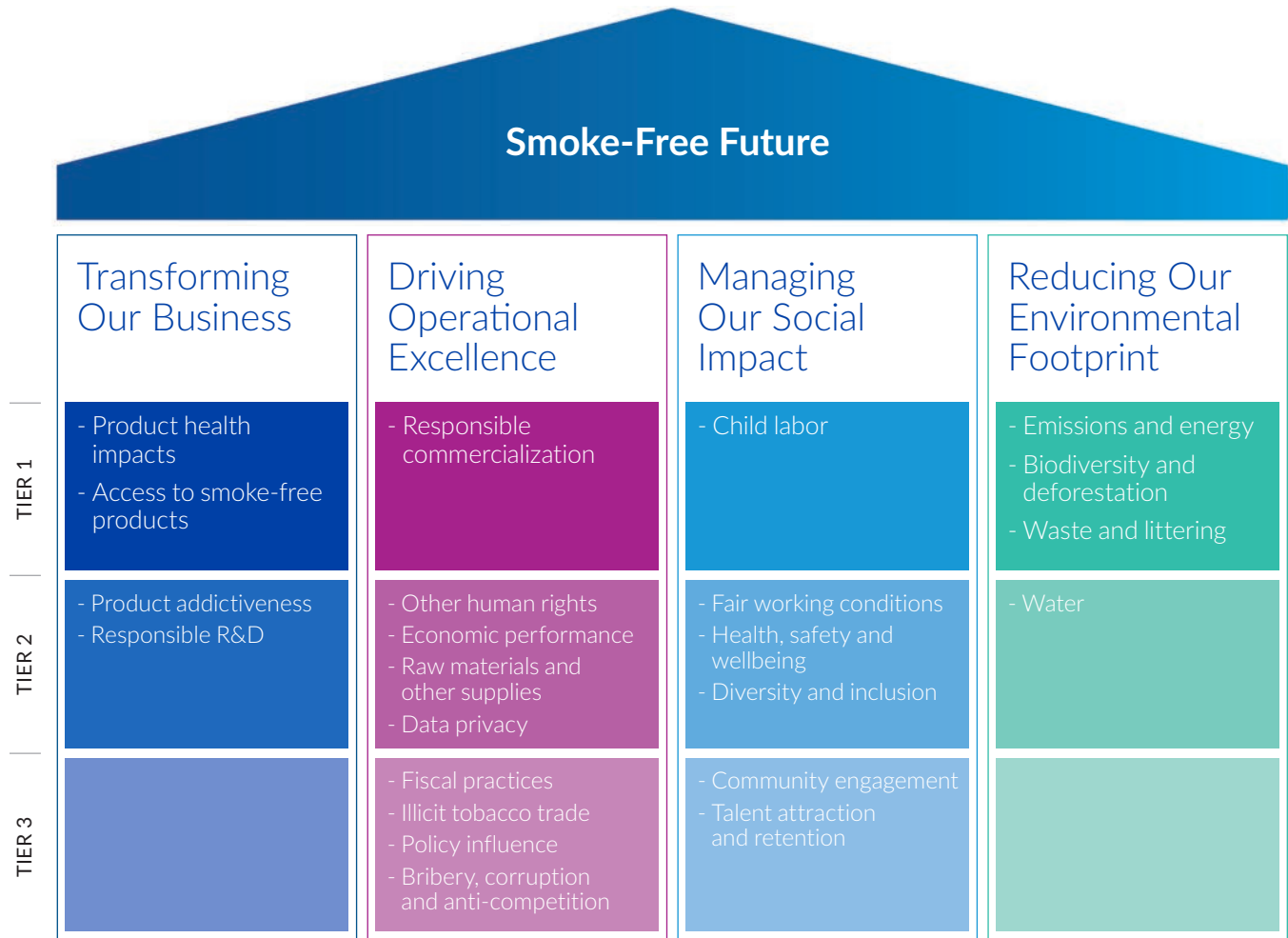


Our Commitment to Sustainability

Focusing on What Matters

To become truly sustainable our number one priority is to address the health impacts of our products and replace cigarettes with better alternatives, while further investing in R&D to continuously improve our smoke-free product portfolio. Our sustainability strategy, which covers our products, operations and value chain, is an integral part of PMI's business strategy toward achieving a smoke-free future.

To ensure it addresses the most relevant topics and is aligned with societal expectations, we conducted a new sustainability assessment in 2018, involving a broad range of external and internal stakeholders. The assessment enabled us to refine our focus across the four pillars of our sustainability strategy, shown below.



In 2018, we further strengthened our sustainability governance. The responsibility of the Nominating and Corporate Governance Committee of the Board of Directors was extended to oversee the sustainability strategies and performance of PMI and advise the Board of Directors on sustainability matters. In addition, to further embed sustainability throughout all PMI functions and markets, we reorganized and enhanced our sustainability team and instituted dedicated committees, comprising senior leaders, which oversee cross-functional working groups.

In 2019, we will put particular emphasis on improving programs, establishing ambitious goals, carefully monitoring progress and publicly reporting performance on all tier 1 sustainability challenges.

Delivering on Our Commitment

The year 2018 saw the initiation of a number of projects, including our first pilot human rights impact assessment in Mexico and the Alliance for Water Stewardship certification of the first of our factories in Brazil. In the area of inclusion and diversity, we increased the number of women in PMI management year-over-year. Our Agriculture Labor Practices program now focuses on addressing the most recurrent and challenging issues across different geographies. We took the recycling of IQOS devices to the next level with the development of a state-of-the-art electronics recycling system, and we progressed on our green energy projects. These examples are a snapshot of our sustainability work and an indication of our ambition to become the industry's sustainability leader.

Our Sustainability Report provides a comprehensive account of our achievements and how we seek to address the relevant topics of our Sustainability Strategy: <https://www.pmi.com/sustainability>.