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 and receive detailed information about its strategic vision, performance, governance, and value creation.

> As we 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. The path we tread is marked by our ambition to lead, our vow to operate transparently, and our dedication to ensuring that cigarettes are relegated to history. We remain committed to transparent, consistent, and reliable reporting practices that allow external stakeholders to understand not only our performance but also how we are responding to a rapidly changing environment and planning for the long term, fostering a more sustainable and transparent business landscape.
>
> —**Jennifer Motles**, Chief Sustainability Officer

Read PMI's Integrated Report 2023

1 STATEMENT OF PURPOSE

PMI aims to completely replace cigarettes as soon as possible with smoke-free products that are scientifically substantiated to be less harmful than smoking, while in the longer run laying the foundation of a strong business in the areas of broader lifestyle, consumer wellness, and healthcare.

Our company's purpose is clearly articulated in **PMI's Statement of Purpose**, a declaration issued by our Board of Directors. The Statement of Purpose also recognizes those stakeholders most critical to long-term value creation and sustainability.

EXCERPTS FROM PMI'S STATEMENT OF PURPOSE

In 2016, with the full support of the Board of Directors, **PMI announced its new purpose of delivering a smoke-free future**. Since then, PMI has fully aligned its employees with this purpose and swiftly shifted its organizational focus and resources to smoke-free alternatives. PMI is essentially disrupting its traditional business from the inside out and is leading the industry in this unprecedented transformation.

PMI's key stakeholder constituencies, which are **fundamental to both the achieving of its purpose and to the pace of its progress**, will be affected in different ways by PMI's transformation.

To make its progress both measurable and verifiable, PMI developed a set of bespoke key performance indicators called **Business Transformation Metrics**. This set of metrics allow stakeholders

PMI remains committed to **accelerating the end of smoking** and laying the foundations of a strong business in areas of wellness and healthcare as we strive to develop commercially successful products that have a net positive impact on society.

to assess both the pace and the scale of its transformation and showcase how it is allocating resources away from its traditional cigarette business, aiming to base success on a future where it no longer makes or sells cigarettes.

Read PMI's Statement of Purpose

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 resource allocation. By being clear and consistent about our purpose, we have successfully adapted to the changing needs and preferences of our consumers and stakeholders. Understanding sustainability as an opportunity for innovation and growth has allowed us to create products that are actively accelerating the decline of cigarette smoking, beyond what traditional tobacco control measures can achieve alone (...).
>
> —**André Calantzopoulos**, Executive Chairman

2 TRANSFORMING THE COMPANY

Transforming our company is not simply about substituting one product with another. It requires changing our entire value chain, as well as the way in which we engage with society. This has required a holistic review and overhaul of our entire business model and value proposition, which brings challenges and opportunities to all aspects of our business.

PMI'S BUSINESS TRANSFORMATION

Product transformation

Innovating for better products

Over the past decade and a half, we have harnessed scientific and technological advances to develop alternatives to cigarettes that are scientifically substantiated to be a better choice for adult smokers than continued smoking. To achieve a smoke-free future, we work relentlessly to phase out cigarettes by replacing them with these less harmful alternatives as quickly as possible.

Supporting transformation

Combustible tobacco products

Growth priorities

Smoke-free products

Emerging opportunities

Wellness and healthcare

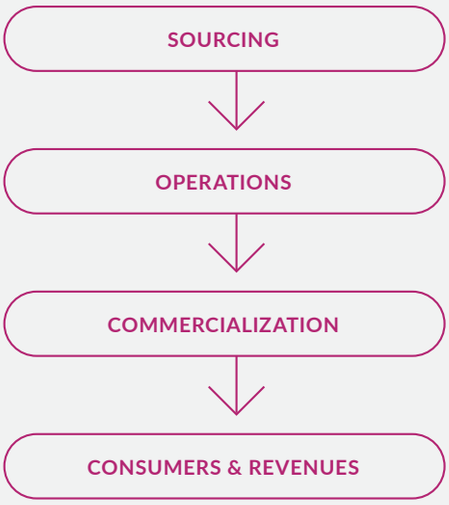
Internal

transformation

A new organization and value chain

Since announcing our smoke-free vision, we have undergone a meaningful reorganization, which unfolds as we progress on our transformation journey. Internally, we continue to invest in our employees to upskill their knowledge while also recruiting top talent, acquiring new capabilities, and incorporating new ways of working.

Beyond our own operations, we are transforming every step of our value chain to serve our company purpose. We recognize the challenges these changes pose and are actively helping all those impacted (in our direct and indirect operations) to best manage the transition.



External transformation

Changing the way we engage with stakeholders

Engaging with external stakeholders is critical to achieving our purpose. Our ability to successfully transform requires that we work with multiple segments of society to create a paradigm shift in which cigarettes become obsolete.

Read more about PMI's Value Chain Transformation

3 BUSINESS TRANSFORMATION METRICS

We recognize that business transformation is a company-specific journey, which sustainability reporting standards and frameworks fail to adequately capture. To make our progress toward achieving our purpose of becoming a smoke-free business both measurable and verifiable, we developed our Business Transformation Metrics, a bespoke set of financial and nonfinancial key performance indicators (KPIs). These metrics showcase how we are allocating resources away from our legacy business as we advance toward a future in which we will no longer base our success on making or selling cigarettes.

Aspirations linked to our **Business Transformation Metrics** give us a clear roadmap. Early in our transformation journey, we set ambitious 2025 aspirations that grounded our purpose and gave direction to both our organization and external stakeholders as we ventured into what was then uncharted territory. Our commitment to champion a smoke-free future remains unwavering. However, nearly eight years since announcing our smoke-free vision, and with more data and a better understanding of the business environment, it was prudent to pause and revisit our aspirations as we look toward the next horizon: 2030.

BUSINESS TRANSFORMATION METRICS

		2015 baseline	2021	2022	2023	Aspirations
Consumers & Revenues	Total number of users of PMI smoke-free products (in millions)[1]*	0.2	21.7	24.9	**28.6**	
	Estimated number of users who have switched to PMI smoke-free products and stopped smoking (in millions)[1]*	0.1	15.3	17.8	**20.8**	
	Adjusted net revenues ratio (smoke-free/total)[2]*	0.7%	29.5%	32.1%	**36.4%**	>2/3 by 2030

Commercialization	Number of markets where smoke-free products are available for sale[3]*	7	71	73	**84**	**100 by 2025**
	Number of markets where adjusted net revenues from smoke-free products exceed 50% of adjusted total net revenues*	0	10	17	**25**	**~60 by 2030**
	Number of markets where adjusted net revenues from smoke-free products exceed 75% of adjusted total net revenues*	0	0	0	**3**	**~40 by 2030**
	Proportion of markets where smoke-free products are available for sale that are low- and middle-income markets[4]*	17%	42%	42%	**47%**	**>50% by 2025**
	Commercial (marketing) expenditure ratio (smoke-free/total)*	8%	73%	74%	**74%**	
	Smoke-free product shipment volume – heated tobacco units (billion units)[5]*	0	95	109	**125**	
	Shipment volume – nicotine pouch (million cans)*	0	1	42	**421**	
	Combustible tobacco product shipment volume (billion units)[5]*	877	645	642	**633**	
	Change in combustible tobacco product shipment volume (billion units) vs. 2015 baseline[5]*	n/a	(26.4)%	(26.8)%	**(27.9)%**	
Sourcing & Operations	Adjusted R&D expenditure ratio (smoke-free/total)[6]*	70%	99%	99%	**99%**	
	Supply chain direct spend expenditure (smoke-free/total)[7]	n/a	35%	43%	**41%**	
	Number of factories producing smoke-free products out of total number of factories[8]*	3 out of 48	9 out of 38	14 out of 49	**16 out of 50**	

* The 2023 metrics marked with an asterisk (*) are subject to PwC's Limited Assurance Report. See pages 203-205 in PMI's Integrated Report 2023.

Notes:
Unless otherwise stated, all applicable business transformation metrics include Swedish Match related data as of November 11, 2022 (acquisition date), as well as Vectura Fertin Pharma.
In 2023, we evaluated and republished a new set of aspirations for 2030 to ensure they remain ambitious, reasonable, and achievable in the context of a dynamic and evolving smoke-free industry, and the impacts of our recent acquisitions.

1 Figures pertain to total *IQOS* users. See pages 208-211 in PMI's Integrated Report 2023.
2 For definition of net revenues related to smoke-free products, see pages 208-211 in PMI's Integrated Report 2023. Data excludes the impact related to termination of distribution arrangement in the Middle East in 2023 and the impact related to the Saudi Arabia customs assessments in 2021.
3 For definition of available for sale, see pages 208-211 in PMI's Integrated Report 2023.
4 Excluding PMI Duty Free. World Bank report issued in 2023 is used on a comparative basis for income level classification. For definition of low- and middle-income markets, see pages 208-211 in PMI's Integrated Report 2023.
5 These indicators are calculated based on millions of units. For definition of heated tobacco units and combustible tobacco products, see pages 208-211 in PMI's Integrated Report 2023. Combustible tobacco products shipment volume includes cigarettes and other tobacco products expressed in cigarette equivalent units.
6 Adjusted R&D expenditure excludes asset acquisition cost related to OtiTopic, Inc. in 2021. Total reported R&D expenditure in 2021 including these items amounted to USD 617 million.
7 Direct spend focuses on materials used in the manufacture of our products; it includes tobacco leaf, direct materials, and electronic devices and accessories. Data excludes Swedish Match and Vectura Fertin Pharma.
8 Data reflects the number of factories operated and owned by PMI at the end of the respective year. As of 2023, "Smoke-free products factories" is defined as manufacturing facilities producing heated tobacco units and oral nicotine products. Additionally, in 2023, PMI evolved its approach to report the number of factories based on location instead of based on plant. If a facility is one location, but has several physical areas (plants), the facility is counted as one. To provide comparability, 2022 data has been restated on the same basis.

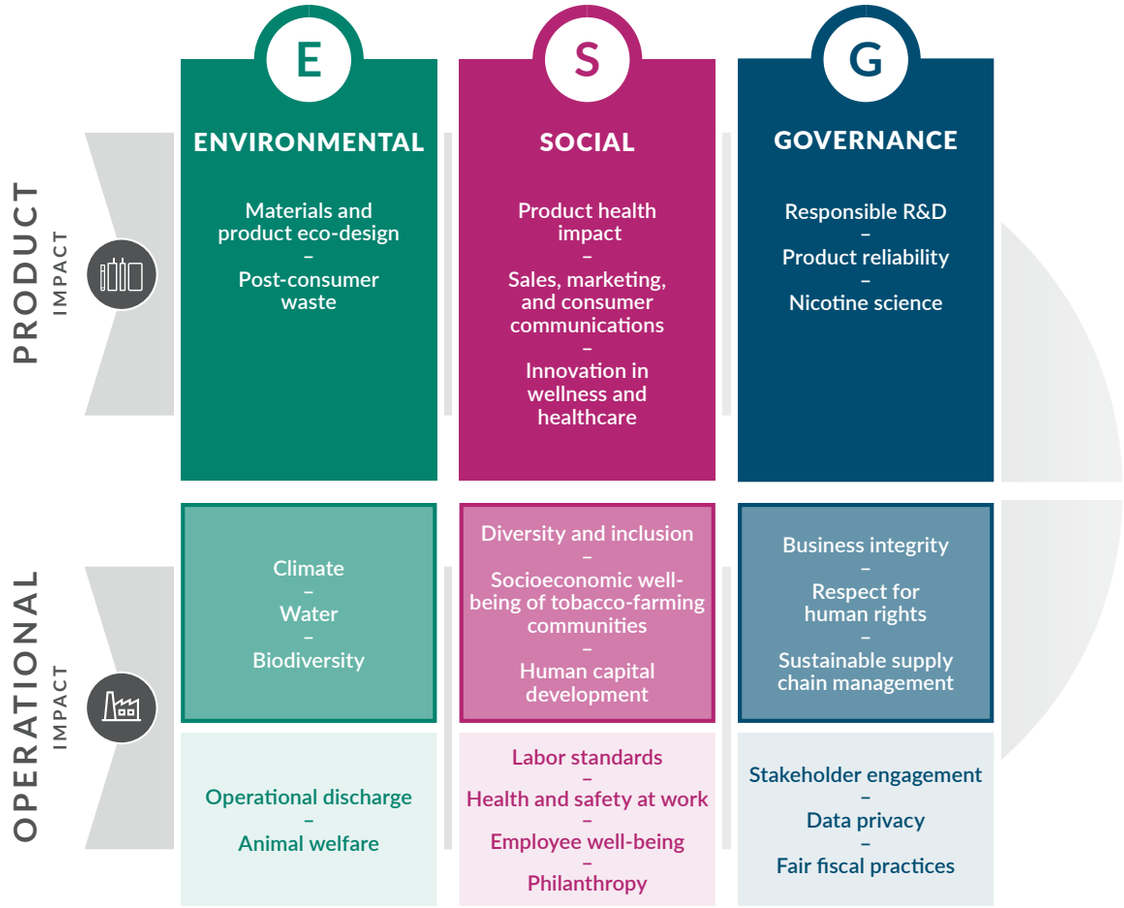
Read more about **PMI's Business Transformation Metrics**

> 2023 allowed us to reflect on the strides we have made. It was a year marked by unity, determination, and a continued commitment to our vision of a smoke-free future—evident in every endeavor we undertook and each challenge we transformed into an opportunity for growth.
>
> —**Jacek Olczak**, CEO

4 PRIORITY SUSTAINABILITY TOPICS

PMI's approach to sustainability is guided by the outcomes of its 2021 **sustainability materiality assessment**, which, following the principles of double materiality, identified the topics on which PMI focuses and prioritizes resources.

PMI's ESG framework recognizes two distinct forms of issues: those that relate to its products (what we produce), which are part of the "Product Impact" pillar, and those related to its business operations (how we produce), which are part of the "Operational Impact" pillar. PMI classifies each issue based on its environmental, social, or governance-related nature.

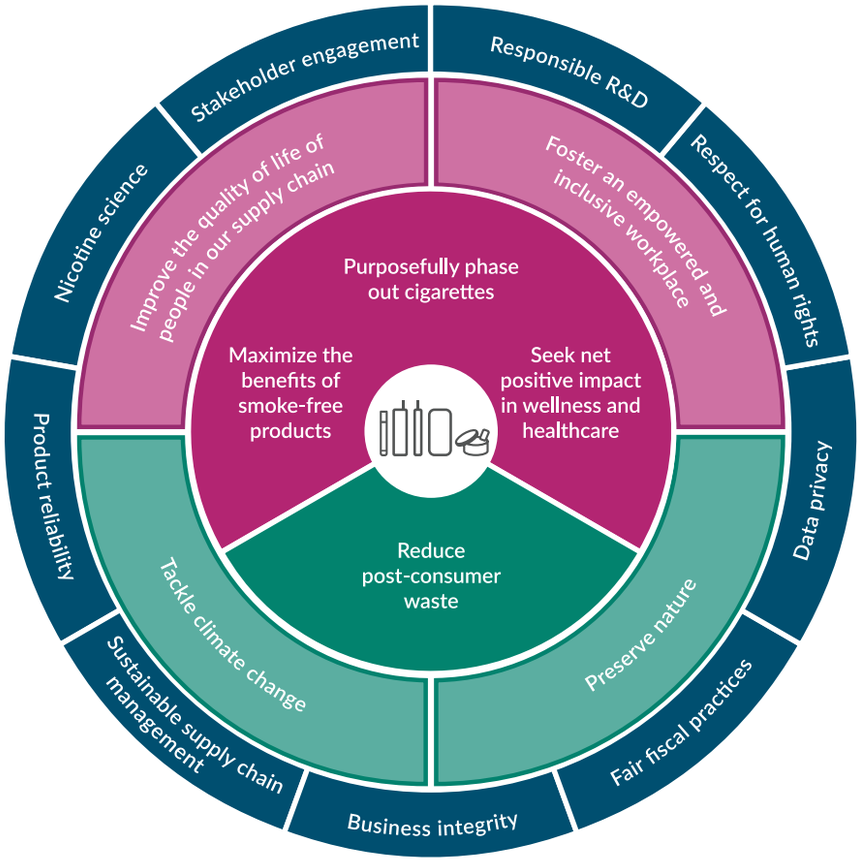


Read PMI's 2021 Sustainability Materiality Report

Read more about priorities for PMI's Sustainability Strategy

5 SUSTAINABILITY STRATEGY

Sustainability is more than just a means to minimize negative externalities and mitigate risks while maximizing operational efficiency and resource optimization. We see it as a fundamental opportunity for innovation, growth, and purpose-led, impact-driven, long-term value creation.



The company's approach to sustainability addresses its ESG priorities through eight impact-driven strategies: four focus on product impacts, another four on impacts derived from its business operations. The company's policies, rules, and procedures define its ability to successfully implement these strategies.

Read more about PMI's Approach to Sustainability

6 11 GOALS—2025 ROADMAP PROGRESS

PMI's 2025 Roadmap outlines our key goals and informs the route of our company's long-term plan. **Running to the end of 2025, it comprises 11 headline goals, each connected to our eight strategies, which aim to address the priority ESG topics identified by our sustainability materiality assessment.**

PROGRESS ON OUR 2025 ROADMAP

PRODUCT IMPACT

	Goals	Progress in 2023	Performance summary	Priority ESG topics and primary SDGs
Purposefully phase out cigarettes	1 Intentionally work toward phasing out cigarettes by ensuring that we become a substantially smoke-free company by net revenues by 2030 and continue to reduce our combustible shipment volume		Smoke-free products represented 36.4 percent of our adjusted annual net revenues in 2023 (2022: 32.1 percent),[1] anvd 18.6 percent of our total shipment volume (2022: 15.3 percent).[2] Meanwhile our combustible tobacco product shipment volume decreased by 27.9 percent versus 2015.	Product health impact 3
Maximize the benefits of smoke-free products	2 Develop and commercialize science-based smoke-free alternatives, making them available in 100 markets (of which at least half are low- and middle-income markets) and continue to increase the total number of users 3 Deploy robust youth access prevention programs in indirect retail channels and ensure that sales of our products abide by our Marketing Codes		By the end of 2023, our smoke-free products were available for sale in 84 markets,[3] of which 47 percent were low- and middle-income markets (2022: 73; 42 percent).[4] We estimate that approximately 33 million adults worldwide were using our smoke-free products, including around 28.6 million adults worldwide who were using *IQOS* (2022: 24.9).[5] During 2023, we strengthened governance for youth access prevention programs in our indirect retail channels and continued to cover a high share (98 percent) of our total shipment volume with these programs.	Product health impact; Sales, marketing, and consumer communications 3
Seek net positive impact in wellness and healthcare	4 Lay the foundation to evolve into a broader lifestyle, consumer wellness, and healthcare company in the long term		While we focus in the short- to medium-term on capitalizing on our smoke-free products' growth potential, we remain convinced of the longer-term potential of our wellness and healthcare business.	Innovation in wellness and healthcare 3 8
Reduce post-consumer waste	5 Reduce post-consumer waste and prevent littering by implementing comprehensive programs covering all our consumables 6 Follow eco-design and circularity principles for all smoke-free electronic devices		We have expanded the scope of anti-littering programs for cigarette butts to 76 percent of sales volumes while continuing to roll out end-of-life take-back programs for smoke-free consumables, now covering 17.6 percent of sales volumes.[6] Smoke-free products—and heated tobacco products, in particular—are a relatively new product category. As such, they are generally not covered by existing product category rules. We have further defined our framework for eco-design and integrated several sustainable design principles into select pilot projects.	Materials and product eco-design; Post-consumer waste 8 17

OPERATIONAL IMPACT

Foster an empowered and inclusive workplace	7 Nurture a more diverse culture that promotes equity and inclusion by providing access to lifelong learning to all our employees and improving gender and local representation in management globally		In 2023, 32.0 percent of senior roles were held by women. We continued to expand opportunities for learning and development: By the end of 2023, 77 percent percent of our employees worldwide could access structured lifelong learning offers.	Diversity and inclusion; Human capital development 4 5 8 10

Improve the quality of life of people in our supply chain	8 Eradicate systemic child labor in our tobacco supply chain	In 2023, child labor prevalence affected 0.1 percent of our purchased tobacco and, while we broadly eradicated systemic child labor issues in the farms we contract with, we remain committed to eradicating isolated cases.[7]	**Socioeconomic well-being of tobacco-farming communities**
	9 Ensure all contracted tobacco farmers make a living income; partner with our direct suppliers to promote a living wage for their workers	In 2023, we strengthened our tobacco farmer living income calculation methodology and, by the end of the year, 96 percent of contracted farmers supplying tobacco to PMI made a living income.	
Tackle climate change	10 Achieve carbon neutrality in our operations and accelerate our decarbonization toward net zero across our value chain	In 2023, our CO_2e scope 1+2 emissions decreased by 36 percent versus our 2019 baseline and our net CO_2e scope 1+2+3 emissions decreased by 13 percent within the same time frame, which keeps us on track to reach carbon neutrality in our direct operations by 2025 and net zero across our value chain by 2040.[8]	**Climate**
Preserve nature	11 Promote biodiversity, address critical water challenges, ensure no conversion of natural ecosystems, and halt deforestation in both our tobacco and pulp and paper supply chains	In 2023, we achieved 94 percent of tobacco purchased at no risk of net deforestation of managed natural forest and no conversion of natural ecosystems, and 95 percent of paper, board, and pulp-based supplies purchased at no risk of gross deforestation of primary and protected forests.[9] Our water stewardship initiatives have contributed to optimizing a total of 8.1 million cubic meters of water in our tobacco-growing areas since 2019, putting us well on track to achieving our aspiration to optimize 25 million cubic meters of water by 2033.[10]	**Biodiversity; Water**

Note: Goals 1 and 4 were adjusted to reflect revised aspirations linked to our business transformation (read more pages 24-25 in PMI's Integrated Report 2023).

1 For definition of net revenues related to smoke-free products, see pages 208-211 in PMI's Integrated Report 2023. Data excludes the impact related to termination of distribution arrangement in the Middle East in 202.
2 These indicators are calculated based on millions of units. For definition of smoke-free products and combustible tobacco products, see pages 208-211 in PMI's Integrated Report 2023. Smoke-free products shipment volume includes volume of smoke-free products that can be converted into cigarette equivalent units, such as heat-not-burn, e-vapor, and oral nicotine. Total shipment volume includes the listed smoke-free products as well as combustible tobacco products: cigarettes and other tobacco products expressed in cigarette equivalent units. Data does not include wellness and healthcare products.
3 For definition of available for sale, see pages 208-211 in PMI's Integrated Report 2023.
4 Excluding PMI Duty Free. World Bank report issued in 2023 is used on a comparative basis for income level classification. For definition of low- and middle-income markets, see pages 208-211 in PMI's Integrated Report 2023.
5 Figures are based on *IQOS* user panels and PMI Market Research. Estimated user numbers for oral nicotine and e-vapor are approximate, with further methodology details to be provided in future disclosures. See pages 208-211 in PMI's Integrated Report 2023.
6 Shipment volume includes heated tobacco units, e-vapor cartridges, and e-vapor disposables. See PMI's Sustainability KPI Protocol 2023 for further details.
7 For further details on how we calculate the prevalence of child labor in PMI's tobacco supply chain, please see PMI's Sustainability KPI Protocol 2023.
8 Including Swedish Match.
9 For definitions, please see PMI's Zero Deforestation Manifesto and PMI's Sustainability KPI Protocol 2023.
10 Indicator is based on the World Resources Institute's volumetric benefit accounting methodology and is verified by an external third party.

7 SUSTAINABILITY INDEX

PMI's Sustainability Index directly connects our 2025 Roadmap to specific KPIs and aspirations. The index has allowed PMI's Board of Directors to enhance the company's compensation practices, explicitly strengthening the link between long-term executive compensation and sustainability performance. For that purpose, our Sustainability Index was linked to part of our performance share unit (PSU) award and represents 30 percent of its total for the 2023–2025 performance cycle.

SUSTAINABILITY INDEX 2023–2025

PRODUCT IMPACT

	Key performance indicators	2025 aspirations	KPI weight
Purposefully phase out cigarettes	1 Adjusted net revenues ratio (smoke-free/total)*†	>50%	80%
Maximize the benefits of smoke-free products	2 Number of markets where smoke-free products are available for sale*†	100	
	3 Proportion of markets where smoke-free products are available for sale that are low- and middle-income markets*†	>50%	
	4 Proportion of shipment volume covered by markets with youth access prevention programs in place in indirect retail channels†	>90%	
Reduce post-consumer waste	5 Proportion of shipment volumes covered by markets with anti-littering programs in place for combustible cigarettes	≥80%	20%
	6 Proportion of shipment volume covered by markets with end-of-life take-back programs in place for smoke-free consumables	≥80%	
	7 Proportion of PMI smoke-free devices with eco-design certification	100%	
	8 Cumulative number of smoke-free electronic devices refreshed or repaired since 2021 (in thousands)	>1,000	
Product Sustainability performance			100%

OPERATIONAL IMPACT

Foster an empowered and inclusive workplace	9	Proportion of women in senior roles†	35%	50%
	10	Proportion of PMI employees who have access to structured lifelong learning offers†	70%	
Improve the quality of life of people in our supply chain	11	Cumulative number of human rights impact assessments conducted since 2018, with findings addressed†	10	
	12	Prevalence of child labor among contracted farmers supplying tobacco to PMI	zero	
	13	Proportion of contracted farmers supplying tobacco to PMI who make a living income	100%	
Tackle climate change	14	Net carbon emissions in scope 1+2 (in thousands of metric tons)†	zero	50%
	15	CO_2e scope 3 FLAG absolute reduction versus 2019 baseline (in line with science-based target)†	18%	
Preserve nature	16	Proportion of tobacco purchased at no risk of deforestation of managed natural forest and no conversion of natural ecosystems	100%	
Operational Sustainability performance				100%
PMI Sustainability Index				100%

The metrics marked with an asterisk (*) are subject to limited PwC's Assurance Report in 2023. For definitions of the KPIs please refer to the PMI's Sustainability KPI Protocol 2023.
The aspirations for metrics marked with a cross (†) include Swedish Match's operations in the Sustainability Index 2023–25.
Note: The Sustainability Index reflects KPIs approved by the Compensation and Leadership Development Committee of PMI's Board of Directors on a yearly basis, and is not intended to reflect, among others, the current forward-looking goals or aspirations of the Company.

Read more about **PMI's Sustainability KPI Protocol**

> Strategic foresight unites our nonfinancial aspirations with financial outcomes. This is consistent with our purpose, which increasingly resonates with our stakeholders, and we believe powerfully demonstrates the interplay between societal impact and the generation of long-term shareholder returns. Delivering a smoke-free future and excelling in our sustainability aspirations are not just ethically sound decisions, they are the bedrock of our strategy and the key to our shared success.
>
> —**Emmanuel Babeau**, Chief Financial Officer

8

SUSTAINABILITY PERFORMANCE HIGHLIGHTS

2023 HIGHLIGHTS

PRODUCT IMPACT

SOCIAL

~33 m
Estimated number of users of PMI smoke-free products, including 28.6 m *IQOS* users (2022: 24.9 m *IQOS* users)[1]

36.4%
Of adjusted net revenues derived from smoke-free products (2022: 32.1%)[2]

84
Markets where PMI smoke-free products are available for sale,[3] of which 47% in low- and middle-income markets[4] (2022: 73, 42%)

25
Markets where smoke-free products represented more than 50% of annual net revenues (2022: 17)

USD 12.5 bn
Cumulative investment behind smoke-free products since 2008 (2022: USD 10.7 bn)[5]

98%
Of total shipment volume covered by youth access prevention programs in indirect retail channels (2022: 91%)[7]

ENVIRONMENT

320,000
Cumulative number of smoke-free electronic devices refreshed or repaired since 2021 (2022: 157,000)[6]

76%
Of shipment volume covered by markets with anti-littering programs in place for combustible cigarettes (2022: 68%)[6]

17.6%
Of shipment volume covered by markets with smoke-free consumables take-back programs (2022: 8.5%)[6]

OPERATIONAL IMPACT

SOCIAL

41.8%
Of management positions held by women, continuing to exceed our aspiration of maintaining 40% (2022: 40.7%)

8
Human rights impact assessments conducted since 2018 in highest-risk countries (2022: 7)[6]

0.1%
Prevalence of child labor among contracted farmers supplying tobacco to PMI (2022: 0.1%)[6]

ENVIRONMENT

94%
Proportion of tobacco purchased at no risk of net deforestation of managed natural forest and no conversion of natural ecosystems (2022: 55%)[6]

Triple A
Score from CDP for climate, forest, and water security for the fourth consecutive year

8.14
Million cubic meters of water optimized in our tobacco-growing areas, cumulative since 2019 (2022: 4.94 million cubic meters)

1 Figures are based on *IQOS* user panels and PMI Market Research. Estimated user numbers for oral nicotine and e-vapor are approximate, with further methodology details to be provided in future disclosures. See pages 208-211 in PMI's Integrated Report 2023.
2 For definition of net revenues related to smoke-free products, see pages 208-211 in PMI's Integrated Report 2023. Data excludes the impact related to termination of distribution arrangement in the Middle East in 2023.
3 For definition of available for sale, see pages 208-211 in PMI's Integrated Report 2023.
4 Excluding PMI Duty Free. World Bank report issued in 2023 is used on a comparative basis for income level classification. For definition of low- and middle-income markets, see pages 208-211 in PMI's Integrated Report 2023.
5 Investments reflect research, product and commercial development, production capacity, scientific substantiation, and studies on adult smoker understanding. Figures do not include Swedish Match and Vectura Fertin Pharma.
6 See PMI's Sustainability KPI Protocol 2023 for further details.
7 Total shipment volume includes cigarettes, other tobacco products (OTPs), and smoke-free product consumables. See PMI's Sustainability KPI Protocol 2023 for further details. Data excludes Swedish Match and Vectura Fertin Pharma.

9 RECOGNITIONS & ESG RATINGS

In 2023, PMI's sustainability performance was recognized by ESG ratings providers and sustainability-related organizations, including:

		2023 score (and year-on-year trend	
S&P Global Corporate Sustainability Assessment	PMI was included for the first time in the Dow Jones Sustainability World Index, and for the fourth consecutive year in the Dow Jones Sustainability North America Composite Index (score as of November 24, 2023, Indices effective as of December 18, 2023).	85/100 ↗	Member of Dow Jones Sustainability Indices Powered by the S&P Global CSA
ISS ESG	PMI achieved industry leadership, improving to a rating of "C+" and gaining "Prime" status for the first time, only one in the sector (score as of November 21, 2023).	C+ ↗	
CDP Climate, Forest, Water Security	PMI was awarded a Triple A score for the fourth consecutive year in recognition of its efforts to combat climate change, protect forests, and promote water security.	AAA →	CDP A LIST 2023
CDP Supplier Engagement	PMI earned a place on CDP's Supplier Engagement Leaderboard for the seventh consecutive year.	Leaderboard →	CDP
Bloomberg Gender-Equality Index	PMI was included for the third consecutive year in the Bloomberg Gender-Equality Index (GEI) for its transparency in gender reporting and advancing women's equity (announcement on January 31, 2023).	Index member →	Bloomberg
Sustainalytics	PMI maintained its "Medium ESG Risk" classification scoring 27.7 (score as of December 28, 2023).	Medium risk →	
MSCI	PMI maintained a rating of BBB in the MSCI ESG Rating assessment (score as of October 13, 2023).	BBB →	
Tobacco Transformation Index	PMI ranked second out of 15 tobacco companies assessed, leading the industry in the "Strategy and Management," "Capital Allocation & Expenditure," and "Marketing Policy & Compliance" categories (score as of September 2022).	3.69/5 ↗	
State Street R-Factor	Achieved Leader (Universe level) and Outperformer (Industry level) rating (score as of February 1, 2024).	Outperformer →	

Key ↗ Improved → Maintained

10

PMI SUSTAINABILITY AROUND THE WORLD—CASE STUDIES AND MARKET STORIES

As a strong complement to the content and data included in PMI's 2023 Integrated Report, the company has developed 8 case studies and market stories that showcase impact and highlight how PMI affiliates worldwide drive sustainability. All case studies and market stories are available here.

PIECES OF LITTER = PILES OF PROBLEMS
Kazakhstan

WATER GUARDIANS—PROTECTING ONE OF NATURE'S MOST VALUABLE RESOURCES
Brazil

LASER FOCUS ON WATER CONSERVATION
Pakistan

RISING FROM THE ASHES—REPLANTING GREECE'S FIRE-RAVAGED FORESTS
Greece

BUILDING CONFIDENCE AND HOPE FOR RETIREMENT
Indonesia

PMI'S HOLISTIC APPROACH TO WATER STEWARDSHIP
Italy

SUPPORTING FEMALE ENTREPRENEURSHIP
Malawi

HUMAN RIGHTS IMPACT ASSESSMENT
Pakistan

APPLYING IMPACT VALUATION AND SOCIAL RETURN ON INVESTMENT METHODOLOGIES TO PMI'S WASTE BANK PROJECT
Indonesia

USING CREATIVITY TO ENCOURAGE POSITIVE CHANGE ON POST-CONSUMER WASTE
Bulgaria

Read all PMI's Case Studies and Market Stories

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LEARN MORE ABOUT PMI'S APPROACH TO SUSTAINABILITY

PMI's Sustainability Strategy and 2023 Performance Highlights

PMI's Sustainability Protocol 2023

PMI's 2021 Sustainability Materiality Report

PMI's Low-Carbon Transition Plan

PMI's Ambition on Biodiversity and Water

PMI's Human Rights Report

PMI's Task Force on Climate-Related Financial Disclosures Report 2022

PMI's Reduce Post-Consumer Waste Strategy

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This document should be read in conjunction with the Philip Morris International Inc. Integrated Report 2023, available on www.pmi.com. Key terms and definitions are set forth in the Integrated Report referenced above.

Forward-looking and cautionary statements

The Integrated Report 2023 and related materials contain 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; and 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: excise tax increases and discriminatory tax structures; increasing marketing and regulatory restrictions that could reduce our competitiveness, eliminate our ability to communicate with adult consumers, or ban certain of our products in certain markets or countries; health concerns relating to the use of tobacco and other nicotine-containing products and exposure to environmental tobacco smoke; litigation related to tobacco use and intellectual property; intense competition; the effects of global and individual country economic, regulatory and political developments, natural disasters and conflicts; the impact and consequences of Russia's invasion of Ukraine; changes in adult smoker behavior; the impact of COVID-19 on PMI's business; lost revenues as a result of counterfeiting, contraband and cross-border purchases; governmental investigations; unfavorable currency exchange rates and currency devaluations, and limitations on the ability to repatriate funds; adverse changes in applicable corporate tax laws; adverse changes in the cost, availability, and quality of tobacco and other agricultural products and raw materials, as well as components and materials for our 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 its attempts to produce and commercialize reduced-risk products or if regulation or taxation do not differentiate between such products and cigarettes; if it is unable to successfully introduce new products, promote brand equity, enter new markets or improve its margins through increased prices and productivity gains; if it is unable to expand its brand portfolio internally or through acquisitions and the development of strategic business relationships; if it is unable to attract and retain the best global talent, including women or diverse candidates; 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 reduced-risk product category's 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, 2023. 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 document, "PMI," "we," "us," and "our" refer to Philip Morris International Inc. and its subsidiaries.

In this document 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.

This document 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.

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This document 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 document 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 document 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 214 of PMI's Integrated Report 2023.

This document should be read in conjunction with PMI's Integrated Report 2023 and PMI's Sustainability KPI Protocol 2023.