



Greenhouse Gas Verification Statement Number: CCP267917/1/PMI/2020/03/21

The inventory of Greenhouse Gas emissions, environmental data and health & safety data in 2020 for:

Philip Morris International SA

Av. de Rhodanie 50

1007 Lausanne

Switzerland

has been verified by SGS according to ISO 14064-3:2006, to represent a total amount of:

412,999 tonnes of CO₂ Scope 1 & Scope 2 (CO₂e) (Market Based)

706,529 tonnes of CO₂ Scope 1 & Scope 2 (CO₂e) (Location Based)

For the following activities

Scope 1 Emissions

- Combustion of fuels in Philip Morris International owned and operated facilities
- Combustion of fuels in Philip Morris International owned and operated mobile sources
- Direct process emissions

Scope 2 Emissions:

- Indirect emissions associated with purchased electricity, heat and steam in Philip Morris International owned and operated facilities.

Environmental Data

Health & Safety Data and KPIs

Lead Assessor: Clare Robertson

Technical Reviewer: Peter Simmonds

Authorised by:

Pamela Chadwick, Business Manager

Verification Statement Date: May 18th 2021

This Statement is not valid without the full verification scope, objectives, criteria and findings available on pages 2 to 3 of this Statement.

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**Schedule Accompanying Greenhouse Gas Verification Statement Number:
CCP267917/1/PMI/2020/03/21**

Brief Description of Verification Process

SGS has been commissioned by Philip Morris International SA for the verification of their calendar year 2020 direct and indirect Greenhouse Gas Emissions, environmental data and health & safety data against a reporting methodology defined by Philip Morris International SA and the principles of completeness, transparency, accuracy, consistency and relevance.

The verification was based on the verification scope, objectives and criteria as agreed between Philip Morris International SA and SGS on September 14, 2020.

Roles and responsibilities

The management of Philip Morris International SA is responsible for the organization's GHG information system, the development and maintenance of records and reporting procedures in accordance with that system, including the calculation and determination of GHG emissions information and the reported GHG emissions.

It is SGS' responsibility to express an independent verification opinion on the GHG emissions as provided in the Philip Morris International SA Assertion for the period January 1, 2020 to December 31, 2020. As independent auditors to Philip Morris International SA, our work was conducted based on current best practice in independent verification and in accordance with SGS policies regarding impartiality and independence. SGS has no conflict of interest in relation to providing these services to Philip Morris International SA.

Objectives and Criteria

The purposes of this verification exercise are, by review of objective evidence, to independently review:

- Whether the GHG emissions are as declared by the organization's GHG assertion.
- The data reported are accurate, complete, consistent, transparent, relevant and free of material error or omission and compiled in accordance with Philip Morris International SA methodology

Materiality

The materiality level applied was 5% for scope 1 & 2 emissions.

Level of Assurance

SGS undertook the verification assessment with the aim to provide a reasonable level of assurance for scope 1 & 2 emissions.

Scope

Emissions sources verified were from CO₂e arising from Philip Morris International SA operations throughout the supply chain including:

Scope 1 Emissions

- Combustion of fuels in Philip Morris International SA owned and operated facilities
- Combustion of fuels in Philip Morris International SA owned and operated mobile sources
- Direct CO₂ emissions.

Scope 2 Emissions:

- Indirect emissions associated with purchased electricity, heat and steam in Philip Morris International owned and operated facilities.

Calculation of emissions was based on a combination of historical data representative of the calendar year 2020 for manufacturing facilities and mobile combustion and a combination of historical data, estimation methodologies and data extrapolation for emissions in non-manufacturing facilities.

Types of GHGs included: CO₂, CH₄, N₂O



GHG information for the following period was verified: January 1, 2020 to December 31, 2020.
Intended user of the Verification Statement: for Philip Morris International internal use and external publication as required.

Conclusion

The Philip Morris International SA 2020 GHG inventory disclosing GHG emissions of 412,999 metric tonnes of CO₂ equivalent in scope 1 & scope 2, based upon the market-based approach, are verified by SGS, consistent with the agreed verification scope, objectives and criteria.

SGS' approach is risk-based, drawing on an understanding of the risks associated with modeling GHG emission 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 emissions information.

Based on the data and information provided by Phillip Morris International SA and the processes and procedures conducted, SGS concludes with reasonable assurance GHG emissions of 412,999 metric tonnes of CO₂ equivalent in scope 1 & scope 2, based upon the market-based approach:

- The GHG inventory methodology applied is sound and valid
- The reported annual emissions are accurate, complete, consistent, transparent and free of material error or omission in relation to the requirements of the calculation methodologies employed.

Scope 1:	322,633 tonnes CO ₂ e
Scope 2 (Market-Based):	90,366 tonnes CO ₂ e
Scope 2 (Location-Based):	383,895 tonnes CO ₂ e

This statement shall be interpreted with the GHG assertion of the 2020 GHG inventory for Philip Morris International SA as a whole

KPI Data Assurance

In addition to the GHG data verification detailed above the following data have also been verified:

- Water Consumption for Manufacturing, including Water In and Water Out
- Waste Generation for Manufacturing, including total waste breakdown by waste type and disposal type
- Health & Safety indicators for Manufacturing, Market & Fleet. Including number of crashes, Lost Time Injuries (LTIs), Lost Work Days (LWDs) and other recordable incidents
- Production Volumes

For data assurance of these KPIs, the same verification process and procedures were applied by SGS, in accordance with ISO14064-3 and verification best practice. The same objectives, roles & responsibilities, scope, boundaries, criteria, level of assurance and materiality level were applied for the verification of these KPIs as detailed for the GHG emissions verification.

For data assurance of these other KPIs, data sampling was conducted on a number of indicators based on strategic review and risk assessment.

Local legal restrictions in Korea prohibit the reporting of exposure hours related to Contractors. As such all OHS data (such as headcount, exposure hours or incidents) relating to Contractors is excluded for Korea.

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 are accurate, complete, consistent, transparent and free of material error or omission in relation to the requirements of the methodologies employed.

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 GHG Assertion may be consulted at Philip Morris International SA, Av. de Rhodanie 50, 1007 Lausanne Switzerland. This Statement does not relieve the Client from compliance with any bylaws, federal, national or regional acts and regulations or with any guidelines issued pursuant to such regulations. Stipulations to the contrary are not binding on SGS and SGS shall have no responsibility vis-à-vis parties other than its Client.