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DECLARATION OF CARBON NEUTRALITY

MARKET ENTITIES CLUSTER 2

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1 Carbon neutrality declaration

The **Qualifying Explanatory Statemen**t (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 refered to as “Markets Cluster 2” in this document:

Country	Legal Entities
Algeria	Philip Morris Algeria SARL
Aruba	Superior Tobacco Co N.V.
Belgium	Philip Morris Benelux B.V.
Canada	Rothmans, Benson & Hedges Inc.
China	Philip Morris (China) Management Co. Ltd.
China	Philip Morris Electronics (Shenzhen) Ltd.
Colombia	Compania Colombiana de Tabaco S.A.S.
Croatia	PHILIP MORRIS ZAGREB, D.O.O. ZA VANJSKU I UNUTARNJU TRGOVINU
Curaçao	Superior Tobacco Company Curacao N.V.
Cyprus	Philip Morris Cyprus Ltd
Czech Republic	Philip Morris CR a.s.
Dominican Republic	PHILIP MORRIS DOMINICANA, S.A.
Ecuador	Industrias del Tabaco, Alimentos y Bebidas S.A. ITABSA
Ecuador	Proveedora Ecuatoriana S.A. PROESA
El Salvador	Philip Morris El Salvador Sociedad Anonima de Capital Variable
Estonia	Philip Morris Eesti Osauhing

Country	Legal Entities
Guatemala	Tabacalera Centroamericana Sociedad Anonima
Hong Kong	Philip Morris Travel Retail Hong Kong Limited
Hong Kong incl Macau	Philip Morris Asia Limited
Jamaica & TT	Philip Morris T & T Limited
Latvia	SIA Philip Morris Latvia
Lithuania	UAB Philip Morris Baltic
Luxembourg	Philip Morris Luxembourg S.A.R.L.
Mexico	Philip Morris Mexico Productos y Servicios, S de R.L de C.V
Mexico	Philip Morris Mexico S.A de C.V.
Morocco	PHILIP MORRIS MAGHREB SARL
Netherlands	Philip Morris Investments B.V.
Nicaragua	Philip Morris Nicaragua Sociedad Anonima
Panama	PHILIP MORRIS PANAMA SOCIEDAD EN COMANDITA POR ACCIONES
Peru	Philip Morris Peru, Sociedad Anónima
Philippines	PMFTC INC.
Philippines	PMI Business Solutions (Philippines) Inc.
Romania	Philip Morris Trading S.R.L.
Singapore	Philip Morris Singapore Pte. Ltd.
Slovenia	Philip Morris Ljubljana, storitveno podjetje, d.o.o.
Switzerland	Philip Morris Finance SA
Switzerland	Philip Morris International IT Service Center Sarl
Switzerland	Philip Morris International Services Sarl
Switzerland	Philip Morris Products S.A.
Switzerland	Philip Morris Switzerland Sarl
Switzerland	Philip Morris World Trade S.a r.l.
Taiwan	Philip Morris Taiwan S.A.
Tunisia	Philip Morris North Africa SARL

Country	Legal Entities
Venezuela	C.A. TABACALERA NACIONAL (CATANA)

Table 1.1 - Market Legal Entities

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

Verification Criteria:

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

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

2 Introduction

This document forms the Qualifying Explanatory Statement (QES) to demonstrate that Philip Morris International Markets Cluster 2 has achieved **carbon neutrality** for the period starting 1st January 2025 and ending 31st December 2025.

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

The 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.

This has been achieved through:

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

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

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

2.1 General information regarding Carbon Neutrality

Information requirement	Information as it relates to PMI affiliates
Entities in scope of declaration	Markets Cluster 2, as per *Table 1.1 - Market Legal Entities*.
Individual responsible for the evaluation and provision of the data necessary for the substantiation of the declaration (inc. preparing, substantiating, communicating and maintaining the declaration)	Len Beggs
Subject of declaration	Scope 1 and 2 emissions under the direct operational control of Markets Cluster 2, as per *Table 1.1 - Market Legal Entities*, 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: • 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	1st of January 2023
Achievement period	1st of January 2025 – 31st of December 2025
Commitment period	1st of January 2023 – 31st of December 2025

Table 2.1 - General information

2.2 Scope

The subject for carbon neutrality is the entities grouped in Markets Cluster 2.

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 2 office, warehouse, fleet and retail operations within the defined boundary for the period of 1st January 2025 to 31st December 2025 have been quantified in accordance with GHG Protocol Corporate Accounting Standard (operational control) and verified by SGS.

The data for this application period has been **verified by an independent third party**, SGS, who verified that the Carbon Neutral Declaration set out in this QES is appropriately reported in accordance with our criteria in paragraph 1 of this declaration.

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

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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 2025 (application period) and represent a total **23,553.0 tons of CO_2 equivalent**.

Country	Legal Entities	Scope 1 (t CO2 eq)	Scope 2 (t CO2 eq)	Total Scope 1 and 2 (t CO2 eq)
Algeria	Philip Morris Algeria SARL	251.1	0.0	251.1
Aruba	Superior Tobacco Co N.V.	11.9	0.0	11.9
Belgium	Philip Morris Benelux B.V.	512.1	0.0	512.1
Canada	Rothmans, Benson & Hedges Inc.	1,410.1	0.0	1,410.1
China	Philip Morris (China) Management Co. Ltd.	33.5	0.0	33.5
China	Philip Morris Electronics (Shenzhen) Ltd.	8.1	0.0	8.1
Colombia	Compania Colombiana de Tabaco S.A.S.	440.4	0.0	440.4
Croatia	PHILIP MORRIS ZAGREB, D.O.O. ZA VANJSKU I UNUTARNJU TRGOVINU	210.6	0.0	210.6
Curaçao	Superior Tobacco Company Curacao N.V.	14.6	0.0	14.6
Cyprus	Philip Morris Cyprus Ltd	40.0	0.0	40.0
Czech Republic	Philip Morris CR a.s.	856.2	0.0	856.2
Dominican Republic	PHILIP MORRIS DOMINICANA, S.A.	584.2	0.0	584.2
Ecuador	Industrias del Tabaco, Alimentos y Bebidas S.A. ITABSA	70.5	0.0	70.5
Ecuador	Proveedora Ecuatoriana S.A. PROESA	0.0	0.0	0.0
El Salvador	Philip Morris El Salvador Sociedad Anonima de Capital Variable	43.5	0.0	43.5
Estonia	Philip Morris Eesti Osauhing	16.7	0.0	16.7
Guatemala	Tabacalera Centroamericana Sociedad Anonima	84.9	0.0	84.9
Hong Kong	Philip Morris Travel Retail Hong Kong Limited	0.8	0.0	0.8
Hong Kong incl Macau	Philip Morris Asia Limited	23.7	0.0	23.7
Jamaica & TT	Philip Morris T & T Limited	4.9	0.0	4.9
Latvia	SIA Philip Morris Latvia	27.9	4.4	32.3
Lithuania	UAB Philip Morris Baltic	103.1	21.4	124.5

Country	Legal Entities	Scope 1 (t CO2 eq)	Scope 2 (t CO2 eq)	Total Scope 1 and 2 (t CO2 eq)
Luxembourg	Philip Morris Luxembourg S.A.R.L.	47.7	0.0	47.7
Mexico	Philip Morris Mexico Productos y Servicios, S de R.L de C.V	279.0	0.0	279.0
Mexico	Philip Morris Mexico S.A de C.V.	1,355.5	0.0	1,355.5
Morocco	PHILIP MORRIS MAGHREB SARL	191.8	0.0	191.8
Netherlands	Philip Morris Investments B.V.	373.1	0.0	373.1
Nicaragua	Philip Morris Nicaragua Sociedad Anonima	0.7	0.0	0.7
Panama	PHILIP MORRIS PANAMA SOCIEDAD EN COMANDITA POR ACCIONES	7.8	0.0	7.8
Peru	Philip Morris Peru, Sociedad Anónima	30.3	0.0	30.3
Philippines	PMFTC INC.	13,328.8	0.0	13,328.8
Philippines	PMI Business Solutions (Philippines) Inc.	94.6	0.0	94.6
Romania	Philip Morris Trading S.R.L.	638.8	0.0	638.8
Singapore	Philip Morris Singapore Pte. Ltd.	51.8	0.0	51.8
Slovenia	Philip Morris Ljubljana, storitveno podjetje, d.o.o.	70.0	15.6	85.7
Switzerland	Philip Morris Finance SA	2.9	0.0	2.9
Switzerland	Philip Morris International IT Service Center Sarl	123.9	1.0	124.9
Switzerland	Philip Morris International Services Sarl	0.0	0.0	0.0
Switzerland	Philip Morris Products S.A.	1,741.3	14.7	1,756.1
Switzerland	Philip Morris Switzerland Sarl	175.6	1.2	176.8
Switzerland	Philip Morris World Trade S.a r.l.	22.9	0.2	23.0
Taiwan	Philip Morris Taiwan S.A.	101.0	0.0	101.0
Tunisia	Philip Morris North Africa SARL	104.0	0.3	104.3
Venezuela	C.A. TABACALERA NACIONAL (CATANA)	3.5	0.0	3.5
Cluster Total		**23,494.2**	**58.8**	**23,553.0**
% of Total		**99.8**	**0.2**	**100.0**

Table 3.1 - GHG emissions overall results

3.2 Methodology

Total GHG emissions associated with entities in Markets Cluster 2, 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 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 2. In PMI context, scope 1 emissions result from:

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

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

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

3.2.2 Scope 2

GHG emissions related to Scope 2 come from indirect emissions from the generation of purchased electricity, steam, heat and cooling consumed by the entities in Markets Cluster 2. 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 2 that occurs from sources not owned or controlled by these entities. These emissions are out of scope of this declaration.

3.3 Data sources

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

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

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

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

3.4 Assumptions and estimations

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

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

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

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

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

3.5 Exclusions

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

3.6 Uncertainties

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

- Secondary emissions factors: uncertainty associated to the use of secondary emission factors is because they represent averages, rather than specific emissions. However, their use was appropriate, and care has been taken to use the best available datasets (DEFRA and IEA).
- Primary activity data has been used where practical for fleet and office emissions.

Result of the uncertainty calculation is reported in Annex D.

3.7 Comparison with baseline period results

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

Year	Scope 1 [tCO2e]	Scope 2 (market-based) [tCO2e]	Total Scope 1 and 2 [tCO2e]
2023	23,061.5	2,622.0	25,683.4
2024	23,871.9	271.2	24,143.1
2025 (exc Fugitive)	23,208.6	58.8	23,267.4
% Reduction vs Baseline year	**-1.9**	**97.8**	**8.3**
2025 (inc Fugitive)	23,494.2	58.8	23,553.0

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

4.1 PMI global best practice

In 2025, 90.8% of PMI's purchased electricity came from renewable sources. Since 2017, we are gradually increasing the uptake of green electricity (as shown in table below) with the aim to reach 100% green electricity purchased for all our affiliates by 2025. By investing in electricity generated by renewable sources, PMI overall avoided the emissions of **over 2.5 million tonnes of CO_2 equivalent between 2017 and 2025**.

Indicator	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total
Purchased electricity [MWh]	858,511	870,181	890,430	823,365	809,464	818,363	850,999	875,720	901,092	7,698,125
Electricity purchased from renewable sources [MWh]	442,739	544,845	616,336	612,694	663,106	715,257	789,318	780,847	819,127	5,984,269
% Renewable	51.6	62.6	69.2	74.4	81.9	87.4	92.8	89.2	90.9	77.7
CO2 Scope 2 (GHG emissions) - Market based [t GHG]	229,977	164,159	132,721	90,370	64,217	42,482	28,727	37,409	34,797	824,859
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	369,445	3,484,211
Difference between location based and market based	**197,261**	**246,281**	**288,004**	**293,530**	**297,097**	**315,994**	**342,992**	**343,546**	**334,648**	**2,659,352**

Table 4.1 - Avoided CO2 emissions due to green electricity increase

4.2 Implemented GHG emissions reduction project repository in Markets Cluster 2

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 2023 carbon footprint assessment.

Country	Description	Timing	Emissions Reduction [kgs 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.	2023 and ongoing	4,702
Global	**Reduced emission vehicle limits** Reducing the maximum permissible emissions levels of vehicles to ensure our fleet has constant downward pressure on our overall emissions.		
Global	**Fleet electrification** Reviewing vehicle replacement options with a view to moving to hybrid, plug in hybrid and electric vehicles.		
Global	**Driving elearning training, "Fleet Defense"** Drivers in the markets in scope have been undergoing driver training, which is expected to improve anticipatory driving, thereby reducing fuel emissions.		
Global	**Market Scorecard** Market comparison score card which contains the requirement for them to have a CO2 reduction plan.	Since 2022	Difficult to quantify with certainty, but a measure we believe is important to raise awareness and commitment in markets.
Markets Cluster 2	Renewable Electricity	2025 total savings	7,418

Table 4.2 - Implemented GHG emissions reduction projects

4.3 Planned GHG emissions reduction initiatives in Markets Cluster 2

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

Note:

From 2025 our Scope 1 emissions contribute over 95% of Markets Cluster 2 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 [kgs 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	773
Global	**Reduced emission vehicle limits** Reducing the maximum permissible emissions levels of vehicles to ensure our fleet has constant downward pressure on our overall emissions.	Ongoing	
Global	**Fleet electrification** Reviewing vehicle replacement options with a view to moving to hybrid, plug in hybrid and electric vehicles.	Ongoing	
Global	**Driving elearning training, "Fleet Defense"** Drivers in the markets in scope have been undergoing driver training, which is expected to improve anticipatory driving, thereby reducing fuel emissions.	Ongoing	

Table 4.3 - Planned GHG emissions reduction initiatives

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

5 Carbon offset program

5.1 Offset program for the first application period

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

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

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

Credits were retired on 29 January 2026.

These projects are supported by publicly available project documentation on the GSF Registry (goldstandard.org)[4]) and on https://registry.verra.org/. The registry system is the central storehouse of data on all registered projects, and tracks the generation, retirement and cancellation of all credits. To register with the program, projects must show that they have met all standards and methodological requirements.

[1] https://verra.org/

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

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

[4] https://registry.goldstandard.org/projects?q=&page=1

5.2 Offsetting project(s)

Offsetting projects selected by Markets Cluster 2 for compensating the 2025 emissions are:

Project Name	Description of Project	Official Project Link
Reduced Emissions from Deforestation and Degradation in Keo Seima Wildlife Sanctuary	Nestled in the lush jungles of eastern Cambodia, the Keo Seima Wildlife Sanctuary (KSWS) is a haven for biodiversity and a vast storehouse of forest carbon. Spanning over 290,000 hectares, the protected area is home to a diverse array of wildlife, including 84 globally threatened species and the world's largest population of black-shanked douc and yellow-cheeked crested gibbon. The KSWS also holds a unique cultural significance for the Indigenous Bunong people, who have called this forest home for centuries and whose culture and livelihoods are deeply entwined with the forest. Despite the importance of this area, it faces a high threat of deforestation due to various factors, including forest conversion for agriculture and illegal logging. The Keo Seima Wildlife Sanctuary REDD+ Project (KSWS REDD+), launched in 2010 as a collaboration between the Royal Government of Cambodia (RGC) and the Wildlife Conservation Society (WCS), has made impressive strides in reducing deforestation and promoting alternative livelihoods. The project has prevented the release of more than 20 million tons of CO2e emissions and saved 25,000 hectares of forest from destruction. It has also created jobs, supported education and training initiatives, and established an ecotourism venture that supports local communities. The project has also distributed nearly $1 million through its Cash for Communities (C4C) program, a mechanism that shares the revenue of carbon credits sales. These funds go directly to local communities, who decide how they should be spent to support sustainable development activities such as healthcare, education, and infrastructure like wells and bridges. In Cambodia, the Ministry of Environment is at the forefront of protecting the country's protected areas, with a focus on preserving the nation's forests. The WCS is a leading global conservation organization operating in 60+ countries and brings its extensive knowledge and experience in conservation to the project.	https://registry.verra.org/app/projectDetail/VCS/1650

JARI/AMAPÁ REDD+ PROJECT	Project located in the Brazilian Amazon state of Amapá that aims to reduce a total of 3,450,278 tCO2e throughout a 30 year period. Combines Sustainable Forest Management, forest cover and biodiversity monitoring, scientific research and local socioeconomic development. Planned, financed and implemented by the proponents Jari Group and Biofilica.	https://registry.verra.org/myModule/rpt/myrpt.asp?r=206&h=324033

Table 5.1 - Offsetting Projects

Offsetting retirements per legal entity for Markets Cluster 2 for compensating the 2025 emissions are as follows:

Country	Legal Entity	Reduced Emissions from Deforestation and Degradation in Keo Seima Wildlife Sanctuary			JARI/AMAPÁ REDD+ PROJECT	Final requested offset value [tCO2]
		9866-151818373-151819265-VCS-VCU-263-VER-KH-14-1650-01012018-31122018-1	11764-355820594-355820690-VCS-VCU-263-VER-BR-14-1115-15022017-14022018-1	11764-355820594-355820690-VCS-VCU-263-VER-BR-14-1115-15022017-14022018-1	11764-355820594-355820690-VCS-VCU-263-VER-BR-14-1115-15022017-14022018-1	
Algeria	PHILIP MORRIS ALGERIA SARL	251				251
Aruba	Superior Tobacco Co N.V.	12				12
Belgium	Philip Morris Benelux B.V.	512				512
Canada	ROTHMANS, BENSON & HEDGES INC.	118	1,292			1,410
China	Philip Morris (China) Management Co. Ltd.		34			34
China	Philip Morris Electronics (Shenzhen) Ltd.		8			8
Colombia	Compania Colombiana de Tabaco S.A.S.		440			440
Croatia	PHILIP MORRIS ZAGREB, D.O.O. ZA VANJSKU I UNUTARNJU TRGOVINU		211			211
Curaçao	SUPERIOR TOBACCO COMPANY CURACAO N.V.		15			15
Cyprus	PHILIP MORRIS CYPRUS LTD		40			40
Czech Republic (with 3% overrate)	PHILIP MORRIS CR a.s.		242	651		893 (over purchase of 11T)
Dominican Republic	PHILIP MORRIS DOMINICANA, S.A.			584		584
Ecuador	Industrias del Tabaco, Alimentos y Bebidas S.A. ITABSA			71		71
Ecuador	Proveedora Ecuatoriana S.A. PROESA			0		0

El Salvador	Philip Morris El Salvador Sociedad Anonima de Capital Variable			44		44
Estonia	Philip Morris Eesti Osauhing			17		17
Guatemala	Tabacalera Centroamericana Sociedad Anonima			85		85
Hong Kong	Philip Morris Travel Retail Hong Kong Limited			1		1
Hong Kong incl Macau	Philip Morris Asia Limited			24		24
Jamaica & TT	Philip Morris T & T Limited			5		5
Latvia	SIA Philip Morris Latvia			32		32
Lithuania	UAB Philip Morris Baltic			124		124
Luxembourg	Philip Morris Luxembourg S.A.R.L.			48		48
Mexico	Philip Morris Mexico Productos y Servicios, S de R.L de C.V			279		279
Mexico	Philip Morris Mexico S.A de C.V.			1,355		1,355
Morocco	PHILIP MORRIS MAGHREB SARL			192		192
Netherlands	PHILIP MORRIS INVESTMENTS B.V.			373		373
Nicaragua	Philip Morris Nicaragua Sociedad Anonima			1		1
Panama	PHILIP MORRIS PANAMA SOCIEDAD EN COMANDITA POR ACCIONES			8		8
Peru	Philip Morris Peru, Sociedad Anónima			30		30
Philippines	PMFTC INC.			13,329		13,329
Philippines	PMI Business Solutions (Philippines) Inc.			95		95
Romania	Philip Morris Trading S.R.L.			639		639
Singapore	Philip Morris Singapore Pte. Ltd.			52		52
Slovenia	Philip Morris Ljubljana, storitveno podjetje, d.o.o.			86		86
Switzerland	PHILIP MORRIS FINANCE SA			3		3
Switzerland	Philip Morris International IT Service Center Sarl			125		125
Switzerland	Philip Morris International Services Sarl			0		0
Switzerland	PHILIP MORRIS PRODUCTS S.A.			1,756		1,756
Switzerland	PHILIP MORRIS SWITZERLAND SARL			177		177
Switzerland	Philip Morris World Trade S.a r.l.			23		23
Taiwan	Philip Morris Taiwan S.A.			101		101
Tunisia	Philip Morris North Africa SARL			11	93	104
Venezuela	C.A. TABACALERA NACIONAL (CATANA)				3	3

TOTAL	893	2,281	20,319	97	23,589.8
Overrate (3%) - Exc Czech Republic			681		680.9
TOTAL (roundup)	893	2,281	21,000	97	24,271

Table 5.2 - Markets Cluster 2 offsetting projects retirement allocations

5.3 Amount of credits purchased

Credits have been purchased by PMI, for Markets Cluster 2, for the period covering 1st of January 2025 – 31st December 2025.

The amount of credits purchased is **24,271 tonnes of CO_2 equivalent***, it is composed of three contributions:

i. **23,553.0** tonnes of CO_2 equivalent (scope 1 and 2), amount evaluated for the application period.
ii. **706.6** tonnes of CO_2 equivalent, that represent the overrate of 3% of the whole carbon footprint to cover all the exclusions (Annex C) and precludes underestimation.
iii. **11.0** tonnes of CO_2 over purchase due to difference in rolling 12 months estimations and actual 2025 emissions for Czech Republic.

** Note that rounding up to nearest ton increased the total to 24,271 tonnes of CO_2 equivalent.*

We can reasonably assume that the emissions from Market Cluster 2 entities are covered by these credits.

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

Country	Legal Entity(ies)	Scope 1 [tCO2e]	Scope 2 (market-based) [tCO2e]	Total Scope 1 and 2 (market-based) [tCO2e]
Algeria	Philip Morris Algeria SARL	251.1	0.0	251.1
Aruba	Superior Tobacco Co N.V.	11.9	0.0	11.9
Belgium	Philip Morris Benelux B.V.	512.1	0.0	512.1
Canada	Rothmans, Benson & Hedges Inc.	1,410.1	0.0	1,410.1
China	Philip Morris (China) Management Co. Ltd.	33.5	0.0	33.5
China	Philip Morris Electronics (Shenzhen) Ltd.	8.1	0.0	8.1
Colombia	Compania Colombiana de Tabaco S.A.S.	440.4	0.0	440.4
Croatia	PHILIP MORRIS ZAGREB, D.O.O. ZA VANJSKU I UNUTARNJU TRGOVINU	210.6	0.0	210.6
Curaçao	Superior Tobacco Company Curacao N.V.	14.6	0.0	14.6
Cyprus	Philip Morris Cyprus Ltd	40.0	0.0	40.0
Dominican Republic	PHILIP MORRIS DOMINICANA, S.A.	584.2	0.0	584.2
Ecuador	Industrias del Tabaco, Alimentos y Bebidas S.A. ITABSA	70.5	0.0	70.5
Ecuador	Proveedora Ecuatoriana S.A. PROESA	0.0	0.0	0.0
El Salvador	Philip Morris El Salvador Sociedad Anonima de Capital Variable	43.5	0.0	43.5
Estonia	Philip Morris Eesti Osauhing	16.7	0.0	16.7
Guatemala	Tabacalera Centroamericana Sociedad Anonima	84.9	0.0	84.9
Hong Kong	Philip Morris Travel Retail Hong Kong Limited	0.8	0.0	0.8
Hong Kong incl Macau	Philip Morris Asia Limited	23.7	0.0	23.7
Jamaica & TT	Philip Morris T & T Limited	4.9	0.0	4.9
Latvia	SIA Philip Morris Latvia	27.9	4.4	32.3
Lithuania	UAB Philip Morris Baltic	103.1	21.4	124.5
Luxembourg	Philip Morris Luxembourg S.A.R.L.	47.7	0.0	47.7
Mexico	Philip Morris Mexico Productos y Servicios, S de R.L de C.V	279.0	0.0	279.0
Mexico	Philip Morris Mexico S.A de C.V.	1,355.5	0.0	1,355.5
Morocco	PHILIP MORRIS MAGHREB SARL	191.8	0.0	191.8

Country	Legal Entity(ies)	Scope 1 [tCO2e]	Scope 2 (market-based) [tCO2e]	Total Scope 1 and 2 (market-based) [tCO2e]
Netherlands	Philip Morris Investments B.V.	373.1	0.0	373.1
Nicaragua	Philip Morris Nicaragua Sociedad Anonima	0.7	0.0	0.7
Panama	PHILIP MORRIS PANAMA SOCIEDAD EN COMANDITA POR ACCIONES	7.8	0.0	7.8
Peru	Philip Morris Peru, Sociedad Anónima	30.3	0.0	30.3
Philippines	PMFTC INC.	13,328.8	0.0	13,328.8
Philippines	PMI Business Solutions (Philippines) Inc.	94.6	0.0	94.6
Romania	Philip Morris Trading S.R.L.	638.8	0.0	638.8
Singapore	Philip Morris Singapore Pte. Ltd.	51.8	0.0	51.8
Slovenia	Philip Morris Ljubljana, storitveno podjetje, d.o.o.	70.0	15.6	85.7
Switzerland	Philip Morris Finance SA	2.9	0.0	2.9
Switzerland	Philip Morris International IT Service Center Sarl	123.9	1.0	124.9
Switzerland	Philip Morris International Services Sarl	0.0	0.0	0.0
Switzerland	Philip Morris Products S.A.	1,741.3	14.7	1,756.1
Switzerland	Philip Morris Switzerland Sarl	175.6	1.2	176.8
Switzerland	Philip Morris World Trade S.a r.l.	22.9	0.2	23.0
Taiwan	Philip Morris Taiwan S.A.	101.0	0.0	101.0
Tunisia	Philip Morris North Africa SARL	104.0	0.3	104.3
Venezuela	C.A. TABACALERA NACIONAL (CATANA)	3.5	0.0	3.5
Cluster (ex Czech Republic)Total		**22,638.0**	**58.8**	**22,696.8**
% of Total		**99.7**	**0.3**	**100.0**
3% Overrate [tCO2e]		**679.1**	**1.8**	**680.9**
Total CO2 to be Compensated (round up) [tCO2e]		**23,317.2**	**60.5**	**23,378.0**

Table 5.3 – Emissions to be offset by legal entity (excluding Czech Republic)

Country	Legal Entity(ies)	Scope 1 [tCO2e]	Scope 2 (market-based) [tCO2e]	Total Scope 1 and 2 (market-based) [tCO2e]	3% Overrate [tCO2e]	Total CO2 to be Compensated [tCO2e]*
Czech Republic	Philip Morris CR a.s.	856.2	0.0	856.2	25.7	882.0

Table 5.4 - Emissions to be offset by legal entity (Czech Republic only)

*Excludes over purchase of 11T due to 12 months rolling used for initial requirements allocation.

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 2 offsetting projects retirement allocations* to offset unavoidable emissions, year 2025.

PHILIP MORRIS INTERNATIONAL

DEMONSTRATION OF CARBON NEUTRALITY
www.sgs.com/climatechange

Originating project name:	Reduced Emissions from Deforestation and Degradation in Keo Seima Wildlife Sanctuary
Quantity of retired credits:	893
Unit Type:	VCU
Serial number:	9866-151818373-151819265-VCS-VCU-263-VER-KH-14-1650-01012018-31122018-1
Retirement Date:	29 January, 2026
Project ID:	1650
Project type:	Agriculture Forestry and Other Land Use
Country:	Cambodia

VERRA

Verified Carbon Standard

Certificate of Verified Carbon Unit (VCU) Retirement

Verra, in its capacity as administrator of the Verra Registry, does hereby certify that on 29 Jan 2026, 893 Verified Carbon Units (VCUs) were retired on behalf of:

PMI Markets and Fleet Cluster 2

Project Name

Reduced Emissions from Deforestation and Degradation in Keo Seima Wildlife Sanctuary

VCU Serial Number

9866-151818373-151819265-VCS-VCU-263-VER-KH-14-1650-01012018-31122018-1

Additional Certifications

CCB-Biodiversity Gold

Powered by APX

PHILIP MORRIS INTERNATIONAL

DEMONSTRATION OF CARBON NEUTRALITY
www.sgs.com/climatechange

Originating project name:	Reduced Emissions from Deforestation and Degradation in Keo Seima Wildlife Sanctuary
Quantity of retired credits:	2,281
Unit Type:	VCU
Serial number:	9866-151825709-151827989-VCS-VCU-263-VER-KH-14-1650-01012018-31122018-1
Retirement Date:	29 January, 2026
Project ID:	1650
Project type:	Agriculture Forestry and Other Land Use
Country:	Cambodia

VERRA

Verified Carbon Standard

Certificate of Verified Carbon Unit (VCU) Retirement

Verra, in its capacity as administrator of the Verra Registry, does hereby certify that on 29 Jan 2026, 2,281 Verified Carbon Units (VCUs) were retired on behalf of:

PMI Markets and Fleet Cluster 2

Project Name

Reduced Emissions from Deforestation and Degradation in Keo Seima Wildlife Sanctuary

VCU Serial Number

9866-151825709-151827989-VCS-VCU-263-VER-KH-14-1650-01012018-31122018-1

Additional Certifications

CCB-Biodiversity Gold

Powered by APX

PHILIP MORRIS
INTERNATIONAL

DEMONSTRATION OF
CARBON NEUTRALITY
www.sgs.com/climatechange

Originating project name:	Reduced Emissions from Deforestation and Degradation in Keo Seima Wildlife Sanctuary
Quantity of retired credits:	21,000
Unit Type:	VCU
Serial number:	9866-151827990-151848989-VCS-VCU-263-VER-KH-14-1650-01012018-31122018-1
Retirement Date:	29 January, 2026
Project ID:	1650
Project type:	Agriculture Forestry and Other Land Use
Country:	Cambodia

VERRA

Verified Carbon Standard

Certificate of Verified Carbon Unit (VCU) Retirement

Verra, in its capacity as administrator of the Verra Registry, does hereby certify that on 29 Jan 2026, 21,000 Verified Carbon Units (VCUs) were retired on behalf of:

PMI Markets and Fleet Cluster 2

Project Name

Reduced Emissions from Deforestation and Degradation in Keo Seima Wildlife Sanctuary

VCU Serial Number

9866-151827990-151848989-VCS-VCU-263-VER-KH-14-1650-01012018-31122018-1

Additional Certifications

CCB-Biodiversity Gold

Powered by APX

Originating project name: JARI/AMAPÁ REDD+ PROJECT
Quantity of retired credits: 97
Unit Type: VCU
Serial number: 11764-355820594-355820690-VCS-VCU-263-VER-BR-14-1115-15022017-14022018-1
Retirement Date: 15 June, 2026
Project ID: 1115
Project type: Agriculture Forestry and Other Land Use
Country: Brazil

Verified Carbon Standard

Certificate of Verified Carbon Unit (VCU) Retirement

Verra, in its capacity as administrator of the Verra Registry, does hereby certify that on 15 Jun 2026, 97 Verified Carbon Units (VCUs) were retired on behalf of:

PMI Markets and Fleet Cluster 2

Project Name

JARI/AMAPÁ REDD+ PROJECT

VCU Serial Number

11764-355820594-355820690-VCS-VCU-263-VER-BR-14-1115-15022017-14022018-1

Additional Certifications

CCB-Biodiversity Gold

Powered by APX

6 Annex A – Carbon Neutral Verification Opinion

UK.VOS.CN.267920.2
025R Philip Morris M

PHILIP MORRIS INTERNATIONAL

DEMONSTRATION OF CARBON NEUTRALITY
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SGS

Verification Statement Number: CCP267920C2R.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 Market Entities Cluster 2, as defined in the scope section of this opinion and comprising market related activities of:

Philip Morris Algeria SARL
Superior Tobacco Co N.V.
Philip Morris Benelux B.V.
Rothmans, Benson & Hedges Inc.
Philip Morris (China) Management Co. Ltd.
Philip Morris Electronics (Shenzhen) Ltd.
Compania Colombiana de Tabaco S.A.S.
PHILIP MORRIS ZAGREB, D.O.O. ZA VANJSKU I UNUTARNJU TRGOVINU
Superior Tobacco Company Curacao N.V.
Philip Morris Cyprus Ltd
Philip Morris CR a.s.
PHILIP MORRIS DOMINICANA, S.A.
Industrias del Tabaco, Alimentos y Bebidas S.A. ITABSA
Proveedora Ecuatoriana S.A. PROESA
Philip Morris El Salvador Sociedad Anonima de Capital Variable
Philip Morris Eesti Osauhing
Tabacalera Centroamericana Sociedad Anonima
Philip Morris Travel Retail Hong Kong Limited
Philip Morris Asia Limited
Philip Morris T & T Limited
SIA Philip Morris Latvia
UAB Philip Morris Baltic
Philip Morris Luxembourg S.A.R.L.
Philip Morris Mexico Productos y Servicios, S de R.L de C.V
Philip Morris Mexico S.A de C.V.
PHILIP MORRIS MAGHREB SARL
Philip Morris Investments B.V.
Philip Morris Nicaragua Sociedad Anonima
PHILIP MORRIS PANAMA SOCIEDAD EN COMANDITA POR ACCIONES
Philip Morris Peru, Sociedad Anónima
PMFTC INC.
PMI Business Solutions (Philippines) Inc.
Philip Morris Trading S.R.L.
Philip Morris Singapore Pte. Ltd.
Philip Morris Ljubljana, storitveno podjetje, d.o.o.
Philip Morris Finance SA
Philip Morris International IT Service Center Sarl

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Climate Change Programme ukclimatechange@sgs.com www.sgs.com
Member of SGS Group

Philip Morris International Services Sarl
Philip Morris Products S.A.
Philip Morris Switzerland Sarl
Philip Morris World Trade S.a r.l.
Philip Morris Taiwan S.A.
Philip Morris North Africa SARL

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

PHILIP MORRIS INTERNATIONAL

DEMONSTRATION OF CARBON NEUTRALITY
www.sgs.com/climatechange

SGS

Schedule Accompanying Greenhouse Gas Verification Statement
CCP267920C2R.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 Market Entities Cluster 2, 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 Neutral 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 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
- Reconciled Carbon Neutral 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.

SGS

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

SGS

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

PMI affiliates included:

Philip Morris Algeria SARL
Superior Tobacco Co N.V.
Philip Morris Benelux B.V.
Rothmans, Benson & Hedges Inc.
Philip Morris (China) Management Co. Ltd.
Philip Morris Electronics (Shenzhen) Ltd.
Compania Colombiana de Tabaco S.A.S.
PHILIP MORRIS ZAGREB, D.O.O. ZA VANJSKU I UNUTARNJU TRGOVINU
Superior Tobacco Company Curacao N.V.
Philip Morris Cyprus Ltd
Philip Morris CR a.s.
PHILIP MORRIS DOMINICANA, S.A.
Industrias del Tabaco, Alimentos y Bebidas S.A. ITABSA
Proveedora Ecuatoriana S.A. PROESA
Philip Morris El Salvador Sociedad Anonima de Capital Variable
Philip Morris Eesti Osauhing
Tabacalera Centroamericana Sociedad Anonima
Philip Morris Travel Retail Hong Kong Limited
Philip Morris Asia Limited
Philip Morris T & T Limited
SIA Philip Morris Latvia
UAB Philip Morris Baltic
Philip Morris Luxembourg S.A.R.L.
Philip Morris Mexico Productos y Servicios, S de R.L de C.V
Philip Morris Mexico S.A de C.V.
PHILIP MORRIS MAGHREB SARL
Philip Morris Investments B.V.
Philip Morris Nicaragua Sociedad Anonima
PHILIP MORRIS PANAMA SOCIEDAD EN COMANDITA POR ACCIONES
Philip Morris Peru, Sociedad Anónima
PMFTC INC.
PMI Business Solutions (Philippines) Inc.
Philip Morris Trading S.R.L.
Philip Morris Singapore Pte. Ltd.
Philip Morris Ljubljana, storitveno podjetje, d.o.o.
Philip Morris Finance SA
Philip Morris International IT Service Center Sarl
Philip Morris International Services Sarl
Philip Morris Products S.A.
Philip Morris Switzerland Sarl
Philip Morris World Trade S.a r.l.
Philip Morris Taiwan S.A.
Philip Morris North Africa SARL

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

We planned and performed our work to obtain the information, explanations, and evidence that we considered necessary to provide a reasonable level of assurance that the CO2 equivalent emissions and 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.

7 Annex C – Scope 1, 2 and 3 emissions inclusion and exclusion

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

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

Table 7.1 - Inclusions and exclusions

8 Annex D – Uncertainty calculation

Uncertainties around the quantification of the carbon footprint have been assessed throughout the assessment following the guidelines released by ISO and available in the “GHG Protocol’s Measurement and Estimation Uncertainty of GHG Emissions tool” (supporting worksheet file “Uncertainty_Calculation_Tool”)[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:

2026 PMI Markets Cluster 2 Uncertaint

Overall outcome of the uncertainty calculation (from attached file)

Overall														
Source description														
LPG (Energy) [MJ]	0.00	MJ	+/- 7.0%		kg GHG/MJ	+/- 7.0%	0.00	0.00	+/- 9.9%	Good	0.00	0.00	+/- 8.4%	Good
Natural Gas (Energy) [MJ]	35,695,249.77	MJ	+/- 7.0%		kg GHG/MJ	+/- 7.0%	2,009,840.87	2,009.84	+/- 9.9%	Good	198.96	39,586.71		
Diesel or Fuel oil light EL (Energy) [MJ]	3,047,504.48	MJ	+/- 7.0%		kg GHG/MJ	+/- 7.0%	219,717.70	219.72	+/- 9.9%	Good	21.75	473.10		
Fuel oil - H - (Energy) [MJ]	0.00	MJ	+/- 7.0%		kg GHG/MJ	+/- 7.0%	0.00	0.00	+/- 9.9%	Good	0.00	0.00		
Hard Coal (Energy) [MJ]	0.00	MJ	+/- 7.0%		kg GHG/MJ	+/- 7.0%	0.00	0.00	+/- 9.9%	Good	0.00	0.00		
Biomass (Energy) [MJ]	260,110.80	MJ	+/- 7.0%		kg GHG/MJ	+/- 7.0%	830.91	0.83	+/- 9.9%	Good	0.08	0.01		
District Steam (Energy) [MJ]	0.00	MJ	+/- 7.0%		kg GHG/MJ	+/- 7.0%	0.00	0.00	+/- 9.9%	Good	0.00	0.00		
District Heating (Energy) [MJ]	949,830.85	MJ	+/- 7.0%		kg GHG/MJ	+/- 7.0%	46,248.85	46.25	+/- 9.9%	Good	4.58	20.96		
Fugitive emissions	679.91	MJ	+/- 107.0%		kg GHG/MJ	+/- 107.0%	883,881.28	883.88	+/- 151.3%	Poor	1,337.50	1,788,897.35		
Purchased Renewable Electricity (Energy) [kWh]	29,704,691.96	kWh	+/- 7.0%		kg CO2 / kWh	+/- 7.0%	0.00	0.00	+/- 9.9%	Good	0.00	0.00		
Net Electricity (Energy) [kWh]	575,246.74	kWh	+/- 7.0%		kg CO2 / kWh	+/- 7.0%	0.00	0.00	+/- 9.9%	Good	0.00	0.00		
Vehicles Petrol Consumption [L]	4,330,763.69	l	+/- 7.0%		kg CO2 / l	+/- 7.0%	8,961,043.00	8,961.04	+/- 9.9%	Good	887.10	786,942.86		
Vehicles Diesel Consumption [L]	4,436,788.16	l	+/- 7.0%		kg CO2 / l	+/- 7.0%	11,406,183.73	11,406.18	+/- 9.9%	Good	1,129.15	1,274,990.07		
Vehicles Biodiesel Consumption [L]	0.00	l	+/- 7.0%		kg CO2 / l	+/- 7.0%	0.00	0.00	+/- 9.9%	Good	0.00	0.00		
Vehicles Bioethanol Consumption [L]	14,754.46	l	+/- 7.0%		kg CO2 / l	+/- 7.0%	132.94	0.13	+/- 9.9%	Good	0.01	0.00		
Vehicles Natural Gas Consumption [L]	10,701.73	l	+/- 7.0%		kg CO2 / l	+/- 7.0%	12,606.32	12.61	+/- 9.9%	Good	1.25	1.56		
Note: For individual uncertainties greater than 60%, the results of the tool are not valid					**Sum CO_2 emissions (M):**		**23,540,485.60**	**23,540.49**						

Table 8.1 - Uncertainty calculations

Uncertainties due to emission Factors and Activity Data				
1	2	3	4	5
Gas	**Source category**	**Emission factor**	**Activity data**	**Overall uncertainty**
CO_2	Energy	7%	7%	10%
CO_2	Industrial Processes	7%	7%	10%
CO_2	Land Use Change and Forestry	33%	50%	60%
CH_4	Biomass Burning	50%	50%	100%
CH_4	Oil and Nat. Gas Activities	55%	20%	60%
CH_4	Rice cultivation	$\frac{3}{4}$	$\frac{1}{4}$	1
CH_4	Waste	$\frac{2}{3}$	$\frac{1}{3}$	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 8.2 - IPCC uncertainty data

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

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