



Environmental Commitment

For PMI, sustainability means creating long-term value for our shareholders and for society by actively reducing the impact on the environment of our products, operations and value chain.

From the hundreds of thousands of tobacco farmers to the millions of consumers of our products, we have an important impact on the environment. We are committed to constantly improve our business activities to achieve the highest standards of environmental sustainability, particularly in the areas of climate change, water stewardship, waste management and deforestation. Sustainability is a shared responsibility, best delivered in collaboration with others; we therefore engage with customers, suppliers, communities and other stakeholders to fulfil our commitments.

Our vision to create a smoke-free future through science and innovation goes hand in hand with our commitment to a more environmentally sustainable world.

To achieve this, we will:

- Conduct operations in compliance with all applicable laws and regulations, while setting more stringent standards for ourselves and our suppliers whenever feasible;
- Set clear targets of environmental impact reduction for ourselves and our suppliers, openly communicate them, and report on our progress;
- Assess our environmental impacts across our value chain and define strategies and initiatives to achieve our targets;
- Continue to include environmental risks in our Corporate Integrated Risk Assessment, and review proposed strategies with the Nominating and Corporate Governance Committee of the Board of Directors;
- Implement internationally recognized environmental management systems and independently certify our manufacturing operations;
- Raise awareness among employees and provide them with the necessary knowledge, resources and tools to implement our programs and share best practices;
- Engage our suppliers in a joint commitment to actively reduce the impact on the environment, through the implementation of our Responsible Sourcing Principles and Good Agricultural Practices; active support to farmers in the implementation of integrated pest management and biodiversity conservation programs; supply chain initiatives in the areas of carbon footprint reduction initiatives, water stewardship and waste management plan; and ongoing training of our suppliers and farmers.

Specifically, we commit to:

Take actions to address the climate crisis by conserving energy, improving energy efficiency, improving tobacco curing, and seeking renewable energy sources; achieving carbon neutrality in our own operations (scope 1 and 2) by 2030 and across our value chain (scope 1, 2 and 3) by 2050; by reporting on our greenhouse gas emissions, and communicating broadly our reduction targets;

Reduce the plastic litter from our products by 50% by 2025, by implementing ambitious cigarette butt anti-littering programs, and implementing eco-design and circular economy concepts for our smoke-free products and our packaging; reduce waste in our factories, aiming for 0% waste to landfill by 2022.

Manage water sustainably by reducing the water use and effluent discharges from our factories; assessing water risks where we operate; implement water stewardship at all our factories and working with stakeholders in shared watersheds towards the five water stewardship outcomes (good water governance, sustainable water balance, good water quality, healthy status of high conservation value areas, and access to water for sanitation and hygiene (WASH)); *and*

Protect biodiversity and combat deforestation by working with suppliers to achieve zero net deforestation of natural forests in the tobacco supply chain by 2025 and in the paper and pulp-based products supply chain by 2030; and joining multi-stakeholder initiatives to combat deforestation.

The oversight of our sustainability strategies and performance lies with the Nominating and Corporate Governance Committee of the Board of Directors. Within the Company, the Environment Working Group and the Sustainability Programs Committee are responsible for the coordination of the environmental sustainability programs.

As Chief Executive Officer, I am asking everyone at PMI and all our business partners to uphold this Environmental Commitment. - André Calantzopoulos, CEO, Philip Morris International.