



PHILIP MORRIS  
INTERNATIONAL

# Taskforce on Nature-related Financial Disclosures (TNFD) Report 2026

# About PMI

Philip Morris International is a leading international consumer goods company, actively delivering a smoke-free future and evolving its portfolio for the long term to include products outside of the tobacco and nicotine sector. The company’s current product portfolio primarily consists of cigarettes and smoke-free products, including heat-not-burn, nicotine pouch and e-vapor products. Our smoke-free products are available for sale in 109 markets as of June 30, 2026. As of December 31, 2025 PMI estimates they were used by over 43 million legal-age consumers around the world, many of whom have moved away from cigarettes or significantly reduced their consumption. The smoke-free business accounted for approximately 42% of PMI’s second-quarter 2026 total net revenues.

Since 2008, PMI has invested over \$16 billion to develop, scientifically substantiate and commercialize innovative smoke-free products for adults who would otherwise continue to smoke or use other nicotine-containing consumer products, with the goal of completely ending the sale of cigarettes. This includes the building of world-class scientific assessment capabilities, notably in the areas of pre-clinical systems toxicology, clinical and behavioral research, as well as post-market studies.

Following a robust science-based review, the U.S. Food and Drug Administration has authorized the marketing of Swedish Match’s *General snus* and *ZYN* nicotine pouches and versions of PMI’s *IQOS* devices and consumables - the first-ever such authorizations in their respective categories. Versions of *IQOS* devices and consumables, *General snus* and 20 *ZYN* nicotine pouch variants also obtained the first-ever Modified Risk Tobacco Product authorizations from the FDA. With a strong foundation and significant expertise in life sciences, PMI has a long-term ambition to expand into wellness areas. References to “PMI”, “we”, “our” and “us” mean Philip Morris International Inc., and its subsidiaries. For more information, please visit [www.pmi.com](http://www.pmi.com) and [www.pmiscience.com](http://www.pmiscience.com).

# Contents

## Foundations

- 4 Introduction
- 5 Message from our Chief Sustainability Officer
- 6 Message from our Chief Global Operations Officer

## Governance

- 7 A – Board oversight
- 7 B – Management’s role
- 8 C – Human rights and stakeholder engagement

## Risk & impact management

- 10 A – Identification, assessment, and prioritization processes
- 12 B – Management processes
- 12 C – Integration into risk management

## Strategy

- 13 A – Nature-related dependencies, impacts, risks, and opportunities
- 20 B – Business model and strategy
- 22 C – Strategy resilience
- 24 D – Priority locations

## Metrics & targets

- 25 A – Metrics
- 25 B – Targets
- 26 C – Performance against targets

## Appendices

- 28 Glossary of terms and acronyms
- 30 Forward-looking and cautionary statements
- 30 Notes

## About this report

We are pleased to present PMI's Taskforce on Nature-related Financial Disclosures (TNFD) Report 2026, marking an important step forward in our nature agenda and reinforcing our commitment to transparency in our environmental strategy implementation.

Drawing on the findings of our most recent [sustainability materiality assessment](#), our recently published [Climate Transition Plan](#), and part of our Value Plan 2030+—the long-term framework defining our aspirations and targets for the future—this report seeks to provide greater visibility to our shareholders, as well as other stakeholders, into how PMI understands and values nature, one of our six strategic priorities. Building on the foundation established by PMI's [Ambition on Biodiversity and Water](#) published in December 2022, this report reflects both our sustained commitment and growing maturity in responding to evolving nature-related expectations. Prepared following the recommendations of the TNFD, this report provides a transparent account of our inherent nature-related dependencies, impacts, risks, and opportunities (DIROs). Reflecting the underlying nature-related exposures before considering preventive actions, these insights have served to inform our broader sustainability materiality assessment (SMA), and impacts, risks, and opportunities (IROs) identified therein, whose relevance is assessed on a yearly basis.

Actual performance against relevant metrics and updates on activities seeking to address relevant DIROs are disclosed in our annual [Value Report](#).

Unless explicitly stated otherwise, the data, information, aspirations, and targets in this report do not incorporate PMI's Wellness unit, Aspeya.



## Additional PMI resources

This report should be read in conjunction with other materials published by PMI:

- PMI's annual [Value Report](#) provides a description of PMI's business model, strategy, and performance in relation to sustainability topics, including nature.
- PMI's [Non-financial KPI](#) hub makes available our performance metrics and key data reporting standards.
- PMI's [Sustainability Materiality Report \(2025\)](#) details the methodology and results of our latest sustainability materiality assessment.
- PMI's annual [Proxy Statement](#) provides further detail on corporate risk management, executive compensation, and the composition of our Board of Directors, among other topics.
- PMI's annual report on [Form 10-K](#) provides material risk factors in line with SEC expectations, among other information.
- PMI's [Climate Transition Plan 2025](#) discloses detailed information about climate-related risks and opportunities.
- PMI's annual [CDP Corporate Questionnaire](#) provides additional climate and nature-related information and metrics in line with CDP requirements.
- PMI's [Critical Raw Materials \(CRMs\) Assessment](#) details the methodology we used to assess the inherent sourcing, environmental, and social impacts and risks associated with the CRMs used in our products.

Additional information and resources are available on [PMI.com/sustainability](https://www.pmi.com/sustainability).

# Introduction

Nature is one of the six strategic priorities that define PMI's Value Plan 2030+.

Released earlier this year, our newly introduced Value Plan 2030+ charts the course for our next phase of sustainable growth by outlining our aspirations and targets for the years to come. Specifically on nature, our aspiration is to preserve and restore biodiversity, water, and forests across our operations and broader value chain to safeguard the long-term resilience of ecosystems and drive measurable progress toward achieving no net loss of natural resources.

## Nature stewardship as a driver of business resilience at PMI

Climate volatility, ecosystem degradation, and resource scarcity are creating material risks for businesses, affecting operational continuity and supply chain resilience. Our company depends on natural capital—water, fertile soil, stable agricultural systems—and the transition to renewable energy and circular economy practices is essential for securing access to the inputs our operations require while meeting stakeholder expectations for environmental stewardship.

Natural capital—encompassing the ecosystems, biodiversity, and natural resources that underpin our direct operations and broader value chain—is one of several interdependent forms of capital on which our business relies. Ecosystem integrity and natural resource availability directly influence our manufactured, financial, human, and social capitals: degraded ecosystems can disrupt agricultural inputs and raw materials sources, drive up costs, and erode the trust of stakeholders.

By taking deliberate action to preserve and restore natural capital, we strive to manage nature-related risks along our value chain—including physical risks from ecosystem decline and transitional risks from evolving regulations and stakeholders' expectations—while strengthening the resilience of our operations in the long run. Beyond risk management, these actions can generate opportunities—such as improved resource efficiencies driven by optimized resource use. In this way, investing in natural capital is a true lever that drives sustainable value creation while navigating system-level constraints.

 Read more about the global trends shaping how we understand our operating environment and about our understanding of [sustainability as a driver of long-term value creation](#).

## Our approach to nature stewardship

We ground our approach to the responsible use and management of natural resources and ecosystem services on an understanding of the close connections between biodiversity protection, forestry management, effective water stewardship, and climate resilience.

We use consistent methodologies, robust data across our direct operations and supply chain, and cross-team coordination to strengthen regulatory readiness, enhance adaptability, improve supplier data and engagement, meet investor expectations, and identify opportunities for continuous improvement.

Guided by the Kunming-Montreal Global Biodiversity Framework (GBF) adopted at COP15, our long-term ambition is to contribute to a positive impact on nature by 2050. This long-term ambition drives us to address environmental pressures holistically, ensuring that our programs and activities remain interconnected, with efforts in one area supporting and reinforcing positive outcomes in others. Medium- and long-term targets and measurements in place help us evaluate the effectiveness of our actions.

Our nature-related management strategy considers international accords like the GBF and is built on recognized frameworks, such as the AR3T approach recommended by the Science Based Targets Network (SBTN), and the International Finance Corporation (IFC) Performance Standard 6 mitigation hierarchy. These frameworks guide us through a sequence of actions: we avoid and reduce impacts where possible, restore and regenerate ecosystems, transform systems to address root causes of nature loss, and compensate for remaining effects. This structured approach helps us move beyond mitigation and strive for positive contributions and lasting change.

## Connectivity with our other strategic priorities

Nature is closely linked to the other strategic priorities of PMI's Value Plan 2030+.

In particular, our climate agenda, detailed in the Climate Transition Plan we issued at the end of 2025, is deeply intertwined with our nature strategy. Nature-based solutions such as reforestation, regenerative agriculture, and watershed protection support biodiversity, water, and forest goals while advancing climate targets such as Forest, Land, and Agriculture (FLAG) GHG emissions reductions. Regenerative agriculture in particular can reduce scope 3 emissions and increase soil carbon sequestration, while also reducing physical and transition risks and strengthening value chain resilience. Nature also connects to Circularity, as product design, material choices, and end-of-life decisions affect resource use, waste, and pollution. In addition, we see synergies with Workers in our value chain through landscape-level initiatives that help improve water access in sourcing communities.

 Read more about our Value Plan 2030+ on [PMI.com](#).

## An integrated approach to assessing nature-related dependencies, impacts, risks, and opportunities (DIROs)

A detailed and up-to-date understanding of our nature-related DIROs is fundamental to making informed decisions. Without it, we cannot effectively prioritize where to act, allocate resources to where they matter most, or track whether our efforts are delivering meaningful results.

Our approach to assessing nature-related DIROs has grown more robust over time, supported by our global biodiversity footprint assessments and targeted evaluations such as global and local water risk assessments and Climate Change Risks and Opportunities (CCRO) assessments. In recent years, our assessment has grown increasingly sophisticated, aligned with the TNFD framework and its LEAP approach, which structures the analysis around locating interfaces with nature (L), evaluating dependencies and impacts (E), assessing risks and opportunities (A), and preparing responses (P).

These assessments do not operate in isolation—they are designed to feed into our sustainability materiality assessment (SMA) and inform our broader Enterprise Risk Management (ERM) program. An important distinction to note: the nature-related DIROs presented in this report are assessed on an inherent basis—that is, they consider significant dependencies, impacts, risks, and opportunities before taking into account any existing or potential response strategies. They are not, in themselves, materiality determinations. Our SMA, conducted in accordance with double materiality principles and the requirements of the EU Corporate Sustainability Reporting Directive (CSRD), uses these inherent DIROs as one of several structured inputs to determine which sustainability-related matters are material on a residual basis—i.e., after established preventive measures are considered.

 Read more about our CCRO assessment in our [2025 Climate Transition Plan](#) and about our SMA in our [2025 Sustainability Materiality Report](#).

# Message from our Chief Sustainability Officer

What we learn about nature sharpens how we run our business. What we share about that journey helps shape how others will run theirs. That is the responsibility—and the opportunity—of moving first.



When PMI became a Taskforce on Nature-related Financial Disclosures (TNFD) early adopter, we did so with conviction: understanding our relationship with nature is not peripheral to our business transformation—it is foundational to it. As a company that redefined its purpose and reimagined its value chain, we recognize that the natural systems upon which our operations depend deserve the same strategic rigor we apply to every other dimension of sustainable value creation.

Last year, we published our updated climate transition plan, setting out how we intend to decarbonize our business and strengthen climate resilience over time. This inaugural TNFD report should be read alongside that plan: together, they reflect our choice to pursue one holistic environmental strategy, managing natural capital by addressing both climate and nature considerations in an integrated way rather than in separate silos.

## Acknowledging the pioneering work of TNFD and ISSB

The TNFD has achieved something remarkable. In just a few years, it has galvanized hundreds of organizations to voluntarily commit to nature-related reporting. Equally significant is how the global standard-setting landscape has evolved. Last year, the International Sustainability Standards Board (ISSB) announced it would advance its own work on nature-related risks and opportunities, drawing directly on the TNFD framework: rather than a stand-alone standard or amendments to IFRS S1 and S2, it will propose an IFRS Practice Statement, non-mandatory guidance to help companies disclose nature-related information where it is material.

This decision signals both progress and pragmatism: nature is entering the mainstream of corporate reporting, but the ISSB has recognized that the field is not yet mature enough for binding requirements. The TNFD's complementary decision to complete its current technical work in 2026 and then focus on supporting the ISSB reflects a coordinated, practical approach to building coherence without outpacing the readiness of data, methodologies, and market practice.

PMI welcomes this convergence. A clear pathway through the ISSB's framework, built on the TNFD's pioneering work, is

precisely the kind of interoperability that multinational companies like ours need, even as the final architecture continues to take shape.

## Navigating uncertainty with integrity

The ISSB's decision validates what early adopters like PMI experience firsthand: nature-related disclosure is still characterized by inconsistent methodologies, gaps in location-specific data, a lack of standardized terminology, and emerging approaches to measuring biodiversity and ecosystem impacts.

For an early adopter, this means embracing a certain degree of ambiguity and innovation as we work toward a clearer path. It is an honest acknowledgment that the field of nature-related disclosure is newer, more complex, and inherently more location- and sector-specific than climate reporting was at a comparable stage. Measuring dependencies, impacts, risks, and opportunities on biodiversity, freshwater systems, land use, and ecosystem services requires tools, data, and scientific consensus that are still being developed.

This creates a legitimate tension for us: we cannot report with the same precision on nature-related metrics as we can on greenhouse gas emissions—not because of a lack of ambition, but because the global infrastructure for nature-related measurement and reporting is still maturing.

## Leading while learning

What does this mean for our approach? We will continue to advance our TNFD-aligned assessments to deepen our understanding of how our operations and value chain interact with nature across the geographies where we operate. We will report transparently on what we know, what we are learning, and where gaps remain. We will engage constructively and contribute our practical experience to the development of workable, decision-useful standards.

This TNFD report shares where we stand as part of a broader ecosystem composed of companies, standard-setters, regulators, and market participants navigating what is, in many ways, uncharted territory. It shows how our relationship with

nature informs and is informed by our sustainability materiality findings, and how it connects to value creation. It is one more chapter in a broader story of how PMI creates, protects, and accounts for value across multiple capitals.

This report should also be understood as a step in a longer journey. The assessments disclosed here—mapping where and how our business depends on and affects nature—form the analytical foundation for setting science-based targets for nature. We have completed an internal relevance screening and value chain assessment in line with the Science Based Targets Network's (SBTN's) methodology. This is deliberate: the TNFD framework and the SBTN approach are designed to work in tandem, sharing common foundations in how nature-related impacts and dependencies are defined, located, and prioritized. The understanding we have built through this TNFD assessment positions us to move, over time, from disclosure toward credible, science-aligned target-setting, turning insight into measurable ambition.

We plan to continue approaching nature-related disclosure as what it truly is: a strategic enabler of sustainable value creation. For a company whose success depends on various supply chains, agriculture, water, forests, and healthy ecosystems across more than 100 countries, understanding our nature-related dependencies, impacts, risks, and opportunities is an investment in the resilience and long-term viability of our business.

We are proud to contribute to advancing harmonized nature-related reporting practices, while acknowledging that the map is still being drawn. We remain committed to sharing what we learn, hoping it serves not only our company but others navigating this same path.

**Jennifer Motles**  
Chief Sustainability Officer

# Message from our Chief Global Operations Officer

Natural capital—from fertile soils and clean water, to pollination services and climate regulation—underpins every link in our value chain.

As the leader of our global operations, my mandate is clear: ensure that Philip Morris International's value chain footprint is efficient, resilient, and positioned to deliver value today and for decades to come. I am convinced that how well we understand and manage our relationship with natural capital will be a defining factor in whether we succeed over time.

## Nature is infrastructure, not an externality

For a company like PMI, with agricultural supply chains spanning continents and manufacturing operations in diverse ecological contexts, this is not an abstract statistic. It is an operational reality.

When we source tobacco leaf, we depend on soil health, water availability, and the ecological balance that sustains agricultural productivity. When we operate manufacturing facilities, we draw on water systems and energy resources embedded in local ecosystems. When we plan for the next decade, we must account for how shifts in land use, water stress, and biodiversity loss could disrupt the very foundations of our supply.

## Building resilience in a world of compounding risks

The case for integrating nature into operational planning has never been more urgent. Climate change and nature loss are not separate crises; they are deeply intertwined and mutually reinforcing. Deforestation accelerates warming; warming degrades ecosystems; degraded ecosystems reduce agricultural resilience; reduced resilience increases operational volatility. For a global company, these compounding risks translate into tangible business impacts: supply chain disruptions, rising input costs, regulatory constraints, and reputational exposure.

The TNFD's LEAP (Locate, Evaluate, Assess, and Prepare) approach provides us with a structured methodology to map these interdependencies across our operational footprint. By locating where our activities interface with nature, evaluating our dependencies and impacts, assessing the resulting risks and opportunities, and preparing strategic responses, we focus on our ability to understand synergies.

This is what future-proofing looks like in practice: not a static snapshot of today's exposures, but a dynamic, continuously refined understanding of how nature-related factors will shape the operating environment of tomorrow.

## From risk management to value creation

Assessing nature-related risks and opportunities through frameworks like the TNFD is not simply a defensive exercise in cataloguing what could go wrong. It is a forward-looking strategy for identifying where we can create value and where failing to act will erode it.

For instance, regenerative agricultural practices that restore soil health and enhance biodiversity do not merely reduce our exposure to supply chain disruption; they increase yields, lower input costs over time, and improve farmer livelihoods. Water stewardship programs that go beyond compliance to actively manage watershed health protect our license to operate while contributing to community resilience. Circular economy initiatives that minimize waste and resource extraction reduce operational costs and align with tightening regulatory expectations worldwide.

In each case, what begins as a nature-related risk assessment becomes a catalyst for operational innovation and competitive advantage. This is the core of sustainable value creation: aligning business strategy with the health of the systems on which our business depends, so that value accrues to shareholders, stakeholders, and the natural world simultaneously.

## The business case is clear

Companies that can demonstrate a sophisticated understanding of their natural capital dependencies, and a credible strategy for managing them, will benefit from lower cost of capital, stronger stakeholder trust, and greater operational agility.

At PMI, we are approaching this as a strategic imperative. Every investment we make in understanding our nature-related dependencies is an investment in the sustainability of our business model. Every improvement in how we manage natural capital is an improvement in the resilience, efficiency, and long-term competitiveness of our operations.

## A call to operational excellence

To PMI colleagues across our global operations: the integration of nature into our planning, our procurement, and our performance is not a departure from operational excellence. It is the next frontier of it. The companies that will lead in the coming decades are those that recognize natural capital as a strategic asset, not a free good, and manage it accordingly.

PMI has the scale, the ambition, and the operational capability to be among those leaders. I am committed to ensuring that our operations not only account for nature but actively contribute to its regeneration, because doing so is the surest path to creating enduring value for our business and the world we operate in.



**Scott Coutts**  
Chief Global Operations Officer



# Governance

This section describes how nature-related dependencies, impacts, risks, and opportunities are governed at PMI.

## Additional PMI resources

- Documents related to PMI’s governance framework are available on [PMI.com](https://www.pmi.com).
- PMI’s annual Proxy Statement, available for download on [PMI.com](https://www.pmi.com), contains detailed information on our Board and committee structure, the independence of its members, and the responsibilities and meeting frequency of each committee.
- PMI’s annual Value Report, available for download on [PMI.com](https://www.pmi.com), provides updated details on the Board’s sustainability responsibilities.

## Governance A

**This section describes PMI Board’s oversight of nature-related dependencies, impacts, risks, and opportunities.**

The primary responsibility of the Board of Directors of Philip Morris International Inc. (the “Board” or “Board of Directors”) is to support the long-term success of our company. The Board establishes broad corporate policies, sets strategic direction, and oversees Company Management—the individuals responsible for PMI’s day-to-day operations.

The Board has adopted corporate governance guidelines that—together with the company’s charter, bylaws, Board committee charters, PMI’s Code of Conduct, and PMI’s Policy on Related-Person Transactions—serve as the governance framework for the company. Each of these documents is available on [PMI.com](https://www.pmi.com).

The Board plays a critical role in ensuring robust oversight of our Value Plan 2030+. While the Nominating and Corporate Governance Committee (NCGC) is responsible for overseeing the company’s overall sustainability strategies and performance, several other Board committees provide focused oversight on specific sustainability topics. Further, the Audit and Risk Committee (ARC) reviews all sustainability information, including information pertaining to nature, included in the company’s financial reporting framework, as well as the internal controls and procedures related to sustainability disclosures.

PMI’s Value Plan 2030+ was approved by the Board at the close of 2025, encompassing revisions to key nature-related aspirations and targets. The Board reviews annually the company’s most recent sustainability materiality assessment results, including those pertaining to nature-related topics. The ARC reviewed the results of our most recent DIRO assessment, including the inherent DIROs disclosed in this report and how these interact with and inform our sustainability materiality assessment (SMA).

Additionally, the Compensation and Leadership Development Committee (CLDC) conducts annual reviews of performance against the established VALUE Index, which is linked to 30 percent of our performance-based long-term equity awards. The Index comprises key indicators aligned to each strategic priority of PMI’s Value Plan 2030+, including one dedicated to nature (more information is available on [PMI.com](https://www.pmi.com)). The Board also provides oversight for the completion of PMI’s key non-financial disclosures, including the annual PMI Value Report and this TNFD report.

Our Chief Sustainability Officer (CSO) provides at least annual updates to the CLDC, NCGC, ARC, and the full Board of Directors on sustainability matters.

Furthermore, as part of PMI’s Enterprise Risk Management (ERM) program, risk oversight is conducted by the full Board of Directors, as well as by individual Board committees within their respective areas of responsibility. Ownership of each key risk area, including those related to climate and nature, is assigned to a member of our Company Management. Throughout the year, Company Management regularly updates the Board and its committees on the evolution of key risk areas in connection with business and strategy updates.

## Governance B

**This section describes PMI management’s role in assessing and managing nature-related dependencies, impacts, risks, and opportunities.**

Anchoring our sustainability priorities within executive responsibilities and accountabilities helps ensure that our Value Plan 2030+, including our nature strategy, remains aligned with our business priorities.

As part of our risk management practices, we have a Corporate Risk Governance Committee (CRGC) made up of members of senior management. The CRGC periodically reviews enterprise risk management reports for each key risk area and, where required, makes decisions to ensure risks are appropriately managed. It oversees, challenges, and monitors the integrity, scope, and design of the ERM program.

We integrate sustainability-related risks and opportunities into our ERM framework. At the corporate level, the Group Chief Financial Officer oversees these risks and has appointed the CSO to manage risk response efforts. Material sustainability-related matters are embedded across all key risk areas, and dedicated working groups regularly assess and address key risk drivers. Climate- and nature-related risks and opportunities are primarily associated with sourcing, supply, and manufacturing key risk areas. These areas are owned by the Chief Global Operations Officer, who regularly reports to the CRGC on how climate- and nature-related risks are being managed to safeguard our business objectives.

Our CSO, who reports to the Group Chief Financial Officer, regularly hosts the Sustainability Committee (composed of members of Company Management, including our Group CEO PMI) and briefs the Board of Directors on progress and strategic implications.

To ensure alignment and effective oversight across the organization, PMI’s Sustainability Committee—composed of members of Company Management, including our Group CEO PMI—meets at least four times per year. PMI’s Chief Global Operations Officer (CGOO) is also a member of the Sustainability Committee.

## Governance C

This section describes PMI's human rights policies and engagement activities, and oversight by the Board and management, with respect to stakeholders, in our assessment of, and response to, nature-related dependencies, impacts, risks, and opportunities.

PMI is committed to respecting human rights in our operations and value chain. Human rights are inherent to the dignity of human life and a prerequisite for businesses and society to prosper. We recognize that integrating human rights considerations into our strategy, policies, and practices is not just the right thing to do but also creates the conditions required for our stakeholders to thrive and create value.

### Human rights-related policies and commitments

Our nature-related work, rooted in [PMI's Environmental Policy](#), is reinforced by our Human Rights Commitment, which reflects our dedication to uphold and advance human rights throughout our global operations and value chain. In complement, several key instruments bridge our human rights and nature-related efforts, addressing both dimensions where they converge. These include PMI's Code of Conduct, Responsible Sourcing Principles, Agricultural Labor Practices Code, Responsible Sourcing of Minerals Policy, and Zero Deforestation Manifesto.

Together, these instruments guide us as we design and implement nature-related initiatives to mitigate adverse impacts on employees, workers in our value chain, farmers, communities surrounding our operations and supply chain activities, and other stakeholders. They reflect our commitment to business practices that respect internationally recognized human rights and detail our adherence to the principles enshrined in the United Nations Guiding Principles on Business and Human Rights and other international standards such as the International Bill of Human Rights, ILO conventions, and the OECD Guidelines.

We provide on this page an overview of the main PMI policies and standards covering human rights aspects, which are publicly available in full on [PMI.com](#).

### Overview of human rights policies and commitments

| PMI policy                                                                                                                                | Overview                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|-------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  <a href="#">Human Rights Commitment</a>                 | This Commitment outlines PMI's dedication to respecting and promoting human rights across our global operations and value chain. The document details PMI's foundational principles, including prohibitions on child and forced labor, anti-bribery, responsible sourcing, data privacy, diversity and inclusion, fair working conditions, environmental stewardship, and respect for land rights and freedom of association. PMI's Human Rights Commitment describes systematic due diligence, capacity building, risk assessment, grievance mechanisms, and transparent reporting as core elements of our human rights governance. |
|  <a href="#">Agricultural Labor Practices (ALP) Code</a> | Our ALP Code defines the labor practices, principles, and standards PMI expects to be met on all tobacco farms with which PMI or PMI's suppliers have contracts to grow tobacco for PMI. It focuses on child labor, income and work hours, fair treatment, forced labor and human trafficking, safe work environment, freedom of association, terms of employment, and compliance and enforcement.                                                                                                                                                                                                                                   |
|  <a href="#">Code of Conduct</a>                         | The PMI Code of Conduct sets out the fundamental principles and standards of ethical behavior expected from all employees, officers, and directors. It serves as a cornerstone for responsible business conduct, fostering a culture of integrity, respect, and accountability across all PMI operations.                                                                                                                                                                                                                                                                                                                            |
|  <a href="#">Responsible Sourcing of Minerals Policy</a> | This Policy outlines the company's commitment to ensuring that minerals in its supply chain—particularly 3TGs and cobalt—are sourced responsibly, in line with OECD guidance and human rights principles, and without contributing to conflict or abuses. It establishes due diligence expectations for suppliers, mandates sourcing from validated conflict-free smelters and refiners, and reinforces PMI's ongoing efforts to strengthen responsible mineral practices as its business evolves.                                                                                                                                   |
|  <a href="#">Responsible Sourcing Principles (RSP)</a> | The RSP strive to ensure a long-term sustainable supply that protects the environment and enhances livelihoods within our value chain. It outlines the values, as well as the process and performance requirements, that our suppliers must refer to and adhere to as part of their business relationship with PMI. It sets out expectations regarding legal compliance, business integrity, human rights, and environmental stewardship.                                                                                                                                                                                            |
|  <a href="#">Zero Deforestation Manifesto (ZDM)</a>    | The ZDM complements and details the deforestation-related aspects described in PMI's Environmental Policy. It outlines PMI's approach to eliminate deforestation risks in its value chain, which includes annual risk assessments, supplier and farmer engagement, third-party verification, and respect for local communities' rights, with progress reported annually and a focus on sustainable sourcing, traceability, and restoration activities to protect biodiversity and forest ecosystems.                                                                                                                                 |

### Impact on our stakeholders

Our nature-related DIROs—and efforts to address them—may have effects on a range of stakeholders across our value chain, including tobacco farmers supplying PMI, agricultural workers and other workers in our value chain, employees, and local communities surrounding our operations and supply chain activities.

We are committed to engaging with our stakeholders, conducting thorough impact assessments, and developing appropriate support mechanisms and mitigation strategies to address potential business disruptions.



#### Additional PMI resources

- PMI's [Human Rights Report 2023](#) details PMI's approach to identify and assess human rights-related risks across our value chain in more detail.
- PMI's annual Value Report, available for download on [PMI.com](#), provides detailed information on management approach, key activities, and yearly progress against our sustainability agenda.
- PMI's annual CDP Corporate Questionnaire, available for download on [PMI.com](#), provides examples of activities from the year.

## Stakeholder impact assessment

We have rigorous processes in place to identify adverse impacts across our value chain. These include our human rights saliency mapping and human rights impact assessments, as well as targeted due diligence programs focused on areas of potential risks.

A saliency assessment aims to pinpoint significant human rights concerns and evaluate them from the perspective of those affected, applying the “scale,” “scope,” and “remediability” criteria as outlined by the UN Guiding Principles on Business and Human Rights (UNGPs). In 2025, we updated our human rights saliency mapping in collaboration with an external expert, Article One. This refresh considered key groups of rights holders present where we operate, including consumers, employees and contractors, suppliers and supply chain workers, and other relevant stakeholders. The process involved identifying and then prioritizing both existing and potential negative impacts, on an inherent basis, for each stakeholder group to guide ongoing mitigation efforts. This recent exercise highlighted the connection between environmental consequences and effects on human rights for most of our stakeholders.

To proactively identify and mitigate adverse impacts across our operations and value chain, we conduct human rights impact assessments (HRIAs) in our highest-risk markets. We surpassed our aspiration of 10 countries by completing an 11th assessment by end of 2025. Carried out by independent expert organizations and aligned with the UNGPs, our HRIAs integrate environmental considerations. The process begins with country-level scoping—drawing on external reports and internal data—followed by structured stakeholder engagement through interviews and focus groups with employees, contractors, suppliers, and community members, ensuring rights holders’ perspectives remain central. Covering corporate offices, manufacturing sites, and third-party networks, each assessment produces tailored action plans to mitigate negative human rights, including those related to environmental matters, and drive continuous improvement across our practices. For further details about all HRIAs we conducted to date, please visit [PMI.com](https://www.pmi.com).

Moreover, with the release of PMI’s Value Plan 2030+, we began the deployment in 2026 of a new Sustainability Due Diligence Standard that establishes the criteria and processes through which we will monitor that suppliers identify, prevent, mitigate, and remediate human rights and environmental risks across our value chain. Having traditionally concentrated on our tobacco and electronics supply chains, our due diligence efforts are now broadening to encompass all prioritized supply chain categories—supported by a supplier risk prioritization approach that applies criteria based on inherent country risk and individual supplier profiles.

Insights generated through these assessments and due diligence tools also serve as structured inputs to our broader sustainability materiality assessment (further described in [this dedicated report](#)).

## Stakeholder engagement

We partner with local stakeholders and experts to enable us to implement conservation initiatives and scale actions that address pressures that are specific to the areas where we operate. Additionally, we guide suppliers through our programs such as Good Agricultural Practices (GAP) and ZDM and sharing our nature-related ambitions and targets for them to align with. We guide their environmental activities through the application of the mitigation hierarchy in line with our approach.

To date, our efforts have centered on stakeholder engagement and embedding stakeholder impact considerations in our environmental initiatives. Such initiatives include crop diversification, no deforestation of primary forests and protected areas, effective irrigation methods, water stewardship in manufacturing operations, water access, and nature-based solutions (NBS) connected to community benefits.

As we advance our nature and climate strategies, we will build on the learnings and experience gained through this work, integrating stakeholder impact management as a core element of both our approach and intended outcomes. We seek to identify, prevent, and mitigate potential adverse impacts while maximizing benefits for stakeholders, ensuring that their needs and perspectives are meaningfully considered throughout our journey toward achieving our nature and climate ambitions.

## Monitoring and remediation

PMI’s oversight of nature-related stakeholder impacts is embedded within our broader sustainability governance and management framework, including our Board, which maintains oversight of sustainability-related matters, including environmental and social topics that may affect stakeholders across our value chain—described in [Governance A](#).

PMI’s CGOO, a member of Company Management, holds responsibility for nature-related matters, including those involving human rights, existing in our operations and supply chain. PMI’s CGOO is responsible for the execution of the strategy tackling supply chain management, due diligence, human rights, and all related social programs across our supply chain.

Our human rights strategy is developed, implemented, and managed by a cross-functional team, composed of colleagues sitting in the Operations department, People & Culture, Corporate Sustainability, and the Legal & Compliance team.

To prioritize the social and economic dimensions of our environmental efforts, we have established a cross-functional structure that brings together subject matter experts from Operations and reports progress to our Operations Leadership Team to ensure accountability at the management level.

As the implementation of our nature and climate strategies progresses, this team will lead efforts to engage with relevant stakeholders across our value chain, continue to evaluate social risks, impacts, and opportunities, and define appropriate support mechanisms and mitigation strategies.

## Grievance mechanisms

Providing access to remedy for potentially impacted stakeholders relies on the provision of an effective grievance mechanism, both for our operations and across our supply chain. At PMI, we maintain clear policies, run regular trainings, and work to ensure that robust processes are in place to encourage employees and third parties to speak up if they become aware of any suspected, potential, or actual violations of law, our Code of Conduct, or any of our policies. In addition, the PMI Compliance Help Line, which is a third-party operated reporting channel available 24 hours a day, seven days a week, in all languages spoken at PMI, can be contacted online or by telephone. It may be used anonymously, subject to local laws and regulations.



Read more on [PMI.com](https://www.pmi.com).

# Risk & impact management

This section describes the processes we use to identify, assess, prioritize, and monitor nature-related dependencies, impacts, risks, and opportunities.

## Our assessment approach

Our assessment was guided by the TNFD's LEAP approach, including the tools, data sources, and reference materials it identifies to support the assessment of nature-related DIROs. As these resources do not prescribe a single detailed methodology for every aspect of the assessment, we applied them alongside company-specific data and tailored analyses developed with specialist third parties, including The Biodiversity Consultancy and Valuing Impact. This enabled us to undertake the assessment in a manner appropriate to our activities, value chain, and operating context, drawing on the information, methodologies, and expertise available at the time.

## Risk & impact management A

**This section describes PMI's processes for identifying, assessing, and prioritizing nature-related dependencies, impacts, risks, and opportunities in our direct operations and broader value chain.**

The scope of findings presented in this report is broader than what appears in our sustainability materiality assessment (SMA) or [Value Plan 2030+](#). This is by design: nature-related DIROs cast a wide net, identifying significant inherent matters across our direct operations and value chain. Capturing inherent DIROs allows us to understand our full underlying exposure before considering existing management programs, controls, or mitigation measures we apply. Those matters are then assessed as part of our SMA process, which applies a residual lens. This means it recognizes ongoing proactive and preventive measures already embedded within our operations—initiatives specifically designed to reduce, control, or avoid the manifestation of risks or negative impacts. By acknowledging these actions, our SMA captures not only the inherent state of risks and impacts but also the tangible effect of sustained risk management, as well as mitigation and adaptation efforts already in place. Applying defined materiality thresholds, our SMA then determines which matters warrant strategic prioritization. The Value Plan 2030+ reflects the outcome of that process: the aspirations and targets that emerge once a specific topic has been deemed as material (read more in PMI's [Sustainability Materiality Report 2025](#)).

In other words, not every DIRO identified in this report translates into a material topic or a strategic aspiration—but every material topic and aspiration related to nature can be traced back to the analytical work disclosed here. This report sits upstream in that hierarchy, and should be read as the evidence base, not the conclusion.

PMI conducts an assessment of nature-related dependencies and impacts every two years, with annual updates to support reporting and disclosure cycles. Any updates to impacts and dependencies then translate to new risks and opportunities evaluated in our Nature Risks and Opportunities (NRO) assessment.

While DIRO is the overarching framework used to understand a company's relationship with nature across four dimensions—dependencies, impacts, risks, and opportunities—NRO represents one component of this framework, focusing specifically on the assessment, prioritization, and management of nature-related risks and opportunities.

We perform targeted reassessments when significant changes occur, for example shifts in sourcing or supply chain footprint, acquisitions, divestments, major investments, or updates in key datasets (e.g., IBAT) or methodologies.

## Time horizons

Time horizons used in this report, when considering nature-related DIROs, are aligned with time horizons used for nature and climate-related topics in PMI's sustainability materiality assessment and Climate Change Risk and Opportunity assessments.

Short-term is defined as less than five years, medium-term as between five and 10 years, long-term as longer than 10 years.

## Dependencies

*Dependencies are the ecosystem services our business relies on to function—from the soil health and water availability that sustain our agricultural supply chain, to the climate regulation and pollination services that underpin crop resilience.*

Understanding these dependencies allows us to identify where the degradation of natural systems could directly affect our operations, costs, and long-term sourcing security.

We conducted a first screening in 2023 and 2024 using a free, web-based tool that helps financial institutions and businesses identify how economic activities depend on and impact nature (ENCORE database) to understand our dependencies and impacts on nature, across our upstream supply chain and direct operations. Upstream supply chain coverage focused on main material categories, including agricultural commodities (such as tobacco, cocoa, ethanol, cellulose fibers, flavors, glycerin from soy, palm, and rapeseed; guar, menthol), forestry-based products (paper and pulp-based materials, acetate tow, and wood-based materials), and our electronics supply chain. We mapped economic activities to The Global Industry Classification Standard (GICS®) used by the previous 2018–2023 version of ENCORE.

For each industry/sector, ENCORE assigns a dependency score ranging from 1 ("Very Low") to 5 ("Very High") based on the potential financial or production losses that could result from disruption of ecosystem services or degradation of natural capital. We used ENCORE results as an initial filter to identify potentially significant dependencies, which were then cross-checked and refined through a review of peer-reviewed scientific studies on environmental impact and further assessment where data were available.

We similarly conducted a dependencies screening for Swedish Match in 2025 using the updated ENCORE database. Activities analyzed were the cultivation of tobacco, preparation of tobacco leaves, and manufacture of tobacco products, classified into the UN's International Standard Industrial Classification of All Economic Activities (ISIC) categories used by the new ENCORE database.

ENCORE does not fully capture downstream activities. In line with common TNFD practice, in 2025 we complemented its application with peer-reviewed scientific literature focused on environmental impact to identify and assess nature-related dependencies across our downstream value chain, mapping relevant evidence to activity categories in the new ENCORE database. The activities assessed were distribution, product usage (cigarettes and smoke-free devices), and post-consumer waste (cigarettes, smoke-free devices, smoke-free consumables, and packaging).



We disclose key inherent dependencies related to nature in the [Strategy A](#) section of this report. We explain activities we have undertaken and our approach to addressing downstream dependencies in the [Strategy B](#) section of this report.

## Impacts

*Impacts are the ways our business activities affect nature—through land use change, water consumption, emissions, pollution, and waste generation across our value chain.*

Assessing these impacts allows us to understand our biodiversity footprint and identify where our operations exert the greatest pressure on the ecosystems and stakeholders in our value chain.

To understand impacts on nature from our direct operations and upstream value chain, we conducted an assessment in 2022 using the Global Biodiversity Score (GBS) approach developed by CDC Biodiversité. The GBS quantifies pressures on nature along an upstream value chain and translates these into biodiversity impacts through scientific models and databases, including GLOBIO and EXIOBASE.

The approach we apply multiplies the proportion of biodiversity loss in an area—measured as Mean Species Abundance (MSA)—by the size of the affected area in hectares (ha), resulting in a total biodiversity impact expressed as MSA.ha.

We used a combination of water use and emissions data, sourcing volumes, and location information on our manufacturing facilities and tobacco and paper and pulp-based materials supply chain to estimate impacts on biodiversity applying the supply chain screening recommended by the TNFD through its Tools Catalogue related to the LEAP “Evaluate” phase. This provided a first overview of PMI's impacts across land use, water use, pollution, and climate change. We acknowledge, however, that using global models like GLOBIO simplifies species-pressure responses, offers limited spatial resolution, and carries inherent uncertainties and assumptions.

To address these limitations and improve the granularity of our land use impact assessment, we complemented the GBS approach with the Biodiversity Extent, Condition and Significance (BECS) framework developed by The Biodiversity Consultancy. The Biodiversity Consultancy is a global consulting firm providing strategic, technical, and policy services to help businesses manage nature-related risk. This allowed us to more accurately understand land occupancy associated with our facilities, factories, and sourcing locations. We conducted a BECS assessment for PMI in 2023 and 2024 and for Swedish Match in 2025. The BECS approach combines an estimate of the area of land used for production ('Extent') with a measure of biodiversity lost on the occupied land relative to a pristine reference state ('Condition'). It uses a biodiversity loss coefficient (MSA) ranging from 0 to 1, where 0 is pristine and 1 is completely degraded to measure condition depending on the type and intensity of land use.

The resulting land occupancy footprint is expressed in MSA, and the biodiversity 'Significance' of the location is measured using IUCN's STAR (Species Threat Abatement and Restoration) metric.

The BECS approach provides an estimate of land use that allows activities to be compared rather than a precise measurement of actual land footprint. Where sufficient traceability is not available, such as for cardboard and paper, we estimated locations based on global production trends. We also used global datasets of yields and conversion factors to estimate the extent of land occupancy based on validated and commonly used datasets; this reduces the granularity of insights but ensures reliability of inputs.

After point-of-sale, our visibility into where our products are consumed and ultimately disposed of is limited. We therefore used ENCORE pressure categories, a framework that identifies the principal pressures or impact drivers that activities exert on nature, such as land use, water use, pollution, resource use, climate change, and disturbance. This, combined with a review of peer-reviewed scientific studies focused on environmental impact, allowed us to identify key impacts on nature from our downstream activities, instead of a quantitative spatial approach. This approach is in line with the approach we used to assess downstream dependencies.

The nature-related impacts identified inform the outward dimension of our SMA, which subsequently evaluates and determines, using a residual lens, the materiality of these inherent impacts.



We disclose key inherent impacts related to nature in the [Strategy A](#) section of this report.

## Risks and opportunities

*Risks and opportunities represent the potential effects on the company's objectives that may arise from identified dependencies and impacts.*

The NRO assessment applies an inherent lens, capturing exposures that would be meaningful to the business absent any responses, ensuring no significant risk or opportunity is overlooked.

Our SMA then applies a residual lens, assessing what is material once existing response measures are considered. These residual, material conclusions inform the strategic priorities and commitments in our Value Plan 2030+.

Our NRO assessment considered inherent nature-related physical risks (which typically derive from dependencies), nature-related transition risks (which typically derive from impacts), and nature-related opportunities.

Nature-related physical risks may arise from the degradation or loss of ecosystem services on which the company depends (e.g., water availability, soil quality, fiber supply). These risks may be acute (e.g., floods, ecosystem collapse events, pest outbreaks) or chronic (e.g., gradual soil fertility decline, forest degradation, or loss of species abundance), and can directly impact our direct operations, supply chains, and asset values, affecting both productivity and cost structures.

Nature-related transition risks, by contrast, stem from the societal and economic reaction to nature loss, including stricter regulatory requirements (e.g., regulations aimed at preventing biodiversity loss or deforestation), market price volatility, increasing stakeholder expectations (e.g., consumer demand for sustainably sourced products), and unfavorable change in societal perception. All these risks may result in increased operating and compliance costs, restricted market access, and required adjustments to sourcing strategies or business models.

Opportunities emerge where managing nature-related exposures can strengthen resilience, reduce costs, or create new sources of value, for example in case of new technological developments (e.g., new sustainable alternative materials or operational processes with lower negative environmental impact).

Over the past several years, we have conducted specialized risk assessments across our direct operations and relevant parts of our value chain, such as global and local water risk assessments, CCRO assessments, and Environmental Risk Analyses (ERAs).

### Assessing inherent risks and opportunities

Between 2024 and 2025, we conducted a comprehensive NRO assessment, starting from our key dependencies and impacts on nature, to identify inherent risks and opportunities reflecting baseline exposure.

Accordingly, we developed and refined a consolidated register of nature-related inherent risks and opportunities through consultations with internal subject matter experts. In doing so, we also sought alignment with existing processes and frameworks (including our SMA process and ERM program) to ensure consistency and avoid duplication. For each item, likelihood, velocity, and potential impact were defined. We assessed likelihood qualitatively, using a location-based approach for physical risks and a forward-looking assessment of regulatory, market, and reputation drivers for transition risks. While we did not statistically quantify likelihood, we inferred it from factors such as exposure to changing conditions, operational sensitivity, and evolving risk drivers (such as climate variability and business evolution).

Additionally, contingent on data availability and guided by expert judgment, we quantitatively modeled a selection of nature-related risks and opportunities using forward-looking scenarios to 2040 to assess their evolution and inform strategy that could ensure business resilience. This approach ensured consistency with climate scenarios and timelines outlined in our CCRO, as detailed in PMI's Climate Transition Plan 2025.



Information on how we value the impact of risks and opportunities is described in the [Strategy C](#) section of this report, along with an explanation of forward-looking scenario analysis.

### Assessing residual risks and opportunities

The inherent nature-related risks and opportunities identified through our NRO assessment feed into our SMA, which evaluates their residual significance—considering impact on the company (financial, reputational, strategic, and operational), likelihood, and time horizon—in light of existing response strategies.

As a result, the inherent DIRO register in this report will be broader than the material topics published in our [Sustainability Materiality Report 2025](#)—reflecting the intended interplay between two distinct but connected stages of assessment. As materiality is dynamic, with sustainability matters and stakeholder concerns evolving in response to external trends, regulation, and company plans, our results require periodic review and reassessment.



Significant inherent nature-related risks and opportunities are presented in the [Strategy A](#) section of this report, along with an explanation of how they become material once existing preventative measures are factored in through our SMA.

## Risk & impact management B

This section describes our processes for managing nature-related dependencies, impacts, risks, and opportunities.

Our business operates in a complex, volatile, and regulated environment with a rapidly evolving global landscape where stakeholder expectations are constantly increasing.

Identified nature-related risks are managed through PMI's sustainability policies, standards, governance processes, and ERM framework. Responsibilities are assigned to relevant business areas, while oversight is integrated into business planning, target-setting, performance monitoring, and risk management processes.

PMI applies the AR3T hierarchy (Avoid, Reduce, Restore, Regenerate, Transform), prioritizing prevention and impact reduction before restoration and regeneration measures. This approach guides decision-making across operations and value chains, supporting the long-term resilience of ecosystems and the natural resources on which the business depends.

PMI monitors the effectiveness of actions through nature-related targets, key performance indicators, and metrics covering biodiversity, forests, water, land use, and ecosystem condition outlined in the [Metrics & targets](#) section of this report. Results are reviewed through regular risk management, and are supported by external verification of selected environmental metrics, enabling continuous improvement and tracking progress against nature-related commitments and targets.

## Risk & impact management C

This section describes how processes for identifying, assessing, prioritizing, and monitoring nature-related risks are integrated into and inform our overall risk management processes.

The results of our NRO assessment feed into our sustainability materiality assessment (SMA) and inform our broader enterprise risk landscape. Where relevant, risks identified through CCRO and NRO assessments are mapped to existing enterprise risk key areas and considered alongside other enterprise risks.

We run a robust ERM program to manage current and future risks that may introduce variations to our expected performance and business objectives. This program enables us to effectively manage uncertainties while enhancing our company's resilience and protecting its value (read more in PMI's [Proxy Statement 2026](#)).

We leverage our existing Enterprise Risk Rating Methodology (ERRM) as part of the Enterprise Risk Management (ERM) program. The ERRM provides a structured approach to evaluating and managing risks, which is essential for maintaining cohesive risk management practices across various key risk areas, including sustainability.



The role of our [Corporate Risk Governance Committee](#) and other governance considerations are presented in the [Governance B](#) section of this report.

We continuously strive to enhance our understanding of how nature-related risks may impact the achievement of our business objectives, while also identifying opportunities that may arise. By integrating nature-related considerations into our ERM program, we ensure that capital allocation decisions account for both downside risk protection and upside value creation potential.

### Mapping results to business risks

To deepen our insight, we continue to align the NRO assessment methodology with our ERRM. This enables us to present nature-related risks within the broader context of enterprise-wide risks, using available scenario planning models and existing risk mitigation mechanisms. As a result, we are able to make more informed decisions about resource allocation, ensuring that long-term considerations are exposed to senior committees for incorporation and alignment with business related ones.



### Additional PMI resources

- We disclose PMI's material risk factors in our 10-K and 10-Q submissions to the U.S. Securities and Exchange Commission. Our latest submissions are available on [PMI.com](#). "Material" in this instance is meant to correspond to the concept of materiality under the U.S. securities laws and/or disclosures required by the U.S. Securities and Exchange Commission.
- PMI's annual Proxy Statement, available for download on [PMI.com](#), contains detailed information about our risk governance.
- PMI's annual Value Report, available for download on [PMI.com](#), provides updated details on sustainability-related risk management processes.
- PMI's Sustainability Materiality Report (2025), available for download on [PMI.com](#), provides a detailed overview of our SMA process and outcomes.

# Strategy

This section describes the effects of nature-related dependencies, impacts, risks, and opportunities on our business model, strategy, and financial planning.

## How to read this Strategy section

It is important to clarify how the content of this section relates to the strategic priorities and aspirations reflected in our Value Plan 2030+, published in our 2025 Value Report.

PMI's strategic approach to nature—the targets we set, the investments we make, and the programs we implement—are grounded in the material impacts, risks, and opportunities (IROs) identified through our sustainability materiality assessment, conducted under double materiality principles.

The scope of nature-related findings presented here is broader than in our SMA and Value Plan 2030+. This is by design, as not every inherent DIRO identified in this report translates into a material topic or a strategic commitment—but every material topic and target related to nature can be traced back to the analytical work disclosed here.

Nature-related dependencies—the ecosystem services our business relies on to operate—feature prominently in this strategy section. While dependencies often underpin the assessment of nature-related impacts, risks, and opportunities in our SMA, the TNFD framework gives them particular emphasis as a stand-alone disclosure category, reflecting their role in explaining why certain impacts, risks, and opportunities exist.

In summary, this section provides the full nature-related landscape, including inherent exposures and detailed dependencies to provide the evidence base from which our environmental strategy, designed to address our material nature-related impacts, risks, and opportunities, is built.

## Strategy A

**This section describes the nature-related dependencies, impacts, risks, and opportunities PMI has identified over the short, medium, and long term.**

Our nature-related DIROs are interconnected across our value chain activities and influenced by the evolving regulatory and external environment. This underscores the need for an integrated, forward-looking approach that considers how business activities interact with ecosystems over time and across locations, reinforcing the importance of governance, strategy, and risk management to identify, assess, and manage nature-related DIROs.

## Dependencies

Identifying nature-related dependencies helps us determine which ecosystem services—such as water availability, soil health, and climate regulation—are critical to our activities and where they are located across our direct operations and value chain. Understanding these dependencies quantifies where the erosion of natural capital could directly affect the viability and adaptability of our business model.



We explain our approach and methodology to identify and assess nature-related dependencies in the [Risk & Impact Management A](#) section of this report.

PMI's supply chains are predominantly agriculture- and forestry-based and are therefore intrinsically dependent on ecosystem conditions, with a high sensitivity to the availability, quality, and resilience of ecosystem services across land- and water-intensive operations. We identified our supply chain as being highly or very highly dependent on ecosystem services related to soil regulation, fresh water quantity and quality, climate regulation, biological services, biomass provisioning, hazard mitigation, and ecosystem maintenance. We identified our direct operations as being highly dependent on the availability and quality of freshwater, as well as on the reliable supply of fibers and other raw materials. We detail relevant findings in the following table.



PMI upstream and direct operations dependencies<sup>1</sup>

The table below maps PMI’s relevant business activities—classified according to the GICS industry categories used by ENCORE—against their ecosystem service dependencies. These dependencies are scored from "Very Low" to "Very High" to indicate their relative importance to business activities, reflecting the extent to which economic activities rely on each ecosystem service and supporting the identification of potential risks where these services may be degraded or lost.

Legend:

Very high

High

Medium

Not relevant to low

|                     |                                       |                          | Ecosystem services |              |                            |                    |                        |                                        |               |                            |              |                     |                 |              |             |                                         |                           |
|---------------------|---------------------------------------|--------------------------|--------------------|--------------|----------------------------|--------------------|------------------------|----------------------------------------|---------------|----------------------------|--------------|---------------------|-----------------|--------------|-------------|-----------------------------------------|---------------------------|
| Value chain segment | Industry                              | Overall dependency score | Surface water      | Ground water | Flood and storm protection | Climate regulation | Water flow maintenance | Mass stabilization and erosion control | Water quality | Fibers and other materials | Pest control | Animal based energy | Disease control | Soil quality | Pollination | Buffering and attenuation of mass flows | Maintain nursery habitats |
| Upstream            | Agricultural Products <sup>2</sup>    |                          |                    |              |                            |                    |                        |                                        |               |                            |              |                     |                 |              |             |                                         |                           |
|                     | Forest Products <sup>3</sup>          |                          |                    |              |                            |                    |                        |                                        |               |                            |              |                     |                 |              |             |                                         |                           |
|                     | Electronics                           |                          |                    |              |                            |                    |                        |                                        |               |                            |              |                     |                 |              |             |                                         |                           |
| Direct operations   | Electric Utilities                    |                          |                    |              |                            |                    |                        |                                        |               |                            |              |                     |                 |              |             |                                         |                           |
|                     | Tobacco manufacturing                 |                          |                    |              |                            |                    |                        |                                        |               |                            |              |                     |                 |              |             |                                         |                           |
|                     | Water Utilities                       |                          |                    |              |                            |                    |                        |                                        |               |                            |              |                     |                 |              |             |                                         |                           |
|                     | Integrated Oil & Gas                  |                          |                    |              |                            |                    |                        |                                        |               |                            |              |                     |                 |              |             |                                         |                           |
|                     | Telecommunication Services            |                          |                    |              |                            |                    |                        |                                        |               |                            |              |                     |                 |              |             |                                         |                           |
|                     | Hotels, Resorts & Cruise Lines        |                          |                    |              |                            |                    |                        |                                        |               |                            |              |                     |                 |              |             |                                         |                           |
|                     | Marine Ports & Services               |                          |                    |              |                            |                    |                        |                                        |               |                            |              |                     |                 |              |             |                                         |                           |
|                     | Commodity Chemicals                   |                          |                    |              |                            |                    |                        |                                        |               |                            |              |                     |                 |              |             |                                         |                           |
|                     | Airlines & Airport services           |                          |                    |              |                            |                    |                        |                                        |               |                            |              |                     |                 |              |             |                                         |                           |
|                     | Trading Companies & Tech Distributors |                          |                    |              |                            |                    |                        |                                        |               |                            |              |                     |                 |              |             |                                         |                           |
|                     | Construction & Engineering            |                          |                    |              |                            |                    |                        |                                        |               |                            |              |                     |                 |              |             |                                         |                           |
|                     | Railroads                             |                          |                    |              |                            |                    |                        |                                        |               |                            |              |                     |                 |              |             |                                         |                           |
|                     | Real Estate Services                  |                          |                    |              |                            |                    |                        |                                        |               |                            |              |                     |                 |              |             |                                         |                           |
|                     | Gas Utilities                         |                          |                    |              |                            |                    |                        |                                        |               |                            |              |                     |                 |              |             |                                         |                           |

1. Where appropriate, ENCORE dependency ratings were refined using PMI-specific primary data and operational expertise to better reflect actual dependencies on ecosystem services relevant to the activities

2. Agricultural products includes tobacco, cocoa, ethanol, fiber, flavors, glycerin from soy, palm, and rapeseed, guar, and menthol.

3. Forest products include pulp and paper, acetate tow, and wood-based materials.

🔍 **Downstream dependency assessment results: product use and end-of-life**

Because ENCORE is not fully configured to cover downstream activities, dependencies were assessed using an evidence-based scoring approach informed by peer-reviewed scientific literature. We summarize results from this assessment here. We explain our approach and methodology to identify and assess nature-related dependencies in the [Risk & Impact Management A](#) section of this report.

For downstream product use and end-of-life stages, the primary interface with nature is through nature-related impacts and pressures, with no significant dependencies on ecosystem services identified. Although certain ecosystem services, such as pollutant filtration, assimilation, and natural waste-remediation processes, may help reduce the environmental consequences of inappropriate disposal of waste, these are considered indirect ecosystem functions rather than operational dependencies of the business.

**Dependency pathways**

Dependency pathways are the causal chains that connect a specific business activity to the ecosystem services it relies on, and then to the natural assets that provide those services:



Key dependency pathways linking these ecosystem services to our value chain activities are summarized below.

**What we do: business activity**

Business activities are the operations across our value chain that interface with nature—from agriculture and forestry, to electronics and manufacturing, to our direct operations. Each draws on distinct ecosystem services, shown in the first column of the Sankey diagram below.

**What nature provides: ecosystem services**

Ecosystem services are the benefits nature provides that enable these activities to function. They fall into two broad groups: **provisioning services**, the tangible inputs we draw from nature, and **regulating and maintenance services**, the processes that sustain the conditions our operations depend on. Both are shown in the central column of the Sankey diagram.

**Provisioning services**

Provisioning services are the tangible products nature supplies—the raw materials, water, energy sources, and biological inputs that businesses extract or harvest to operate. For PMI, these are the most direct ecological inputs to our value chain.

PMI’s agricultural and forestry supply chains and direct operations are dependent on key provisioning services from nature, including biomass supply such as curing fuels, wood fibers for packaging materials, and other product components; freshwater for agricultural and manufacturing processes; animal-based energy for land preparation and transport in certain regions; and genetic material to ensure resilient, high-quality tobacco crops. A decline in the availability or quality of these ecosystem services could increase costs, reduce yields, and heighten risks to supply-chain stability and product availability.

Electronics production depends on critical raw materials, which are classified as abiotic natural assets under the TNFD framework and are therefore not considered ecosystem services. Accordingly, the dependency pathway diagram does not reflect this category.

**Regulating and maintenance services**

Regulating and maintenance services are the processes through which ecosystems sustain the conditions that make business activity possible—climate stability, water purification, pollination, pest control, and flood mitigation. Unlike provisioning services, these are not extracted but continuously maintained by functioning ecosystems.

Regulating and maintenance services are essential for PMI’s agricultural supply chain and direct operations because they help manage environmental risks and maintain stable production conditions.

Services such as flood control, storm mitigation, and water flow regulation protect supply areas from natural disasters, allow for crop irrigation, and prevent disruptions that could lead to crop loss or infrastructure damage. Water purification is critical throughout our value chain, ensuring the availability of good quality water for crops and factories while also filtering pollutants from tobacco product waste and transportation runoff. Stable rainfall patterns and effective climate regulation—both global and local—are vital for consistent tobacco yields, efficient curing processes, and managing the impacts of both temperature and CO<sub>2</sub> fluctuations. The loss or degradation of these services can increase operational costs, reduce yields, negatively impact tobacco quality, and threaten long-term sourcing.

Other regulating ecosystem services, including air filtration and pollutant dilution, support the mitigation of emissions and pollutant impacts in the downstream segment of our value chain. Soil and sediment retention, along with soil quality regulation and waste remediation, are fundamental for preventing erosion, maintaining crop productivity, and managing the breakdown of product waste across all product categories.

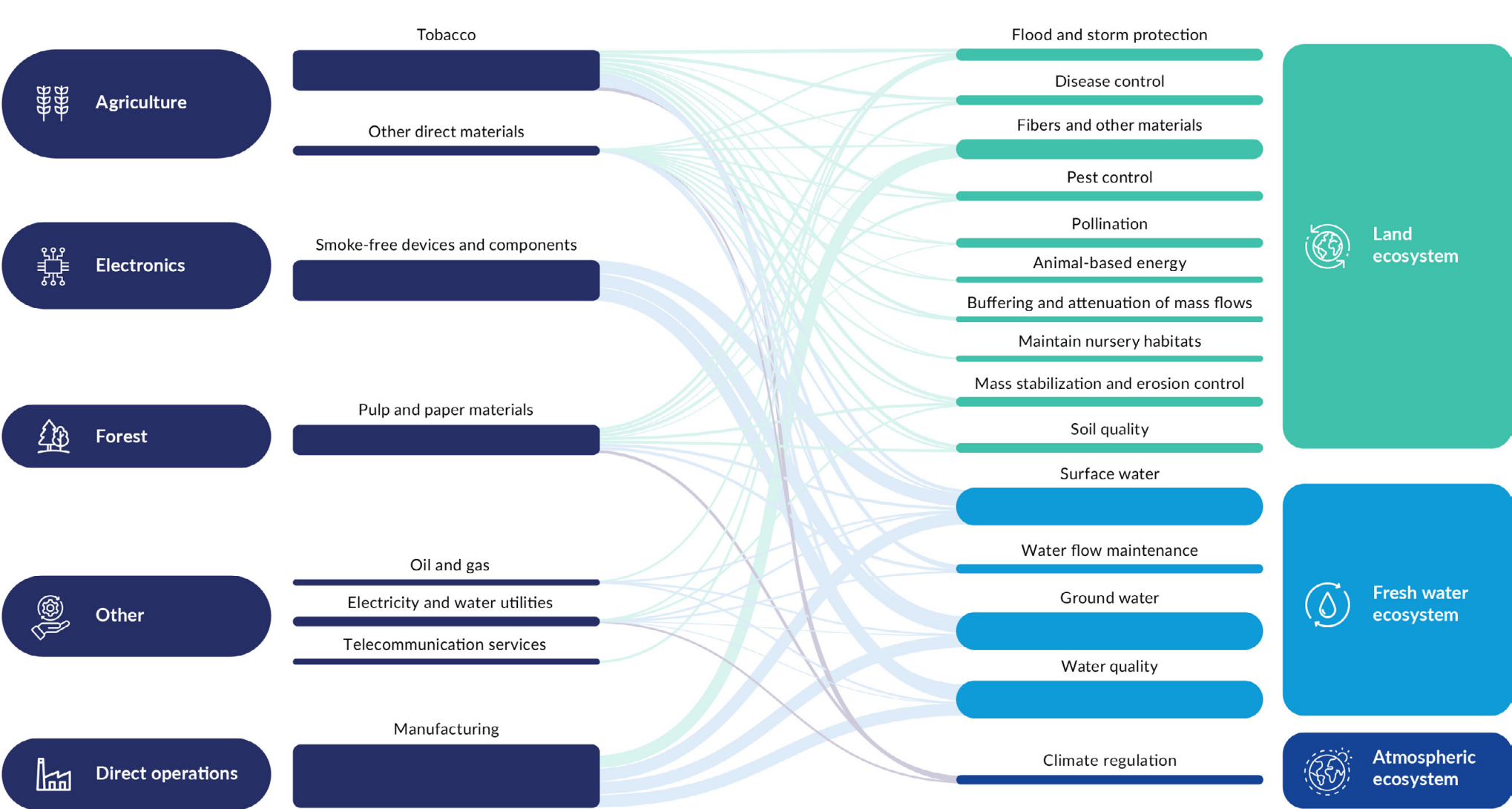
Biological control and pollination support healthy crops by reducing pest outbreaks and ensuring the resilience of diversified agricultural systems. Finally, nursery habitat maintenance—that enable species to thrive—underpin biodiversity, which is crucial for pest control, soil fertility, and the overall stability of ecosystems surrounding our supply chain.

**Where it comes from: natural asset**

Natural assets are the underlying stocks of nature—the land, freshwater, and atmospheric systems—from which ecosystem services flow. Shown in the final column of the Sankey diagram, they represent the ultimate source of the dependencies mapped here. Maintaining the health of these assets is what secures the continued supply of the services our business and value chain rely on.

Dependency pathways

Business activity



Reading this Sankey diagram

This Sankey diagram illustrates dependency pathways, (i.e., how our business activities depend on nature through ecosystem services).

Business activities represent PMI's economic activities across the value chain; each activity relies on ecosystem services to operate. The Sankey diagram excludes the downstream segment of our value chain, as we did not identify significant nature-related dependencies attributed to product use and end-of-life disposal.

Ecosystem services capture the benefits provided by nature (e.g., water supply, soil quality, climate regulation) that directly support business processes, consistent with ENCORE classifications.

Natural assets refer to the underlying stocks of natural capital (e.g., land, freshwater, atmosphere) that generate ecosystem services.

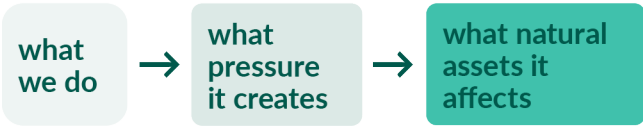
The thickness of the flows reflects the relative magnitude of dependencies, using PMI annual spend as a proxy.

The diagram shows that agriculture and forestry have strong dependencies on land and freshwater ecosystem services, while manufacturing and electronics are primarily dependent on freshwater services and raw materials supply. Climate regulation emerges as a cross-cutting dependency across multiple activities.

This mapping supports the identification of nature-related inherent physical risks, as degradation of natural assets reduces the availability and quality of ecosystem services, potentially disrupting business activities and value chains.

## Impacts

Impact pathways are the reverse of dependency pathways: they map how our business activities affect nature, rather than how nature supports our business:



Dependency pathways show where changes in natural assets and ecosystem services could affect business performance and resilience. Impact pathways show how business activities affect natural assets and the ecosystem services they provide.

 We explain our approach and methodology to identify nature-related impacts in the [Risk & Impact Management A](#) section of this report.

### What we do: business activity

Business activities are the operations across our value chain that generate pressures on nature—spanning agriculture and forestry, electronics, manufacturing, our direct operations, and downstream product use and end-of-life stages. While the dependency pathways map how various activities rely on nature, the impact pathways map how they act upon it.

### What pressure it creates: impacts

Pressures are the mechanisms through which our activities affect nature, including biological alterations, emissions, resource use, ecosystem use, water use, pollution, and waste generation. These pressures can affect ecosystem condition, biodiversity and natural assets through habitat degradation, climate and air quality impacts, water stress, and pollution of soil and water resources. Our assessment identified inherent pressures arising predominantly from agricultural activities and sourcing practices across our value chain, which may be further amplified by climate-related changes in temperature, precipitation patterns, and extreme weather events.

### Potential inherent impacts

Building on the identification of high-impact commodities through our internally applied, SBTN-informed Step 1 assessment, we determined that inherent nature-related impacts are concentrated in the upstream segment of our value chain. Approximately two-thirds of total impacts are associated with our tobacco supply chain, while approximately one-third are linked to our forest-based supply chain, including paper and pulp-derived materials. By comparison, direct operations, other procured materials, and downstream activities account for an immaterial share of overall impacts, particularly in relation to land-use change and other land-based pressures.

Identified inherent nature-related impacts include primarily climate change, reduced air quality, ecosystem and habitat degradation, biodiversity loss, pressure on natural ecosystems, pollution of soil and water resources, and impacts on water availability in water-stressed regions. These impacts are interdependent and may affect species richness, ecosystem integrity, soil health, and ecological resilience.

### Material impacts identified

The inherent impacts identified through our nature-related impact assessment methodology are then used as inputs in the outward perspective of PMI’s SMA. By factoring in established preventative measures that can in some instances reduce the severity—accounting for scale, scope, and irremediability of impacts—or the likelihood of actual and potential impacts, our 2025 SMA then identified the residual impact, and established material nature-related impacts linked to the topics of “Biodiversity and ecosystems,” “Climate change,” and “Circularity.”

- **Biodiversity and ecosystems:**  
The contribution to climate change through GHG emissions arising from our supply chain activities (the portion of our value chain with the most significant carbon footprint) can lead to pressure on wildlife, habitat destruction, and fragmentation, resulting in loss of biodiversity in local ecosystems functions.
- **Climate change:**  
Our business generates greenhouse gas (GHG) emissions both directly and indirectly from several sources. These include deforestation associated with the cultivation of tobacco and other agriculture-based materials, the use of wood fiber and cellulose-based materials, the transport of materials and products to our manufacturing sites, warehouses and retail locations, fertilizer production and application, manufacturing processes, and the procurement of indirect materials and services. On the positive side, our ongoing efforts to improve energy efficiency and increase renewable energy use in our own operations, as well as our active promotion of renewable energy use for tobacco flue-curing in our upstream value chain, are resulting in measurable GHG emission reductions. Additionally, implementing climate adaptation measures in our agricultural supply chain leads to enhanced resilience to climate-related hazards at a local level.

- **Circularity:**  
The noncircular design of electronic products, particularly single-use items, can intensify the consumption of limited natural resources, especially as options for recycling or reuse are often unavailable. When consumables reach the end of their life cycle—including cigarette butts and smoke-free consumables—improper disposal can result in environmental litter. However, introducing filters that do not contain plastic could help to lessen environmental impact.

As our SMA results undergo yearly review to preserve their relevance, findings emerging from our most recent nature-related inherent impact assessment (described below) will be considered in future iterations as applicable.

### What natural assets it affects

The natural assets affected are land, freshwater, marine, and atmospheric systems, together with the biodiversity they support. These assets may be affected through habitat degradation, climate and air quality impacts, resource depletion, water stress, and pollution. The far right column of the table below identifies the natural assets potentially affected by the condition, extent, and functioning of the affected natural assets, completing the pathway from activity to pressure to ecological consequence.

Impact pathways for PMI’s core activities and pressures on nature

| Pressure                  | Business activity                                                                                     | Activity details                                                       | Potential inherent impact                                                                                                                                            | Natural assets affected                                                                                                                                                     |
|---------------------------|-------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Biological alterations    |  Agriculture         | Monoculture farming and pesticide use in tobacco cultivation           | Reduced species richness, potentially altering trophic interactions and introducing invasive species risks                                                           |       |
|                           |  Agriculture         | Tobacco curing                                                         |                                                                                                                                                                      |                                                                                                                                                                             |
| GHG emissions             |  Forest              | Production of pulp and paper materials                                 | Contribution to climate change, potentially affecting ecosystems globally and altering habitat conditions                                                            |                                                                                          |
|                           |  Direct operations   | Energy use in manufacturing                                            |                                                                                                                                                                      |                                                                                                                                                                             |
|                           |  Downstream          | Transportation and product use                                         |                                                                                                                                                                      |                                                                                                                                                                             |
|                           |  Downstream          | Transportation and product use                                         |                                                                                                                                                                      |                                                                                                                                                                             |
| Non-GHG air pollutants    |  Agriculture         | Tobacco curing                                                         | Degradation of air quality and potential harm to sensitive ecosystems driven by emissions of particulate matters and other air pollutants (e.g., NOx, SOx, and VOCs) |                                                                                          |
|                           |  Direct operations   | Machinery in manufacturing                                             |                                                                                                                                                                      |                                                                                                                                                                             |
|                           |  Downstream          | Product use                                                            |                                                                                                                                                                      |                                                                                                                                                                             |
| Other resource use        |  Agriculture         | Use of wood-based materials as fuel for tobacco curing                 | Pressure on forests and mining areas causing degradation to natural ecosystems                                                                                       |                                                                                          |
|                           |  Forest              | Production of pulp and paper materials (e.g., for packaging)           |                                                                                                                                                                      |                                                                                                                                                                             |
|                           |  Electronics         | Use of critical raw materials for electronic devices in manufacturing  |                                                                                                                                                                      |                                                                                                                                                                             |
| Soil pollutants           |  Agriculture         | Agrochemical use in tobacco cultivation                                | Alteration to soil biodiversity and nutrient cycles                                                                                                                  |                                                                                         |
|                           |  Downstream         | Improper disposal of products post-consumption (end-of-life)           |                                                                                                                                                                      |                                                                                                                                                                             |
| Solid waste               |  Downstream        | Improper disposal of products post-consumption (end-of-life)           | Persistent pollution due to slow decomposition, with potential harm to terrestrial and aquatic biodiversity                                                          |   |
| Terrestrial ecosystem use |  Agriculture       | Tobacco cultivation                                                    | Land conversion, habitat alteration, and soil degradation                                                                                                            |                                                                                        |
|                           |  Forest            | Product of pulp and paper materials (e.g., for packaging)              |                                                                                                                                                                      |                                                                                                                                                                             |
|                           |  Agriculture       | Intensive agriculture and land clearing of nontobacco direct materials | Reduction in terrestrial biodiversity and ecosystem integrity                                                                                                        |                                                                                                                                                                             |
| Water pollutants          |  Agriculture       | Runoff from tobacco farms of pesticides and fertilizers                | Contamination of freshwater and coastal ecosystems, affecting biodiversity and water quality                                                                         |                                                                                        |
|                           |  Direct operations | Wastewater discharge from manufacturing                                |                                                                                                                                                                      |                                                                                                                                                                             |
|                           |  Downstream        | Improper disposal of products post-consumption                         |                                                                                                                                                                      |                                                                                                                                                                             |
| Water use                 |  Agriculture       | Water consumption for tobacco irrigation and processing                | Contribution to local water scarcity and ecological stress in water-sensitive regions                                                                                |                                                                                        |
|                           |  Direct operations | Water use for manufacturing                                            |                                                                                                                                                                      |                                                                                                                                                                             |

 **Reading this table**

The impact pathways table traces the pathway from pressure to system degraded across our value chain. For each pressure category—the mechanisms through which our activities act on nature—it identifies the associated business activities that generate that pressure, and describes the potential inherent impact: how that pressure may translate into consequences for ecosystems and biodiversity.

These pathways are presented on an inherent basis, before existing controls and mitigation measures are taken into account, and were identified through a combination of quantitative biodiversity footprint assessments, the ENCORE database, and reviews of peer-reviewed scientific studies on environmental impact.

Legend:

 Land ecosystem

 Fresh water ecosystem

 Atmospheric ecosystem

Risks and opportunities

Building on our assessments of nature-related dependencies and impacts, we evaluate nature-related risks and opportunities to understand how changes in ecosystem condition, as well as related policy and stakeholder dynamics, could affect our business.

 We explain our approach and methodology to identify nature-related risks and opportunities in the [Risk & Impact Management A](#) section of this report.

Nature-related risks and opportunities identified through our NRO are assessed on an inherent basis, reflecting exposure prior to the effect of additional mitigation, adaptation, or enhancement measures. The tables on the following page include physical risks, transition risks, and potential opportunities identified through our NRO assessment.

Material risks and opportunities identified

The inherent risks and opportunities identified through our NRO are then used as inputs in the inward perspective of PMI’s SMA. By factoring in established preventative measures that can in some instances reduce the severity—accounting for scale, scope, and irremediability of impacts—or the likelihood of actual and potential impacts, our 2025 SMA then identified the residual physical and transition risks and opportunities, and established material nature-related risks and opportunities linked to the topics of “Climate change,” “Biodiversity and ecosystems,” “Water,” and “Circularity.” The tables available on the following page highlight these material risks.

1. Raw materials or agricultural/forestry products whose production and sourcing are associated with significant pressures on nature and therefore require priority assessment in the target-setting process.

Overview of significant inherent nature-related physical risks

| TNFD category | Summary                                                         | Description                                                                                                                                                                                                                                                                                                          | Value chain segment | Likelihood | Velocity | Impact | Time horizon | Material (SMA) |
|---------------|-----------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|------------|----------|--------|--------------|----------------|
| Chronic       | Supply disruption due to ecosystem services collapse            | The collapse of ecosystem services such as natural forests and balanced water cycles driven by climate change could create shortages in direct agricultural and forestry raw materials, potentially leading to increased sourcing costs or supply disruptions.                                                       | Upstream            |            |          |        | Long-term    | ✓              |
| Chronic       | Production interruptions due to water scarcity                  | Extreme weather events exacerbated by climate change could impact water availability at certain of our manufacturing sites (those located in high water-stress areas), potentially leading to increased operational costs and supply disruptions.                                                                    | Direct operations   |            |          |        | Long-term    | ✓              |
| Chronic       | Lower tobacco yield and quality due to prolonged water scarcity | Prolonged water scarcity during the tobacco-growing season driven by extreme weather events or seasonal variability exacerbated by climate change could decrease tobacco crop yields or compromise tobacco quality in various regions, potentially leading to increased sourcing costs or tobacco supply disruption. | Upstream            |            |          |        | Long-term    | ✓              |

Overview of significant inherent nature-related transition risks

| TNFD category          | Summary                                                   | Description                                                                                                                                                                                                                                                                                                      | Value chain segment | Likelihood | Velocity | Impact | Time horizon | Material (SMA) |
|------------------------|-----------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|------------|----------|--------|--------------|----------------|
| Policy                 | Regulatory risks from stricter due diligence requirements | Stricter environmental due diligence requirements could temporarily limit our ability to source materials, potentially leading to increased operational costs and charges or financial losses resulting from supply chain disruptions.                                                                           | Upstream            |            |          |        | Short-term   |                |
| Legal and reputational | Legal risk from sustainability-related disclosures        | Government authorities, non-governmental organizations, and other external stakeholders are increasingly filing lawsuits or initiating regulatory actions, alleging that public statements regarding sustainability, and more particularly environmental-related matters and practices, are misleading or false. | Full value chain    |            |          |        | Short-term   |                |

Overview of significant inherent nature-related opportunities

| TNFD category | Summary                                                                 | Description                                                                                                                                                                                                                                   | Value chain segment | Likelihood | Velocity | Impact | Time horizon | Material (SMA) |
|---------------|-------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|------------|----------|--------|--------------|----------------|
| Technology    | Advancing circularity to reduce natural resource dependency             | Proactively developing manufacturing technologies, processes, and product portfolio in a more circular way can help anticipate the evolution of regulatory frameworks toward circularity, decrease cost, and increase operational efficiency. | Direct operations   |            |          |        | Short-term   | ✓              |
| Technology    | Building climate resilience through drought-resistant tobacco varieties | Developing tobacco varieties leveraging on advancements in biotechnology could lead to stable crop yields under changing climatic conditions.                                                                                                 | Upstream            |            |          |        | Medium-term  | ✓              |



Reading these tables

How inherent risks and opportunities relate to material matters in our sustainability materiality assessment:

Significant risks and opportunities presented in these tables were identified through our Nature-related Risks and Opportunities (NRO) assessment on an inherent basis—that is, before existing preventive measures, controls, and management actions are taken into account. This deliberately broad lens ensures that no potentially significant exposure is overlooked.

Items flagged as material in the far right column are recognized as material risks and opportunities in our most recent sustainability materiality assessment (SMA), where these inherent findings were evaluated alongside response strategies already in place.

The remaining items, while inherently significant, were assessed as non-material in our SMA—reflecting the strength of the programs and controls PMI has implemented to manage their severity or likelihood of occurrence.

We continue to monitor all identified key impacts, risks, and opportunities, whether material or not.

Legend:

- Very high
- Medium
- High

## Strategy B

**This section describes the effect nature-related dependencies, impacts, risks, and opportunities have had on PMI's business model, value chain, strategy, and financial planning, as well as any transition plans or analysis in place.**

Understanding the effects of nature-related dependencies and addressing our material impacts, risks, and opportunities is essential to safeguarding the resilience of our business—ensuring long-term stability and sustainable value creation.

We have a suite of processes, policies, and initiatives that are designed to address material nature-related impacts risks and opportunities across our value chain. Additionally, these efforts ensure that those inherent impacts, risks, and opportunities identified, yet not classified as material, remain subject to ongoing monitoring and proactive management.

We implement actions following the SBTN AR3T (Avoid, Reduce, Restore & Regenerate, Transform) framework. This approach prioritizes avoiding and reducing pressures on nature to the greatest extent possible, followed by restoring and regenerating nature for impacts that cannot be prevented or have already occurred. We also participate in multistakeholder initiatives to share challenges and best practices, with the aim of accelerating progress at scale.

This section provides a non-exhaustive overview of initiatives and programs we implement across our value chain to address and manage nature-related impacts and risks. They represent broad approaches to significant inherent risks and opportunities listed on the previous page. Further information—including a more detailed mapping of policies and activities aligned with the AR3T framework—is disclosed in the “Nature” and “Climate” sections of our annual Value Report, available for download on [PMI.com](https://www.pmi.com), and our [2025 Climate Transition Plan](#).

### Direct operations

Within our direct operations, material nature-related issues primarily relate to water withdrawals and use at manufacturing sites.

Our facilities implement integrated EHS management systems, including ISO 14001:2015–certified Environmental Management Systems (EMS), which support systematic environmental risk management, regulatory compliance, and continuous performance improvement.

We implement a comprehensive water stewardship strategy to address manufacturing-related pressures on water resources. Certifying our manufacturing sites to the Alliance for Water Stewardship (AWS) standard plays a key role in this approach. Our priority factories<sup>1</sup> demonstrate effective water stewardship practices, engage local stakeholders, and identify shared water challenges—critical elements for achieving water circularity. Further, in priority locations, we work to achieve circular water use—focusing both on reducing water use and improving water discharges and restoration.

We require manufacturing sites within proximity of Key Biodiversity Areas (KBAs) to develop and implement biodiversity management plans (BMPs) that follow the LEAP approach (locating and evaluating areas, assessing for impact, and planning actions if needed). We also ask them to provide evidence showing how they address potential impacts on biodiversity through these plans. BMPs address key site-specific pressures on biodiversity and ecosystem services, including pollution and water use, and support ongoing mitigation and monitoring actions.

Other inherent nature-related DIROs linked to our direct operations were assessed as non-material in our SMA given the response measures we have in place. However, these DIROs remain subject to ongoing monitoring and proactive management.

1. Priority manufacturing facilities are identified based on site overall risk in relation to the watershed, water withdrawal, water consumption, product portfolio, and other strategic considerations. PMI sites that are in low-to-medium water risk areas and below 2.5 percent of PMI manufacturing water footprint are excluded.

### STORIES OF IMPACT

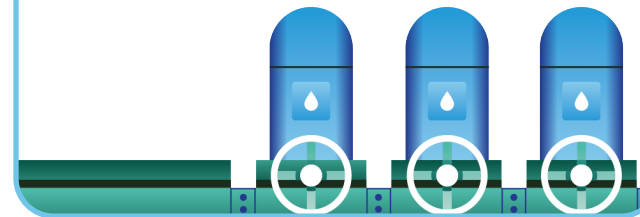
#### Water stewardship and biodiversity protection journey in Turkey

We are strengthening water resilience in Turkey through AWS-certified operations, sustainable farming practices, and collaboration with stakeholders.

Read more in [this Story of Impact](#).

In the country, we also developed and piloted a Biodiversity Management Plan at our manufacturing site located near the Boz Dağları, which is a Key Biodiversity Area.

Read more in [this Story of Impact](#).



### Broader value chain

We have set an aspiration to achieve no net loss of ecosystems connected to PMI's value chain by 2033. “No net loss” refers to the point at which business-related impacts on biodiversity are balanced by mitigation measures, ultimately resulting in no further degradation of natural ecosystems compared with target year state of nature in the reporting period.

Our strategy targets key biodiversity pressures, including water use, pollution, climate change, ecosystem use, and invasive species, that arise from activities in our value chain. We focus our efforts on five response indicators: zero deforestation of priority forests, development and implementation of biodiversity management plans, adoption of water risk mitigation measures, good agricultural practices to prevent pollution, and activities to reduce FLAG GHG emissions.

### STORIES OF IMPACT

#### How family farms are helping keep nature connected in Southern Brazil

In southern Brazil, we developed a Biodiversity Management Plan with farmers, scientists, and conservation partners to better understand biodiversity across our sourcing landscapes and address impacts such as habitat fragmentation and invasive species.

Read more in [this Story of Impact](#).



Strategic procurement practices and targeted supplier collaboration are instrumental to advancing our climate and nature strategies. Our supplier engagement program integrates nature capital considerations across multiple dimensions of our collaboration with suppliers, including suppliers of direct materials, electronics, tobacco leaf suppliers, and selected indirect materials and services.

To deliver on our climate and nature strategies, our focus centers on our tobacco and paper and pulp-based supply chain, where we strive to mitigate material IROs we identified related to water stress, changing climate conditions, and land-use changes.

## Tobacco supply chain

In our tobacco supply chain, we apply a combination of agricultural standards, supplier engagement, and landscape-level programs.

Our Good Agricultural Practices (GAP) program is central to this effort. It embeds requirements for soil conservation, reduced agrochemical usage, biodiversity protection, and responsible water use directly into farm-level management.

For over a decade, we have focused on forest conservation, restoration, and sustainable land use. We work with our tobacco suppliers and farmers to implement our zero net deforestation requirements, establishing traceability to the point of harvest and documenting our sustainable forestry practices. We apply monitoring through satellite-based systems and granular supplier traceability to support early detection of land-use change and compliance with deforestation-free sourcing expectations. When our periodic land use monitoring identifies deforestation risks and targeted external assessments validate these findings, in line with the mitigation hierarchy, we demand that our supply chain partners to compensate risk with comprehensive reforestation programs. These programs aim to restore an equal or larger area than what was affected, focusing on rebuilding ecosystem integrity.

Water plays a crucial role in the growing cycle of tobacco plants. We focus on maintaining and improving both the availability and the quality of water. Striving to optimize water in our tobacco-growing areas, our projects focus on irrigation technology and water use efficiency, water conservation and storage, water quality improvement, and reduced freshwater demand.

Moreover, we have started developing climate adaptation plans in tobacco-growing regions to address both climate- and nature-related risks and opportunities, reflecting interdependencies between climate resilience, ecosystem health, water security, and the long-term sustainability of tobacco production.

1. A secondary paper and pulp-based material is a packaging component that is not and will not be in direct contact with the final product, i.e., up to shipping cases and case labels.

We also began piloting BMPs with suppliers in our tobacco supply chain located within proximity of KBAs in 2025. The process of developing BMPs requires suppliers to identify locally specific biodiversity pressures—such as pollution, deforestation, invasive species, extreme weather events occurrence, and water stress—and develop evidence-based actions to address them. We have established a roadmap to extend BMP coverage to all tobacco growing areas that include KBAs.

### STORIES OF IMPACT

#### Soil restoration: fostering farming resilience and sustainable supply chains in Malawi

We are empowering Malawian farmers through innovative soil management and collaborative pilot programs for improved crop yields and climate resilience.

Read more in [this Story of Impact](#).



## Paper and pulp-based supply chain

In our paper and pulp-based supply chain, we continue to strengthen our visibility into potential deforestation risks by leveraging our experience and tools, and replicating the assurance systems used in our tobacco supply chain.

We have extended due diligence to secondary paper and pulp-based materials,<sup>1</sup> including complex indirect supply chains—such as printed point-of-sale materials—to support a forest resource integrity and protection. Excluding Swedish Match, 90 percent of packaging volumes are sourced from suppliers holding a valid Chain of Custody (CoC) certification according to the Forest Stewardship Council (FSC) Program for the

Endorsement of Forest Certification (PEFC), or Sustainable Forest Initiative (SFI) standards. More than 7 percent of wood fiber materials we purchase comes from recycled sources.

## Downstream

The downstream segment of our value chain is associated with impacts related to post-consumption product waste. We recognize the importance of mitigating these impacts on ecosystems and are taking steps to reduce pressures on nature from product end-of-life.

We are committed to finding solutions that reduce the environmental impact of our products through both sustainable design and end-of-life management.

Embedding eco-design principles in our electronic smoke-free products through an end-to-end approach helps minimize impacts related to materials selection and sourcing, components production, product manufacturing, use, and product end-of-life stages.

To address cigarette butt littering, we invest in R&D of filter alternatives that have a better environmental performance related to the potential negative impact they can cause, seeking to replace cellulose acetate (CA) toward plastic-free solutions.

Beyond our R&D activities, and acknowledging that littering is a behavior that happens regardless of the material composition of our products, we remain focused on encouraging consumer behavior change to prevent cigarette butt littering. Our approach includes active participation in awareness-raising and anti-littering campaigns, as well as cleanup activities across markets.

The product composition, use, and post-use consumer behavior of smoke-free consumables differ from cigarettes and support a different approach to end-of-life management. As our portfolio evolves, we are refining our approach and plan to conduct assessments to better understand consumer disposal practices across different consumables categories, to inform the development of tailored strategies to address end-of-life management.

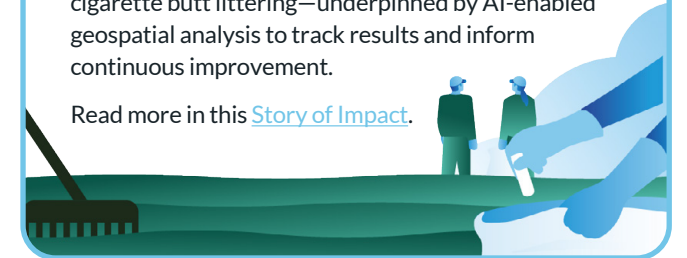
We disclose further details on these efforts in the “Circularity” section of our annual Value Report, available for download on [PMI.com](#).

### STORIES OF IMPACT

#### Measuring what works: reducing cigarette butt litter in Brazil

In Brazil, we partnered with Instituto Limpa Brasil and the Municipality of São Paulo on ‘Eu Cuido do Meu Quadrado’, combining education, community engagement, and disposal infrastructure to reduce cigarette butt littering—underpinned by AI-enabled geospatial analysis to track results and inform continuous improvement.

Read more in this [Story of Impact](#).



### STORIES OF IMPACT

#### Keeping devices in consumers' hands longer in Czechia and Slovakia

In Czechia and Slovakia, we are piloting in-store cosmetic repairs for IQOS devices to extend their use, reduce waste, and support circularity while enhancing the consumer experience.

Read more in this [Story of Impact](#).



## Strategy C

**This section describes the resilience of PMI's strategy to nature-related risks and opportunities, taking into consideration different scenarios.**

In the context of the TNFD, resilience refers to the ability of a company's strategy and business model to withstand, adapt, and respond to nature-related risks and opportunities while continuing to create value over the short, medium, and long term.

### Scenario analysis

We have undertaken scenario analysis to evaluate our resilience under a range of plausible futures to 2040 to cover the implementation of both our climate and nature strategies. As this represented PMI's first nature-related scenario analysis, the exercise was intended to provide an initial assessment of how nature-related risks and opportunities could evolve under different plausible future conditions. Given the inherent uncertainty associated with long-term scenarios, together with limitations related to the relevance of available scenarios and the quality and reliability of the underlying assumptions, the analysis currently plays a limited role in informing strategic decision-making. However, it helped us build understanding of potential future exposures and supported the continued development of our nature-related risk assessment capabilities.

We focused this exercise on material residual risks and opportunities. Scenarios capture both physical dimensions—such as changes in the condition of natural assets and the provision of ecosystem services—and transition dynamics, including evolving regulation and technological developments.

Given the overlap between nature- and climate-related risks and opportunities, the modeling leveraged the results of our most recent CCRO assessment. This has enabled us to test scenarios against consistent climate pathways and decarbonization scenarios to 2040, in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Our CCRO assessment process and results are disclosed in our [Climate Transition Plan 2025](#).

The TNFD recommends scenario analysis to assess the resilience of an organization's strategy and business model to nature-related risks and opportunities, including their potential financial implications. We conducted a scenario analysis whereby we considered PMI continuing to allocate resources toward managing nature as per our 2025 Roadmap (the strategy that guided us from 2020 until last year). Accordingly, our 'baseline scenario' is informed by the status of our work at the completion of our 2025 Roadmap (i.e., it assumes that we would have continued current practices without implementing additional risk-mitigation or adaptation actions).

In addition, we considered what else would be required in order to reduce risk and further adapt to a future projected scenario (i.e., accounting for plausible future conditions that we modeled per our CCRO and NRO assessments). This 'alternative scenario' primarily models the financial, environmental, and social outcomes that would result from additional targeted interventions that could contribute to our Value Plan 2030+ (which can be reviewed in our 2025 Value Report), allowing us to quantify the value of further action.

#### Estimated financial implications

For nature-related risks under defined future scenarios, we considered value at stake (VaS), which represents the estimated financial exposure. VaS includes the potential impact of nature-related disruptions on costs, revenues, assets, and operations.

For nature-related opportunities under defined future scenarios, we considered potential value creation by looking at the benefits that may be realized through actions that reduce nature-related dependencies, enhance resilience, and support nature-positive outcomes.

### Key findings from scenario analysis conducted

The chart below presents the findings of the scenario analysis. It compares our 'baseline scenario' and our 'alternative scenario.' For each scenario, we evaluated the relative direction and magnitude of financial implications, as well as expected outcomes for social value and resilience. The analysis therefore serves as a stress test to evaluate the scenarios under a range of plausible future conditions projected to 2040.

In presenting the socio-environmental impact valuation of targeted interventions described in the scenarios, our analysis extends beyond the TNFD recommendations: we have chosen to consider the broader benefits that accrue to farmers, communities, and ecosystems in our value chain, because we believe a view of value confined to financial risk alone would be incomplete.

To reflect the developing nature of these methodologies, we present outcomes in relative and directional terms—describing the scale and direction of change rather than attributing precise monetary values—which conveys the strategic significance of these findings while remaining faithful to the current maturity of impact valuation practice.

Read in this way, the analysis offers something more valuable than precision: a structured, forward-looking view of where nature-related action can strengthen the resilience of our business and create value across financial, natural, and social dimensions.

### Exploring impact valuation

The scenario analysis presented in this section draws in part on impact valuation—the practice of expressing environmental and social outcomes in monetary terms. This emerging discipline can make dissimilar outcomes comparable and bring nature and social considerations into strategic and financial dialogue.

However, methodologies, data sources, assumptions, and frameworks are not yet standardized, so different approaches can produce different figures for the same outcome. We therefore partnered with Valuing Impact,<sup>1</sup> an independent consultancy specializing in impact valuation, to pilot a tailored approach based on transparent assumptions and clearly defined impact pathways. The exercise was intended to explore how impact valuation may provide additional insights into our nature-related DIROs.

We share these exploratory results in the spirit of transparency and learning, recognizing their sensitivity to methodological assumptions, data quality and availability, valuation factors, and scenario selection. We use them selectively and cautiously to enrich internal analysis and, where appropriate, support decision-making.

As the discipline matures, we expect our approach to evolve and will continue to monitor developments and, where possible, engage with others to advance this area of non-financial accounting.

1. <https://valuingimpact.com/>

Key findings from scenario analysis conducted to better understand the potential impacts of nature-related risks and opportunities

|                                                  |                                                                         | Description of scenarios                                                                                                          |                                                                                                                                                                                                                                                                                                                       | Description of findings (2040 horizon)                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                  |
|--------------------------------------------------|-------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Material nature-related risks and opportunities* |                                                                         | Baseline scenario (status at the completion of our 2025 Roadmap) <sup>1</sup>                                                     | Alternative scenario (informed by our Value Plan 2030+)                                                                                                                                                                                                                                                               | Estimated financial implications (% change from baseline scenario) <sup>3</sup>                                                                                                                  | Socio-environmental impact valuation of the intervention                                                                                                                                                                                                                                                            | Resilience conclusions                                                                                                                                                                                                                                           |
| Risk                                             | Production interruptions due to water scarcity                          | Current operations and sustainability initiatives held constant; no new mitigation or adaptation measures in water-stressed areas | Improved water-use efficiency (site) and nature-based solutions (NbS) (watershed) in water-stressed areas                                                                                                                                                                                                             | Low reduction in value at stake <sup>4</sup> with mitigation actions                                                                                                                             | Positive outcomes: improved water availability and ecosystem services; limited impact on job creation                                                                                                                                                                                                               | Medium risk reduction through improved operational resilience, resulting in lower production interruptions; scaling of NbS is required to achieve systemic impact                                                                                                |
| Risk                                             | Lower tobacco yield and quality due to prolonged water scarcity         |                                                                                                                                   | Improved water-use efficiency and NbS (farm and tobacco-growing areas) in water-stressed areas                                                                                                                                                                                                                        | Moderate reduction in value at stake <sup>4</sup> with mitigation actions                                                                                                                        | Positive outcomes: improved farm resilience, income stability, water availability, and local job creation                                                                                                                                                                                                           | High risk reduction through improved resilience, leading to lower supply disruption and reduced yield losses; scaling of NbS is required to achieve systemic impact                                                                                              |
| Risk                                             | Supply disruption due to ecosystem services collapse                    | Estimated current ecosystem degradation in PMI sourcing regions, based on a global and country-level literature review            | Variable ecosystem service decline rates (soil quality, pest/disease control, water regulation, erosion control) <sup>2</sup> :<br>– Slow degradation scenario, including intensified implementation of regenerative agriculture practice<br>– Fast degradation scenario, accounting for most pessimistic predictions | – High reduction in value at stake <sup>4</sup> under the ‘slow’ ecosystem decline scenario<br>– Significant increase in value at stake <sup>4</sup> under the ‘fast’ ecosystem decline scenario | Negative outcomes: increased fertilizer and pesticide use, higher irrigation demand, arable land loss due to erosion, and a significant financial burden on farmers. These negative impacts can be partially mitigated by implementing regenerative agriculture that could improve soil qualities and carbon stocks | Medium risk reduction driven by strong application of regenerative agriculture practices with suppliers and farmers to counterbalance sensitivity of ecosystem degradation                                                                                       |
| Opportunity                                      | Building climate resilience through drought-resistant tobacco varieties | Current farming practices in water-stressed areas                                                                                 | Drought-resistant varieties: +5% productivity in water-stressed areas; tobacco quality remains unchanged.                                                                                                                                                                                                             | High financial benefits increase from risk reduction limited to the areas assessed, capturing efficiency improvements and avoided costs partially offset by R&D investment costs <sup>5</sup>    | Positive outcomes: reduced fertilizer use, stable yields under climate stress, reduced income volatility for farmers                                                                                                                                                                                                | High risk reduction through enhanced agricultural resilience, resulting in lower yield volatility and reduced sourcing disruption. This measure can work synergistically with regenerative agriculture practices to further strengthen overall system resilience |
| Opportunity                                      | Advancing circularity to reduce natural resource dependency             | Current processes and product designs; no new material circularity improvements                                                   | Improved circularity: 50% product waste-cost reduction, 10% raw-material savings, 25% cannibalization rate (refurbished vs new products)                                                                                                                                                                              | Moderate financial benefit increase, capturing cost avoidance <sup>5</sup>                                                                                                                       | Positive outcomes: reduced e-waste, lower pressure on areas where products are disposed, decreased raw material extraction and mining impacts                                                                                                                                                                       | High risk reduction through circularity, decreasing physical risks linked to raw material dependency and transition risks associated with regulation, compliance, and reputation                                                                                 |

• See table on page 19 for details.

1. Changes in the natural resource footprint are driven by procurement and financial forecasts and projected climate change through 2040.

2. This scenario is not informed by our Value Plan 2030+.

3. We applied a logarithmic classification defined as: Low<25%; Moderate: 25–75%; High; 75–150%; Significant : >150%.

4. Value at stake, i.e., potential financial downside from nature-related risks affecting operations and supply chains, in line with common TNFD practice.

5. Estimated financial benefits from risk reduction, efficiency improvements, avoided costs, and technology deployment.

## Strategy D

This section describes the locations of assets and/or activities in PMI's direct operations and, where possible, the upstream segment of our value chain that meet the criteria for priority locations.

### Locations assessed

We conducted biodiversity footprint assessments in 2023 and 2024 in the upstream and direct operations segments of our value chain to quantify our land occupancy impacts and evaluate their significance. In 2025, the biodiversity footprint assessment was extended to include Swedish Match operations.

Assets and commodities traceable to site level included direct facilities, tobacco-growing areas (TGAs), stemmeries, firewood sourcing areas, paper and pulp-based materials feedstocks, and electronics factories. When unable to trace to locations of origin for other direct materials, we used administrative boundaries or common source locations.

After point-of-sale, our visibility into where our products are consumed and ultimately disposed of is limited. The associated biodiversity footprint of downstream activities therefore cannot be meaningfully assessed at a specific location level.

Our assessment identified 631 priority locations (18 percent of the total locations assessed), including 31 manufacturing sites and approximately 600 supply locations associated with tobacco, electronics, and pulp and paper sourcing across more than 70 countries.

We continuously work to increase the traceability of raw materials in our supply chain. We have strengthened traceability across the tobacco supply chain from landscape to farm and firewood-source levels, prioritizing flue-cured origins due to deforestation risks linked to the sourcing of firewood. The most significant progress in increasing traceability has been achieved in our pulp and paper supply chain, where suppliers in high- and medium-risk countries provide geospatial data on their feedstock areas.

#### Legend:

 Assessed countries

 Own operations priority locations

 Countries with supply chain priority locations



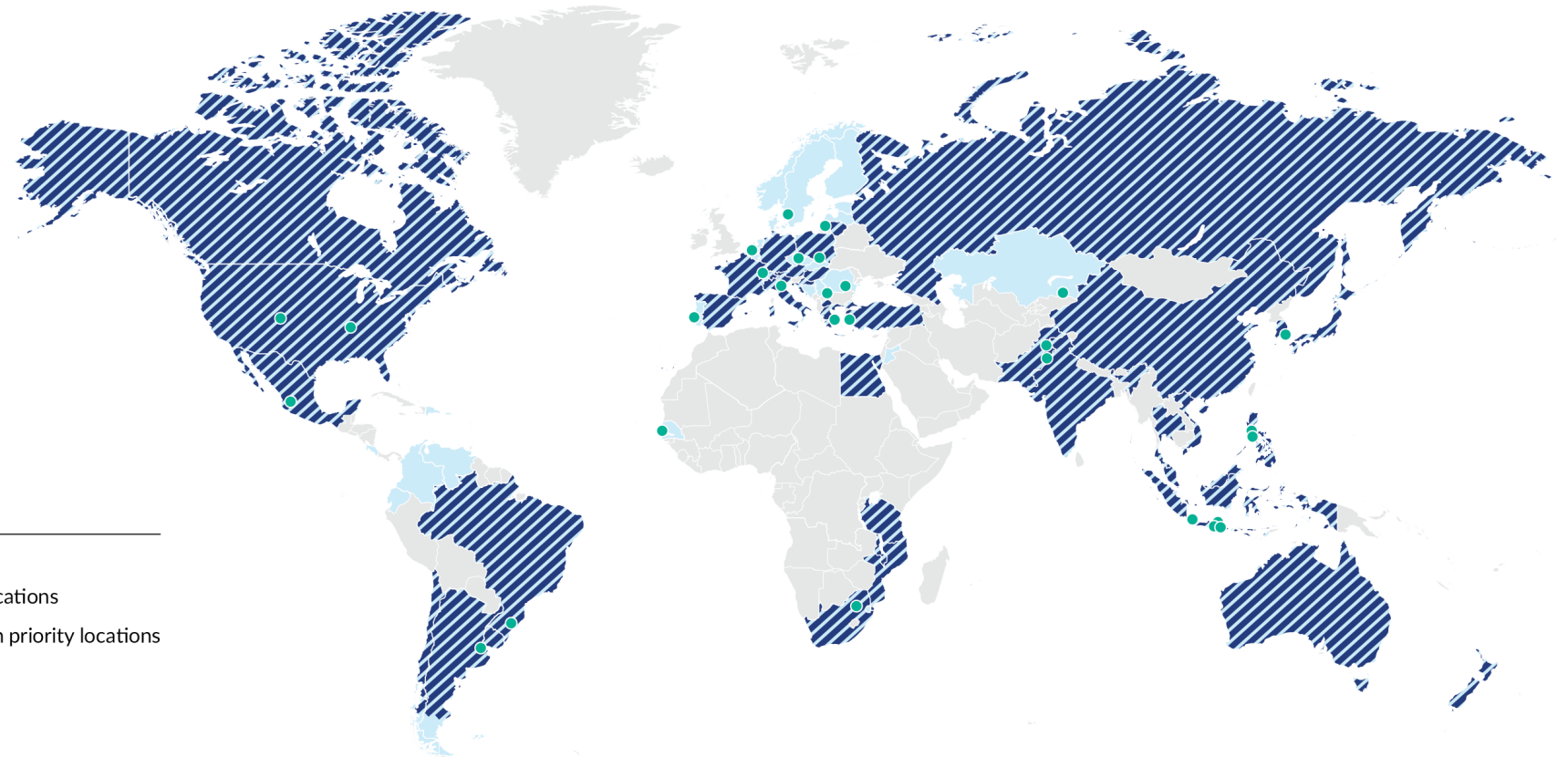
### Priority locations

We define 'priority locations' as areas where significant business activity intersects with ecologically sensitive environments, in accordance with the TNFD LEAP approach.

To determine which locations qualify, we apply minimum thresholds based on production volumes and raw material procurement quantities across all geographies where we operate. This list is then cross-referenced with an externally sourced inventory of ecologically sensitive sites and high-value natural areas, drawing on Key Biodiversity Areas, IUCN Protected Areas, Aqueduct Water Risk Atlas, and WWF Risk Filter datasets as recommended by the TNFD.

Priority locations identified through this process are areas requiring further analysis, as they are more likely to be associated with significant nature-related DIROs.

1. The complete list of TNFD datasets can be found [here](#).



### Next steps

Mapping priority locations demonstrates that nature-related DIROs are embedded across PMI's value chain—from land and freshwater systems supporting agricultural sourcing to the ecosystem services underpinning manufacturing and end-of-life processes. Looking ahead, we will strengthen and regularly update our priority-location assessments. For example, we plan to integrate information on the evolution of the business over time with updated TNFD-aligned criteria and datasets on sensitive locations. This is to ensure priority-location screening remains comprehensive, robust, and fully aligned with evolving environmental guidance.

# Metrics & targets

This section describes the metrics and targets we use to assess and manage nature-related dependencies, impacts, risks, and opportunities.

As the nature-related reporting landscape continues to evolve, and regulatory expectations mature across jurisdictions, our ability to fully align with all recommended TNFD metrics and targets is shaped by factors beyond our immediate control. Data availability, methodological convergence, and the pace of emerging guidance influence the extent to which we can currently provide complete, comparable, and decision-useful disclosures.

As our metrics capabilities mature, we intend to evolve our disclosures beyond ecological indicators to include measures of value created and protected across the capitals that matter most to our business and stakeholders—consistent with how we report performance in our annual Value Report. We remain committed to progressively enhancing our approach as standards stabilize, regulatory requirements crystallize, and higher-quality nature-related data become accessible.

## Metrics & targets A

This section describes the metrics used by PMI to assess and manage material nature-related risks and opportunities in line with its strategy and risk management process.

We are progressing with our internal assessment of nature-related risks and opportunities, including an evaluation of the potential financial implications of nature-related risks and opportunities. Because this work is ongoing, we plan to phase in detailed disclosures in future reporting cycles.

### Risk

| TNFD’s core global and additional risk and opportunity metrics                                                                                         | PMI’s Value Report | Other published PMI materials | Additional comments     |
|--------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|-------------------------------|-------------------------|
| Value of assets, liabilities, revenue, and expenses that are assessed as vulnerable to nature-related transition risks (total and proportion of total) |                    |                               | Not currently available |
| Value of assets, liabilities, revenue, and expenses that are assessed as vulnerable to nature-related physical risks (total and proportion of total)   |                    |                               | Not currently available |
| Description and value of significant fines/penalties received/litigation action in the year due to negative nature-related impacts                     | Yes                | CDP                           |                         |

### Opportunity

| TNFD’s core global and additional risk and opportunity metrics                                                                                                                                                                                              | PMI’s Value Report | Other published PMI materials | Additional comments     |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|-------------------------------|-------------------------|
| Amount of capital expenditure, financing, or investment deployed toward nature-related opportunities, by type of opportunity, with reference to a government or regulator green investment taxonomy or third-party industry or NGO taxonomy, where relevant |                    |                               | Not currently available |
| Increase and proportion of revenue from products and services producing demonstrable positive impacts on nature with a description of impacts                                                                                                               |                    |                               | Not currently available |

## Metrics & targets B

This section describes the metrics we use to assess and manage dependencies and impacts on nature.

We present indicators drawn from the TNFD’s set of core metrics in this section. We chose metrics based on their relevance to our DIRO assessment process, business strategy, and targets. We plan to more comprehensively address downstream considerations in the future based on our evolving downstream strategy, which is currently being updated to incorporate targeted actions that address key biodiversity pressures identified in impact assessments and our SMA.

Metrics & targets C

This section describes the targets and goals used by PMI to manage nature-related dependencies, impacts, risks, and opportunities and its performance against these.

We note aspirations and targets alongside metrics listed in the tables in this section.

We aspire to preserve and restore biodiversity, water, and forests across our operations and broader value chain to safeguard the long-term resilience of ecosystems and drive measurable progress toward achieving no net loss of natural resources. We disclose progress against a complete list of climate- and nature-related metrics and targets that form part of our broader Value Plan 2030+ in our annual Value Report, available for download on [PMI.com](#).



Our nature-related targets include:

Protecting biodiversity

- No net loss on ecosystems connected to PMI’s value chain by 2033
- Implement regenerative agriculture practices in all priority tobacco-growing areas (TGAs) by 2033

Halting deforestation

- Zero deforestation of priority forest area in PMI tobacco and paper and pulp-based product supply chain by 2026

Managing water responsibly

- Maintain AWS certification for all priority manufacturing sites
- Achieve circular water use in priority manufacturing locations by 2033, achieving at least 60 percent by 2030
- Tobacco supply chain: optimize at least 25 million cubic meters of water (cumulative since 2019) in our TGAs by 2033

Land, freshwater, and ocean use change

| Indicator |                                            | Metric                                                                                                                                   | Aspirations and targets | PMI published materials | Additional comments         |
|-----------|--------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|-----------------------------|
| C1.0      | Total spatial footprint                    | Metric not available. We do not yet have a consolidated measure of total spatial footprint across our full value chain.                  |                         |                         |                             |
| C1.1      | Extent of land/freshwater/ocean-use change | Total surface area of forests monitored for zero deforestation                                                                           |                         | Value Report            | “Nature” section narrative  |
|           |                                            | Proportion of purchased tobacco confirmed to pose no risk of deforestation of managed natural forest or conversion of natural ecosystems | Maintain 100%           | Value Report            | “Nature” performance tables |
|           |                                            | Area of forest restored through planting since 2019                                                                                      |                         | Value Report            | “Nature” performance tables |

Pollution and pollution removal

| Indicator |                                                 | Metric                                                                                                                                     | Aspirations and targets | PMI published materials | Additional comments         |
|-----------|-------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|-----------------------------|
| C2.0      | Pollutants released to soil split by type       | Metric not available. We disclose metrics related to anti-littering programs and end-of-life take-back programs in our annual Value Report |                         |                         |                             |
| C2.1      | Wastewater discharged                           | Total water discharged                                                                                                                     |                         | CDP                     |                             |
|           |                                                 | Water discharged to fresh surface water                                                                                                    |                         | CDP                     |                             |
|           |                                                 | Water discharged to groundwater                                                                                                            |                         | CDP                     |                             |
| C2.2      | Waste generation and disposal                   | Water discharged to third-party destinations                                                                                               |                         | CDP                     |                             |
|           |                                                 | Percentage of waste diverted from landfill in manufacturing operations                                                                     | Maintain >99%           | Value Report            | “Nature” performance tables |
|           |                                                 | Total amount of waste generated                                                                                                            |                         | Value Report            | “Nature” performance tables |
|           |                                                 | Proportion of recycled waste                                                                                                               | Maintain >85%           | Value Report            | “Nature” performance tables |
|           |                                                 | Proportion of waste incinerated with energy recovery                                                                                       |                         | Value Report            | “Nature” performance tables |
|           |                                                 | Proportion of waste incinerated without energy recovery                                                                                    |                         | Value Report            | “Nature” performance tables |
|           |                                                 | Proportion of waste disposed to landfill                                                                                                   |                         | Value Report            | “Nature” performance tables |
|           |                                                 | Amount of hazardous waste generated                                                                                                        |                         | Value Report            | “Nature” performance tables |
|           |                                                 | Proportion of recycled hazardous waste                                                                                                     |                         | Value Report            | “Nature” performance tables |
|           |                                                 | Proportion of hazardous waste incinerated with energy recovery                                                                             |                         | Value Report            | “Nature” performance tables |
|           |                                                 | Proportion of hazardous waste incinerated without energy recovery                                                                          |                         | Value Report            | “Nature” performance tables |
|           |                                                 | Proportion of hazardous waste disposed to landfill                                                                                         |                         | Value Report            | “Nature” performance tables |
| C2.3      | Plastic pollution                               | Total weight of plastic packaging sold/used during the reporting year                                                                      |                         | CDP                     |                             |
|           |                                                 | Proportion of plastic packaging that is reusable                                                                                           |                         | CDP                     |                             |
|           |                                                 | Proportion of plastic packaging that is technically recyclable                                                                             |                         | CDP                     |                             |
|           |                                                 | Proportion of plastic packaging that is recyclable in practice at scale                                                                    |                         | CDP                     |                             |
| C2.4      | Non-GHG air pollutants                          | Not material                                                                                                                               |                         |                         |                             |
| A2.0      | Wastewater treated, reused/recycled, or avoided | Volume of discharge treated by tertiary treatment                                                                                          |                         | CDP                     |                             |
|           |                                                 | Volume of discharge treated by secondary treatment                                                                                         |                         | CDP                     |                             |
|           |                                                 | Volume of discharge treated by primary treatment only                                                                                      |                         | CDP                     |                             |
|           |                                                 | Volume of discharge to a third party without treatment                                                                                     |                         | CDP                     |                             |
|           |                                                 | Other                                                                                                                                      |                         | CDP                     |                             |

Pollution and pollution removal

| Indicator |                                                 | Metric                                                 | Aspirations and targets | PMI published materials | Additional comments |
|-----------|-------------------------------------------------|--------------------------------------------------------|-------------------------|-------------------------|---------------------|
| C2.4      | Non-GHG air pollutants                          | Not material                                           |                         |                         |                     |
|           |                                                 | Volume of discharge treated by tertiary treatment      |                         | CDP                     |                     |
|           |                                                 | Volume of discharge treated by secondary treatment     |                         | CDP                     |                     |
| A2.0      | Wastewater treated, reused/recycled, or avoided | Volume of discharge treated by primary treatment only  |                         | CDP                     |                     |
|           |                                                 | Volume of discharge to a third party without treatment |                         | CDP                     |                     |
|           |                                                 | Other                                                  |                         | CDP                     |                     |

Resource use and replenishment

| Indicator |                                                                              | Metric                                                                                                          | Aspirations and targets                      | PMI published materials | Additional comments                                                                                                              |
|-----------|------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|----------------------------------------------|-------------------------|----------------------------------------------------------------------------------------------------------------------------------|
| C3.0      | Water withdrawal and consumption from areas of water scarcity                | Proportion of water withdrawn from areas with water stress                                                      |                                              | CDP                     |                                                                                                                                  |
| C3.1      | Quantity of high-risk natural commodities sourced from land/ocean/freshwater | Proportion of total tobacco sourced from areas with water stress                                                |                                              | CDP                     |                                                                                                                                  |
|           |                                                                              | Total volume of water withdrawn                                                                                 |                                              | CDP                     |                                                                                                                                  |
|           |                                                                              | Volume of water withdrawn from freshwater                                                                       |                                              | CDP                     |                                                                                                                                  |
| A3.0      | Total water consumption and withdrawal                                       | Volume of water withdrawn from groundwater –renewable                                                           |                                              | CDP                     |                                                                                                                                  |
|           |                                                                              | Volume of water withdrawn from third-party sources                                                              |                                              | CDP                     |                                                                                                                                  |
|           |                                                                              | Total volume of water consumed                                                                                  |                                              | CDP                     |                                                                                                                                  |
| A3.1      | Water replenished                                                            | Million cubic meters of water optimized in our tobacco-growing areas (millions of cubic meters, since 2019)     | 25 million cubic meters by 2033              | Value Report and CDP    | “Nature” performance tables                                                                                                      |
| A3.2      | Water reduced, reused, or recycled                                           | Water ratio in our manufacturing facilities (water withdrawn in cubic meters per million cigarettes equivalent) | Maintain <3.1 ratio                          | Value Report            | PMI evaluates and reports water reduction in terms of efficiency (water use/unit of products) in the “Nature” performance tables |
| A3.3      | Water loss mitigated                                                         | Circular water use in priority manufacturing sites                                                              | 60% circular water use by 2030; 100% by 2033 | Value Report            | We will begin reporting performance in our Value Report 2026, set to be published in 2027                                        |

Invasive alien species and other

| Indicator |                                                                                                    | Metric       | Aspirations and targets | PMI published materials | Additional comments |
|-----------|----------------------------------------------------------------------------------------------------|--------------|-------------------------|-------------------------|---------------------|
| C4.0      | Placeholder indicator: measures against unintentional introduction of invasive alien species (IAS) | Not material |                         |                         |                     |

State of nature

| Indicator |                                                | Metric                           | Aspirations and targets | PMI published materials | Additional comments        |
|-----------|------------------------------------------------|----------------------------------|-------------------------|-------------------------|----------------------------|
| C5.0      | Placeholder indicator: ecosystem condition     | Estimated biodiversity footprint |                         | Value Report            | “Nature” section narrative |
| C5.0      | Placeholder indicator: species extinction risk | Not material                     |                         |                         |                            |

# Appendices

## Glossary of terms and acronyms

**Adaptation** – Adjustments in ecological, social, or economic systems in response to actual or expected physical climate risks, such as extreme weather events or long-term shifts in climate patterns. These aim to reduce harm or to seize opportunities and include measures such as climate-resilient infrastructure, drought-tolerant crops, revised policies, and early warning systems.

**AR3T** – A corporate action framework for addressing nature and biodiversity loss, developed by the Science Based Targets Network (SBTN). It stands for:

- Avoid and Reduce pressures on nature.
- Regenerate and Restore ecosystems.
- Transform underlying socioeconomic systems to halt environmental degradation.

**AWS** – Alliance for Water Stewardship.

**Biodiversity Management Plan, or BMP** – A plan outlining measures to manage biodiversity impacts and dependencies, informed by location-specific nature-related risk assessment and aligned with the mitigation hierarchy. The plan sets out governance, operational measures, monitoring indicators, and responsibilities to support risk management, enhance ecosystem resilience, and contribute to nature-positive outcomes over time.

**Climate Change Risks and Opportunities assessment, or CCRO assessment** – A structured process used to identify, evaluate, and prioritize the potential threats and benefits that climate change poses to an organization's operations, assets, and value chain. It combines impact assessment with scenario modeling to inform decision-making, resilience planning, and long-term sustainability strategies.

**Contracted farmers** – Tobacco farmers supplying to PMI and contracted either directly by PMI (through the company's leaf operations) or through third-party leaf suppliers.

**Deforestation** – Loss of natural forest as a result of: (i) conversion to agriculture or other non-forest land use; (ii) conversion to a tree plantation; or (iii) severe and sustained degradation.

**Downstream supply chain** – Those stages in the supply chain in which materials (mostly in the form of finished products) flow away from the organization to the customers/consumers, including distribution, retail, product use, and end-of-life management.

**Forest Stewardship Council, or FSC** – An independent organization setting global standards for responsible forest management and certified forest-based supply chains.

**Greenhouse gas, or GHG** – Those gaseous constituents of the atmosphere, both natural and anthropogenic, that absorb and emit radiation at specific wavelengths within the spectrum of thermal infrared radiation emitted by the Earth's surface, the atmosphere itself, and by clouds. This property causes the greenhouse effect.

**Human rights impact assessment, or HRIA** – Assessments to identify human rights risks and adverse impacts.

**Human rights salient risks** – Those human rights that stand out because they are at risk of the most severe negative impact through a company's activities or business relationships (source: UN Guiding Principles).

**IUCN** – International Union for Conservation of Nature.

**Mitigation actions** – Measures implemented to avoid, reduce, or manage nature-related risks by addressing an organization's impacts on, and dependencies upon, nature. These actions are informed by the assessment of location-specific nature-related risks and impacts and are designed to follow the mitigation hierarchy, including avoiding and minimizing negative impacts, restoring ecosystems where impacts have occurred, and, where relevant, enabling compensatory or landscape-level actions. Risk mitigation actions aim to reduce inherent risk and contribute to improved ecosystem condition and resilience over time.

**No net loss** – The point at which business-related impacts on biodiversity are balanced by measures from the mitigation hierarchy, to leave no degradation on natural ecosystems at end balance.

**Protected Area** – A clearly defined geographical space, recognized, dedicated, and managed through legal or other effective means to achieve the long-term conservation of nature, associated ecosystem services, and cultural values.

**SBTN** – Science Based Targets Network

**Upstream supply chain** – Those operations in which the materials flow into the organization (i.e., it mainly refers to procurement activities and inbound logistics).

## Nature assessment terms and acronyms

Definitions in this sub-section refer specifically to how these terms relate to our nature-related assessments and disclosures.

**Biodiversity Extent, Condition, and Significance, or BECS** – A structured, location-specific framework used to assess biodiversity sensitivity by evaluating the extent of natural habitats, the content of biodiversity features (such as species, ecosystems, and ecosystem services), and their significance at site, farm, or landscape level. It supports the identification of priority locations and informs the assessment and management of nature-related impacts, dependencies, risks, and opportunities.

**Dependencies** – An organization's reliance on nature and ecosystem services to operate and create value. These include benefits such as freshwater availability, soil fertility, pollination, climate regulation, and biomass that support assets, operations, supply chains, and communities. Changes in the condition or availability of these services may give rise to nature-related risks and affect long-term resilience and performance.

**Dependency pathways** – The causal links through which an organization relies on nature and ecosystem services to support its business activities and value chain, and through which changes in the state of nature can affect operational performance, resilience, and value creation. Dependency pathways describe how nature-related dependencies translate into risks or opportunities under different condition.

**DIROs** – Nature-related dependencies and inherent impacts, risks, and opportunities.

### Estimated financial implications

- For nature-related risks under defined future scenarios, we considered value at stake (VaS), which represents the estimated financial exposure. VaS includes the potential impact of nature-related disruptions on costs, revenues, assets, and operations.
- For nature-related opportunities under defined future scenarios, we considered potential value creation by looking at the benefits that may be realized through actions that reduce nature-related dependencies, enhance resilience, and support nature-positive outcomes.

**EXIOBASE** – A global environmental-economic database used to trace nature-related impacts and dependencies across supply chains and support value chain hotspot analyses.

**Exploring Natural Capital Opportunities, Risks, and Exposure, or ENCORE** – A free, web-based tool that helps financial institutions and businesses identify how economic activities depend on and impact nature. We used the 2018–2023 version.

**GLOBIO** – A science-based biodiversity model used to assess nature-related impacts on ecosystems and biodiversity and to support hotspot and footprint analyses across value chains.

**Impact pathways** – The causal chain linking a specific business activity to changes in the stock of natural capital (the state of nature) and the flow of ecosystem services, which ultimately affects society and business value.

**Impact Valuation methodology** – A methodology used to assess and quantify the significance of nature-related impacts by translating environmental and social effects into comparable values.

**Impacts** – An organization's effects on nature resulting from its activities, products, or services. They include positive or negative changes to ecosystems, biodiversity, and ecosystem services—such as land-use change, water use, pollution, or resource extraction—across operations and the value chain. These impacts can affect ecosystem condition and resilience and may give rise to nature-related risks or opportunities over time.

**Inherent risks** – The inherent level of nature-related risk that exists prior to the application of any mitigation or management measures. It represents the unmanaged exposure of assets, operations, and communities to physical and transition nature-related risks arising from impacts on, or dependencies upon, nature. This baseline assessment is used to identify nature-related risk hotspots—locations, ecosystems, or value-chain activities where impacts or dependencies are most significant—and provides the foundation for deeper analysis of risk management effectiveness and prioritization of mitigation actions.

**Inherent physical risks** – Risks arising from degradation or disruption of natural systems and ecosystem services on which an organization depends or has impacts.

- Inherent acute physical risks arise from sudden or short-term changes in the condition or functioning of natural systems, resulting in immediate impacts on assets, operations, supply chains, or communities. These risks are associated with abrupt ecosystem disruption or extreme events (e.g., wildfire, storms) that affect availability or reliability of ecosystem services.
- Inherent chronic physical risks arise from gradual, long-term changes in the condition or functioning of natural systems, driven by sustained ecosystem degradation, depletion, or alteration. These risks are associated with ongoing processes such as water scarcity, soil degradation, biodiversity loss, or declining ecosystem services, which progressively affect operational viability, resilience, and long-term value.

**Inherent transition risks** – Potential adverse impacts on an organization arising from the transition toward an economy that sustainably manages nature. These risks are driven by changes in policies and regulations, market expectations, technological developments, legal requirements, and stakeholder or societal pressures related to biodiversity, ecosystems, and ecosystem services. They may result in increased operational or compliance costs, changes in input availability, asset impairment or stranding, reputational impacts, loss of market access, or reduced access to capital,

particularly for organizations that are slow to adapt to nature-positive business models.

**Integrated Biodiversity Assessment Tool, or IBAT** – A biodiversity screening tool used to identify and assess nature-sensitive locations, including protected areas, Key Biodiversity Areas, and threatened species.

**Key Biodiversity Areas, or KBAs** – Globally significant sites for biodiversity, identified using standardized criteria related to threatened species, ecosystems, ecological integrity, or key biological processes.

**LEAP** – An assessment methodology developed by the TNFD (Taskforce on Nature-related Financial Disclosures) that acts as a practical guide for organizations to identify, evaluate, assess, and prepare disclosures regarding their dependencies and impacts on nature, as well as the associated risks and opportunities.

**Likelihood** – The probability or chance that a given nature-related risk will materialize and have an impact on the organization within a defined time horizon.

**Mean Species Abundance, or MSA** – A measure of ecosystem condition that indicates the average abundance of native species compared with their abundance in a natural or undisturbed ecosystem.

**Mean Species Abundance Hectare, or MSA.ha** – A measure of biodiversity impact that combines ecosystem condition (MSA) and land area to quantify biodiversity loss or gain.

**Nature Risks and Opportunities assessment, or NRO assessment** – A structured process used to identify, evaluate, and prioritize an organization's material nature-related risks and opportunities arising from its impacts on, and dependencies upon, nature across operations, assets, and the value chain. It integrates location-specific analysis of ecosystems and ecosystem services with the evaluation of risks and opportunities (likelihood, financial impact, velocity, and time horizon), and may incorporate scenario analysis to inform decision-making, resilience planning, and long-term strategies aligned with nature-positive outcomes.

**Priority locations** – Areas where an organization's interactions with nature—across operations, assets, or the value chain—are associated with heightened nature-related risks, impacts, dependencies, or opportunities. They are identified through location-specific assessment of ecosystems and ecosystem services, including the presence of sensitive or high-value nature (e.g., Key Biodiversity Areas) and the intensity of organizational activities, and are prioritized for deeper analysis, enhanced due diligence, and targeted risk-management actions.

**Scenarios** – A logically consistent story that describes a plausible future. It identifies some significant events, the main actors and their motivations, and how the world functions in this plausible future. It is intended to challenge thinking about what the future might be like and how they might respond under circumstances different from those they face today.

- Business as Usual, or BAU – A counterfactual scenario in which PMI continues current practices without implementing additional risk-mitigation or adaptation actions. Changes in the natural resource footprint are driven by procurement and financial forecasts and projected climate change through 2040.

- Alternative scenario – Scenarios that model the financial, environmental, and social outcomes that would result from additional targeted interventions and varying rates of ecosystem services degradation, allowing us to quantify the value of additional action relative to the counterfactual scenario in which current practices continue.

**Species Threat Abatement and Restoration, or STAR** – A biodiversity metric used to assess how actions to reduce threats and restore ecosystems can contribute to reducing species extinction risk.

**Velocity** – The rate at which a nature-related risks and opportunities materializes and begins to affect an organization's financial performance.

## Forward-looking and cautionary statements

This report contains projections of future results and goals and other forward-looking statements, including statements regarding expected financial or operational performance; capital allocation plans; investment strategies; regulatory outcomes; market expectations; business plans and strategies. Achievement of future results is subject to risks, uncertainties and inaccurate assumptions. In the event that risks or uncertainties materialize, or underlying assumptions prove inaccurate, actual results could vary materially from those contained in such forward-looking statements. Pursuant to the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995, PMI is identifying important factors that, individually or in the aggregate, could cause actual results and outcomes to differ materially from those contained in any forward-looking statements made by PMI.

PMI’s business risks include: marketing and regulatory restrictions that could reduce our competitiveness, disrupt our SFP commercialization efforts, eliminate our ability to communicate with adult consumers, or ban certain of our products in certain markets or countries; excise tax increases and discriminatory tax structures; health concerns relating to the use of tobacco and other nicotine-containing products; litigation related to tobacco and/or nicotine products and intellectual property rights; intense competition; inability to anticipate changes in adult consumer preferences; use and reliance on third-parties; the adverse effects of global and individual country economic, regulatory and political developments, natural disasters and conflicts; geopolitical instability; the impact and consequences of Russia’s invasion of Ukraine; changes in adult smoker behavior; continued decline of tax-paid cigarettes; lost revenues as a result of counterfeiting, contraband and cross-border purchases; governmental investigations; unfavorable currency exchange rates and currency devaluations, sustained periods of elevated inflation, and limitations on the ability to repatriate funds; adverse changes in applicable corporate tax laws; disruptions in the credit markets or changes to its credit ratings; recent and potential future tariffs imposed by the U.S. and other countries;

adverse changes in the cost, availability, and quality of tobacco and other agricultural products and raw materials, as well as product components for its electronic devices; and the integrity of its information systems and effectiveness of its data privacy policies. PMI’s future profitability may also be adversely affected should it be unsuccessful, in key markets or systemically, in its efforts to introduce, commercialize, and grow smoke-free products or if regulation or taxation do not differentiate between such products and cigarettes; if it is unable to successfully introduce new products, and promote brand equity; if there are prolonged disruptions of facilities used to produce its products; if it is unable to enter new markets or improve its margins through increased prices and productivity gains; if other market participants are more successful in their SFP commercialization efforts; if it is unable to attract and retain the best global talent; or if it is unable to successfully integrate and realize the expected benefits from recent transactions and acquisitions. Future results are also subject to the lower predictability of our smoke-free products performance.

PMI is further subject to other risks detailed from time to time in its publicly filed documents, including PMI’s Annual Report on Form 10-K for the fourth quarter and year ended December 31, 2025, and the Quarterly Report on Form 10-Q for the second quarter ended June 30, 2026, which was filed in July, 2026. PMI cautions that the foregoing list of important factors is not a complete discussion of all potential risks and uncertainties. PMI does not undertake to update any forward-looking statement that it may make from time to time, except in the normal course of its public disclosure obligations.

## Notes

In this report, “PMI,” “we,” “us,” and “our” refer to Philip Morris International Inc. and its subsidiaries.

In this report and in related communications, the term “materiality,” “material,” and similar terms are defined in the referenced sustainability standards and certain regulatory requirements, as may be applicable to us, and are not meant to correspond to the concept of materiality under the U.S. securities laws and/or disclosures required by the U.S. Securities and Exchange Commission.

Additionally, in this report and in related communications, “climate-related risks,” “nature-related risks,” “risks,” and similar terms, when used in the context of the Climate Change Risks and Opportunities assessment (“CCRO assessment”) and Nature Risks and Opportunities assessment (“NRO assessment”), are aligned with the recommendations of the Task Force on Climate-related Financial Disclosures and Taskforce on Nature-related Financial Disclosures, respectively. They represent forward-looking projections based on uncertain future climate scenarios, and are not meant to correspond to the concept of material risk factors contemplated by U.S. securities laws and/or disclosures required by the U.S. Securities and Exchange Commission.

This report contains references and links to websites operated by third parties. These references are provided as a convenience to you and as an additional avenue of access to the information contained in those sources; they should not be viewed as an endorsement by us of the content of these references and linked sites or opinions of their authors.

Unless otherwise stated, all references to *IQOS* are to our *IQOS* heat-not-burn devices and consumables.

Trademarks and service marks in this report are the registered property of, or licensed by, the subsidiaries of Philip Morris International Inc., and are italicized or shown in their logo form.

This report reflects PMI’s current views and estimates based on the data and information available at the time of publication. Changes in circumstances or new information may have occurred since the report’s publication, which could impact the accuracy of certain details. This report includes metrics that are subject to measurement uncertainties due to inherent limitations in the nature and methods for data collection and measurement. The precision of different collection and measurement techniques may also vary. This report includes data or information obtained from external sources or third parties.

Aspirations, targets, and goals do not constitute financial projections, and achievement of future results is subject to risks, uncertainties, and inaccurate assumptions, as outlined in our forward-looking and cautionary statements on page 30 of this report.

This TNFD report should be read in conjunction with PMI’s annual Value Report, available for download on [PMI.com](https://www.pmi.com), as well as PMI’s [Sustainability Materiality Report \(2025\)](#).

**Headquarters**

Philip Morris International Inc.  
677 Washington Blvd.  
Stamford, Connecticut  
USA  
[www.pmi.com](http://www.pmi.com)