TOP 10 TAKEAWAYS from PMI's Integrated Report 2023: Transforming for good

Find out how Philip Morris International is making progress toward achieving its purpose of delivering a smoke-free future and transforming tobacco, combustible cigarettes and other tobacco products.

1 STATEMENT OF PURPOSE

> We are present this 2023 Integrated Report, we emphasize that delivering a smoke-free future is not just a priority, it is the essence of our purpose. We are committed to transforming tobacco by leading the way in transparency, transparently and out doubt about our ongoing efforts to transition our business to history. We remain committed to transparent, consistent, and reliable communication with our stakeholders, ensuring they understand the progress and performance that drives how we are responding to a rapidly changing environment and planning for the long term, fostering a more sustainable and transparent business model.
>
> **Jennifer Motles**, Chief Sustainability Officer

Read PMI's Integrated Report

PMI aims to completely replace cigarettes as soon as possible with smoke-free products that are scientifically substantiated to be less harmful than cigarettes. Our integrated business model, which includes our purpose, strategy, governance, and business model, underpins our ambition.

PMI's purpose is rooted in its mission **PMI's Statement of Purpose** and is underpinned by our Board of Directors. The Statement of Purpose also recognizes these stakeholders, stated in their right to thrive when creation and sustainability.

EXCERPTS FROM PMI'S STATEMENT OF PURPOSE

> In 2016, with the full support of the Board of Directors, **we formalized the long-purpose of delivering a smoke-free future**. Since then, PMI has been committed to transparency and reliable communication with our stakeholders, including our progress toward this alternatives. PMI is essentially disrupting itself, transforming tobacco and leading our world leading the tobacco industry, unprecedented transformation.
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> PMI's mission is committed to **accelerating the transition of adult smokers** to better alternatives, and we are committed to the long-term sustainability of our business and to developing sustainably accepted products that have a positive impact on society.
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> Read PMI's Statement of Purpose
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> Read more about PMI's Stakeholder Engagement

> PMI's purpose is driven by its commitment to transform for good, which guides its long-term strategy and mission, underpinned by a clear, bold and consistent about our purpose, we have successfully adapted to the changing environment and have built a strong and sustainable business. Understanding sustainability as an opportunity to transform our business has allowed us to create products that are effectively accelerating the decline in smoking, while we continue to offer adult traditional tobacco consumers our action where it is.
>
> **André Calantzopoulos**, Executive Chairman

2 TRANSFORMING ON CORPORATE

Transforming our company is not simply about substituting one product with another. It requires a fundamental change in our mindset and the way we interact with engage with our stakeholders, including our employees, consumers, and the communities in which we operate. Our purpose, strategy, business changes and opportunities to all aspects of our business.

PMI's BUSINESS TRANSFORMATION

Read more about PMI's Value Chain Transformation

3 BUSINESS TRANSFORMATION METRICS

We recognize that business transformation is a company-specific journey, which sustainability performance and business transformation. We have established a comprehensive set of metrics to measure the progress of transitioning a smoke-free future, both measurable and verifiable, as well as those that are more qualitative in nature, such as those related to our transformation key performance indicators (KPIs). These metrics showcase how we are allocating resources to our transformation, the progress we are making in our transition, and the impact our actions are having on our stakeholders.

Aspirations linked to our **Business Transformation Metrics** plan are a clear roadmap. Fully in alignment with our purpose, they underpin our business transformation and demonstrate how we are driving our transition to our organization and external stakeholders as we accelerate our pace. Our aspirations are underpinned by our commitment to distribute a smoke-free future remains our ambition, and we are committed to transparently reporting on our progress, including when we are not on track to achieve some of the business commitments. If we are unable to pass our business transformation metrics, we will not pay our executives.

BUSINESS TRANSFORMATION METRICS

	2016	2021	2022	Statistics
Smoke-free product net revenues	[illegible]	[illegible]	[illegible]	[illegible]
Smoke-free product net revenues as a percentage of total net revenues	[illegible]	[illegible]	[illegible]	[illegible]
Smoke-free product net revenues as a percentage of total net revenues in combustible tobacco markets