



## Reduce post-consumer waste

8

### Number of markets with take-back programs in place for smoke-free consumables

#### KPI description

As we grow our smoke-free business, we seek to address the post-consumer waste of our smoke-free product consumables by deploying take-back schemes.

When measuring the progress of our markets in providing consumers access to our end-of-life take-back programs, our criteria will evolve as the program matures. In the initial years, our strategy is to prioritize sales channels in which we have direct control, i.e., our brand retail, including boutiques, islands, in order to build awareness about the programs. Then, as we scale up, we will expand to our IQOS partners with whom we work closely on consumer experience activities.

Currently, the capacity of third parties to recycle our consumables is limited because, for the main structural components' materials, such as cellulose acetate, few viable recycling solutions exist today. Therefore, the materials from our products that can be recycled from our smoke-free consumables depend on the locally available infrastructure and technical capabilities of contracted waste treatment operators.

While recycling is our preferred recovery solution, if recycling of materials is not locally available as a viable or feasible solution, the incineration of smoke-free consumables with energy recovery remains an option, and in some cases incineration without energy recovery for HTUs.

#### First year of program launch

- 50 percent of direct retail channels (including boutiques, islands)

#### Second year of program launch

100 percent of direct retail channels, plus one of the following:

- Deployment of the program with at least 50 percent of IQOS partners
- Mail-in services
- Other indirect retail partners

#### Third year of program launch

- Maintain second year of launch criteria

Markets that have a different channel mix, limited or no presence of brand retail, or IQOS partners may launch the program via other channels such as indirect retail or mail-in services.

Additionally, before launching the program, markets must conduct a due diligence process, including legal, financial, and commercial review.

## Definitions

**Take-back programs** Services offered to adult users of PMI smoke-free products, which enable them to return used or unwanted consumables to PMI's suppliers for disposal. This may include recycling or energy recovery of all or part of the returned consumable and may occur in the country in which the product is collected or be exported for treatment elsewhere, if not available locally.

**IQOS partners-third party (indirect)** Retailers with an IQOS dedicated space within their premises where experiences (e.g., guided trial, product demo) and services are delivered to LAS or legal-age users (LAU) by the retailer's staff.



## Scope

**Included** All markets in which we commercialize smoke-free product consumables. Product consumables in scope are HTUs, e-vapor cartridges, and disposable vaping devices.

**Excluded** Markets in which our products are sold through partnership agreements, and PMI Global Travel Retail market; oral nicotine products; other smoke-free products (lighters, matches, phone cards).

## Calculation methodology

The count of markets with take-back programs in place for smoke-free consumables (December 31). Markets are reported as per the taxonomy defined in PMI's financial reporting system and aligned with our Annual Report on Form 10-K.

## Data management

PMI markets are responsible for data collection regarding the coverage of direct and indirect points of sale, which is reported to the central team on an annual basis. Results are consolidated centrally for the annual global reporting of the proportion of shipment volume covered by markets with take-back programs in place for smoke-free consumables.