG protocol).

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 Manufacturing Entities Cluster 3 were reviewed by SGS through the GHG inventory verification process. For Scope 1 and 2, no assumptions were made.

2.5 Exclusions

Annex B 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 for Manufacturing Entities Cluster 3.

Result of the uncertainty calculation is reported in Annex C.

2.7 Comparison with baseline period results

2025 is the second year for the reporting and verification for this Manufacturing Entities Cluster 3 (Group of Manufacturing entities/factories as mentioned previously in paragraph 0).

GHG emissions in the table excluding fugitive emissions:

GHG scope	2024 GHG emissions [tCO2eq]	2025 GHG emissions [tCO2eq]
CO2 Scope 1 Fuels (GHG emissions) – Manufacturing [t GHG]	24,498.3	21,572
CO2 Scope1 – Fleet emissions -Vehicles [t GHG]	543.6	564
CO2 Scope 1 Emissions from DIET (GHG emissions) Expanded Tobacco [t GHG]	0	0
Sub Total [tCO2eq] excluding Fugitive emission	**25,042**	**22,136**
Absolute decrease		**12%**

GHG emissions in the table including fugitive emissions.

GHG scope	2024 GHG emissions [tCO2eq]	2025 GHG emissions [tCO2eq]
CO2 Scope 1 Fuels (GHG emissions) – Manufacturing [t GHG]	24,498.3	21,572
CO2 Scope1 – Fleet emissions -Vehicles [t GHG]	543.6	564
CO2 Scope 1 Emissions from DIET (GHG emissions) Expanded Tobacco [t GHG]	-	-
Total Fugitive Emissions [t GHG]	**-**	575
Sub Total [tCO2eq] including Fugitive emissions	25,042	**22,712**
Absolute decrease		**9%**
3%	752.0	682
Total Carbon footprint [tCO2eq] with 3% (rounded up)	25,794	23,394

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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 0) and planned (paragraph 0) projects, that are mainly related to production plant 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 Manufacturing overall avoided emissions of **over 2,5 million ton of CO_2 equivalent.**

Indicator	2017	2018	2019	2020	2021	2022	2023	2024	2025	*Total Value*
PMI - CO2 Scope 2 (GHG emissions) Market based [t GHG]	*241,355*	*175,785*	*158,672*	*90,366*	*64,217*	*42,482*	*49,441*	*62,440*	*36,208*	*920,966*
PMI - CO2 Scope 2 (GHG emissions) Location based [t GHG]	*438,896*	*422,337*	*447,322*	*383,895*	*361,315*	*358,475*	*398,342*	*407,529*	*399,138*	*3,617,249*
Cumulative difference between Location based and Market based [t GHG]	*197,541*	*246,552*	*288,650*	*293,529*	*297,098*	*315,993*	*348,901*	*345,089*	*362,930*	*2,698,212*

Table 3.1 - Green electricity increase

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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 0 shows project implemented in Manufacturing Entities Cluster 3 in the last years, evaluated in Carbon Footprint assessment. For the ease of reference, the projects have been split by entity.

Table 3.2 - Implemented GHG emissions reduction projects

Rothmans, Benson & Hedges Inc.

Project name	Description	Year	Type of energy used	Emission reduction [kg CO_2eq]
Change management	Reduce department conditioning to support energy efficiency	2022-2026	Steam – Natural gas or electricity	Continuous improvement
Water Heater	Electrical hot water tank + heat exchanger instead of stream from natural gas boiler	2022-2025	Steam – Natural gas or electricity	Continuous improvement

Philip Morris Manufacturing & Technology Bologna S.p.A. (PM MTB), Zola Predosa and Valsamoggia plants

Project name	Description	Year	Type of energy used	Emission reduction [kg CO_2eq]
ZCT (Zero Carbon Tech) installation of HP (Heat Pumps). Jan-Apr impact	Installation of Heat Pumps to produce heat needed for process and climatization instead of steam	2025	Natural Gas	757.400
ZCT (Zero Carbon Tech) installation e-Boilers system Oct-Dec impact	Installation of E-boilers to produce steam needed for process	2025	Natural Gas	2.032.000

Philip Morris (Pakistan) Limited, Sahiwal plant

Project name	Description	Year	Type of energy used	Emission reduction [kg CO_2eq]
Steam flow meters in Primary	Monitoring installation at line level to decrease steam losses and save natural gas at boiler.	2024	Natural Gas	12622
Linkup energy reduction via vacuum centralization	Stand alone in production floors to be removed and centralized vacuum supply to be provided.	2024	Electricity	18000

Lamina DCCC flapper design optimization	Due to change in design optimization the steam consumption in DCCC reduced	2024	Natural Gas	28756
Replacement of non-invertor AC		2024	Electricity	8730
Photovoltaic powerplant	Photovoltaic powerplant (300 KW addition to existing 710 KW plant)	2025	Electricity	134000
Plenum 3 obsolescence Project	Replacement of plenum with better technology AHUs to reduce energy consumption	2025	Electricity	25000

3.3 Planned GHG emissions reduction initiatives

Table 0 shows main initiatives identified and their estimated reduction for the commitment period to 2026 for PMI factories included in Manufacturing Entities Cluster 3. For ease of reading, the initiatives have been split by entity:

Table 3.3 - Planned GHG emissions reduction initiatives in Manufacturing Entities Cluster 3

Rothmans, Benson & Hedges Inc.

Project name	Description	Year	Type of energy used	Emission reduction [kg CO_2eq]
Green electricity Purchasing	Green electricity on yearly basis purchasing	2026	Electrical	TBD
Heater change	Receiving and shipping stream unit heater replaced by electric heater.	2026	Steam – Natural gas or electricity	TBD

Philip Morris Manufacturing & Technology Bologna S.p.A. (PM MTB), Zola Predosa and Valsamoggia plants

Project name	Description	Year	Type of energy used	Emission reduction [kg CO_2eq]
Smart Utilities	Steam boilers prioritization logic (Gas & Electric)	2026	Natural Gas	847.000
Venturi Steam traps installation	Primary Cast Leaf dryers steam traps replacement with Venturi type	2026	Natural Gas	1.000.145
Primary steam Efficiency improvements	Cast leaf dryer internal insulation & steam consumption reduction (Scirocco L1,2,3) + Exhausted flow regulation to cast leaf dryers (Calidarium)	2026	Natural Gas	3.300.000
Zola Predosa – Steam Efficiency	Heat recovery from Cast leaf dryer in primary to produce low pressure steam with dedicated Heat Pump, Steam	2026	Natural Gas	100.000

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Project name	Description	Year	Type of energy used	Emission reduction [kg CO2eq]
(Production/Generation)	Boiler insulation to prevent energy losses during heat generation processes			

Philip Morris (Pakistan) Limited, Sahiwal plant

Project name	Description	Year	Type of energy used	Emission reduction [kg CO2eq]
Solar Geyser at boiler	Installation of Solar Geyser to in increase temperature of water hence reducing the gas reduced to make steam.	2026	Natural Gas	18920
Idle time reduction b/w batches on lamina conditioning line	Less steam usage due to batch time reduction in primary	2026	Natural Gas	19250
Boiler burner replacement	Replacement of existing boiler burners with high-efficiency models designed to optimize air-to-fuel (A/F) ratio control. The new burners enable more complete combustion, reduce heat loss, and ensure stable thermal performance. This upgrade is expected to reduce natural gas consumption and associated CO_2 emissions.	2026	Natural Gas	To Be Evaluated
Lamina dryer heat exchanger replacement	Installation of a more energy-efficient heat exchanger on the lamina dryer system. The upgraded exchanger provides improved heat transfer performance, reducing the energy required to achieve target drying temperatures. This enhancement lowers natural gas demand and contributes to operational energy savings and emission reduction.	2026	Natural Gas	To Be Evaluated

Actual emissions reductions will be measured in terms of intensity metrics relating to production output.

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4 Carbon offset program

4.1 Offset program for this application period

PMI has an offsetting program in place to support 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 **Voluntary Carbon Standard (VCS)**[1], **Climate Community and Biodiversity Alliance (CCBA)**[2], **Gold Standard**[3], **and other offsets.**

To compensate **year 2025** GHG emissions, PMI has selected a set of carbon projects as described in paragraph 4.2.
Credits were retired in 2026 **on 28th January 2026.**

These projects are supported by publicly available project documentation 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.

4.2 Offsetting project(s)

Offsetting projects selected by PMI Manufacturing Entities Cluster 3 for compensating the 2025 emissions are:

#	Project Name	Carbon credits allocation		Official project link
		tons	*%*	
1	Acapa - Bajo Mira Y Frontera REDD+ Project	25,531	100%	https://registry.verra.org/app/projectDetail/VCS/1389
		25431	**100%**	

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

[1] https://verra.org/

[2] http://www.climate-standards.org/

[3] https://www.goldstandard.org/

Reporting Entity	Credits allocated for compensation (tons)	Project chosen for compensation	Vintage
CA (RBH Quebec)	22814	Acapa - Bajo Mira Y Frontera REDD+ Project	01/01/2019-31/12/2019
IT (PM MTB RRP ZP)	1057		01/01/2017-31/12/2017
IT (PM MTB RRP GF)	1287		01/01/2017-31/12/2017
PK (PMPK Sahiwal)	273		01/01/2017-31/12/2017
TOTAL	**25431**		

4.3 Amount of credits purchased

Credits have been purchased by PMI for the period covering 1st of January 2025 31st December 2025.
The amount of credits purchased **is 25,431 tons of CO_2 equivalent**, it is composed by three contributions:

- **22,712 tons of CO_2 equivalent**, amount evaluated for this application period
- **682 tons of CO_2 equivalent**, that represent an additional 3% of the baseline carbon footprint to cover all the exclusions (Annex B) and to preclude underestimation.
- **2,037 tones of CO_2 equivalent** over purchase due to difference in rolling 12 months estimations and actual 2025 emissions.

We can reasonably assume that this amount covers 100% of PMI Manufacturing Entities Cluster 3 GHG emissions.

PMI Manufacturing Entities Cluster 3 portfolio offsetting credits is composed as per the table in paragraph 4.2.

VERRA guarantees 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 VERRA label also guarantees 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 linked on behalf of PMI for *Manufacturing Entities Cluster 3* of manufacturing entities, for offsetting unavoidable emissions, in year 2025:

https://registry.verra.org/myModule/rpt/myrpt.asp?r=206&h=256851
https://registry.verra.org/myModule/rpt/myrpt.asp?r=206&h=142170
https://registry.verra.org/myModule/rpt/myrpt.asp?r=206&h=148959

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5 Annex A – Carbon Neutrality Verification opinion

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SGS

Verification Statement Number: CCP267920MC3R.PMI.2025.2026.07.15

The Reconciled Carbon Neutrality Declaration Report as presented, for the application period 01/01/2025 – 31/12/2025 by:
Phillip Morris International Manufacturing Entities Cluster 3, as defined in the scope section of this opinion and comprising manufacturing related activities of:

Reporting entity
CA (RBH Quebec)
IT (PM MTB RRP ZP)
IT (PM MTB RRP GF)
PK (PMPK Sahiwal)

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: Abdullah Buhidma

Authorised by:

James McGurk

Managing Director

SGS United Kingdom Ltd

Verification Statement Date: 15th July 2026

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

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SGS

Schedule Accompanying Greenhouse Gas Verification Statement CCP267920MC3R.PMI.2025.2026.07.15

Brief Description of Verification Process

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

Roles and Responsibilities

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

It is SGS' responsibility to express an independent opinion on the Reconciled Carbon Neutrality Declaration Report 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 Reconciled Carbon Neutrality Declaration Report during the period September 2025 to July 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 Reconciled Carbon Neutrality 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 Neutrality Declaration Report 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 Reconciled 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 Reconciled 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. (updated for 2025 reconciliation)
- Scope 1 & 2 emissions only
- Location/boundary of the activities: as per list below
- Period Calendar Year 2025

Intended user of the verification statement: internal, customers, general public.

PMI affiliates included:

CA (RBH Quebec)
IT (PM MTB RRP ZP)
IT (PM MTB RRP GF)
PK (PMPK Sahiwal)

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_2 equivalent emissions and Reconciled 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 Reconciled Carbon Neutrality Declaration Report based on the criteria outlined above. The Reconciled 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 Reconciled Carbon Neutrality Declaration Report is materially correct and is a fair representation of the CO2 equivalent data and information and conforms to the specified verification criteria.

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

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6 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 6.1 - Inclusions and exclusions

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INTERNATIONAL

7 Annex C – Uncertainty calculation

7.1 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 "2025 UN file Manufacturing Entities Cluster 3")[4]; since the uncertainties are not known for all the parameters (activity data and emission factors), the IPCC Guideline for National Greenhouse Inventories Reporting Instructions was used:

- Activity data: 7%
- Emission factor: 7%

All information can be accessed in the below file attached:

2025 UN file Cluster 3.xlsx

Outcome of the uncertainty calculation (from uncertainty Manufacturing Entities Cluster 3 attached file)

	Step 1+2						Step 3					
	A	B	C	D	E	F	G	H	I	J	K	L
	Activity Data (e.g. Quantity of fuel used)	Unit used to measure Activity Data	Uncertainty of activity data (a) (Confidence interval expressed in ± percent)	GHG emission factor	Unit of GHG emission factor (for kg CO2!)	Uncertainty of emission factor (Confidence interval expressed in ± percent)	CO2 emissions in kg	CO_2 emissions in metric tonnes	Uncertainty of calculated emissions	Certainty Ranking	Auxiliary Variable 1	Auxiliary Variable 2
							A * D	G/1000	$I = \sqrt{C^2 + F^2}$		(H*I)	K^2
Example: Source 1	1000.00	GJ	+/- 5.0%	56.10	kg CO2 / GJ	+/- 10.0%	56,100.00	56.10	+/- 11.2%	Good	6.27	39.34
Source description												
Natural gas	414961764.54	MJ	+/- 7.0%	0.06	kg CO2 / MJ	+/- 7.0%	23,320,851.17	23,320.85	+/- 9.9%	Good	#####	######
LPG	0.00	MJ	+/- 7.0%	0.06	kg CO2 / MJ	+/- 7.0%	0.00	0.00	+/- 9.9%	Good	0.00	0.00
Diesel or Fuel oil light EL	1549358.19	MJ	+/- 7.0%	0.07	kg CO2 / MJ	+/- 7.0%	111,708.73	111.71	+/- 9.9%	Good	11.06	122.29
Biomass	0.00	MJ	+/- 7.0%	0.00	kg CO2 / MJ	+/- 7.0%	0.00	0.00	+/- 9.9%	Good	0.00	0.00
Fuel oil	42886.57	MJ	+/- 7.0%	0.08	kg CO2 / L	+/- 7.0%	3,388.04	3.39	+/- 9.9%	Good	0.34	0.11
Fleet Biodiesel	0.00	L	+/- 7.0%	0.17	kg CO2 / L	+/- 7.0%	0.00	0.00	+/- 9.9%	Good	0.00	0.00
Fleet Bioethanol	0.00	L	+/- 7.0%	0.01	kg CO2 / L	+/- 7.0%	0.00	0.00	+/- 9.9%	Good	0.00	0.00
Fleet Natural gas	0.00	L	+/- 7.0%	1.17	kg CO2 / L	+/- 7.0%	0.00	0.00	+/- 9.9%	Good	0.00	0.00
Petrol	0.00	MJ	+/- 7.0%	0.06	kg CO2 / MJ	+/- 7.0%	0.00	0.00	+/- 9.9%	Good	0.00	0.00
Electricity - Market based	86614862.00	kWh	+/- 7.0%	0.00	kg CO2 / kWh	+/- 7.0%	0.00	0.00	+/- 9.9%	Good	0.00	0.00
Fleet Fuel Diesel	42023.38	L	+/- 7.0%	2.57	kg CO2 / L	+/- 7.0%	108,033.71	108.03	+/- 9.9%	Good	10.69	114.38
Fleet Fuel Petrol	241132.81	L	+/- 7.0%	2.07	kg CO2 / L	+/- 7.0%	498,952.01	498.95	+/- 9.9%	Good	49.39	2,439.74
CO2 in DIET Process	0.00	Kg	+/- 2.0%	0.00	kg/kg	+/- 1.0%	0.00	0.00	+/- 2.2%	High	0.00	0.00
CO2 in Diet Process	0.00	Kg	+/- 2.0%	1.00	kg/kg	+/- 1.0%	0.00	0.00	+/- 2.2%	High	0.00	0.00
							0.00	0.00	+/- 0.0%	High	0.00	0.00
							0.00	0.00	+/- 0.0%	High	0.00	0.00
							0.00	0.00	+/- 0.0%	High	0.00	0.00
							0.00	0.00	+/- 0.0%	High	0.00	0.00
							0.00	0.00	+/- 0.0%	High	0.00	0.00
							0.00	0.00	+/- 0.0%	High	0.00	0.00
							0.00	0.00	+/- 0.0%	High	0.00	0.00
							0.00	0.00	+/- 0.0%	High	0.00	0.00
							0.00	0.00	+/- 0.0%	High	0.00	0.00
							0.00	0.00	+/- 0.0%	High	0.00	0.00
						Sum CO_2 emissions (M):	24,042,933.65	24,042.93				

Note: For individual uncertainties greater than 60%, the results of the tool are not valid

Step 4: Cumulated Uncertainty:	$\pm u = \pm \frac{\sqrt{\sum_{i=1}^{n} (H_i * I_i)^2}}{M}$	+/- 9.6%	Aggregated Certainty Ranking: Good

Table 7.1 - Uncertainty calculations

[4] https://ghgprotocol.org/calculation-tools

Uncertainties due to emission Factors and Activity Data				
1	2	3	4	5
Gas	**Source category**	**Emission factor**	**Activity data**	**Overall uncertainty**
CO_2	Energy	7%	7%	10%
CO_2	Industrial Processes	7%	7%	10%
CO_2	Land Use Change and Forestry	33%	50%	60%
CH_4	Biomass Burning	50%	50%	100%
CH_4	Oil and Nat. Gas Activities	55%	20%	60%
CH_4	Rice cultivation	$^3/_4$	$^1/_4$	1
CH_4	Waste	$^2/_3$	$^1/_3$	1
CH_4	Animals	25%	10%	20%
CH_4	Animal waste	20%	10%	20%
N_20	Industrial Processes	35%	35%	50%
N_20	Agricultural Soils			2 orders of magnitude
N_20	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 7.2 - IPCC uncertainty data

8 Annex D – Voluntary offset program

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

#	Project Name	Carbon credits allocation		Official project link
		tons	*%*	
1	Acapa - Bajo Mira Y Frontera REDD+ Project	25,531	100%	https://registry.verra.org/app/projectDetail/VCS/1389
		25,431	**100%**	

MANUFACTURING ENTITIES CLUSTER 3 CARBON NEUTRAL DECLARATION

END OF THE DOCUMENT