



Global Environmental Policy

PMI 45-C

Last Reviewed: 31 October 2025

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1. Purpose, Applicability & Governance

1.1. Purpose

This Environmental Policy (“Environmental Policy” or “Policy”) establishes a comprehensive, materiality-based framework that enables our Company to proactively manage environmental risks, capitalize on sustainable business opportunities, ensure robust governance over environmental decision-making, and maintain stakeholder trust through substantiated commitments and transparent accountability. By addressing our most significant environmental impacts across product circularity, climate change, and nature stewardship, this Policy positions our Company to thrive while protecting long-term shareholder value and fulfilling our responsibility to operate within planetary boundaries.

1.2. Applicability

This Policy applies to and sets forth the commitment of Philip Morris International, Inc. and all of its subsidiaries and affiliates¹ (together “Company” or “PMI”) to work towards managing its environmental impact as an integral component of long-term value creation strategy. It guides our relationship with suppliers, business partners, and other stakeholders with whom we engage.

1.3. Governance²

PMI’s Board of Directors (the “BoD”) oversees the Company’s sustainability strategies and performance.

PMI’s Sustainability Committee (the “SC”) is a management-level governance body chaired by the Chief Sustainability Officer, and includes the participation of our Chief Executive Officer. The SC’s purpose is to define and align on strategy, goals, and targets, as well as approve strategic decisions including, but not limited to, the sustainability materiality assessment (“SMA”), integrated reporting, aspirational goals, sustainability index, sustainability communications and sustainability related targets.

While the SC is responsible for the Company’s sustainability strategy, the accountability for its execution lies in various PMI business units. Targets related to a particular sustainability strategy and aspiration are assigned to individual members of the SC, who form objectives for themselves, and for the functions they are heading.

PMI runs a robust Enterprise Risk Management (“ERM”) program to manage current and future risks that may impact our ability to achieve business objectives. Sustainability-related risks and opportunities are periodically reviewed under the ERM program.

The Policy is complemented by the *PMI 45-CS1 Global Environmental Standard* for additional rules and processes that must be followed when deploying PMI Environmental strategy.

¹ Including Aspeya, as their integration with PMI’s sustainability practices progresses.

² If any applicable laws, regulations, or Affiliate policy documents are stricter than these requirements, then the stricter requirements must be followed. If you believe that any part of this policy is in conflict with local laws, contact your Legal & Compliance Department for guidance at PMI.EthicsandCompliance@pmi.com.



1.4. Review and Approval

In addition to the review and approval requirements outlined in the PMI Global Policy Governance Framework Policy, this Policy is approved and reviewed every two years by the SC and is submitted to the BoD for its review and approval. All environmental targets, aspirations, goals are approved by the SC (and the Science-Based Target Initiative as applicable), including those mentioned in this Policy.

2. Product Impact: Circularity

2.1. PMI aims to:

- Improve product design and resource use efficiency, including greater use of recycled materials.
- Enhance circularity practices in line with evolving societal expectations.

2.2. Core principles

Circular design: We integrate sustainability considerations into our product design through an end-to-end approach, from the selection and sourcing of materials to their end-of-use and end-of-life.

Resource efficiency principle: We transition away from virgin resources when expanding our product portfolio, enhancing water and material efficiency.

Waste minimization: We aim to reduce the waste we generate, promote its reuse and recycle whenever possible, and avoid disposal to landfill.

Addressing post-consumer waste: We address post-consumer waste through consumer engagement, including awareness programs.

Environmental product claims (green claims): Our product claims must be accurate, non-misleading, and adequately substantiated. Environmental product claims are subject to an internal cross-functional review process in accordance with our internal standards.

3. Operational Impact: Climate Change

3.1. PMI aims to:

- Reduce greenhouse gas emissions across our value chain.
- Develop climate adaptation strategies, as aligned with recognized global frameworks.

3.2. Core principles

- **Climate Transition Plan:** Our Climate Transition Plan outlines the Company's strategy for achieving climate goals in our direct operations and broader value chain, and transitioning to a low-carbon economy, considering the Paris Agreement. Our approach to prepare for climate change impacts relies on internally defined climate adaptation guidelines to manage physical risks at local level, both for own operations and value chain.
- **Internal carbon pricing:** We consider tradeoffs between costs and carbon intensity as part of an investment decision.
- **Offsetting:** We invest in projects to support carbon sequestration with specific focus on nature-based solutions and especially carbon removals activities, following externally recognized core principles and PMI-specific quality criteria. We conduct a rigorous due diligence on the additionality, permanence, verification, biodiversity, and social impacts of the projects.
- **GHG Protocol:** Following the guidance of the Greenhouse Gas ("GHG") Protocol, we annually measure and independently verify our Scope 1, 2, and 3 GHG emissions. We also set science-based GHG emission reduction targets.



4. Operational Impact: Nature

4.1. Biodiversity and ecosystems

4.1.1. PMI aims to:

- Avoid, minimize, restore, and compensate our environmental impact by preserving biodiversity and ecosystems.
- Play an active role in protecting the forest capital across our value chain.

4.1.2. Core principles

- **Nature-Positive Ambition:** Following the guidance of the Kunming-Montreal Global Biodiversity Framework ("GBF"), our long-term ambition is to contribute toward a positive impact on nature.
- **Biodiversity-sensitive areas:** We assess, monitor, and minimize our biodiversity impact through targeted evaluations, supplier requirements, sustainable sourcing, and compliance measures.
- **Responsible forest management:** By tracing product origins and improving our impact related to tobacco curing and paper- and pulp-based products, we contribute to responsible forest management practices. In accordance with international frameworks, we track zero deforestation progress through third-party verification and comprehensive monitoring.

4.2. Water

4.2.1. PMI aims to:

- Implement water stewardship practices by improving manufacturing processes, towards a positive impact on water resources at watershed level.
- Support sustainable farming by promoting responsible water stewardship across our value chain.

4.2.2. Core principles

- **Water use and sourcing:** We verify and monitor water withdrawal and consumption with reliable methods, and we work towards continuously improving our water use, treatment, and re-use.
- **Water Risk Assessment:** We assess water risks across our value chain, engaging suppliers to implement targeted water-saving projects.
- **Shared water challenges:** We act on actual and measured shared needs at watershed level, both for our manufacturing operations and for our tobacco supply chain, expecting stewardship of water resources across relevant business units.

5. Implementation Framework

- **Compliance with external frameworks and standards:** Beyond policy and regulation, we align our work with leading third-party standards and initiatives. If applicable laws, regulations, or standards are stricter than the requirements of this Policy, we follow the stricter requirements.
- **Target setting within PMI's sphere of influence:** We carefully balance ambition with achievability to ensure that our targets are both meaningful and within our sphere of influence, accounting for external factors beyond our direct control.
- **Due diligence:** We conduct environmental due diligence, covering our own activities, as well as our direct and indirect business partners.
- **Supply chain management:** Environmental sustainability is embedded into our supply chain through the integration of responsible sourcing practices into our procurement activities, reflecting our environmental priorities and ensuring regulatory compliance.
- **Internal controls and assurance:** PMI's risk governance model includes Internal Controls over Sustainability Reporting (ICSR) which manage the risks associated with sustainability data integrity. By embedding a robust ICSR framework into our business processes and obtaining



internal and external assurance, we enhance the credibility, accuracy, and reliability of our sustainability disclosures, support regulatory compliance, and build trust with stakeholders.

- Mitigation hierarchy: We are taking action to address the different steps of the mitigation hierarchy, an internationally recognized framework that provides us with a structured sequence of actions guiding the implementing of environmental best practices.
- Reporting and transparency: Transparency in our reporting enables informed decision-making and strengthens stakeholder trust. We strive for accurate, consistent, and transparent environmental reporting in line with our internal standards.
- Data governance and management: We constantly look to improve our non-financial data governance. New technologies and automation are helping us enhance our capability to collect and verify data with increased accuracy and efficiency.
- Training: Training programs on this Policy follow PMI's Global Policy Governance Framework.

6. Exceptions

Generally, exceptions to this Policy will not be granted.

Only the Vice President Operations Sustainability may grant exceptions to this Policy. No exceptions will be valid until the receipt of written approval of the exception.

Exceptions will only be granted in cases where the wording of this Policy may lead to an unintended outcome for a case or scenario that has not been anticipated, such that future versions of this Policy will be amended to accommodate the exception.

7. Compliance & Speaking Up

Violations of this Policy may lead to legal or disciplinary action against those involved, including termination of employment.

PMI employees may also ask questions, raise concerns, or report instances of observed or suspected misconduct, including non-compliance with this Policy or related Standards, by contacting any of the following:

- Your supervisor, department head, or affiliate or function leadership;
- Your PMI Compliance team [key contact](#);
- The PMI Compliance team confidential email address at PMI.EthicsandCompliance@pmi.com; or
- 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. You can contact the Help Line online at www.compliance-speakup.pmi.com or by telephone at +1 303-623-0588. You may use the PMI Compliance Help Line anonymously, subject to local laws and regulations.

The Company does not tolerate retaliation against employees who speak up in good faith about a suspected compliance violation or cooperate with an investigation.

See [PMI's Global Speaking Up Policy \(PMI 16-C\)](#) for more information.

8. Related information

Policy Documents:

- [PMI 45-CS1 Global Environmental Standard](#)
- [PMI Code of Conduct](#)
- [PMI Global Policy Governance Framework](#)



Forms, Hyperlinks, and Other Attachments:

- [PMI Responsible Sourcing Principles](#)
- [PMI Climate Transition Plan](#)
- [PMI Good Agricultural Practices](#)
- [PMI Zero Deforestation Manifesto](#)
- [PMI Human Rights Commitment](#)

9. Definitions

Carbon credit – A tradable unit representing one metric ton of CO₂-equivalent emissions reduced or removed from the atmosphere, verified against a baseline scenario. This is calculated as the difference in GHG emissions or removals from a baseline scenario to the emissions or removals occurring under the mitigation activity, and any adjustments for leakage.

Carbon removal – Anthropogenic activities removing CO₂ from the atmosphere and durably storing it in geological, terrestrial, or ocean reservoirs, or in products. CDRs include existing and potential anthropogenic enhancement of biological or geochemical CO₂ sinks and direct air carbon dioxide capture and storage (DACCS) but exclude natural CO₂ uptake not directly caused by human activities.

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.

Greenhouse gas (GHG) – 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.

GHG emission reduction – A net reduction in anthropogenic greenhouse gas emissions by sources.

High quality carbon credits – Carbon credits generated by projects that comply with high quality principles as defined by leading initiatives such as the ICVCM, and that create real, verifiable climate impact.

Impacts – The effect the undertaking has or could have on the environment and people, including effects on their human rights, connected with its own operations and upstream and downstream value chain, including through its products and services, as well as through its business relationships. The impacts can be actual or potential, negative or positive, intended or unintended, and reversible or irreversible. They can arise over the short-, medium-, or long-term. Impacts indicate the undertaking's contribution, negative or positive, to sustainable development. The definition of "Impacts" comes from the [ESRS Glossary](#).

Materiality – A sustainability matter is material if it meets the definition of impact materiality, financial materiality, or both. For the avoidance of doubt, the term "materiality," "material," and similar terms are defined in the referenced sustainability standards and certain regulatory requirements, as may be applicable to PMI, 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. The definition of "Materiality" comes from the [ESRS Glossary](#).

Mitigation activities – An activity that reduces anthropogenic emissions of a GHG or enhances removals by sinks relative to GHG emissions or removals in the activity's baseline scenario and that may seek registration and issuance of carbon credits under a carbon-crediting program, subject to meeting eligibility conditions. The term refers to activities that may be implemented at different scales, including projects, programmatic approaches, policies, jurisdictional REDD+ programs, and other interventions. They may also be implemented at one or more sites.

Net-zero – Net-zero emissions are achieved when anthropogenic emissions of greenhouse gases to the atmosphere are balanced by anthropogenic removals over a specified period. Where multiple greenhouse gases are involved, the quantification of net-zero emissions depends on the climate metric chosen to compare emissions of different gases (such as global warming potential, global temperature change potential, and others, as well as the chosen time horizon).

Offsetting – The activity of purchasing carbon credits from activities outside of a company's value chain as a substitute for abating emissions within its value chain.

Opportunities – Sustainability-related opportunities with positive financial effects. The definition of "Opportunities" comes from the [ESRS Glossary](#).



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Risks – Sustainability-related risks with negative financial effects arising from environmental, social or governance matters that may negatively affect the undertaking's financial position, financial performance, cash flows, access to finance or cost of capital in the short, medium or long term. The definition of “Risks” comes from the [ESRS Glossary](#).

Policy Document Information:

Policy Approver & Accountable Senior Leader: Senior Vice President Operations and Chief Sustainability Officer

Policy Owner: Vice President Operations Sustainability

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