



Assurance Statement Number: CCP 267918/PMI/2022/03/14

NATURE AND SCOPE OF THE ASSURANCE ENGAGEMENT

SGS United Kingdom Limited was commissioned to provide independent assurance of Environmental, Health and Safety data and KPI's for the calendar year 2022 for:

Philip Morris International SA (PMI)
Av. de Rhodanie 50
1007 Lausanne
Switzerland

The scope of the engagement included assessment of the Environmental, Health and Safety (EHS) Performance Indicators and underlying data shown in the tables below.

The management of PMI is responsible for the selection, preparation and reporting of information included in its 2022 EHS KPI report. It is SGS' responsibility to express an independent opinion on the reported data within the scope of assurance.

The objective of the engagement was to provide a reasonable level of assurance to PMI stakeholders that the reported indicators are:

- Accurate and free from material misstatement (5% materiality level applied)
- Reported in accordance with the principles of transparency accuracy, consistency, relevance and completeness and in accordance with a PMI defined methodology.

The engagement was based on the scope, objectives and criteria as agreed between Philip Morris International SA and SGS on 03/03/2023

The engagement was combined with the verification of greenhouse gas emissions, and the assurance methodology employed by SGS was based upon internationally recognized standards and guidance meeting the requirements of ISAE 3000 (revised): Assurance Engagements Other than Audits or Reviews of Historical Financial Information. The engagement comprised a combination of desk-based review and interviews with relevant employees and review of evidence during site audits, remotely undertaken for the following facilities: Greece - (Papastratos), Argentina - (Massalin Merlo), Portugal - (Tabaqueira), Switzerland - (Rhodanie) and Indonesia – (Sampoerna Karawang).

The environmental information provided was based on a combination of historical data representative of the calendar year 2022 for manufacturing facilities and fleet and a combination of historical data, estimation methodologies and data extrapolation for data in non-manufacturing facilities. Health and safety data was based on historical information.

STATEMENT OF INDEPENDENCE AND COMPETENCE

The SGS Group of companies is a world leader in inspection, testing and verification, operating in more than 140 countries and providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; environmental, social and sustainability report assurance. SGS United Kingdom Limited affirm our independence from PMI, being free from bias and conflicts of interest with the organisation, its subsidiaries and stakeholders. The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, including experience in the assurance of environmental and health and safety data.

CONCLUSION

SGS' approach is risk-based, drawing on an understanding of the risks associated with determination of EHS. information and the controls in place to mitigate these risks. Our examination included assessment, on a sample basis, of evidence relevant to the voluntary reporting of the data in the tables below:

Indicator	Units	Scope	2022
Total amount of water consumed (withdrawn minus discharged)	'000 m3	Manufacturing	1,547
Total water consumption from all areas with water stress in megaliters (withdrawn minus discharged)	'000 m3	Manufacturing	1,044
Total amount of water withdrawn	'000 m3	Manufacturing	3,089
Total amount of freshwater water withdrawn (from Municipal)	'000 m3	Manufacturing	2,137
Percentage of total direct factory water withdrawal from water stressed area	%	Manufacturing	64%
Total amount of water discharged	'000 m3	Manufacturing	1,542
Total amount of water discharged to areas with water stress	'000 m3	Manufacturing	932
Manufacturing water use	m3/ mio. Cig. Eq produced	Manufacturing	3.79
Total amount of waste generated	Metric tonnes	Manufacturing	119,192
Proportion of operational waste to landfill (scope for zero waste to landfill target which excludes mandated waste to landfill)	%	Manufacturing	0.07%
Tonnes of operational waste to landfill (scope for zero waste to landfill target which excludes mandated waste to landfill)	Metric tonnes	Manufacturing	84.9
Proportion of total waste generated that is disposed to landfill	%	Manufacturing	0.8%
Proportion of total waste generated that is incinerated with energy recovery	%	Manufacturing	12.0%
Proportion of total waste generated that is incinerated without energy recovery	%	Manufacturing	0.3%
Proportion of total waste generated that is recycled	%	Manufacturing	86.9%
Proportion of factories with <1% of waste to landfill (virtually zero) (excluding Ukraine)	%	Manufacturing	100%
Amount of hazardous waste generated	Metric tonnes	Manufacturing	1,698
Percentage of hazardous waste generated	%	Manufacturing	1.4%
Proportion of hazardous waste generated that is disposed to landfill	%	Manufacturing	2.5%
Proportion of hazardous waste generated that is incinerated with energy recovery	%	Manufacturing	67.4%
Proportion of hazardous waste generated that is incinerated without energy recovery	%	Manufacturing	13.4%
Proportion of hazardous waste generated that is recycled	%	Manufacturing	16.7%
Total energy consumption	GJ	Manufacturing, Fleet, Office, Warehouse, Other, Retail, Aircraft	7,657,899
Total energy consumption	GJ	Manufacturing	6,158,955

Total energy consumption	GJ	Fleet & Jet	1,151,654
Manufacturing energy use	GJ / mio cig.eq. Produced	Manufacturing	7.56
Fleet energy consumption	MJ per km Driven	Fleet	2.77
PMI Total km driven	km	Fleet	406,335,691
Total energy consumption from renewable sources	GJ	Manufacturing, Fleet, Office, Warehouse, Other, Retail, Aircraft	2,714,761
Total energy consumption from renewable sources	GJ	Manufacturing	2,566,650
Proportion of energy consumption (electricity & fuel) from renewable sources	%	Manufacturing, Fleet, Office, Warehouse, Other, Retail, Aircraft	35%
Proportion of energy consumption (electricity & fuel) from renewable sources	%	Manufacturing	42%
Proportion of electricity consumed at our factories that came from self- generated sources	%	Manufacturing	5%
Total electricity consumed	MWh	Manufacturing, Fleet, Office, Warehouse, Other, Retail, Aircraft	861,434
Total electricity consumed	MWh	Manufacturing	792,991
Total electricity consumed that is from renewable sources	MWh	Manufacturing, Fleet, Office, Warehouse, Other, Retail, Aircraft	727,283
Total electricity consumed that is from renewable sources	MWh	Manufacturing	689,523
Proportion of electricity used and purchased that is from renewable sources (total electricity consumed from renewables/total electricity consumed)	%	Manufacturing, Fleet, Office, Warehouse, Other, Retail, Aircraft	84%
Proportion of electricity used and purchased that is from renewable sources (total electricity consumed from renewables/total electricity consumed)	%	Manufacturing	87%
Proportion of electricity purchased from renewables (total electricity purchased from renewables/total electricity purchased)	%	Manufacturing	90%
Fuel consumption from non- renewable sources	GJ	Manufacturing, Fleet, Office, Warehouse, Other, Retail, Aircraft	4,487,552
Fuel consumption from non- renewable sources	GJ	Manufacturing	3,285,926
Fuel consumption from renewable sources	GJ	Manufacturing, Fleet, Office, Warehouse, Other, Retail, Aircraft	95,236
Fuel consumption from renewable sources	GJ	Manufacturing	84,276
Proportion of renewable fuel consumed by fleet	%	Fleet	1%
CO2e scope 1	Metric tonnes	Manufacturing, Fleet, Office, Warehouse, Other, Retail, Aircraft	297,602
CO2e scope 1 absolute reduction vs previous year - metric tonnes	Metric tonnes	Manufacturing, Fleet, Office, Warehouse, Other, Retail, Aircraft	11,220
CO2e scope 1 absolute reduction vs previous year - %	%	Manufacturing, Fleet, Office, Warehouse, Other, Retail, Aircraft	4%

CO2e scope 1 from fleet: absolute reduction vs. 2019 baseline	%	Fleet & Jet	29%
CO2e Scope 1 Biogenic emissions	Metric tonnes	Manufacturing, Fleet, Office, Warehouse, Other, Retail, Aircraft	8,970
CO2e scope 1 from fleet	Metric tonnes	Fleet & Jet	79,543
CO2e emissions from vehicles (g CO2e per km driven)	g CO2e/km driven	Fleet	191.05
CO2e scope 2 (market based)	Metric tonnes	Manufacturing, Fleet, Office, Warehouse, Other, Retail, Aircraft	42,482
CO2e scope 2 (market based) absolute reduction vs previous year - metric tonnes	Metric tonnes	Manufacturing, Fleet, Office, Warehouse, Other, Retail, Aircraft	21,736
CO2e scope 2 (market based) absolute reduction vs previous year - %	%	Manufacturing, Fleet, Office, Warehouse, Other, Retail, Aircraft	33.8%
CO2e scope 1+2 (market based)	Metric tonnes	Manufacturing, Fleet, Office, Warehouse, Other, Retail, Aircraft	340,084
CO2e scope 1+2 (market based) absolute reduction versus 2019 baseline	%	Manufacturing, Fleet, Office, Warehouse, Other, Retail, Aircraft	38.8%
Carbon off-setting certificates *	Metric tonnes	Manufacturing, Fleet, Office, Warehouse, Other, Retail, Aircraft	42,848
Net CO2e scope 1+2 **	Metric tonnes	Manufacturing, Fleet, Office, Warehouse, Other, Retail, Aircraft	297,236
CO2e scope 1+2 (market based) emissions - Manufacturing	Metric tonnes	Manufacturing	242,392
Absolute emissions from offices	Metric tonnes	Offices	13,655
Absolute emissions from warehouses	Metric tonnes	Warehouses	2,985
Absolute emissions from Other	Metric tonnes	Other	1,256
Absolute emissions from retail stores	Metric tonnes	Retail stores	251
CO2e Scope 1+2 (market based) absolute reductions in manufacturing versus previous year	Metric tonnes	Manufacturing	25,391
Number of carbon-neutral factories (production centres)	#	Manufacturing	13
CO2e scope 3	Metric tonnes	Total	4,257,276
CO2e scope 3 biogenic emissions	Metric tonnes	Total	2,331,123
CO2e emissions from our tobacco supply chain	Metric tonnes	Total	887,811
Manufacturing CO2e emissions (scope 1+2) intensity	kg CO2e / mio. cig eq. produced	Manufacturing	297.33
Exposure Hours - PMI and contracted employees and contractors	No of exposure hours	Group	179,016,790
Exposure Hours - PMI and contracted employees	No of exposure hours	Group	139,124,907
Exposure Hours - PMI employees	No of exposure hours	Group	124,299,919
Exposure Hours - contracted employees	No of exposure hours	Group	14,824,988

Exposure Hours - contractors	No of exposure hours	Group	39,891,882
Exposure Hours - PMI and contracted employees and contractors MANUFACTURING	No of exposure hours	Manufacturing	89,771,005
Exposure Hours - PMI and contracted employees - MANUFACTURING	No of exposure hours	Manufacturing	61,854,038
Exposure Hours - PMI and contracted employees and contractors MARKETS	No of exposure hours	Market	89,245,784
Exposure Hours - PMI and contracted employees - MARKETS	No of exposure hours	Market	77,270,870
Lost Time Incident (LTI) rate per 200,000 hours worked - PMI and contracted employees and contractors	LTI per 200,000 exposure hours	Group	0.08
Lost Time Incident (LTI) rate per 200,000 hours worked - PMI and contracted employees	LTI per 200,000 exposure hours	Group	0.08
Lost Time Incident (LTI) rate per 200,000 hours worked - PMI employees	LTI per 200,000 exposure hours	Group	0.09
Lost Time Incident (LTI) rate per 200,000 hours worked - contracted employees	LTI per 200,000 exposure hours	Group	0.04
Lost Time Incident (LTI) rate per 200,000 hours worked - contractors	LTI per 200,000 exposure hours	Group	0.09
Lost Time Incident (LTI) rate per 200,000 hours worked - PMI and contracted employees and contractors- MANUFACTURING	LTI per 200,000 exposure hours	Manufacturing	0.06
Lost Time Incident (LTI) rate per 200,000 hours worked - PMI and contracted employees - MANUFACTURING	LTI per 200,000 exposure hours	Manufacturing	0.06
Lost Time Incident (LTI) rate per 200,000 hours worked - PMI and contracted employees and contractors- MARKETS & FLEET	LTI per 200,000 exposure hours	Markets & Fleet	0.11
Lost Time Incident (LTI) rate per 200,000 hours worked - PMI and contracted employees - MARKETS & FLEET	LTI per 200,000 exposure hours	Markets & Fleet	0.10
Lost Time Incident (LTI) rate per 200,000 hours worked - PMI and contracted employees and contractors- MARKETS (non fleet)	LTI per 200,000 exposure hours	markets (non fleet)	0.09
Lost Time Incident (LTI) rate per 200,000 hours worked - PMI and contracted employees - MARKETS (non - fleet)	LTI per 200,000 exposure hours	markets (non fleet)	0.10
Total Recordable Incidents Rate (TRIR) per 200,000 hours worked - PMI and contracted employees and contractors	TRI per 200,000 exposure hours	Group	0.13

Total Recordable Incidents Rate (TRIR) per 200,000 hours worked - PMI and contracted employees	TRI per 200,000 exposure hours	Group	0.12
Total Recordable Incidents Rate (TRIR) per 200,000 hours worked - PMI employees	TRI per 200,000 exposure hours	Group	0.13
Total Recordable Incidents Rate (TRIR) per 200,000 hours worked - contracted employees	TRI per 200,000 exposure hours	Group	0.05
Total Recordable Incidents Rate (TRIR) per 200,000 hours worked - contractors	TRI per 200,000 exposure hours	Group	0.15
Total Recordable Incidents Rate (TRIR) per 200,000 hours worked - PMI and contracted employees and contractors - MANUFACTURING	TRI per 200,000 exposure hours	Manufacturing	0.12
Total Recordable Incidents Rate (TRIR) per 200,000 hours worked - PMI and contracted employees - MANUFACTURING	TRI per 200,000 exposure hours	Manufacturing	0.10
Total Recordable Incidents Rate (TRIR) per 200,000 hours worked - contractors' employees - MANUFACTURING	TRI per 200,000 exposure hours	Manufacturing	0.16
Total Recordable Incidents Rate (TRIR) per 200,000 hours worked - PMI and contracted employees and contractors - MARKETS & FLEET	TRI per 200,000 exposure hours	Markets & Fleet	0.135
Total Recordable Incidents Rate (TRIR) per 200,000 hours worked - PMI and contracted employees - MARKETS & FLEET	TRI per 200,000 exposure hours	Markets & Fleet	0.135
Number of fatalities - PMI and contracted employees	No of fatalities	Group	0
Number of fatalities - PMI employees	No of fatalities	Group	0
Number of fatalities - contracted employees	No of fatalities	Group	0
Number of fatalities - contractors	No of fatalities	Group	3
Number of fatalities - members of the public	No of fatalities	Group	9
Total number of vehicles in PMI fleet	No of vehicles	Fleet	21,691
Collision rate within PMI's fleet of vehicles per year (collisions per million km driven)	No of collisions per million km driven	Fleet	0.44
PMI Total km driven	No of km driven	Fleet	406,335,691
Fleet crash rate	No of crashes per million km driven	Fleet	5.54
Fleet Lost Time Incident (LTI) Rate per million km driven - PMI and contracted employees	No of fleet LTIs per million km driven	Fleet	0.03

Occupational Illness Rate (OIR) per 200,000 hours worked - PMI and contracted employees	OIs per 200,000 exposure hours	Group	0.000
Occupational Illness Rate (OIR) per 200,000 hours worked - PMI employees	OIs per 200,000 exposure hours	Group	0.000
Occupational Illness Rate (OIR) per 200,000 hours worked - contracted employees	OIs per 200,000 exposure hours	Group	0.000
Occupational Illness Rate (OIR) per 200,000 hours worked - PMI and contracted employees - MANUFACTURING	OIs per 200,000 exposure hours	Manufacturing	0.000
Occupational Illness Rate (OIR) per 200,000 hours worked - PMI and contracted employees - MARKET	OIs per 200,000 exposure hours	Market & Fleet	0.000

* Refers to the retroactive compensation of a year's residual Scope 1 and Scope 2 emissions (i.e., 2021) through the cancellation of carbon credits during the reporting year (i.e., 2022).

** Net Scope 1 and Scope 2 emissions equals gross emissions during the reporting the reporting year (i.e., 2022) minus the retroactive compensation of the previous year's emissions (i.e., 2021).

Based on the data and information provided by Phillip Morris International SA and the processes and procedures conducted, SGS concludes that:

- The KPI assessment methodology applied is sound and valid
- The KPIs in the table above are accurate, complete, consistent, transparent and free of material error or omission in relation to the requirements of the methodologies employed.

Signed:



For and on behalf of SGS United Kingdom Limited
Pamela Chadwick, Business Manager
Camberley, 14th March 2023
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Note: This Statement is issued, on behalf of Client, by SGS United Kingdom Limited ("SGS") under its General Conditions for Greenhouse Gas Verification Services. The findings recorded hereon are based upon an audit performed by SGS. A full copy of this statement, the findings and the supporting KPI Report may be consulted at Philip Morris