

# Welcome to your CDP Climate Change Questionnaire 2023

## C0. Introduction

### C0.1

#### **(C0.1) Give a general description and introduction to your organization.**

Philip Morris International (PMI) is a leading international tobacco company working to deliver 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. Since 2008, PMI has invested more than USD 10.5 billion to develop, scientifically substantiate and commercialize innovative smoke-free products for adults who would otherwise continue to smoke, 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. In November 2022, PMI acquired Swedish Match – a leader in oral nicotine delivery – creating a global smoke-free champion led by the companies' IQOS and ZYN brands. The U.S. Food and Drug Administration (FDA) has authorized versions of PMI's IQOS Platform 1 devices and consumables and Swedish Match's General snus as Modified Risk Tobacco Products (MRTPs). As of December 31, 2022, PMI's smoke-free products were available for sale in 73 markets, and PMI estimates that approximately 17.8 million adults around the world had already switched to IQOS and stopped smoking. Smokefree products accounted for approximately 32% of PMI's total full-year 2022 net revenues. With a strong foundation and significant expertise in life sciences, PMI announced in February 2021 its ambition to expand into wellness and healthcare areas and, through its Vectura Fertin Pharma subsidiary, aims to enhance life through the delivery of seamless health experiences. Our approach to sustainability focuses on developing strategies that can successfully address the environmental, social, and governance topics identified as a priority by our sustainability materiality assessment. From an environmental standpoint, we focus on reducing post-consumer waste from our products, tackling climate change, and preserving nature. Engagement beyond our own operations—in particular in our supply chain—is key, as this is where a significant portion of our sustainability impacts occurs. We are working with business partners to proactively identify, manage, and reduce risks, and create shared value. Our business has a significant, global supply chain organized in two main streams: direct spend focused on materials used in the manufacture of our finished products (e.g., tobacco leaf,

packaging materials, electronic devices and accessories) and indirect spend focused on goods and services necessary to operate our business.

The description above is a summary and is qualified in its entirety by reference to the full text of PMI's Annual Report on Form 10-K for the year ended December 31, 2022, 2023 Proxy Statement dated March 23, 2023 filed with the U.S. Securities and Exchange Commission on the same date, and the full text of PMI's Integrated Report 2022. Certain terms, definitions and explanatory notes, as well as reconciliations of the applicable non-GAAP financial measures, are set forth in the materials referenced above.

In this submission:

- “PMI,” “we,” “us,” and “our” refer to Philip Morris International Inc. and its subsidiaries;
- Trademarks and service marks in this submission are the registered property of, or licensed by, the subsidiaries of PMI and are italicized;
- Aspirational targets and goals set forth in this submission 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 210 of PMI Integrated Report 2022;
- Materiality: In this submission and in related communications, the terms “materiality,” “material” and similar terms, when used in the context of economic, environmental, and social topics, are defined in the referenced sustainability standards, and are not meant to correspond to the concept of materiality under the U.S. securities laws and/or disclosures required by the US Securities and Exchange Commission.
- Unless otherwise indicated, the data contained herein cover our operations worldwide for the full calendar year 2022 or reflect the status as of December 31, 2022. Where not specified, data comes from PMI financials, nonfinancials, or estimates. Unless explicitly stated, the data, information, and aspirations in this report do not incorporate PMI's Vectura Fertin Pharma business (consolidating the 2021 acquisitions of wellness and healthcare companies Fertin Pharma A/S, Vectura Group plc., and OtiTopic, Inc.), nor the late 2022 acquisition of Swedish Match AB. As we evolve and continue to integrate these business acquisitions, we will, where material and feasible, include them into our ESG reporting in future reporting periods.

## C0.2

**(C0.2) State the start and end date of the year for which you are reporting data and indicate whether you will be providing emissions data for past reporting years.**

### Reporting year

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**Start date**

January 1, 2022

**End date**

December 31, 2022

**Indicate if you are providing emissions data for past reporting years**

Yes

**Select the number of past reporting years you will be providing Scope 1 emissions data for**

Not providing past emissions data for Scope 1

**Select the number of past reporting years you will be providing Scope 2 emissions data for**

Not providing past emissions data for Scope 2

**Select the number of past reporting years you will be providing Scope 3 emissions data for**

2 years

## C0.3

**(C0.3) Select the countries/areas in which you operate.**

Albania  
Algeria  
Argentina  
Armenia  
Aruba  
Australia  
Austria  
Bangladesh  
Belgium  
Bosnia & Herzegovina  
Brazil  
Bulgaria  
Canada  
Chile  
China  
China, Macao Special Administrative Region  
Colombia  
Costa Rica  
Croatia  
Curaçao  
Czechia  
Denmark  
Dominican Republic  
Ecuador  
Egypt  
El Salvador  
Estonia  
Finland  
France  
Georgia  
Germany  
Greece  
Guatemala  
Hong Kong SAR, China

Hungary  
India  
Indonesia  
Israel  
Italy  
Jamaica  
Japan  
Jordan  
Kazakhstan  
Kuwait  
Latvia  
Lebanon  
Lithuania  
Luxembourg  
Malawi  
Malaysia  
Mexico  
Morocco  
Mozambique  
Netherlands  
New Zealand  
Nicaragua  
Nigeria  
North Macedonia  
Norway  
Pakistan  
Panama  
Paraguay  
Peru  
Philippines  
Poland  
Portugal  
Republic of Korea  
Republic of Moldova  
Réunion  
Romania  
Russian Federation  
Senegal  
Serbia  
Singapore  
Slovakia  
Slovenia  
South Africa  
Spain  
Sri Lanka  
Sweden

Switzerland  
Taiwan, China  
Thailand  
Tunisia  
Turkey  
Ukraine  
United Arab Emirates  
United Kingdom of Great Britain and Northern Ireland  
United Republic of Tanzania  
United States of America  
Uruguay  
Venezuela (Bolivarian Republic of)  
Viet Nam

## C0.4

**(C0.4) Select the currency used for all financial information disclosed throughout your response.**

USD

## C0.5

**(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your chosen approach for consolidating your GHG inventory.**

Operational control

## C-AC0.6/C-FB0.6/C-PF0.6

**(C-AC0.6/C-FB0.6/C-PF0.6) Are emissions from agricultural/forestry, processing/manufacturing, distribution activities or emissions from the consumption of your products – whether in your direct operations or in other parts of your value chain – relevant to your current CDP climate change disclosure?**

	Relevance
Agriculture/Forestry	Elsewhere in the value chain only [Agriculture/Forestry/processing/manufacturing/Distribution only]
Processing/Manufacturing	Both direct operations and elsewhere in the value chain [Processing/manufacturing/Distribution only]
Distribution	Both direct operations and elsewhere in the value chain [Processing/manufacturing/Distribution only]
Consumption	Yes [Consumption only]

## C-AC0.6b/C-FB0.6b/C-PF0.6b

(C-AC0.6b/C-FB0.6b/C-PF0.6b) Why are emissions from agricultural/forestry activities undertaken on your own land not relevant to your current CDP climate change disclosure?

### Row 1

#### Primary reason

Do not own/manage land

#### Please explain

We don't own the tobacco farms or the land that supply us with tobacco leaf, but the farmers who run them are a crucial part of our economic, environmental, and social footprint. We are working directly with them and our suppliers to promote sustainable farming and climate change mitigation initiatives as part of our Good Agricultural Practices (GAP) program.

## C-AC0.7/C-FB0.7/C-PF0.7

(C-AC0.7/C-FB0.7/C-PF0.7) Which agricultural commodity(ies) that your organization produces and/or sources are the most significant to your business by revenue? Select up to five.

#### Agricultural commodity

Tobacco

#### % of revenue dependent on this agricultural commodity

More than 80%

#### Produced or sourced

Sourced

#### Please explain

The vast majority of consumables manufactured and commercialized by PMI (including cigarettes and smoke-free product consumables such as heated tobacco units) require tobacco

#### Agricultural commodity

Timber

#### % of revenue dependent on this agricultural commodity

More than 80%

#### Produced or sourced

Sourced

**Please explain**

100% of PMI heated tobacco units, cigarettes and other nicotine-containing products require timber derivative products. Additionally, PMI uses board and paper for packaging of the majority of PMI's products.

## C0.8

**(C0.8) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.)?**

Indicate whether you are able to provide a unique identifier for your organization	Provide your unique identifier
Yes, an ISIN code	7181721090

## C1. Governance

### C1.1

**(C1.1) Is there board-level oversight of climate-related issues within your organization?**

Yes

#### C1.1a

**(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.**

Position of individual or committee	Responsibilities for climate-related issues
Board-level committee	Environmental, social, and governance (ESG) factors are part of the responsibility of certain committees of the Board and considered in the evaluation of the annual performance of the company and its management. As part of their responsibilities, the Board and its committees review and approve PMI's annual budget based on the company's performance and targets. This includes those resources required to deploy carbon emission reduction initiatives to achieve our climate action targets. The Nominating and Corporate Governance Committee (NCGC) oversees the company's ESG and sustainability strategies and performance, and reports to the Board on sustainability matters including climate-related topics, several other committees are tasked with oversight responsibility for specific sustainability topics. For instance, the Audit Committee reviews with management, the internal and independent auditors, any sustainability information to be included in the Company's financial reporting framework and the internal controls and procedures related to sustainability disclosures, while the Compensation and Leadership

	Development Committee (CLDC) is responsible for executive compensation matters which consists of, among others, evaluating the Company's performance in relation to the PMI Sustainability Index.
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## C1.1b

### (C1.1b) Provide further details on the board's oversight of climate-related issues.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Please explain
Scheduled – some meetings	<p>Reviewing and guiding annual budgets</p> <p>Overseeing major capital expenditures</p> <p>Overseeing acquisitions, mergers, and divestitures</p> <p>Overseeing and guiding employee incentives</p> <p>Reviewing and guiding strategy</p> <p>Overseeing and guiding the development of a transition plan</p> <p>Monitoring the implementation of a transition plan</p> <p>Overseeing and guiding scenario analysis</p> <p>Overseeing the setting of corporate targets</p> <p>Monitoring progress towards corporate targets</p> <p>Overseeing value chain engagement</p>	<p>The Board of Directors (BoD) oversees PMI's full range of activities incl. establishing broad corporate policies, setting strategic direction and overseeing management. The BoD is responsible for the day-to-day operations of the company and considers climate-related issues as part of their oversight process. Part of the BoD's oversight is focused on management's efforts to enhance shareholder value responsibly and sustainably. Environmental, social and governance factors (ESG) are part of the responsibility of the BoD and considered in the evaluation of the annual performance of the company and its management. The BoD approves the company's annual budget and receives updates on the company's performance and targets against the budget throughout the year incl. those related to achievement of sustainability, climate change and implementation of PMI's Low Carbon Transition Plan.</p> <p>The BoD has established various standing Committees to assist with the performance of its responsibilities and is regularly informed on plans, and significant issues affecting our business, incl. information related to climate change. The BoD held 8 regular meetings in 2022. The BoD is advised on climate change-related issues by the Nominating and Corporate Governance Committee (NCGC) of the BoD, which oversees the Company's policies, programs and related risks to the Company that concern certain environmental, social and governance, or ESG, matters and sustainability strategies and performance, including those related to climate change. The committee met 5 times in 2022. The BoD oversees management of risks relating to the</p>



	Reviewing and guiding the risk management process	<p>Company's business. Risk oversight is conducted both by Committees of the BoD as well as by the full BoD. Management has identified and prioritized a number of key enterprise risks and, as part of the risk management process, has established a Corporate Risk Governance Committee ("CRGC") that comprises senior executive officers. The CRGC identifies and monitors the evolution of key risk areas both strategic and operational (critical) in nature, oversees the ongoing development and deployment of both Enterprise Risk Management practices and Governance, Risk &amp; Compliance capabilities. ESG-related risks and opportunities are considered within our enterprise risk management practices. Ownership of each of the prioritized risks is assigned to a member of senior management, and oversight of the management of each risk is assigned to a particular committee of our Board or to the full Board. Management reports on these risks to the appropriate committee and to the full Board throughout the year. A member of the Company Management, the Senior Vice President Operations, was tasked with the responsibility to address the climate change risk, including physical climate and water related risks.</p>
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## C1.1d

**(C1.1d) Does your organization have at least one board member with competence on climate-related issues?**

	Board member(s) have competence on climate-related issues	Criteria used to assess competence of board member(s) on climate-related issues
Row 1	Yes	<p>PMI assesses competence of the Board on sustainability related issues, including climate change-related issues, based on its members' relevant professional experience, academic background or other professional trainings on climate science, environmental science or engineering, sustainability, or other related subjects.</p> <p>Several members of PMI's BoD have expertise in sustainability and ESG matters, including climate change. Particularly, one of our Board Directors brings unique understanding of ESG strategy, as this member has served as CEO to the Global Adaptation Institute (a foundation dedicated to the understanding of climate change) and as</p>

		Co-Chair to the World Economic Forum's Global Agenda Council on Climate Change. Professional biographies for each Board member are disclosed in our annual Proxy Statement available on PMI.com.
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## C1.2

**(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.**

### Position or committee

Other C-Suite Officer, please specify  
Senior Vice President Operations

### Climate-related responsibilities of this position

Managing annual budgets for climate mitigation activities  
Providing climate-related employee incentives  
Developing a climate transition plan  
Implementing a climate transition plan  
Integrating climate-related issues into the strategy  
Conducting climate-related scenario analysis  
Setting climate-related corporate targets  
Monitoring progress against climate-related corporate targets  
Managing value chain engagement on climate-related issues  
Assessing climate-related risks and opportunities  
Managing climate-related risks and opportunities

### Coverage of responsibilities

### Reporting line

CEO reporting line

### Frequency of reporting to the board on climate-related issues via this reporting line

Quarterly

### Please explain

Reporting directly to the CEO, PMI's Senior Vice President Operations (SVP Operations), a member of Company Management, is strategically positioned within the company's structure to be able to effectively engage the Board and specific departments on climate issues. This member periodically holds discussions with separate Board members on climate-related issues and risks.

PMI's SVP Operations is delegated with operational responsibility, including:

- Assessing and managing climate-related risks and opportunities in relation to the activities deployed by PMI's Operations function. The SVP Operations also periodically

consults with the CRGC to highlight any significant climate-related risks.

- Addressing climate-related risks and opportunities—both physical and transition (including scenario analysis) —across the company’s activities that could impact PMI’s ability to operate which are considered during the Climate Change Risk and Opportunity Assessment (CCROA) process.
- Maintaining robust business resiliency, risk assessment processes aligned with corporate-wide risk management practices, and strategies to support business continuity.
- Ensuring that climate change risks and opportunities are assessed, managed, monitored, and integrated into long-range plan (including PMI’s climate transition plan) and budget review processes.
- Setting business direction, objectives (including targets) and performance appraisal processes.

The SVP Operations leads the Operations Sustainability function headed by the VP Operations Sustainability, which drives environmental strategies and their full integration into the business, due to the strategic importance of environmental issues, including climate-related issues, within our operations. The SVP Operations receives updates on progress toward objectives and their achievement in monthly meetings with the Operations Management Team reporting to him.

## C1.3

**(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?**

	Provide incentives for the management of climate-related issues	Comment
Row 1	Yes	Our executive compensation program reflects our commitment to put sustainability, including the management of climate-related issues, at the core of our corporate strategy. The three components of total direct compensation for our executive officers are base salary, annual performance-based incentive compensation awards, and long-term variable equity awards. Sustainability performance (including progress on tackling climate change) is incorporated in both annual incentive awards and equity awards.

## C1.3a

**(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).**

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**Entitled to incentive**

Chief Executive Officer (CEO)

**Type of incentive**

Monetary reward

**Incentive(s)**

Bonus - % of salary

**Performance indicator(s)**

Achievement of climate transition plan KPI  
Progress towards a climate-related target  
Achievement of a climate-related target  
Implementation of an emissions reduction initiative  
Reduction in absolute emissions  
Increased share of renewable energy in total energy consumption  
Increased supplier compliance with a climate-related requirement  
Company performance against a climate-related sustainability index (e.g., DJSI, CDP Climate Change score etc.)

**Incentive plan(s) this incentive is linked to**

Both Short-Term and Long-Term Incentive Plan

**Further details of incentive(s)**

PMI's Board of Directors (BoD) decided to better reflect PMI's commitment to sustainability, which is the core of its corporate strategy, by including the Sustainability Index as one of our performance metrics under equity awards. We use Performance Share Units (PSUs) as the three-year incentive in our executive compensation program, which is intended to motivate our executives to produce results that enhance sustainable shareholder value and strengthen the company over the long term. For a full list of individuals comprising the corporate executive team, please refer to Item 10 of the Annual Report on Form 10-K for the year ended December 31, 2022.

As set out in PMI's Proxy Statement 2023, for the 2022-2024 PSUs, the BoD introduced PMI's Sustainability Index as one of the three performance metrics. The Sustainability Index, weighted 30%, consists of two drivers: Product Sustainability (PS), defined as an aggregation of key performance indicators pertaining to social and environmental impacts generated by the company's products (measuring progress on its efforts to maximize the benefits of smoke-free products, purposefully phase out cigarettes, seek net positive impact in wellness and healthcare, and reduce post-consumer waste); and Operational Sustainability (OS), defined as an aggregation of key performance indicators pertaining to social and environmental impacts generated by the company's business activities (measuring progress on its efforts to tackle climate change, preserve nature, improve the quality of life of people in its supply chain, and foster an empowered and inclusive workplace). Amongst the OS, PMI's carbon emission reduction targets, both in Scopes 1 and 2, and Scope 3, which contribute to our Science Based Targets by 2030 and 2040 and form part of PMI's Low Carbon Transition Plan, make part of the key performance indicators.

**Explain how this incentive contributes to the implementation of your organization's climate commitments and/or climate transition plan**

Tying sustainability indicators, including climate-related indicators, to a formal Sustainability Index that impacts executive compensation has helped align ESG-related efforts with outcomes of PMI's 2021 sustainability materiality assessment and provide a basis for tracking and implementing our sustainability commitments, including with respect to those in our climate-related strategy and outlined in our Low Carbon Transition Plan. Members of Company Management are responsible for driving progress and delivering on our sustainability targets within their respective functions (e.g., mitigate climate change and decarbonizing our value chain to SVP Operations). PMI's Sustainability Committee, composed of members of Company Management, including our Chief Executive Officer, and chaired by our Chief Financial Officer (CFO), meets at least four times per year. In 2022, quarterly Sustainability Committee meetings focused on, among other topics, assessing PMI's performance on the Sustainability Index and discussing efforts to further embed sustainability, including our strategies to tackle climate change, within PMI, effectively manage ESG risks, including climate change risks and opportunities, and enhance ESG data reliability. The Sustainability Index helps frame ESG priorities and action points.

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**Entitled to incentive**

Corporate executive team

**Type of incentive**

Monetary reward

**Incentive(s)**

Bonus - % of salary

**Performance indicator(s)**

Achievement of climate transition plan KPI  
Progress towards a climate-related target  
Achievement of a climate-related target  
Implementation of an emissions reduction initiative  
Reduction in absolute emissions  
Increased share of renewable energy in total energy consumption  
Increased supplier compliance with a climate-related requirement  
Company performance against a climate-related sustainability index (e.g., DJSI, CDP Climate Change score etc.)

**Incentive plan(s) this incentive is linked to**

Both Short-Term and Long-Term Incentive Plan

**Further details of incentive(s)**

PMI's Board of Directors decided to better reflect PMI's commitment to sustainability, which is the core of its corporate strategy, by including the Sustainability Index as one of our performance metrics under equity awards. We use Performance Share Units (PSUs)

as the three-year incentive in our executive compensation program, which is intended to motivate our executives to produce results that enhance sustainable shareholder value and strengthen the company over the long term. For a full list of individuals comprising the corporate executive team, please refer to Item 10 of the Annual Report on Form 10-K for the year ended December 31, 2022.

As set out in PMI's Proxy Statement 2023, for the 2022-2024 PSUs, the Board introduced PMI's Sustainability Index as one of the three performance metrics. The Sustainability Index, weighted 30%, consists of two drivers: Product Sustainability (PS), defined as an aggregation of key performance indicators pertaining to social and environmental impacts generated by the company's products (measuring progress on its efforts to maximize the benefits of smoke-free products, purposefully phase out cigarettes, seek net positive impact in wellness and healthcare, and reduce post-consumer waste); and Operational Sustainability (OS), defined as an aggregation of key performance indicators pertaining to social and environmental impacts generated by the company's business activities (measuring progress on its efforts to tackle climate change, preserve nature, improve the quality of life of people in its supply chain, and foster an empowered and inclusive workplace). Amongst the OS, PMI's carbon emission reduction targets, both in Scopes 1 and 2, and Scope 3, which contribute to our Science Based Targets by 2030 and 2040 and form part of PMI's low carbon transition plan, make part of the key performance indicators.

**Explain how this incentive contributes to the implementation of your organization's climate commitments and/or climate transition plan**

Tying sustainability indicators, including climate-related indicators, to a formal Sustainability Index that impacts executive compensation has helped align ESG-related efforts with outcomes of PMI's 2021 sustainability materiality assessment and provide a basis for tracking and implementing our sustainability commitments, including with respect to those in our climate-related strategy and outlined in our Low Carbon Transition Plan. Members of Company Management are responsible for driving progress and delivering on our sustainability targets within their respective functions (e.g., climate change mitigation and decarbonization of our value chain assigned to SVP Operations). PMI's Sustainability Committee, composed of members of Company Management, including our Chief Executive Officer, and chaired by our Chief Financial Officer (CFO), meets at least four times per year. In 2022, quarterly Sustainability Committee meetings focused on, among other topics, assessing PMI's performance on the Sustainability Index and discussing efforts to further embed sustainability, including our strategies to tackle climate change, within PMI, effectively manage ESG risks, including climate change risks and opportunities, and enhance ESG data reliability. The Sustainability Index helps frame ESG priorities and action points.

## C2. Risks and opportunities

### C2.1

**(C2.1) Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?**

Yes

#### C2.1a

**(C2.1a) How does your organization define short-, medium- and long-term time horizons?**

	From (years)	To (years)	Comment
Short-term	0	5	<p>We evaluate as short-term the risks and opportunities that may materialize within the next five years. Short-term risks are identified and assessed through a variety of internal processes including, among others:</p> <ul style="list-style-type: none"> <li>• As part of our quarterly financial reporting where short-term profits and losses are evaluated.</li> <li>• Our annual long-range planning process is updated annually and reviews and sets business direction over a 3-to-5 year horizon.</li> </ul>
Medium-term	5	10	<p>Those risks and opportunities that may materialize by the 2030-time horizon used for scenario analysis in our Climate Change Risks and Opportunities Assessment (CCROA). This time period aligns with PMI's external commitment of carbon emission reductions for scope 1+2+3 emissions as approved by the Science Based Targets initiative. It is also a reference date for most international policies and regulations (e.g., EU 2030 climate target plan).</p>
Long-term	10	20	<p>Those risks and opportunities that may materialize until the 2040-time horizon used for scenario analysis in our CCROA. This time period aligns with PMI's external commitment of net zero emissions as approved by the Science Based Targets initiative. It is also an intermediate step toward internationally agreed policy commitments to 2050 (e.g., EU climate law). Under this time-horizon, physical risks are more likely to occur because climate extremes are expected to intensify as climate change worsens.</p>

#### C2.1b

**(C2.1b) How does your organization define substantive financial or strategic impact on your business?**

Alongside physical impacts such as rising sea-levels and changing weather patterns, there are transition risks such as new carbon-related regulations and taxes, changes in manufacturing technology and evolving consumer preferences, which can affect business units or the organization due to stakeholder or customer concerns. Being at the forefront of addressing the global challenge of climate change also presents opportunities. Some correlate to good practices such as energy-use reduction and the protection of forests and waterways; others arise through product eco-design and adaptation measures. PMI, alongside many of its suppliers, is working within a context of stabilizing the global temperature rise to below the internationally agreed 1.5-degree Celsius scenario. We understand the potential impacts of climate change across all areas of our operations, particularly upstream in our supply chain. The climate crisis, as acknowledged by the international community, threatens livelihoods, in particular the most vulnerable people around the world. It impacts human population movement, biodiversity, access to water, global health, food security, and other environmental changes such as soil degradation and desertification. Beyond its human repercussions, climate change could threaten business continuity. This is especially the case for businesses involving an agricultural supply chain. For PMI, costs of raw materials such as tobacco leaf and cloves may rise, and both consumers and our employees are becoming increasingly sensitized to the environmental impact of corporate actions. Upfront expenditures with longer-term returns are required. At the same time, PMI's efforts to reduce its GHG emissions, such as through increased energy efficiency, could alleviate potential costs and create a competitive advantage by meeting or exceeding the expectations of consumers, employees, and other stakeholders. A substantive financial or strategic impact can vary depending on which of the above aspects of the business are considered as impacted and the potential combination of them. The level of criticality will have different threshold when comparing, for example, impact within our agricultural supply chain (engagement with hundreds of thousands of farmers) and the development of new products or the compliance with regulations on carbon emissions in our factories. Therefore, in PMI, as explained in the below paragraph, we refer to a variety of factors that independently or in combination may affect the achievement of our smoke-free vision.

PMI evaluates a "substantive impact" (e.g.: financial or strategic impact) based on a variety of factors and quantitative indicators including but not limited to the potential impact on financial performance as well as other strategic factors that may affect PMI's efforts and/or delivery towards a smoke-free future, ultimately replacing cigarettes with smoke-free products. The impacts reported as substantive strategic or financial impacts are defined as those identified and prioritized by management in our value chain, through key enterprise risks based on four risk dimensions: the impact a risk could have on the organization if it occurs, the likelihood a risk will occur, the velocity with which a risk would affect the organization if it occurs, and the interconnectivity of a risk with other risks, that exceed defined thresholds at the corporate level. As part of the Company's annual Integrated Risk Assessment (IRA) process, we have in place an extensive risk control program by which we assess the climate change physical and transition risks. Specifically, in our operations, locations with values (among others, buildings, machinery & equipment, stock & supplies, inventory, and business interruption exposure) exceeding USD30 million range are surveyed by engineers from our property insurer, who provide recommendations to us on the magnitude of environmental risks, for example risk of flooding that could cause reduction or disruption in production capacity in specific locations, and the cost of management. A survey threshold of USD 30 million is used to focus



assessments and mitigation efforts to sites likely to present beneficial cost to risk improvement ratios. Recommendations for risk management are given if the expected reduction in the financial impact of the risk exceeds the cost to meet the recommendations by a factor of 10 or more. Internally, we focus on recommendations above the USD50 million range as management of identified risks can involve substantial capital investment and disruption to operations including our supply chain.

In 2020+ risk forecasting terms, in relation to our tobacco supply chain, we assumed as substantive risks those with a potential impact in excess of USD5 million or a raw material impact in excess of 1000 metric tons of tobacco leaves. This definition is applicable to PMI's agricultural supply chain.

## C2.2

**(C2.2) Describe your process(es) for identifying, assessing and responding to climate-related risks and opportunities.**

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### **Value chain stage(s) covered**

Direct operations  
Upstream  
Downstream

### **Risk management process**

Integrated into multi-disciplinary company-wide risk management process

### **Frequency of assessment**

More than once a year

### **Time horizon(s) covered**

Short-term  
Medium-term  
Long-term

### **Description of process**

1) PMI's Enterprise Risk Management practices (ERM) is a three-step, interconnected process designed to identify, assess and manage/ respond to multidisciplinary risks and opportunities that can have a substantive financial or strategic impact on the company's ability to achieve our strategic business objectives and create value over time. The ERM takes place periodically, with reporting on quarterly basis, covering short, medium- and long-term time horizons. Each step involves multiple stakeholders and results in different types of actions. We identify and prioritize key risk areas based on the impact of a risk on PMI were it to occur, its likelihood, its velocity, and its interconnectivity with other risks. PMI assigns ownership of each prioritized key risk area to a member of our Company Management, with oversight from the Board of Directors or a particular Board committee. With support and insights provided by the risk management and Corporate Audit functions, our Company Management reports regularly on these risks to the appropriate Board committees and to the entire Board of Directors throughout the year.

As part of its risk management practices, the company has established a Corporate Risk Governance Committee (CRGC) made up of senior executive officers. At the request of the CRGC, the Risk & Controls function defines the company's approach to risk management and coordinates a periodic enterprise risk assessment. The risk assessment process includes risk identification and evaluation at market, regional and central level, risk prioritization, risk responses definition and deployment and the aggregation of risks into defined risk landscape categories. Outcomes of risk assessments are reported to internal stakeholders at multiple levels and across the company, for an improved decision-making, as well as to external stakeholders (such as regulators and shareholders). Reporting requirements, including frequency, are determined based on report user needs, and the level at which reporting is done. In general, most of ERM related reporting is done quarterly, which is also driving the underlying activities and practices. ESG-related risks and opportunities are considered within our enterprise risk assessment which also leverages the company's sustainability materiality assessment process. More specifically, the priority ESG topics identified by the latest sustainability materiality assessment determine which ESG risks and opportunities are considered in the enterprise risk assessment.

In this context, our enterprise risk landscape addresses climate-related risks in two key risk areas, namely "ESG" risk and "Business Disruption" risk. The key risk area "ESG" informs about the risk of being unable to implement an effective sustainability strategy prioritizing relevant ESG-related risks, progress against set aspirations, and report results. The key risk area "Business Disruption" refers to the risk of potential disruption of our supply chains and logistics as well as the inability to operate due to, among others, an inadequate climate-proofing strategy along the value chain. The key risk area "Business Disruption" is owned by our Senior Vice President Operations, whereas the key risk area "ESG" is owned by our Chief Financial Officer.

2) Integrated Risk Assessments (IRA) are tailored to the priority ESG issues in direct operations and supply chains previously identified, including climate change, deforestation, and water management. Since 2015, we periodically (every 3-4 years) carry out a Climate Change Risk and Opportunity Assessment (CCROA) to understand the exposure to climate-related physical and transition risks over time under different climate scenarios and time horizons (short, medium and long term), following the recommendations of the TCFD. We have performed a CCROA in 2015, 2019 and 2022. Contents of the PMI's TCFD report published in 2023 have been shaped by the 2022 CCROA results. We have identified and quantified a range of physical and transition risks and opportunities across our value chain to 2030 (mid-term, 5-10 years) and 2040 (long term, >10 years) under different climate scenarios in line with the 1.5°C, 2°C, and 3°C global warming scenarios.

The physical risk assessment covered around 600 assets (such as tobacco crops, factories, warehouses) around the world with a spatially explicit approach based on the IPCC definition of climate risk (hazards, asset exposure and vulnerability). Climate variables and extremes were simulated by using multiple outputs from 30 different climate models participating in the Climate Model Intercomparison Project (CMIP5) for the time period 2010–2040.

Transition risks have been assessed under two NGFS mitigation pathways consistent

with the 1.5°C Paris Agreement target and beyond (+3°C) until 2040: The Net Zero 2050 scenario, aligned to SSP2-1.9 (1.5°C), and the Current Policies scenario, aligned to SSP2-4.5 (3°C). These scenarios are built on the Integrated Assessment Models (IAMs) whose results for prioritized (according to their velocity, likelihood and materiality) risks and opportunities have been compared with a business-as-usual scenario to estimate the value at stake.

To prevent climate-related impacts from materializing, PMI is already adopting or has planned several mitigation and adaptation measures, as described by PMI's 2022 TCFD report and in our Low Carbon Transition Plan.

PMI developed an extensive risk control program to assess and mitigate physical risks from climate change; locations exceeding USD30 million range are surveyed by engineers from our property insurer, who provide risk management recommendations.

3) While IRAs are stand-alone projects developed on periodical basis to tackle specific environmental issues, the Environmental Risk Analysis (ERA) is PMI's main process to identify and manage substantial risks and opportunities at the operational level on a monthly basis for short and medium term. The ERA builds on the IRA to further analyze operational implications from the identified risks and opportunities. Results from the ERA are used by PMI's stakeholders to develop programs, roadmaps, action plans, targets, and budgets to either prevent substantial risks from materializing, or to seize opportunities. Results are monitored by each of PMI's relevant department and communicated to the relevant stakeholder monthly.

## C2.2a

### (C2.2a) Which risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	<p>We are subject to international, national and local environmental and climate-related laws and regulations in the countries where we operate. Relevant regulations are considered in our climate-related transition risk/opportunity assessment process.</p> <p>In 2022, we conducted our most recent evaluation of climate change risks aligned with TCFD recommendations. This allowed the identification of transition risks for PMI related, e.g., to an increase in carbon pricing and taxation affecting operations manufacturing and logistics.</p> <p>We particularly monitor countries with a local ETS scheme already in place, i.e., Canada, Switzerland, South Africa and Republic of Korea. In those countries the risk is rather moderate at the moment due to the emission profile of our manufacturing sites vs. the minimum threshold needed to have a significant financial impact. We closely monitor regulations on minimum threshold and signals of changes in these schemes, and we consider those aspects in the strategic deployment of our manufacturing and supply chain networks including investments to</p>

		<p>increase energy efficiency.</p> <p>We monitor current regulations in those markets also due to potential risk they can pose in case we would decide to expand the production capacity of our manufacturing sites located there; especially in relation to our SFP products which are more energy intensive compared to conventional products and resulting in increased GHG emissions. Increased carbon prices and carbon taxation could result in higher costs for manufacturing emissions.</p>
Emerging regulation	Relevant, always included	<p>There is a clear international trend towards stricter climate-related regulations which could increase our operational costs.</p> <p>In 2022, we conducted our most recent evaluation of climate change risks aligned with TCFD recommendations. This exercise allowed the identification of mid- and long-term transition risks for PMI business related to emerging regulations, such as the implementation of the Carbon Border Adjustment Mechanism (CBAM) to put a fair price on the carbon emitted during the production of carbon intensive goods that are entering the EU. We estimated that CBAM tax on imported N fertilizers could result in increased N fertilizer procurement costs for PMI in EU markets.</p> <p>We also assessed the potential risks related to an increase in carbon prices and taxation to pulp and paper suppliers due to implementation of more stringent international regulations on land use change and traded commodities.</p>
Technology	Relevant, always included	<p>In 2022, we conducted our most recent evaluation of climate change risks aligned with TCFD recommendations, which allowed to further identify mid- and long-term transition risks for PMI business related to technology. The identified risks relate to technology improvements resulting in existing equipment becoming either non-compliant with upcoming energy regulations and/or too expensive to run due to the higher costs of fossil-fuel within our own operations and supply chains. Existing equipment would need to be replaced with associated costs of adopting new tech, exposing our operations to requirements for increased capital expenditures.</p> <p>In 2022 we submitted our net zero emissions Science Based Target (SBT) aligned with a 1.5°C scenario, which were approved by SBT initiative. PMI's decarbonization path to achieve new SBTs will need to be more aggressive, while SFP production growth will drive increase in energy consumption and related GHG emissions. A strong investment in new tech will be needed to achieve the decarbonization path that we have committed to, with the risk that despite our investments we may not be able to achieve our SBT commitments due to increased energy required to produce the consumables for our SFPs.</p> <p>PMI's risks also relate to not following technological advancements (e.g. low energy efficiency equipment), investing in obsolete</p>

		<p>technologies (e.g. non-regenerative agricultural practices) and higher costs/polluting technologies (e.g. fossil-fuel based tech) when developing new drivetrain technologies, new farming and curing techniques and equipment, new tech in retail and new product design. All these risks exist, and PMI needs to ensure neither it nor its suppliers invest in obsolete technology to remain up to date with technological development within its own operations and supply chains. This can be costly and potentially impact operating costs if not mitigated. We continuously assess risks related to technological improvements that support the transition to a lower-carbon and energy-efficient business model.</p> <p>An example of this risk is related to our electronics manufacturing suppliers which are key to achieve our smoke-free future goal. We assessed through LCAs the risk of carbon footprint increase due to new electronics suppliers and the impact if they would not invest in low carbon technologies to mitigate the emissions in their processes and resulting in PMI potentially not being able to meet its carbon reduction SBT commitments.</p>
Legal	Relevant, always included	<p>We are subject to international, national and local environmental laws and regulations in the countries we operate. We have specific programs across our business units designed to meet applicable environmental compliance requirements to reduce our carbon footprint, wastage, water and energy consumptions and prevent any climate-related mitigation claims.</p> <p>Our subsidiaries expect to continue and/or increase expenditures in order to drive improved performance and maintain compliance with environmental laws and regulations, as first of all, compliance which such policies and regulations are core to the way PMI operates; moreover as non-compliance could results in fines, or even in partial or total withdrawal of the operation permit. We assess and report the compliance status of all our legal entities on a regular basis. Based on the management and controls we have in place and our review of climate change risks (both physical and regulatory), environmental expenditures have not had, and are not expected to have, a significant adverse effect on our consolidated results of operations, capital expenditures, financial position, earnings or competitive position.</p> <p>In 2022, we conducted our most recent evaluation of climate change risks aligned with TCFD recommendations. This exercise allowed the identification of mid and long-term legal transition risks for PMI business, including those triggered by changes in climate policy or regulations. Legal compliance to such policies and regulations changes are core to the way PMI operates but may result in increased operational costs for PMI, such as:</p> <ul style="list-style-type: none"> <li>- increasing procurement costs linked to higher cost of raw materials and the cost of production;</li> </ul>

		<ul style="list-style-type: none"> <li>- impacting logistics and operations through increased carbon pricing;</li> <li>- affect mechanized farming processes through new regulation on energy efficiency requirements; and</li> <li>- impacting tobacco curing activities through additional regulation on fuel type, such as more stringent regulation on biomass production and wood harvesting from forest areas</li> </ul> <p>PMI has not been subject to significant fines in the reporting year related to environmental regulations specific to climate change.</p>
Market	Relevant, always included	<p>In 2022, we conducted our most recent evaluation of climate change risks aligned with TCFD recommendations, which confirmed the identification of transition risks for PMI business related to market changes, such as increase in energy prices for fossil fuels used in our curing barns, manufacturing and logistics, or shifts in supply and demand for certain commodities, products and services. For PMI this includes risks of increasing costs of sourcing (including materials such as water and diesel) and increasing costs for suppliers, resulting in higher procurement costs. It also includes increasing competition for agricultural land, leading to less available or more expensive land for tobacco growing. Other market risks are related to PMI's investors and financial performance and include climate risk metrics by credit rating agencies, affecting PMI's score, and a general trend of investors moving away from carbon-intensive sectors. Finally, downstream market risks are associated with shifting consumer demands for lower-carbon products.</p> <p>Concrete examples of how risks are assessed are described below:</p> <ol style="list-style-type: none"> <li>1. Diesel is widely used in farming practices. Energy is a significant cost in farming practice within PMI's agricultural supply chain in relation to the mechanical equipment used. If diesel prices increase, the overall cost of producing raw tobacco at directly contracted farms, as well as the cost of sourcing tobacco from third-party leaf suppliers, will increase as a result. This would cause an associated indirect increase in procurement costs as the price of tobacco will respond to upward pressure on the cost of production.</li> <li>2. We track commodities (pulp, aluminum, glycerin, ethylene, mint crystals, guar seeds, coconut shell to name a few) through market indicators (RISI, ICIS, IHS or MCX) that provide directional pricing, its volatility and supply chain scenario analysis of the commodities allowing PMI to provide visibility on the source of its product and ensure suppliers comply with relevant (industry, regional, international) regulation(s).</li> <li>3. A market risk associated to the increase in costs of input materials and fuels (both fossil fuels and biomass) for farmers in relation to tobacco curing process, which could indirectly impact PMI's procurement expenditure.</li> </ol>

Reputation	Relevant, always included	<p>Stakeholder interest and expectations in climate change adaptation are increasing as the effects of climate change become more apparent, society is asking businesses to become part of the solution changing their practices. NGOs campaigns can impact companies' reputation and have business consequences on license to operate and bottom line.</p> <p>PMI aims to combat climate change and set actions to act upon it. Those actions are conducive to substantiate PMI's leadership in sustainability as integral part of the success of its business transformation.</p> <p>Thus climate-related reputational risk is included into PMI's risk assessments considering the potential risk it could have on the long term success of the company.</p> <p>In 2022, we conducted our most recent evaluation of climate change risks aligned with TCFD recommendations and identified transition risks related to the reputation of PMI as a sustainability leader in the area of climate change; this evaluation included a survey of opinions of certain PMI stakeholders on how PMI contributed to or detracted from the transition to a lower-carbon economy.</p> <p>PMI identified that reputational risks can be driven by multiple factors including financial performance, investors' priorities, reporting requests, internal workforce concerns around sustainability, and challenges related to raising capital for the agriculture sector as a carbon intensive one.</p> <p>E.g., PMI identified failure to address enhanced reporting requests as a potential reputational risk for the company. Increased reporting not only requires additional internal resources, but also exposes the company to a broader stakeholder community and sectoral benchmarking. PMI manages this risk by having an internal reporting team that coordinates reporting initiatives, as well as engagement with external consultants to ensure consistency through multiple reports, transparent communication, effective benchmarking against relevant sustainability ratings and the use of best practice methodologies and standards. We also conduct periodically a sustainability materiality assessment with a broad range of stakeholders. We strengthened our communication through our reporting.</p>
Acute physical	Relevant, always included	<p>Extreme weather events due to climate change have the potential to significantly impact our operations, buildings and suppliers, therefore having a substantive impact on our supply chain and on our business continuity plan. Flooding and storms can damage our buildings and goods, as well as the crops of our farmers and our logistics networks.</p> <p>In 2022, we conducted our most recent evaluation of climate change risks whose outcomes shaped PMI's TCFD Report, published in early 2023. The physical risk assessment covered around 600 assets (such as tobacco crops, factories, warehouses) around the world with a</p>



		<p>spatially explicit approach based on the IPCC definition of climate risk. Climate variables and extremes were simulated by using multiple outputs from 30 different climate models participating in the Climate Model Intercomparison Project (CMIP5) for the time period 2010–2040. These variables were used to assess the exposure of each site to climate hazards including heatwave, and flooding, classified as acute physical risks. By comparing against baseline conditions (1980–2010), we estimated the change in frequency and intensity (moderate, severe, extreme) of climate-related physical hazards for each location. Some of the risks identified in our tobacco supply chain were those resulting from flooding e.g. in Brazil, Philippines, and Indonesia, which could lead to relevant crop losses to our farmers and disruptions to our logistics networks. In our manufacturing sites in Asia Pacific, Latin America and Middle East, cumulative potential losses due to extreme flood events ranges from USD24 million to USD138 million depending on the time horizon and climate scenario absent additional mitigation actions.   This information is reviewed regularly with top management; it enables risk/opportunity identification and management at the company and asset level, and includes regulatory climate change aspects and geopolitical risk. Our substantial tobacco leaf inventories can help mitigate short to medium term impacts.</p>
Chronic physical	Relevant, always included	<p>Longer term weather shifts due to climate change have the potential to significantly impact our operations, assets and supply chain therefore having a substantive impact on our supply chain and on our business continuity plan.</p> <p>In 2022, we conducted our most recent evaluation of climate change risks whose outcomes shaped the PMI's TCFD published during 2023. The physical risk assessment covered around 600 assets (such as tobacco crops, factories, warehouses) around the world with a spatially explicit approach based on the IPCC definition of climate risk. Climate variables and extremes were simulated by using multiple outputs from 30 different climate models participating in the Climate Model Intercomparison Project (CMIP5) for the time window 2010–2040. These variables were used to assess the exposure of each site to climate hazards including drought and sea level rise, classified as chronic physical risks. Results show that water stress could directly impact six factories across Africa, Europe, Latin America, and the Middle East, with cumulative potential losses due to persistent drought ranges from USD12 million to USD252 million depending on the time horizon and climate scenario absent additional mitigation actions. Sea level rise could limit port operations in Asia Pacific regions, resulting in increasing logistics costs for PMI and supply chain disruption.</p>



## C2.3

**(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?**

Yes

### C2.3a

**(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.**

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**Identifier**

Risk 1

**Where in the value chain does the risk driver occur?**

Direct operations

**Risk type & Primary climate-related risk driver**

Current regulation

Carbon pricing mechanisms

**Primary potential financial impact**

Increased direct costs

**Company-specific description**

Our operations throughout the globe are subject to various climate-related regulations.

There is a clear international trend towards increasing and stricter climate-related regulations which could increase our operational costs.

These include but are not limited to CO2 related trading schemes such as the EU Emission Trading Scheme (EU ETS). As of December 31, 2022, PMI owned and operated a total of 3 factories in the Netherlands, Italy and Romania covered by the EU ETS, with total verified emissions of over 54,000 metric tons of CO2e. PMI doesn't have, for the time being, other factories in the EU and EU accession countries which could become subject to EU ETS. Although the cost of EU ETS carbon credits has been lower in the past several years due to a large surplus of allowances, the cost of allowances has increased lately and is expected to further rise.

According to the European Commission, allocation to industrial installations received 80% of the free allowances in the 2013. This proportion has been decreasing gradually year-on-year, down to 30% in 2020.

The revision for phase 4 (2021-2030) of the revised EU ETS directive will trigger more stringent greenhouse gas emissions reduction target with a mix of interlinked measures, among which, an increase of the pace of emissions cuts at an annual rate of 2.2% as of 2021.

This could lead to an increase in PMI's operating costs of purchasing allowances in the future, particularly in high emission locations in EU markets.

The potential identified risk is to see the production prices increase impacting operating

costs.

We closely monitor if regulations on minimum threshold in these schemes are changing and signals of new emerging regulations and we consider those aspects in the strategic deployment of our manufacturing and supply chain networks including investments to increase efficiency.

If this impact reveals to be substantial, we would focus our efforts to increase energy efficiency in those factories.

**Time horizon**

Short-term

**Likelihood**

Very likely

**Magnitude of impact**

Medium

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

5,400,000

**Potential financial impact figure – minimum (currency)**

**Potential financial impact figure – maximum (currency)**

**Explanation of financial impact figure**

Although the cost of EU ETS carbon credits has been lower in the past several years due to a large surplus of allowances, the cost of allowances is expected to increase due to stricter regulations and more significant long-term reforms to reduce oversupply.

According to the European Commission allocation to industrial installations received 80% of the free allowances in 2013. This proportion has been decreasing year-on-year, which could lead to an increase in our operating costs of purchasing allowances in the future. Based on a comprehensive review of policies and methodologies (price corridor from ICPC), we recognize the importance of defining a carbon price per ton of CO<sub>2</sub>e that will remain stable over time and ensures that climate transition risks are embedded in capital expenditure decisions (i.e., in order to allocate capital for the best return in terms of carbon reduction and cost-effectiveness). Since 2020, as we step up our ambition to reduce carbon emissions, aligned with the 1.5-degree trajectory, we apply an internal methodology to model a Shadow Carbon Price integrating in today's shadow carbon price evaluation, the transition risks 10 years in advance for a forward-looking approach. In the 2022 exercise, for example, the PMI's shadow carbon price was revised to USD 105 per ton of CO<sub>2</sub>e (from USD65).

We estimate the potential financial impact to be USD5.4 million considering:

- the above and a worst-case scenario of constant emissions as of 2022 (whereas emissions due to the growth of production capacity are evened out by improvements in

energy efficiency and other mitigation measures);  
- the carbon footprint profiles of our 3 factories in EU ETS scheme in 2022 and applying an annual cost of emissions allowances forecast to be on an average of USD100/tCO<sub>2</sub> in the short to medium term.

The calculation applied is the following:

54,000 t/CO<sub>2</sub>e (representing the emissions of the 3 factories) \* \$100 = USD 5,400,000

### **Cost of response to risk**

20,400,000

### **Description of response and explanation of cost calculation**

Our plants have undergone an energy efficiency program to ensure that the carbon tax will be kept as minimal as possible, further aiming to reduce below threshold in the future and be exempted from the scheme.

We manage the risk through our Energy Management Program (EMP), which consists of energy consumption monitoring (EMS) and investments in energy conservation and efficiency improvement projects. We have an energy monitoring and targeting system in place, with an annual cost of USD200 thousand. Drivers like EU ETS and EU EED led us to consider process changes (e.g., replacement of combustion equipment to more efficient ones that can potentially reduce our energy load to below the 20MW regulatory threshold). From 2014-2018 we delisted certain sites from EU ETS as they fell below the total combustion capacity threshold. Our EMP enables us to analyze consumptions and serve as basis for potential carbon tax exemptions and “cost to comply” reductions with the EU ETS and has an annual set budget of around USD10 million.

During the year, we integrated our shadow carbon price (SCP) into the preparation and financial evaluation of business proposals aimed at structurally reducing our carbon emissions, supporting the approval of 121 carbon emission-reduction projects in 2022 – 115 under our Energy Savings Initiatives Program (expected to be implemented by 2026), as well as 6 projects under our Zero Carbon Technology (ZCT) program. The adjustment of our shadow price from USD 65 to USD 105 per ton of CO<sub>2</sub>e in the last quarter of the year supported the approval of two projects under our ZCT program. E.g., in our manufacturing site in Italy, a complex solution space has been approved in 2022, incl. the site’s electrification plans to enable exiting EU ETS and de-risking externalities related to energy and ETS price volatility. A mix of technologies from thermal electrification via heat pumps, electric boiler and in-house PV plants are expected to be operational by 2025. Such system will deliver 62 GWh thermal energy annually (approx. 44% of site’s 2022 consumption profile), improving at the same time the overall heat generation efficiency by 6%, against an investment of approx. USD10.2 million.

Our average annual cost of management is the sum of investments in energy conservation and efficiency initiatives (approx. USD10million), investment in ZCT (approx. USD10.2million) and the EMS operating costs (USD200 thousand).

### **Comment**

The EU ETS scheme has been an additional driver for the implementation of our energy efficiency program at global scale to anticipate the clear international trend towards

increasing and stricter climate-related regulations which could increase our operational costs. Our activities in this area fall under the scope of our Drive 4 Zero program, which aims to eliminate economic losses caused by inefficient energy use. Under the program, we look for industrial and manufacturing solutions such as heat recovery and manufacturing-process optimization. We also promote behavioral change through our Zero Loss Mindset program to eliminate energy losses. Design standards include low GHG building practices, e.g., for materials and efficient lighting.

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**Identifier**

Risk 2

**Where in the value chain does the risk driver occur?**

Upstream

**Risk type & Primary climate-related risk driver**

Acute physical

Heavy precipitation (rain, hail, snow/ice)

**Primary potential financial impact**

Increased direct costs

**Company-specific description**

In the short- to long-term most of PMIs sourcing regions face risks due to physical climate change events, such as cyclones, floods and others, potentially affecting our tobacco suppliers' capability to deliver on contracted volumes globally, e.g., in Brazil, which is among PMI's top 15 tobacco origins. Changes in precipitation patterns and extreme variability in weather patterns could affect the yield, quality and availability of the tobacco crops, triggering a substantive risk in case the potential financial impact is above our threshold (1000 metric tons of tobacco leaves), resulting in sourcing plans modification and increasing operational costs. A substantive impact in Brazil could have the potential to delay deliveries of tobacco, significantly affecting the production cycle all the way to the product. In 2022 hailstorms, droughts and other climate related events in Brazil impacted tobacco farmers, causing important crop losses; around 7,900 ha of production in the South regions were impacted due to extreme weather events mainly hail and drought. The volume losses experienced by tobacco farmers were volumes already contracted by PMI. We had to work on a contingency plan with our suppliers to fulfil our volume requirements. The volumes had to be booked in a short time window thus reducing the power of negotiation that is typical of pre-booked volumes and potentially impacting the price above the substantive impact threshold of USD5 million. Extreme rainfall in the fields may require pumping of excess water; while extreme droughts could require long-term irrigation, both of which would increase tobacco production costs above our substantive financial impact threshold. Changes in precipitation patterns could also affect local logistics, with extreme precipitation events potentially leading to inaccessibility of road networks, disrupting the delivery of tobacco.

**Time horizon**

Medium-term

**Likelihood**

More likely than not

**Magnitude of impact**

Medium

**Are you able to provide a potential financial impact figure?**

Yes, an estimated range

**Potential financial impact figure (currency)**

**Potential financial impact figure – minimum (currency)**

6,600,000

**Potential financial impact figure – maximum (currency)**

26,700,000

**Explanation of financial impact figure**

The potential financial impact range is based on a long-term assessment of costs from physical climate change risks related to extreme weather events in our tobacco origins in Brazil in a given year. The range of potential financial impact is derived from previous years' data on crop losses due to extreme weather events, which could lead to increase tobacco production costs as PMI has to look for alternative volumes to be purchased in a short time window, combined with our comprehensive climate change risk assessment tool. Setting the basis as PMI threshold for substantive financial impact (1,000 metric tons of tobacco leaves) for the specific case of Brazil, the lower range results in an estimate 3% (of the sourced volume or spend). The upper range reflects an estimation of 10% (of the sourced volume or spend) based on historical crop loss data (actual impacts reported) and our modelling projection. We estimated the relative magnitude in a range of around USD 6.6 -26.7 million per year while we foresee this risk in the short to long-term (>6 years) for the Brazilian growers due to supply chain disruptions arising from extreme weather events such as excessive rain fall, hail and drought, and combining estimated costs due to disruption from crop losses, quality impacts and supply chain restrictions.

The costs' estimation takes into account the above factors, however, due to their inter-correlation, our modelling provides a bottom and top range.

**Cost of response to risk**

382,000

**Description of response and explanation of cost calculation**

The cost of response is based on the set yearly budget allocated in 2022 to environmental projects under the Good Agricultural Practices (GAP) program implementation in Brazil. GAP program is PMI's main initiative to tackle physical climate risks within the company's tobacco supply chain, as identified through our Strategic Enterprise Risks and Company's Integrated Risk Assessment processes. Under GAP,

projects are implemented within the timeframe to achieve environmental targets on annual basis and short to medium-term objectives to 2025 and 2030. In Brazil's southern region in 2022, near PMI's manufacturing facility in Santa Cruz do Sul, projects focusing on increasing the resilience of natural ecosystems to better protect local communities and their economic activities in tobacco growing areas were implemented. Around 21,337 contracted farmers supply tobacco to PMI (directly or via third-party suppliers) within the region and GAP initiatives focus on water source protection and landscape conservation practices related to tobacco farming incl. monitoring and training at farm level. In Brazil around 412 field technicians work year-round with the contracted farmers and suppliers of tobacco to PMI, visiting the farms on average five times during the crop season to monitor projects implementation. Additionally, technology is also being deployed, e.g., PMI is using drones to map and scout tobacco fields in North-East Brazil, generating live data for decision making on crop management.

In 2022, the cost of these initiatives was around USD 382,000, approx. 75% allocated to cost of on farm water management and water stewardship activities (e.g., spring protection projects) at landscape level, together with the roll out of a specific "on farm and next to the farm" biodiversity conservation program. The remainder 25% was allocated to implementation of forest protection, renewable fuels and good agricultural practices programs incl. training, stakeholder engagement and verification of reported results. PMI's investment in these initiatives is included in the cost of response and represented approx. 5% of the global 2022 expenditure in environmental projects, similar yearly expenditure is expected over the next 10 years to support mitigating short to medium term impacts.

### Comment

PMI plans to maintain similar level of investment over the next 10 years.

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### Identifier

Risk 3

### Where in the value chain does the risk driver occur?

Upstream

### Risk type & Primary climate-related risk driver

Market

Increased cost of raw materials

### Primary potential financial impact

Increased direct costs

### Company-specific description

Increased production costs for farmers in the supply chain can be due to changing input prices, specifically diesel costs. For PMI this has an impact on procurement expenditure on tobacco from third-party leaf suppliers and directly contracted farmers. Due to fuel cost relevant weight over the other cost components, an increased cost of fuel for

agriculture could result in an increase of the final tobacco price.

Diesel is widely used in many farming practices, including transportation and the operation of mechanical equipment. PMI and its supply chain purchases of tobacco are influenced by the cost of production for farmers, whereas energy used to run mechanical equipment represents a significant part of that cost. Approximately 94% of our purchased volume comes from mechanized farms consuming on average 123 liters of diesel per hectare of tobacco, depending on the mechanized activities and the soil type.

If diesel prices increase, the overall cost of producing raw tobacco at directly contracted farms, as well as the cost of sourcing tobacco from third-party leaf suppliers, will increase as a result. Based on data collected through surveys in farms where diesel expenditure represented up to 10% of the overall cost of production, this in turn would cause an associated indirect increase in procurement costs as the price of tobacco would respond to upward pressure on the cost of production. Specific markets may be more susceptible to fuel price fluctuations as they are characterized by farms more dependent on mechanized activities, for example in tobacco farming in Argentina and Italy where the adoption of mechanized activities is above the global average; the two markets are within PMI's top 10 sourcing markets causing the sourcing strategy to be likely affected by a significant fluctuation in diesel price for agriculture. A key factor in diesel prices is global oil prices, which are expected to have different developments depending on the transition pathway taken at a global level. Under transition pathways aligned to 2 degrees scenario or below, the oil demand will be lower than under scenarios associated with greater temperature increases. As such the expected increase in oil prices and indirectly tobacco prices paid by PMI is lower in a 2-degree scenario.

**Time horizon**

Long-term

**Likelihood**

More likely than not

**Magnitude of impact**

Medium-low

**Are you able to provide a potential financial impact figure?**

Yes, an estimated range

**Potential financial impact figure (currency)**

**Potential financial impact figure – minimum (currency)**

110,000,000

**Potential financial impact figure – maximum (currency)**

225,000,000

**Explanation of financial impact figure**



Diesel price was modelled between 2017 and 2030 using the International Energy Agency (IEA) scenario data for projected oil price, and the assumption that the ratio between oil and diesel price would remain constant. The cost of diesel to farmers as a portion of total cost of production was estimated using an internal model and a proxy based on diesel and oil prices from public data sources on typical cost shares for similar agricultural commodities applied to the mechanization profile of PMI's farmer base (pro-rata based on volumes sourced yearly).

This share was then applied to the current and future forecasted procurement spend on tobacco by PMI each year. It was then assumed that the PMI tobacco procurement expenditure would remain constant in a business-as-usual scenario and increase by the same rate as diesel price under climate change scenarios. The result after the application of the aforementioned calculation methodology, and factoring farmers' uptake of new technologies, renewables and future forecasted tobacco requirements, was that the potential financial impact of the risk is estimated in a range of \$110 million to \$225 million per year if not mitigated, while we foresee this risk in the short to long term (> 10 years). PMI's response and mitigation strategy are described below.

#### **Cost of response to risk**

3,705,000

#### **Description of response and explanation of cost calculation**

Since 2002 PMI has implemented the Good Agricultural Practices (GAP) program. GAP is a program with mandatory requirements for our tobacco suppliers and their contracted farmers, which provides specific guidance on initiatives to mitigate tobacco growing risks and impacts related to climate change.

The cost of response is based on the yearly budget allocated to environmental projects in 2022 (mainly related to climate change, water security and biodiversity) and crop efficiency improvement projects under the GAP program implementation across all regions, accounting for approx. a set annual budget of USD 3.7 million in expenditures globally for initiatives within our tobacco supply chain including but not limited to the adoption of improved and innovative practices by the farmers. Within the GAP budget we work on a timeframe that matches our SBT to reduce Scope 3 by 50% by 2030 and carbon net zero target by 2040 with initiatives that aim at decreasing the use of crop inputs without influencing negatively farm outputs (e.g., yield per hectare). Our effort to reduce dependency from fossil fuels has led our contracted farmers, especially in Brazil, to significantly decrease tillage practice. The achievement does not only impact positively on CO<sub>2</sub> emissions and cost of production but supports our biodiversity program by protecting soil and contributing to stabilize ecological relations in local microfauna. In 2022, gradual switch to renewable sources and barn efficiency improvements led to:

- 74% of flue-cured tobacco we purchased was cured using renewable and traceable fuels (mainly in Pakistan, the Philippines, Spain, Malawi, Mozambique, Brazil);
- 43% of the fuel was sustainably sourced firewood (and 31% other biomass);
- flue-curing GHG emissions intensity was 57% lower in 2022 (vs. 2019 baseline)
- reduction of 281,224 tons of CO<sub>2</sub>e vs. 2019 baseline
- the improvement of tobacco curing barn efficiency lowering fuel consumption through structural and thermodynamic interventions;



- increased collaboration with PMI Leaf suppliers fostering additional collaboration on climate change related risks, and in other areas with potential positive impact on our business and share value with society.

### Comment

PMI plans to maintain similar level of investment over the next 10 years.

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### Identifier

Risk 4

### Where in the value chain does the risk driver occur?

Upstream

### Risk type & Primary climate-related risk driver

Acute physical

Other, please specify

Drought, flooding and cyclones

### Primary potential financial impact

Increased direct costs

### Company-specific description

Based on GermanWatch's annual Climate Risk Index (2021), the Philippines is in the top 5 countries (4th) most affected by climate change impacts (including cyclones and flooding) resulting in an average loss of \$3.2 billion in purchasing power parity to the country from 1999 - 2019. The supplies of tobacco leaf in Philippines (one of PMI's top 15 tobacco sourcing countries), coupled with negative impacts on tobacco crop quality, and supply chain manufacturing restrictions due to increased severity and frequency of extreme weather events could impact PMI's production and tobacco sourcing strategy, leading to increase in direct costs for PMI, suppliers and farmers. Tobacco leaf growing can be strongly affected by small changes in physical climate conditions such as changes in temperature and precipitation. Yield, quality and availability of tobacco crops could be negatively impacted by changes in precipitation and periods of drought, which have increased in frequency in recent years. This could affect PMI's access to tobacco supplies, impacting crop buying patterns and operational costs, affecting PMI manufacturing operations and business directly. We consider a range for the increase in our operational cost between 16 and 32% given by our modelling and estimation of medium-long term impact of adverse extreme climate events on our supply chain in the Philippines. In case of significant damage to the crop we would be forced to look for alternative sourcing areas within the country in a short time, significantly impacting our power of negotiation. This would also cause additional efforts in defining supply chain logistics and approaches, thus driving up the total cost of tobacco sourcing and unfavorably impacting the market budget for Philippines.

### Time horizon

Medium-term

**Likelihood**

Likely

**Magnitude of impact**

Medium

**Are you able to provide a potential financial impact figure?**

Yes, an estimated range

**Potential financial impact figure (currency)**

**Potential financial impact figure – minimum (currency)**

2,800,000

**Potential financial impact figure – maximum (currency)**

5,700,000

**Explanation of financial impact figure**

The potential financial impact range is based on a long-term assessment of costs from physical climate change risks related to drought, flooding and cyclones for the specific case of the Philippines. The lower range derives from our comprehensive climate change risk assessment tool combined with the threshold defined for the substantive financial impact, resulting in a 16% estimate (applied either to the sourced volume or spend). The upper range reflects an estimation of 32% based on our modelling projection of the expected change for this country with climate change (worst case scenario). We estimated the relative magnitude between USD 2.8 - USD 5.7 million per year while we foresee this risk in the medium-term (5-10 years) for the Filipino growers due to supply chain disruptions arising from physical risks such as drought, flooding and cyclones, and combining estimated costs due to disruption from crop losses, quality impacts and supply chain restrictions.

**Cost of response to risk**

16,000

**Description of response and explanation of cost calculation**

We implement globally our Local Risk Assessment (LRA) methodology utilizing granular local data to highlight water-related risks and engaging local stakeholders including local Leaf suppliers. PMI utilizes the LRA results to implement initiatives with farmers to improve agricultural resiliency to flooding and drought such as the case in the Philippines where the results of the LRA performed in 2021 will lead to the planning and implementation of interventions in 2022. An example of interventions carried out through previous LRAs in the Philippines is the irrigation viability project, which prevents negative impacts from water discharges after irrigation during the growing stage of tobacco cultivation. This project addresses water availability and quality at local level, mitigating potential negative impacts due to drought, flood and cyclones. Another example is the identification of moderate risks of flooding and seasonal variability in the local risk assessment, which has resulted in interventions focused on mulching and cover crops and training farmers to be proactive in adapting to the annual variability by

utilizing weather forecast data. The cost of response is based on the yearly budget allocated to the Philippines in 2022 for environmental projects under the Good Agricultural Practices program, accounting for approx. USD 16,000 in internal investment. The engagement with tobacco suppliers to drive improvements in crop management and environmental protection practices in the Philippines are included in the cost of response and represented approx. 0.2% of the global expenditure in sustainability projects for tobacco from our 2022 GAP budget. In 2022, we continued to implement projects focused on water source protection, water management practices and landscape conservation practices related to tobacco farming, contributing to increasing the resilience of the local agricultural system, in response to increasing physical risks such as drought, flood and cyclones.

The expected timeframe of completion of this response is 2025, following our updated sustainability roadmap which includes PMI's targets to optimize water usage across our supply chain. This timeframe is revised annually as part of our risk assessment process and adjusted to reflect any changes arising from additional water interventions that are needed to mitigate these risks.

#### **Comment**

PMI plans to maintain similar level of investment over the next 10 years.

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#### **Identifier**

Risk 5

#### **Where in the value chain does the risk driver occur?**

Direct operations

#### **Risk type & Primary climate-related risk driver**

Chronic physical

Other, please specify

Increase water stress, droughts and riverine flood

#### **Primary potential financial impact**

Increased indirect (operating) costs

#### **Company-specific description**

In 2022 we updated our water related physical risks, that are also integrated in our TCFD Climate Change Risks and Opportunities Assessment (CCROA). This water risk assessment was performed with the use of WRI Aqueduct.

The identified water risks related to climate change were physical (chronic & acute).

Throughout the overall portfolio of the manufacturing sites, 4 strategically significant factories were identified at "high risk" or "extremely high risk" toward water stress, droughts and/or flood (by flood we mean riverine flood), as result to the shift on the precipitation patterns. At our manufacturing sites, high quality freshwater is used for WASH (Water Access Sanitation and Hygiene) services, and for manufacturing processes including the preparation of flavors, liquid products, in several stages of the tobacco processing, among others. Good quality fresh water is also an ingredient in the

manufacturing process of our SFP products which are expected to have an increased importance in PMI's strategy in the future. PMI expects its direct dependency on water to increase in the short term (up to 5 years), as the company will transition to SFP which are more water-intensive in their manufacturing processes.

More specifically, our manufacturing facilities in:

- a) Italy, 2 sites, are directly exposed to potential disruptions in production capacity due to water stress and drought. One site was responsible for about 45% of PMI's total production of heated tobacco units (HTUs). Our second site is important in PMI operations, not for its manufacturing capacity, but for the capability to evaluate manufacturing optimization practices.
- b) Indonesia, one site responsible to produce around 15% PMI's total cigarettes production, is exposed to riverine flood.
- c) Poland, one site, responsible to produce around 14% of PMI's total cigarettes production, is exposed to drought.

Several water efficiencies, reuse, recycling and conservation projects have been implemented in order to increase resilience in drought and water stress and in Indonesia, our insurance and business continuity management plans are designed to mitigate the impacts from short and medium-term flooding events.

**Time horizon**

Medium-term

**Likelihood**

More likely than not

**Magnitude of impact**

Medium

**Are you able to provide a potential financial impact figure?**

Yes, an estimated range

**Potential financial impact figure (currency)**

**Potential financial impact figure – minimum (currency)**

3,317,000

**Potential financial impact figure – maximum (currency)**

29,860,000

**Explanation of financial impact figure**

We estimate the relative magnitude at the range of USD 3.3 million to USD 29.86 million in the medium term (5-10 years) for our operations based on potential disruptions in production capacity and current production data, as well as per our insurance's estimations (i.e.: in case of a minor event to all four sites, the sum of the cost of disruption is about USD 3.3 million and in case of a major event to all four sites the sum of the cost of disruption is about USD 29.86 million; the financial impact was estimated based on the size of each one of the four manufacturing sites and the respective

business disruption period, in the case of minor and a major event; the impact in each site ranges from USD 0.47million for minor event in the smaller site in Reno, Italy, up to USD 15.57 million for a major event in the biggest of these manufacturing sites, again in Italy in Samoggia river basin), not having experienced yet such an event. This impact is split 65% in our facilities in Italy, 13% in our facility in Indonesia and 23% in our facility in Poland.

PMI's range of potential financial impacts related to water impacts is developed by estimating potential losses related to minor and major business interruptions. This assessment is carried out on a per facility basis considering the total cost of business interruption per day based on production costs (excluding raw materials). These costs mainly represent labor costs from business disruption, as production would not be able to continue. PMI's estimated range of financial impacts can be broken down as in the formula below; the actual number of days of business interruption will depend on the site's ability to recover from an event:

Minimum financial impact = Number of interruption days in minor event \* non avoidable operating cost per day

Maximum financial impact = Number of interruption days in major event \* non avoidable operating cost per day

### **Cost of response to risk**

4,813,000

### **Description of response and explanation of cost calculation**

PMI's response is already underway and has been primarily focused on reducing water dependency on withdrawals through the implementation of water saving initiatives in our factories. The cost response to the water risks, is calculated separately in each site and reported here as a sum of around USD 4.813 million, allocated as 77% in Italy, 21% in Indonesia and 2% in the facility in Poland.

PMI implemented several technologies, aiming to reduce water withdrawals in our facilities in Italy during 2022, which are expected to reduce water withdrawals by more than 20,000 m3 per year. The cost of response related to the design and implementation of these interventions was USD 3.711 million. Some of the key interventions included:

- standardization of primary washing
- collection and reuse of firefighting water through installation of water tank
- installation of water saving liquid pump
- boiler blowdown cooling with re-used water

The cost of response (USD1 million) for our facility in Indonesia is estimated based on recurring cost of external providers used to assess flood and business continuity risk annually, and related staff costs. Flood risk assessments are undertaken at the site level to understand how vulnerable sites are to cyclones/local flooding events. These assessments provide a better understanding on the scale and nature of this risk and our insurance and business continuity management plans are designed to mitigate the impacts from short term (0-5 years) flooding events.

In Poland, since 2013, several water efficiency, reuse/recycling and conservation projects have been implemented including several modernization initiatives. In 2022 around USD 102,000 was invested, for example in projects aiming at integrating steam and adiabatic humidifying systems and -reducing water use for steam production were implemented and are expected to reduce water withdrawals by 6,000 m3 per year.

The expected timeframe of completion of this response is 2025, following our updated sustainability roadmap which includes PMI's targets to optimize water usage across our operations. This timeframe is revised annually as part of our risk assessment process and adjusted to reflect any changes arising from additional water interventions that are needed to mitigate these risks.

### Comment

PMI plans to assess and invest in similar projects aiming at addressing such risks in the next years.

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### Identifier

Risk 6

### Where in the value chain does the risk driver occur?

Upstream

### Risk type & Primary climate-related risk driver

Acute physical

Drought

### Primary potential financial impact

Increased direct costs

### Company-specific description

Physical climate change risks could adversely impact quality and yield of the crops we use, such as tobacco leaf and cloves. Indonesia tobacco leaf suppliers are exposed to physical climate change risks (drought and flooding being most critical). Tobacco growing is strongly influenced by climate change such as changes in temperature and precipitation. Specifically, in the markets where we source from located in the tropics and subtropics that are more vulnerable to climate change, precipitation pattern shifts (too much/ too little rain) could impact PMI's sourcing strategy due to crop losses, quality degradation and disrupted supply chains.

Clove is an essential raw material for PMI to use in our local kretek brands. Indonesia produces over 70% of the world's cloves and PMI purchases 100% of clove supplies from Indonesian farms (PMI purchases on average 25% of total Indonesian clove production), making it a substantial market. Clove production is 100% rainfed, making it highly reliant on well distributed rainfall during the growing season. Clove yields fluctuate historically, with harvests varying up to 60% over a 4-year cycle and climate

change might increase these fluctuations if dry seasons are prolonged or rain events become more extreme. These fluctuations can cause yield volatility, resulting in crop losses/ decreased yields for suppliers and farmers. Without mitigation measures in place, these fluctuations in availability could threaten PMI's largest clove source, impactful also because PMI is one of the largest kretek cigarettes producer in Indonesia.

To help mitigate potential impacts of El Niño/ La Niña events or other climatic extremes, the duration of PMI's stock is extended over a number of years to prepare for any variations in yields. In the past, these weather shifts have typically only impacted 1 season of clove production, making stocks sufficient but the magnitude and unpredictability of climate change events can now affect more than 1 crop year in a row. Market price dynamics are very reactive to clove production fluctuations when impacted by El Niño and La Niña events, making planning extremely difficult for suppliers and farmers that become more linked to speculative approaches, thus keeping more than one year of stock becomes a critical action for PMI.

**Time horizon**

Medium-term

**Likelihood**

Likely

**Magnitude of impact**

Medium

**Are you able to provide a potential financial impact figure?**

Yes, an estimated range

**Potential financial impact figure (currency)**

**Potential financial impact figure – minimum (currency)**

4,800,000

**Potential financial impact figure – maximum (currency)**

17,700,000

**Explanation of financial impact figure**

The potential financial impact range is based on a long-term assessment of costs from physical climate change risks related to drought for the specific case of Indonesia. The lower range derives from our comprehensive climate change risk assessment tool combined with the threshold defined for the substantive financial impact, resulting in an 8% estimate (applied either to the sourced volume or spend). The upper range reflects an estimation of 28% based on our modelling projection, that feeds our climate change risk assessment tool (CCRA based on the the on the Representative Concentration Pathways RCP 2.6, RCP 4.5 and RCP8.5), of the expected impact due to climate change (worst case scenario) for this country. We estimated the relative magnitude between USD 4.8-17.7 million per year while we foresee this risk in the short to long-term (>6 years) for the Indonesian growers due to supply chain disruptions arising from

drought and flood events during the growing season and combining estimated costs due to disruption from crop losses (based on the cost of production, considering potential production fluctuations), quality impacts, and supply chain restrictions (a critical event, for example, can inhibit farmers from accessing their crops during an event). The range that we have calculated is based on the number of days in which activities could not be performed at farm level, therefore constituting a delay/ loss in production.

**Cost of response to risk**

80,000

**Description of response and explanation of cost calculation**

As part of our tobacco and clove procurement strategy, we require all tobacco and clove suppliers to follow our Good Agricultural Practices (GAP), which provide water related risks mitigation through the adoption of climate smart agriculture practices. We implement globally our Local Risk Assessment (LRA) methodology utilizing granular local data to highlight water-related risks and engaging local stakeholders including tobacco suppliers. PMI utilizes the LRA results to work with farmers to improve agricultural resiliency to flooding and drought like in Indonesia where the results of our 2020 LRA led to planning and implementation of interventions that continued in 2022. Focus trial projects to mitigate the effects of drought impacts on cultivated crops were deployed in clove and tobacco growing areas. Drip irrigation systems have been tested with farmers in clove production to increase resiliency, reduce dependency on rainfall and avoid productivity losses. As a result, the physiology of the crop has been better understood and the water relationship including stress thresholds and optimal water uptake have been systematically tested and more efficient irrigation protocols, for more consistent productivity, derived. To ensure business continuity, PMI has substantial inventories of tobacco leaf which can help mitigate short term impacts (up to 5 years).

The expected timeframe of completion of this response is 2025, following our updated sustainability roadmap which includes PMI's targets to optimize water usage across our supply chain. This timeframe is revised annually as part of our risk assessment process and adjusted to reflect any changes arising from additional water interventions that are needed to mitigate these risks.

The cost of response is based on a USD 80,000 budget allocated to environmental projects in 2022 (related to climate change, water security and biodiversity) under the GAP program implementation in Indonesia. The engagement with tobacco and clove suppliers in crop management practices in Indonesia it is included in the cost of response. The expenditures represent approx. 1% of the 2022 global GAP budget.

**Comment**

Similar investment is expected over the next 10 years considering projected climate change and the potential scale-up of current projects.



## C2.4

**(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?**

Yes

### C2.4a

**(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.**

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**Identifier**

Opp1

**Where in the value chain does the opportunity occur?**

Direct operations

**Opportunity type**

Resilience

**Primary climate-related opportunity driver**

Participation in renewable energy programs and adoption of energy-efficiency measures

**Primary potential financial impact**

Reduced direct costs

**Company-specific description**

By mapping energy consumption profiles of our manufacturing sites worldwide – currently representing 80% of our overall energy consumption - and available technologies, PMI has identified the opportunity to switch to renewables and implement renewable energy (RE) self-generation. The opportunity includes leverage on participation in RE programs and adoption of energy-efficiency measures supported by national policy and incentive schemes. From the mega trends, electrification and through the various stimuli to accelerate the transition to a low carbon economy it is anticipated that policy levers to reduce cost barriers for deployment of renewable technologies will be required. This is likely to include subsidies for energy generation which have already been a feature in many markets and used successfully to support the commercialization of renewable technologies making them cost competitive vs. conventional alternatives. Subsidies for RE self-generation in different countries are factored into our cost-benefit analyses for pertinent projects so that improved return on investment can potentially be delivered. Cost-Benefit analysis and RE assessments have been performed in several of our facilities (e.g., Italy and Turkey). These analyses proved that not only PMI was able to decarbonize its energy needs by self-generating energy, e.g., through photovoltaic technology, use of sustainable fuel like biomass, but also to drive variability of energy costs and dependency down, and ultimately support our transition toward a low-carbon business model.

PMI assesses opportunities to access subsidies for RE generation in its operations in different countries, e.g. in Italy and Turkey, and any unused energy could be withdrawn back from the grid or sold, creating additional benefits supporting the business cases. In addition, we assess the potential for self-generation through REs, increasing resilience of the energy supply to our factories and creating a significant savings on energy costs. Latest internal analysis indicates a global potential for RE capacity through PV within our facilities to cover around 25% of our current consumption profile, out of which around 11% is untapped (not covered by any ongoing investments/programs). This is embedded into our environmental strategy, annual and long range plans to increase the use of RE in our manufacturing sites, increasing either self-generation and/or purchases.

**Time horizon**

Long-term

**Likelihood**

Very likely

**Magnitude of impact**

Medium-high

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

103,000,000

**Potential financial impact figure – minimum (currency)**

**Potential financial impact figure – maximum (currency)**

**Explanation of financial impact figure**

The levelized cost of energy (LCOE) for renewable and non-renewable sources was modelled between 2017-2020, drawing from scenario data under 2-degree scenario. This LCOE metric is a useful summary of the lifetime cost of energy incorporating a range of factors (IEA's Fuel input electricity and heat generation (PJ), for biomass, hydro, geothermal, wind, solar PV, solar CSP and hydrogen) associated with the type of generating asset including subsidies. The LCOE has been used to compare the benefit of moving to renewables for energy generation, such as photovoltaic and biomass, with the current operational expenditure on energy at PMI sites assumed to remain constant in business as usual (BAU) scenario. This LCOE is applied to the current PMI operational energy spend to compare the cost of energy of the BAU scenario with a fully renewable uptake over the time horizon considered. The approximate financial impact of this analysis is based on PMI's global operations study results and estimations included in our 2019 Climate Change Risks and Opportunities Assessment. In the assessment PMI focused on the evaluation of physical and transition risks as per recommendation of the Taskforce on Climate-Related Financial Disclosures and the approximate potential

financial impact estimated for this opportunity, in a 2DS, was that PMI would have a saving up to USD 97 million.

We also estimate the overall impact of subsidies for renewable energy generation to our various locations throughout the globe to be around USD 6 million based on the incentives considered in the renewable projects planned.

### **Cost to realize opportunity**

121,000,000

### **Strategy to realize opportunity and explanation of cost calculation**

Self-generation of renewable energy (RE) is part of PMI's "carbon neutrality in manufacturing" strategy, which includes the increase in:

- operational efficiency and elimination of losses;
- use of RE;
- self-generation through investment in RE.

We apply technologies to generate RE across our manufacturing sites, such as photovoltaic (PV) panels, biomass boilers, heat pumps, and tri-generation processes (combining cooling, heat, and power). Options to self-generate and/or purchase renewables are evaluated based on analysis of local facilities data, our Energy Management Program and regulatory radar screen. Decisions to mitigate climate-related transition risk due to increased cost to source energy for our operations is taken with the support of an internal shadow carbon price (SCP) (\$USD105 per ton CO<sub>2</sub>e). PMI's SCP is an internal lever designed to accelerate carbon emissions reduction by ensuring that company's investment decisions reflect all costs, incl. environmental ones. PMI's SCP is integrated into financial evaluation and preparation of business cases that will impact our carbon emissions.

As an example, in our manufacturing site in Italy, where grid dependency (highly dependent on natural gas) and ETS price increases are expected, PMI is and continues to invest in the next 3-4 years in opportunities to reduce direct costs through the site's thermal electrification via heat pumps, e-boiler and in-house PV, which in turn is expected to deliver 62GWh of thermal energy per year and improve overall heat generation efficiency by 6%, enabling ETS exit and covering approx. 44% of site's 2022 consumption profile. Today the site already counts with an operational PV plant, which generated more than 3% of total energy used on the site in 2022.

These projects enabled PMI to increase share of self-generated energy and to drive variability of energy costs and dependency down.

The cost to realize the opportunity is a range reflective of the average investment between USD 42 million (USD 14M\*3 years) and USD 200 million (USD 50M\*4years). We estimate a cost of management of USD 121 million – this is based on annual budget for CAPEX approved by the PMI's Operations Management Team ranging between USD 14-50 million over a 3-4 years' timeframe), based on previous investments and number of facilities to switch to RE. The calculation considers the lowest CAPEX budget in shortest timeframe (3y) and highest CAPEX budget in longest timeframe (4y) to

estimate the range.

### Comment

In 2022, self-generation of electricity in our factories reached 5% (vs. 7% in 2021) from the total PMI consumption while we reached a 42% of total energy consumption (incl. fuels and electricity) from renewable sources (vs. 39% in 2021). This will contribute to achieve our target to use 100% of green electricity in our factories by 2025. We are on track on this target having reached 87% in 2022. PMI plans to maintain similar level of investment over the next 10 years

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### Identifier

Opp2

### Where in the value chain does the opportunity occur?

Upstream

### Opportunity type

Resilience

### Primary climate-related opportunity driver

Participation in renewable energy programs and adoption of energy-efficiency measures

### Primary potential financial impact

Other, please specify

Reduced dependency from fossil fuel and favorably impact farmers profitability and increased their resiliency

### Company-specific description

As cost competitive alternatives to fossil fuels become more readily available, it becomes attractive for tobacco farmers to switch to low carbon energy sources. Farms may become more efficient thanks to new technologies; if PMI continues to invest in programs to improve agricultural practices and encourage uptake of low carbon equipment, farmers' expenditure on fuel and energy inputs will fall. The speed of fall in costs will depend on global trends in fossil fuel prices due to oil markets and implementation of carbon pricing mechanisms. A fall in costs of production should reflect increased revenues for farmers. The reduced dependency of our tobacco supply chain on fossil fuels is an opportunity in the short term for tobacco farmers and supports PMI's GHG emissions reduction targets in medium to long term. A reduction in cost of fuel may have an impact on cost of production for tobacco considering that 94% of our contracted tobacco volumes are mechanized with an average fuel use ranging 123 liters/ha of farm.

For PMI's the opportunity lies in enhancing its corporate performance on supply chain environmental impact, CO2 emissions related to mechanization in tobacco would be reduced supporting PMI's SBT target of reducing by 50% its Scope 3 emissions by 2030. PMI has set an internal carbon price for its investment in direct operations (Scopes 1 and 2); a work is underway to assess the applicability of the carbon price to

Scope 3 emissions allowing to price the positive externalities generated by a progressive reduction in fossil fuel due to switch to more sustainable and renewable alternatives.

An example is the implementation of PMI's Renewable Curing Fuel Program, which defines a best-practice approach applicable to all flue-cured markets (approx. 51% from total tobacco volume sourced in 2022), with a focus on the transition from fossil to low carbon fuels. The program results are globally monitored annually by a third-party, focusing on compliance with our internal standard and fostering continuous improvements. Where fuel transition results in a switch towards woody biomass, our standard prescribes fuel sustainability and traceability (i. from a sustainably managed forest). With progressive implementation suppliers have effectively transitioned to low carbon fuels for curing in many countries. Focus remains in countries where curing practices are still heavily dependent on fossil fuels.

**Time horizon**

Long-term

**Likelihood**

Likely

**Magnitude of impact**

Medium

**Are you able to provide a potential financial impact figure?**

Yes, an estimated range

**Potential financial impact figure (currency)**

**Potential financial impact figure – minimum (currency)**

110,000,000

**Potential financial impact figure – maximum (currency)**

225,000,000

**Explanation of financial impact figure**

The potential financial impact range represents an opportunity for suppliers and farmers in our tobacco supply chain due to decrease in farmers' costs of production and reflects the estimates of their potential increased revenues.

The benefit sought by PMI is not financial, but rather to build stronger resilience within our supply chain by supporting farmers to switch from fossil to low-emission fuels and it is designed to remain with the farmers as part of the Good Agricultural Practice program.

Through investment, engagement and collaboration in programs to improve agricultural practices, PMI is expecting to ameliorate farmers' conditions and resilience to climate change risks.

The reduced dependency of our tobacco supply chain on fossil fuels is an opportunity in the short term for tobacco farmers and supports PMI's GHG emissions reduction targets in the medium to long term.

The range for the potential financial impact figures has been estimated as follows. Diesel price was modelled between 2017 and 2030 using the International Energy Agency (IEA) scenario data for projected oil price, and the assumption that the ratio between oil and diesel price will remain constant. According to an internal model, the cost of diesel to farmers as a portion of total cost of production was estimated on a pre-determined cost allocation used for similar agricultural commodities and using a proxy based on the diesel and oil prices from public data sources. The cost output was applied to the mechanization profile of PMI's farmer base (pro-rata based on volumes sourced yearly).

This share was then applied to the current and future forecasted cost of production of tobacco farmers based on annual PMI purchased volumes. It was then assumed that tobacco farmers' cost of production would remain constant in a business-as-usual scenario and increase by the same rate as diesel price under climate change scenarios. The result after the application of the aforementioned calculation methodology, and factoring farmers' uptake of new technologies, renewables and future forecasted tobacco requirements, was that the potential financial impact of the opportunity for our tobacco suppliers and farmers globally could be in a range of \$110 to \$225 million per year.

Taking in account our ambition to net zero carbon value chain by 2040, all emissions reduction within our Scope 3 may have a potential financial impact in time. It has not been estimated due to the timeframe of the objective.

#### **Cost to realize opportunity**

3,705,000

#### **Strategy to realize opportunity and explanation of cost calculation**

Since 2002 PMI implements its Good Agricultural Practices (GAP), a program with mandatory requirements for tobacco suppliers and their farmers, which provides specific guidance on initiatives to mitigate tobacco growing risks and impacts related to climate change.

Strategic initiatives include the Renewable Curing Fuel Program with focus on curing efficiency and switching to low carbon curing fuels, making tobacco suppliers and their farmers more resilient to price increments on fossil fuels. The program started over 10 years ago and is set to deliver on its max. potential by end of 2023 when 100% of our regular purchased tobacco from China is expected to be cured with renewable fuels (at 80% in 2022) after conversion of former curing barns fueled with coal. The reduced dependency on fossil fuels is an opportunity in the short term for tobacco farmers and supports PMI's GHG emissions reduction targets in the medium to long term. The cost of response of approx. USD 3.7 million based on a set yearly budget allocated to initiatives to promote the adoption of improved and innovative practices by farmers in our supply chain (e.g., 15% allocated to our sourcing origins in Asia). Within GAP, budget is approved on a yearly basis by the sustainable agriculture steering committee and to be accepted it needs to demonstrate clear impacts on the climate footprint of the company in line with the strategy to decrease the use of crop inputs without influencing negatively farm outputs. PMI plans to maintain similar level of investment over the next 10 years. The focus of incentivizing best practice in PMI's supply chain responds to increasing interest for environmental issues from our stakeholders and could enhance

PMI's reputation and create corporate value. Moreover, through investment in programs to improve agricultural practices, PMI is expecting to ameliorate farmers' conditions and resilience to climate change risks, strengthening our engagement and collaboration with them. In 2022, gradual switch to renewable sources and improved barn efficiency led to:

- 74% of flue-cured tobacco we purchased was cured using renewable and traceable fuels (mainly in PK, PH, ES, PL, CN, MW, MZ, BR)
- 43% of the fuel was sustainably sourced firewood (31% other biomass)
- flue-curing GHG emissions intensity was 57% lower in 2022 (vs. 2019 baseline)
- reduction of 281,224 tons of CO<sub>2</sub>e vs. 2019 baseline

### Comment

PMI plans to maintain similar level of investment over the next 10 years.

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### Identifier

Opp3

### Where in the value chain does the opportunity occur?

Upstream

### Opportunity type

Resilience

### Primary climate-related opportunity driver

Other, please specify

Insetting represents the actions taken by an organization to fight climate change within its own value chain in a manner which generates multiple positive sustainable impacts.

### Primary potential financial impact

Other, please specify

Benefit to operating cost and supply chain value creation.

### Company-specific description

PMI's carbon levy is used to virtually charge selected business units for their respective GHG emissions and establish an internal fund to finance the strategy of the Portfolio of climate investments that focuses on high quality GHG emission reduction projects within PMI's supply chain (insetting projects) as well as purchasing of quality offsets, to compensate for the unavoidable emissions from our direct operations (Scopes 1 and 2), enabling our 2025 carbon neutrality goal. Carbon credits generated through insetting projects will be primarily used by PMI to compensate unavoidable Scopes 1 and 2 emissions (e.g., which are not currently possible to reduce due to technical or financial viability). Insetting projects have a lead time of generally two years to generate carbon credits, in the interim time and to cover offsetting needs, PMI is purchasing carbon offsets on the voluntary carbon market. The volume required exposes PMI to market volatility, particularly in the context of the limited availability of high-quality Nature Based Solutions credits that are the ones preferred by our strategy. The insetting projects represent an opportunity for PMI to be more resilient to market volatility, potentially

harvesting benefit in terms of operating cost, as well as to generate co-benefits in the supply chain. In 2021, we identified an insetting project opportunity in our supply chain in Mozambique. In 2022, we kicked off this project with the objective of increasing access to potable water to farmers in PMI's tobacco supply chain by drilling 20 boreholes and distributing 15,000 highly efficient cook stoves. Those interventions will result in a decreased pressure on natural forests that are typically used as a source of biomass for water potabilization and cooking purposes, thus allowing the generation of carbon credits. We expect the project will benefit between 80,000 and 95,000 people and will deliver significant co-benefits for the farming communities where PMI operates.

**Time horizon**

Long-term

**Likelihood**

Very likely

**Magnitude of impact**

Medium-low

**Are you able to provide a potential financial impact figure?**

Yes, an estimated range

**Potential financial impact figure (currency)**

**Potential financial impact figure – minimum (currency)**

1,050,000

**Potential financial impact figure – maximum (currency)**

10,500,000

**Explanation of financial impact figure**

We aim to reduce our absolute GHG emissions through efficiency improvements and investing in renewable energy sources and use compensation measures as a last resort.

Based on our estimation, for PMI to become carbon neutral for Scopes 1 and 2 by 2025, a consistent amount of credits on an annual basis will be necessary.

For this reason and to provide a pool of projects to use for offsetting of Scopes 1 and 2 in the medium term, a sustainable business strategy was first defined in 2019 leveraging on the implementation of insetting projects.

PMI's 2022 direct emissions accounted for 340,084 tCO<sub>2</sub>e. Based on our emissions reduction strategy scenarios and simulations, we calculated our potential financial impact on 210,000 tCO<sub>2</sub>e/year by 2025. PMI is not willing to invest in large scale renewable projects generating millions of credits (e.g., hydro or large size wind farms) due to their reduced relevance our tobacco supply chain environmental strategy and especially in terms of rural community benefits. Attention will be focused more to small-medium scale ecosystem interventions in the field of Voluntary Emission Reduction scheme, with credit prices ranging between \$5 and \$50 depending on the biodiversity and social benefits embedded in the project outcomes.



To fulfil our carbon neutrality commitment in 2025, we would need to invest between USD 1.05 million (210k \* USD5) and USD 10.5 million (210k \* USD50), taking into account the likelihood of price inflation and considering future volatility of the market with the steadily increasing demand for high quality Nature Based Solutions (NBS) credits. By investing in a portfolio of insetting projects, PMI aims to generate the credits required at a fixed price. The strategy will be based on three main strategic initiatives, NBS, Supply chain and Community projects and Technological climate solutions. Each initiative is different in complexity, execution time and quantity of credits generated per dollar of investment. The objective of the portfolio is to design the investment mix to fulfil the offsetting needs for Scopes 1 and 2 while promoting technological evolution in the field of carbon removal cascading the co-benefits as much as possible on PMI's supply chain and especially its rural communities.

It is important to note that the financial impact mentioned here doesn't take into account all the co-benefits related to reputation, compliance, supply chain resilience to name a few of them.

### **Cost to realize opportunity**

7,800,000

### **Strategy to realize opportunity and explanation of cost calculation**

To realize this opportunity, in 2022 we kicked off an insetting project that aims to provide access to clean and safe drinking water to rural communities within the tobacco growing areas of Mozambique, where tobacco farmers part of PMI supply chain are located. The project is in line with our water access, sanitation, and hygiene (WASH) program, and will also distribute improved efficiency cookstoves to rural households to further curb the risk of deforestation on the natural forest that surrounds villages and communities. We determined that the best approach would be to create and manage 20 water access sites, building or rehabilitating boreholes with solar pump technology, to determine how well the selected technology works within the local context and its potential to scale up. The project will qualify for certification by the Gold Standard Foundation, thereby generating internationally recognized verified emission reductions, which over time will compensate our residual direct emissions and contributing to achieve PMI's carbon-neutrality target for Scopes 1 and 2 by 2025. According to our feasibility assessment, the installation of 20 boreholes and the distribution of up to 15,000 improved efficiency cookstoves could benefit around 100,000 people and avoid over 1.2 million tons of CO<sub>2</sub> emissions over 10 years, providing safe drinking water on a daily basis and with reduced walking distance for the beneficiaries.

The co-benefits of the project are:

- to strengthen our supply-chain not only by providing co-benefits to rural communities but also by being more resilient toward water related issues;
- to align our strategy with international expectation such as the Paris Agreement, by taking ownership of our carbon neutrality ambitions, by being progressively self-sufficient in carbon credit generated and cost-efficient;
- to demonstrate leadership by internalizing the cost of externality due to climate change.

The project cost is set at USD 7.8 million which includes the cost of building the boreholes (geological survey, pilot drilling, preparation work and construction), the solar pump technology, the cookstoves, the management, monitoring and certification fees. The overall budget is broken down in 22% allocated to project development and 78% to project maintenance.

### Comment

PMI aims to continue assessing, and where feasible, investing in opportunities through insetting projects in its value chain within the next 10 years. Our insetting projects follow a specific strategy based on value generation where we collect data and measure the impact of the activities related to carbon sequestration in three areas: impact on natural, human and social capital. In our project evaluation process, benefits generated by insetting activities are accounted and monetized in societal benefit as well as using the social return on investment (SROI) index calculated through the ratio between societal value (\$)/Input value (\$). We commit to develop insetting projects and more projects in general that remove, sequester and store carbon only with positive SROI. In the case of the insetting project in Mozambique, the calculated SROI is positive and the main impact pathways generated with the project are direct health benefits for project stakeholders that led to positive income effects, education benefits and avoided deforestation for the forests in the project area.

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### Identifier

Opp4

### Where in the value chain does the opportunity occur?

Direct operations

### Opportunity type

Products and services

### Primary climate-related opportunity driver

Development and/or expansion of low emission goods and services

### Primary potential financial impact

Reduced direct costs

### Company-specific description

PMI has a history of successful packaging innovation, and packaging is an important aspect of sustainable design (i.e.: eco-design). With respect to our smoke-free products, our 2025 eco-design and circularity ambitions related to packaging, aim reducing the carbon footprint of smoke-free products in line with our science-based targets. In packaging, around 92% of our materials were paper and cardboard in 2022. The primary function of packaging is to contain and protect products from the point of manufacture to the retail store or end user, as well as to provide product information. We are addressing our packaging strategy with a multipronged approach, including awareness-raising training for our Pack developers, ongoing research into alternatives to plastic based packaging, and improved design of packaging.

Governance of eco-design and circularity is guided by our design and development teams and is fully embedded within our innovation process, including regular checkpoints with senior management. We are committed to evaluating sustainability characteristics and making design choices that will continually enhance the performance of all our products and packaging. Life cycle assessment (LCA) and/or other relevant environmental assessments are performed prior to launch of any new product and results presented in internal decision-making forums, in accordance with our sustainable design governance programs.

Research are constantly performed on packaging design to identify new technologies and materials that could enhance the overall sustainability of our smoke-free product portfolio as well as conventional portfolio. Internal cross-functional teams are already hard at work establishing these innovation pipelines.

As an example, we are actively working in developing an innovative packaging design solution for our smoke free products addressing material consumption by lowering the weight and the number of secondary packaging components in use, through packaging material substitution. This initiative estimates a potential magnitude of packaging components reduction in weight of 55% (about 6.5grams less per pack). This include a reduction in weight of plastic of 56% (580 tons of plastic less) by the time the solution is fully implemented. In return, by lowering the total consumption of secondary packaging requirements through complete redesign, we shall reduce the CO2 footprint of our packaging for smoke free products by approx. 4% (320 tons of CO2e).

**Time horizon**

Short-term

**Likelihood**

About as likely as not

**Magnitude of impact**

Medium-low

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

8,900,000

**Potential financial impact figure – minimum (currency)**

**Potential financial impact figure – maximum (currency)**

**Explanation of financial impact figure**

As we are reducing the total amount of packaging requirements to produce the same amount of smoke free products, we are generating financial savings. The yearly potential financial impact of the opportunity relies on the SVC (Standard Variable Cost in USD per thousand of smoke-free product units) variation between current solution and innovation applied to the market contemplated number of smoke free product units.

Based on volumetric price of materials involved in both new and current solutions factored by the yearly consumption of smoke-free products Stock Keeping Unit (SKU) selected, we modelled expected savings resulting in a magnitude of USD8.9 million. [ (current material price per Kg \* current material quantity per SKU – new material price per Kg \* new material quantity per SKU) \* SKU volume = savings i.e.: USD8.9 million. Formula example with generic numbers: [ (USD10/Kg\*100Kg) – (USD9/Kg\*80Kg) \* 100 000 SKU = USD28,000,000]

### **Cost to realize opportunity**

7,000,000

### **Strategy to realize opportunity and explanation of cost calculation**

Following Management validation of the proposed innovation solution and associated business case that is expected within the next 6 months, our engineering, procurement and manufacturing solutions teams, as well as our suppliers of direct material and packing machinery, will collaborate to realize this project following our standard stage gate process. PMI will implement the standard Industrialization Stage Gate process which includes: detailed specifications creation, involvement of supply chain partners, Capex activation and machine park upgrade, manufacturing and quality deployment process through quality and machinability tests and last but not least validation protocols.

When it comes to Capex, investigations were conducted by our Engineering Solutions teams in collaboration with OEMs [Original Equipment Manufacturers] which packing machines are used for the production of our smoke-free products to identify the magnitude of machine modification required to implement this packaging change ensuring the highest level of quality, runability and machine efficiency.

The results of these costs investigations at machine level in the ideation stage is estimated at an average of USD100 thousand per machine and is then multiplied by the number of respective machines in use [70] in our affiliates for the packing process of our smoke-free products which would be part of the project (i.e.: at the moment estimated 70 machines \* USD100 thousand in average per machine resulting in about USD7 million).

Through all these preparation and machinery upgrade actions, we shall then be in the position to deploy the new innovative secondary packaging solution, bringing estimated packaging components reduction in weight of 55%, reduction of plastic packaging weight of 56%, cost optimization of USD8.9 million, and CO2 emissions reduction by approx. 320 tons of CO2e.

In 2022 the solution was validated for one machine technology, with pilot plans being postponed to 2023. Additionally, further stability tests were conducted in 2022. The project deployment is expected to be completed within 2 years and be fully operational by end 2024.

### **Comment**

PMI strives to minimize packaging materials and improve their circularity by increasing their recyclability and promoting the use of materials made from renewable resources.

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**Identifier**

Opp5

**Where in the value chain does the opportunity occur?**

Direct operations

**Opportunity type**

Resource efficiency

**Primary climate-related opportunity driver**

Use of more efficient production and distribution processes

**Primary potential financial impact**

Reduced direct costs

**Company-specific description**

Driving energy efficiency is core to our strategy. Transition toward a low-carbon business model is a priority within PMI strategy to achieve our carbon neutrality objective and deliver financial productivities.

Our activities in this area center on our Drive for Zero (D4Ø) global program, which aims to eliminate economic losses caused by inefficient energy use and is expected to deliver 2% improvement YoY. Under the program, we look for industrial and manufacturing solutions such as heat recovery and manufacturing-process optimization. We also promote behavioral change through our Zero Loss Mindset program.

To support our D4Ø program, an Energy Saving Initiatives (ESIs) program started in 2019, triggering more than 700 projects worldwide to date (executed and planned) including amongst others LED lighting, HVAC upgrade, chilled water optimization and heat recovery projects.

In line with the implementation of our internal carbon pricing approach, the application of an internal shadow carbon price improves the ROI of the project, making a stronger business case for the investment, facilitating the approval when presented to senior management.

The opportunity of embracing new technologies and discontinuing obsolete ones presents several benefits, among which but not limited to:

- improved financial productivity in the medium-long term, even more considering the increasing energy requirements due to the ramp up of production of our smoke-free products which are more energy intensive than conventional products;
- enhanced opportunity in trading schemes.

New technologies are fast evolving and require thorough and continuous monitoring to seize opportunities.

We recognize that more energy is required to produce heated tobacco units compared

with conventional cigarettes, with a consequent increase in greenhouse gas emissions.  
We are seeking to reduce this impact through these appropriate investments.

**Time horizon**

Medium-term

**Likelihood**

Very likely

**Magnitude of impact**

Medium-high

**Are you able to provide a potential financial impact figure?**

Yes, an estimated range

**Potential financial impact figure (currency)**

**Potential financial impact figure – minimum (currency)**

23,280,000

**Potential financial impact figure – maximum (currency)**

28,400,000

**Explanation of financial impact figure**

The PMI's energy dashboard tool includes more than 700 energy saving projects with the potential to be implemented in our factories. In order to evaluate relevant financial saving as well as capital and operational expenditures, prior project implementation, we take under consideration data input and assumptions such as costs of energy in the countries where we operate and expected reduction in energy consumption, estimation of technical performance for equipment and/or intervention and cost of technologies and/or intervention. The enhanced productivity in our manufacturing sites triggers savings related to energy and other utilities' annual consumption costs.

The financial impact of such opportunity considers 1) the financial savings of the projects' implementation calculated in the PMI's energy dashboard tool, which has been estimated at USD 23.28 million (lower range), and 2) the expected energy saving in GJ by the average energy cost relevant to the various jurisdictions where PMI operates in 2022 ( $\Sigma \text{GJ saved} \times \text{average cost } \$/\text{GJ}$ ), resulting in USD 28.4 million (upper range). In 2026 we expect to save approx. 1.19 TJ from these initiatives.

Both financial and energy savings from the more than 700 projects are taken from the individual business cases and added to comprise the above reported figures.

The potential of trading surplus of carbon credits allocated to PMI in Cap & Trade schemes (such as EU ETS for example) has not been quantified due to the upcoming changes with phase IV of the EU-ETS and has not been accounted for in that case. The financial impact is the result of the lower and upper ranges USD 23.28 million - USD 28.4 million.

### **Cost to realize opportunity**

58,000,000

### **Strategy to realize opportunity and explanation of cost calculation**

Under D4Ø program, and the Energy Saving Initiatives (ESIs) program, each PMI factory have been reviewed and prioritized.

The ESIs program started in 2019 and includes 3 waves:

- Wave 1 focuses on the top 15 factories with the highest energy footprint and ESIs with return on investments (ROI) below 3 years to leverage on quick win projects;
- Wave 2 covers all factories and ESIs with ROI below 3 years and include every projects subject to save energy within our manufacturing sites portfolio;
- Wave 3 looks at energy savings and energy efficiency technologies with a longer ROI (generally between 3 and 8 years), e.g., process heat recovery, and disruptive technology.

The ESIs wave 1 and 2 include more than 500 projects globally, e.g., LED lighting, HVAC upgrade, chilled water optimization and heat recovery. The cost to realize this opportunity is based on the deployment forecast of the 3 waves for the next 3 to 4 years and delivers substantial energy saving equivalent to 37,000 t/CO<sub>2</sub>e reduction.

The USD58 million cost to realize the opportunity (out of which 30% had been already allocated by end of 2022) is a set budget, which covers the full ESIs program for all the PMI's manufacturing sites, and behavioral change trainings to empower every worker to look for losses and recommend and implement solutions. This is a set budget for the sum of all projects. The cost is revised periodically by the Operations management team due to the routinely assessment of several parameters such as specification changes, prioritization, re-estimation based on technology evolution and fuel prices.

We applied the PMI's shadow carbon price (USD105 per ton CO<sub>2</sub>e) to assess and prioritized 8 projects to drive the implementation of technologies with the higher impact in CO<sub>2</sub> emissions reduction.

The ESIs program is expected to be implemented by 2026. In 2022, the program triggered around 90 projects worldwide, ranging from chilled water optimization, heat-recovery projects, and LED lighting to heating, ventilation, and air conditioning system upgrades. E.g., PMI invested USD 0.37million in our site in Turkey for a project to exchange air handling units (AHU) belt driven fan motors with high efficiency motors, expected to save approx. 790 GJ and 640 tCO<sub>2</sub>e per year. Overall, our efficiency initiatives and behavioral changes helped drive around 14% reduction in carbon emissions across our manufacturing facilities in 2022 versus 2021.

### **Comment**

We recognize that more energy is required to produce heated tobacco units compared with cigarettes, with a consequent increase in greenhouse gas emissions. We are seeking to reduce this impact through these appropriate investments.

Our initiatives don't apply solely to our manufacturing sites, in our tobacco supply chain we focus on three areas: reducing fuel consumption by improving curing-barn efficiency, promoting the switch from fossil fuels to biomass fuels, and ensuring sustainable and traceable firewood (leading to an absolute reduction in 2022 of 281,224 tons of CO<sub>2</sub>e



versus our 2019 baseline); in this opportunity here we only accounted the impact in our direct operations.

## C3. Business Strategy

### C3.1

**(C3.1) Does your organization's strategy include a climate transition plan that aligns with a 1.5°C world?**

**Row 1**

#### **Climate transition plan**

Yes, we have a climate transition plan which aligns with a 1.5°C world

#### **Publicly available climate transition plan**

Yes

#### **Mechanism by which feedback is collected from shareholders on your climate transition plan**

We have a different feedback mechanism in place

#### **Description of feedback mechanism**

PMI makes our CDP Climate responses publicly available alongside our Low Carbon Transition Plan (2021), inaugural PMI TCFD Report 2022, and climate-related content in our annual integrated report and associated case studies and market stories online. Beyond public disclosure, we explicitly tie portions of executive compensation to performance against our Sustainability Index, including progress against climate-related targets as described in our annual Proxy Statement to shareholders ahead of our Annual General Meeting (AGM). In 2023, we accelerated the release of our annual integrated report to enable shareholders to understand the progress we have made and ask informed questions and provide informed feedback on ESG topics, including climate-related topics, ahead of the AGM. Beyond investor calls, we organize an ESG investor day at least annually to allow shareholders to provide feedback on our strategy and performance.


Composed of members of Company Management, including our Chief Executive Officer, and chaired by our Chief Financial Officer (CFO), PMI's Sustainability Committee meets at least four times per year. In 2022, quarterly Sustainability Committee meetings focused on assessing PMI's performance on the Sustainability Index, receiving updates on various sustainability initiatives as well as external developments, reviewing the company's disclosures, and discussing efforts to further embed sustainability within PMI, effectively manage ESG risks, and enhance ESG data reliability. The Sustainability Committee is regularly briefed on sustainability ratings, which are among a range of factors considered by the investment community in their analysis of companies from an ESG perspective.

#### **Frequency of feedback collection**



More frequently than annually

**Attach any relevant documents which detail your climate transition plan (optional)**

 pmi\_lctp\_211026.pdf

## C3.2

**(C3.2) Does your organization use climate-related scenario analysis to inform its strategy?**

	Use of climate-related scenario analysis to inform strategy
Row 1	Yes, qualitative and quantitative

## C3.2a

**(C3.2a) Provide details of your organization's use of climate-related scenario analysis.**

Climate-related scenario	Scenario analysis coverage	Temperature alignment of scenario	Parameters, assumptions, analytical choices
Physical climate scenarios RCP 8.5	Company-wide		PMI's TCFD report was shaped by the 2022 Climate Change Risk and Opportunity Assessment (CCROA) that projected potential acute and chronic physical risks under climate scenarios based on the Representative Concentration Pathways RCP 2.6, RCP 4.5 and RCP 8.5. Climate data are assessed to analyze the impact on around 600 PMI assets (such as factories, warehouses and tobacco growing areas) and areas of interest at specific global warming levels with scenarios in line with the successful achievement of the Paris Agreement's goal (1.5°C and 2.0°C warming compared to preindustrial level), and another scenario shaped on its failure (3°C warming). The RCP 8.5 - which combines assumptions about high population and relatively slow income growth with modest rates of technological change and energy intensity improvements, leading in the long term to high energy demand and GHG emissions in absence of climate change policies - has been used to model climate hazards under the worst global warming scenario (3°C). The spatially explicit database used is based on the analysis of multiple outputs from seven Regional Circulation Models (site-specific climate variables) and 23 General Circulation

			Models (regional climate variables) participating in the Climate Model Intercomparison Project (CMIP5). By comparing against baseline conditions (1980–2010), we estimated the change in frequency and intensity (moderate, severe, extreme) of climate-related physical hazards (flood, drought and heatwave) for each location and their projected trends over time until 2040, to calculate a final hazard risk index for each asset and quantify exposed hotspots' value and potential losses and damages.
Transition scenarios Customized publicly available transition scenario	Company-wide	1.5°C	<p>Transition risks have been assessed under two NGFS mitigation pathways until 2040 consistent with the 1.5°C Paris Agreement target and beyond (+3°C). The Net Zero 2050 scenario, aligned to SSP2-1.9 (1.5°C), is an ambitious scenario that limits global warming to 1.5°C through stringent climate policies and technology innovation introduced immediately, reaching net zero CO<sub>2</sub> emissions around 2050. The Current Policies scenario, aligned to SSP2-4.5 (3°C), assumes that only currently implemented policies are preserved but they are not sufficient to achieve official climate commitments, emissions grow until 2080 leading to about 3°C of warming by 2100.</p> <p>These scenarios are built on the Integrated Assessment Models (IAMs) which form the basis of the Intergovernmental Panel on Climate Change (IPCC) reports and are considered best practice globally. The results of the climate scenarios for prioritized risks and opportunities (according to their velocity, likelihood and materiality) have been compared with a business-as-usual scenario (representing a future in which no extra international efforts are made to adapt to or mitigate climate-related risks) to estimate the value at stake.</p>

## C3.2b

**(C3.2b) Provide details of the focal questions your organization seeks to address by using climate-related scenario analysis, and summarize the results with respect to these questions.**

### Row 1

#### Focal questions

A forward-looking approach is widely used for assessing potential climate-related risks and opportunities (R&O) under different future scenarios. However, since R&O are context-specific issues and differ across temporal and spatial scales, it brings uncertainty in the risk assessment process especially for large corporations like PMI with complex and global value chain. The use of climate scenarios allowed us to account for the uncertainties arising from potential decarbonization pathways and global warming trends, socioeconomic growth and new policies, market trends and society behaviors, among others. TCFD recommends that the range of scenarios should reflect the underlying drivers and assumption relevant for the risks a company will face in site and time-specific contexts. The use of climate-related scenarios helped us to map our exposure to physical and transition risks to 2030 and 2040 by answering focal questions, under diverse climate scenarios aligned with i) the Paris Agreement goal (1.5°C and 2°C global warming) with more stringent decarbonization measures in place (RCP 2.6 and RCP 4.5 for physical risks; NGFS Net Zero pathway for transition risks ; ii) the Paris agreement failure (3°C) under the worst-case high-emission scenario, (RCP 8.5 for physical risks; NGFS Current Policies scenario for transition risks). Keeping the 1.5° target alive will demand stringent climate policies and innovation to cut emissions, leading to high transition risks due to, for example, increased carbon and energy prices. On the contrary, the largest physical risks are observed under the worst global warming scenario (3°C) that shows a rapid increase of severe and extreme drought, flood and heatwave instances in different regions.

- Which are the most vulnerable components of PMI Operation to climate change?

Which will be the company's exposure to physical and transition risks under different scenarios vs. the business as usual?

In particular, we tried to understand:

- Which are the potential physical impacts of weather-related extremes on the company capacity to operate? Which are PMI facilities and logistics at risk? Which are the expected losses and damages?

- Are the PMI tobacco supply regions at risk due to climate change impacts? Which are the expected losses in tobacco crop yields across the diverse supply regions? Which are the vulnerable hotspots calling for adaptation measures?

- Which are the transition R&O in PMI Operations? Which are the priority risks with the highest certainty and materiality, calling for a proactive response?

- Which are the financial impacts (positive and negative) of prioritized transition risks?

- Is PMI already managing these risks by reducing the vulnerability of the systems at stake?

## **Results of the climate-related scenario analysis with respect to the focal questions**

PMI's 2022 TCFD Report discloses all key-findings of the 2022 Climate Change Risk and Opportunity Assessment (CCROA) in Operations, amongst others:

- MANUFACTURING: Climate change may present chronic and acute physical risks with direct impacts on our factories. Cumulative potential losses due to persistent drought ranges from USD12 million to USD252 million - depending on time horizon and climate scenario absent additional mitigation actions - in six factories across Africa,

Europe, Latin America, and the Middle East- due to business interruption costs. Climate change may present high transition risks with direct impacts on our factories. Increased prices of energy sources in manufacturing sites could result in increased energy procurement costs for PMI. Growing carbon prices and carbon taxation could result in higher costs for manufacturing emissions. Both are classified as high risk in the 1.5°C scenario, with expected cumulative impacts above USD1,200 Mio by 2040.

- LEAF: Climate change may present chronic and acute physical risks with indirect impacts in our tobacco sourcing activities. Cumulative potential losses due to extreme flood events ranges from USD68 million to USD162 million depending on time horizon and climate scenario absent additional mitigation actions in 16 sourcing areas across Africa, Europe, and Latin America. Climate change may present transition risks with indirect supply chain impacts in our tobacco sourcing activities. Increased prices for fuels used in curing barns could result in increased costs for PMI's suppliers and consequently higher procurement costs for PMI in sourcing areas across Africa, Asia Pacific, and Latin America. Increased price of natural gas used in fertilizer products could result in increased production cost for PMI's suppliers and consequently higher procurement costs for PMI. Both are classified as medium risks in the 1.5°C scenario with cumulative impacts in the range USD100-1,200 Mio

Many of the substantive risks identified, particularly in Leaf, are being managed through our Good Agricultural Practices program, since 2002 and expected to continue the next 5-10y, where initiatives to increase farmer resiliency are put in place e.g., we invested to support farmers in drought-prone areas of Brazil, Philippines, and Indonesia with more efficient technologies (e.g., drip irrigation), minimizing tillage operations to conserve soil moisture and increase soil infiltration. We continue to certify all our priority factories to the Alliance for Water Stewardship (AWS) to mitigate the water scarcity risk in our water catchment areas. Current and planned investments in insetting projects will ensure long-term reliable supply of carbon credits, minimizing our exposure to carbon price volatility in the open market. PMI's Sourcing Risk Management framework facilitates the identification of mid- and long-term business disruption risks—including climate-related ones—and supports the supplier selection process

### C3.3

**(C3.3) Describe where and how climate-related risks and opportunities have influenced your strategy.**

	Have climate-related risks and opportunities influenced your strategy in this area?	Description of influence
Products and services	Yes	For PMI, sustainability means creating long term value while minimizing the negative externalities associated with our products, e.g., through Lifecycle Assessments (LCAs), new product and packaging design. Following a more in-depth Climate Change Risk and Opportunity Assessment

		<p>(CCROA) aligned with the TCFD recommendations, we evaluated climate risks and opportunities in relation to our Products &amp; Services, such as shifts in supply &amp; demand and downstream market risks associated with shifting consumer demands for lower-carbon products.</p> <p>In 2022 PMI carried out 7 surveys with over 5,000 users in 10 key Smoke Free Product (SFP) markets. Results provided valuable insights on our consumers' view and evaluation, with positivity towards the brand increasing by 20% when consumers were exposed to relevant communications of our company's efforts in the sustainability space. This feedback enabled PMI to design mechanics, assets and campaigns for programs and, thus, integrate them in the design of our SFP roadmap and branding campaign, e.g. continued focus on scaling our end-of-life take-back programs for smoke-free consumables, with 8.5% shipment volumes covered in 2022 and a commitment to reach 80% by 2025.</p> <p>Climate-change influences setting of sustainability targets for our products and services at short and medium term. To control environmental and social impacts across the life cycle of our SFP, we set our 2025 eco-design and circularity ambitions, which extend to electronic devices, accessories, consumables, and packaging, incl.:</p> <ul style="list-style-type: none"> <li>- Provide access to collection and recovery for device and its consumables to all IQOS users</li> <li>- Continue to reduce the carbon footprint of our SFP in line with our science-based targets</li> <li>- Achieve eco-certification for all our PMI smoke-free electronic devices introduced on the market as of end of 2025</li> </ul> <p>Potential benefits incl. energy savings, reduced use of natural resources, waste reduction, and a longer product lifespan.</p> <p>In 2022, as part of our plastic reduction program, we reduced and optimized our current film solutions on our heated tobacco packaging portfolio, removing 385 tons of plastic film, representing an estimated 1.4 kt CO<sub>2</sub>eq reduction.</p>
Supply chain and/or value chain	Yes	<p>Physical climate change risks could affect, with a medium impact, our own operations and those of our suppliers globally. Changes in precipitation patterns and extreme variability in weather patterns could affect the yield, quality and availability of key crops, such as tobacco leaves and cloves, changing our buying patterns and increasing operational costs. Increased drought/flooding could disturb</p>

		<p>the tobacco leaf life cycle stages in several countries from where we sourced from in 2022, driving strategy interventions in impacted areas. Flooding may require pumping of excess water; similarly, extreme droughts may require long-term irrigation, increasing energy consumption and production costs. The financial implications of these risks vary depending on the impacted asset. E.g., in our tobacco growing areas in Brazil and Philippines they could cause interruptions in our supply chain with a financial impact ranging from USD2.8 million to USD26.7 million. To prevent these impacts from materializing, PMI has adapted its management strategy at the short-medium term. We consider those risks in the strategic decision and annual planning of our tobacco leaf inventories which can help mitigate short to medium term impacts. To support addressing these risks PMI embedded environmental sustainability considerations in Good Agricultural Practices (GAP) and Responsible Sourcing Principles (RSP) since 2002 and 2017 and required suppliers to comply with them. PMI actively engages with its suppliers, and we plan to embed the elements of our carbon neutrality strategy in the programs with our suppliers as we move to the achievements of PMI's targets for 2030.</p> <p>In the strategic decision and annual planning of our tobacco leaf inventories we include consideration on the impact that GAP initiatives had since its implementation to mitigate those risks and its increasing influence over time in the short to medium term. E.g., PMI has invested around USD 450, 000 in 2022 to support farmers in Brazil, the Philippines and in Indonesia with more efficient technologies (e.g., drip irrigation) contributing to climate change mitigation efforts. In the long-term our business strategy focuses on physical adaptation and long-term emissions reduction in accordance with our approved Science-Based Targets, based on 1.5°C pathway, to reduce our value chain absolute carbon footprint.</p>
Investment in R&D	Yes	<p>Increasing climate change risks consumers' awareness can generate fluctuations in supply &amp; demand and create downstream market risks and opportunities associated with shifting consumer demands for lower-carbon products. In 2022 PMI carried out 7 surveys with over 5,000 users in 10 key SFP markets. Results provided valuable insights on our consumers' view and evaluation, with positivity towards the brand increasing by 20% when consumers were exposed to relevant communications of our company's efforts in the</p>

		<p>sustainability space. This feedback enabled PMI to design mechanics, assets and campaigns for programs and, thus, integrate them in the design of our SFP roadmap and branding campaign, e.g. continued focus on scaling our end-of-life take-back programs for smoke-free consumables, with 8.5% shipment volumes covered in 2022 and a commitment to reach 80% by 2025.</p> <p>Product eco-design and circularity is now integral part of our R&amp;D work and embedded in our long-term strategy to support our smoke-free future vision. With respect to our smoke-free products, in 2020 we set our 2025 eco-design and circularity ambitions, which extend to electronic devices, accessories, consumables, and packaging.</p> <p>In the area of product innovation, we aim to have all our new electronic devices commercialized as of end 2025 certified to validated standards for eco-design. We are also working toward the inclusion of recycled content in all devices by 2025.</p> <p>In our operations, eco-design principles inform how we use life-cycle analysis (LCA) to assess the comparative carbon footprint of our products, from tobacco sourcing to end-of-life impacts. We have analyzed IQOS devices, heated tobacco units, and packaging.</p> <p>We are working to close the gap between combustible and smoke-free products, in terms of carbon emissions intensity, through intensive R&amp;D in improved manufacturing processes, extending the usable life of our electronic devices, and decreasing the total CO2 footprint through innovative material selection guided by the application of LCAs and eco-design practices. Over the past four years, we have reduced the overall CO2 impact of our smoke-free products through improvements in manufacturing processes and in our tobacco supply chain.</p>
Operations	Yes	<p>Beyond its human repercussions, climate change threatens business continuity, especially where businesses involve agricultural supply chains. For PMI, raw material costs such as tobacco leaf and cloves may rise, with consumers and our employees becoming increasingly sensitized to environmental impact of corporate actions. Upfront investments with longer-term returns are required as consequences of climate risk could expose investors to changes in corporate stock value.</p> <p>PMI's efforts to reduce GHG, e.g., through increased energy efficiency, could alleviate potential costs and create</p>



		<p>competitive advantage by meeting/exceeding consumers, employees, and other stakeholders expectations.</p> <p>In 2021, our assessment results on current updated societal expectations, made us confirm our ambitious targets to guide on decarbonization:</p> <ul style="list-style-type: none"> <li>- Achievement of carbon neutrality of PMI's direct operations (Scopes 1 and 2) anticipated to 2025 (from 2030);</li> <li>- Achievement of net zero in PMI's value chain (Scopes 1, 2 and 3) by 2040</li> <li>- reduction in absolute CO2 emissions consistent with SBTi for a 1.5-degree submitted and validated in 2020.</li> </ul> <p>Our climate change strategy has a key role in the medium and long term to enable efficiencies in our operations, to keep us ahead of our competitors, increase our resilience and fulfil our reduction targets for a better strategic position when customers/investors assess our performance. Our business strategy focuses on physical adaptation and long-term emissions reduction including:</p> <ul style="list-style-type: none"> <li>- long-term sourcing strategies integrating CCROA considerations</li> <li>- customer and supplier sustainability strategies aligned with ours to ensure support to our objectives.</li> </ul> <p>Our strategy and decisions are influenced by understanding and adapting to potential future climate change issues and by minimizing our environmental impact. We integrate climate related physical and transition risks and opportunities related to regulation, reputation and market by implementing carbon emission reduction projects with longer payback period in our facilities, sourcing voluntary green electricity to decrease our dependence from fossil fuels and reduce our carbon footprint, among others. One example is the decision to implement energy saving and CO2 reduction projects in our facilities delivering close to 14% reduction on Scope 1 and 2 emissions of our manufacturing sites between 2021 and 2022.</p>
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### C3.4

**(C3.4) Describe where and how climate-related risks and opportunities have influenced your financial planning.**

	Financial planning elements that have been influenced	Description of influence
Row 1	Direct costs Indirect costs	Climate-related regulations are expanding and becoming more stringent. Compliance with such regulations is core to the way PMI operates. While



	<p>Capital expenditures</p> <p>Capital allocation</p> <p>Assets</p>	<p>new legislation may trigger additional costs when implementing new programs and initiatives, it can also provide us with the opportunity to reduce energy consumption, carbon emissions, and operational costs. We have adapted our financial planning to address climate risks and seize opportunities related to direct and indirect costs, capital expenditure and allocation, and assets over the short-, medium-, and long-term time horizons, aligned with the strategies set out in PMI's Low Carbon Transition Plan.</p> <p>Some examples of how financial planning has been influenced by climate-related risks and opportunities include:</p> <ul style="list-style-type: none"> <li>• Renewable energy generation subsidies are factored into our cost-benefit analyses to improve return on investment</li> <li>• The expansion of schemes such as the EU Emission Trading Scheme (EU ETS) to include EU accession countries where PMI has facilities has influenced our investments with energy saving initiatives, our Drive4Zero Program, and our portfolio of zero-carbon technologies</li> <li>• Energy taxes have incentivized us to implement an Energy Management Program according to ISO 50001, contributing to savings from energy tax reductions</li> </ul> <p>PMI's supply chain and its purchases of tobacco leaf are influenced by the cost of production for farmers. If the overall cost of producing raw tobacco at directly contracted farms and third-party leaf suppliers increases, it would lead to an indirect increase in procurement costs as the price of tobacco would respond to upward pressure on the cost of production.</p> <p>Since 2002, we have been implementing the Good Agricultural Practices (GAP) program. GAP is a program with mandatory requirements for our tobacco suppliers and their contracted farmers, which provides specific guidance on initiatives to mitigate tobacco growing risks and impacts related to climate change such as transition market risks related to fuel price increases. A set annual budget is allocated to initiatives to promote the adoption of improved and innovative practices by the farmers in our supply chain lowering fuel consumption, dependency on fuel and overall production costs.</p> <p>Based on our financial planning PMI allocates an annual budget to investments in climate risk mitigation practices under the GAP program worldwide, which is expected to continue over the next decade. We have increased the annual budget to support farmers in our supply chain to improve their resiliency and seize opportunities in the low carbon economy over the past several years. Strategic initiatives include improving efficiency and reducing mechanized activities at field stage, improving tobacco curing efficiency, and switching to low-carbon energies, thus making tobacco suppliers, their farmers, and PMI more resilient to price increments on diesel and diesel products, for instance. We also use carbon pricing mechanisms and revise our internal carbon prices annually. Carbon pricing helps us to identify where to act by</p>
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		<p>comparing and ranking relevant GHG reduction projects globally based on their cost-effectiveness in reducing emissions and drive the expenditures needed for prioritizing our list of initiatives.</p> <p>We have an extensive risk control program whereby locations with values exceeding USD 30 million are surveyed by engineers from our property insurer including physical risks. We have several locations that do have natural catastrophe exposures including flood risk. This is addressed through risk improvement recommendations for physical mitigation solutions or the implementation and reinforcement of management controls such as protecting openings, raising equipment, and implementing Flood Emergency Response Plans. Information on our exposure and responses is reviewed regularly. It enables risk and opportunity identification and management at the company and asset level.</p> <p>Based on the results of our most recent CCROA, revenues and access to capital are currently not impacted by climate change, and acquisitions and divestments are not expected to materially impact PMI.</p>
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## C3.5

**(C3.5) In your organization's financial accounting, do you identify spending/revenue that is aligned with your organization's climate transition?**

Identification of spending/revenue that is aligned with your organization's climate transition	
Row 1	Yes, we identify alignment with our climate transition plan

## C3.5a

**(C3.5a) Quantify the percentage share of your spending/revenue that is aligned with your organization's climate transition.**

### Financial Metric

CAPEX

### Type of alignment being reported for this financial metric

Alignment with our climate transition plan

### Taxonomy under which information is being reported

### Objective under which alignment is being reported

**Amount of selected financial metric that is aligned in the reporting year (unit currency as selected in C0.4)**

14,000,000

**Percentage share of selected financial metric aligned in the reporting year (%)**

1.2

**Percentage share of selected financial metric planned to align in 2025 (%)**

3.8

**Percentage share of selected financial metric planned to align in 2030 (%)**

4.5

**Describe the methodology used to identify spending/revenue that is aligned**

PMI's climate strategy aims to address pertinent climate change risks and build resilience while seizing opportunities presented by a low-carbon future. To deliver on our climate ambition, PMI relies on robust carbon footprint accounting, analysis of climate change-related risks and opportunities, ambitious targets, clear management and governance structures, and key enablers such as the establishment of our Sustainability Index – linking sustainability performance, including achievement of climate related ambitions, to executive compensation –, as well as internal carbon pricing.

Led by climate change awareness, PMI is targeting to reduce emissions and deliver carbon-neutral operations by 2025 and net-zero emissions across the entire value chain by 2040. To meet these goals, a broad range of climate and energy targets have been set, including emission reduction aligned with the goals of the Paris Agreement, transition to renewable energy, forest protection through sustainable management, product eco-design, manufacturing process improvements, and the reduction of waste. Our new goals can be reached through intermediate targets such as the one PMI has set for its direct operations to be certified as carbon neutral by 2025.

To achieve our ambition of carbon neutrality in our direct operations (scope 1+2) by 2025, we combine good management practices with strategic energy-related investments. We invest in optimizing energy and process efficiencies and replacing fossil fuel-based energy with renewable sources. We compensate for our unavoidable emissions as a last resort—once we have maximized our emissions reduction. Specifically, investments (CAPEX) associated with energy efficiency, increasing in-house energy generation through renewable technologies and carbon emission reductions in our manufacturing facilities – namely our Drive4Zero, Energy Savings Initiatives and Zero Carbon Technology programs are accounted for in the figure reported above. These programs are currently planned at least until 2026, and we expect additional similar investments to take place by 2030 to further contribute to PMI's mid and long-term carbon emission reduction commitments.

As difficult to foresee, forward looking estimates were calculated assuming overall PMI CAPEX to remain similar in 2025 and 2030.

## C4. Targets and performance

### C4.1

**(C4.1) Did you have an emissions target that was active in the reporting year?**

Absolute target

#### C4.1a

**(C4.1a) Provide details of your absolute emissions target(s) and progress made against those targets.**

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**Target reference number**

Abs 1

**Is this a science-based target?**

Yes, and this target has been approved by the Science Based Targets initiative

**Target ambition**

1.5°C aligned

**Year target was set**

2020

**Target coverage**

Company-wide

**Scope(s)**

Scope 1

Scope 2

**Scope 2 accounting method**

Market-based

**Scope 3 category(ies)**

**Base year**

2019

**Base year Scope 1 emissions covered by target (metric tons CO<sub>2</sub>e)**

397,210

**Base year Scope 2 emissions covered by target (metric tons CO<sub>2</sub>e)**

158,672

**Base year Scope 3, Category 1: Purchased goods and services emissions covered by target (metric tons CO2e)**

**Base year Scope 3, Category 2: Capital goods emissions covered by target (metric tons CO2e)**

**Base year Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions covered by target (metric tons CO2e)**

**Base year Scope 3, Category 4: Upstream transportation and distribution emissions covered by target (metric tons CO2e)**

**Base year Scope 3, Category 5: Waste generated in operations emissions covered by target (metric tons CO2e)**

**Base year Scope 3, Category 6: Business travel emissions covered by target (metric tons CO2e)**

**Base year Scope 3, Category 7: Employee commuting emissions covered by target (metric tons CO2e)**

**Base year Scope 3, Category 8: Upstream leased assets emissions covered by target (metric tons CO2e)**

**Base year Scope 3, Category 9: Downstream transportation and distribution emissions covered by target (metric tons CO2e)**

**Base year Scope 3, Category 10: Processing of sold products emissions covered by target (metric tons CO2e)**

**Base year Scope 3, Category 11: Use of sold products emissions covered by target (metric tons CO2e)**

**Base year Scope 3, Category 12: End-of-life treatment of sold products emissions covered by target (metric tons CO2e)**

**Base year Scope 3, Category 13: Downstream leased assets emissions covered by target (metric tons CO2e)**

**Base year Scope 3, Category 14: Franchises emissions covered by target (metric tons CO2e)**

**Base year Scope 3, Category 15: Investments emissions covered by target (metric tons CO2e)**

**Base year Scope 3, Other (upstream) emissions covered by target (metric tons CO2e)**

**Base year Scope 3, Other (downstream) emissions covered by target (metric tons CO2e)**

**Base year total Scope 3 emissions covered by target (metric tons CO2e)**

**Total base year emissions covered by target in all selected Scopes (metric tons CO2e)**

555,882

**Base year Scope 1 emissions covered by target as % of total base year emissions in Scope 1**

100

**Base year Scope 2 emissions covered by target as % of total base year emissions in Scope 2**

100

**Base year Scope 3, Category 1: Purchased goods and services emissions covered by target as % of total base year emissions in Scope 3, Category 1: Purchased goods and services (metric tons CO2e)**

**Base year Scope 3, Category 2: Capital goods emissions covered by target as % of total base year emissions in Scope 3, Category 2: Capital goods (metric tons CO2e)**

**Base year Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions covered by target as % of total base year**

**emissions in Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) (metric tons CO<sub>2</sub>e)**

**Base year Scope 3, Category 4: Upstream transportation and distribution covered by target as % of total base year emissions in Scope 3, Category 4: Upstream transportation and distribution (metric tons CO<sub>2</sub>e)**

**Base year Scope 3, Category 5: Waste generated in operations emissions covered by target as % of total base year emissions in Scope 3, Category 5: Waste generated in operations (metric tons CO<sub>2</sub>e)**

**Base year Scope 3, Category 6: Business travel emissions covered by target as % of total base year emissions in Scope 3, Category 6: Business travel (metric tons CO<sub>2</sub>e)**

**Base year Scope 3, Category 7: Employee commuting covered by target as % of total base year emissions in Scope 3, Category 7: Employee commuting (metric tons CO<sub>2</sub>e)**

**Base year Scope 3, Category 8: Upstream leased assets emissions covered by target as % of total base year emissions in Scope 3, Category 8: Upstream leased assets (metric tons CO<sub>2</sub>e)**

**Base year Scope 3, Category 9: Downstream transportation and distribution emissions covered by target as % of total base year emissions in Scope 3, Category 9: Downstream transportation and distribution (metric tons CO<sub>2</sub>e)**

**Base year Scope 3, Category 10: Processing of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 10: Processing of sold products (metric tons CO<sub>2</sub>e)**

**Base year Scope 3, Category 11: Use of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 11: Use of sold products (metric tons CO<sub>2</sub>e)**

**Base year Scope 3, Category 12: End-of-life treatment of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 12: End-of-life treatment of sold products (metric tons CO<sub>2</sub>e)**

**Base year Scope 3, Category 13: Downstream leased assets emissions covered by target as % of total base year emissions in Scope 3, Category 13: Downstream leased assets (metric tons CO2e)**

**Base year Scope 3, Category 14: Franchises emissions covered by target as % of total base year emissions in Scope 3, Category 14: Franchises (metric tons CO2e)**

**Base year Scope 3, Category 15: Investments emissions covered by target as % of total base year emissions in Scope 3, Category 15: Investments (metric tons CO2e)**

**Base year Scope 3, Other (upstream) emissions covered by target as % of total base year emissions in Scope 3, Other (upstream) (metric tons CO2e)**

**Base year Scope 3, Other (downstream) emissions covered by target as % of total base year emissions in Scope 3, Other (downstream) (metric tons CO2e)**

**Base year total Scope 3 emissions covered by target as % of total base year emissions in Scope 3 (in all Scope 3 categories)**

**Base year emissions covered by target in all selected Scopes as % of total base year emissions in all selected Scopes**

100

**Target year**

2030

**Targeted reduction from base year (%)**

50

**Total emissions in target year covered by target in all selected Scopes (metric tons CO2e) [auto-calculated]**

277,941

**Scope 1 emissions in reporting year covered by target (metric tons CO2e)**

297,602

**Scope 2 emissions in reporting year covered by target (metric tons CO2e)**

42,482



**Scope 3, Category 1: Purchased goods and services emissions in reporting year covered by target (metric tons CO<sub>2</sub>e)**

**Scope 3, Category 2: Capital goods emissions in reporting year covered by target (metric tons CO<sub>2</sub>e)**

**Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions in reporting year covered by target (metric tons CO<sub>2</sub>e)**

**Scope 3, Category 4: Upstream transportation and distribution emissions in reporting year covered by target (metric tons CO<sub>2</sub>e)**

**Scope 3, Category 5: Waste generated in operations emissions in reporting year covered by target (metric tons CO<sub>2</sub>e)**

**Scope 3, Category 6: Business travel emissions in reporting year covered by target (metric tons CO<sub>2</sub>e)**

**Scope 3, Category 7: Employee commuting emissions in reporting year covered by target (metric tons CO<sub>2</sub>e)**

**Scope 3, Category 8: Upstream leased assets emissions in reporting year covered by target (metric tons CO<sub>2</sub>e)**

**Scope 3, Category 9: Downstream transportation and distribution emissions in reporting year covered by target (metric tons CO<sub>2</sub>e)**

**Scope 3, Category 10: Processing of sold products emissions in reporting year covered by target (metric tons CO<sub>2</sub>e)**

**Scope 3, Category 11: Use of sold products emissions in reporting year covered by target (metric tons CO<sub>2</sub>e)**

**Scope 3, Category 12: End-of-life treatment of sold products emissions in reporting year covered by target (metric tons CO<sub>2</sub>e)**

**Scope 3, Category 13: Downstream leased assets emissions in reporting year covered by target (metric tons CO<sub>2</sub>e)**

**Scope 3, Category 14: Franchises emissions in reporting year covered by target (metric tons CO<sub>2</sub>e)**

**Scope 3, Category 15: Investments emissions in reporting year covered by target (metric tons CO<sub>2</sub>e)**

**Scope 3, Other (upstream) emissions in reporting year covered by target (metric tons CO<sub>2</sub>e)**

**Scope 3, Other (downstream) emissions in reporting year covered by target (metric tons CO<sub>2</sub>e)**

**Total Scope 3 emissions in reporting year covered by target (metric tons CO<sub>2</sub>e)**

**Total emissions in reporting year covered by target in all selected scopes (metric tons CO<sub>2</sub>e)**

340,084

**Does this target cover any land-related emissions?**

Yes, it covers land-related and non-land related emissions (e.g. SBT approved before the release of FLAG target-setting guidance)

**% of target achieved relative to base year [auto-calculated]**

77.6416577619

**Target status in reporting year**

Underway

**Please explain target coverage and identify any exclusions**

As per SBTi Submission guidance, the target boundary also includes biogenic emissions and removals (reported separately from the scopes), and which accounted in the base year for:

Direct CO<sub>2</sub> emissions from combustion of biofuels and/or biomass feedstocks for the full value chain: 2,431,162 tCO<sub>2</sub>

Estimated CO<sub>2</sub> removals related to the use of biofuels and/or biomass feedstocks for the full value chain: -2,321,922 tCO<sub>2</sub>

**Plan for achieving target, and progress made to the end of the reporting year**

To achieve our target, we combine good management practices with strategic energy-related investments in our direct operations. We invest in optimizing energy and process efficiencies and replacing fossil fuel-based energy with renewable sources. To reduce carbon emissions in our fleet, we invest in sustainable powertrains and effective driving to optimize energy consumption and improve operational efficiency.

In 2022, we achieved a 39% reduction versus our 2019 baseline. This achievement has been possible thanks to programs to increase energy efficiency in our factories, on-site renewable investments, sourcing power from renewable resources as well as a program to reduce emissions in our vehicles fleet.

### **List the emissions reduction initiatives which contributed most to achieving this target**

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#### **Target reference number**

Abs 2

#### **Is this a science-based target?**

Yes, and this target has been approved by the Science Based Targets initiative

#### **Target ambition**

1.5°C aligned

#### **Year target was set**

2020

#### **Target coverage**

Company-wide

#### **Scope(s)**

Scope 3

#### **Scope 2 accounting method**

#### **Scope 3 category(ies)**

Category 1: Purchased goods and services

Category 2: Capital goods

Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2)

Category 4: Upstream transportation and distribution

Category 5: Waste generated in operations

Category 6: Business travel

Category 7: Employee commuting

Category 9: Downstream transportation and distribution

Category 11: Use of sold products

Category 12: End-of-life treatment of sold products

**Base year**

2019

**Base year Scope 1 emissions covered by target (metric tons CO<sub>2</sub>e)**

**Base year Scope 2 emissions covered by target (metric tons CO<sub>2</sub>e)**

**Base year Scope 3, Category 1: Purchased goods and services emissions covered by target (metric tons CO<sub>2</sub>e)**

3,451,556

**Base year Scope 3, Category 2: Capital goods emissions covered by target (metric tons CO<sub>2</sub>e)**

147,902

**Base year Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions covered by target (metric tons CO<sub>2</sub>e)**

114,703

**Base year Scope 3, Category 4: Upstream transportation and distribution emissions covered by target (metric tons CO<sub>2</sub>e)**

496,745

**Base year Scope 3, Category 5: Waste generated in operations emissions covered by target (metric tons CO<sub>2</sub>e)**

3,726

**Base year Scope 3, Category 6: Business travel emissions covered by target (metric tons CO<sub>2</sub>e)**

111,283

**Base year Scope 3, Category 7: Employee commuting emissions covered by target (metric tons CO<sub>2</sub>e)**

41,470

**Base year Scope 3, Category 8: Upstream leased assets emissions covered by target (metric tons CO<sub>2</sub>e)**

**Base year Scope 3, Category 9: Downstream transportation and distribution emissions covered by target (metric tons CO<sub>2</sub>e)**

58,648

**Base year Scope 3, Category 10: Processing of sold products emissions covered by target (metric tons CO<sub>2</sub>e)**

**Base year Scope 3, Category 11: Use of sold products emissions covered by target (metric tons CO2e)**

107,319

**Base year Scope 3, Category 12: End-of-life treatment of sold products emissions covered by target (metric tons CO2e)**

87,568

**Base year Scope 3, Category 13: Downstream leased assets emissions covered by target (metric tons CO2e)**

**Base year Scope 3, Category 14: Franchises emissions covered by target (metric tons CO2e)**

**Base year Scope 3, Category 15: Investments emissions covered by target (metric tons CO2e)**

**Base year Scope 3, Other (upstream) emissions covered by target (metric tons CO2e)**

**Base year Scope 3, Other (downstream) emissions covered by target (metric tons CO2e)**

**Base year total Scope 3 emissions covered by target (metric tons CO2e)**

4,620,920

**Total base year emissions covered by target in all selected Scopes (metric tons CO2e)**

4,620,920

**Base year Scope 1 emissions covered by target as % of total base year emissions in Scope 1**

**Base year Scope 2 emissions covered by target as % of total base year emissions in Scope 2**

**Base year Scope 3, Category 1: Purchased goods and services emissions covered by target as % of total base year emissions in Scope 3, Category 1: Purchased goods and services (metric tons CO2e)**

100

**Base year Scope 3, Category 2: Capital goods emissions covered by target as % of total base year emissions in Scope 3, Category 2: Capital goods (metric tons CO2e)**

100

**Base year Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions covered by target as % of total base year emissions in Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) (metric tons CO2e)**

100

**Base year Scope 3, Category 4: Upstream transportation and distribution covered by target as % of total base year emissions in Scope 3, Category 4: Upstream transportation and distribution (metric tons CO2e)**

100

**Base year Scope 3, Category 5: Waste generated in operations emissions covered by target as % of total base year emissions in Scope 3, Category 5: Waste generated in operations (metric tons CO2e)**

100

**Base year Scope 3, Category 6: Business travel emissions covered by target as % of total base year emissions in Scope 3, Category 6: Business travel (metric tons CO2e)**

100

**Base year Scope 3, Category 7: Employee commuting covered by target as % of total base year emissions in Scope 3, Category 7: Employee commuting (metric tons CO2e)**

100

**Base year Scope 3, Category 8: Upstream leased assets emissions covered by target as % of total base year emissions in Scope 3, Category 8: Upstream leased assets (metric tons CO2e)**

**Base year Scope 3, Category 9: Downstream transportation and distribution emissions covered by target as % of total base year emissions in Scope 3, Category 9: Downstream transportation and distribution (metric tons CO2e)**

100

**Base year Scope 3, Category 10: Processing of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 10: Processing of sold products (metric tons CO2e)**

**Base year Scope 3, Category 11: Use of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 11: Use of sold products (metric tons CO2e)**

100

**Base year Scope 3, Category 12: End-of-life treatment of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 12: End-of-life treatment of sold products (metric tons CO2e)**

100

**Base year Scope 3, Category 13: Downstream leased assets emissions covered by target as % of total base year emissions in Scope 3, Category 13: Downstream leased assets (metric tons CO2e)**

**Base year Scope 3, Category 14: Franchises emissions covered by target as % of total base year emissions in Scope 3, Category 14: Franchises (metric tons CO2e)**

**Base year Scope 3, Category 15: Investments emissions covered by target as % of total base year emissions in Scope 3, Category 15: Investments (metric tons CO2e)**

**Base year Scope 3, Other (upstream) emissions covered by target as % of total base year emissions in Scope 3, Other (upstream) (metric tons CO2e)**

**Base year Scope 3, Other (downstream) emissions covered by target as % of total base year emissions in Scope 3, Other (downstream) (metric tons CO2e)**

**Base year total Scope 3 emissions covered by target as % of total base year emissions in Scope 3 (in all Scope 3 categories)**

100

**Base year emissions covered by target in all selected Scopes as % of total base year emissions in all selected Scopes**

100

**Target year**

2030

**Targeted reduction from base year (%)**

50

**Total emissions in target year covered by target in all selected Scopes (metric tons CO2e) [auto-calculated]**

2,310,460

**Scope 1 emissions in reporting year covered by target (metric tons CO2e)**

**Scope 2 emissions in reporting year covered by target (metric tons CO2e)**

**Scope 3, Category 1: Purchased goods and services emissions in reporting year covered by target (metric tons CO2e)**

3,003,490

**Scope 3, Category 2: Capital goods emissions in reporting year covered by target (metric tons CO2e)**

93,699.9

**Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions in reporting year covered by target (metric tons CO2e)**

86,259.6

**Scope 3, Category 4: Upstream transportation and distribution emissions in reporting year covered by target (metric tons CO2e)**

756,551.6

**Scope 3, Category 5: Waste generated in operations emissions in reporting year covered by target (metric tons CO2e)**

3,726.4

**Scope 3, Category 6: Business travel emissions in reporting year covered by target (metric tons CO2e)**

42,509.2

**Scope 3, Category 7: Employee commuting emissions in reporting year covered by target (metric tons CO2e)**

36,108.6

**Scope 3, Category 8: Upstream leased assets emissions in reporting year covered by target (metric tons CO2e)**

**Scope 3, Category 9: Downstream transportation and distribution emissions in reporting year covered by target (metric tons CO2e)**

46,381.5

**Scope 3, Category 10: Processing of sold products emissions in reporting year covered by target (metric tons CO2e)**



**Scope 3, Category 11: Use of sold products emissions in reporting year covered by target (metric tons CO2e)**

106,498.8

**Scope 3, Category 12: End-of-life treatment of sold products emissions in reporting year covered by target (metric tons CO2e)**

82,050.6

**Scope 3, Category 13: Downstream leased assets emissions in reporting year covered by target (metric tons CO2e)**

**Scope 3, Category 14: Franchises emissions in reporting year covered by target (metric tons CO2e)**

**Scope 3, Category 15: Investments emissions in reporting year covered by target (metric tons CO2e)**

**Scope 3, Other (upstream) emissions in reporting year covered by target (metric tons CO2e)**

**Scope 3, Other (downstream) emissions in reporting year covered by target (metric tons CO2e)**

**Total Scope 3 emissions in reporting year covered by target (metric tons CO2e)**

4,257,276.2

**Total emissions in reporting year covered by target in all selected scopes (metric tons CO2e)**

4,257,276.2

**Does this target cover any land-related emissions?**

Yes, it covers land-related and non-land related emissions (e.g. SBT approved before the release of FLAG target-setting guidance)

**% of target achieved relative to base year [auto-calculated]**

15.7390216667

**Target status in reporting year**

Underway

**Please explain target coverage and identify any exclusions**

As per SBTi Submission guidance, the target boundary also includes biogenic emissions and removals (reported separately from the scopes), and which accounted in the base year for:

Direct CO<sub>2</sub> emissions from combustion of biofuels and/or biomass feedstocks for the full value chain: 2,431,162 tCO<sub>2</sub>

Estimated CO<sub>2</sub> removals related to the use of biofuels and/or biomass feedstocks for the full value chain: -2,321,922 tCO<sub>2</sub>

### **Plan for achieving target, and progress made to the end of the reporting year**

In 2022, we achieved an 8% reduction versus our 2019 baseline (19% in 2021).

Although our planned programs delivered reductions to expectation – thanks to initiatives to reduce emissions in our supply chain, for example initiatives related to mechanized activities in our tobacco supply chain, combined with other initiatives throughout our value chain - we faced unforeseen challenges in 2022 due to unfavorable business conditions. The geopolitical situation in Europe, war in Ukraine, and adverse impact of supply chain disruption have impacted our decarbonization plans, especially those focused on scope 3, requiring us at times to assume trade-offs between financial and natural capital to ensure business continuity.

Plan for achieving the target includes addressing scope 3 emissions through multiple initiatives, such as the Good Agriculture Practices program, the Zero Deforestation Manifesto, engagement with our direct material and electronics suppliers, and our eco-design and circularity program, which applies circular economy concepts and product life-time optimization.

### **List the emissions reduction initiatives which contributed most to achieving this target**

---

#### **Target reference number**

Abs 3

#### **Is this a science-based target?**

Yes, and this target has been approved by the Science Based Targets initiative

#### **Target ambition**

1.5°C aligned

#### **Year target was set**

2022

#### **Target coverage**

Company-wide

#### **Scope(s)**

Scope 1

Scope 2

Scope 3

**Scope 2 accounting method**

Market-based

**Scope 3 category(ies)**

Category 1: Purchased goods and services

Category 2: Capital goods

Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2)

Category 4: Upstream transportation and distribution

Category 5: Waste generated in operations

Category 6: Business travel

Category 7: Employee commuting

Category 9: Downstream transportation and distribution

Category 11: Use of sold products

Category 12: End-of-life treatment of sold products

**Base year**

2019

**Base year Scope 1 emissions covered by target (metric tons CO2e)**

397,210

**Base year Scope 2 emissions covered by target (metric tons CO2e)**

158,672

**Base year Scope 3, Category 1: Purchased goods and services emissions covered by target (metric tons CO2e)**

3,451,556

**Base year Scope 3, Category 2: Capital goods emissions covered by target (metric tons CO2e)**

147,902

**Base year Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions covered by target (metric tons CO2e)**

114,703

**Base year Scope 3, Category 4: Upstream transportation and distribution emissions covered by target (metric tons CO2e)**

496,745

**Base year Scope 3, Category 5: Waste generated in operations emissions covered by target (metric tons CO2e)**

3,726

**Base year Scope 3, Category 6: Business travel emissions covered by target (metric tons CO2e)**

111,283

**Base year Scope 3, Category 7: Employee commuting emissions covered by target (metric tons CO<sub>2</sub>e)**

41,470

**Base year Scope 3, Category 8: Upstream leased assets emissions covered by target (metric tons CO<sub>2</sub>e)**

**Base year Scope 3, Category 9: Downstream transportation and distribution emissions covered by target (metric tons CO<sub>2</sub>e)**

58,648

**Base year Scope 3, Category 10: Processing of sold products emissions covered by target (metric tons CO<sub>2</sub>e)**

**Base year Scope 3, Category 11: Use of sold products emissions covered by target (metric tons CO<sub>2</sub>e)**

107,319

**Base year Scope 3, Category 12: End-of-life treatment of sold products emissions covered by target (metric tons CO<sub>2</sub>e)**

87,568

**Base year Scope 3, Category 13: Downstream leased assets emissions covered by target (metric tons CO<sub>2</sub>e)**

**Base year Scope 3, Category 14: Franchises emissions covered by target (metric tons CO<sub>2</sub>e)**

**Base year Scope 3, Category 15: Investments emissions covered by target (metric tons CO<sub>2</sub>e)**

**Base year Scope 3, Other (upstream) emissions covered by target (metric tons CO<sub>2</sub>e)**

**Base year Scope 3, Other (downstream) emissions covered by target (metric tons CO<sub>2</sub>e)**

**Base year total Scope 3 emissions covered by target (metric tons CO<sub>2</sub>e)**

4,620,920

**Total base year emissions covered by target in all selected Scopes (metric tons CO<sub>2</sub>e)**

5,176,802

**Base year Scope 1 emissions covered by target as % of total base year emissions in Scope 1**

100

**Base year Scope 2 emissions covered by target as % of total base year emissions in Scope 2**

100

**Base year Scope 3, Category 1: Purchased goods and services emissions covered by target as % of total base year emissions in Scope 3, Category 1: Purchased goods and services (metric tons CO2e)**

100

**Base year Scope 3, Category 2: Capital goods emissions covered by target as % of total base year emissions in Scope 3, Category 2: Capital goods (metric tons CO2e)**

100

**Base year Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions covered by target as % of total base year emissions in Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) (metric tons CO2e)**

100

**Base year Scope 3, Category 4: Upstream transportation and distribution covered by target as % of total base year emissions in Scope 3, Category 4: Upstream transportation and distribution (metric tons CO2e)**

100

**Base year Scope 3, Category 5: Waste generated in operations emissions covered by target as % of total base year emissions in Scope 3, Category 5: Waste generated in operations (metric tons CO2e)**

100

**Base year Scope 3, Category 6: Business travel emissions covered by target as % of total base year emissions in Scope 3, Category 6: Business travel (metric tons CO2e)**

100

**Base year Scope 3, Category 7: Employee commuting covered by target as % of total base year emissions in Scope 3, Category 7: Employee commuting (metric tons CO2e)**

100

**Base year Scope 3, Category 8: Upstream leased assets emissions covered by target as % of total base year emissions in Scope 3, Category 8: Upstream leased assets (metric tons CO2e)**

**Base year Scope 3, Category 9: Downstream transportation and distribution emissions covered by target as % of total base year emissions in Scope 3, Category 9: Downstream transportation and distribution (metric tons CO2e)**

100

**Base year Scope 3, Category 10: Processing of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 10: Processing of sold products (metric tons CO2e)**

**Base year Scope 3, Category 11: Use of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 11: Use of sold products (metric tons CO2e)**

100

**Base year Scope 3, Category 12: End-of-life treatment of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 12: End-of-life treatment of sold products (metric tons CO2e)**

100

**Base year Scope 3, Category 13: Downstream leased assets emissions covered by target as % of total base year emissions in Scope 3, Category 13: Downstream leased assets (metric tons CO2e)**

**Base year Scope 3, Category 14: Franchises emissions covered by target as % of total base year emissions in Scope 3, Category 14: Franchises (metric tons CO2e)**

**Base year Scope 3, Category 15: Investments emissions covered by target as % of total base year emissions in Scope 3, Category 15: Investments (metric tons CO2e)**

**Base year Scope 3, Other (upstream) emissions covered by target as % of total base year emissions in Scope 3, Other (upstream) (metric tons CO2e)**

**Base year Scope 3, Other (downstream) emissions covered by target as % of total base year emissions in Scope 3, Other (downstream) (metric tons CO2e)**

**Base year total Scope 3 emissions covered by target as % of total base year emissions in Scope 3 (in all Scope 3 categories)**

100

**Base year emissions covered by target in all selected Scopes as % of total base year emissions in all selected Scopes**

100

**Target year**

2040

**Targeted reduction from base year (%)**

90

**Total emissions in target year covered by target in all selected Scopes (metric tons CO<sub>2</sub>e) [auto-calculated]**

517,680.2

**Scope 1 emissions in reporting year covered by target (metric tons CO<sub>2</sub>e)**

297,602

**Scope 2 emissions in reporting year covered by target (metric tons CO<sub>2</sub>e)**

42,482

**Scope 3, Category 1: Purchased goods and services emissions in reporting year covered by target (metric tons CO<sub>2</sub>e)**

3,003,490

**Scope 3, Category 2: Capital goods emissions in reporting year covered by target (metric tons CO<sub>2</sub>e)**

93,699.9

**Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions in reporting year covered by target (metric tons CO<sub>2</sub>e)**

86,259.6

**Scope 3, Category 4: Upstream transportation and distribution emissions in reporting year covered by target (metric tons CO<sub>2</sub>e)**

756,551.6

**Scope 3, Category 5: Waste generated in operations emissions in reporting year covered by target (metric tons CO<sub>2</sub>e)**

3,726.4

**Scope 3, Category 6: Business travel emissions in reporting year covered by target (metric tons CO<sub>2</sub>e)**

42,509.2

**Scope 3, Category 7: Employee commuting emissions in reporting year covered by target (metric tons CO2e)**

36,108.6

**Scope 3, Category 8: Upstream leased assets emissions in reporting year covered by target (metric tons CO2e)**

**Scope 3, Category 9: Downstream transportation and distribution emissions in reporting year covered by target (metric tons CO2e)**

46,381.5

**Scope 3, Category 10: Processing of sold products emissions in reporting year covered by target (metric tons CO2e)**

**Scope 3, Category 11: Use of sold products emissions in reporting year covered by target (metric tons CO2e)**

106,498.8

**Scope 3, Category 12: End-of-life treatment of sold products emissions in reporting year covered by target (metric tons CO2e)**

82,050.6

**Scope 3, Category 13: Downstream leased assets emissions in reporting year covered by target (metric tons CO2e)**

**Scope 3, Category 14: Franchises emissions in reporting year covered by target (metric tons CO2e)**

**Scope 3, Category 15: Investments emissions in reporting year covered by target (metric tons CO2e)**

**Scope 3, Other (upstream) emissions in reporting year covered by target (metric tons CO2e)**

**Scope 3, Other (downstream) emissions in reporting year covered by target (metric tons CO2e)**

**Total Scope 3 emissions in reporting year covered by target (metric tons CO2e)**

4,257,276.2



**Total emissions in reporting year covered by target in all selected scopes (metric tons CO<sub>2</sub>e)**

4,597,360.2

**Does this target cover any land-related emissions?**

Yes, it covers land-related and non-land related emissions (e.g. SBT approved before the release of FLAG target-setting guidance)

**% of target achieved relative to base year [auto-calculated]**

12.4367171513

**Target status in reporting year**

New

**Please explain target coverage and identify any exclusions**

In 2021 PMI released its Low Carbon Transition Plan (LCTP), which included updated targets as well as a detailed strategy to decarbonize its direct operations by 2025, and to achieve net-zero emissions across its entire value chain by 2040. The plan brings forward PMI's ambitions to achieve carbon neutrality in its direct operations (scopes 1+2) by five years, to 2025, and to achieve net-zero across its entire value chain (scopes 1+2+3) by 10 years, to 2040. PMI's net-zero target is aligned with a 1.5 °C scenario and was submitted to Science Based Targets initiative for validation in late 2021, being approved in 2022. During 2021, PMI also committed to Business ambition for 1.5 °C by, signing the pledge (<https://sciencebasedtargets.org/companies-taking-action#table>) and joining the visionary corporate leaders taking ambitious climate action.

**Plan for achieving target, and progress made to the end of the reporting year**

In 2022, we achieved an 11% reduction versus our 2019 baseline. Although our planned programs delivered reductions to expectation – thanks to initiatives to reduce emissions in our direct operations and our supply chain, for example through programs to increase energy efficiency in our factories, on-site renewable investments, sourcing power from renewable resources, program to reduce emissions in our vehicles fleet as well as initiatives related to mechanized activities in our tobacco supply chain, combined with other initiatives throughout our value chain - we faced unforeseen challenges in 2022 due to unfavourable business conditions. The geopolitical situation in Europe, war in Ukraine, and adverse impact of supply chain disruption have impacted our decarbonization plans, especially those focused on scope 3, requiring us at times to assume trade-offs between financial and natural capital to ensure business continuity. Plan for achieving the target includes addressing scope 3 emissions through multiple initiatives, such as the Good Agriculture Practices program, the Zero Deforestation Manifesto, engagement with our direct material and electronics suppliers, and our eco-design and circularity program, which applies circular economy concepts and product life-time optimization.

Once we have maximized our emissions reductions, we compensate the remaining unavoidable emissions. In 2020, PMI developed a targeted study to map the potential of nature-based solutions (NBS) for inseting in our tobacco supply chain and evaluated natural carbon sinks in the context of our carbon neutrality ambition. We prioritize

insetting projects in our supply chain when possible and purchase certified carbon credits when needed. Our Portfolio of Climate Investments (PCI) brings both standardization and sophistication to our approach to compensation. PMI will gradually shift from relying on offsets (emissions avoidance/reduction) toward developing and making use of emissions removals, including nature-based and innovative technological carbon sequestration projects.

PMI believes that limiting the use of market approaches (offsetting) in the short term by prioritizing direct investment in our supply chain in the medium and long term will support the cost effectiveness of our actions and will assure transparency, consistency, and quality of our climate investment strategy.

**List the emissions reduction initiatives which contributed most to achieving this target**

## C4.2

**(C4.2) Did you have any other climate-related targets that were active in the reporting year?**

Target(s) to increase low-carbon energy consumption or production

Net-zero target(s)

Other climate-related target(s)

## C4.2a

**(C4.2a) Provide details of your target(s) to increase low-carbon energy consumption or production.**

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**Target reference number**

Low 1

**Year target was set**

2019

**Target coverage**

Business activity

**Target type: energy carrier**

Electricity

**Target type: activity**

Consumption

**Target type: energy source**

Renewable energy source(s) only

**Base year**

2010

**Consumption or production of selected energy carrier in base year (MWh)**

0

**% share of low-carbon or renewable energy in base year**

0

**Target year**

2025

**% share of low-carbon or renewable energy in target year**

100

**% share of low-carbon or renewable energy in reporting year**

87

**% of target achieved relative to base year [auto-calculated]**

87

**Target status in reporting year**

Underway

**Is this target part of an emissions target?**

This target is directly linked with our scopes 1 and 2 SBT absolute reduction target (Abs 1).

**Is this target part of an overarching initiative?**

Science Based Targets initiative

**Please explain target coverage and identify any exclusions**

This target covers the amount of electricity consumed (purchased and self-generated) from renewable sources in PMI factories. Our initial target, set in 2016, aimed at 100% renewable by 2030. This target was amended in 2019 for 100% by 2025 to reflect our increased ambition level.

**Plan for achieving target, and progress made to the end of the reporting year**

In 2022, 87% of our manufacturing facilities' electricity consumption was sourced from renewable sources versus PMI's 2010 baseline where we were not sourcing/generating any.

We will continue sourcing more renewable electricity as it becomes available in the countries where we operate and in addition to self-generated renewable electricity production, we continue to consider opportunities to source electricity through power purchase agreements (PPAs) in the future.

The 100% green electricity target covers all our factories and is part of PMI strategy to first and foremost drive toward a low-carbon economy by promoting the renewable energy industry as an alternative to fossil fueled energy and subsequently reduce our scope 2 emissions.

To achieve our ambitious Science Based Targets, PMI uses all the strategic tools and mechanisms that have been identified as good practices by the recognized international

standards, including RE100 and EP100 guidelines to manage our company's energy consumption.

**List the actions which contributed most to achieving this target**

## C4.2b

**(C4.2b) Provide details of any other climate-related targets, including methane reduction targets.**

**Target reference number**

Oth 1

**Year target was set**

2019

**Target coverage**

Business division

**Target type: absolute or intensity**

Absolute

**Target type: category & Metric (target numerator if reporting an intensity target)**

Land use change

Percent of supply chain compliant with zero gross deforestation

**Target denominator (intensity targets only)**

**Base year**

2019

**Figure or percentage in base year**

0

**Target year**

2022

**Figure or percentage in target year**

100

**Figure or percentage in reporting year**

100

**% of target achieved relative to base year [auto-calculated]**

100

**Target status in reporting year**

Achieved

**Is this target part of an emissions target?**

No

**Is this target part of an overarching initiative?**

Remove deforestation

**Please explain target coverage and identify any exclusions**

This target covers all our tobacco supply chain and assesses the proportion of tobacco purchased at no risk of gross deforestation of primary and protected forests.

To address the risks resulting from land-use change, we monitor the impact of land-use changes due to tobacco cultivation and design actions based on mitigation hierarchy when needed.

When reporting "Quantitative progress (in percent) towards the full implementation of your commitment in the recent financial year:" we have calculated and reported the quantitative progress related to the implementation of the zero gross deforestation target in 2022 for primary and protected forests. In 2022 our commitment of tobacco purchased at no risk of gross deforestation reached 100% and was validated by an external auditor against our Zero Deforestation Manifesto guidelines for suppliers. In the short term (up to 5 years) PMI expects this target to be aligned with the GHG Protocol's 'Land Sector and Removals Guidance', which will allow us to account and report emissions and removals from land use, land use change, and our progress towards achieving our Zero Deforestation Manifesto commitments. This target is also expected to be integrated into PMI's approach to develop Forest, Land and Agriculture (FLAG) targets as part of the company's commitments to the Science Based Targets initiative.

**Plan for achieving target, and progress made to the end of the reporting year**

**List the actions which contributed most to achieving this target**

Main actions/initiatives that contributed to achieving this target were two: geospatial analysis and the deployment of our Monitoring, Verification, and Reporting (MVR) Framework for Sustainable Curing Fuels across our entire flue-cured supply chain. Our geospatial analysis is based on the digitalization of our contracted tobacco farmers supply chain through the generation of shapefiles that include their farms and a buffer area where the impact on natural forest (primary and protected forest categories) could potentially happen; we monitor with analytical tools such as Global Forest Watch the whole area for all our shapefiles where wood-based fuels are used in the curing process. We calculate the risk of forest cover loss and where the indicator is above a certain threshold typical of each shapefile, we proceed to the ground truthing of the information by requesting an MVR audit on the ground to be executed.

The MVR audit, carried out by a third-party auditor, requires the traceability of firewood to ensure it originates from sustainable sources in line with the guidelines included in our Zero Deforestation Manifesto that defines our commitment to zero gross and zero net deforestation for the entire tobacco supply chain.

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**Target reference number**

Oth 2

**Year target was set**

2022

**Target coverage**

Company-wide

**Target type: absolute or intensity**

Absolute

**Target type: category & Metric (target numerator if reporting an intensity target)**

Engagement with suppliers

Percentage of suppliers (by procurement spend) with a science-based target

**Target denominator (intensity targets only)**

**Base year**

2022

**Figure or percentage in base year**

35

**Target year**

2025

**Figure or percentage in target year**

15

**Figure or percentage in reporting year**

35

**% of target achieved relative to base year [auto-calculated]**

0

**Target status in reporting year**

New

**Is this target part of an emissions target?**

No

**Is this target part of an overarching initiative?**

Science Based Targets initiative – approved supplier engagement target

**Please explain target coverage and identify any exclusions**

With over 30,000 tier 1 suppliers globally, our supply chain spend amounted to approximately USD 12.6 billion in 2022. Our global supply chain is organized into two main streams—direct spend (tobacco leaf, direct materials, electronic devices and advanced procurement) and indirect spend (technical procurement, R&D expenditure, indirect materials and services). From a sustainability standpoint, the supply chain categories exposed to the highest risks pertain to our direct spend. Likewise, our most carbon-intensive supplies are the direct materials used in the manufacturing of our products, such as cellulose acetate tow, pulp and paper, and our smoke-free electronic devices; together direct spend suppliers represent 56% of our Scope 3 emissions. Due to the relevance of direct spend suppliers in terms of carbon emissions, spend and exposure to climate risks, PMI is engaging these suppliers as part of a Science Based Target for supplier engagement. Through this target, we are working upon and expect that up to 40% of PMI's direct spend suppliers representing 15% of our total spend, will be adopting Science Based Targets by 2025. Over the next years, PMI is expecting to maintain and expand the scope and coverage of this target to include additional suppliers, despite expected changes in spend allocation due to volume reallocation and change of suppliers as part of the company's transition to smoke-free products.

#### **Plan for achieving target, and progress made to the end of the reporting year**

As part of our science-based approach to climate action, we engage with our critical suppliers to adopt science-based targets. Specifically, PMI's target is for 15 percent of suppliers by spend (covering purchased goods and services) to have science-based targets by 2025.

During the year, we further increased our visibility on supply chain spend covered by suppliers that are either committed to science-based targets or have targets validated by the Science-Based Target initiative in place. In 2022, this represented 35 percent of our total direct and indirect spend. In the years to come, we will continue engaging with suppliers and monitoring this figure, taking into consideration a fast evolving external environment and expected changes in supplier mix in line with our expanding portfolio of products.

#### **List the actions which contributed most to achieving this target**

## **C4.2c**

### **(C4.2c) Provide details of your net-zero target(s).**

#### **Target reference number**

NZ1

#### **Target coverage**

Company-wide

#### **Absolute/intensity emission target(s) linked to this net-zero target**

Abs1

Abs2

Abs3

**Target year for achieving net zero**

2040

**Is this a science-based target?**

Yes, and this target has been approved by the Science Based Targets initiative

**Please explain target coverage and identify any exclusions**

In 2021 PMI released its Low Carbon Transition Plan (LCTP), which included updated targets as well as a detailed strategy to decarbonize its direct operations by 2025, and to achieve net-zero emissions across its entire value chain by 2040. The plan brings forward PMI's ambitions to achieve carbon neutrality in its direct operations (scopes 1+2) by five years, to 2025, and to achieve net-zero across its entire value chain (scopes 1+2+3) by 10 years, to 2040. PMI's net-zero target is aligned with a 1.5 °C scenario and was submitted to Science Based Targets initiative for validation in late 2021, being approved in 2022. During 2021, PMI also committed to Business ambition for 1.5 °C by, signing the pledge (<https://sciencebasedtargets.org/companies-taking-action#table>) and joining the visionary corporate leaders taking ambitious climate action.

**Do you intend to neutralize any unabated emissions with permanent carbon removals at the target year?**

Yes

**Planned milestones and/or near-term investments for neutralization at target year**

We reduce energy consumption and optimize efficiency to cut emissions. We minimize the use of fossil fuels and promote switching to renewable energy including: 1) phasing out coal in manufacturing by 2020 (results PMI already achieved and is planning to maintain) 2) reaching 100% of electricity used and purchased in our factories derived from renewable sources by 2025. In our operations, we are reducing emissions and increasing efficiency with two main programs: Zero Carbon Technology (ZCT) and Drive4Zero (D4Zero). ZCT involves initiatives such as biomass burners combined with thermal storage and solar photovoltaics for carbon emissions reduction and carbon capture and storage.

PMI's activities in improving efficiency are categorized in our D4Zero program, which aims to eliminate economic losses caused by inefficient energy use. Under the program, we look for industrial and manufacturing solutions such as heat recovery and manufacturing-process optimization. We also promote behavioral change through our Zero Loss Mindset program.

Once we have maximized our emissions reductions, we compensate the remaining unavoidable emissions. In 2020, PMI developed a targeted study to map the potential of nature-based solutions (NBS) for insetting in our tobacco supply chain and evaluated natural carbon sinks in the context of our carbon neutrality ambition. We prioritize insetting projects in our supply chain when possible and purchase certified carbon credits when needed. Our Portfolio of Climate Investments (PCI) brings both



standardization and sophistication to our approach to compensation. PMI will gradually shift from relying on offsets (emissions avoidance/reduction) toward developing and making use of emissions removals, including nature-based and innovative technological carbon sequestration projects.

To support decarbonization efforts and net-zero targets, the PCI was created in line with internationally recognized practices, such as International Carbon Reduction and Offsetting Alliance (ICROA) code of Best Practice, the report of the Taskforce on Scaling Voluntary Carbon Markets (TFVCM), and GHG protocol Land Sector and Removals Initiative. PMI believes that limiting the use of market approaches (offsetting) in the short term by prioritizing direct investment in our supply chain in the medium and long term will support the cost effectiveness of our actions and will assure transparency, consistency, and quality of our climate investment strategy.

### **Planned actions to mitigate emissions beyond your value chain (optional)**

PMI addresses scope 3 emissions through multiple initiatives, including engaging with suppliers to work on solutions and programs to reduce the full GHG footprint. Our work is guided by the Good Agriculture Practices program, the Zero Deforestation Manifesto, and the eco-design and circularity program, which applies circular economy concepts and product life-time optimization.

We aim at reducing emissions of our supply chain, focusing first on larger contributors to address their gaps while also considering performance of virtuous suppliers with efficient processes in place as an element in the allocation of business and volumes. D4Zero program applies beyond our direct operations where the zero-loss mindset is key to reduce the use of materials starting from the design of our products and benefiting productivity while reducing overall carbon emissions. As for the upstream emissions reductions, PMI aims at reducing the emissions from packaging in collaboration with suppliers leveraging technological improvements and improved packaging design to minimize the use of packaging materials without compromising protection and convenience.

PMI tackles emissions from upstream transportation with a strategy to proactively assess and select lower-carbon transportation carriers and transport routes. PMI will set targets to drive a successful roadmap including engaging with suppliers to promote emissions reduction strategies in line with carbon objectives while investigating improved/ alternative technologies to transport goods.

PMI is making efforts to minimize the waste generated by our manufacturing facilities and offices, promoting materials reuse and recycling, and striving for responsible disposal. PMI achieved its commitment of virtually zero waste to landfill across all our manufacturing operations by 2022 – meaning a landfill diversion rate of 99 percent or greater.

To sustain the results achieved with further action and continuously improve our environmental practices, we are constantly working on projects to create circularity of materials in the supply chain to reduce waste generation to the bare minimum.

Downstream, emissions generated by the transport and distribution, use, and end-of life management of the products represented 5.1% of PMI's total footprint in 2022. PMI is reducing the emissions from these sources through improvements in the heated tobacco units as well as the adoption of eco-system design standards.

## C4.3

**(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.**

Yes

### C4.3a

**(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO<sub>2</sub>e savings.**

	Number of initiatives	Total estimated annual CO <sub>2</sub> e savings in metric tonnes CO <sub>2</sub> e (only for rows marked *)
Under investigation	81	
To be implemented*	22	28,306
Implementation commenced*	66	11,378
Implemented*	90	61,483.3
Not to be implemented	85	

### C4.3b

**(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.**

#### Initiative category & Initiative type

Energy efficiency in buildings  
Heating, Ventilation and Air Conditioning (HVAC)

#### Estimated annual CO<sub>2</sub>e savings (metric tonnes CO<sub>2</sub>e)

1,159

#### Scope(s) or Scope 3 category(ies) where emissions savings occur

Scope 1  
Scope 2 (location-based)

#### Voluntary/Mandatory

Voluntary

#### Annual monetary savings (unit currency – as specified in C0.4)

502,360

#### Investment required (unit currency – as specified in C0.4)

983,663

**Payback period**

1-3 years

**Estimated lifetime of the initiative**

6-10 years

**Comment**

4 initiatives in AHU systems optimization and modernizations in existing units in our manufacturing centers.

1 initiative for adiabatic humidification in our manufacturing site.

---

**Initiative category & Initiative type**

Energy efficiency in buildings

Lighting

**Estimated annual CO2e savings (metric tonnes CO2e)**

2

**Scope(s) or Scope 3 category(ies) where emissions savings occur**

Scope 2 (location-based)

**Voluntary/Mandatory**

Voluntary

**Annual monetary savings (unit currency – as specified in C0.4)**

316,494

**Investment required (unit currency – as specified in C0.4)**

782,171

**Payback period**

1-3 years

**Estimated lifetime of the initiative**

6-10 years

**Comment**

These are initiatives mainly focused on installation of LED lighting in our factories. In total 16 initiatives in 2022.

---

**Initiative category & Initiative type**

Energy efficiency in production processes

Compressed air

**Estimated annual CO2e savings (metric tonnes CO2e)**

11

**Scope(s) or Scope 3 category(ies) where emissions savings occur**

Scope 2 (location-based)

**Voluntary/Mandatory**

Voluntary

**Annual monetary savings (unit currency – as specified in C0.4)**

179,247

**Investment required (unit currency – as specified in C0.4)**

353,409

**Payback period**

1-3 years

**Estimated lifetime of the initiative**

6-10 years

**Comment**

10 initiatives implemented in our factories compressed air systems, mainly focusing on the decrease of pressure, equipment modernization, leakages prevention.

**Initiative category & Initiative type**

Energy efficiency in production processes

Cooling technology

**Estimated annual CO2e savings (metric tonnes CO2e)**

2,179.3

**Scope(s) or Scope 3 category(ies) where emissions savings occur**

Scope 2 (location-based)

**Voluntary/Mandatory**

Voluntary

**Annual monetary savings (unit currency – as specified in C0.4)**

706,766

**Investment required (unit currency – as specified in C0.4)**

1,345,421

**Payback period**

1-3 years

**Estimated lifetime of the initiative**

6-10 years

**Comment**

13 initiatives in central cooling systems implemented in our factories in 2022.

---

**Initiative category & Initiative type**

Energy efficiency in production processes  
Automation

**Estimated annual CO2e savings (metric tonnes CO2e)**

636.3

**Scope(s) or Scope 3 category(ies) where emissions savings occur**

Scope 1  
Scope 2 (location-based)

**Voluntary/Mandatory**

Voluntary

**Annual monetary savings (unit currency – as specified in C0.4)**

435,662

**Investment required (unit currency – as specified in C0.4)**

1,011,875

**Payback period**

1-3 years

**Estimated lifetime of the initiative**

6-10 years

**Comment**

20 automation related initiatives were implemented in our factories in 2022.

---

**Initiative category & Initiative type**

Energy efficiency in production processes  
Reuse of water

**Estimated annual CO2e savings (metric tonnes CO2e)**

0

**Scope(s) or Scope 3 category(ies) where emissions savings occur**

Scope 2 (market-based)

**Voluntary/Mandatory**

Voluntary

**Annual monetary savings (unit currency – as specified in C0.4)**

26,400

**Investment required (unit currency – as specified in C0.4)**

30,000

**Payback period**

1-3 years

**Estimated lifetime of the initiative**

6-10 years

**Comment**

In 2022 we implemented 1 initiative aiming to optimize reuse of water, resulting in water consumption reduction, electricity consumption reduction and cost savings. The initiative was implemented in one of our manufacturing sites already sourcing 100% of renewable electricity, reason why CO2 emissions (market based) savings are zero.

**Initiative category & Initiative type**

Energy efficiency in production processes  
Waste heat recovery

**Estimated annual CO2e savings (metric tonnes CO2e)**

1,537.3

**Scope(s) or Scope 3 category(ies) where emissions savings occur**

Scope 1

**Voluntary/Mandatory**

Voluntary

**Annual monetary savings (unit currency – as specified in C0.4)**

628,859

**Investment required (unit currency – as specified in C0.4)**

1,148,424

**Payback period**

1-3 years

**Estimated lifetime of the initiative**

6-10 years

**Comment**

In 2022 we implemented 17 initiatives in our manufacturing sites to recover heat from our steam system.

**Initiative category & Initiative type**

Energy efficiency in production processes  
Motors and drives

**Estimated annual CO2e savings (metric tonnes CO2e)**

0

**Scope(s) or Scope 3 category(ies) where emissions savings occur**

Scope 2 (market-based)

**Voluntary/Mandatory**

Voluntary

**Annual monetary savings (unit currency – as specified in C0.4)**

16,115

**Investment required (unit currency – as specified in C0.4)**

37,393

**Payback period**

1-3 years

**Estimated lifetime of the initiative**

6-10 years

**Comment**

In 2022 we implemented 2 initiatives aiming to optimize our drives systems resulting in electricity consumption reduction and cost savings. The initiatives were implemented in one of our manufacturing sites already sourcing 100% of renewable electricity, reason why CO2 emissions (market based) savings are zero.

**Initiative category & Initiative type**

Energy efficiency in buildings

Heating, Ventilation and Air Conditioning (HVAC)

**Estimated annual CO2e savings (metric tonnes CO2e)**

213

**Scope(s) or Scope 3 category(ies) where emissions savings occur**

Scope 2 (market-based)

**Voluntary/Mandatory**

Voluntary

**Annual monetary savings (unit currency – as specified in C0.4)**

48,902

**Investment required (unit currency – as specified in C0.4)**

102,649

**Payback period**

1-3 years

**Estimated lifetime of the initiative**

6-10 years

**Comment**

2 initiatives relevant to climatic condition optimization were implemented in our manufacturing sites.

---

**Initiative category & Initiative type**

Transportation  
Company fleet vehicle replacement

**Estimated annual CO2e savings (metric tonnes CO2e)**

3,801.3

**Scope(s) or Scope 3 category(ies) where emissions savings occur**

Scope 1

**Voluntary/Mandatory**

Voluntary

**Annual monetary savings (unit currency – as specified in C0.4)**

1,331,020

**Investment required (unit currency – as specified in C0.4)**

0

**Payback period**

<1 year

**Estimated lifetime of the initiative**

3-5 years

**Comment**

This initiative reflects the CO2e saved through the replacement of older vehicles with greener vehicles (both benefit vehicles and working tools) within the PMI fleet. The monetary savings were calculated on the amount of fuel saved multiplied by an average worldwide price for fuel in 2022.

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**Initiative category & Initiative type**

Non-energy industrial process emissions reductions  
Process material substitution

**Estimated annual CO2e savings (metric tonnes CO2e)**

6,222.5

**Scope(s) or Scope 3 category(ies) where emissions savings occur**

Scope 1

**Voluntary/Mandatory**



Voluntary

**Annual monetary savings (unit currency – as specified in C0.4)**

0

**Investment required (unit currency – as specified in C0.4)**

24,045

**Payback period**

No payback

**Estimated lifetime of the initiative**

1-2 years

**Comment**

The initiative is related to the substitution of one of our process inputs, moving to a product sourced and produced by sustainable sources.

**Initiative category & Initiative type**

Low-carbon energy consumption

Low-carbon electricity mix

**Estimated annual CO2e savings (metric tonnes CO2e)**

10,168.7

**Scope(s) or Scope 3 category(ies) where emissions savings occur**

Scope 2 (market-based)

**Voluntary/Mandatory**

Voluntary

**Annual monetary savings (unit currency – as specified in C0.4)**

0

**Investment required (unit currency – as specified in C0.4)**

38,647

**Payback period**

No payback

**Estimated lifetime of the initiative**

1-2 years

**Comment**

This initiative is related to the procurement of renewable energy (certified green electricity) for most of our manufacturing facilities. This program started in 2014 and in 2022 it expanded to new countries like Jordan and offices & warehouses facilities in

Indonesia. Certificates are available for 2022. Investment is the current additional amount paid for green electricity.

**Initiative category & Initiative type**

Company policy or behavioral change  
Resource efficiency

**Estimated annual CO2e savings (metric tonnes CO2e)**

35,552.9

**Scope(s) or Scope 3 category(ies) where emissions savings occur**

Scope 3 category 1: Purchased goods & services

**Voluntary/Mandatory**

Voluntary

**Annual monetary savings (unit currency – as specified in C0.4)**

32,400,000

**Investment required (unit currency – as specified in C0.4)**

0

**Payback period**

No payback

**Estimated lifetime of the initiative**

3-5 years

**Comment**

This initiative is relevant to a productivity program co-lead by PMI procurement and product development teams focusing on Direct Materials (DIMs) to identify and implement opportunities for: specification harmonization, specification optimization thru down gauging, material usage optimization and reduction, material substitution, waste optimization/reduction and reuse, and material removal. No investment is required since the further deployed specifications are already existing and running on our production lines and do not require capex.

The Program was initiated at the beginning of 2019, with the first deployment on our production lines of certain projects in 2019, following quality and machinability tests. Some other initiatives, requiring more extensive testing procedures and/or production capacity planning on supplier's side, were also commenced in 2020.

Scope 3: category 1 purchased goods

## C4.3c

**(C4.3c) What methods do you use to drive investment in emissions reduction activities?**

Method	Comment
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Dedicated budget for energy efficiency	<p>Our Energy Management Program (over \$100 million in investments since 2010) aims to reduce our factories' energy consumption and help achieve greenhouse gas emissions reduction targets. In 2022 we achieved a reduction of 39% of our Scope 1 and 2 compared to our 2019, and are well on track to meet our SBTi-validated target for a 50 percent reduction by 2030 versus our baseline.</p> <p>Our Drive 4 Zero program, which aims to eliminate economic losses caused by inefficient energy use. Under the program, we look for industrial and manufacturing solutions such as heat recovery and manufacturing-process optimization. We also promote behavioral change through our Zero Loss Mindset program.</p> <p>To support our Drive 4 Zero program, an Energy Saving Initiatives (ESIs) program has been in place since 2019, triggering more than 700 projects worldwide including among many others LED lighting, HVAC upgrade, chilled water optimization and heat recovery projects.</p>
Dedicated budget for other emissions reduction activities	<p>We have developed a renewable energy strategy with an initial focus on low-carbon electricity uptake in the EU. We commenced the program in 2012 and continued to implement it in more facilities in 2022. We continue to seek new opportunities to purchase and/or self-generate green energy. In order to drive the adoption of low-carbon electricity sources within our entire organization, we set the more stringent target to reach 100% of electricity used and purchased in our factories derived from renewable sources by 2025. We are progressing well as we have already reached 87% in 2022.</p>
Compliance with regulatory requirements/standards	<p>Compliance with policies and regulations are core to the way PMI operates. In some circumstances compliance with regulatory requirements and standards also provides PMI with the opportunity to achieve energy/emissions reductions and particularly when investing in new processes (e.g., requirements for renewable energy or energy efficiency) for new or upgraded facilities in Italy, Netherlands and Romania, under EU ETS scheme.</p> <p>This has allowed us to delist sites in Germany and Portugal from the EU ETS scheme in previous years.</p>
Employee engagement	<p>Employee engagement is implemented through our objective setting, Long-Range Planning process and via employee communications, sharing of tools, guidance, and best practices. In 2022, all PMI Operations employees (more than 27,000 people) had the opportunity to learn about sustainability topics, such as Climate Change, carbon footprint, renewable energies, through communications and engagement activities such as weekly internal-media posts, function-wide newsletters, special events and</p>

	function-specific events. Furthermore, local market Sustainability managers and Sustainability coordinators run specific focus days and campaigns in all markets where we operate.
Other Dedicated budget to incentivize other emissions reduction initiative in our agricultural supply chain	GAP is a broad program with 4 sustainability-related pillars – governance, people, crop and environment – implemented by our leaf suppliers and contracted farmers. It promotes an Integrated Production System which supports farmers in improving yield and farm efficiency on a variety of crops (particularly food crops) and not only tobacco. Through GAP, environmental improvement programs are implemented in all the countries where we source tobacco around the world; these programs include among others: curing barn efficiency improvements; curing fuel switching to low GHG emitting fuels; eliminating the use of coal; increasing the use of biomass; and helping farmers become wood self-sufficient and seeking traceable sources of sustainable wood.
Internal price on carbon	In line with our ambition to reduce carbon emissions aligning with the 1.5-degree target since 2020 we have applied a shadow carbon price (SCP) to help ensure that business decisions reflect environmental costs by putting a price on carbon emissions. We have modelled what an adequate internal shadow carbon price should be for PMI following a robust methodology, best international practices, and a worst-case scenario analysis of transition risks projected by 2030 and specific to our emission profile and the geographies where we operate. In 2022 we conducted a carbon pricing benchmark assessment, and evaluated external factors, such as inflation rates and developments in emissions trading schemes, adjusting our shadow price from USD 65 to USD 105 per ton of CO <sub>2</sub> e. This will continue to be used in all business cases preparation when they entail an impact (favorable or unfavorable) on our carbon emissions.
Internal finance mechanisms	Carbon reduction and compensation projects are stimulated and promoted at PMI through the adoption of an internal financial mechanism that uses an internal virtual carbon levy to support adoption of new technology and invest in impactful projects in GHG reduction/avoidance/removal. PMI carbon levy enables us to internalize external costs by virtually charging our business functions or affiliates for their respective emissions. With the aim of using calculated virtual revenue to size and fund investments that contribute to the decarbonization of the business and support behavioral change. The levy is collected in a climate fund (the PMI Portfolio of Climate Investments) to finance high quality carbon credits and removal projects aligning with the demanding additional attributes PMI has set for them.

<p>Dedicated budget for low-carbon product R&amp;D</p>	<p>Amongst others, our 2025 eco-design and circularity ambitions are to provide access to collection and recovery for device and its consumables to all IQOS users and continue to reduce the carbon footprint of our smoke-free products in line with our science-based targets.</p> <p>The way we work is guided by the principles of eco-design and circularity, which account for impacts related to materials sourcing, product function and design, manufacturing, use, and end-of-life. In our operations, eco-design principles inform how we use life-cycle analysis (LCA) to assess comparative carbon footprint of our products, from tobacco sourcing to end-of-life impacts.</p> <p>Our long-term vision remains to recycle any waste that we collect while minimizing our CO2 footprint. In 2022, we advanced our discussion with waste management and recycling partners on potential second life that we could give to our recycled HTUs. Our exploration is primarily focused on recycling of cellulose acetate, one of the materials our filters are made from. Our investigations to date show chemical properties of cellulose acetate enable the material to be upcycled into a variety of applications: spinning of fibers into fabrics, creation of pellets that can then be pressed/injection molded into a variety of hard goods. Though these results are promising, the recycling of cellulose acetate – unlike recycling for many metals or plastics – is not a widely available and developed waste stream across the globe that we can leverage. When IQOS users return broken or end-of service devices, our reverse-logistics program CIRCLE helps to cycle materials back into the economy. In 2022, we continued the rollout of our CIRCLE program, achieving 61% market volume coverage (vs. 63% in 2021, aspiration is 100% by 2025), with around 157,000 devices repaired and refreshed, and received by markets for remarketing in 2022 (vs. 62,000 in 2021).</p> <p>In addition to developing services to reduce the end-of-life impact of our products, our innovation and design teams are also exploring low carbon, recyclable, and biodegradable options for filters and cartridges. We are committed to significant investment into continued research on biodegradability of filters, and we are working toward a viable solution that meets strict international standards, satisfies market requirements, and works with high volume manufacturing.</p>
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## C4.5

**(C4.5) Do you classify any of your existing goods and/or services as low-carbon products?**

No

## C5. Emissions methodology

### C5.1

**(C5.1) Is this your first year of reporting emissions data to CDP?**

No

### C5.1a

**(C5.1a) Has your organization undergone any structural changes in the reporting year, or are any previous structural changes being accounted for in this disclosure of emissions data?**

Row 1

**Has there been a structural change?**

No

### C5.1b

**(C5.1b) Has your emissions accounting methodology, boundary, and/or reporting year definition changed in the reporting year?**

	Change(s) in methodology, boundary, and/or reporting year definition?	Details of methodology, boundary, and/or reporting year definition change(s)
Row 1	Yes, a change in methodology	In 2022, we further improved our carbon footprint model and data accuracy; improvements relate to, for example, increased coverage of primary data collected from direct materials suppliers and integration of emissions related to fleet purchase. This led to previous years being restated accordingly.

### C5.1c

**(C5.1c) Have your organization's base year emissions and past years' emissions been recalculated as a result of any changes or errors reported in C5.1a and/or C5.1b?**

	Base year recalculation	Scope(s) recalculated	Base year emissions recalculation policy, including significance threshold	Past years' recalculation
Row 1	Yes	Scope 3	In line with the GHG protocol, PMI has a recalculation policy. Our threshold for recalculation is +/- 5% for Scope 1 and 2 and 10% for Scope 3, which can be triggered by multiple factors including organizational changes, or changes in the methodology, or	Yes

			<p>identification of reporting errors, whose impact is significant. PMI also utilizes the +/- 5% to define materiality, in line with SBTi recommendations, and applies it when determining exclusions.</p> <p>In 2022, we further improved our carbon footprint model and data accuracy; improvements relate to, for example, increased coverage of primary data collected from direct materials suppliers and integration of emissions related to fleet purchase. Even though this impact was below our recalculation policy we integrated these improvements, and this led to previous years being restated accordingly.</p>	
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## C5.2

### (C5.2) Provide your base year and base year emissions.

#### Scope 1

##### Base year start

January 1, 2019

##### Base year end

December 31, 2019

##### Base year emissions (metric tons CO<sub>2</sub>e)

397,210

##### Comment

In 2020 we updated our baseline year, moving it from 2010 to 2019, to account for changes in our footprint and business model. The rapid expansion of smoke free products in our portfolio has made it necessary to set a new baseline in 2019 to reflect the different emission profile created by the new product portfolio. We believe with a more recent and updated baseline PMI can be more incisive and transparent on the decarbonization journey in alignment with the recommendations from the Science Base Target initiative and better incorporating inputs from the models published by Intergovernmental Panel on Climate Change.

#### Scope 2 (location-based)

##### Base year start

January 1, 2019

##### Base year end

December 31, 2019

**Base year emissions (metric tons CO<sub>2</sub>e)**

447,322

**Comment**

In 2020 we updated our baseline year, moving it from 2010 to 2019, to account for changes in our footprint and business model. The rapid expansion of smoke free products in our portfolio has made it necessary to set a new baseline in 2019 to reflect the different emission profile created by the new product portfolio. We believe with a more recent and updated baseline PMI can be more incisive and transparent on the decarbonization journey in alignment with the recommendations from the Science Base Target initiative and better incorporating inputs from the models published by Intergovernmental Panel on Climate Change. Scope 2 (market-based)

**Scope 2 (market-based)**

---

**Base year start**

January 1, 2019

**Base year end**

December 31, 2019

**Base year emissions (metric tons CO<sub>2</sub>e)**

158,672

**Comment**

In 2020 we updated our baseline year, moving it from 2010 to 2019, to account for changes in our footprint and business model. The rapid expansion of smoke free products in our portfolio has made it necessary to set a new baseline in 2019 to reflect the different emission profile created by the new product portfolio. We believe with a more recent and updated baseline PMI can be more incisive and transparent on the decarbonization journey in alignment with the recommendations from the Science Base Target initiative and better incorporating inputs from the models published by Intergovernmental Panel on Climate Change.

**Scope 3 category 1: Purchased goods and services**

---

**Base year start**

January 1, 2019

**Base year end**

December 31, 2019

**Base year emissions (metric tons CO<sub>2</sub>e)**

3,451,556

**Comment**

Purchased goods and services includes:  
a) product related purchased goods and services which contains two major subcategories: 1) tobacco, which is a key ingredient in PMI's products and accounts for



the largest carbon footprint of all raw materials. For each kilogram of green tobacco purchased the value chain model calculates the emissions from all upstream associated emissions (e.g., agricultural practices, curing, processing in stemmeries, and upstream transport, etc.); and 2) other product related materials, e.g., filter, paper and packaging materials. PMI engages with suppliers to gather their materials' cradle-to-gate emissions factors, and their plans for further reductions. Where this is not possible, industry average emission factors are being used.

b) non-product related emissions which cover categories 1b includes emissions related for example to professional services, marketing activities, facility services & supplies among others and is mainly calculated using environmental extended input-output (EEIO) analysis, and GHG emissions factors that convert spend into GHG emissions. In 2022, we further improved our carbon footprint model and data accuracy; improvements relate to, for example, increased coverage of primary data collected from direct materials suppliers which led to previous years being restated accordingly.

### Scope 3 category 2: Capital goods

---

**Base year start**

January 1, 2019

**Base year end**

December 31, 2019

**Base year emissions (metric tons CO<sub>2</sub>e)**

147,902

**Comment**

This category includes emissions related to capital goods and is calculated using environmental extended input-output (EEIO) analysis, and GHG emissions factors that convert spend into GHG emissions. In 2022, we further improved our carbon footprint model and data accuracy; improvements relate to, for example, integration of emissions related to fleet purchase. This led to previous years being restated accordingly.

### Scope 3 category 3: Fuel-and-energy-related activities (not included in Scope 1 or 2)

---

**Base year start**

January 1, 2019

**Base year end**

December 31, 2019

**Base year emissions (metric tons CO<sub>2</sub>e)**

114,703

**Comment**

These are GHG emissions associated with the production of fuels and energy purchased and consumed by PMI (category 3) and not included under scope 1 and 2. It

is mainly calculated using activity data and emission factors from the UK's Department for Business, Energy & Industrial Strategy (BEIS).

### Scope 3 category 4: Upstream transportation and distribution

---

**Base year start**

January 1, 2019

**Base year end**

December 31, 2019

**Base year emissions (metric tons CO<sub>2</sub>e)**

496,745

**Comment**

The upstream transport and distribution of goods (category 4) includes emissions from all purchased inbound and outbound logistics, transport between PMI facilities, and warehousing.

Air and ocean transport emissions are mostly calculated by the carriers, based on their own consumption and itinerary data. Road and mixed transport emissions are calculated based on the volume of goods transported and the travelled distance where possible.

When no other information is available, environmental extended input-output (EEIO) analysis is used, and GHG emissions factors that convert spend into GHG emissions.

### Scope 3 category 5: Waste generated in operations

---

**Base year start**

January 1, 2019

**Base year end**

December 31, 2019

**Base year emissions (metric tons CO<sub>2</sub>e)**

3,726

**Comment**

GHG emissions from waste (category 5) includes all emissions from the third-party disposal and treatment of waste generated by PMI's owned or controlled operations and are calculated based on the weight and type of waste and the treatment method, using the UK's Department for Business, Energy & Industrial Strategy (BEIS) emissions factors.

### Scope 3 category 6: Business travel

---

**Base year start**

January 1, 2019

**Base year end**

December 31, 2019

**Base year emissions (metric tons CO2e)**

111,283

**Comment**

PMI's employee business travel (category 6) is split into flights (calculated using primary flight data), hotel stays (calculated from the number of night stays), taxis (calculated from distance), and train (calculated from number of trips). Other business travel (which is very minimal) is not directly collected by PMI and therefore emissions are calculated based upon an expert assumption on the size of the emissions relative to PMI's air travel.

**Scope 3 category 7: Employee commuting**

---

**Base year start**

January 1, 2019

**Base year end**

December 31, 2019

**Base year emissions (metric tons CO2e)**

41,470

**Comment**

PMI's employee commuting emissions (category 7) are calculated using headcount by country and commuting profiles related to each country's economic development and quality of public transport infrastructure. In this category, the optional impact of remote work is included.

**Scope 3 category 8: Upstream leased assets**

---

**Base year start**

January 1, 2019

**Base year end**

December 31, 2019

**Base year emissions (metric tons CO2e)**

0

**Comment**

PMI do lease some warehouse space from third parties with emissions that are not accounted for in scope 1 and 2. However, for this scope 3 model, this warehouse space is included within category 4 – upstream transportation and distribution. Therefore category 8 has been excluded to avoid double counting

**Scope 3 category 9: Downstream transportation and distribution**

---

**Base year start**

January 1, 2019

**Base year end**

December 31, 2019

**Base year emissions (metric tons CO2e)**

58,648

**Comment**

The GHG emissions associated with the transportation and distribution of sold finished goods to retailers and end consumers that is not controlled and paid for by PMI (category 9) is calculated by defining profiles for a number of distribution channels (differing between transport mode, distances travelled, etc.) and allocating the percentage of distributed products between each of the distribution channels.

**Scope 3 category 10: Processing of sold products**

---

**Base year start**

January 1, 2019

**Base year end**

December 31, 2019

**Base year emissions (metric tons CO2e)**

0

**Comment**

PMI only sells final products to end-users, and no intermediate products which could be further processed, transformed or included into other products; therefore, this category has been excluded.

**Scope 3 category 11: Use of sold products**

---

**Base year start**

January 1, 2019

**Base year end**

December 31, 2019

**Base year emissions (metric tons CO2e)**

107,319

**Comment**

The associated impact of consumer use of PMI's products (category 11) primarily comes from the electricity used in charging PMI's smoke free products, devices and emissions from lighters to light the cigarette. The use phase emissions are calculated using the International Energy Agency's (IEA) emissions factors for charging smoke free products devices in consumer countries / regions. In this category, the optional impact of indirect emissions from the use of lighters for combustible products like cigarettes, is being calculated based on sales values and emissions assumptions.

**Scope 3 category 12: End of life treatment of sold products**

---

**Base year start**

January 1, 2019

**Base year end**

December 31, 2019

**Base year emissions (metric tons CO2e)**

87,568

**Comment**

For each product PMI sells, there are associated emissions in their end of life (category 12). Emission factors for the end-of-life treatment for combustible products and smoke-free products (consumables and devices) were taken from life cycle analyses (LCAs).

**Scope 3 category 13: Downstream leased assets**

---

**Base year start**

January 1, 2019

**Base year end**

December 31, 2019

**Base year emissions (metric tons CO2e)**

0

**Comment**

PMI does lease some office floor-space in certain offices around the world, but this has been confirmed as extremely small, and regarded as de minimis, therefore this category has been excluded.

In order to act as a guideline to determine which scope 3 categories should be excluded, PMI has defined a suitable level of de minimis of 0.2% to guide inclusion/exclusion decisions.

**Scope 3 category 14: Franchises**

---

**Base year start**

January 1, 2019

**Base year end**

December 31, 2019

**Base year emissions (metric tons CO2e)**

0

**Comment**

There are currently no franchises emissions.

**Scope 3 category 15: Investments**

---

**Base year start**

January 1, 2019

**Base year end**

December 31, 2019

**Base year emissions (metric tons CO2e)**

0

**Comment**

Emissions associated with investments (category 15) were estimated based on each of the investee organizations (full value chain), allocating the emissions to PMI based on ownership share, and eliminating any double counting if the emissions are already reported elsewhere.

These emissions are currently excluded from the value chain inventory since their contribution to the PMI's scope 3 emissions is below the materiality threshold.

**Scope 3: Other (upstream)**

---

**Base year start**

January 1, 2019

**Base year end**

December 31, 2019

**Base year emissions (metric tons CO2e)**

0

**Comment**

There are currently no other (upstream) emissions.

**Scope 3: Other (downstream)**

---

**Base year start**

January 1, 2019

**Base year end**

December 31, 2019

**Base year emissions (metric tons CO2e)**

0

**Comment**

There are currently no other (downstream) emissions.

## C5.3

**(C5.3) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.**

European Union Emission Trading System (EU ETS): The Monitoring and Reporting Regulation (MMR) – General guidance for installations  
IEA CO2 Emissions from Fuel Combustion  
ISO 14064-1

The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)  
The Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Standard  
Other, please specify  
Ecoinvent to estimate the CO2 embedded in products in certain products within our value chain;  
Defra Voluntary 2020 Reporting Guidelines

## C6. Emissions data

### C6.1

**(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO2e?**

**Reporting year**

**Gross global Scope 1 emissions (metric tons CO2e)**

297,602.09

**Start date**

January 1, 2022

**End date**

December 31, 2022

**Comment**

Our scope 1 emissions correspond to manufacturing, offices, warehouses and sales fleet.

### C6.2

**(C6.2) Describe your organization's approach to reporting Scope 2 emissions.**

**Row 1**

**Scope 2, location-based**

We are reporting a Scope 2, location-based figure

**Scope 2, market-based**

We are reporting a Scope 2, market-based figure

**Comment**

Our scope 2 emissions correspond to manufacturing, offices and warehouses emissions.

## C6.3

**(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO<sub>2</sub>e?**

### Reporting year

#### Scope 2, location-based

358,475.39

#### Scope 2, market-based (if applicable)

42,481.87

#### Start date

January 1, 2022

#### End date

December 31, 2022

#### Comment

Our scope 2 emissions correspond to manufacturing, offices and warehouses emissions.

## C6.4

**(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1, Scope 2 or Scope 3 emissions that are within your selected reporting boundary which are not included in your disclosure?**

Yes

## C6.4a

**(C6.4a) Provide details of the sources of Scope 1, Scope 2, or Scope 3 emissions that are within your selected reporting boundary which are not included in your disclosure.**

### Source of excluded emissions

Emissions from PMI operated IQOS stores

### Scope(s) or Scope 3 category(ies)

Scope 1

Scope 2 (location-based)

Scope 2 (market-based)

### Relevance of Scope 1 emissions from this source

Emissions are not relevant



**Relevance of location-based Scope 2 emissions from this source**

Emissions are not relevant

**Relevance of market-based Scope 2 emissions from this source**

Emissions are not relevant

**Relevance of Scope 3 emissions from this source**

**Date of completion of acquisition or merger**

**Estimated percentage of total Scope 1+2 emissions this excluded source represents**

0.6

**Estimated percentage of total Scope 3 emissions this excluded source represents**

**Explain why this source is excluded**

As our IQOS stores activities are growing, we performed an analysis to estimate their emissions. These activities are performed by PMI entities (no Franchises). We based our calculation on the 2022 IQOS stores footprint (m2) and BEIS ND-NEED and DEFRA emissions factors. Our calculations indicated that these emissions are standing for 0.6% of our 2022 Scope 1 and 2 emissions (<5% materiality level). Based on this, PMI understands that these business activities will remain in its watch list, though excluded from our inventory for the time being.

**Explain how you estimated the percentage of emissions this excluded source represents**

We based our calculation on the 2022 IQOS stores footprint (m2) and BEIS ND-NEED and DEFRA emissions factors.

---

**Source of excluded emissions**

Emissions from business activities

**Scope(s) or Scope 3 category(ies)**

- Scope 1
- Scope 2 (location-based)
- Scope 3: Purchased goods and services
- Scope 3: Capital goods
- Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2)
- Scope 3: Upstream transportation and distribution
- Scope 3: Waste generated in operations
- Scope 3: Business travel
- Scope 3: Employee commuting

Scope 3: Downstream transportation and distribution

Scope 3: Processing of sold products

Scope 3: Use of sold products

Scope 3: End-of-life treatment of sold products

**Relevance of Scope 1 emissions from this source**

Emissions are not relevant

**Relevance of location-based Scope 2 emissions from this source**

Emissions are not relevant

**Relevance of market-based Scope 2 emissions from this source**

**Relevance of Scope 3 emissions from this source**

Emissions are not relevant

**Date of completion of acquisition or merger**

**Estimated percentage of total Scope 1+2 emissions this excluded source represents**

1.6

**Estimated percentage of total Scope 3 emissions this excluded source represents**

2.1

**Explain why this source is excluded**

The data and information in this submission do not incorporate PMI's Vectura Fertin Pharma business (consolidating the 2021 acquisitions of wellness and healthcare companies Fertin Pharma A/S, Vectura Group plc., and OtiTopic, Inc.). These emissions represented 1.6 percent of PMI's scope 1+2 emissions and 2.1 percent of scope 3 emissions in 2022 and were calculated in line with PMI's methodology. They are currently excluded from the inventory as they are below our materiality threshold set at 5 percent for scope 1 and 2, and 10 percent for scope 3 and are therefore not considered material. GHG emissions from Vectura Fertin Pharma will continue to be calculated on an annual basis and will be integrated into the inventory if they become material.

**Explain how you estimated the percentage of emissions this excluded source represents**

These emissions were calculated in line with PMI's methodology.

---

**Source of excluded emissions**

Emissions excluded due to a recent acquisition or merger

**Scope(s) or Scope 3 category(ies)**

Scope 1

Scope 2 (market-based)  
Scope 3: Purchased goods and services  
Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2)  
Scope 3: Upstream transportation and distribution  
Scope 3: Waste generated in operations  
Scope 3: Business travel  
Scope 3: Employee commuting  
Scope 3: Downstream transportation and distribution  
Scope 3: Use of sold products  
Scope 3: End-of-life treatment of sold products  
Scope 3: Downstream leased assets

**Relevance of Scope 1 emissions from this source**

Emissions excluded due to a recent acquisition or merger

**Relevance of location-based Scope 2 emissions from this source**

**Relevance of market-based Scope 2 emissions from this source**

Emissions excluded due to a recent acquisition or merger

**Relevance of Scope 3 emissions from this source**

Emissions excluded due to a recent acquisition or merger

**Date of completion of acquisition or merger**

November 28, 2022

**Estimated percentage of total Scope 1+2 emissions this excluded source represents**

**Estimated percentage of total Scope 3 emissions this excluded source represents**

**Explain why this source is excluded**

The data and information in this submission also do not incorporate PMI's acquisition of Swedish Match made at the end of 2022. Emissions related to this recent acquisition represented 4.9 percent of PMI's total value chain emissions in 2022. PMI anticipates this data to be fully included in our reporting by 2024.

**Explain how you estimated the percentage of emissions this excluded source represents**

## C6.5

**(C6.5) Account for your organization's gross global Scope 3 emissions, disclosing and explaining any exclusions.**

## Purchased goods and services

---

### Evaluation status

Relevant, calculated

### Emissions in reporting year (metric tons CO<sub>2</sub>e)

3,003,490

### Emissions calculation methodology

Supplier-specific method

Hybrid method

Average data method

Spend-based method

Fuel-based method

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

68

### Please explain

Includes emissions that are product-related (i.e., the materials purchased to make each product) and those emissions non-product-related (i.e., everything else, office stationery, advertising etc.). More than half of this category has been calculated using data received from our suppliers. The rest has been calculated based on material weights sourced or spending and specific emissions factors for each of the materials from international databases like BEIS (DEFRA) and Ecoinvent.

## Capital goods

---

### Evaluation status

Relevant, calculated

### Emissions in reporting year (metric tons CO<sub>2</sub>e)

93,699.9

### Emissions calculation methodology

Spend-based method

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

### Please explain

Capital goods include emissions from goods that are used to manufacture/distribute PMI's products, or other office buildings and includes for example machinery, buildings or facilities.

## Fuel-and-energy-related activities (not included in Scope 1 or 2)

---

### Evaluation status

Relevant, calculated

**Emissions in reporting year (metric tons CO<sub>2</sub>e)**

86,259.6

**Emissions calculation methodology**

Average data method

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**

0

**Please explain**

This category includes the emissions related to the production of fuels and electricity consumed by PMI. i.e., for all fuel-related emissions calculated as its scope 1&2 emissions, such as associated emissions to extract gas, coal and oil, transport and process prior to combustion, and losses in supplying electricity. All these emissions are accounted for in this category.

**Upstream transportation and distribution**

---

**Evaluation status**

Relevant, calculated

**Emissions in reporting year (metric tons CO<sub>2</sub>e)**

756,551.6

**Emissions calculation methodology**

Supplier-specific method

Hybrid method

Spend-based method

Distance-based method

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**

48

**Please explain**

This category includes emissions from all purchased (non-owned) transport and distribution services. This includes inbound logistics, outbound logistics (i.e., sold products, if PMI has paid for/purchased the service) by land, sea and air freight, transport between PMI facilities and energy consumed in third party warehouses.

**Waste generated in operations**

---

**Evaluation status**

Relevant, calculated

**Emissions in reporting year (metric tons CO<sub>2</sub>e)**

3,726.4

**Emissions calculation methodology**

Waste-type-specific method

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**

0

**Please explain**

This category includes emissions from the third-party disposal and treatment of waste generated by PMI's owned or controlled operations.

**Business travel**

---

**Evaluation status**

Relevant, calculated

**Emissions in reporting year (metric tons CO<sub>2</sub>e)**

42,509.2

**Emissions calculation methodology**

Supplier-specific method

Average data method

Distance-based method

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**

78

**Please explain**

This category includes estimates of emissions from the transportation of employees for business-related activities in vehicles owned or operated by third parties. This includes emissions generated by employees travelling by air, road, rail and boat. It also includes the emissions due to stays in hotels.

**Employee commuting**

---

**Evaluation status**

Relevant, calculated

**Emissions in reporting year (metric tons CO<sub>2</sub>e)**

36,108.6

**Emissions calculation methodology**

Average data method

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**

0

**Please explain**

This category includes emissions arising from the transportation of employees between their homes and their worksites. Typically, this may include emissions from: automobile travel, bus travel, rail travel, air travel and other modes including subway, cycling and walking.

## Upstream leased assets

---

### Evaluation status

Not relevant, explanation provided

### Please explain

This category includes emissions from the operation of assets that are owned by other entities and leased to the reporting company (acting as a lessee) and are not already included in scope 1 and 2.

PMI does lease some warehouse space from third parties with emissions that are not accounted for in scope 1 and 2. However, this warehouse space is included within category 4 – upstream transportation and distribution. The GHG Protocol refers to transportation and distribution, and for PMI the warehouses are part of the distribution network, leading to its reporting combined with transportation. Therefore category 8 has been excluded to avoid double counting.

## Downstream transportation and distribution

---

### Evaluation status

Relevant, calculated

### Emissions in reporting year (metric tons CO<sub>2</sub>e)

46,381.5

### Emissions calculation methodology

Distance-based method

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

### Please explain

This category covers the transport of sold finished goods (FG) to the retailers and end-consumers. Transport relating to the end-consumer travelling to the retailer is generally not included under value chain or product footprinting standards.

PMI fleet transportation is included in Scope 1&2 emissions; therefore, only non-PMI fleet transport is included in this category. Any transport / storage of sold products paid for by PMI is included in category 4, and excluded from this category.

Therefore, all transport distances input for Category 9 calculations should exclude PMI-owned and operated transport (Scope 1 & 2) and any Third Party (TP) services procured by PMI (Category 4). Some transport legs will have a mixture of two or three of

these types of transport services, but Category 9 emissions relate to transport of sold goods paid for by independent external parties only.

## Processing of sold products

---

### Evaluation status

Not relevant, explanation provided

### Please explain

This category includes customer's emissions relating to the processing of intermediate products sold by a reporting company, such as the conversion of aluminum ingots into aluminum injection molded products.

This category was reviewed in 2018 and it has been concluded that PMI sold only final products to end-users, and no intermediate products which could be further processed, transformed or included into other products, therefore this category has been excluded.

## Use of sold products

---

### Evaluation status

Relevant, calculated

### Emissions in reporting year (metric tons CO<sub>2</sub>e)

106,498.8

### Emissions calculation methodology

Methodology for direct use phase emissions, please specify

The direct impact of consumer use of PMI's products (category 11) primarily comes from the electricity used in charging PMI's smoke free products

Methodology for indirect use phase emissions, please specify

The indirect impact of consumer use of PMI's products (category 11) primarily comes from lighters to light the cigarette.

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

22

### Please explain

This category refers to emissions from the use of goods and services sold by PMI to end users, i.e., consumers that use these final products. Emissions from the P1 SFP product are predominantly caused by the electrical charging of the product. This category also includes emissions arising from the use of lighters with conventional cigarettes, cigars and Other Tobacco Products (OTP).

## End of life treatment of sold products

---

### Evaluation status

Relevant, calculated

### Emissions in reporting year (metric tons CO<sub>2</sub>e)



82,050.6

**Emissions calculation methodology**

Average data method

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**

0

**Please explain**

This category refers to emissions from the waste disposal and treatment of products sold by PMI at the end of their life (EoL).

**Downstream leased assets**

---

**Evaluation status**

Not relevant, explanation provided

**Please explain**

To act as a guideline to determine which scope 3 categories should be excluded, PMI has defined a suitable level of de minimis of 0.2% to guide inclusion/exclusion decisions. While PMI does lease some office floor-space in certain offices around the world, this has been confirmed as extremely small, and regarded as de minimis, therefore this category has been excluded.

**Franchises**

---

**Evaluation status**

Not relevant, explanation provided

**Please explain**

Whilst PMI pays other entities to manufacture finished goods (accounted for in category 1a) from materials purchased by PMI (also accounted for in category 1a), as ownership of finished goods always returns to PMI, there are no examples of franchise operations to account for, therefore this category has been excluded.

**Investments**

---

**Evaluation status**

Not relevant, explanation provided

**Please explain**

Emissions associated with investments were estimated based on each of the investee organizations (full value chain), allocating the emissions to PMI based on ownership share, and eliminating any double counting if the emissions are already reported elsewhere.

Investments related emissions are beyond our level of de minimis (0.2%), nevertheless are currently excluded from the value chain inventory as their contribution to PMI's scope 3 emissions are below materiality threshold (<10%).

These emissions are closely monitored and calculated yearly to validate that they are

still below materiality and based on 2022 exercise emissions related to Investments represents around 1% of total scope 3 emissions.

#### Other (upstream)

---

##### Evaluation status

Not relevant, explanation provided

##### Please explain

There are currently no other (upstream) emissions.

#### Other (downstream)

---

##### Evaluation status

Not relevant, explanation provided

##### Please explain

There are currently no other (downstream) emissions.

## C6.5a

(C6.5a) Disclose or restate your Scope 3 emissions data for previous years.

#### Past year 1

---

##### Start date

January 1, 2020

##### End date

December 31, 2020

##### Scope 3: Purchased goods and services (metric tons CO2e)

2,875,624

##### Scope 3: Capital goods (metric tons CO2e)

98,593

##### Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2) (metric tons CO2e)

87,113

##### Scope 3: Upstream transportation and distribution (metric tons CO2e)

505,414

##### Scope 3: Waste generated in operations (metric tons CO2e)

4,825

##### Scope 3: Business travel (metric tons CO2e)

17,265

##### Scope 3: Employee commuting (metric tons CO2e)

35,024

**Scope 3: Upstream leased assets (metric tons CO2e)**

0

**Scope 3: Downstream transportation and distribution (metric tons CO2e)**

50,510

**Scope 3: Processing of sold products (metric tons CO2e)**

0

**Scope 3: Use of sold products (metric tons CO2e)**

100,072

**Scope 3: End of life treatment of sold products (metric tons CO2e)**

79,583

**Scope 3: Downstream leased assets (metric tons CO2e)**

0

**Scope 3: Franchises (metric tons CO2e)**

0

**Scope 3: Investments (metric tons CO2e)**

0

**Scope 3: Other (upstream) (metric tons CO2e)**

0

**Scope 3: Other (downstream) (metric tons CO2e)**

0

**Comment**

In line with the GHG protocol, PMI has a recalculation policy. Our threshold for recalculation is +/- 5% for Scope 1 and 2 and 10% for Scope 3, which can be triggered by multiple factors including organizational changes, or changes in the methodology, or identification of reporting errors, whose impact is significant. PMI also utilizes the +/- 5% to define materiality, in line with SBTi recommendations, and applies it when determining exclusions.

In 2022, we further improved our carbon footprint model and data accuracy; improvements relate to, for example, increased coverage of primary data collected from direct materials suppliers and integration of emissions related to fleet purchase. Even though this impact was below our recalculation policy we integrated these improvements, and this led to previous years, in this case 2020, being restated accordingly.

**Past year 2**

**Start date**

January 1, 2021

**End date**

December 31, 2021

**Scope 3: Purchased goods and services (metric tons CO2e)**

2,698,160

**Scope 3: Capital goods (metric tons CO2e)**

106,161

**Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2)  
(metric tons CO2e)**

95,277

**Scope 3: Upstream transportation and distribution (metric tons CO2e)**

560,779

**Scope 3: Waste generated in operations (metric tons CO2e)**

4,255

**Scope 3: Business travel (metric tons CO2e)**

17,406

**Scope 3: Employee commuting (metric tons CO2e)**

32,981

**Scope 3: Upstream leased assets (metric tons CO2e)**

0

**Scope 3: Downstream transportation and distribution (metric tons CO2e)**

48,260

**Scope 3: Processing of sold products (metric tons CO2e)**

0

**Scope 3: Use of sold products (metric tons CO2e)**

105,286

**Scope 3: End of life treatment of sold products (metric tons CO2e)**

80,420

**Scope 3: Downstream leased assets (metric tons CO2e)**

0

**Scope 3: Franchises (metric tons CO2e)**

0

**Scope 3: Investments (metric tons CO2e)**

0

**Scope 3: Other (upstream) (metric tons CO2e)**

0

**Scope 3: Other (downstream) (metric tons CO2e)**

0

**Comment**

In line with the GHG protocol, PMI has a recalculation policy. Our threshold for recalculation is +/- 5% for Scope 1 and 2 and 10% for Scope 3, which can be triggered by multiple factors including organizational changes, or changes in the methodology, or identification of reporting errors, whose impact is significant. PMI also utilizes the +/- 5% to define materiality, in line with SBTi recommendations, and applies it when determining exclusions.

In 2022, we further improved our carbon footprint model and data accuracy; improvements relate to, for example, increased coverage of primary data collected from direct materials suppliers and integration of emissions related to fleet purchase. Even though this impact was below our recalculation policy we integrated these improvements, and this led to previous years, in this case 2021, being restated accordingly.

**C-AC6.8/C-FB6.8/C-PF6.8**

**(C-AC6.8/C-FB6.8/C-PF6.8) Is biogenic carbon pertaining to your direct operations relevant to your current CDP climate change disclosure?**

Yes

**C-AC6.8a/C-FB6.8a/C-PF6.8a**

**(C-AC6.8a/C-FB6.8a/C-PF6.8a) Account for biogenic carbon data pertaining to your direct operations and identify any exclusions.**

**CO2 emissions from biofuel combustion (processing/manufacturing machinery)**

**Emissions (metric tons CO2)**

8,208.6

**Methodology**

Default emissions factors

**Please explain**

These are biogenic emission for the consumption of biomass in our factories. The emission factor used come from DEFRA2022 database.

**CO2 emissions from biofuel combustion (other)**

**Emissions (metric tons CO2)**

761.6

**Methodology**

Default emissions factors

**Please explain**

These are biogenic emission for the consumption of biodiesel and bioethanol in our fleet. The emission factor used come from DEFRA2022 database.

## C-AC6.9/C-FB6.9/C-PF6.9

**(C-AC6.9/C-FB6.9/C-PF6.9) Do you collect or calculate greenhouse gas emissions for each commodity reported as significant to your business in C-AC0.7/FB0.7/PF0.7?**

### Agricultural commodities

Tobacco

### Do you collect or calculate GHG emissions for this commodity?

Yes

### Reporting emissions by

Total

### Emissions (metric tons CO<sub>2</sub>e)

887,811

### Denominator: unit of production

### Change from last reporting year

Higher

### Please explain

In 2022, emissions in our tobacco supply chain increased by 83,687 tCO<sub>2</sub>e. Our total emissions in the previous year were 804,124 tCO<sub>2</sub>e, resulting in a 10% increase. This increase was linked to unforeseen challenges faced in 2022 due to unfavorable business conditions and the execution of business continuity plans. For example, we had to put plans in place to mitigate the adverse impact of supply chain disruption and geopolitical shifts resulting from the war in Ukraine. Some of these decisions demanded changes that resulted in unavoidable trade-offs which, while ensuring security of supply and business continuity, compromised natural capital. These included for example change in sourcing, purchasing more tobacco from geographies with higher carbon footprints.

Total emissions for tobacco include all activities performed and inputs used by farmers and related to tobacco seedling production, fertilizers, pesticides, transport, mechanization and curing. A significant percentage of the total GHG emissions attributed to our tobacco purchases result from the curing process of Virginia flue-cured tobacco. With our Renewable Curing Fuel program, we have focused on minimizing the risk by supporting a sustainable firewood sourcing system validated by the application of an internal protocol and also the shift from use of non-renewable fuel to biomass that is audited on a yearly basis by a third party. Overall, the audit results recognize compliance for the contracted Virginia flue cured tobacco volume purchased by PMI in 2022. Compared to our 2019 baseline, in 2022 we have reached 56.9% CO<sub>2</sub>e intensity

reduction in emissions from curing. The efforts on the ground with our suppliers and the strong assurance process we carry out on a yearly basis allowed to validate that 100% of our standard flue cured tobacco in 2022 was purchased at no risk of deforestation of primary and protected forests bringing the risk for land use change related to tobacco curing to the minimum.

**Explain why you do not calculate GHG emission for this commodity and your plans to do so in the future**

---

**Agricultural commodities**

Timber

**Do you collect or calculate GHG emissions for this commodity?**

Yes

**Reporting emissions by**

Total

**Emissions (metric tons CO<sub>2</sub>e)**

909,446

**Denominator: unit of production**

**Change from last reporting year**

Higher

**Please explain**

In 2022, we accounted for 909,446 tCO<sub>2</sub>e of emissions originating from timber that is part of our supply chain, more than 95% of which came from our timber-based materials supply chain and the remainder from the timber based curing fuels for our tobacco leaf supply chain. In 2022 timber related emissions increased by 11% versus the previous year. This was linked to unforeseen challenges faced in 2022 due to unfavorable business conditions and the execution of business continuity plans. For example, we had to put plans in place to mitigate the adverse impact of supply chain disruption and geopolitical shifts resulting from the war in Ukraine. Some of these decisions demanded changes that resulted in unavoidable trade-offs which, while ensuring security of supply and business continuity, compromised natural capital. These included for example, purchasing additional materials as part of business continuity plans to build up our stock of raw materials and semifinished products to ensure finished products were available in specific markets. We keep engaging with other direct materials suppliers using timber as raw material and inviting them to participate in our CDP supply chain; we collect primary data (e.g., emissions allocated) and collaborate with them to reduce carbon footprint. In the tobacco leaf supply chain, we could reduce the curing emissions related to timber materials by more than 50% from our 2019 baseline proving that the firewood used by

our farmers is sustainable and therefore does not cause land use change of forest degradation consequently lowering significantly the emissions for the whole process.

**Explain why you do not calculate GHG emission for this commodity and your plans to do so in the future**

## C6.10

**(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO<sub>2</sub>e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.**

### Intensity figure

0.0000107072

### Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO<sub>2</sub>e)

340,084

### Metric denominator

unit total revenue

### Metric denominator: Unit total

31,762,000,000

### Scope 2 figure used

Market-based

### % change from previous year

9.86

### Direction of change

Decreased

### Reason(s) for change

Other emissions reduction activities

### Please explain

The decrease in our Scope 1 and 2 emissions in 2022 is a result of the reduction initiatives as reported in question C4.3b.

Namely the reasons for change are the decrease in absolute CO<sub>2</sub>e emissions by 8.8% from 373,040 tons in 2021 to 340,084 tons in 2022, driven by nearly 90 carbon reduction activities in our manufacturing facilities including on-site renewable projects and energy efficiency projects. In 2022 more than 60 projects related to production process efficiency were implemented across our manufacturing sites such as more efficient compressed air systems, process automation eliminating losses, waste heat



recovery, etc. which yielded more than 4,300 tons of CO<sub>2</sub> reduction per year; in addition to increased green electricity sourcing.

The term “net revenues” refers to operating revenues from the sale of our products, excluding excise taxes, and net of sales and promotion incentives. We believe that the most appropriate basis of disclosure is net revenue (as defined) and in line with CDP guidance.

## C7. Emissions breakdowns

### C7.1

**(C7.1) Does your organization break down its Scope 1 emissions by greenhouse gas type?**

Yes

#### C7.1a

**(C7.1a) Break down your total gross global Scope 1 emissions by greenhouse gas type and provide the source of each used greenhouse warming potential (GWP).**

Greenhouse gas	Scope 1 emissions (metric tons of CO <sub>2</sub> e)	GWP Reference
CO <sub>2</sub>	296,419.96	IPCC Fourth Assessment Report (AR4 - 100 year)
CH <sub>4</sub>	413.77	IPCC Fourth Assessment Report (AR4 - 100 year)
N <sub>2</sub> O	768.36	IPCC Fourth Assessment Report (AR4 - 100 year)

### C7.2

**(C7.2) Break down your total gross global Scope 1 emissions by country/area/region.**

Country/area/region	Scope 1 emissions (metric tons CO <sub>2</sub> e)
Albania	95.41
Algeria	492.43
Argentina	7,885.94
Armenia	118.24
Australia	351.64
Bangladesh	18.45
Bosnia & Herzegovina	105.86
Brazil	4,719.5

Bulgaria	141.99
Canada	1,286.9
Chile	42.84
China	30.06
Hong Kong SAR, China	15.76
China, Macao Special Administrative Region	0.35
Colombia	573.98
Costa Rica	476.36
Croatia	249.82
Czechia	4,063.67
Denmark	192.3
Dominican Republic	796.56
Ecuador	514.62
Egypt	475.69
El Salvador	61.93
Finland	44.91
France	1,179.76
Georgia	157.4
Germany	15,978.38
Greece	10,095.78
Guatemala	165.52
Hungary	944.66
India	49.78
Indonesia	28,139.69
Italy	31,831.2
Jamaica	2.97
Japan	3,119.79
Jordan	308.36
Kazakhstan	3,907.78
Kuwait	32.2
Lebanon	45.39
Malaysia	10,394.83
Mexico	5,098.98
Morocco	269.03
Netherlands	27,440

Lithuania	1,279.04
New Zealand	128.15
Nicaragua	50.13
Norway	21.96
Pakistan	4,558.75
Panama	43.9
Paraguay	27.14
Peru	41.69
Philippines	18,605.57
Poland	14,225.51
Republic of Korea	8,475.71
Republic of Moldova	94.19
Réunion	84.54
Romania	13,980.29
Russian Federation	27,183.22
Senegal	879.23
Serbia	4,876
Singapore	198.66
Slovakia	386.83
Slovenia	90.5
South Africa	975.58
Spain	886.59
Sweden	308.17
Switzerland	3,837.88
Taiwan, China	136.7
North Macedonia	81.66
Thailand	1,189.95
Tunisia	185.51
Turkey	20,423.76
Ukraine	1,859.09
United Arab Emirates	507.36
United Kingdom of Great Britain and Northern Ireland	637.77
Uruguay	14.8
Venezuela (Bolivarian Republic of)	4.18
Viet Nam	101.73

United States of America	1,914.76
Israel	926.16
Portugal	5,755.45
Nigeria	22.23
Aruba	12.78
Belgium	585.87
Curaçao	26.91
Estonia	18.18
Latvia	23.15
Luxembourg	18.15

## C7.3

**(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.**

By activity

## C7.3c

**(C7.3c) Break down your total gross global Scope 1 emissions by business activity.**

Activity	Scope 1 emissions (metric tons CO <sub>2</sub> e)
Manufacturing	214,483.23
Offices and Warehouses	3,575.39
Company's fleet	79,543.47

## C-AC7.4/C-FB7.4/C-PF7.4

**(C-AC7.4/C-FB7.4/C-PF7.4) Do you include emissions pertaining to your business activity(ies) in your direct operations as part of your global gross Scope 1 figure?**

Yes

## C-AC7.4b/C-FB7.4b/C-PF7.4b

**(C-AC7.4b/C-FB7.4b/C-PF7.4b) Report the Scope 1 emissions pertaining to your business activity(ies) and explain any exclusions. If applicable, disaggregate your agricultural/forestry by GHG emissions category.**

### Activity

Processing/Manufacturing

### Emissions (metric tons CO<sub>2</sub>e)

214,483.23

### Methodology

Default emissions factor

### Please explain

This category regroups all activities related to manufacturing.  
The emission factor used come from DEFRA2022 database.

### Activity

Distribution

### Emissions (metric tons CO<sub>2</sub>e)

83,118.86

### Methodology

Default emissions factor

### Please explain

This category regroups all activities related to distribution (including offices, warehouses and company's fleet).  
The emission factor used come from DEFRA2022 database.

## C7.5

**(C7.5) Break down your total gross global Scope 2 emissions by country/area/region.**

Country/area/region	Scope 2, location-based (metric tons CO <sub>2</sub> e)	Scope 2, market-based (metric tons CO <sub>2</sub> e)
Albania	28.25	28.25
Algeria	21.52	21.52
Argentina	7,106.42	285.12
Armenia	7.71	7.71
Aruba	21.25	21.25
Australia	281.31	281.31
Austria	11.84	11.84
Lithuania	3,453.56	24.24
Bangladesh	14.39	14.39
Netherlands	9,238.09	0
Bosnia & Herzegovina	76.55	76.55
Brazil	1,493.48	19.92
Bulgaria	63.99	63.99

Canada	1,684.57	329.58
Chile	10.13	10.13
China	29.29	29.29
Colombia	252.03	252.03
Costa Rica	0.98	0.98
Croatia	33.62	0
Curaçao	38.3	38.3
Czechia	10,867.3	98.64
Denmark	8.15	8.15
Dominican Republic	194.25	194.25
Ecuador	61.99	61.99
Egypt	37.1	37.1
El Salvador	4.86	4.86
Finland	1.37	0
France	11.45	11.45
Georgia	6.08	6.08
Germany	7,001.47	461.68
Greece	11,171.29	0
Guatemala	22.14	22.14
Hong Kong SAR, China	251.84	251.84
Hungary	62.87	62.87
India	122.69	122.69
Indonesia	81,486.37	0
Israel	343.58	343.58
Italy	18,468.55	0
Jamaica	4.88	4.88
Japan	212.07	109.09
Jordan	1,377.6	0
Kazakhstan	6,407.66	758.38
Republic of Korea	14,021.19	137.04
Kuwait	24.27	24.27
Lebanon	40.1	40.1
China, Macao Special Administrative Region	1.47	1.47
Malaysia	7,438.17	148.76

Mexico	12,612.7	529.93
Republic of Moldova	20.16	20.16
Morocco	53.12	53.12
New Zealand	8.34	0
Nicaragua	3.84	3.84
Nigeria	8.72	8.72
Norway	5.55	5.55
Pakistan	2,754.27	195.78
Panama	4.77	4.77
Paraguay	23.62	23.62
Peru	6.17	6.17
Philippines	32,358.88	2,336.76
Poland	44,754.29	3,930.53
Portugal	4,133.15	0
Romania	10,161.95	58.28
Senegal	2,274.59	48.31
Serbia	16,990.56	101.92
Singapore	1,472.76	1,472.76
Slovakia	6.91	6.91
Slovenia	48.07	28.61
South Africa	2,578.2	239.93
Spain	87.09	87.09
Sweden	10.49	9.25
Switzerland	954.52	55.72
Thailand	62.04	62.04
Tunisia	23.05	23.05
Turkey	15,072.86	324.42
Ukraine	1,260.76	1,260.76
United Arab Emirates	137.19	137.19
United Kingdom of Great Britain and Northern Ireland	53.68	53.68
Uruguay	0.26	0.26
United States of America	472.97	472.97
Viet Nam	25.58	25.58
Russian Federation	26,224.69	26,224.69

Taiwan, China	140.08	140.08
Venezuela (Bolivarian Republic of)	55.52	5.76
North Macedonia	19.3	19.3
Réunion	38.42	38.42
Belgium	26.22	26.22
Estonia	5.97	5.97
Latvia	4.99	4.99
Luxembourg	0.44	0.44
United Republic of Tanzania	0.61	0.61

## C7.6

**(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.**

By activity

## C7.6c

**(C7.6c) Break down your total gross global Scope 2 emissions by business activity.**

Activity	Scope 2, location-based (metric tons CO <sub>2</sub> e)	Scope 2, market-based (metric tons CO <sub>2</sub> e)
Manufacturing	333,552.61	27,909.04
Offices and Warehouses	24,922.78	14,572.83

## C7.7

**(C7.7) Is your organization able to break down your emissions data for any of the subsidiaries included in your CDP response?**

Yes

## C7.7a

**(C7.7a) Break down your gross Scope 1 and Scope 2 emissions by subsidiary.**

### Subsidiary name

Massalin Particulares S.R.L.

### Primary activity

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**



No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO2e)**

7,146.4

**Scope 2, location-based emissions (metric tons CO2e)**

6,821.3

**Scope 2, market-based emissions (metric tons CO2e)**

0

**Comment**

These emissions correspond to manufacturing facilities & fleet emissions.

---

**Subsidiary name**

Philip Morris Brasil Industria e Comercio Ltda.

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO<sub>2</sub>e)**

2,867.46

**Scope 2, location-based emissions (metric tons CO<sub>2</sub>e)**

1,473.56

**Scope 2, market-based emissions (metric tons CO<sub>2</sub>e)**

0

**Comment**

These emissions correspond to manufacturing facility & fleet emissions.

---

**Subsidiary name**

Rothmans, Benson & Hedges Inc.

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO2e)**

1,286.91

**Scope 2, location-based emissions (metric tons CO2e)**

1,684.57

**Scope 2, market-based emissions (metric tons CO2e)**

329.58

**Comment**

These emissions correspond to manufacturing, offices & fleet emissions.

---

**Subsidiary name**

Philip Morris Products S.A.

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO2e)**

976.65

**Scope 2, location-based emissions (metric tons CO2e)**

329.19

**Scope 2, market-based emissions (metric tons CO2e)**

0

**Comment**

These emissions correspond to manufacturing emissions.

---

**Subsidiary name**

Philip Morris CR a.s.

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

ISIN code - equity

**ISIN code – bond**

**ISIN code – equity**

CS0008418869

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO2e)**

4,063.68

**Scope 2, location-based emissions (metric tons CO2e)**

10,867.3

**Scope 2, market-based emissions (metric tons CO2e)**

98.64

**Comment**

These emissions correspond to manufacturing, offices, warehouses & fleet emissions.

---

**Subsidiary name**

f6 Cigarettenfabrik GmbH & Co.KG

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO<sub>2</sub>e)**

389.95

**Scope 2, location-based emissions (metric tons CO<sub>2</sub>e)**

2,054.36

**Scope 2, market-based emissions (metric tons CO<sub>2</sub>e)**

79.29

**Comment**

These emissions correspond to manufacturing emissions.

---

**Subsidiary name**

Philip Morris Manufacturing GmbH

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO<sub>2</sub>e)**

13,708.11

**Scope 2, location-based emissions (metric tons CO<sub>2</sub>e)**

4,324.64

**Scope 2, market-based emissions (metric tons CO<sub>2</sub>e)**

0

**Comment**

These emissions correspond to manufacturing emissions.

---

**Subsidiary name**

Papastratos Cigarettes Manufacturing Company Single Member S.A.

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO<sub>2</sub>e)**

10,095.79

**Scope 2, location-based emissions (metric tons CO<sub>2</sub>e)**

11,171.29

**Scope 2, market-based emissions (metric tons CO<sub>2</sub>e)**

0

**Comment**

These emissions correspond to manufacturing facility, offices, warehouses & fleet emissions.

---

**Subsidiary name**

PT Sampoerna Indonesia Sembilan

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO<sub>2</sub>e)**

19.05

**Scope 2, location-based emissions (metric tons CO<sub>2</sub>e)**

671.99

**Scope 2, market-based emissions (metric tons CO<sub>2</sub>e)**

0

**Comment**

These emissions correspond to manufacturing emissions.

---

**Subsidiary name**

PT Hanjaya Mandala Sampoerna Tbk.

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

ISIN code - equity

**ISIN code – bond**

**ISIN code – equity**

ID1000074008

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**



**Scope 1 emissions (metric tons CO2e)**

13,950.63

**Scope 2, location-based emissions (metric tons CO2e)**

72,023.26

**Scope 2, market-based emissions (metric tons CO2e)**

0

**Comment**

These emissions correspond to manufacturing facilities & fleet emissions.

---

**Subsidiary name**

Philip Morris Manufacturing & Technology Bologna S.p.A.

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO2e)**

29,371.58

**Scope 2, location-based emissions (metric tons CO2e)**

18,165.13

**Scope 2, market-based emissions (metric tons CO2e)**

0

**Comment**

These emissions correspond to manufacturing facilities & fleet emissions.

---

**Subsidiary name**

Philip Morris Investments B.V./Jordan Ltd.Co.

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO<sub>2</sub>e)**

308.36

**Scope 2, location-based emissions (metric tons CO<sub>2</sub>e)**

1,377.6

**Scope 2, market-based emissions (metric tons CO<sub>2</sub>e)**

0

**Comment**

These emissions correspond to manufacturing, offices & fleet emissions.

---

**Subsidiary name**

Philip Morris Korea Inc.

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO<sub>2</sub>e)**

8,475.75

**Scope 2, location-based emissions (metric tons CO<sub>2</sub>e)**

14,021.19

**Scope 2, market-based emissions (metric tons CO<sub>2</sub>e)**

137.04

**Comment**

These emissions correspond to manufacturing facility, offices, retail stores & fleet emissions.

---

**Subsidiary name**

Philip Morris Kazakhstan LLP

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO<sub>2</sub>e)**

3,907.79

**Scope 2, location-based emissions (metric tons CO<sub>2</sub>e)**

6,407.65

**Scope 2, market-based emissions (metric tons CO<sub>2</sub>e)**

758.37

**Comment**

These emissions correspond to manufacturing facility, offices, warehouses, retail stores & fleet emissions.

---

**Subsidiary name**

UAB Philip Morris Lietuva

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO<sub>2</sub>e)**

1,130.2

**Scope 2, location-based emissions (metric tons CO<sub>2</sub>e)**

3,429.32

**Scope 2, market-based emissions (metric tons CO<sub>2</sub>e)**

0

**Comment**

These emissions correspond to manufacturing emissions.

---

**Subsidiary name**

Philip Morris Mexico Productos Y Servicios, Sociedad de Responsabilidad Limitada de  
Capital Variable

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO<sub>2</sub>e)**

3,137.72

**Scope 2, location-based emissions (metric tons CO<sub>2</sub>e)**

12,082.75

**Scope 2, market-based emissions (metric tons CO<sub>2</sub>e)**

0

**Comment**

These emissions correspond to manufacturing facility & fleet emissions.

---

**Subsidiary name**

Philip Morris (Malaysia) Sdn. Bhd.

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO<sub>2</sub>e)**

10,394.83

**Scope 2, location-based emissions (metric tons CO2e)**

7,438.17

**Scope 2, market-based emissions (metric tons CO2e)**

148.76

**Comment**

These emissions correspond to manufacturing facility, offices & fleet emissions.

---

**Subsidiary name**

PHILIP MORRIS INVESTMENTS B.V.

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO2e)**

26,990.524

**Scope 2, location-based emissions (metric tons CO2e)**

9,238.09

**Scope 2, market-based emissions (metric tons CO2e)**

0

**Comment**

These emissions correspond to manufacturing emissions.

---

**Subsidiary name**

PMFTC Inc.

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO<sub>2</sub>e)**

8,239.5

**Scope 2, location-based emissions (metric tons CO<sub>2</sub>e)**

30,022.12

**Scope 2, market-based emissions (metric tons CO<sub>2</sub>e)**

0

**Comment**

These emissions correspond to manufacturing facilities & fleet emissions.

---

**Subsidiary name**

Philip Morris (Pakistan) Limited

**Primary activity**

Tobacco products



**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO<sub>2</sub>e)**

4,558.75

**Scope 2, location-based emissions (metric tons CO<sub>2</sub>e)**

2,754.27

**Scope 2, market-based emissions (metric tons CO<sub>2</sub>e)**

195.78

**Comment**

These emissions correspond to manufacturing, offices, warehouses & fleet emissions.

---

**Subsidiary name**

Philip Morris Polska Spółka Akcyjna

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO<sub>2</sub>e)**

9,877.646

**Scope 2, location-based emissions (metric tons CO<sub>2</sub>e)**

42,665.78

**Scope 2, market-based emissions (metric tons CO<sub>2</sub>e)**

1,842.02

**Comment**

These emissions correspond to manufacturing emissions.

---

**Subsidiary name**

Tabaqueira - Empresa Industrial de Tabacos, S.A.

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO2e)**

4,169.72

**Scope 2, location-based emissions (metric tons CO2e)**

3,999.03

**Scope 2, market-based emissions (metric tons CO2e)**

0

**Comment**

These emissions correspond to manufacturing facility & fleet emissions.

---

**Subsidiary name**

Philip Morris Romania S.R.L.

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO2e)**

13,295.67

**Scope 2, location-based emissions (metric tons CO2e)**

10,103.68

**Scope 2, market-based emissions (metric tons CO2e)**

0

**Comment**

These emissions correspond to manufacturing facility & fleet emissions.

---

**Subsidiary name**

Philip Morris Operations a.d. Nis

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO2e)**

4,502.8

**Scope 2, location-based emissions (metric tons CO2e)**

16,888.64

**Scope 2, market-based emissions (metric tons CO2e)**

0

**Comment**

These emissions correspond to manufacturing facility & fleet emissions.

---

**Subsidiary name**

AO Philip Morris Izhora

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO<sub>2</sub>e)**

23,242.137

**Scope 2, location-based emissions (metric tons CO<sub>2</sub>e)**

24,966.16

**Scope 2, market-based emissions (metric tons CO<sub>2</sub>e)**

24,966.16

**Comment**

These emissions correspond to manufacturing facilities & fleet emissions.

---

**Subsidiary name**

Philip Morris Manufacturing Senegal S.A.R.L.

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO<sub>2</sub>e)**

306.81

**Scope 2, location-based emissions (metric tons CO<sub>2</sub>e)**

2,226.28

**Scope 2, market-based emissions (metric tons CO<sub>2</sub>e)**

0

**Comment**

These emissions correspond to manufacturing facility & fleet emissions.

---

**Subsidiary name**

Philip Morris Tutun Mamulleri Sanayi ve Ticaret A.S.

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO2e)**

18,591.09

**Scope 2, location-based emissions (metric tons CO2e)**

14,748.44

**Scope 2, market-based emissions (metric tons CO2e)**

0

**Comment**

These emissions correspond to manufacturing facility & fleet emissions.

---

**Subsidiary name**

PRJSC Philip Morris Ukraine

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO2e)**

582.18

**Scope 2, location-based emissions (metric tons CO2e)**

1,021.59

**Scope 2, market-based emissions (metric tons CO2e)**

1,021.59

**Comment**

These emissions correspond to manufacturing facility & fleet emissions.

---

**Subsidiary name**

C.A. Tabacalera Nacional

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO2e)**

4.18



**Scope 2, location-based emissions (metric tons CO2e)**

55.52

**Scope 2, market-based emissions (metric tons CO2e)**

5.76

**Comment**

These emissions correspond to manufacturing, offices & fleet emissions.

---

**Subsidiary name**

Leonard Dinger (Proprietary) Limited

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO2e)**

257.72

**Scope 2, location-based emissions (metric tons CO2e)**

2,338.27

**Scope 2, market-based emissions (metric tons CO2e)**

0

**Comment**

These emissions correspond to manufacturing facility & fleet emissions.

---

**Subsidiary name**

Philip Morris Albania Sh.p.k.

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO<sub>2</sub>e)**

95.41

**Scope 2, location-based emissions (metric tons CO<sub>2</sub>e)**

28.25

**Scope 2, market-based emissions (metric tons CO<sub>2</sub>e)**

28.25

**Comment**

These emissions correspond to offices & fleet emissions.

---

**Subsidiary name**

Philip Morris Algeria Sarl

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO<sub>2</sub>e)**

492.43

**Scope 2, location-based emissions (metric tons CO<sub>2</sub>e)**

21.52

**Scope 2, market-based emissions (metric tons CO<sub>2</sub>e)**

21.52

**Comment**

These emissions correspond to offices & fleet emissions.

---

**Subsidiary name**

PMI Argentina Market

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO<sub>2</sub>e)**

739.53

**Scope 2, location-based emissions (metric tons CO<sub>2</sub>e)**

285.12

**Scope 2, market-based emissions (metric tons CO<sub>2</sub>e)**

285.12

**Comment**

These emissions correspond to offices, warehouses & fleet emissions. Emission related data is collected and reported on country level (not subsidiary level).

---

**Subsidiary name**

Philip Morris Armenia Limited Liability Company

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO2e)**

118.24

**Scope 2, location-based emissions (metric tons CO2e)**

7.71

**Scope 2, market-based emissions (metric tons CO2e)**

7.71

**Comment**

These emissions correspond to offices & fleet emissions.

---

**Subsidiary name**

Superior Tobacco Co N.V.

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO2e)**

12.78

**Scope 2, location-based emissions (metric tons CO2e)**

21.25

**Scope 2, market-based emissions (metric tons CO2e)**

21.25

**Comment**

These emissions correspond to offices, warehouses & fleet emissions.

---

**Subsidiary name**

PMI Australia Market

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO2e)**

351.64

**Scope 2, location-based emissions (metric tons CO2e)**

281.31

**Scope 2, market-based emissions (metric tons CO2e)**

281.31

**Comment**

These emissions correspond to offices & fleet emissions. Emission related data is collected and reported on country level (not subsidiary level).

---

**Subsidiary name**

Philip Morris Austria GmbH

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO<sub>2</sub>e)**

0

**Scope 2, location-based emissions (metric tons CO<sub>2</sub>e)**

11.84

**Scope 2, market-based emissions (metric tons CO<sub>2</sub>e)**

11.84

**Comment**

These emissions correspond to offices emissions.

---

**Subsidiary name**

Philip Morris Bangladesh Limited

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO2e)**

18.45

**Scope 2, location-based emissions (metric tons CO2e)**

14.39

**Scope 2, market-based emissions (metric tons CO2e)**

14.39

**Comment**

These emissions correspond to offices & fleet emissions.

---

**Subsidiary name**

Philip Morris Benelux B.V.

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier



**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO2e)**

585.87

**Scope 2, location-based emissions (metric tons CO2e)**

26.22

**Scope 2, market-based emissions (metric tons CO2e)**

26.22

**Comment**

These emissions correspond to offices & fleet emissions.

---

**Subsidiary name**

Philip Morris BH d.o.o. za trgovinu Sarajevo

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO<sub>2</sub>e)**

105.86

**Scope 2, location-based emissions (metric tons CO<sub>2</sub>e)**

76.55

**Scope 2, market-based emissions (metric tons CO<sub>2</sub>e)**

76.55

**Comment**

These emissions correspond to offices & fleet emissions.

---

**Subsidiary name**

PMI Brazil Market

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO2e)**

1,852.04

**Scope 2, location-based emissions (metric tons CO2e)**

19.92

**Scope 2, market-based emissions (metric tons CO2e)**

19.92

**Comment**

These emissions correspond to offices, warehouses & fleet emissions. Emission related data is collected and reported on country level (not subsidiary level).

---

**Subsidiary name**

Philip Morris Bulgaria EOOD

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO2e)**

141.99

**Scope 2, location-based emissions (metric tons CO2e)**

63.99

**Scope 2, market-based emissions (metric tons CO2e)**

63.99

**Comment**

These emissions correspond to offices & fleet emissions.

---

**Subsidiary name**

Philip Morris Chile Comercializadora Limitada

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO2e)**

42.84

**Scope 2, location-based emissions (metric tons CO2e)**

10.12

**Scope 2, market-based emissions (metric tons CO2e)**

10.12

**Comment**

These emissions correspond to offices, warehouses & fleet emissions.

---

**Subsidiary name**

PMI China Market

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO<sub>2</sub>e)**

30.06

**Scope 2, location-based emissions (metric tons CO<sub>2</sub>e)**

29.29

**Scope 2, market-based emissions (metric tons CO<sub>2</sub>e)**

29.29

**Comment**

These emissions correspond to offices & fleet emissions. Emission related data is collected and reported on country level (not subsidiary level).

---

**Subsidiary name**

PMI Colombia Market

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO2e)**

573.98

**Scope 2, location-based emissions (metric tons CO2e)**

252.03

**Scope 2, market-based emissions (metric tons CO2e)**

252.03

**Comment**

These emissions correspond to offices, warehouses & fleet emissions. Emission related data is collected and reported on country level (not subsidiary level).

---

**Subsidiary name**

Philip Morris Costa Rica, Sociedad Anonima

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO<sub>2</sub>e)**

476.36

**Scope 2, location-based emissions (metric tons CO<sub>2</sub>e)**

0.98

**Scope 2, market-based emissions (metric tons CO<sub>2</sub>e)**

0.98

**Comment**

These emissions correspond to offices, warehouses & fleet emissions.

---

**Subsidiary name**

Philip Morris Zagreb d.o.o. za vanjsku i unutarnju trgovinu

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO<sub>2</sub>e)**

249.82

**Scope 2, location-based emissions (metric tons CO<sub>2</sub>e)**

33.62

**Scope 2, market-based emissions (metric tons CO<sub>2</sub>e)**

0

**Comment**

These emissions correspond to offices & fleet emissions.

---

**Subsidiary name**

Superior Tobacco Company Curacao N.V.

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**



**Scope 1 emissions (metric tons CO2e)**

26.91

**Scope 2, location-based emissions (metric tons CO2e)**

38.3

**Scope 2, market-based emissions (metric tons CO2e)**

38.3

**Comment**

These emissions correspond to offices, warehouses & fleet emissions. Emissions related to PMI Curacao Market.

---

**Subsidiary name**

Philip Morris ApS

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO2e)**

192.3

**Scope 2, location-based emissions (metric tons CO2e)**

8.15

**Scope 2, market-based emissions (metric tons CO2e)**

8.15

**Comment**

These emissions correspond to offices & fleet emissions.

---

**Subsidiary name**

Philip Morris Dominicana, S.A.

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO2e)**

796.56

**Scope 2, location-based emissions (metric tons CO2e)**

194.25

**Scope 2, market-based emissions (metric tons CO2e)**

194.25

**Comment**

These emissions correspond to offices, warehouses & fleet emissions.

---

**Subsidiary name**

PMI Ecuador Market

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO2e)**

514.62

**Scope 2, location-based emissions (metric tons CO2e)**

62

**Scope 2, market-based emissions (metric tons CO2e)**

62

**Comment**

These emissions correspond to offices, warehouses & fleet emissions. Emission related data is collected and reported on country level (not subsidiary level).

---

**Subsidiary name**

PMI Egypt Market

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO<sub>2</sub>e)**

475.69

**Scope 2, location-based emissions (metric tons CO<sub>2</sub>e)**

37.1

**Scope 2, market-based emissions (metric tons CO<sub>2</sub>e)**

37.1

**Comment**

These emissions correspond to offices & fleet emissions. Emission related data is collected and reported on country level (not subsidiary level).

---

**Subsidiary name**

Philip Morris El Salvador Sociedad Anonima de Capital Variable

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO2e)**

61.93

**Scope 2, location-based emissions (metric tons CO2e)**

4.86

**Scope 2, market-based emissions (metric tons CO2e)**

4.86

**Comment**

These emissions correspond to offices & fleet emissions.

---

**Subsidiary name**

Philip Morris Eesti Osauhing

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO<sub>2</sub>e)**

18.18

**Scope 2, location-based emissions (metric tons CO<sub>2</sub>e)**

5.97

**Scope 2, market-based emissions (metric tons CO<sub>2</sub>e)**

5.97

**Comment**

These emissions correspond to offices & fleet emissions.

---

**Subsidiary name**

Philip Morris Finland Oy

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO<sub>2</sub>e)**

44.91

**Scope 2, location-based emissions (metric tons CO2e)**

1.37

**Scope 2, market-based emissions (metric tons CO2e)**

0

**Comment**

These emissions correspond to offices & fleet emissions.

---

**Subsidiary name**

Philip Morris France S.A.S.

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO2e)**

1,179.76

**Scope 2, location-based emissions (metric tons CO2e)**

11.45

**Scope 2, market-based emissions (metric tons CO2e)**

11.45

**Comment**

These emissions correspond to offices & fleet emissions.

---

**Subsidiary name**

Limited Liability Company Philip Morris Georgia

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO<sub>2</sub>e)**

157.4

**Scope 2, location-based emissions (metric tons CO<sub>2</sub>e)**

6.08

**Scope 2, market-based emissions (metric tons CO<sub>2</sub>e)**

6.08

**Comment**

These emissions correspond to offices & fleet emissions.

---

**Subsidiary name**

Philip Morris GmbH

**Primary activity**

Tobacco products



**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO<sub>2</sub>e)**

1,880.32

**Scope 2, location-based emissions (metric tons CO<sub>2</sub>e)**

622.47

**Scope 2, market-based emissions (metric tons CO<sub>2</sub>e)**

382.39

**Comment**

These emissions correspond to offices & fleet emissions.

---

**Subsidiary name**

Tabacalera Centroamericana Sociedad Anonima

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO<sub>2</sub>e)**

165.52

**Scope 2, location-based emissions (metric tons CO<sub>2</sub>e)**

22.14

**Scope 2, market-based emissions (metric tons CO<sub>2</sub>e)**

22.14

**Comment**

These emissions correspond to offices & fleet emissions.

---

**Subsidiary name**

PMI Hong Kong Market

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO2e)**

15.76

**Scope 2, location-based emissions (metric tons CO2e)**

251.84

**Scope 2, market-based emissions (metric tons CO2e)**

251.84

**Comment**

These emissions correspond to offices & fleet emissions. Emission related data is collected and reported on country level (not subsidiary level).

---

**Subsidiary name**

Philip Morris Hungary Cigarette Trading Ltd.

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO2e)**

944.66

**Scope 2, location-based emissions (metric tons CO<sub>2</sub>e)**

62.87

**Scope 2, market-based emissions (metric tons CO<sub>2</sub>e)**

62.87

**Comment**

These emissions correspond to offices, warehouses & fleet emissions.

---

**Subsidiary name**

PMI India Market

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO<sub>2</sub>e)**

49.78

**Scope 2, location-based emissions (metric tons CO<sub>2</sub>e)**

122.69

**Scope 2, market-based emissions (metric tons CO<sub>2</sub>e)**

122.69

**Comment**

These emissions correspond to offices & fleet emissions. Emission related data is collected and reported on country level (not subsidiary level).

---

**Subsidiary name**

PMI Indonesia Market

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO2e)**

14,170.02

**Scope 2, location-based emissions (metric tons CO2e)**

8,791.11

**Scope 2, market-based emissions (metric tons CO2e)**

0

**Comment**

These emissions correspond to offices, warehouses & fleet emissions. Emission related data is collected and reported on country level (not subsidiary level).

---

**Subsidiary name**

Philip Morris Ltd

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO<sub>2</sub>e)**

926.16

**Scope 2, location-based emissions (metric tons CO<sub>2</sub>e)**

343.58

**Scope 2, market-based emissions (metric tons CO<sub>2</sub>e)**

343.58

**Comment**

These emissions correspond to offices, warehouses & fleet emissions.

---

**Subsidiary name**

PMI Italy Market

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO<sub>2</sub>e)**

2,459.62

**Scope 2, location-based emissions (metric tons CO<sub>2</sub>e)**

303.43

**Scope 2, market-based emissions (metric tons CO<sub>2</sub>e)**

0

**Comment**

These emissions correspond to offices & fleet emissions. Emission related data is collected and reported on country level (not subsidiary level).

---

**Subsidiary name**

Philip Morris Jamaica Limited

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO2e)**

2.97

**Scope 2, location-based emissions (metric tons CO2e)**

4.88

**Scope 2, market-based emissions (metric tons CO2e)**

4.88

**Comment**

These emissions correspond to offices & fleet emissions.

---

**Subsidiary name**

Philip Morris Japan Godo-Kaisha

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**



**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO<sub>2</sub>e)**

3,119.79

**Scope 2, location-based emissions (metric tons CO<sub>2</sub>e)**

212.07

**Scope 2, market-based emissions (metric tons CO<sub>2</sub>e)**

109.09

**Comment**

These emissions correspond to offices & fleet emissions.

---

**Subsidiary name**

Philip Morris Kuwait Company W.L.L.

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO<sub>2</sub>e)**

32.2

**Scope 2, location-based emissions (metric tons CO2e)**

24.27

**Scope 2, market-based emissions (metric tons CO2e)**

24.27

**Comment**

These emissions correspond to offices & fleet emissions. Emissions related to PMI Kuwait Market. Emission related data is collected and reported on country level (not subsidiary level).

---

**Subsidiary name**

SIA Philip Morris Latvia

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO2e)**

23.15

**Scope 2, location-based emissions (metric tons CO2e)**

4.99

**Scope 2, market-based emissions (metric tons CO2e)**

4.99

**Comment**

These emissions correspond to offices & fleet emissions.

---

**Subsidiary name**

Philip Morris Management Services (Middle East) Limited (Lebanon branch)

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO<sub>2</sub>e)**

45.38

**Scope 2, location-based emissions (metric tons CO<sub>2</sub>e)**

40.1

**Scope 2, market-based emissions (metric tons CO<sub>2</sub>e)**

40.1

**Comment**

These emissions correspond to offices & fleet emissions. Emissions related to PMI Lebanon Market. Emission related data is collected and reported on country level (not subsidiary level).

**Subsidiary name**

PMI Lithuania Market

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO2e)**

148.85

**Scope 2, location-based emissions (metric tons CO2e)**

24.24

**Scope 2, market-based emissions (metric tons CO2e)**

24.24

**Comment**

These emissions correspond to offices & fleet emissions. Emission related data is collected and reported on country level (not subsidiary level).

---

**Subsidiary name**

Philip Morris Luxembourg S.a.r.l.

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO2e)**

18.15

**Scope 2, location-based emissions (metric tons CO2e)**

0.44

**Scope 2, market-based emissions (metric tons CO2e)**

0.44

**Comment**

These emissions correspond to offices & fleet emissions.

---

**Subsidiary name**

Philip Morris Asia Limited

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO<sub>2</sub>e)**

0.35

**Scope 2, location-based emissions (metric tons CO<sub>2</sub>e)**

1.47

**Scope 2, market-based emissions (metric tons CO<sub>2</sub>e)**

1.47

**Comment**

These emissions correspond to offices & fleet emissions. Emissions related to PMI Macau Market. Emission related data is collected and reported on country level (not subsidiary level).

---

**Subsidiary name**

Philip Morris Tutunski Kombinat Prilep LLC Skopje

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO<sub>2</sub>e)**

81.66

**Scope 2, location-based emissions (metric tons CO<sub>2</sub>e)**

19.3

**Scope 2, market-based emissions (metric tons CO<sub>2</sub>e)**

19.3

**Comment**

These emissions correspond to offices & fleet emissions.

---

**Subsidiary name**

PMI Mexico Market

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO2e)**

1,961.27

**Scope 2, location-based emissions (metric tons CO2e)**

529.92

**Scope 2, market-based emissions (metric tons CO2e)**

529.92

**Comment**

These emissions correspond to offices, warehouses & fleet emissions. Emission related data is collected and reported on country level (not subsidiary level).

---

**Subsidiary name**

Limited Liability Company Philip Morris Sales & Marketing

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO2e)**

94.2

**Scope 2, location-based emissions (metric tons CO2e)**

20.16

**Scope 2, market-based emissions (metric tons CO2e)**



20.16

**Comment**

These emissions correspond to offices & fleet emissions.

---

**Subsidiary name**

Philip Morris Maghreb SARL

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO2e)**

269.03

**Scope 2, location-based emissions (metric tons CO2e)**

53.12

**Scope 2, market-based emissions (metric tons CO2e)**

53.12

**Comment**

These emissions correspond to offices & fleet emissions.

---

**Subsidiary name**

PMI Netherlands Market

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO2e)**

449.48

**Scope 2, location-based emissions (metric tons CO2e)**

0

**Scope 2, market-based emissions (metric tons CO2e)**

0

**Comment**

These emissions correspond to fleet emissions. Emission related data is collected and reported on country level (not subsidiary level).

---

**Subsidiary name**

Philip Morris (New Zealand) Limited

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO<sub>2</sub>e)**

128.15

**Scope 2, location-based emissions (metric tons CO<sub>2</sub>e)**

8.34

**Scope 2, market-based emissions (metric tons CO<sub>2</sub>e)**

0

**Comment**

These emissions correspond to offices & fleet emissions.

---

**Subsidiary name**

Philip Morris Nicaragua Sociedad Anonima

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO<sub>2</sub>e)**

50.13

**Scope 2, location-based emissions (metric tons CO<sub>2</sub>e)**

3.84

**Scope 2, market-based emissions (metric tons CO<sub>2</sub>e)**

3.84

**Comment**

These emissions correspond to offices & fleet emissions.

---

**Subsidiary name**

Philip Morris Limited

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO2e)**

22.23

**Scope 2, location-based emissions (metric tons CO2e)**

8.72

**Scope 2, market-based emissions (metric tons CO2e)**

8.72

**Comment**

These emissions correspond to offices & fleet emissions. Emissions related to PMI Nigeria Market.

---

**Subsidiary name**

PMI Norway Market

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO2e)**

21.96

**Scope 2, location-based emissions (metric tons CO2e)**

5.55

**Scope 2, market-based emissions (metric tons CO2e)**

5.55

**Comment**

These emissions correspond to offices & fleet emissions. Emission related data is collected and reported on country level (not subsidiary level).

---

**Subsidiary name**

Philip Morris Panama Sociedad en Comandita por Acciones

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO2e)**

43.9

**Scope 2, location-based emissions (metric tons CO2e)**

4.77

**Scope 2, market-based emissions (metric tons CO2e)**

4.77

**Comment**

These emissions correspond to offices & fleet emissions.

---

**Subsidiary name**

Philip Morris Paraguay S.A.

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO<sub>2</sub>e)**

27.14

**Scope 2, location-based emissions (metric tons CO<sub>2</sub>e)**

23.62

**Scope 2, market-based emissions (metric tons CO<sub>2</sub>e)**

23.62

**Comment**

These emissions correspond to offices & fleet emissions.

---

**Subsidiary name**

Philip Morris Peru, Sociedad Anónima

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO2e)**

41.69

**Scope 2, location-based emissions (metric tons CO2e)**

6.17

**Scope 2, market-based emissions (metric tons CO2e)**

6.17

**Comment**

These emissions correspond to offices & fleet emissions.

---

**Subsidiary name**

PMI Philippines Market

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**



**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO<sub>2</sub>e)**

10,366.07

**Scope 2, location-based emissions (metric tons CO<sub>2</sub>e)**

2,336.76

**Scope 2, market-based emissions (metric tons CO<sub>2</sub>e)**

2,336.76

**Comment**

These emissions correspond to offices, warehouses & fleet emissions. Emission related data is collected and reported on country level (not subsidiary level).

---

**Subsidiary name**

PMI Poland Market

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO<sub>2</sub>e)**

4,347.85

**Scope 2, location-based emissions (metric tons CO<sub>2</sub>e)**

2,088.51

**Scope 2, market-based emissions (metric tons CO<sub>2</sub>e)**

2,088.51

**Comment**

These emissions correspond to offices, warehouses, retail stores & fleet emissions.  
Emission related data is collected and reported on country level (not subsidiary level).

---

**Subsidiary name**

PMI Portugal Market

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO2e)**

1,585.73

**Scope 2, location-based emissions (metric tons CO2e)**

134.12

**Scope 2, market-based emissions (metric tons CO2e)**

0

**Comment**

These emissions correspond to offices & fleet emissions. Emission related data is collected and reported on country level (not subsidiary level).

---

**Subsidiary name**

Philip Morris Reunion S.A.R.L.

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO2e)**

84.54

**Scope 2, location-based emissions (metric tons CO2e)**

38.42

**Scope 2, market-based emissions (metric tons CO2e)**

38.42

**Comment**

These emissions correspond to offices & fleet emissions.

---

**Subsidiary name**

PMI Romania Market

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO2e)**

684.62

**Scope 2, location-based emissions (metric tons CO2e)**

58.28

**Scope 2, market-based emissions (metric tons CO2e)**

58.28

**Comment**

These emissions correspond to offices & fleet emissions. Emission related data is collected and reported on country level (not subsidiary level).

**Subsidiary name**

PMI Russia Market

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO2e)**

3,941.08

**Scope 2, location-based emissions (metric tons CO2e)**

1,258.54

**Scope 2, market-based emissions (metric tons CO2e)**

1,258.54

**Comment**

These emissions correspond to offices & fleet emissions. Emission related data is collected and reported on country level (not subsidiary level).

---

**Subsidiary name**

PMI Senegal Market

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO2e)**

572.42

**Scope 2, location-based emissions (metric tons CO2e)**

48.31

**Scope 2, market-based emissions (metric tons CO2e)**

48.31

**Comment**

These emissions correspond to offices & fleet emissions. Emission related data is collected and reported on country level (not subsidiary level).

---

**Subsidiary name**

PMI Serbia Market

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO<sub>2</sub>e)**

373.2

**Scope 2, location-based emissions (metric tons CO<sub>2</sub>e)**

101.92

**Scope 2, market-based emissions (metric tons CO<sub>2</sub>e)**

101.92

**Comment**

These emissions correspond to offices & fleet emissions. Emission related data is collected and reported on country level (not subsidiary level).

---

**Subsidiary name**

PMI Singapore Market

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO2e)**

198.66

**Scope 2, location-based emissions (metric tons CO2e)**

1,472.76

**Scope 2, market-based emissions (metric tons CO2e)**

1,472.76

**Comment**

These emissions correspond to offices & fleet emissions. Emission related data is collected and reported on country level (not subsidiary level).

---

**Subsidiary name**

Philip Morris Slovakia s.r.o.

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**



**Scope 1 emissions (metric tons CO2e)**

386.84

**Scope 2, location-based emissions (metric tons CO2e)**

6.91

**Scope 2, market-based emissions (metric tons CO2e)**

6.91

**Comment**

These emissions correspond to offices & fleet emissions.

---

**Subsidiary name**

Philip Morris Ljubljana, storitveno podjetje, d.o.o.

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO2e)**

90.5

**Scope 2, location-based emissions (metric tons CO2e)**

48.07

**Scope 2, market-based emissions (metric tons CO2e)**

28.61

**Comment**

These emissions correspond to offices & fleet emissions.

---

**Subsidiary name**

PMI South Africa Market

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO<sub>2</sub>e)**

717.87

**Scope 2, location-based emissions (metric tons CO<sub>2</sub>e)**

239.93

**Scope 2, market-based emissions (metric tons CO<sub>2</sub>e)**

239.93

**Comment**

These emissions correspond to offices & fleet emissions. Emission related data is collected and reported on country level (not subsidiary level).

---

**Subsidiary name**

PMI Spain Market

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO2e)**

886.59

**Scope 2, location-based emissions (metric tons CO2e)**

87.09

**Scope 2, market-based emissions (metric tons CO2e)**

87.09

**Comment**

These emissions correspond to offices, retail stores & fleet emissions. Emission related data is collected and reported on country level (not subsidiary level).

---

**Subsidiary name**

Philip Morris Aktiebolag

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO<sub>2</sub>e)**

308.17

**Scope 2, location-based emissions (metric tons CO<sub>2</sub>e)**

10.49

**Scope 2, market-based emissions (metric tons CO<sub>2</sub>e)**

9.25

**Comment**

These emissions correspond to offices & fleet emissions.

---

**Subsidiary name**

PMI Switzerland Market

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO<sub>2</sub>e)**

2,861.23

**Scope 2, location-based emissions (metric tons CO<sub>2</sub>e)**

625.34

**Scope 2, market-based emissions (metric tons CO<sub>2</sub>e)**

55.72

**Comment**

These emissions correspond to offices, retail stores & fleet emissions. Emission related data is collected and reported on country level (not subsidiary level).

---

**Subsidiary name**

Philip Morris Taiwan SA

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO<sub>2</sub>e)**

136.7

**Scope 2, location-based emissions (metric tons CO<sub>2</sub>e)**

140.08

**Scope 2, market-based emissions (metric tons CO<sub>2</sub>e)**

140.08

**Comment**

These emissions correspond to offices & fleet emissions. Emissions related to PMI Taiwan Market. Emission related data is collected and reported on country level (not subsidiary level).

---

**Subsidiary name**

Philip Morris Tanzania Limited

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO<sub>2</sub>e)**

0

**Scope 2, location-based emissions (metric tons CO<sub>2</sub>e)**

0.61

**Scope 2, market-based emissions (metric tons CO<sub>2</sub>e)**

0.61

**Comment**

These emissions correspond to offices emissions.

---

**Subsidiary name**

Philip Morris Trading (Thailand) Company Limited

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO<sub>2</sub>e)**

1,189.95

**Scope 2, location-based emissions (metric tons CO<sub>2</sub>e)**

62.04

**Scope 2, market-based emissions (metric tons CO<sub>2</sub>e)**

62.04

**Comment**

These emissions correspond to offices & fleet emissions.

---

**Subsidiary name**

Philip Morris North Africa SARL

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO<sub>2</sub>e)**

185.51

**Scope 2, location-based emissions (metric tons CO<sub>2</sub>e)**

23.05

**Scope 2, market-based emissions (metric tons CO<sub>2</sub>e)**

23.05

**Comment**

These emissions correspond to offices & fleet emissions.

---

**Subsidiary name**

PMI Turkey Market



**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO<sub>2</sub>e)**

1,832.66

**Scope 2, location-based emissions (metric tons CO<sub>2</sub>e)**

324.42

**Scope 2, market-based emissions (metric tons CO<sub>2</sub>e)**

324.42

**Comment**

These emissions correspond to offices & fleet emissions. Emission related data is collected and reported on country level (not subsidiary level).

---

**Subsidiary name**

PMI Ukraine Market

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO<sub>2</sub>e)**

1,276.91

**Scope 2, location-based emissions (metric tons CO<sub>2</sub>e)**

239.17

**Scope 2, market-based emissions (metric tons CO<sub>2</sub>e)**

239.17

**Comment**

These emissions correspond to offices, warehouses & fleet emissions. Emission related data is collected and reported on country level (not subsidiary level).

---

**Subsidiary name**

Philip Morris Management Services (Middle East) Limited

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO2e)**

507.36

**Scope 2, location-based emissions (metric tons CO2e)**

137.19

**Scope 2, market-based emissions (metric tons CO2e)**

137.19

**Comment**

These emissions correspond to offices & fleet emissions.

---

**Subsidiary name**

Philip Morris Limited

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO2e)**

637.77

**Scope 2, location-based emissions (metric tons CO2e)**

53.68

**Scope 2, market-based emissions (metric tons CO2e)**

53.68

**Comment**

These emissions correspond to offices & fleet emissions. Emissions related to PMI United Kingdom Market.

---

**Subsidiary name**

PMI Uruguay Market

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO2e)**

14.8

**Scope 2, location-based emissions (metric tons CO2e)**

0.26

**Scope 2, market-based emissions (metric tons CO2e)**

0.26

**Comment**

These emissions correspond to offices, warehouses & fleet emissions. Emission related data is collected and reported on country level (not subsidiary level).

---

**Subsidiary name**

PMI USA Market

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO2e)**

1,914.76

**Scope 2, location-based emissions (metric tons CO2e)**

472.97

**Scope 2, market-based emissions (metric tons CO2e)**

472.97

**Comment**

These emissions correspond to offices & company's fleet emissions. Emission related data is collected and reported on country level (not subsidiary level).

---

**Subsidiary name**

Philip Morris Vietnam Limited Liability Company

**Primary activity**

Tobacco products

**Select the unique identifier(s) you are able to provide for this subsidiary**

No unique identifier

**ISIN code – bond**

**ISIN code – equity**

**CUSIP number**

**Ticker symbol**

**SEDOL code**

**LEI number**

**Other unique identifier**

**Scope 1 emissions (metric tons CO<sub>2</sub>e)**

101.73

**Scope 2, location-based emissions (metric tons CO<sub>2</sub>e)**

25.58

**Scope 2, market-based emissions (metric tons CO<sub>2</sub>e)**

25.58

**Comment**

These emissions correspond to offices & fleet emissions.

## C7.9

**(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?**

Decreased

## C7.9a

**(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined), and for each of them specify how your emissions compare to the previous year.**

	Change in emissions (metric tons CO <sub>2</sub> e)	Direction of change in emissions	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	10,264	Decreased	2.75	The change in renewable energy consumption comes from the purchased renewable electricity in our manufacturing facilities and markets plus the produced renewable energy. Our total Scope 1 and 2 emissions in the 2021 was 373,040 tCO <sub>2</sub> e, therefore a 2.75% reduction $(10,264/373,040)*100 = 2.75\%$
Other emissions reduction activities	38,573	Decreased	10.34	The 38,573 tCO <sub>2</sub> e reduction comes from the relentless drive of our energy saving and efficiency team implementing processes through our Drive for Zero program. Compared to our scope 1 and 2 in 2021, this represents a 10.34% taking in consideration the increased energy demand from our Smoke-Free-Products (the process to manufacture heated tobacco units is more energy intensive than for conventional cigarettes, due to the production of the cast leaf tobacco in the magnitude of three times more energy than conventional products). Our total Scope 1 and 2 emissions in the 2021 was 373,040 tCO <sub>2</sub> e, therefore a 10.34% reduction $(38,573/373,040)*100 = 10.34\%$
Divestment	0	No change	0	PMI did not have any changes due to change in divestment in 2022.
Acquisitions	0	No change	0	PMI did not have any changes due to change in acquisition in 2022.

				GHG emissions from wellness and healthcare acquisitions made in 2021 are currently excluded from the inventory as they are below our materiality threshold (These emissions represented 1.6 percent of PMI's scope 1+2 emissions and 2.1 percent of scope 3 emissions in 2022 and were calculated in line with PMI's methodology). GHG emissions from Swedish Match AB acquisition made in late 2022 are not included either. For this last, PMI anticipates this data to be fully included in our reporting by 2024.
Mergers	0	No change	0	PMI did not have any changes due to change in mergers in 2022. GHG emissions from wellness and healthcare acquisitions made in 2021 are currently excluded from the inventory as they are below our materiality threshold (These emissions represented 1.6 percent of PMI's scope 1+2 emissions and 2.1 percent of scope 3 emissions in 2022 and were calculated in line with PMI's methodology). GHG emissions from Swedish Match AB acquisition made in late 2022 are not included either. For this last, PMI anticipates this data to be fully included in our reporting by 2024.
Change in output	15,881	Increased	4.26	The main driver for this increase is driven by product portfolio impact (increase of our smoke free products, which process is more energy intensive than conventional cigarettes due to the production of cast leaf tobacco). It has been also impacted by the increase of km driven of our fleet. In 2022, 15,881 tCO <sub>2</sub> e increased in our scope 1 and 2, compared to a total of 373,040, therefore a $15,881/373,040 \times 100 = 4.26\%$ increase.
Change in methodology	0	No change	0	PMI did not have any changes due to change in methodology in 2022.



Change in boundary	0	No change	0	PMI did not have any changes due to change in boundary in 2022.
Change in physical operating conditions	0	No change	0	PMI did not have any changes due to change in physical operating conditions in 2022.
Unidentified	0	No change	0	PMI did not have any changes due to change unidentified in 2022.
Other	0	No change	0	PMI did not have any changes due to change in other in 2022.

## C7.9b

**(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?**

Market-based

## C8. Energy

### C8.1

**(C8.1) What percentage of your total operational spend in the reporting year was on energy?**

More than 0% but less than or equal to 5%

### C8.2

**(C8.2) Select which energy-related activities your organization has undertaken.**

	Indicate whether your organization undertook this energy-related activity in the reporting year
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	Yes
Consumption of purchased or acquired steam	Yes
Consumption of purchased or acquired cooling	No

Generation of electricity, heat, steam, or cooling	Yes
--	-----

## C8.2a

**(C8.2a) Report your organization's energy consumption totals (excluding feedstocks) in MWh.**

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total (renewable and non-renewable) MWh
Consumption of fuel (excluding feedstock)	LHV (lower heating value)	26,454.51	1,246,542.1	1,272,996.61
Consumption of purchased or acquired electricity		715,256.54	103,106.55	818,363.09
Consumption of purchased or acquired heat		0	23,457.55	23,457.55
Consumption of purchased or acquired steam		0	12.12	12.12
Consumption of self-generated non-fuel renewable energy		12,364.85		12,364.85
Total energy consumption		754,075.9	1,373,118.32	2,127,194.22

## C8.2b

**(C8.2b) Select the applications of your organization's consumption of fuel.**

	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of electricity	Yes
Consumption of fuel for the generation of heat	Yes
Consumption of fuel for the generation of steam	Yes
Consumption of fuel for the generation of cooling	No

Consumption of fuel for co-generation or tri-generation	Yes
---	-----

## C8.2c

**(C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.**

### Sustainable biomass

#### Heating value

LHV

#### Total fuel MWh consumed by the organization

9,961.56

#### MWh fuel consumed for self-generation of electricity

0

#### MWh fuel consumed for self-generation of heat

0

#### MWh fuel consumed for self-generation of steam

9,961.56

#### MWh fuel consumed for self- cogeneration or self-trigeneration

0

#### Comment

This includes sustainable biomass and agro-waste used in some factories supported by documentation/certification. For example: our factory in Lithuania is using biomass certified by FSC, while other factory is using agro-waste (i.e., sunflower husk).

Sustainability criteria is in line with PMI Monitoring Framework (MF) for Sustainable Leaf Curing Fuels developed in 2016. Following this internal standard, main requirements to be met are:

1. No Old Growth Forest cut
2. Renewable sources/Self-sufficient firewood
3. Full traceability.

Examples of documentation to evidence fulfilment of requirements mentioned above can be receipts of purchased fuels, including the name of the vendor and the amount of fuel purchased and a verification of the source of the fuel.

### Other biomass

#### Heating value

LHV

#### Total fuel MWh consumed by the organization

13,531.34

**MWh fuel consumed for self-generation of electricity**

0

**MWh fuel consumed for self-generation of heat**

83.03

**MWh fuel consumed for self-generation of steam**

13,448.31

**MWh fuel consumed for self- cogeneration or self-trigeneration**

0

**Comment**

This refers to biomass in only one factory and one office.

**Other renewable fuels (e.g. renewable hydrogen)**

---

**Heating value**

LHV

**Total fuel MWh consumed by the organization**

2,961.61

**MWh fuel consumed for self-generation of electricity**

0

**MWh fuel consumed for self-generation of heat**

2,961.61

**MWh fuel consumed for self-generation of steam**

0

**MWh fuel consumed for self- cogeneration or self-trigeneration**

0

**Comment**

This mainly refers to bioethanol and biodiesel used for our fleet.

**Coal**

---

**Heating value**

LHV

**Total fuel MWh consumed by the organization**

249.65

**MWh fuel consumed for self-generation of electricity**

0

**MWh fuel consumed for self-generation of heat**

249.65

**MWh fuel consumed for self-generation of steam**

0

**MWh fuel consumed for self- cogeneration or self-trigeneration**

0

**Comment**

This refers to coal consumption in one market.

**Oil**

---

**Heating value**

LHV

**Total fuel MWh consumed by the organization**

334,252.98

**MWh fuel consumed for self-generation of electricity**

22,177.22

**MWh fuel consumed for self-generation of heat**

310,913.32

**MWh fuel consumed for self-generation of steam**

1,162.44

**MWh fuel consumed for self- cogeneration or self-trigeneration**

0

**Comment**

This includes fuel oil, diesel & petrol consumed in our direct operations.

**Gas**

---

**Heating value**

LHV

**Total fuel MWh consumed by the organization**

904,708.4

**MWh fuel consumed for self-generation of electricity**

0

**MWh fuel consumed for self-generation of heat**

216,341.69

**MWh fuel consumed for self-generation of steam**

524,879.62

**MWh fuel consumed for self- cogeneration or self-trigeneration**

163,487.09

**Comment**

This refers to natural gas and LPG consumed in our direct operations.

**Other non-renewable fuels (e.g. non-renewable hydrogen)**

---

**Heating value**

LHV

**Total fuel MWh consumed by the organization**

7,331.07

**MWh fuel consumed for self-generation of electricity**

0

**MWh fuel consumed for self-generation of heat**

7,331.07

**MWh fuel consumed for self-generation of steam**

0

**MWh fuel consumed for self- cogeneration or self-trigeneration**

0

**Comment**

This corresponds to aviation fuel.

**Total fuel**

---

**Heating value**

LHV

**Total fuel MWh consumed by the organization**

1,272,996.61

**MWh fuel consumed for self-generation of electricity**

22,177.22

**MWh fuel consumed for self-generation of heat**

537,880.37

**MWh fuel consumed for self-generation of steam**

549,451.93

**MWh fuel consumed for self- cogeneration or self-trigeneration**

163,487.09

**Comment**

This refers to the sum of all fuel consumed for reporting year 2022.

## C8.2d

**(C8.2d) Provide details on the electricity, heat, steam, and cooling your organization has generated and consumed in the reporting year.**

	Total Gross generation (MWh)	Generation that is consumed by the organization (MWh)	Gross generation from renewable sources (MWh)	Generation from renewable sources that is consumed by the organization (MWh)
Electricity	65,280.8	65,248.17	12,058.82	12,026.19
Heat	196,483.65	196,483.65	304.79	304.79
Steam	494,506.74	494,506.74	21,068.88	21,068.88
Cooling	736,526.78	736,526.78	643,730.89	643,730.89

## C8.2e

**(C8.2e) Provide details on the electricity, heat, steam, and/or cooling amounts that were accounted for at a zero or near-zero emission factor in the market-based Scope 2 figure reported in C6.3.**

### Country/area of low-carbon energy consumption

Poland

### Sourcing method

Unbundled procurement of energy attribute certificates (EACs)

### Energy carrier

Electricity

### Low-carbon technology type

Large hydropower (>25 MW)

### Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

25,225

### Tracking instrument used

GO

### Country/area of origin (generation) of the low-carbon energy or energy attribute

Poland

### Are you able to report the commissioning or re-powering year of the energy generation facility?

Yes

**Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)**

1969

**Comment**

Refers to our factory in Poland.

---

**Country/area of low-carbon energy consumption**

Poland

**Sourcing method**

Unbundled procurement of energy attribute certificates (EACs)

**Energy carrier**

Electricity

**Low-carbon technology type**

Large hydropower (>25 MW)

**Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)**

795

**Tracking instrument used**

GO

**Country/area of origin (generation) of the low-carbon energy or energy attribute**

Poland

**Are you able to report the commissioning or re-powering year of the energy generation facility?**

Yes

**Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)**

2008

**Comment**

Refers to our factory in Poland.

---

**Country/area of low-carbon energy consumption**

Poland

**Sourcing method**

Unbundled procurement of energy attribute certificates (EACs)



**Energy carrier**

Electricity

**Low-carbon technology type**

Large hydropower (>25 MW)

**Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)**

821

**Tracking instrument used**

GO

**Country/area of origin (generation) of the low-carbon energy or energy attribute**

Poland

**Are you able to report the commissioning or re-powering year of the energy generation facility?**

Yes

**Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)**

2016

**Comment**

Refers to our factory in Poland.

---

**Country/area of low-carbon energy consumption**

Poland

**Sourcing method**

Unbundled procurement of energy attribute certificates (EACs)

**Energy carrier**

Electricity

**Low-carbon technology type**

Large hydropower (>25 MW)

**Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)**

639

**Tracking instrument used**

GO

**Country/area of origin (generation) of the low-carbon energy or energy attribute**

Poland

**Are you able to report the commissioning or re-powering year of the energy generation facility?**

Yes

**Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)**

2020

**Comment**

Refers to our factory in Poland.

---

**Country/area of low-carbon energy consumption**

Poland

**Sourcing method**

Unbundled procurement of energy attribute certificates (EACs)

**Energy carrier**

Electricity

**Low-carbon technology type**

Small hydropower (<25 MW)

**Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)**

414

**Tracking instrument used**

GO

**Country/area of origin (generation) of the low-carbon energy or energy attribute**

Poland

**Are you able to report the commissioning or re-powering year of the energy generation facility?**

Yes

**Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)**

2008

**Comment**

Refers to our factory in Poland.

---

**Country/area of low-carbon energy consumption**

Poland

**Sourcing method**

Unbundled procurement of energy attribute certificates (EACs)

**Energy carrier**

Electricity

**Low-carbon technology type**

Small hydropower (<25 MW)

**Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)**

6,957

**Tracking instrument used**

GO

**Country/area of origin (generation) of the low-carbon energy or energy attribute**

Poland

**Are you able to report the commissioning or re-powering year of the energy generation facility?**

Yes

**Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)**

2009

**Comment**

Refers to our factory in Poland.

---

**Country/area of low-carbon energy consumption**

Poland

**Sourcing method**

Unbundled procurement of energy attribute certificates (EACs)

**Energy carrier**

Electricity

**Low-carbon technology type**

Small hydropower (<25 MW)

**Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)**

14,992

**Tracking instrument used**

GO

**Country/area of origin (generation) of the low-carbon energy or energy attribute**

Poland

**Are you able to report the commissioning or re-powering year of the energy generation facility?**

Yes

**Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)**

2010

**Comment**

Refers to our factory in Poland.

---

**Country/area of low-carbon energy consumption**

Poland

**Sourcing method**

Unbundled procurement of energy attribute certificates (EACs)

**Energy carrier**

Electricity

**Low-carbon technology type**

Small hydropower (<25 MW)

**Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)**

1,111

**Tracking instrument used**

GO

**Country/area of origin (generation) of the low-carbon energy or energy attribute**

Poland

**Are you able to report the commissioning or re-powering year of the energy generation facility?**

Yes

**Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)**

2011

**Comment**

Refers to our factory in Poland.

---

**Country/area of low-carbon energy consumption**

Poland

**Sourcing method**

Unbundled procurement of energy attribute certificates (EACs)

**Energy carrier**

Electricity

**Low-carbon technology type**

Small hydropower (<25 MW)

**Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)**

1,123

**Tracking instrument used**

GO

**Country/area of origin (generation) of the low-carbon energy or energy attribute**

Poland

**Are you able to report the commissioning or re-powering year of the energy generation facility?**

Yes

**Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)**

2012

**Comment**

Refers to our factory in Poland.

---

**Country/area of low-carbon energy consumption**

Poland

**Sourcing method**

Unbundled procurement of energy attribute certificates (EACs)

**Energy carrier**

Electricity

**Low-carbon technology type**

Small hydropower (<25 MW)

**Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)**

737

**Tracking instrument used**

GO

**Country/area of origin (generation) of the low-carbon energy or energy attribute**

Poland

**Are you able to report the commissioning or re-powering year of the energy generation facility?**

Yes

**Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)**

2013

**Comment**

Refers to our factory in Poland.

---

**Country/area of low-carbon energy consumption**

Poland

**Sourcing method**

Unbundled procurement of energy attribute certificates (EACs)

**Energy carrier**

Electricity

**Low-carbon technology type**

Small hydropower (<25 MW)

**Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)**

1,084

**Tracking instrument used**

GO

**Country/area of origin (generation) of the low-carbon energy or energy attribute**

Poland

**Are you able to report the commissioning or re-powering year of the energy generation facility?**

Yes

**Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)**

2014

**Comment**

Refers to our factory in Poland.

---

**Country/area of low-carbon energy consumption**

Poland

**Sourcing method**

Unbundled procurement of energy attribute certificates (EACs)

**Energy carrier**

Electricity

**Low-carbon technology type**

Small hydropower (<25 MW)

**Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)**

2,875

**Tracking instrument used**

GO

**Country/area of origin (generation) of the low-carbon energy or energy attribute**

Poland

**Are you able to report the commissioning or re-powering year of the energy generation facility?**

Yes

**Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)**

2015

**Comment**

Refers to our factory in Poland.

---

**Country/area of low-carbon energy consumption**

Poland

**Sourcing method**

Unbundled procurement of energy attribute certificates (EACs)

**Energy carrier**

Electricity

**Low-carbon technology type**

Small hydropower (<25 MW)

**Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)**

1,988

**Tracking instrument used**

GO

**Country/area of origin (generation) of the low-carbon energy or energy attribute**

Poland

**Are you able to report the commissioning or re-powering year of the energy generation facility?**

Yes

**Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)**

2016

**Comment**

Refers to our factory in Poland.

---

**Country/area of low-carbon energy consumption**

Poland

**Sourcing method**

Unbundled procurement of energy attribute certificates (EACs)

**Energy carrier**

Electricity

**Low-carbon technology type**

Small hydropower (<25 MW)



**Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)**

997

**Tracking instrument used**

GO

**Country/area of origin (generation) of the low-carbon energy or energy attribute**

Poland

**Are you able to report the commissioning or re-powering year of the energy generation facility?**

Yes

**Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)**

2019

**Comment**

Refers to our factory in Poland.

---

**Country/area of low-carbon energy consumption**

Poland

**Sourcing method**

Unbundled procurement of energy attribute certificates (EACs)

**Energy carrier**

Electricity

**Low-carbon technology type**

Small hydropower (<25 MW)

**Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)**

325

**Tracking instrument used**

GO

**Country/area of origin (generation) of the low-carbon energy or energy attribute**

Poland

**Are you able to report the commissioning or re-powering year of the energy generation facility?**

Yes

**Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)**

2020

**Comment**

Refers to our factory in Poland.

---

**Country/area of low-carbon energy consumption**

Poland

**Sourcing method**

Unbundled procurement of energy attribute certificates (EACs)

**Energy carrier**

Electricity

**Low-carbon technology type**

Small hydropower (<25 MW)

**Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)**

5,145

**Tracking instrument used**

GO

**Country/area of origin (generation) of the low-carbon energy or energy attribute**

Poland

**Are you able to report the commissioning or re-powering year of the energy generation facility?**

Yes

**Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)**

2021

**Comment**

Refers to our factory in Poland.

---

**Country/area of low-carbon energy consumption**

Jordan

**Sourcing method**

Unbundled procurement of energy attribute certificates (EACs)

**Energy carrier**

Electricity

**Low-carbon technology type**

Solar

**Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)**

3,522

**Tracking instrument used**

I-REC

**Country/area of origin (generation) of the low-carbon energy or energy attribute**

Jordan

**Are you able to report the commissioning or re-powering year of the energy generation facility?**

Yes

**Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)**

2018

**Comment**

Refers to our factory in Jordan.

---

**Country/area of low-carbon energy consumption**

Pakistan

**Sourcing method**

Unbundled procurement of energy attribute certificates (EACs)

**Energy carrier**

Electricity

**Low-carbon technology type**

Large hydropower (>25 MW)

**Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)**

6,464

**Tracking instrument used**

I-REC

**Country/area of origin (generation) of the low-carbon energy or energy attribute**

India

**Are you able to report the commissioning or re-powering year of the energy generation facility?**

Yes

**Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)**

2006

**Comment**

Refers to our factories in Pakistan.

---

**Country/area of low-carbon energy consumption**

Philippines

**Sourcing method**

Unbundled procurement of energy attribute certificates (EACs)

**Energy carrier**

Electricity

**Low-carbon technology type**

Large hydropower (>25 MW)

**Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)**

42,166

**Tracking instrument used**

I-REC

**Country/area of origin (generation) of the low-carbon energy or energy attribute**

Philippines

**Are you able to report the commissioning or re-powering year of the energy generation facility?**

Yes

**Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)**

2003

**Comment**

Refers to our factories in Philippines.

---

**Country/area of low-carbon energy consumption**

Romania

**Sourcing method**

Unbundled procurement of energy attribute certificates (EACs)

**Energy carrier**

Electricity

**Low-carbon technology type**

Large hydropower (>25 MW)

**Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)**

36,862

**Tracking instrument used**

GO

**Country/area of origin (generation) of the low-carbon energy or energy attribute**

Norway

**Are you able to report the commissioning or re-powering year of the energy generation facility?**

Yes

**Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)**

2008

**Comment**

Refers to our factory in Romania.

---

**Country/area of low-carbon energy consumption**

Senegal

**Sourcing method**

Unbundled procurement of energy attribute certificates (EACs)

**Energy carrier**

Electricity

**Low-carbon technology type**

Solar

**Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)**

3,980

**Tracking instrument used**

I-REC

**Country/area of origin (generation) of the low-carbon energy or energy attribute**

South Africa

**Are you able to report the commissioning or re-powering year of the energy generation facility?**

Yes

**Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)**

2014

**Comment**

Refers to our factory in Senegal.

---

**Country/area of low-carbon energy consumption**

South Africa

**Sourcing method**

Unbundled procurement of energy attribute certificates (EACs)

**Energy carrier**

Electricity

**Low-carbon technology type**

Solar

**Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)**

2,518

**Tracking instrument used**

I-REC

**Country/area of origin (generation) of the low-carbon energy or energy attribute**

South Africa

**Are you able to report the commissioning or re-powering year of the energy generation facility?**

Yes

**Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)**

2006

**Comment**

Refers to our factory in South Africa.

---

**Country/area of low-carbon energy consumption**

Venezuela (Bolivarian Republic of)

**Sourcing method**

Unbundled procurement of energy attribute certificates (EACs)

**Energy carrier**

Electricity

**Low-carbon technology type**

Other biomass

**Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)**

519

**Tracking instrument used**

I-REC

**Country/area of origin (generation) of the low-carbon energy or energy attribute**

Brazil

**Are you able to report the commissioning or re-powering year of the energy generation facility?**

Yes

**Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)**

2010

**Comment**

Refers to our factory in Venezuela.

---

**Country/area of low-carbon energy consumption**

Brazil

**Sourcing method**

Unbundled procurement of energy attribute certificates (EACs)

**Energy carrier**

Electricity

**Low-carbon technology type**

Other biomass

**Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)**

15,777

**Tracking instrument used**

I-REC

**Country/area of origin (generation) of the low-carbon energy or energy attribute**

Brazil

**Are you able to report the commissioning or re-powering year of the energy generation facility?**

Yes

**Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)**

2010

**Comment**

Refers to our factory in Brazil.

---

**Country/area of low-carbon energy consumption**

Malaysia

**Sourcing method**

Unbundled procurement of energy attribute certificates (EACs)

**Energy carrier**

Electricity

**Low-carbon technology type**

Other biomass

**Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)**

11,068

**Tracking instrument used**

I-REC



**Country/area of origin (generation) of the low-carbon energy or energy attribute**

Malaysia

**Are you able to report the commissioning or re-powering year of the energy generation facility?**

Yes

**Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)**

2017

**Comment**

Refers to our factory in Malaysia.

---

**Country/area of low-carbon energy consumption**

Argentina

**Sourcing method**

Unbundled procurement of energy attribute certificates (EACs)

**Energy carrier**

Electricity

**Low-carbon technology type**

Large hydropower (>25 MW)

**Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)**

16,413

**Tracking instrument used**

I-REC

**Country/area of origin (generation) of the low-carbon energy or energy attribute**

Argentina

**Are you able to report the commissioning or re-powering year of the energy generation facility?**

Yes

**Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)**

1972

**Comment**

Refers to our factories in Argentina.

---

**Country/area of low-carbon energy consumption**

Argentina

**Sourcing method**

Unbundled procurement of energy attribute certificates (EACs)

**Energy carrier**

Electricity

**Low-carbon technology type**

Large hydropower (>25 MW)

**Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)**

8,518

**Tracking instrument used**

I-REC

**Country/area of origin (generation) of the low-carbon energy or energy attribute**

Argentina

**Are you able to report the commissioning or re-powering year of the energy generation facility?**

No

**Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)**

**Comment**

Refers to our factories in Argentina.

---

**Country/area of low-carbon energy consumption**

Czechia

**Sourcing method**

Unbundled procurement of energy attribute certificates (EACs)

**Energy carrier**

Electricity

**Low-carbon technology type**

Hydropower (capacity unknown)

**Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)**

26,291

**Tracking instrument used**

GO

**Country/area of origin (generation) of the low-carbon energy or energy attribute**

Czechia

**Are you able to report the commissioning or re-powering year of the energy generation facility?**

No

**Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)**

**Comment**

Refers to our factory in Czechia.

---

**Country/area of low-carbon energy consumption**

Germany

**Sourcing method**

Unbundled procurement of energy attribute certificates (EACs)

**Energy carrier**

Electricity

**Low-carbon technology type**

Large hydropower (>25 MW)

**Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)**

20,277

**Tracking instrument used**

GO

**Country/area of origin (generation) of the low-carbon energy or energy attribute**

Norway

**Are you able to report the commissioning or re-powering year of the energy generation facility?**

Yes

**Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)**

2008

**Comment**

Refers to our factories in Germany.

---

**Country/area of low-carbon energy consumption**

Kazakhstan

**Sourcing method**

Unbundled procurement of energy attribute certificates (EACs)

**Energy carrier**

Electricity

**Low-carbon technology type**

Hydropower (capacity unknown)

**Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)**

9,820

**Tracking instrument used**

I-REC

**Country/area of origin (generation) of the low-carbon energy or energy attribute**

Kazakhstan

**Are you able to report the commissioning or re-powering year of the energy generation facility?**

No

**Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)**

**Comment**

Refers to our factory in Kazakhstan.

---

**Country/area of low-carbon energy consumption**

Mexico

**Sourcing method**

Unbundled procurement of energy attribute certificates (EACs)

**Energy carrier**

Electricity

**Low-carbon technology type**

Solar

**Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)**

2,486

**Tracking instrument used**

I-REC

**Country/area of origin (generation) of the low-carbon energy or energy attribute**

Mexico

**Are you able to report the commissioning or re-powering year of the energy generation facility?**

Yes

**Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)**

2021

**Comment**

Refers to our factory in Mexico.

---

**Country/area of low-carbon energy consumption**

Mexico

**Sourcing method**

Unbundled procurement of energy attribute certificates (EACs)

**Energy carrier**

Electricity

**Low-carbon technology type**

Wind

**Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)**

27,744

**Tracking instrument used**

I-REC

**Country/area of origin (generation) of the low-carbon energy or energy attribute**

Mexico

**Are you able to report the commissioning or re-powering year of the energy generation facility?**

No

**Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)**

**Comment**

Refers to our factory in Mexico.

---

**Country/area of low-carbon energy consumption**

Serbia

**Sourcing method**

Project-specific contract with an electricity supplier

**Energy carrier**

Electricity

**Low-carbon technology type**

Large hydropower (>25 MW)

**Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)**

22,016

**Tracking instrument used**

GO

**Country/area of origin (generation) of the low-carbon energy or energy attribute**

Serbia

**Are you able to report the commissioning or re-powering year of the energy generation facility?**

Yes

**Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)**

1970

**Comment**

Refers to our factory in Serbia.

---

**Country/area of low-carbon energy consumption**

Italy

**Sourcing method**

Project-specific contract with an electricity supplier

**Energy carrier**

Electricity

**Low-carbon technology type**

Hydropower (capacity unknown)

**Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)**

3,480

**Tracking instrument used**

GO

**Country/area of origin (generation) of the low-carbon energy or energy attribute**

Italy

**Are you able to report the commissioning or re-powering year of the energy generation facility?**

No

**Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)**

**Comment**

Refers to our factories in Italy.

---

**Country/area of low-carbon energy consumption**

Italy

**Sourcing method**

Project-specific contract with an electricity supplier

**Energy carrier**

Electricity

**Low-carbon technology type**

Solar

**Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)**

20,239

**Tracking instrument used**

GO

**Country/area of origin (generation) of the low-carbon energy or energy attribute**

Italy

**Are you able to report the commissioning or re-powering year of the energy generation facility?**

No

**Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)**

**Comment**

Refers to our factories and offices in Italy

---

**Country/area of low-carbon energy consumption**

Italy

**Sourcing method**

Project-specific contract with an electricity supplier

**Energy carrier**

Electricity

**Low-carbon technology type**

Wind

**Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)**

45,791

**Tracking instrument used**

GO

**Country/area of origin (generation) of the low-carbon energy or energy attribute**

Italy

**Are you able to report the commissioning or re-powering year of the energy generation facility?**

No



**Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)**

**Comment**

Refers to our factories in Italy.

---

**Country/area of low-carbon energy consumption**

Canada

**Sourcing method**

Project-specific contract with an electricity supplier

**Energy carrier**

Electricity

**Low-carbon technology type**

Hydropower (capacity unknown)

**Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)**

11,282

**Tracking instrument used**

Contract

**Country/area of origin (generation) of the low-carbon energy or energy attribute**

Canada

**Are you able to report the commissioning or re-powering year of the energy generation facility?**

No

**Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)**

**Comment**

Refers to our factory in Canada.

---

**Country/area of low-carbon energy consumption**

Greece

**Sourcing method**

Project-specific contract with an electricity supplier

**Energy carrier**

Electricity

**Low-carbon technology type**

Renewable energy mix, please specify

Solar / Wind / Hydropower

**Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)**

29,863

**Tracking instrument used**

GO

**Country/area of origin (generation) of the low-carbon energy or energy attribute**

Greece

**Are you able to report the commissioning or re-powering year of the energy generation facility?**

No

**Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)**

**Comment**

Refers to our factory and warehouse in Greece.

---

**Country/area of low-carbon energy consumption**

New Zealand

**Sourcing method**

Project-specific contract with an electricity supplier

**Energy carrier**

Electricity

**Low-carbon technology type**

Renewable energy mix, please specify

Wind / Hydropower / Geothermal

**Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)**

64

**Tracking instrument used**

Contract

**Country/area of origin (generation) of the low-carbon energy or energy attribute**

New Zealand

**Are you able to report the commissioning or re-powering year of the energy generation facility?**

No

**Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)**

**Comment**

Refers to our office in New Zealand.

---

**Country/area of low-carbon energy consumption**

Switzerland

**Sourcing method**

Project-specific contract with an electricity supplier

**Energy carrier**

Electricity

**Low-carbon technology type**

Hydropower (capacity unknown)

**Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)**

35,975

**Tracking instrument used**

GO

**Country/area of origin (generation) of the low-carbon energy or energy attribute**

Switzerland

**Are you able to report the commissioning or re-powering year of the energy generation facility?**

No

**Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)**

**Comment**

This refers to our factory, offices and data center in Switzerland.

---

**Country/area of low-carbon energy consumption**

Turkey

**Sourcing method**

Project-specific contract with an electricity supplier

**Energy carrier**

Electricity

**Low-carbon technology type**

Hydropower (capacity unknown)

**Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)**

35,173

**Tracking instrument used**

I-REC

**Country/area of origin (generation) of the low-carbon energy or energy attribute**

Turkey

**Are you able to report the commissioning or re-powering year of the energy generation facility?**

Yes

**Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)**

1992

**Comment**

Refers to our factory in Turkey.

---

**Country/area of low-carbon energy consumption**

Lithuania

**Sourcing method**

Project-specific contract with an electricity supplier

**Energy carrier**

Electricity

**Low-carbon technology type**

Large hydropower (>25 MW)

**Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)**

7,497

**Tracking instrument used**

GO

**Country/area of origin (generation) of the low-carbon energy or energy attribute**

Iceland

**Are you able to report the commissioning or re-powering year of the energy generation facility?**

Yes

**Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)**

1977

**Comment**

Refers to our factory in Lithuania.

---

**Country/area of low-carbon energy consumption**

Lithuania

**Sourcing method**

Project-specific contract with an electricity supplier

**Energy carrier**

Electricity

**Low-carbon technology type**

Small hydropower (<25 MW)

**Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)**

1,538

**Tracking instrument used**

GO

**Country/area of origin (generation) of the low-carbon energy or energy attribute**

Greece

**Are you able to report the commissioning or re-powering year of the energy generation facility?**

Yes

**Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)**

1949

**Comment**

Refers to our factory in Lithuania.

---

**Country/area of low-carbon energy consumption**

Lithuania

**Sourcing method**

Project-specific contract with an electricity supplier

**Energy carrier**

Electricity

**Low-carbon technology type**

Wind

**Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)**

1,736

**Tracking instrument used**

GO

**Country/area of origin (generation) of the low-carbon energy or energy attribute**

Greece

**Are you able to report the commissioning or re-powering year of the energy generation facility?**

Yes

**Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)**

2001

**Comment**

Refers to our factory in Lithuania.

---

**Country/area of low-carbon energy consumption**

Lithuania

**Sourcing method**

Project-specific contract with an electricity supplier

**Energy carrier**

Electricity

**Low-carbon technology type**

Wind

**Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)**

1,587

**Tracking instrument used**

GO

**Country/area of origin (generation) of the low-carbon energy or energy attribute**

Greece

**Are you able to report the commissioning or re-powering year of the energy generation facility?**

Yes

**Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)**

2009

**Comment**

Refers to our factory in Lithuania.

---

**Country/area of low-carbon energy consumption**

Lithuania

**Sourcing method**

Project-specific contract with an electricity supplier

**Energy carrier**

Electricity

**Low-carbon technology type**

Wind

**Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)**

5,380

**Tracking instrument used**

GO

**Country/area of origin (generation) of the low-carbon energy or energy attribute**

Greece

**Are you able to report the commissioning or re-powering year of the energy generation facility?**

Yes

**Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)**

2012

**Comment**

Refers to our factory in Lithuania.

---

**Country/area of low-carbon energy consumption**

Lithuania

**Sourcing method**

Project-specific contract with an electricity supplier

**Energy carrier**

Electricity

**Low-carbon technology type**

Other biomass

**Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)**

3,173

**Tracking instrument used**

GO

**Country/area of origin (generation) of the low-carbon energy or energy attribute**

Czechia

**Are you able to report the commissioning or re-powering year of the energy generation facility?**

Yes

**Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)**

2013

**Comment**

Refers to our factory in Lithuania.



---

**Country/area of low-carbon energy consumption**

Lithuania

**Sourcing method**

Unbundled procurement of energy attribute certificates (EACs)

**Energy carrier**

Electricity

**Low-carbon technology type**

Large hydropower (>25 MW)

**Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)**

377

**Tracking instrument used**

GO

**Country/area of origin (generation) of the low-carbon energy or energy attribute**

Norway

**Are you able to report the commissioning or re-powering year of the energy generation facility?**

Yes

**Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)**

2008

**Comment**

Refers to our factory in Lithuania.

---

**Country/area of low-carbon energy consumption**

Netherlands

**Sourcing method**

Project-specific contract with an electricity supplier

**Energy carrier**

Electricity

**Low-carbon technology type**

Wind

**Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)**

30,509

**Tracking instrument used**

GO

**Country/area of origin (generation) of the low-carbon energy or energy attribute**

Netherlands

**Are you able to report the commissioning or re-powering year of the energy generation facility?**

No

**Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)**

**Comment**

Refers to our factory in Netherlands.

---

**Country/area of low-carbon energy consumption**

Portugal

**Sourcing method**

Project-specific contract with an electricity supplier

**Energy carrier**

Electricity

**Low-carbon technology type**

Renewable energy mix, please specify  
Hydropower / Wind

**Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)**

22,293

**Tracking instrument used**

GO

**Country/area of origin (generation) of the low-carbon energy or energy attribute**

Portugal

**Are you able to report the commissioning or re-powering year of the energy generation facility?**

No

**Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)**

**Comment**

Refers to our factory and offices in Portugal.

---

**Country/area of low-carbon energy consumption**

Republic of Korea

**Sourcing method**

Unbundled procurement of energy attribute certificates (EACs)

**Energy carrier**

Electricity

**Low-carbon technology type**

Large hydropower (>25 MW)

**Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)**

1,628

**Tracking instrument used**

I-REC

**Country/area of origin (generation) of the low-carbon energy or energy attribute**

China

**Are you able to report the commissioning or re-powering year of the energy generation facility?**

Yes

**Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)**

2003

**Comment**

Refers to our factory in Korea.

---

**Country/area of low-carbon energy consumption**

Republic of Korea

**Sourcing method**

Unbundled procurement of energy attribute certificates (EACs)

**Energy carrier**

Electricity

**Low-carbon technology type**

Large hydropower (>25 MW)

**Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)**

28,097

**Tracking instrument used**

I-REC

**Country/area of origin (generation) of the low-carbon energy or energy attribute**

China

**Are you able to report the commissioning or re-powering year of the energy generation facility?**

Yes

**Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)**

2006

**Comment**

Refers to our factory in Korea.

---

**Country/area of low-carbon energy consumption**

Indonesia

**Sourcing method**

Unbundled procurement of energy attribute certificates (EACs)

**Energy carrier**

Electricity

**Low-carbon technology type**

Geothermal

**Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)**

12,894

**Tracking instrument used**

I-REC

**Country/area of origin (generation) of the low-carbon energy or energy attribute**

Indonesia

**Are you able to report the commissioning or re-powering year of the energy generation facility?**

No

**Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)**

**Comment**

This refers to our offices and warehouses in Indonesia.

---

**Country/area of low-carbon energy consumption**

Indonesia

**Sourcing method**

Unbundled procurement of energy attribute certificates (EACs)

**Energy carrier**

Electricity

**Low-carbon technology type**

Hydropower (capacity unknown)

**Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)**

10,117

**Tracking instrument used**

I-REC

**Country/area of origin (generation) of the low-carbon energy or energy attribute**

Indonesia

**Are you able to report the commissioning or re-powering year of the energy generation facility?**

No

**Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)**

**Comment**

This refers to our factories in Indonesia.

---

**Country/area of low-carbon energy consumption**

Indonesia

**Sourcing method**

Unbundled procurement of energy attribute certificates (EACs)

**Energy carrier**

Electricity

**Low-carbon technology type**

Geothermal

**Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)**

86,758

**Tracking instrument used**

I-REC

**Country/area of origin (generation) of the low-carbon energy or energy attribute**

Indonesia

**Are you able to report the commissioning or re-powering year of the energy generation facility?**

Yes

**Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)**

1997

**Comment**

This refers to our factories in Indonesia.

## C8.2g

**(C8.2g) Provide a breakdown by country/area of your non-fuel energy consumption in the reporting year.**

---

**Country/area**

Argentina

**Consumption of purchased electricity (MWh)**

24,931.64

**Consumption of self-generated electricity (MWh)**

0

**Consumption of purchased heat, steam, and cooling (MWh)**

0

**Consumption of self-generated heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

24,931.64

**Country/area**

Brazil

**Consumption of purchased electricity (MWh)**

15,776.85

**Consumption of self-generated electricity (MWh)**

120.62

**Consumption of purchased heat, steam, and cooling (MWh)**

0

**Consumption of self-generated heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

15,897.47

**Country/area**

Canada

**Consumption of purchased electricity (MWh)**

11,282.15

**Consumption of self-generated electricity (MWh)**

0

**Consumption of purchased heat, steam, and cooling (MWh)**

0

**Consumption of self-generated heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

11,282.15

---

**Country/area**

Croatia

**Consumption of purchased electricity (MWh)**

200.5

**Consumption of self-generated electricity (MWh)**

0

**Consumption of purchased heat, steam, and cooling (MWh)**

0

**Consumption of self-generated heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

200.5

---

**Country/area**

Czechia

**Consumption of purchased electricity (MWh)**

26,175.64

**Consumption of self-generated electricity (MWh)**

0

**Consumption of purchased heat, steam, and cooling (MWh)**

0

**Consumption of self-generated heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

26,175.64

---

**Country/area**

Finland



**Consumption of purchased electricity (MWh)**

18.79

**Consumption of self-generated electricity (MWh)**

0

**Consumption of purchased heat, steam, and cooling (MWh)**

0

**Consumption of self-generated heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

18.79

**Country/area**

Germany

**Consumption of purchased electricity (MWh)**

20,913.95

**Consumption of self-generated electricity (MWh)**

0

**Consumption of purchased heat, steam, and cooling (MWh)**

0

**Consumption of self-generated heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

20,913.95

**Country/area**

Greece

**Consumption of purchased electricity (MWh)**

29,861.79

**Consumption of self-generated electricity (MWh)**

0

**Consumption of purchased heat, steam, and cooling (MWh)**

0

**Consumption of self-generated heat, steam, and cooling (MWh)**

25.95

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

29,887.74

---

**Country/area**

Indonesia

**Consumption of purchased electricity (MWh)**

105,075.92

**Consumption of self-generated electricity (MWh)**

1,048.6

**Consumption of purchased heat, steam, and cooling (MWh)**

0

**Consumption of self-generated heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

106,124.52

---

**Country/area**

Italy

**Consumption of purchased electricity (MWh)**

69,509.04

**Consumption of self-generated electricity (MWh)**

6,872.22

**Consumption of purchased heat, steam, and cooling (MWh)**

0

**Consumption of self-generated heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

76,381.26

**Country/area**

Japan

**Consumption of purchased electricity (MWh)**

215.35

**Consumption of self-generated electricity (MWh)**

0

**Consumption of purchased heat, steam, and cooling (MWh)**

0

**Consumption of self-generated heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

215.35

---

**Country/area**

Jordan

**Consumption of purchased electricity (MWh)**

3,521.48

**Consumption of self-generated electricity (MWh)**

0

**Consumption of purchased heat, steam, and cooling (MWh)**

0

**Consumption of self-generated heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

3,521.48

---

**Country/area**

Kazakhstan

**Consumption of purchased electricity (MWh)**

9,819.72

**Consumption of self-generated electricity (MWh)**

0

**Consumption of purchased heat, steam, and cooling (MWh)**

0

**Consumption of self-generated heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

9,819.72

**Country/area**

Malaysia

**Consumption of purchased electricity (MWh)**

11,151

**Consumption of self-generated electricity (MWh)**

0

**Consumption of purchased heat, steam, and cooling (MWh)**

0

**Consumption of self-generated heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

11,151

**Country/area**

Mexico

**Consumption of purchased electricity (MWh)**

30,229.55

**Consumption of self-generated electricity (MWh)**

0

**Consumption of purchased heat, steam, and cooling (MWh)**

0

**Consumption of self-generated heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

30,229.55

---

**Country/area**

Netherlands

**Consumption of purchased electricity (MWh)**

30,508.89

**Consumption of self-generated electricity (MWh)**

0

**Consumption of purchased heat, steam, and cooling (MWh)**

0

**Consumption of self-generated heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

30,508.89

---

**Country/area**

Lithuania

**Consumption of purchased electricity (MWh)**

22,938.6

**Consumption of self-generated electricity (MWh)**

0

**Consumption of purchased heat, steam, and cooling (MWh)**

0

**Consumption of self-generated heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

22,938.6

---

**Country/area**

New Zealand

**Consumption of purchased electricity (MWh)**

64.37

**Consumption of self-generated electricity (MWh)**

0

**Consumption of purchased heat, steam, and cooling (MWh)**

0

**Consumption of self-generated heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

64.37

**Country/area**

Pakistan

**Consumption of purchased electricity (MWh)**

6,462.47

**Consumption of self-generated electricity (MWh)**

727.23

**Consumption of purchased heat, steam, and cooling (MWh)**

0

**Consumption of self-generated heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

7,189.7

**Country/area**

Philippines

**Consumption of purchased electricity (MWh)**

42,165.9

**Consumption of self-generated electricity (MWh)**

1,703.19

**Consumption of purchased heat, steam, and cooling (MWh)**

0

**Consumption of self-generated heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

43,869.09

---

**Country/area**

Poland

**Consumption of purchased electricity (MWh)**

65,224.09

**Consumption of self-generated electricity (MWh)**

0

**Consumption of purchased heat, steam, and cooling (MWh)**

0

**Consumption of self-generated heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

65,224.09

---

**Country/area**

Republic of Korea

**Consumption of purchased electricity (MWh)**

29,724.14

**Consumption of self-generated electricity (MWh)**

0

**Consumption of purchased heat, steam, and cooling (MWh)**

0

**Consumption of self-generated heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

29,724.14

---

**Country/area**

Romania

**Consumption of purchased electricity (MWh)**

36,861.28

**Consumption of self-generated electricity (MWh)**

0

**Consumption of purchased heat, steam, and cooling (MWh)**

0

**Consumption of self-generated heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

36,861.28

**Country/area**

Senegal

**Consumption of purchased electricity (MWh)**

3,979.77

**Consumption of self-generated electricity (MWh)**

0

**Consumption of purchased heat, steam, and cooling (MWh)**

0

**Consumption of self-generated heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

3,979.77

**Country/area**

Serbia

**Consumption of purchased electricity (MWh)**

22,010.48

**Consumption of self-generated electricity (MWh)**

50.26

**Consumption of purchased heat, steam, and cooling (MWh)**

0



**Consumption of self-generated heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

22,060.74

**Country/area**

Slovenia

**Consumption of purchased electricity (MWh)**

84.98

**Consumption of self-generated electricity (MWh)**

0

**Consumption of purchased heat, steam, and cooling (MWh)**

0

**Consumption of self-generated heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

84.98

**Country/area**

South Africa

**Consumption of purchased electricity (MWh)**

2,518.33

**Consumption of self-generated electricity (MWh)**

0

**Consumption of purchased heat, steam, and cooling (MWh)**

0

**Consumption of self-generated heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

2,518.33

**Country/area**

Sweden

**Consumption of purchased electricity (MWh)**

119.41

**Consumption of self-generated electricity (MWh)**

0

**Consumption of purchased heat, steam, and cooling (MWh)**

0

**Consumption of self-generated heat, steam, and cooling (MWh)**

1.27

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

120.68

---

**Country/area**

Switzerland

**Consumption of purchased electricity (MWh)**

35,974.75

**Consumption of self-generated electricity (MWh)**

0

**Consumption of purchased heat, steam, and cooling (MWh)**

0

**Consumption of self-generated heat, steam, and cooling (MWh)**

311.44

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

36,286.19

---

**Country/area**

Turkey

**Consumption of purchased electricity (MWh)**

35,123.7

**Consumption of self-generated electricity (MWh)**

176.13

**Consumption of purchased heat, steam, and cooling (MWh)**

0

**Consumption of self-generated heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

35,299.83

**Country/area**

Venezuela (Bolivarian Republic of)

**Consumption of purchased electricity (MWh)**

518.88

**Consumption of self-generated electricity (MWh)**

0

**Consumption of purchased heat, steam, and cooling (MWh)**

0

**Consumption of self-generated heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

518.88

**Country/area**

Portugal

**Consumption of purchased electricity (MWh)**

22,293.16

**Consumption of self-generated electricity (MWh)**

1,327.95

**Consumption of purchased heat, steam, and cooling (MWh)**

0

**Consumption of self-generated heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

23,621.11

## C9. Additional metrics

### C9.1

(C9.1) Provide any additional climate-related metrics relevant to your business.

#### Description

Waste

#### Metric value

1.13

#### Metric numerator

Waste landfilled or incineration w/o heat recovery

#### Metric denominator (intensity metric only)

Total waste generated

#### % change from previous year

0.3

#### Direction of change

Decreased

#### Please explain

The start-up of our new smoke free products (SFP) facilities in Italy, impacted our disposal ratio in 2017. Since 2018 we solved this issue and we are back on track, including in 2022, to maintain our long-term target to reduce and keep our disposal to landfill ratio below 5%.

## C10. Verification

### C10.1

(C10.1) Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	Third-party verification or assurance process in place

## C10.1a

**(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 emissions, and attach the relevant statements.**

---

**Verification or assurance cycle in place**

Annual process

**Status in the current reporting year**

Complete

**Type of verification or assurance**

Reasonable assurance

**Attach the statement**

 PMI Scopes 1&2 GHG Verification Statement 2022 external -140323.pdf

**Page/ section reference**

Page 1: standard used

Page 2 and 3: method and scope, period covered, type of verification and level of assurance

Page 3: total Scope 1 and assurance conclusion

**Relevant standard**

ISO14064-3

**Proportion of reported emissions verified (%)**

100

## C10.1b

**(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 2 emissions and attach the relevant statements.**

---

**Scope 2 approach**

Scope 2 market-based

**Verification or assurance cycle in place**

Annual process


**Status in the current reporting year**

Complete

**Type of verification or assurance**

Reasonable assurance

**Attach the statement**

 PMI Scopes 1&2 GHG Verification Statement 2022 external -140323.pdf

**Page/ section reference**

Page 1: standard used

Page 2 and 3: method and scope, period covered, type of verification and level of assurance

Page 3: total Scope 2 market-based, total Scope 2 location-based and assurance conclusion

**Relevant standard**

ISO14064-3

**Proportion of reported emissions verified (%)**

100

---

**Scope 2 approach**

Scope 2 location-based

**Verification or assurance cycle in place**

Annual process

**Status in the current reporting year**

Complete

**Type of verification or assurance**

Reasonable assurance

**Attach the statement**

 PMI Scopes 1&2 GHG Verification Statement 2022 external -140323.pdf

**Page/ section reference**

Page 1: standard used

Page 2 and 3: method and scope, period covered, type of verification and level of assurance

Page 3: total Scope 2 market-based, total Scope 2 location-based and assurance conclusion

**Relevant standard**

ISO14064-3

**Proportion of reported emissions verified (%)**

100

## C10.1c

**(C10.1c) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.**

---

### Scope 3 category

Scope 3: Purchased goods and services  
Scope 3: Capital goods  
Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2)  
Scope 3: Upstream transportation and distribution  
Scope 3: Waste generated in operations  
Scope 3: Business travel  
Scope 3: Employee commuting  
Scope 3: Downstream transportation and distribution  
Scope 3: Use of sold products  
Scope 3: End-of-life treatment of sold products

### Verification or assurance cycle in place

Annual process

### Status in the current reporting year

Complete

### Type of verification or assurance

Limited assurance

### Attach the statement

 PMI Scope 3 GHG Verification Statement 2022 - v1.0.pdf

### Page/section reference

Page 1: total Scope 3  
Page 1: standard used  
Page 2: method and scope, period covered, type of verification and level of assurance  
Page 3: assurance conclusion

### Relevant standard

ISO14064-3

### Proportion of reported emissions verified (%)

100



## C10.2

**(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?**

Yes

## C10.2a

**(C10.2a) Which data points within your CDP disclosure have been verified, and which verification standards were used?**

Disclosure module verification relates to	Data verified	Verification standard	Please explain
C6. Emissions data	Year on year change in emissions (Scope 1 and 2)	ISO14064-3	PMI has chosen to verify this data in order to certify our year-on-year progress on carbon emission reductions in all our operations (factories, offices, warehouses and fleet).  <sup>1</sup>
C6. Emissions data	Year on year change in emissions (Scope 3)	ISO14064-3	PMI has chosen to verify this data from our carbon footprint model in order to certify our year-on-year progress on carbon emission across our value chain.  <sup>2</sup>

 <sup>1</sup>PMI Scopes 1&2 GHG Verification Statement 2022 external -140323.pdf

 <sup>2</sup>PMI Scope 3 GHG Verification Statement 2022 - v1.0.pdf

## C11. Carbon pricing

### C11.1

**(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?**

Yes

### C11.1a

**(C11.1a) Select the carbon pricing regulation(s) which impacts your operations.**

EU ETS

Switzerland carbon tax

### C11.1b

**(C11.1b) Complete the following table for each of the emissions trading schemes you are regulated by.**

EU ETS



**% of Scope 1 emissions covered by the ETS**

23

**% of Scope 2 emissions covered by the ETS**

0

**Period start date**

January 1, 2022

**Period end date**

December 31, 2022

**Allowances allocated**

54,389

**Allowances purchased**

26,093

**Verified Scope 1 emissions in metric tons CO<sub>2</sub>e**

54,389

**Verified Scope 2 emissions in metric tons CO<sub>2</sub>e**

0

**Details of ownership**

Facilities we own and operate

**Comment**

The “% scope 1 emissions covered”, covers emissions from our manufacturing sites in Italy, the Netherlands and Romania.

Additional information: only scope 1 included.

## C11.1c

**(C11.1c) Complete the following table for each of the tax systems you are regulated by.**

**Switzerland carbon tax**

**Period start date**

January 1, 2022

**Period end date**

December 31, 2022

**% of total Scope 1 emissions covered by tax**

0.33

**Total cost of tax paid**

130,748

**Comment**

This refers to our factory in Switzerland.

## **C11.1d**

**(C11.1d) What is your strategy for complying with the systems you are regulated by or anticipate being regulated by?**

European Union Allowances (EUA)'s prices have shown a steady up-moving trend in 2022. The main reason behind this uptrend is an expectation of an unbalanced market on the demand side mainly due to the activity of the EU ETS system to reduce the oversupply number of credits in the market and thus low prices in the past and a high demand of credits on the voluntary market. In order to mitigate this impact reducing energy consumption through increasing energy efficiency in our factories is a priority. At PMI, we started in 2012 our Global Energy Management Program paired with local reduction initiatives, targeting energy and CO<sub>2</sub> savings to minimize the need for purchasing EUAs. This program represents PMI's main component of its strategy to comply with the relevant ETS. We balance our allowances purchased over a 3-year timeframe. As a result of the efforts, energy reductions have enabled our factories in Portugal, Germany and Lithuania to be removed from the EU ETS scheme in the last 6 years (moving below total combustion capacity thresholds). Regarding emerging regulations, we are monitoring closely and anticipating the strategic position of our manufacturing plant vs. the potential impact of such cap-and-trade mechanism or carbon tax. E.g., within the Korea ETS, it is our understanding that a company will be included in the scheme if the average CO<sub>2</sub> emission of the last three years is over 125,000 tons/yr. South Korea is a strategic market where we launched our smoke-free products and we may increase production capacity in the future. Considering that currently our activities resume to an average 21,000tons/year CO<sub>2</sub> emissions, we could increase the capacity without immediate threats from such carbon tax. Moreover, through the implementation of our global program "Drive for Zero" and "Energy Savings Initiatives", we aim to improve efficiency in our manufacturing facilities and eliminate losses, reducing emissions intensity to further mitigate the impact of emerging regulations in South Korea.

Furthermore, we use internal carbon pricing to incentivize and drive reductions in GHG emissions. Through the Internal Carbon Pricing we implement 1) a shadow price (SP) to internalize environmental costs and factor them into investment decisions, and 2) an internal carbon levy (CL) as an incentive to reduce GHG emissions and a way to generate funding for solutions to compensate for unavoidable emissions. While SC helps prioritize the business case for investments in activities aimed at structurally reducing carbon emissions, our CL helps determine the investments required to abate our emissions through offsetting or inssetting initiatives.

## **C11.2**

**(C11.2) Has your organization canceled any project-based carbon credits within the reporting year?**

Yes

## C11.2a

**(C11.2a) Provide details of the project-based carbon credits canceled by your organization in the reporting year.**

---

**Project type**

Peatland protection and restoration

**Type of mitigation activity**

Emissions reduction

**Project description**

Credits cancelled from this project have allowed the carbon neutrality of the Scope 1 and 2 emissions (excluding manufacturing operations) under the direct operational control of Philip Morris Mexico Productos y Servicios, S de R.L de C.V and Philip Morris Mexico S de R.L de C.V. sales offices, warehouses and fleet operations.

Project name: Katingan Peatland Restoration and Conservation Project

Project type: Agriculture Forestry and Other Land Use

Project location: Central Kalimantan- Indonesia

Project standard: VERRA

Project ID: VCS1477

**Credits canceled by your organization from this project in the reporting year (metric tons CO<sub>2</sub>e)**

1,926

**Purpose of cancellation**

Voluntary offsetting

**Are you able to report the vintage of the credits at cancellation?**

Yes

**Vintage of credits at cancellation**

2016

**Were these credits issued to or purchased by your organization?**

Purchased

**Credits issued by which carbon-crediting program**

VCS (Verified Carbon Standard)

**Method(s) the program uses to assess additionality for this project**

Consideration of legal requirements

Investment analysis

Barrier analysis

Market penetration assessment

**Approach(es) by which the selected program requires this project to address reversal risk**

Monitoring and compensation

**Potential sources of leakage the selected program requires this project to have assessed**

Upstream/downstream emissions  
Activity-shifting  
Market leakage  
Ecological leakage

**Provide details of other issues the selected program requires projects to address**

The Katingan Restoration and Conservation Project protects and restores 149,800 hectares of peatland ecosystems, to offer local communities sustainable sources of income, and to tackle global climate change. The project lies within the districts of Katingan and Kotawaringin Timur in Central Kalimantan Province and covers one of the largest remaining intact peat swamp forests in Indonesia.

**Comment**

PMI applies a set of mechanisms and rules—the Portfolio of Climate Investments (PCI) quality criteria and due diligence protocol—to efficiently evaluate which climate solutions are most appropriate to pursue. In 2022 we continued investing in nature-based solutions that focus on protecting nature by (1) avoiding deforestation, (2) improving nature through community projects, and (3) fostering natural ecosystems beyond forests. To assess whether an investment will meet our quality criteria and generate a positive impact, we employ an external due diligence process managed with a proprietary methodology developed with PMI's carbon finance adviser, Clarmondial. This methodology considers GHG mitigation, biodiversity conservation, and community benefits. Clarmondial also supported PMI in establishing relationships that can support the company's long-term climate, community, and nature-related targets in priority countries.

---

**Project type**

Biomass energy

**Type of mitigation activity**

Emissions reduction

**Project description**

Credits cancelled from this project have allowed the carbon neutrality of the Scope 1 and 2 emissions (excluding manufacturing operations) under the direct operational control of: Massalin Particulares SRL, Philip Morris Brasil Industria e Comercio Ltda., PT Hanjaya, Mandala Sampoerna, Tbk.; Sukorejo plant, Philip Morris Mexico Productos y Servicios, S de R.L de C.V..

Project name: Electricity from FSC Wood Waste in the Amazon  
Project type: Biomass  
Project location: Brazil  
Project standard: Gold Standard  
Project ID: GS765

**Credits canceled by your organization from this project in the reporting year  
(metric tons CO<sub>2</sub>e)**

20,000

**Purpose of cancellation**

Voluntary offsetting

**Are you able to report the vintage of the credits at cancellation?**

Yes

**Vintage of credits at cancellation**

2016

**Were these credits issued to or purchased by your organization?**

Purchased

**Credits issued by which carbon-crediting program**

Gold Standard

**Method(s) the program uses to assess additionality for this project**

Consideration of legal requirements  
Investment analysis  
Barrier analysis  
Market penetration assessment

**Approach(es) by which the selected program requires this project to address  
reversal risk**

Monitoring and compensation

**Potential sources of leakage the selected program requires this project to  
have assessed**

Upstream/downstream emissions  
Activity-shifting  
Market leakage

**Provide details of other issues the selected program requires projects to  
address**

The project generates electricity with a thermoelectric power plant using wood waste from an FSC1 certified forest and a wood processing company in the city of Itacoatiara, in the State of Amazonas, Brazil. The electricity is generated with a high-pressure boiler (42 bar – 420° C) and a multiple stage condensing steam turbine coupled with a 9 MWel generator. The power plant replaces several diesel generators and supplies the

local grid of the town of Itacoatiara (approx. 80,000 inhabitants) in a region supplied by 100% diesel fuelled electrical electricity generators.

### Comment

PMI applies a set of mechanisms and rules—the Portfolio of Climate Investments (PCI) quality criteria and due diligence protocol—to efficiently evaluate which climate solutions are most appropriate to pursue. In 2022 we continued investing in nature-based solutions that focus on protecting nature by (1) avoiding deforestation, (2) improving nature through community projects, and (3) fostering natural ecosystems beyond forests. To assess whether an investment will meet our quality criteria and generate a positive impact, we employ an external due diligence process managed with a proprietary methodology developed with PMI's carbon finance adviser, Clarmondial. This methodology considers GHG mitigation, biodiversity conservation, and community benefits. Clarmondial also supported PMI in establishing relationships that can support the company's long-term climate, community, and nature-related targets in priority countries.

---

### Project type

Energy efficiency: households

### Type of mitigation activity

Emissions reduction

### Project description

Credits cancelled from this project have allowed the carbon neutrality of the Scope 1 and 2 emissions under the direct operational control of: Philip Morris Products SA, Philip Morris CR a.s., Papastratos Cigarette Manufacturing Company, S.A., PT Hanjaya Mandala Sampoerna, Tbk. ( SKT Plant Kraksaan, SKT Plant Malang, Sukorejo plant, SKT Plant Rungkut 1, SKT Plant Rungkut 2, SAMP Sukurejo, UAB Philip Morris Lietuva, Philip Morris (Pakistan) Limited, Mardan Factory, Tabaqueira Empresa Industrial de Tabacos SA, Philip Morris Manufacturing Senegal S.A.R.L.

Project name: African Biomass Energy Conservation

Project type: Energy efficiency —domestic

Project location: Malawi

Project standard: Gold Standard

Project ID: GS2447

### Credits canceled by your organization from this project in the reporting year (metric tons CO<sub>2</sub>e)

19,849

### Purpose of cancellation

Voluntary offsetting

### Are you able to report the vintage of the credits at cancellation?

Yes

**Vintage of credits at cancellation**

2016

**Were these credits issued to or purchased by your organization?**

Purchased

**Credits issued by which carbon-crediting program**

Gold Standard

**Method(s) the program uses to assess additionality for this project**

Consideration of legal requirements

Investment analysis

Barrier analysis

Market penetration assessment

**Approach(es) by which the selected program requires this project to address reversal risk**

Monitoring and compensation

**Potential sources of leakage the selected program requires this project to have assessed**

Activity-shifting

Market leakage

**Provide details of other issues the selected program requires projects to address**

The project, over an initial 7-year period, aims to disseminate over 60,000 improved cookstoves that are more efficient and use less wood for household cooking and heating than the traditional stoves and to promote improved kitchen and firewood management practices to households in the Northern, Central and Southern Districts of Malawi. The improved technology and practices are intended to replace less efficient technologies and practices and result in biomass conservation and a reduction of greenhouse gas emissions into the atmosphere from the burning of solid biomass.

**Comment**

PMI applies a set of mechanisms and rules—the Portfolio of Climate Investments (PCI) quality criteria and due diligence protocol—to efficiently evaluate which climate solutions are most appropriate to pursue. In 2022 we continued investing in nature-based solutions that focus on protecting nature by (1) avoiding deforestation, (2) improving nature through community projects, and (3) fostering natural ecosystems beyond forests. To assess whether an investment will meet our quality criteria and generate a positive impact, we employ an external due diligence process managed with a proprietary methodology developed with PMI's carbon finance adviser, Clarmondial. This methodology considers GHG mitigation, biodiversity conservation, and community benefits. Clarmondial also supported PMI in establishing relationships that can support

the company's long-term climate, community, and nature-related targets in priority countries.

## C11.3

### (C11.3) Does your organization use an internal price on carbon?

Yes

## C11.3a

### (C11.3a) Provide details of how your organization uses an internal price on carbon.

---

#### Type of internal carbon price

Shadow price

#### How the price is determined

Alignment with the price of allowances under an Emissions Trading Scheme

Alignment with the price of a carbon tax

Cost of required measures to achieve emissions reduction targets

Benchmarking against peers

Price with material impact on business decisions

#### Objective(s) for implementing this internal carbon price

Change internal behavior

Drive energy efficiency

Drive low-carbon investment

Identify and seize low-carbon opportunities

Navigate GHG regulations

#### Scope(s) covered

Scope 1

Scope 2

#### Pricing approach used – spatial variance

Uniform

#### Pricing approach used – temporal variance

Evolutionary

#### Indicate how you expect the price to change over time

PMI's single price methodology aims to keep the robustness and internationally recognized practices, modelling the Stiglitz and Stern references and applying them in a scenario analysis of transition risks projected to achieve the Paris agreement global warming pathway at 2030/2040, specific to our emission profile and the geographies where we are operating. Variables such as i) factories emission profiles, ii) geographies and risk level in relation to carbon tax or carbon regulations already in vigor or planned to be in a near horizon, iii) forward-looking transition risks, iv) benchmarking, and v)



inflation rates, are considered when assessing the shadow carbon price. In 2022 we adjusted our shadow price from USD 65 to USD 105 per ton of CO<sub>2</sub>e.

**Actual price(s) used – minimum (currency as specified in C0.4 per metric ton CO<sub>2</sub>e)**

105

**Actual price(s) used – maximum (currency as specified in C0.4 per metric ton CO<sub>2</sub>e)**

105

**Business decision-making processes this internal carbon price is applied to**

Capital expenditure  
Operations  
Risk management  
Opportunity management

**Mandatory enforcement of this internal carbon price within these business decision-making processes**

Yes, for some decision-making processes, please specify  
Financial evaluation of climate-related business proposals

**Explain how this internal carbon price has contributed to the implementation of your organization's climate commitments and/or climate transition plan**

In 2022 we integrated our shadow carbon price (SP) into the preparation and financial evaluation of business proposals aimed at structurally reducing our carbon emissions, supporting the approval of 121 carbon emission-reduction projects, including four projects under our Zero Carbon Technology (ZCT) program. The adjustment of our shadow price from USD 65 to USD 105 per ton of CO<sub>2</sub>e in the last quarter of the year supported the approval of two projects under our ZCT program. Around USD14 million budget was allocated to support the execution of the projects in our manufacturing sites driving more than 7.5% reduction in carbon emissions across our manufacturing facilities in 2022 vs. 2021.

The application of the SP increases the IRR and reduces the impact of the payback period thus enabling efficiency and emission reduction projects that would otherwise not qualify according to our internal investment policy. As an example, as part of our ZCT program, in our manufacturing site in Italy, a complex solution space has been approved in 2022, incl. the site's electrification plans to enable exiting EU ETS and de-risking externalities related to energy and ETS price volatility. A mix of technologies from thermal electrification via heat pumps, electric boiler and in-house PV plants are expected to be operational by 2025. Such system will 62 GWh thermal energy annually (approx. 44% of site's 2022 consumption profile), improving at the same time the overall heat generation efficiency by 6%, against an investment of approx. USD10.2 million. The application of PMI SP to internalize the costs of externalities in the financial evaluation of projects allowed to improve financial parameters of those projects and served as enabler of the carbon neutrality strategy favoring investments that will organically accelerate the reduction path and support achievement of our neutrality

targets. The internal SP has been instrumental to prioritize projects delivering higher impact in carbon reduction emissions.

Embedding an internal SP in the financial decision contributes to raising awareness to invest in environmentally conscious and low carbon technologies.

### **Type of internal carbon price**

Internal fee

### **How the price is determined**

Price/cost of voluntary carbon offset credits

Cost of required measures to achieve emissions reduction targets

### **Objective(s) for implementing this internal carbon price**

Change internal behavior

Drive low-carbon investment

Identify and seize low-carbon opportunities

Reduce supply chain emissions

Set a carbon offset budget

### **Scope(s) covered**

Scope 1

Scope 2

Scope 3 (upstream)

Scope 3 (downstream)

### **Pricing approach used – spatial variance**

Uniform

### **Pricing approach used – temporal variance**

Evolutionary

### **Indicate how you expect the price to change over time**

A carbon levy enables us to internalize external costs by virtually charging our business functions or affiliates for their respective emissions. With the aim of supporting behavioral change, the levy is collected in a climate fund (PMI Portfolio of Climate Investments - PCI), which will finance high-quality carbon insetting and/or offsetting projects.

We have modelled what the carbon levy should be for PMI basing our calculation on data on the forecasted voluntary carbon market prices, our CO<sub>2</sub> compensation profile (i.e., the number of tons of CO<sub>2</sub> to be compensated through offsetting/in-setting investments), our carbon neutrality time horizon, and the compensation strategy we want to adopt. In 2022 we adjusted our carbon levy from USD 8 to USD 11 per ton of CO<sub>2</sub>e.

### **Actual price(s) used – minimum (currency as specified in C0.4 per metric ton CO<sub>2</sub>e)**

11

**Actual price(s) used – maximum (currency as specified in C0.4 per metric ton CO<sub>2</sub>e)**

11

**Business decision-making processes this internal carbon price is applied to**

Capital expenditure  
Operations  
Risk management  
Opportunity management

**Mandatory enforcement of this internal carbon price within these business decision-making processes**

Yes, for some decision-making processes, please specify  
Financial evaluation of carbon emission compensation strategies

**Explain how this internal carbon price has contributed to the implementation of your organization's climate commitments and/or climate transition plan**

To support decarbonization efforts, PMI believes that limiting the use of market approaches (offsetting) in the short term by prioritizing direct investment in our supply chain in the medium and long term (insetting) will result in a climate investment strategy that is cost effective, transparent, consistent, and of high quality. We anticipate a decrease in the levy budget as our emissions profile shrinks. Where additional funding will be required for specific investments (e.g., unlocking innovative climate solutions and research and development (R&D)), the advisory committee that governs the PCI will decide on approval.

In 2022, PMI's PCI invested around USD 6.6 million in projects in Bangladesh, Brazil, China, Colombia, Indonesia, and Malawi, with a focus on nature-based solutions (2021: USD 4.2 million), making 2022 the year in which we have invested the most so far in carbon projects. Our increased investment in carbon projects sought to minimize adverse impacts of the geopolitical situation in Europe as we remain committed to achieving our carbon neutrality commitment. Moreover, the PCI focused on securing high-quality offsets to support PMI's decarbonization journey and provided the required carbon offsets for the eight manufacturing sites and one market that achieved carbon neutrality certification during the calendar year.

In 2021, we identified an insetting project opportunity in our supply chain in Mozambique. In 2022, we kicked off this project with the objective of increasing access to potable water to farmers in PMI's tobacco supply chain by drilling 20 boreholes and distributing 15,000 highly efficient cook stoves. Those interventions will result in a decreased pressure on natural forests that are typically used as a source of biomass for water potabilization and cooking purposes, thus allowing the generation of carbon credits. We expect the project will benefit between 80,000 and 95,000 people and will deliver significant co-benefits for the farming communities where PMI operates.

## C12. Engagement

### C12.1

#### (C12.1) Do you engage with your value chain on climate-related issues?

- Yes, our suppliers
- Yes, our customers/clients
- Yes, other partners in the value chain

### C12.1a

#### (C12.1a) Provide details of your climate-related supplier engagement strategy.

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##### Type of engagement

Engagement & incentivization (changing supplier behavior)

##### Details of engagement

Run an engagement campaign to educate suppliers about climate change

##### % of suppliers by number

0.5

##### % total procurement spend (direct and indirect)

42

##### % of supplier-related Scope 3 emissions as reported in C6.5

56

##### Rationale for the coverage of your engagement

With over 30,000 tier 1 suppliers globally, our supply chain spend amounted to approximately USD 12.6 billion in 2022. Our global supply chain is organized into two main streams—direct spend (tobacco leaf, direct materials, electronic devices and advanced procurement) and indirect spend (technical procurement, R&D expenditure, indirect materials and services). From a sustainability standpoint, the supply chain categories exposed to the highest risks pertain to our direct spend and include: 1) Tobacco production across Africa, Asia, and South America, with the main risks in the areas of working conditions, child labor, climate change, access to water, and the socioeconomic well-being of farming communities; 2) Electronics manufacturing, with the main risks relating to working conditions; 3) Paper and pulp-based materials, with the main risks linked to deforestation, biodiversity loss, and climate change.

Our most carbon-intensive supplies are the direct materials used in the manufacturing of our products, such as cellulose acetate tow, pulp and paper, and our smoke-free electronic devices; together direct spend suppliers represent 56% of our Scope 3 emissions. With a significant portion of our GHG emissions arising from direct spend,

engaging with our suppliers to contribute to their transition toward a net zero economy is at the heart of our approach. Our decision to accelerate our ambition to achieve net zero emissions along our value chain by 10 years—moving our target from 2050 to 2040—means we must double our efforts to encourage and support our suppliers in reducing their emissions. Due to the relevance of direct spend suppliers in terms of carbon intensity, spend and exposure to climate risks, PMI is prioritizing engagement with these suppliers through education about climate change, and engagement to adopt Science Based Targets.

### **Impact of engagement, including measures of success**

PMI measures of success are three-fold:

- 1) percentage of suppliers by spend which are covered through our climate related engagement activities (e.g., developing of emission reduction projects, carrying out climate related risks assessments, building capacities on data collection, emissions reduction, target setting, and reporting), meeting minimum threshold scores in our due diligence platforms to be deemed as sustainably sourced. For example, we aim to engage 100% of our critical Direct Material suppliers by 2025 (93% achieved in 2022).
- 2) percentage of tobacco growing areas covered with our Local Risk Assessments (LRA). As part of the LRA, PMI engages tobacco suppliers and farmers to identify, assess and manage potential water impacts arising from local climate risks. As irrigation accounts for half the water used to grow tobacco sourced by PMI (with an average of 263 cubic meters per ton of tobacco produced in 2022), it is a critical input for our business. Since we started measuring it in 2018, water requirements related to our purchased tobacco volume have gradually decreased in absolute terms; however, our supply chain is subject to off-trend years like the one we experienced in 2022 where seasonal variability increased soil water stress and caused our irrigation needs to increase. To continue improving our understanding of local conditions and be better placed to manage climate risks we have a target to carry out a LRA in 100% of our current tobacco growing areas by 2025 (81% reached by end of 2022).
- 3) percentage of suppliers to adopt Science Based Targets. PMI has set a new target validated by the SBTi in 2022 on the percentage of supply chain spend covered by suppliers with their own science-based targets. We aim at 15% of our suppliers by spend (covering purchased goods and services) having science-based targets by 2025, 35% achieved in 2022. Through science based target setting we expect suppliers to further develop their GHG accounting processes, improving their climate change strategies to drive effective carbon emission reduction, which are expected have a positive knock-on effect in PMI's value chain emissions, further supporting our scope 3 emission reduction efforts and increase access to primary data. Over the next years, PMI is expecting to expand the scope and coverage of this target to include additional suppliers.

### **Comment**

Furthermore, we actively engage with our suppliers through CDP Supply Chain program and aim to continue doing so in the future. Through this program PMI requests relevant information from its suppliers, and promotes transparent reporting on relevant Climate related issues, including the further development of their climate related strategies.

## C12.1b

**(C12.1b) Give details of your climate-related engagement strategy with your customers.**

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### **Type of engagement & Details of engagement**

Education/information sharing

Run an engagement campaign to education customers about your climate change performance and strategy

### **% of customers by number**

100

### **% of customer - related Scope 3 emissions as reported in C6.5**

80

### **Please explain the rationale for selecting this group of customers and scope of engagement**

We engage 100% of our consumers (i.e., please read same as customers) on climate-related issues as we recognize that increased climate action expectations and shifting consumer preferences are important for us. Consumer related emissions are 80% of total downstream emissions (Use and End of Life of product categories). Failing to develop an effective GHG emission reduction strategy that addresses impacts from direct operations and supply chains, as well as developing products that are environmentally friendly, can have significant impacts on our operations. Additionally, our consumers insights on our climate targets, performance and products can help us understanding our market potential and further opportunities. For these reasons, we engage 100% of our consumers through several direct and indirect initiatives, incl. raising awareness on environmental issues through education campaigns, as well as sourcing agri-commodities and developing innovative and environmentally friendly products.

Our strategic business transformation towards a smoke-free future, replacing cigarettes with Smoke-Free Products (SFP), has changed our operating model, organizational structure and culture and accelerated our evolution to a consumer-centric, technology and science-driven company. Beyond offering smokers less harmful alternatives to cigarettes, we also aim to reduce our products' environmental footprint by integrating circularity considerations at the design stage and strengthening our used devices collection and recovery programs. As part of our business transformation, we strive to continuously share our efforts on sustainability and climate-change related issues, engaging with all our stakeholders, including consumers, by means of publicly disclosing our annual Integrated Report, communication campaigns and our CDP disclosures, demonstrating our achievements related, for instance, to our Science Based emission reduction Targets.

### **Impact of engagement, including measures of success**

When it comes to educating our consumers (i.e., same as customers) on PMI's climate strategy and performance, PMI relies on online platforms and other materials as main method of engagement. In this context, our measure of success is based on two components: 1) PMI's ability to provide clear and transparent information regarding current and future direct and indirect climate impacts from its overall global operations to stakeholders (incl. customers); 2) leveraging on findings from customer surveys to assess and inform PMI's sustainability strategy incl. climate change. Through a suite of external publications, we seek to transparently disclose our direct and indirect environmental impacts, incl. climate. Such online available publications include PMI's Low Carbon Transition Plan published in 2021, or the annual Integrated Report (latest issue in early 2023).

We monitor traffic in various sustainability resources (incl. climate) by measuring access evolution over time (+91% vs. 2022, +42% vs. 2022), and downloads (+6% vs. 2022, -32% vs. 2021).

Another example of PMI's engagement is the use of surveys. In 2022 PMI carried out 7 surveys with over 5,000 users in 10 key SFP markets. These concerned evaluation of our new sustainability initiatives in the product, packaging and services' areas.

Threshold for success is defined by survey cycle (i.e., variable), and in this case set as achieving increase (YoY) in positivity towards the brand, a target that was achieved. Results provided valuable insights on our consumers' view and evaluation, with positivity towards the brand increasing by 20% when consumers were exposed to relevant communications of our company's efforts in the sustainability space. E.g., new initiatives tested with users included our new proposition of Refreshed, pre-owned devices that has been seen as an appealing, smart proposition able to increase LAS' NPS by 14 points with the re-sell of over 90,000 devices across 9 markets. A reduction of our plastic packaging led to a 41 points NPS' uplift. This feedback enables PMI to design mechanics, assets and campaigns for these programs and, thus, integrate them in the design of our SFP roadmap and branding campaign, e.g., continued focus on scaling our end-of-life take-back programs for smoke-free consumables, with 8.5% shipment volumes covered in 2022 and a commitment to reach 80% by 2025.

## C12.1d

### **(C12.1d) Give details of your climate-related engagement strategy with other partners in the value chain.**

In our value chain we engage with our employees and global partners through a two-folded strategy that focuses on training initiatives and continuously renewing our fleet to more eco-friendly vehicles. In some countries where we operate, eco-driving training is conducted to promote more environmental-friendly practices by our drivers, resulting for example in fuel savings, and consequently reduction in carbon emissions and air pollutions at local level. Driving efficiency in reducing carbon emissions is key in all business areas of PMI that contribute to the carbon footprint of the company.

Our fleet carbon emissions are essential to address as 1) they constitute a daily and constant impact to the environment, 2) showing leadership in tackling fleet carbon emissions is a tangible action in line with PMI leading practices in sustainability, and 3) it is an important driver of behavioral change since vehicles are part of the daily routine of many employees in markets



where PMI operates. Transformation strategies start from behavioral changes and PMI wants to be a catalyst in each area of improvement. By the end of 2022, 71% of company drivers had either been part of the first cohort to complete the program or had commenced as a member of cohort 2. Cohort 1, representing 25% of our drivers, had an overall module completion rate of 94.3%. Cohort 2, representing 46% of our drivers, finished 2022 with a module completion rate of 82.6%. We expect this figure to increase as the program progresses through 2023. All remaining drivers are expected to commence the program as part of cohort 3 by the end of 2023.

By the end of 2022, 65% of our working-tool cars were equipped with telematics. This provides the driver and the company with proactive driving behavior data, which aids our reduction in carbon emissions amongst other safety related benefits. We aim to have all our working-tool vehicles equipped with telematics and new ways of working in the medium term.

These initiatives will contribute to the overall reduction in our fleet emissions from the 2019 baseline which we assess as measure of success of our engagement and the overall strategy.

## C12.2

### **(C12.2) Do your suppliers have to meet climate-related requirements as part of your organization's purchasing process?**

Yes, climate-related requirements are included in our supplier contracts

## C12.2a

### **(C12.2a) Provide details of the climate-related requirements that suppliers have to meet as part of your organization's purchasing process and the compliance mechanisms in place.**

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#### **Climate-related requirement**

Setting a science-based emissions reduction target

#### **Description of this climate related requirement**

With over 30,000 tier 1 suppliers globally, our supply chain spend amounted to approximately USD 12.6 billion in 2022. Our global supply chain is organized into two main streams—direct spend (tobacco leaf, direct materials, electronic devices and advanced procurement) and indirect spend (technical procurement, R&D expenditure, indirect materials and services). From a sustainability standpoint, the supply chain categories exposed to the highest risks pertain to our direct spend. Likewise, our most carbon-intensive supplies are the direct materials used in the manufacturing of our products, such as cellulose acetate tow, pulp and paper, and our smoke-free electronic devices; together direct spend suppliers represent 56% of our Scope 3 emissions. Due to the relevance of direct spend suppliers in terms of carbon intensity, spend and exposure to climate risks, PMI is engaging these suppliers as part of a Science Based Target for supplier engagement. Through this target, suppliers representing 15% of our total spend (up to 40% of PMI's direct spend suppliers), will be adopting Science Based Targets by 2025. Over the next years, PMI is expecting to maintain and expand the



scope and coverage of this target to include additional suppliers, despite expected changes in spend allocation due to volume reallocation and change of suppliers as part of the company's transition to smoke-free products.

**% suppliers by procurement spend that have to comply with this climate-related requirement**

15

**% suppliers by procurement spend in compliance with this climate-related requirement**

35

**Mechanisms for monitoring compliance with this climate-related requirement**

Certification

First-party verification

**Response to supplier non-compliance with this climate-related requirement**

Retain and engage

**Climate-related requirement**

Complying with regulatory requirements

**Description of this climate related requirement**

Our Responsible Sourcing Principles (RSP) provides our suppliers with PMI's expectations in the areas of human rights, environment, and business integrity. The environment section covers environmental compliance and management, and resource consumption and waste minimization. In the area of climate change, our RSP encourages suppliers to review, identify and minimize their environmental impacts, especially regarding land use, waste, emissions, energy and water consumption. Our RSP also encourages supplier to set targets for improvement, measure performance and report on them. The RSP applies to all suppliers doing business with PMI. In addition, tobacco suppliers and their farmers follow our Good Agricultural Practices (GAP) program. GAP lays out extensive agricultural environmental practices for farmers to adopt; covering effective farming techniques, the safe storage, handling and use of chemicals (crop protection agents), water and waste management, energy and raw material efficiency.

Compliance with these requirements are focuses on critical suppliers, as defined: Critical Suppliers are those Tier 1 and Tier 2 managed suppliers who manufacture or sell components used in the manufacture of PMI finished products with a minimum yearly spend > \$0.5 million and all Electronics suppliers Tier 1 and Tier 2 who are commercially managed by PMI. All tobacco farmers directly contracted by PMI affiliates or by our third-party tobacco suppliers are considered critical suppliers.

**% suppliers by procurement spend that have to comply with this climate-related requirement**

100

**% suppliers by procurement spend in compliance with this climate-related requirement**

35

**Mechanisms for monitoring compliance with this climate-related requirement**

Certification  
Supplier self-assessment  
First-party verification  
Supplier scorecard or rating

**Response to supplier non-compliance with this climate-related requirement**

Retain and engage

## C-AC12.2/C-FB12.2/C-PF12.2

**(C-AC12.2/C-FB12.2/C-PF12.2) Do you encourage your suppliers to undertake any agricultural or forest management practices with climate change mitigation and/or adaptation benefits?**

Yes

## C-AC12.2a/C-FB12.2a/C-PF12.2a

**(C-AC12.2a/C-FB12.2a/C-PF12.2a) Specify which agricultural or forest management practices with climate change mitigation and/or adaptation benefits you encourage your suppliers to undertake and describe your role in the implementation of each practice.**

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**Management practice reference number**

MP1

**Management practice**

Other, please specify  
Good Agricultural Practices Program

**Description of management practice**

Tobacco growing, harvesting and curing account for around 20 percent of our carbon footprint. We are working with farming communities to reduce the environmental footprint of tobacco curing and growing. We do that through our Good Agricultural Practices (GAP) program and strategic initiatives such as curing barn improvements and reforestation. GAP lays out extensive agricultural environmental practices for farmers to adopt; these practices cover effective farming techniques, the safe storage, handling and use of chemicals (crop protection agents), water and waste management, energy and raw material efficiency. GAP also covers soil management/conservation, biodiversity and the sustainable use of wood. GAP implementation helped us to abate unfavorabilities in carbon emissions in our tobacco supply chain in 2022, contributing to

emission reduction for example in mechanization activities, seedling preparation and transportation.

#### **Your role in the implementation**

Financial  
Knowledge sharing

#### **Explanation of how you encourage implementation**

We mandate GAP implementation for all PMI tobacco suppliers. Our Leaf department supports our suppliers in implementing GAP and, where we directly contract farmers, our field technicians provide direct support and recommendations. We allocate an annual budget to initiatives to catalyze the adoption of improved and innovative practices by the farmers in our supply chain (i.e. in 2022 \$2.5 million for initiatives specific to environmental related topics such as climate change, water security and combat deforestation). Similar yearly expenditure is expected over the next 10 years.

#### **Climate change related benefit**

Emissions reductions (mitigation)  
Increasing resilience to climate change (adaptation)

#### **Comment**

In line with our GAP principles, genetically modified (GM) tobacco is not acceptable to PMI. We have solid programs in place to avoid the inadvertent introduction of GM tobacco into the products we commercialize.

## **C-AC12.2b/C-FB12.2b/C-PF12.2b**

**(C-AC12.2b/C-FB12.2b/C-PF12.2b) Do you collect information from your suppliers about the outcomes of any implemented agricultural/forest management practices you have encouraged?**

Yes

## **C12.3**

**(C12.3) Does your organization engage in activities that could either directly or indirectly influence policy, law, or regulation that may impact the climate?**

Row 1

#### **External engagement activities that could directly or indirectly influence policy, law, or regulation that may impact the climate**

Yes, we fund organizations or individuals whose activities could influence policy, law, or regulation that may impact the climate

**Does your organization have a public commitment or position statement to conduct your engagement activities in line with the goals of the Paris Agreement?**


Yes

**Attach commitment or position statement(s)**

PMI Code of Conduct

Overview of Engagement Principles

 english\_code\_of\_conduct\_external\_online\_180116\_compressed.pdf

 overview-of-engagement-principles.pdf

**Describe the process(es) your organization has in place to ensure that your external engagement activities are consistent with your climate commitments and/or climate transition plan**

PMI operates within an overarching Code of Conduct (CoC), and a set of Principles and Practices which set the rules and processes that need to be followed when engaging third parties. Together, these regulate engagement activities such as external communications, public statements, making contributions or providing financial support, and other relevant activities involving government officials, public organizations and other third parties. PMI has a publicly available 'Overview of engagement principles' which describes the basic tenets of the CoC and our key principles and practices, and highlights PMI's key priorities when interacting with these stakeholders, including ensuring that the positions PMI publicly advocates, and the arguments supporting such positions are consistent with internal positions and do not overlook any information that PMI may internally have that might be material to our audience. PMI has an internal Compliance Department and help-line available to employees wanting to report suspected violations of our Code of Conduct or Principles & Practices. Reports can be made anonymously.

We routinely evaluate our participation to ensure the objectives of the external parties we engage with align with our long-term interests, and that their activities continue to comply with our CoC and policies. If inconsistencies or disagreement with certain positions adopted by organizations are found, PMI may withdraw its participation or support.

## C12.3c

**(C12.3c) Provide details of the funding you provided to other organizations or individuals in the reporting year whose activities could influence policy, law, or regulation that may impact the climate.**

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**Type of organization or individual**

Other, please specify

Non-profit organization

**State the organization or individual to which you provided funding**

Business for Social Responsibility

**Funding figure your organization provided to this organization or individual in the reporting year (currency as selected in C0.4)**

45,000

**Describe the aim of this funding and how it could influence policy, law or regulation that may impact the climate**

The reported funding figure (expressed in USD and related to calendar year 2022) covers PMI's annual membership fee to the organization and participation in one working group, which may indirectly fund activities which could influence policy, law, or regulation that may impact the climate

BSR publishes "public research funded by civil society, business, academic, and government partners to inform actions and policies on critical environmental and social challenges." (Source: <https://www.bsr.org/en/research>)

It also hosts the following collaborative initiatives of companies which may influence climate policy: (Source: <https://www.bsr.org/en/collaboration/list>)

We Mean Business Coalition: companies and investors creating a low-carbon revolution

Action for Sustainable (Palm) Derivatives

Business Alliance to Scale Climate Solutions

Centering Health Equity within Climate Action

Energy for a Just Transition

Future of Reporting

Sustainable Air Freight Alliance

Transform to Net Zero

**Have you evaluated whether this funding is aligned with the goals of the Paris Agreement?**

Yes, we have evaluated, and it is aligned

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**Type of organization or individual**

Non-Governmental Organization (NGO) or charitable organization

**State the organization or individual to which you provided funding**

World Business Council for Sustainable Development

**Funding figure your organization provided to this organization or individual in the reporting year (currency as selected in C0.4)**

256,139

**Describe the aim of this funding and how it could influence policy, law or regulation that may impact the climate**

The reported funding figure (expressed in USD, converted from CHF 236.940 (incl. 7.7% VAT) – xe.com rate from 31.12.2022 – and related to calendar year 2022) covers PMI's annual membership fee and participation in various WBCSD's Working Groups which may indirectly fund activities which could influence policy, law, or regulation that may impact the climate.

WBCSD is a CEO-led community of over 200 of the world's leading sustainable businesses working collectively to accelerate the system transformations needed for a

net-zero, nature positive, and more equitable future. It does this by engaging executives and sustainability leaders from business and elsewhere to share practical insights on the obstacles and opportunities in tackling the integrated climate, nature and inequality sustainability challenge; by co-developing “how-to” CEO-guides from these insights; by providing science-based target guidance including standards and protocols; and by developing tools and platforms to help leading businesses in sustainability drive integrated actions to tackle climate, nature and inequality challenges across sectors and geographical regions. (Source: <https://www.wbcsd.org/>)

Here (<https://www.wbcsd.org/Imperatives/Climate-Action>) is a summary of WBSCD’s climate-related work which may influence climate policy including working groups, publications, collective action by companies, events, and more. WBCSD actively engages in the major international environmental summits such as COPs on climate and biodiversity.

**Have you evaluated whether this funding is aligned with the goals of the Paris Agreement?**

Yes, we have evaluated, and it is aligned

## C12.4

**(C12.4) Have you published information about your organization’s response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).**





**Publication**

In mainstream reports, incorporating the TCFD recommendations

**Status**

Complete

**Attach the document**

-  pmi-tcf-d-report-2022.pdf
-  pmi\_2022\_annualreport.pdf
-  pmi-integrated-report-2022.pdf
-  PMI 2023 Proxy Statement.pdf

**Page/Section reference**

Integrated report: amongst others, details on environmental performance p134-1162 (operational) and p78-91 (product).

TCFD Report: governance p5-7, strategy p9-20, risk management p22-25, metrics & targets p27-33

Annual Report on Form 10-K: response to environmental regulation incl. climate change p6/12, climate-related risks and their potential impact on procurement and raw materials

p4.

Proxy statement filed with the U.S. Security and Exchange Commission: company performance and targets p49

#### Content elements

Governance  
Strategy  
Risks & opportunities  
Emissions figures  
Emission targets  
Other metrics

#### Comment

PMI has an Integrated Report in place which describes how the company creates value over the short, medium and long terms. Additionally, PMI integrates climate-related elements regarding the company's climate related risks and response as part of its Annual Report on Form 10-K and Proxy Statement, filled with the U.S. Security and Exchange Commission. In its journey towards integrated reporting, PMI published its Integrated Report in 2022 in accordance with the GRI Standards: core option, which includes an integrated overview of PMI's performance, covering, among others, also financial information. Its contents are shaped by a formal materiality assessment, which considers stakeholder perspectives as well as our impacts on sustainable development. Climate protection is assessed as tier 1 topic for PMI, for which an extensive program is in place.

We periodically conduct a climate change risks and opportunities assessment to fully understand PMI's impact across our entire value chain. This work aligns with international expectations such as the Paris Agreement to mitigate and adapt to climate impacts.

Scenario analysis formed part of the climate change risks and opportunities assessment we conducted in 2022 on physical and transition risks and opportunities. 2019 is set as the new baseline year for our decarbonization targets, including the validation of our revised Science Based targets based on the 1.5 °C trajectory, as well as our net zero commitment. In early 2023 the company released its first-ever TCFD Report to respond to the implementation guidance of the Task Force on Climate-related Financial Disclosures (TCFD), which aims to foster voluntary climate-related disclosures that provide clear, reliable, and useful information to the financial community.

## C12.5

**(C12.5) Indicate the collaborative frameworks, initiatives and/or commitments related to environmental issues for which you are a signatory/member.**

Environmental collaborative framework, initiative and/or commitment	Describe your organization's role within each framework, initiative and/or commitment
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Row 1	<p>Business Ambition for 1.5C</p> <p>Race to Zero Campaign</p> <p>Science Based Targets Network (SBTN)</p> <p>Task Force on Climate-related Financial Disclosures (TCFD)</p> <p>Task Force on Nature-related Financial Disclosures (TNFD)</p> <p>World Business Council for Sustainable Development (WBCSD)</p>	<p>- Business Ambition for 1.5C. PMI is one of more than a thousand companies worldwide to commit to set ambitious 1.5°C and net-zero aligned targets at the pace and scale required by science and as such is listed under the SBTN and UNGP's Business Ambition for 1.5.</p> <p>- Race to Zero campaign. As part of its SBTi Commitment, PMI is listed as a company in the Race to Zero Campaign.</p> <p>- Science Based Targets Network (SBTN). PMI has an SBTi validated target for net zero by 2040.</p> <p>- Task Force on Climate-related Financial Disclosures (TCFD). We are Official Supporters of the TCFD: By publicly declaring support for the TCFD and its recommendations, companies demonstrate that they are taking action to build a more resilient financial system through climate-related disclosure, having published our inaugural TCFD Report in early 2023.</p> <p>- Task Force on Nature-related Financial Disclosures (TNFD). We are official members of the TNFD Forum. Organizations who share the vision and mission of the TNFD and are willing to make themselves available to contribute to the work and mission of the Taskforce, can apply to join the TNFD Forum.</p> <p>- World Business Council for Sustainable Development (WBCSD). PMI is an active member of the World Business Council for Sustainable Development.</p>
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## C13. Other land management impacts

### C-AC13.2/C-FB13.2/C-PF13.2

(C-AC13.2/C-FB13.2/C-PF13.2) Do you know if any of the management practices mentioned in C-AC12.2a/C-FB12.2a/C-PF12.2a that were implemented by your suppliers have other impacts besides climate change mitigation/adaptation?

Yes

### C-AC13.2a/C-FB13.2a/C-PF13.2a

(C-AC13.2a/C-FB13.2a/C-PF13.2a) Provide details of those management practices implemented by your suppliers that have other impacts besides climate change mitigation/adaptation.

Management practice reference number

MP1

Overall effect

Positive



**Which of the following has been impacted?**

Other, please specify  
Environmental Management

**Description of impacts**

In addition to greenhouse gas emissions, environmental impacts of our suppliers can include impacts to:

- Air, such as through sulfur dioxide emissions from burning fuel oil in boilers which can lead to acid rain;
- Water, such as wastewater discharge from plating operations, which can lead to poisoning of fish and metal contamination of plants;
- Soil, such as through leakages from storage tanks which could lead to soil contamination

**Have any response to these impacts been implemented?**

Yes

**Description of the response(s)**

The environment section of our Responsible Sourcing Principles (RSP) and Implementation Guidelines covers environmental compliance and management, and resource consumption and waste minimization. Our RSP encourages suppliers to review, identify and minimize their environmental impacts.

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**Management practice reference number**

MP2

**Overall effect**

Positive

**Which of the following has been impacted?**

Biodiversity  
Soil  
Other, please specify  
Human Health & Labor Practices

**Description of impacts**

The environmental impact of tobacco farming can be significant, and the GAP program is therefore crucial for managing and reducing our overall environmental footprint.

In addition to greenhouse gas emissions, traditional tobacco farming uses hazardous Crop Protection Agents (CPA) that have adverse impacts on biodiversity, soil, water and human health.

**Have any response to these impacts been implemented?**

Yes

**Description of the response(s)**

Due to the nature of PMI's business, there are no significant impacts on biodiversity or deforestation from our own operations. Where we do have a larger role to play on biodiversity is in our agricultural supply chain. Impacts linked to tobacco farming are addressed through our Good Agricultural Practices program for tobacco suppliers, where we describe our requirements for good environmental practices, including integrated pest management and soil conservation practices, as well as biodiversity management.

GAP provides guidance on biodiversity management practices and requires our tobacco suppliers to develop and implement a biodiversity management plan that incorporates, and goes beyond compliance with the applicable laws, and regulations for tobacco- and forest-growing areas. Tobacco production areas must not be located in places that could cause negative effects on national parks, wildlife refuges, biological corridors, forestry reserves, buffer zones, or other public or private biological conservation areas.

## C15. Biodiversity

### C15.1

**(C15.1) Is there board-level oversight and/or executive management-level responsibility for biodiversity-related issues within your organization?**

	Board-level oversight and/or executive management-level responsibility for biodiversity-related issues	Description of oversight and objectives relating to biodiversity
Row 1	Yes, both board-level oversight and executive management-level responsibility	<p>PMI's Board of Directors (BoD) and its Committees, incl. the Nominating and Corporate Governance Committee (NCGC) and Audit Committee of the BoD, are responsible to foster the long-term success of the company incl. setting broad corporate policies, strategic direction, and overseeing management, which is responsible for daily operations. The BoD considers that environmental, social and governance (ESG) factors, including climate change, are relevant to the company's business and long-term success. As part of their responsibilities, the BoD revises and approves PMI's annual budget that includes resources required to deploy initiatives to achieve our environmental targets.</p> <p>PMI works towards protecting natural environment as core elements of PMI's sustainable corporate strategy and decision-making processes.</p> <p>As PMI's transition to a smoke-free future will require more energy, more materials and more water to produce heated</p>

	<p>tobacco units compared to cigarettes and it could result in increased environmental impact such as biodiversity losses, it is important to reduce this potential impact through effective projects.</p> <p>Since 2018 the BoD mandated the NCGC of the Board, composed of 5 BoD members at the time of the 2023 Proxy Statement filing, to oversee PMI's sustainability strategies and performance, including to provide recommendations to executive management on climate change-related issues, and on a set of initiatives aiming at actively reduce potential negative impacts of our business on the environment.</p> <p>In 2021, among other items, PMI's BoD reviewed the results of PMI's sustainability materiality assessment. As part of this revision, it was decided to update PMI's climate targets by developing long-term science-based targets, and to establish PMI's Sustainability Index (which includes KPIs related to carbon emission reductions and sustainable forestry) and use this as one of PMI's performance metrics in the three-year incentive executive compensation program. PMI's Integrated Report 2022—that constitutes the main external communication of PMI on sustainability performance, including regarding biodiversity—was completed with the oversight from PMI's Board of Directors and extensively reviewed by its Executive Chairman.</p>
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## C15.2

**(C15.2) Has your organization made a public commitment and/or endorsed any initiatives related to biodiversity?**

	Indicate whether your organization made a public commitment or endorsed any initiatives related to biodiversity	Biodiversity-related public commitments	Initiatives endorsed
Row 1	Yes, we have made public commitments and publicly endorsed initiatives related to biodiversity	<p>Commitment to Net Positive Gain</p> <p>Commitment to No Net Loss</p> <p>Adoption of the mitigation hierarchy approach</p> <p>Commitment to not explore or develop in legally designated protected areas</p>	<p>CBD – Global Biodiversity Framework</p> <p>SDG</p> <p>Other, please specify</p> <ul style="list-style-type: none"> <li>- Business for Nature</li> <li>- Science Based Targets for Nature</li> <li>-Taskforce on Nature related Financial Disclosure</li> </ul>

		<p>Commitment to respect legally designated protected areas</p> <p>Commitment to avoidance of negative impacts on threatened and protected species</p> <p>Commitment to secure Free, Prior and Informed Consent (FPIC) of Indigenous Peoples</p>	
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## C15.3

**(C15.3) Does your organization assess the impacts and dependencies of its value chain on biodiversity?**

### Impacts on biodiversity

**Indicate whether your organization undertakes this type of assessment**

Yes

**Value chain stage(s) covered**

Direct operations

Upstream

**Tools and methods to assess impacts and/or dependencies on biodiversity**

GBS – Global Biodiversity Score

IBAT – Integrated Biodiversity Assessment Tool

SBTN materiality tool

STAR – Species Threat Abatement and Restoration metric

TNFD – Taskforce on Nature-related Financial Disclosures

**Please explain how the tools and methods are implemented and provide an indication of the associated outcome(s)**

In 2022, PMI completed two analyses to better understand its biodiversity footprint and define key action areas. They are the following: a biodiversity extent, condition and significance (BECS) as a land-based assessment to define biodiversity loss within our supply chain and direct operations and a Global Biodiversity Score (GBS) to focus on potential losses driven by resource use. We have chosen these two methodologies in line with our materiality assessment that highlighted the significant role of our land-based impacts in upstream activities linked to land use and the exploitation of natural resources such as soil and water. The assessments are performed on primary data obtained through our wide stakeholder engagement programs focusing on tobacco and direct materials and retrieving geographical information through the definition of georeferenced areas of interest (AOIs) to link ecosystem attributes to the polygons representing PMI's sourcing areas and direct operations sites such as factories and

warehouses. The outcomes highlight ecosystem use and use change in the supply chain and especially for tobacco agriculture and paper & pulp based materials production as the greatest driver for potential biodiversity losses linked to land use. Our footprint calculated through BECS and in relation to the defined scope, resulted for 2022 in 3,471 MSA.km2 with tobacco growing and curing representing more than 50%. Pollution and water use were identified as the main pressures on natural resources for non-land-based outcomes and robustly correlated to commercial agriculture, PMI's GBS amounts to 405 MSA.km2 with tobacco scoring higher than any other business area. PMI determines priorities on addressing exposure to ecosystem degradation through the use of spatial analysis and leveraging on the outputs of the Integrated Biodiversity Assessment Tool (IBAT) to pinpoint relevant actions in line with the mitigation hierarchy. We continue to follow the guidance from Science Based Targets for Nature in measuring and disclosing impacts and dependencies as a basis of a thorough set of actions to achieve a no net loss status in 2033.

## Dependencies on biodiversity

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### Indicate whether your organization undertakes this type of assessment

Yes

### Value chain stage(s) covered

Direct operations

Upstream

### Tools and methods to assess impacts and/or dependencies on biodiversity

SBTN materiality tool

TNFD – Taskforce on Nature-related Financial Disclosures

### Please explain how the tools and methods are implemented and provide an indication of the associated outcome(s)

PMI is following with close attention the development of the Science Based Target for Nature (SBTN) initiative and through its active participation to the Nature related working groups of WBCSD is also constantly involved in testing the guidance for corporations that SBTN has progressively made public in the last two years. The SBTN approach has been applied to define the basic elements of the scope for the application of targets: organizational, value chain, issue and temporal scopes allowed us to have an improved understanding of potential impacts and dependencies on Nature and to apply correct assumptions. The connection between SBTN and TNFD is robust as setting targets needs to be approached with already having the intention of reporting and assessing performance to targets and dependencies and impacts that define the relationship of the business with Nature. PMI, together with a selected group of companies, has piloted in 2022 the LEAP (Locate, Evaluate, Assess, Prepare) approach of TNFD to better prepare to act in line with the framework's recommended disclosure. The resulting database created through the application of tools and methods from SBTN and TNFD allowed us to calculate the first ever biodiversity footprint for PMI. We defined which are the key pressures that determine our dependencies and especially our impacts on Nature. Ecosystem use and use change proved to be the most significant especially

related to our upstream while resource utilization and pollution scored relatively higher for our direct operations. The processed information supported our sustainability teams in engaging internally and externally with relevant stakeholders to discuss and analyze actions that address impact reduction while minimizing risk on dependencies. We leverage our zero deforestation and no natural ecosystem conversion program for our forest-based materials in the upstream. We rely on our continuous improvement programs such as our Drive four Zero in our direct operations to reduce our dependencies from natural resources and contribute to the achievement of net positive context goals in line with our No Net Loss 2033 ambition on our value chain.

## C15.4

**(C15.4) Does your organization have activities located in or near to biodiversity-sensitive areas in the reporting year?**

Yes

## C15.4a

**(C15.4a) Provide details of your organization's activities in the reporting year located in or near to biodiversity -sensitive areas.**

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### **Classification of biodiversity -sensitive area**

Key Biodiversity Area (KBAs)

### **Country/area**

Venezuela (Bolivarian Republic of)

### **Name of the biodiversity-sensitive area**

Pico Jenjibre (VE)

### **Proximity**

Up to 5 km

### **Briefly describe your organization's activities in the reporting year located in or near to the selected area**

The proximity to biodiversity sensitive areas was determined through the use of spatial analysis using PMI's internal geospatial business intelligence and applying the Key Biodiversity Area classification available in IBAT (Integrated Biodiversity Assessment Tool). Further validation was done through the IUCN protected area management categories applied as a geospatial layer overlaid to our PMI proprietary base map of relevant assets such as production facilities, warehouses and office buildings. The sites with proximity attributes to the sensitive biodiversity areas are production sites and warehouses that are located within 5 km of distance from boundaries of the areas reported as protected or managed for biodiversity. The management of potential consequences of industrial activities in proximity of the sensitive areas is carried forward thanks to ISO14001 standard and the Environmental Impact Assessments that are

covering all our production facilities evaluating all the relevant aspects that can harm the biodiversity and defining, if needed, the most appropriate mitigation actions. We plan to further strengthen the biodiversity management plans of PMI sites that fall within a relevant proximity distance from biodiversity sensitivity areas as we continue the development of our biodiversity strategy on No Net Loss on ecosystem use and use change by 2033.

**Indicate whether any of your organization's activities located in or near to the selected area could negatively affect biodiversity**

Yes, but mitigation measures have been implemented

**Mitigation measures implemented within the selected area**

Physical controls

Operational controls

**Explain how your organization's activities located in or near to the selected area could negatively affect biodiversity, how this was assessed, and describe any mitigation measures implemented**

With the analysis PMI has done in 2022 on relevant pressure drivers of biodiversity loss, results indicate that ecosystem use, and use change are the most impactful drivers in our value chain. Next to this, the use of resources and pollution that could be linked to our direct operations plays a minor but still significant role. PMI sites are built and managed following strict regulations in terms of environmental impact assessment and environmental management systems. On top of legal and regulatory compliance we include all our production facilities in our environmental strategy programs that include ISO14001 certification as well as AWS (Alliance for Water Stewardship) certification for sustainable water management and stewardship for our priority factories. On top of sustainability initiatives and programs, our sites are managed based on continuous improvement approaches that are reflected in our drive for zero (D40) program that prioritizes operational efficiency and operational loss reduction in line with the concept of resources conservation and impact minimization. Our programs and applied standards contribute to reducing and avoiding negative pressures and conserve the intactness of biodiverse ecosystems. Our thorough mapping and monitoring of the presence and status of biodiverse relevancies is a clear indication of the importance we are reserving to locate, evaluate, assess and prepare which are nature management step-stages in line with TNFD guidance for corporations. Through mapping and constant data acquisition we improve the understanding of potential issues occurring in proximity to our sites. The use of tools like IBAT and in particular the metrics STAR gives us increased visibility on threats and restoration potential which are key indicators at the basis of protecting and conserving biological diversity in sensitive sites. We operate at site level as well as with a broader stakeholder outreach and engagement that is centered on environmental stewardship and especially the protection of natural resources such as water.

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**Classification of biodiversity -sensitive area**

Key Biodiversity Area (KBAs)

**Country/area**

Czechia

**Name of the biodiversity-sensitive area**

National nature monument (CZ)

**Proximity**

Up to 5 km

**Briefly describe your organization's activities in the reporting year located in or near to the selected area**

The proximity to biodiversity sensitive areas was determined through the use of spatial analysis using PMI's internal geospatial business intelligence and applying the Key Biodiversity Area classification available in IBAT (Integrated Biodiversity Assessment Tool). Further validation was done through the IUCN protected area management categories applied as a geospatial layer overlaid to our PMI proprietary base map of relevant assets such as production facilities, warehouses and office buildings. The sites with proximity attributes to the sensitive biodiversity areas are production sites and warehouses that are located within 5 km of distance from boundaries of the areas reported as protected or managed for biodiversity. The management of potential consequences of industrial activities in proximity of the sensitive areas is carried forward thanks to ISO14001 standard and the Environmental Impact Assessments that are covering all our production facilities evaluating all the relevant aspects that can harm the biodiversity and defining, if needed the most appropriate mitigation actions. We plan to further strengthen the biodiversity management plans of PMI sites that fall within a relevant proximity distance from biodiversity sensitivity areas as we continue the development of our biodiversity strategy on No Net Loss on ecosystem use and use change by 2033.

**Indicate whether any of your organization's activities located in or near to the selected area could negatively affect biodiversity**

Yes, but mitigation measures have been implemented

**Mitigation measures implemented within the selected area**

Physical controls  
Operational controls

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**Classification of biodiversity -sensitive area**

Key Biodiversity Area (KBAs)

**Country/area**

Germany

**Name of the biodiversity-sensitive area**

Dresdner Elbweisen Und Altame (DE)

**Proximity**

Up to 5 km

**Briefly describe your organization's activities in the reporting year located in or near to the selected area**

The proximity to biodiversity sensitive areas was determined through the use of spatial analysis using PMI's internal geospatial business intelligence and applying the Key Biodiversity Area classification available in IBAT (Integrated Biodiversity Assessment Tool). Further validation was done through the IUCN protected area management categories applied as a geospatial layer overlaid to our PMI proprietary base map of relevant assets such as production facilities, warehouses and office buildings. The sites with proximity attributes to the sensitive biodiversity areas are production sites and warehouses that are located within 5 km of distance from boundaries of the areas reported as protected or managed for biodiversity. The management of potential consequences of industrial activities in proximity of the sensitive areas is carried forward thanks to ISO14001 standard and the Environmental Impact Assessments that are covering all of our production facilities evaluating all the relevant aspects that can harm

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**Indicate whether any of your organization's activities located in or near to the selected area could negatively affect biodiversity**

Yes, but mitigation measures have been implemented

**Mitigation measures implemented within the selected area**

Physical controls  
Operational controls

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**Classification of biodiversity -sensitive area**

Key Biodiversity Area (KBAs)

**Country/area**

Netherlands

**Name of the biodiversity-sensitive area**

Nnn- Nb (NL)

**Proximity**

Up to 5 km

**Briefly describe your organization's activities in the reporting year located in or near to the selected area**

The proximity to biodiversity sensitive areas was determined through the use of spatial analysis using PMI's internal geospatial business intelligence and applying the Key Biodiversity Area classification available in IBAT (Integrated Biodiversity Assessment Tool). Further validation was done through the IUCN protected area management categories applied as a geospatial layer overlaid to our PMI proprietary base map of relevant assets such as production facilities, warehouses and office buildings. The sites with proximity attributes to the sensitive biodiversity areas are production sites and warehouses that are located within 5 km of distance from boundaries of the areas reported as protected or managed for biodiversity. The management of potential consequences of industrial activities in proximity of the sensitive areas is carried forward thanks to ISO14001 standard and the Environmental Impact Assessments that are covering all our production facilities evaluating all the relevant aspects that can harm the biodiversity and defining, if needed the most appropriate mitigation actions. We plan to further strengthen the biodiversity management plans of PMI sites that fall within a relevant proximity distance from biodiversity sensitivity areas as we continue the development of our biodiversity strategy on No Net Loss on ecosystem use and use change by 2033.

**Indicate whether any of your organization's activities located in or near to the selected area could negatively affect biodiversity**

Yes, but mitigation measures have been implemented

**Mitigation measures implemented within the selected area**

Physical controls  
Operational controls

**Explain how your organization's activities located in or near to the selected area could negatively affect biodiversity, how this was assessed, and describe any mitigation measures implemented**

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**Classification of biodiversity -sensitive area**

Key Biodiversity Area (KBAs)

**Country/area**

Poland

**Name of the biodiversity-sensitive area**

Nowohuckie (PL)

**Proximity**

Up to 5 km

**Briefly describe your organization's activities in the reporting year located in or near to the selected area**

The proximity to biodiversity sensitive areas was determined through the use of spatial analysis using PMI's internal geospatial business intelligence and applying the Key Biodiversity Area classification available in IBAT (Integrated Biodiversity Assessment Tool). Further validation was done through the IUCN protected area management categories applied as a geospatial layer overlaid to our PMI proprietary base map of relevant assets such as production facilities, warehouses and office buildings. The sites with proximity attributes to the sensitive biodiversity areas are production sites and warehouses that are located within 5 km of distance from boundaries of the areas reported as protected or managed for biodiversity. The management of potential consequences of industrial activities in proximity of the sensitive areas is carried forward thanks to ISO14001 standard and the Environmental Impact Assessments that are covering all our production facilities evaluating all the relevant aspects that can harm the biodiversity and defining, if needed the most appropriate mitigation actions. We plan to

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**Indicate whether any of your organization's activities located in or near to the selected area could negatively affect biodiversity**

Yes, but mitigation measures have been implemented

**Mitigation measures implemented within the selected area**

Physical controls

Operational controls

**Explain how your organization's activities located in or near to the selected area could negatively affect biodiversity, how this was assessed, and describe any mitigation measures implemented**

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**Classification of biodiversity -sensitive area**

Key Biodiversity Area (KBAs)

**Country/area**

Senegal

**Name of the biodiversity-sensitive area**

Niayes de Pikine (SN)

**Proximity**

Up to 5 km

**Briefly describe your organization's activities in the reporting year located in or near to the selected area**

The proximity to biodiversity sensitive areas was determined through the use of spatial analysis using PMI's internal geospatial business intelligence and applying the Key Biodiversity Area classification available in IBAT (Integrated Biodiversity Assessment Tool). Further validation was done through the IUCN protected area management categories applied as a geospatial layer overlaid to our PMI proprietary base map of relevant assets such as production facilities, warehouses and office buildings. The sites with proximity attributes to the sensitive biodiversity areas are production sites and warehouses that are located within 5 km of distance from boundaries of the areas reported as protected or managed for biodiversity. The management of potential consequences of industrial activities in proximity of the sensitive areas is carried forward thanks to ISO14001 standard and the Environmental Impact Assessments that are covering all our production facilities evaluating all the relevant aspects that can harm the biodiversity and defining, if needed the most appropriate mitigation actions. We plan to further strengthen the biodiversity management plans of PMI sites that fall within a relevant proximity distance from biodiversity sensitivity areas as we continue the development of our biodiversity strategy on No Net Loss on ecosystem use and use change by 2033.

**Indicate whether any of your organization's activities located in or near to the selected area could negatively affect biodiversity**

Yes, but mitigation measures have been implemented

**Mitigation measures implemented within the selected area**

Physical controls  
Operational controls

**Explain how your organization's activities located in or near to the selected area could negatively affect biodiversity, how this was assessed, and describe any mitigation measures implemented**

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sustainability initiatives and programs, our sites are managed based on continuous improvement approaches that are reflected in our drive for zero (D40) program that prioritizes operational efficiency and operational loss reduction in line with the concept of resources conservation and impact minimization. Our programs and applied standards contribute to reducing and avoiding negative pressures and conserving the intactness of biodiverse ecosystems. Our thorough mapping and monitoring of the presence and status of biodiverse relevancies is a clear indication of the importance we are reserving to locate, evaluate, assess and prepare which are nature management step-stages in line with TNFD guidance for corporations. Through mapping and constant data acquisition we improve the understanding of potential issues occurring in proximity to our sites. The use of tools like IBAT and in particular the metrics STAR gives us increased visibility on threats and restoration potential which are key indicators at the basis of protecting and conserving biological diversity in sensitive sites. We operate at site level as well as with a broader stakeholder outreach and engagement that is centered on environmental stewardship and especially the protection of natural resources such as water.

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**Classification of biodiversity -sensitive area**

Key Biodiversity Area (KBAs)

**Country/area**

Switzerland

**Name of the biodiversity-sensitive area**

Gorges Du Seyon (CH)

**Proximity**

Up to 5 km

**Briefly describe your organization's activities in the reporting year located in or near to the selected area**

The proximity to biodiversity sensitive areas was determined through the use of spatial analysis using PMI's internal geospatial business intelligence and applying the Key Biodiversity Area classification available in IBAT (Integrated Biodiversity Assessment Tool). A further validation was done through the IUCN protected area management categories applied as a geospatial layer overlaid to our PMI proprietary base map of relevant assets such as production facilities, warehouses and office buildings. The sites with proximity attributes to the sensitive biodiversity areas are production sites and warehouses that are located within 5 km of distance from boundaries of the areas reported as protected or managed for biodiversity. The management of potential consequences of industrial activities in proximity of the sensitive areas is carried forward thanks to ISO14001 standard and the Environmental Impact Assessments that are covering all our production facilities evaluating all the relevant aspects that can harm the biodiversity and defining, if needed the most appropriate mitigation actions. We plan to further strengthen the biodiversity management plans of PMI sites that fall within a relevant proximity distance from biodiversity sensitivity areas as we continue the



development of our biodiversity strategy on No Net Loss on ecosystem use and use change by 2033.

**Indicate whether any of your organization's activities located in or near to the selected area could negatively affect biodiversity**

Yes, but mitigation measures have been implemented

**Mitigation measures implemented within the selected area**

Physical controls

Operational controls

**Explain how your organization's activities located in or near to the selected area could negatively affect biodiversity, how this was assessed, and describe any mitigation measures implemented**

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## C15.5

**(C15.5) What actions has your organization taken in the reporting year to progress your biodiversity-related commitments?**



	Have you taken any actions in the reporting period to progress your biodiversity-related commitments?	Type of action taken to progress biodiversity- related commitments
Row 1	Yes, we are taking actions to progress our biodiversity-related commitments	Land/water protection Land/water management


## C15.6

**(C15.6) Does your organization use biodiversity indicators to monitor performance across its activities?**

	Does your organization use indicators to monitor biodiversity performance?	Indicators used to monitor biodiversity performance
Row 1	Yes, we use indicators	Pressure indicators Response indicators

## C15.7

**(C15.7) Have you published information about your organization's response to biodiversity-related issues for this reporting year in places other than in your CDP response? If so, please attach the publication(s).**

Report type	Content elements	Attach the document and indicate where in the document the relevant biodiversity information is located
In voluntary sustainability report or other voluntary communications	Content of biodiversity-related policies or commitments	Zero Deforestation Manifesto p. 2 Integrated Report 2022 p. 150-162 Towards a net positive impact on nature PMI's ambition on biodiversity and water  1, 2, 3

 <sup>1</sup>pmi\_water\_biodiversity\_ambitions\_2022.pdf

 <sup>2</sup>pmi-integrated-report-2022.pdf

 <sup>3</sup>pmi-zero-deforestation-manifesto.pdf

## C16. Signoff

### C-FI

**(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.**

## C16.1

**(C16.1) Provide details for the person that has signed off (approved) your CDP climate change response.**

	Job title	Corresponding job category
Row 1	Chief Executive Officer	Chief Executive Officer (CEO)

## SC. Supply chain module

### SC0.0

**(SC0.0) If you would like to do so, please provide a separate introduction to this module.**

Philip Morris International (PMI) is a leading international tobacco company working to deliver 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. Since 2008, PMI has invested more than USD 10.5 billion to develop, scientifically substantiate and commercialize innovative smoke-free products for adults who would otherwise continue to smoke, 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. In November 2022, PMI acquired Swedish Match – a leader in oral nicotine delivery – creating a global smoke-free champion led by the companies' IQOS and ZYN brands. The U.S. Food and Drug Administration (FDA) has authorized versions of PMI's IQOS Platform 1 devices and consumables and Swedish Match's General snus as Modified Risk Tobacco Products (MRTPs). As of December 31, 2022, PMI's smoke-free products were available for sale in 73 markets, and PMI estimates that approximately 17.8 million adults around the world had already switched to IQOS and stopped smoking. Smokefree products accounted for approximately 32% of PMI's total full-year 2022 net revenues. With a strong foundation and significant expertise in life sciences, PMI announced in February 2021 its ambition to expand into wellness and healthcare areas and, through its Vectura Fertin Pharma subsidiary, aims to enhance life through the delivery of seamless health experiences. Our approach to sustainability focuses on developing strategies that can successfully address the environmental, social, and governance topics identified as a priority by our sustainability materiality assessment. From an environmental standpoint, we focus on reducing post-consumer waste from our products, tackling climate change, and preserving nature. Engagement beyond our own operations—in particular in our supply chain—is key, as this is where a significant portion of our sustainability impacts occurs. We are working with business partners to proactively identify, manage, and reduce risks, and create shared value. Our business has a significant, global supply chain organized in two main streams: direct spend focused on materials used in the manufacture of our finished products (e.g., tobacco leaf, packaging materials, electronic devices and accessories) and indirect spend focused on goods and services necessary to operate our business.

The description above is a summary and is qualified in its entirety by reference to the full text of PMI's Annual Report on Form 10-K for the year ended 2022, 2023 Proxy Statement dated March 23, 2023 filed with the U.S. Securities and Exchange Commission on the same date, and the full text of PMI's Integrated Report 2022. Certain terms, definitions and explanatory notes, as well as reconciliations of the applicable non-GAAP financial measures, are set forth in the materials referenced above.

In this submission:

- “PMI,” “we,” “us,” and “our” refer to Philip Morris International Inc. and its subsidiaries;
- Trademarks and service marks in this submission are the registered property of, or licensed by, the subsidiaries of PMI and are italicized;
- Aspirational targets and goals set forth in this submission 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 210 of PMI Integrated Report 2022;
- Materiality: In this submission and in related communications, the terms “materiality,” “material” and similar terms, when used in the context of economic, environmental, and social topics, are defined in the referenced sustainability standards, and are not meant to correspond to the concept of materiality under the U.S. securities laws and/or disclosures required by the US Securities and Exchange Commission.
- Unless otherwise indicated, the data contained herein cover our operations worldwide for the full calendar year 2022 or reflect the status as of December 31, 2022. Where not specified, data comes from PMI financials, nonfinancials, or estimates. Unless explicitly stated, the data, information, and aspirations in this report do not incorporate PMI's Vectura Fertin Pharma business (consolidating the 2021 acquisitions of wellness and healthcare companies Fertin Pharma A/S, Vectura Group plc., and OtiTopic, Inc.), nor the late 2022 acquisition of Swedish Match AB. As we evolve and continue to integrate these business acquisitions, we will, where material and feasible, include them into our ESG reporting in future reporting periods.

## SC0.1

**(SC0.1) What is your company's annual revenue for the stated reporting period?**

	Annual Revenue
Row 1	31,762,000,000

## SC1.1

**(SC1.1) Allocate your emissions to your customers listed below according to the goods or services you have sold them in this reporting period.**

---

**Requesting member**

S Group

**Scope of emissions**

Scope 1

**Scope 2 accounting method**

**Scope 3 category(ies)**

**Allocation level**

Company wide

**Allocation level detail**

**Emissions in metric tonnes of CO<sub>2</sub>e**

295

**Uncertainty (±%)**

5

**Major sources of emissions**

Emissions from scope 1 include fuel used in factories, fleet, warehouses and offices.

**Verified**

No

**Allocation method**

Allocation based on the volume of products purchased

**Market value or quantity of goods/services supplied to the requesting member**

724,000,000

**Unit for market value or quantity of goods/services supplied**

Other, please specify

Cigarette equivalent unit

**Please explain how you have identified the GHG source, including major limitations to this process and assumptions made**

The emissions were calculated by extrapolation of PMI wide scope 1 emissions 297,602 tCO<sub>2</sub>e and the total annual volume shipped 731,077 (621,908 cigarettes and 109,169 heated tobacco units) million equivalent cigarettes and 724 million equivalent cigarette units purchased by the customer in 2022.

---

**Requesting member**

S Group

**Scope of emissions**

Scope 2

**Scope 2 accounting method**

Market-based

**Scope 3 category(ies)**

**Allocation level**

Company wide

**Allocation level detail**

**Emissions in metric tonnes of CO<sub>2</sub>e**

42

**Uncertainty (±%)**

5

**Major sources of emissions**

Electricity and district heating used in our factories and offices.

**Verified**

No

**Allocation method**

Allocation based on the volume of products purchased

**Market value or quantity of goods/services supplied to the requesting member**

724,000,000

**Unit for market value or quantity of goods/services supplied**

Other, please specify

Cigarette equivalent unit

**Please explain how you have identified the GHG source, including major limitations to this process and assumptions made**

The emissions were calculated by extrapolation of PMI wide scope 2 emissions 42,482 tCO<sub>2</sub>e and the total annual volume shipped 731,077 (621,908 cigarettes and 109,169 heated tobacco units) million equivalent cigarettes and 724 million equivalent cigarette units purchased by the customer in 2022.

---

**Requesting member**

S Group

**Scope of emissions**

Scope 3

**Scope 2 accounting method**

**Scope 3 category(ies)**

- Category 1: Purchased goods and services
- Category 2: Capital goods
- Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2)
- Category 4: Upstream transportation and distribution
- Category 5: Waste generated in operations
- Category 6: Business travel
- Category 7: Employee commuting
- Category 9: Downstream transportation and distribution
- Category 11: Use of sold products
- Category 12: End-of-life treatment of sold products

**Allocation level**

Company wide

**Allocation level detail**

**Emissions in metric tonnes of CO<sub>2</sub>e**

4,215

**Uncertainty (±%)**

10

**Major sources of emissions**

Our scope 3 emissions are mainly due to tobacco agriculture and curing, sourcing raw materials like tobacco, paper and cardboard, due to services like marketing or consulting, due to upstream and downstream logistics and other minor impacts like business travel, use phase and end of life of our products.

**Verified**

No

**Allocation method**

Allocation based on the volume of products purchased

**Market value or quantity of goods/services supplied to the requesting member**

724,000,000

**Unit for market value or quantity of goods/services supplied**

Other, please specify  
Cigarette equivalent unit

**Please explain how you have identified the GHG source, including major limitations to this process and assumptions made**

The emissions were calculated by extrapolation of PMI wide scope 3 emissions 4,257,276 tCO<sub>2</sub>e and the total annual volume shipped 731,077 (621,908 cigarettes and

109,169 heated tobacco units) million equivalent cigarettes and 724 million equivalent cigarette units purchased by the customer in 2022.

---

**Requesting member**

Kesko Corporation

**Scope of emissions**

Scope 1

**Scope 2 accounting method**

**Scope 3 category(ies)**

**Allocation level**

Company wide

**Allocation level detail**

**Emissions in metric tonnes of CO<sub>2</sub>e**

320

**Uncertainty (±%)**

5

**Major sources of emissions**

Emissions from scope 1 include fuel used in factories, fleet, warehouses and offices.

**Verified**

No

**Allocation method**

Allocation based on the volume of products purchased

**Market value or quantity of goods/services supplied to the requesting member**

785,000,000

**Unit for market value or quantity of goods/services supplied**

Other, please specify

Cigarette equivalent unit

**Please explain how you have identified the GHG source, including major limitations to this process and assumptions made**

The emissions were calculated by extrapolation of PMI wide scope 1 emissions 297,602 tCO<sub>2</sub>e and the total annual volume shipped 731,077 (621,908 cigarettes and 109,169

heated tobacco units) million equivalent cigarettes and 785 million equivalent cigarette units purchased by the customer in 2022.

---

**Requesting member**

Kesko Corporation

**Scope of emissions**

Scope 2

**Scope 2 accounting method**

Market-based

**Scope 3 category(ies)**

**Allocation level**

Company wide

**Allocation level detail**

**Emissions in metric tonnes of CO<sub>2</sub>e**

46

**Uncertainty (±%)**

5

**Major sources of emissions**

Electricity and district heating used in our factories and offices.

**Verified**

No

**Allocation method**

Allocation based on the volume of products purchased

**Market value or quantity of goods/services supplied to the requesting member**

785,000,000

**Unit for market value or quantity of goods/services supplied**

Other, please specify

Cigarette equivalent unit

**Please explain how you have identified the GHG source, including major limitations to this process and assumptions made**

The emissions were calculated by extrapolation of PMI wide scope 2 emissions 42,482 tCO<sub>2</sub>e and the total annual volume shipped 731,077 (621,908 cigarettes and 109,169



heated tobacco units) million equivalent cigarettes and 785 million equivalent cigarette units purchased by the customer in 2022.

---

**Requesting member**

Kesko Corporation

**Scope of emissions**

Scope 3

**Scope 2 accounting method**

**Scope 3 category(ies)**

Category 1: Purchased goods and services

Category 2: Capital goods

Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2)

Category 4: Upstream transportation and distribution

Category 5: Waste generated in operations

Category 6: Business travel

Category 7: Employee commuting

Category 9: Downstream transportation and distribution

Category 11: Use of sold products

Category 12: End-of-life treatment of sold products

**Allocation level**

Company wide

**Allocation level detail**

**Emissions in metric tonnes of CO<sub>2</sub>e**

4,571

**Uncertainty (±%)**

10

**Major sources of emissions**

Our scope 3 emissions are mainly due to tobacco agriculture and curing, sourcing raw materials like tobacco, paper and cardboard, due to services like marketing or consulting, due to upstream and downstream logistics and other minor impacts like business travel, use phase and end of life of our products.

**Verified**

No

**Allocation method**

Allocation based on the volume of products purchased

**Market value or quantity of goods/services supplied to the requesting member**  
785,000,000

**Unit for market value or quantity of goods/services supplied**  
Other, please specify  
Cigarette equivalent unit

**Please explain how you have identified the GHG source, including major limitations to this process and assumptions made**

The emissions were calculated by extrapolation of PMI wide scope 3 emissions 4,257,276 tCO<sub>2</sub>e and the total annual volume shipped 731,077 (621,908 cigarettes and 109,169 heated tobacco units) million equivalent cigarettes and 785 million equivalent cigarette units purchased by the customer in 2022.

---

**Requesting member**  
Salling Group A/S

**Scope of emissions**  
Scope 1

**Scope 2 accounting method**

**Scope 3 category(ies)**

**Allocation level**  
Company wide

**Allocation level detail**

**Emissions in metric tonnes of CO<sub>2</sub>e**  
19

**Uncertainty (±%)**  
5

**Major sources of emissions**  
Emissions from scope 1 include fuel used in factories, fleet, warehouses and offices.

**Verified**  
No

**Allocation method**  
Allocation based on the volume of products purchased

**Market value or quantity of goods/services supplied to the requesting member**

46,500,000

**Unit for market value or quantity of goods/services supplied**

Other, please specify

Cigarette equivalent unit

**Please explain how you have identified the GHG source, including major limitations to this process and assumptions made**

The emissions were calculated by extrapolation of PMI wide scope 1 emissions 297,602 tCO<sub>2</sub>e and the total annual volume shipped 731,077 (621,908 cigarettes and 109,169 heated tobacco units) million equivalent cigarettes and 39.5 million equivalent cigarette units and 7 million equivalent smoke free product units purchased by the customer in 2022.

---

**Requesting member**

Salling Group A/S

**Scope of emissions**

Scope 2

**Scope 2 accounting method**

Market-based

**Scope 3 category(ies)**

**Allocation level**

Company wide

**Allocation level detail**

**Emissions in metric tonnes of CO<sub>2</sub>e**

3

**Uncertainty (±%)**

5

**Major sources of emissions**

Electricity and district heating used in our factories and offices.

**Verified**

No

**Allocation method**

Allocation based on the volume of products purchased

**Market value or quantity of goods/services supplied to the requesting member**

46,500,000

**Unit for market value or quantity of goods/services supplied**

Other, please specify

Cigarette equivalent unit

**Please explain how you have identified the GHG source, including major limitations to this process and assumptions made**

The emissions were calculated by extrapolation of PMI wide scope 2 emissions 42,482 tCO<sub>2</sub>e and the total annual volume shipped 731,077 (621,908 cigarettes and 109,169 heated tobacco units) million equivalent cigarettes and 39.5 million equivalent cigarette units and 7 million equivalent smoke free product units purchased by the customer in 2022.

---

**Requesting member**

Salling Group A/S

**Scope of emissions**

Scope 3

**Scope 2 accounting method**

**Scope 3 category(ies)**

Category 1: Purchased goods and services

Category 2: Capital goods

Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2)

Category 4: Upstream transportation and distribution

Category 5: Waste generated in operations

Category 6: Business travel

Category 7: Employee commuting

Category 9: Downstream transportation and distribution

Category 11: Use of sold products

Category 12: End-of-life treatment of sold products

**Allocation level**

Company wide

**Allocation level detail**

**Emissions in metric tonnes of CO<sub>2</sub>e**

271

**Uncertainty (±%)**

10

**Major sources of emissions**

Our scope 3 emissions are mainly due to tobacco agriculture and curing, sourcing raw materials like tobacco, paper and cardboard, due to services like marketing or consulting, due to upstream and downstream logistics and other minor impacts like business travel, use phase and end of life of our products.

**Verified**

No

**Allocation method**

Allocation based on the volume of products purchased

**Market value or quantity of goods/services supplied to the requesting member**

46,500,000

**Unit for market value or quantity of goods/services supplied**

Other, please specify  
Cigarette equivalent unit

**Please explain how you have identified the GHG source, including major limitations to this process and assumptions made**

The emissions were calculated by extrapolation of PMI wide scope 3 emissions 4,257,276 tCO<sub>2</sub>e and the total annual volume shipped 731,077 (621,908 cigarettes and 109,169 heated tobacco units) million equivalent cigarettes and 39.5 million equivalent cigarette units and 7 million equivalent smoke free product units purchased by the customer in 2022.

---

**Requesting member**

J Sainsbury Plc

**Scope of emissions**

Scope 1

**Scope 2 accounting method**

**Scope 3 category(ies)**

**Allocation level**

Company wide

**Allocation level detail**

**Emissions in metric tonnes of CO<sub>2</sub>e**

127

**Uncertainty (±%)**

5

**Major sources of emissions**

Emissions from scope 1 include fuel used in factories, fleet, warehouses and offices.

**Verified**

No

**Allocation method**

Allocation based on the volume of products purchased

**Market value or quantity of goods/services supplied to the requesting member**

312,000,000

**Unit for market value or quantity of goods/services supplied**

Other, please specify

Cigarette equivalent unit

**Please explain how you have identified the GHG source, including major limitations to this process and assumptions made**

The emissions were calculated by extrapolation of PMI wide scope 1 emissions 297,602 tCO<sub>2</sub>e and the total annual volume shipped 731,077 (621,908 cigarettes and 109,169 heated tobacco units) million equivalent cigarettes and 209 million equivalent cigarette units and 103 million equivalent smoke free product units purchased by the customer in 2022.

---

**Requesting member**

J Sainsbury Plc

**Scope of emissions**

Scope 2

**Scope 2 accounting method**

Market-based

**Scope 3 category(ies)**

**Allocation level**

Company wide

**Allocation level detail**

**Emissions in metric tonnes of CO<sub>2</sub>e**

18

**Uncertainty (±%)**

5

**Major sources of emissions**

Electricity and district heating used in our factories and offices.

**Verified**

No

**Allocation method**

Allocation based on the volume of products purchased

**Market value or quantity of goods/services supplied to the requesting member**

312,000,000

**Unit for market value or quantity of goods/services supplied**

Other, please specify

Cigarette equivalent unit

**Please explain how you have identified the GHG source, including major limitations to this process and assumptions made**

The emissions were calculated by extrapolation of PMI wide scope 2 emissions 42,482 tCO<sub>2</sub>e and the total annual volume shipped 731,077 (621,908 cigarettes and 109,169 heated tobacco units) million equivalent cigarettes and 209 million equivalent cigarette units and 103 million equivalent smoke free product units purchased by the customer in 2022.

---

**Requesting member**

J Sainsbury Plc

**Scope of emissions**

Scope 3

**Scope 2 accounting method**

**Scope 3 category(ies)**

Category 1: Purchased goods and services

Category 2: Capital goods

Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2)

Category 4: Upstream transportation and distribution

Category 5: Waste generated in operations

Category 6: Business travel

Category 7: Employee commuting

Category 9: Downstream transportation and distribution

Category 11: Use of sold products

Category 12: End-of-life treatment of sold products

**Allocation level**

Company wide

**Allocation level detail**

**Emissions in metric tonnes of CO<sub>2</sub>e**

1,815

**Uncertainty (±%)**

10

**Major sources of emissions**

Our scope 3 emissions are mainly due to tobacco agriculture and curing, sourcing raw materials like tobacco, paper and cardboard, due to services like marketing or consulting, due to upstream and downstream logistics and other minor impacts like business travel, use phase and end of life of our products.

**Verified**

No

**Allocation method**

Allocation based on the volume of products purchased

**Market value or quantity of goods/services supplied to the requesting member**

312,000,000

**Unit for market value or quantity of goods/services supplied**

Other, please specify  
Cigarette equivalent unit

**Please explain how you have identified the GHG source, including major limitations to this process and assumptions made**

The emissions were calculated by extrapolation of PMI wide scope 3 emissions 4,257,276 tCO<sub>2</sub>e and the total annual volume shipped 731,077 (621,908 cigarettes and 109,169 heated tobacco units) million equivalent cigarettes and 209 million equivalent cigarette units and 103 million equivalent smoke free product units purchased by the customer in 2022.

---

**Requesting member**

Costco Wholesale Corporation

**Scope of emissions**

Scope 1



**Scope 2 accounting method**

**Scope 3 category(ies)**

**Allocation level**

Company wide

**Allocation level detail**

**Emissions in metric tonnes of CO<sub>2</sub>e**

30

**Uncertainty (±%)**

5

**Major sources of emissions**

Emissions from scope 1 include fuel used in factories, fleet, warehouses and offices.

**Verified**

No

**Allocation method**

Allocation based on the volume of products purchased

**Market value or quantity of goods/services supplied to the requesting member**

73,000,000

**Unit for market value or quantity of goods/services supplied**

Other, please specify

Cigarette equivalent unit

**Please explain how you have identified the GHG source, including major limitations to this process and assumptions made**

The emissions were calculated by extrapolation of PMI wide scope 1 emissions 297,602 tCO<sub>2</sub>e and the total annual volume shipped 731,077 (621,908 cigarettes and 109,169 heated tobacco units) million equivalent cigarettes and 73 million equivalent cigarette units purchased by the customer in 2022.

---

**Requesting member**

Costco Wholesale Corporation

**Scope of emissions**

Scope 2

**Scope 2 accounting method**

Market-based

**Scope 3 category(ies)**

**Allocation level**

Company wide

**Allocation level detail**

**Emissions in metric tonnes of CO<sub>2</sub>e**

4

**Uncertainty (±%)**

5

**Major sources of emissions**

Electricity and district heating used in our factories and offices.

**Verified**

No

**Allocation method**

Allocation based on the volume of products purchased

**Market value or quantity of goods/services supplied to the requesting member**

73,000,000

**Unit for market value or quantity of goods/services supplied**

Other, please specify

Cigarette equivalent unit

**Please explain how you have identified the GHG source, including major limitations to this process and assumptions made**

The emissions were calculated by extrapolation of PMI wide scope 2 emissions 42,482 tCO<sub>2</sub>e and the total annual volume shipped 731,077 (621,908 cigarettes and 109,169 heated tobacco units) million equivalent cigarettes and 73 million equivalent cigarette units purchased by the customer in 2022.

---

**Requesting member**

Costco Wholesale Corporation

**Scope of emissions**

Scope 3

**Scope 2 accounting method**

**Scope 3 category(ies)**

- Category 1: Purchased goods and services
- Category 2: Capital goods
- Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2)
- Category 4: Upstream transportation and distribution
- Category 5: Waste generated in operations
- Category 6: Business travel
- Category 7: Employee commuting
- Category 9: Downstream transportation and distribution
- Category 11: Use of sold products
- Category 12: End-of-life treatment of sold products

**Allocation level**

Company wide

**Allocation level detail**

**Emissions in metric tonnes of CO<sub>2</sub>e**

425

**Uncertainty (±%)**

10

**Major sources of emissions**

Our scope 3 emissions are mainly due to tobacco agriculture and curing, sourcing raw materials like tobacco, paper and cardboard, due to services like marketing or consulting, due to upstream and downstream logistics and other minor impacts like business travel, use phase and end of life of our products.

**Verified**

No

**Allocation method**

Allocation based on the volume of products purchased

**Market value or quantity of goods/services supplied to the requesting member**

73,000,000

**Unit for market value or quantity of goods/services supplied**

Other, please specify  
Cigarette equivalent unit

**Please explain how you have identified the GHG source, including major limitations to this process and assumptions made**

The emissions were calculated by extrapolation of PMI wide scope 3 emissions 4,257,276 tCO<sub>2</sub>e and the total annual volume shipped 731,077 (621,908 cigarettes and

109,169 heated tobacco units) million equivalent cigarettes and 73 million equivalent cigarette units purchased by the customer in 2022.

---

**Requesting member**

Empire Company Limited (Sobeys)

**Scope of emissions**

Scope 1

**Scope 2 accounting method**

**Scope 3 category(ies)**

**Allocation level**

Company wide

**Allocation level detail**

**Emissions in metric tonnes of CO<sub>2</sub>e**

290

**Uncertainty (±%)**

5

**Major sources of emissions**

Emissions from scope 1 include fuel used in factories, fleet, warehouses and offices.

**Verified**

No

**Allocation method**

Allocation based on the number of units purchased

**Market value or quantity of goods/services supplied to the requesting member**

823,000,000

**Unit for market value or quantity of goods/services supplied**

Other, please specify

Cigarette equivalent unit

**Please explain how you have identified the GHG source, including major limitations to this process and assumptions made**

The emissions were calculated by extrapolation of PMI wide scope 1 emissions 297,602 tCO<sub>2</sub>e and the total annual volume shipped 731,077 (621,908 cigarettes and 109,169 heated tobacco units) million equivalent cigarettes and 812 million equivalent cigarette

units and 11 million equivalent smoke free product units purchased by the customer in 2022.

---

**Requesting member**

Empire Company Limited (Sobeys)

**Scope of emissions**

Scope 2

**Scope 2 accounting method**

Market-based

**Scope 3 category(ies)**

**Allocation level**

Company wide

**Allocation level detail**

**Emissions in metric tonnes of CO<sub>2</sub>e**

35

**Uncertainty (±%)**

5

**Major sources of emissions**

Electricity and district heating used in our factories and offices.

**Verified**

No

**Allocation method**

Allocation based on the number of units purchased

**Market value or quantity of goods/services supplied to the requesting member**

823,000,000

**Unit for market value or quantity of goods/services supplied**

Other, please specify

Cigarette equivalent unit

**Please explain how you have identified the GHG source, including major limitations to this process and assumptions made**

The emissions were calculated by extrapolation of PMI wide scope 2 emissions 42,482 tCO<sub>2</sub>e and the total annual volume shipped 731,077 (621,908 cigarettes and 109,169 heated tobacco units) million equivalent cigarettes and 812 million equivalent cigarette

units and 11 million equivalent smoke free product units purchased by the customer in 2022.

---

**Requesting member**

Empire Company Limited (Sobeys)

**Scope of emissions**

Scope 3

**Scope 2 accounting method**

**Scope 3 category(ies)**

Category 1: Purchased goods and services

Category 2: Capital goods

Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2)

Category 4: Upstream transportation and distribution

Category 5: Waste generated in operations

Category 6: Business travel

Category 7: Employee commuting

Category 9: Downstream transportation and distribution

Category 11: Use of sold products

Category 12: End-of-life treatment of sold products

**Allocation level**

Company wide

**Allocation level detail**

**Emissions in metric tonnes of CO<sub>2</sub>e**

4,135

**Uncertainty (±%)**

10

**Major sources of emissions**

Our scope 3 emissions are mainly due to tobacco agriculture and curing, sourcing raw materials like tobacco, paper and cardboard, due to services like marketing or consulting, due to upstream and downstream logistics and other minor impacts like business travel, use phase and end of life of our products.

**Verified**

No

**Allocation method**

Allocation based on the number of units purchased

**Market value or quantity of goods/services supplied to the requesting member**  
823,000,000

**Unit for market value or quantity of goods/services supplied**  
Other, please specify  
Cigarette equivalent unit

**Please explain how you have identified the GHG source, including major limitations to this process and assumptions made**

The emissions were calculated by extrapolation of PMI wide scope 3 emissions 4,257,276 tCO<sub>2</sub>e and the total annual volume shipped 731,077 (621,908 cigarettes and 109,169 heated tobacco units) million equivalent cigarettes and 812 million equivalent cigarette units and 11 million equivalent smoke free product units purchased by the customer in 2022.

## SC1.2

**(SC1.2) Where published information has been used in completing SC1.1, please provide a reference(s).**

The best source of all our environmental information is our CDP climate response or in PMI 2022 Integrated Report that can be downloaded from our website:  
[https://www.pmi.com/resources/docs/default-source/pmi-sustainability/pmi-integrated-report-2022.pdf?sfvrsn=2619afb6\\_4](https://www.pmi.com/resources/docs/default-source/pmi-sustainability/pmi-integrated-report-2022.pdf?sfvrsn=2619afb6_4)

## SC1.3

**(SC1.3) What are the challenges in allocating emissions to different customers, and what would help you to overcome these challenges?**

Allocation challenges	Please explain what would help you overcome these challenges
Diversity of product lines makes accurately accounting for each product/product line cost ineffective	Due to the homogeneous nature of our product portfolio, we have a method that provides an accurate representation of volume mix per customer, which we periodically revise. With additional details such as bill of materials, emissions per SKU and volumes purchased by each customer we would be able to obtain further granularity of allocation of emission to different customers.
We face no challenges	Extrapolating customer allocation on volume based is not an exercise that require too many complicated information and has proved efficient to provide the right level of information to clients that were requesting inputs for their indirect emissions.

## SC1.4

**(SC1.4) Do you plan to develop your capabilities to allocate emissions to your customers in the future?**

Yes

## SC1.4a

### (SC1.4a) Describe how you plan to develop your capabilities.

We have internal capabilities to allocate emissions to customers. If more customers request more information, we will develop dedicated tools to answer to them managing the complexity of our product lines and accounting for the different input values that define the carbon footprint of our conventional products versus our smoke free products such as heat not burn products.

## SC2.1

### (SC2.1) Please propose any mutually beneficial climate-related projects you could collaborate on with specific CDP Supply Chain members.

---

#### Requesting member

S Group

#### Group type of project

Other, please specify

We seek to partner with our customers and study potential collaborative opportunities. We invite our customers to provide ideas on logistics, packaging designs or operational opportunities that would improve both of our environmental footprints.

#### Type of project

Other, please specify

Partnering to achieve environmental footprint reduction

#### Emissions targeted

Other, please specify

Partnering to achieve environmental footprint reduction

#### Estimated timeframe for carbon reductions to be realized

Other, please specify

On-going

#### Estimated lifetime CO2e savings

0

#### Estimated payback

Cost/saving neutral

#### Details of proposal

We seek to partner with our customers and study potential collaborative opportunities. We invite our customers to provide ideas on logistics, packaging designs or operational opportunities that would improve both of our environmental footprints: carbon emissions, water scarcity, waste and littering and deforestation.



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**Requesting member**

Kesko Corporation

**Group type of project**

Other, please specify

We seek to partner with our customers and study potential collaborative opportunities. We invite our customers to provide ideas on logistics, packaging designs or operational opportunities that would improve both of our environmental footprints

**Type of project**

Other, please specify

Partnering to achieve environmental footprint reduction

**Emissions targeted**

Other, please specify

Partnering to achieve environmental footprint reduction

**Estimated timeframe for carbon reductions to be realized**

Other, please specify

On-going

**Estimated lifetime CO2e savings**

0

**Estimated payback**

Cost/saving neutral

**Details of proposal**

We seek to partner with our customers and study potential collaborative opportunities. We invite our customers to provide ideas on logistics, packaging designs or operational opportunities that would improve both of our environmental footprints: carbon emissions, water scarcity, waste and littering and deforestation.

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**Requesting member**

Salling Group A/S

**Group type of project**

Other, please specify

We seek to partner with our customers and study potential collaborative opportunities. We invite our customers to provide ideas on logistics, packaging designs or operational opportunities that would improve both of our environmental footprints

**Type of project**

Other, please specify

Partnering to achieve environmental footprint reduction

**Emissions targeted**

Other, please specify

Partnering to achieve environmental footprint reduction

**Estimated timeframe for carbon reductions to be realized**

Other, please specify

On-going

**Estimated lifetime CO2e savings**

0

**Estimated payback**

Cost/saving neutral

**Details of proposal**

We seek to partner with our customers and study potential collaborative opportunities. We invite our customers to provide ideas on logistics, packaging designs or operational opportunities that would improve both of our environmental footprints: carbon emissions, water scarcity, waste and littering and deforestation.

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**Requesting member**

J Sainsbury Plc

**Group type of project**

Other, please specify

We seek to partner with our customers and study potential collaborative opportunities. We invite our customers to provide ideas on logistics, packaging designs or operational opportunities that would improve both of our environmental footprints

**Type of project**

Other, please specify

Partnering to achieve environmental footprint reduction

**Emissions targeted**

Other, please specify

Partnering to achieve environmental footprint reduction

**Estimated timeframe for carbon reductions to be realized**

Other, please specify

On-going

**Estimated lifetime CO2e savings**

0

**Estimated payback**

Cost/saving neutral

**Details of proposal**

We seek to partner with our customers and study potential collaborative opportunities. We invite our customers to provide ideas on logistics, packaging designs or operational opportunities that would improve both of our environmental footprints: carbon emissions, water scarcity, waste and littering and deforestation.

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**Requesting member**

Costco Wholesale Corporation

**Group type of project**

Other, please specify

We seek to partner with our customers and study potential collaborative opportunities. We invite our customers to provide ideas on logistics, packaging designs or operational opportunities that would improve both of our environmental footprints

**Type of project**

Other, please specify

Partnering to achieve environmental footprint reduction

**Emissions targeted**

Other, please specify

Partnering to achieve environmental footprint reduction

**Estimated timeframe for carbon reductions to be realized**

Other, please specify

On-going

**Estimated lifetime CO2e savings**

0

**Estimated payback**

Cost/saving neutral

**Details of proposal**

We seek to partner with our customers and study potential collaborative opportunities. We invite our customers to provide ideas on logistics, packaging designs or operational opportunities that would improve both of our environmental footprints: carbon emissions, water scarcity, waste and littering and deforestation.

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**Requesting member**

Empire Company Limited (Sobeys)

**Group type of project**

Other, please specify

We seek to partner with our customers and study potential collaborative opportunities. We invite our customers to provide ideas on logistics, packaging designs or operational opportunities that would improve both of our environmental footprints

**Type of project**

Other, please specify

Partnering to achieve environmental footprint reduction

**Emissions targeted**

Other, please specify

Partnering to achieve environmental footprint reduction

**Estimated timeframe for carbon reductions to be realized**

Other, please specify

On-going

**Estimated lifetime CO2e savings**

0

**Estimated payback**

Cost/saving neutral

**Details of proposal**

We seek to partner with our customers and study potential collaborative opportunities. We invite our customers to provide ideas on logistics, packaging designs or operational opportunities that would improve both of our environmental footprints: carbon emissions, water scarcity, waste and littering and deforestation.

## SC2.2

**(SC2.2) Have requests or initiatives by CDP Supply Chain members prompted your organization to take organizational-level emissions reduction initiatives?**

No

## SC4.1

**(SC4.1) Are you providing product level data for your organization's goods or services?**

No, I am not providing data

## Submit your response

**In which language are you submitting your response?**

English

**Please confirm how your response should be handled by CDP**

	I understand that my response will be shared with all requesting stakeholders	Response permission
Please select your submission options	Yes	Public

**Please confirm below**

I have read and accept the applicable Terms