

Philip Morris International Inc

Parent Entity Jurisdiction	HQ	Ownership	Rank	Final Score
USA	Switzerland	Publicly Traded	2 (of 15)	3.69 (of 5)

Operating Environment

- Philip Morris International Inc (PMI) operates in all four Index Regions, and in 32 of the 36 Index Countries. Its top five countries by Volume Sales are Indonesia, Russia, Japan, Turkey and Italy.
- PMI operates across HMICs (23 Index Countries) and LMICs (nine Index Countries).¹
- PMI's product portfolio² consists of cigarettes, heated tobacco, fine cut tobacco, cigarillos, pipe tobacco, moist snuff, closed system vaping products, snus, non-tobacco nicotine pouches and cigars.

Publicly Stated Position on Tobacco Harm Reduction

- *"We can make an important contribution to accelerating the end of smoking. To achieve this objective, we are dedicating the vast majority of our resources to commercializing our smoke-free products. Everyone within our organization—regardless of business function—plays a crucial role in delivering on this purpose."* (Jacek Olczak, CEO, Integrated Report 2021)³

Change Since 2020 Index

- PMI's Strategy and Management category score increased as it clarified its commitment to "purposefully phase out cigarettes".⁴
- PMI's Capital Allocation and Expenditure category score increased as R&D spend on RRP's increased from 98% in 2019 to 99% in 2021.⁵

¹ In its 2021 Annual Report, PMI reports that it sells in "over 180 markets", Philip Morris International Inc. (2022). *Integrated Report 2021*, Accessed August 21, 2022, from <https://philipmorrisinternational.gcs-web.com/static-files/517af46c-2750-4185-9b1d-7d8e8f47a854>

² Listed high to low in order of company's global volume sales in 2021.

³ Philip Morris International Inc. (2021). *Integrated Report 2021*, Page 61, Accessed August 21, 2022, from https://pmidotcom3-prd.s3.amazonaws.com/docs/default-source/pmi-sustainability/pmi-integrated-report-2021.pdf?sfvrsn=646e6ab6_4

⁴ Philip Morris International Inc. (2022). *Integrated Report 2021*, Page.17-18, 22, 31-33, 39, Accessed August 22, 2022, from https://pmidotcom3-prd.s3.amazonaws.com/docs/default-source/pmi-sustainability/pmi-integrated-report-2021.pdf?sfvrsn=646e6ab6_4

⁵ Philip Morris International Inc. (2022). *Annual Report 2021*, Page 49, Accessed August 22, 2022, from <https://philipmorrisinternational.gcs-web.com/static-files/517af46c-2750-4185-9b1d-7d8e8f47a854>

- PMI's Product Offer category score increased as PMI added Shiro non-tobacco nicotine pouches and Kaptan snus to its portfolio, through the acquisition of AG Snus in May 2021.⁶

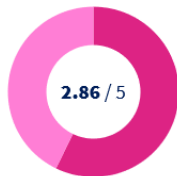
Key Performance Indicators

Strategy & Management (Category Score: 5.00/5 - Category⁷ Rank 1/15)



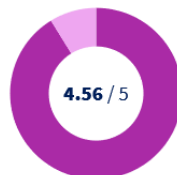
- PMI publicly acknowledges its role in, and has made a formal commitment to reducing, tobacco-related death and disease as part of its “Vision For a Smoke-Free Future.”⁸
- PMI has an objective related to tobacco harm reduction, and the objective is time-bound and measurable (RRPs to generate more than 50% of its total revenue by 2025⁹).

Product Sales (Category Score: 2.86/5 - Category Rank 3/15)



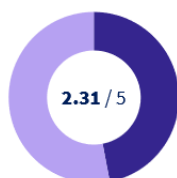
- PMI has the third-highest Volume Sales of HRPs (2021: 659.8 billion stick equivalents).¹⁰
- With 12.8% of its total volumes coming from RRP, PMI has the fourth-highest score for Ratio of Volume Sales (RRPs versus HRPs).

Capital Allocation & Expenditure (Category Score: 4.56/5 - Category Rank 1/15)



- At 99%, PMI's allocation of R&D Expenditure on RRP (versus its total R&D expenditure) is the highest of the Index Companies.
- At 70%, PMI's allocation of Capital Expenditure (RRPs versus HRPs) ranks it in second place.

Product Offer (Category Score: 2.31/5 - Category Rank 8/15)



- PMI offers HRPs (cigarettes, fine cut tobacco, cigarillos, pipe tobacco, cigars) in 32 Index Countries, and RRP (heated tobacco, moist snuff, non-tobacco nicotine pouches, closed system vaping products, snus) in 19 Index Countries.
- In terms of product categories, PMI has five HRPs, compared to five RRP, in its portfolio.

⁶ Philip Morris International Inc. (2022). *Integrated Report 2021*, Page 89, Accessed August 22, 2022, from https://pmidotcom3-prd.s3.amazonaws.com/docs/default-source/pmi-sustainability/pmi-integrated-report-2021.pdf?sfvrsn=646e6ab6_4

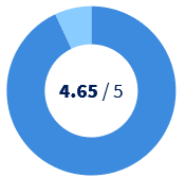
⁷ Each category is made up of multiple indicators. Certain indicator-level ranks are also listed in the text below.

⁸ Philip Morris International Inc. (2022). *Integrated Report 2021*, Page 17, Accessed August 22, 2022, from https://pmidotcom3-prd.s3.amazonaws.com/docs/default-source/pmi-sustainability/pmi-integrated-report-2021.pdf?sfvrsn=646e6ab6_4s

⁹ Ibid.

¹⁰ Negative indicator, i.e. a higher number indicates lower performance.

Marketing Policy & Compliance (Category Score: 4.65/5 - Category Rank 1/15)



- PMI's Youth Access Prevention Policy ("Combusted Tobacco Products solely for Adult Smokers" principle) is outlined in its Marketing Codes for Combusted and Non-Combusted Alternatives, which is published on PMI's corporate website.¹¹
- PMI publicly discloses numbers and details of reported violations and established breaches of its Youth Access Prevention Policy.¹²

Lobbying & Advocacy (Category Score: 2.50/5 - Category Rank 2/15)



- PMI discloses its policy positions related to tobacco harm reduction on a specific section of its corporate website ("Our Views and Standards").¹³
- PMI does not disclose specific lobbying activities and memberships in all jurisdictions in which it operates.

¹¹ Philip Morris International Inc. (2021). *Corporate Website, Our Views and Standards*, Accessed August 21, 2022, from <https://www.pmi.com/our-views-and-standards/standards/marketing-standards>

¹² Philip Morris International Inc. (2021). *Integrated Report 2021*, Page 43, Accessed August 21, 2022, from https://pmidotcom3-prd.s3.amazonaws.com/docs/default-source/pmi-sustainability/pmi-integrated-report-2021.pdf?sfvrsn=646e6ab6_4s

¹³ Philip Morris International Inc. (2021). *Corporate Website, Our Views and Standards*, Accessed August 21, 2022, from <https://www.pmi.com/our-views-and-standards/our-views/regulation>

Key Figures: Philip Morris International Inc



Headquarters:
Switzerland



Rank: 2/15 =

2020 Index restated rank: **2/15**



Ownership:
Publicly Traded



Final Score: 3.69/5 ▲

2020 Index restated score: **3.33/5**

Value sales: HRP & RRP



Capital Allocation and Expenditure*: HRP & RRP



*Capital Allocation and Expenditure includes Marketing, M&A, R&D and Capital Expenditure

Source: Tobacco Transformation Index 2022 and Index 2020, <https://tobaccotransformationindex.org/> Euromonitor International