

World Economic Forum's Stakeholder Capitalism* Index

For the first time, we attempt in this index to map our disclosures to the accounting metrics and disclosures of the *International Business Council of the World Economic Forum's report "Measuring Stakeholder Capitalism – Towards Common Metrics and Consistent Reporting of Sustainable Value Creation." (WEF Framework). The report details 21 Core and 34 Expanded Metrics and disclosures, which the report recommends to both IBC members and nonIBC companies for adoption, namely:

Core Metrics: *"A set of 21 more-established or critically important metrics and disclosures. These are primarily quantitative metrics for which information is already being reported by many firms (albeit often in different formats) or can be obtained with reasonable effort. They focus primarily on activities within an organization's own boundaries. This summary cross-reference our disclosures to all 21 Core Metrics and disclosures of the WEF Framework."¹*

Expanded Metrics: *"A set of 34 metrics and disclosures that tend to be less well-established in existing practice and standards and have a wider value chain scope or convey impact in a more sophisticated or tangible way, such as in monetary terms. They represent a more advanced way of measuring and communicating sustainable value creation. This summary cross-references our reporting to select Expanded Metrics and disclosures pertaining to the "Principles of Governance" pillar and to our company's tier 1 topics."¹*

This summary is structured as follows:

- A table cross-referencing contents of our reporting with all core metrics, as well as selected expanded metrics and disclosures of the "Principles of Governance" pillar of the Measuring Stakeholder Capitalism framework.
- A table cross-referencing contents of our reporting on our company's tier 1 sustainability topics (defined as per our sustainability materiality assessment) with all relevant core metrics and disclosures, as well as select expanded metrics and disclosures of "Planet", "People", and "Prosperity" pillars of the Measuring Stakeholder Capitalism framework.
- A table cross-referencing contents of our reporting on our company's tier 2 sustainability topics with relevant core metrics and disclosures of "Planet", "People", and "Prosperity" pillars of the Measuring Stakeholder Capitalism framework.

This summary should be read in conjunction with the [Philip Morris International Inc. Form 10-K](#) for the year ended 2020, [PMI's Proxy Statement 2021](#), [PMI's Integrated Report 2020](#), and the additional sustainability-related communications available on www.pmi.com/sustainability.²

¹ Source: World Economic Forum and Big Four analysis. Definitions for Planet, People and Prosperity taken from the UN's 2030 Agenda for Sustainable Development (http://www3.weforum.org/docs/WEF_IBC_Measuring_Stakeholder_Capitalism_Report_2020.pdf)

² The content of [PMI's Integrated Report 2020](#) content is shaped by a formal [sustainability materiality assessment](#), refreshed in 2019. We have structured our sustainability topics around four strategic pillars of action and two tiers. [PMI's Integrated Report 2020](#) provides information on context, relevance, management approach, targets, and performance for each tier 1 topic. Details about our management and performance on tier 2 topics, as well as case studies that shed light on our work at country level, are available on www.PMI.com/sustainability. In this summary and in related communications, the term "materiality," "material," and similar terms, when used in the context of economic, environmental and social topics, are defined in the referenced sustainability standards, and are not meant to correspond to the concept of materiality under the U.S. securities laws and/or disclosures required by the U.S. Securities and Exchange Commission.



PRINCIPLES OF GOVERNANCE

“The definition of governance is evolving as organizations are increasingly expected to define and embed their purpose at the centre of their business. But the principles of agency, accountability and stewardship continue to be vital for truly ‘good governance’.”³

The summary below cross-references contents of our reporting with all core metrics, as well as select expanded metrics and disclosures of the “Principles of Governance” pillar.

Theme	Metrics and disclosures	Core / Expanded	Reference in published materials
Governing purpose	Setting purpose The company’s stated purpose, as the expression of the means by which a business proposes solutions to economic, environmental and social issues. Corporate purpose should create value for all stakeholders, including shareholders.	Core	<ul style="list-style-type: none"> PMI’s Statement of Purpose, available in PMI’s Proxy Statement 2020, PMI Integrated Report 2019, and on PMI.com.
Governing purpose	Purpose-led management How the company’s stated purpose is embedded in company strategies, policies and goals.	Expanded	<ul style="list-style-type: none"> PMI’ Statement of Purpose, available in PMI’s Proxy Statement 2020, PMI Integrated Report 2019, and on PMI.com PMI Integrated Report 2020: see Letter from the Executive Chairman on page 5 and Governance and Management on pages 30-31
Quality of governing body	Governance body composition Composition of the highest governance body and its committees by: competencies relating to economic, environmental and social topics; executive or non-executive; independence; tenure on the governance body; number of each individual’s other significant positions and commitments, and the nature of the commitments; gender; membership of under-represented social groups; stakeholder representation.	Core	<ul style="list-style-type: none"> PMI Integrated Report 2020: see Governance and management on pages 30-31 PMI’s Proxy Statement 2021, pages 8-26
Quality of governing body	Progress against strategic milestones Disclosure of the material strategic economic, environmental and social milestones expected to be achieved in the following year, such milestones achieved from the previous year, and how those milestones are expected to or have contributed to long-term value.	Expanded	<ul style="list-style-type: none"> PMI Integrated Report 2020: see 2025 Roadmap on pages 27-28, and Performance tables on pages 129-142. Furthermore, for each sustainability topic, PMI’s Integrated Report (for tier 1 topics) and additional disclosures on PMI.com (for tier 2 topics) provide information on context, relevance, management approach, targets, performance and next steps. PMI’s Proxy Statement 2021, pages 5-7
Quality of governing body	Remuneration 1. How performance criteria in the remuneration policies relate to the highest governance body’s and senior executives’ objectives for economic, environmental and social topics, as connected to the company’s stated purpose, strategy and long-term value. 2. Remuneration policies for the highest governance body and senior executives for the following types of remuneration:	Expanded	<ul style="list-style-type: none"> PMI Integrated Report 2020: see Governance and management on pages 30-31 PMI’s Proxy Statement 2021, pages 27-28 and 31-43

³ Source: World Economic Forum and Big Four analysis. Definitions for Planet, People and Prosperity taken from the UN’s 2030 Agenda for Sustainable Development (http://www3.weforum.org/docs/WEF_IBC_Measuring_Stakeholder_Capitalism_Report_2020.pdf)



	<ul style="list-style-type: none"> – Fixed pay and variable pay, including performance-based pay, equity-based pay, bonuses and deferred or vested shares – Sign-on bonuses or recruitment incentive payments – Termination payments – Clawbacks – Retirement benefits, including the difference between benefit schemes and contribution rates for the highest governance body, senior executives and all other employees 		
Stakeholder engagement	<p>Material issues impacting stakeholders A list of the topics that are material to key stakeholders and the company, how the topics were identified and how the stakeholders were engaged.</p>	Core	<ul style="list-style-type: none"> • PMI Integrated Report 2020: see Sustainability materiality on page 23-24, and External transformation: Changing the way we engage with stakeholders on pages 12-13 • PMI Sustainability Materiality Report 2019
Ethical behaviour	<p>Anti-corruption 1. Total percentage of governance body members, employees and business partners who have received training on the organization’s anti-corruption policies and procedures, broken down by region. a) Total number and nature of incidents of corruption confirmed during the current year, but related to previous years; and b) Total number and nature of incidents of corruption confirmed during the current year, related to this year. 2. Discussion of initiatives and stakeholder engagement to improve the broader operating environment and culture, in order to combat corruption.</p>	Core	<p>Our reporting on Business integrity can be found on PMI.com and on page 133 of PMI Integrated Report 2020. We currently do not break down our performance data in the format required for this metric.</p>
Ethical behaviour	<p>Protected ethics advice and reporting mechanisms A description of internal and external mechanisms for: 1. Seeking advice about ethical and lawful behaviour and organizational integrity; and 2. Reporting concerns about unethical or unlawful behaviour and lack of organizational integrity.</p>	Core	<ul style="list-style-type: none"> • Business integrity, available on PMI.com
Ethical behaviour	<p>Alignment of strategy and policies to lobbying The significant issues that are the focus of the company’s participation in public policy development and lobbying; the company’s strategy relevant to these areas of focus; and any differences between its lobbying positions and its purpose, stated policies, goals or other public positions.</p>	Expanded	<ul style="list-style-type: none"> • PMI Integrated Report 2020: see External transformation: Changing the way we engage with stakeholders on pages 12-13, Our business environment on pages 17-19, Access to smoke-free products on pages 41-49 • Responsible engagement, available on PMI.com
Risk and opportunity oversight	<p>Integrating risk and opportunity into business process Company risk factor and opportunity disclosures that clearly identify the principal material risks and opportunities facing the company specifically (as opposed to generic sector risks), the company appetite in respect of these risks, how these risks and opportunities have moved over time and the response to those changes. These opportunities and risks should integrate material economic, environmental and social issues, including climate change and data stewardship.</p>	Core	<ul style="list-style-type: none"> • PMI Integrated Report 2020: see Risk management on page 32 and Assessing climate change risks and opportunities on page 101

PLANET, PEOPLE, AND PROSPERITY



“An ambition to protect the planet from degradation, including through sustainable consumption and production, sustainably managing its natural resources and taking urgent action on climate change, so that it can support the needs of the present and future generations.”



“An ambition to end poverty and hunger, in all their forms and dimensions, and to ensure that all human beings can fulfil their potential in dignity and equality and in a healthy environment.”



“An ambition to ensure that all human beings can enjoy prosperous and fulfilling lives and that economic, social and technological progress occurs in harmony with nature.”⁴

The summary below cross-references our reporting on PMI’s tier 1 sustainability topics with all core metrics and disclosure, as well as selected expanded metrics and disclosures of the “Planet”, “People”, and “Prosperity” pillars of the WEF’s framework.

PMI’s Tier 1 Topics	Theme	Metrics and disclosures	Core / Expanded	Reference in published materials
Product health impacts	Innovation of better products and services	Total R&D expenses (\$) Total costs related to research and development.	Core	<ul style="list-style-type: none"> • PMI Integrated Report 2020: see Business transformation metrics on pages 15 and 130, and Product health impacts on pages 34-40
Access to smoke-free products	Employment and wealth generation	Financial investment contribution 1. Total capital expenditures (CapEx) minus depreciation, supported by narrative to describe the company’s investment strategy. 2. Share buybacks plus dividend payments, supported by narrative to describe the company’s strategy for returns of capital to shareholders.	Core	<ul style="list-style-type: none"> • PMI Integrated Report 2020: see Transforming our business on pages 9-16, Business transformation metrics on pages 15 and 130, Access to smoke-free products on pages 41-49, and Performance table: Financials on page 129 • PMI Annual Form 10-K 2020, pages 52-53
Respect for human rights	Dignity and equality	Human rights review, grievance impact & modern slavery (#, %) 1. Total number and percentage of operations that have been subject to human rights reviews or human rights impact assessments, by country. 2. Number and type of grievances reported with associated impacts related to a salient human rights issue in the reporting period and an explanation on type of impacts. 3. Number and percentage of operations and suppliers considered to have significant risk for incidents of child labour, forced or compulsory labour. Such risks could emerge in relation to:	Expanded	<ul style="list-style-type: none"> • PMI Integrated Report 2020: see Respect for human rights on pages 69-75, Sustainable supply chain management on pages 59-68, Socioeconomic well-being of tobacco-farming communities on pages 78-90 and respective performance tables on pages 131, 132, and 134

⁴ Source: World Economic Forum and Big Four analysis. Definitions for Planet, People and Prosperity taken from the UN’s 2030 Agenda for Sustainable Development (http://www3.weforum.org/docs/WEF_IBC_Measuring_Stakeholder_Capitalism_Report_2020.pdf)



		a) type of operation (such as manufacturing plant) and type of supplier; and b) countries or geographic areas with operations and suppliers considered at risk.		
Socioeconomic well-being of tobacco-farming communities	Dignity and equality	Risk for incidents of child, forced or compulsory labour An explanation of the operations and suppliers considered to have significant risk for incidents of child labour, forced or compulsory labour. Such risks could emerge in relation to: a) type of operation (such as manufacturing plant) and type of supplier; and b) countries or geographic areas with operations and suppliers considered at risk.	Core	<ul style="list-style-type: none"> • PMI Integrated Report 2020: see Respect for human rights on pages 69-75, Sustainable supply chain management on pages 59-68, Socioeconomic well-being of tobacco-farming communities on pages 78-90 and respective performance tables on pages 131, 132, and 134
Health, safety, and well-being at work	Health and well-being	Health and safety (%) The number and rate of fatalities as a result of work-related injury; high-consequence work-related injuries (excluding fatalities); recordable work-related injuries; main types of work-related injury; and the number of hours worked. An explanation of how the organization facilitates workers' access to non-occupational medical and healthcare services, and the scope of access provided for employees and workers.	Core	<ul style="list-style-type: none"> • PMI Integrated Report 2020: see Health, safety, and well-being at work on pages 91-96 and respective performance table on page 135, and Socioeconomic well-being of tobacco farming communities on pages 78-90 and 134
Health, safety, and well-being at work	Health and well-being	Employee well-being (#, %) 1. The number of fatalities as a result of work-related ill-health, recordable work-related ill-health injuries, and the main types of work-related ill-health for all employees and workers. 2. (a) Percentage of employees participating in "best practice" health and well-being programmes, and (b) Absentee rate (AR) of all employees.	Expanded	<ul style="list-style-type: none"> • PMI Integrated Report 2020: see Health, safety, and well-being at work on pages 91-96 and respective performance table on page 135
Climate protection	Climate change	Greenhouse gas (GHG) emissions For all relevant greenhouse gases (e.g. carbon dioxide, methane, nitrous oxide, F-gases etc.), report in metric tonnes of carbon dioxide equivalent (tCO2e) GHG Protocol Scope 1 and Scope 2 emissions. Estimate and report material upstream and downstream (GHG Protocol Scope 3) emissions where appropriate.	Core	<ul style="list-style-type: none"> • PMI Integrated Report 2020: see Climate protection: Progress in 2020 on pages 102-111 and respective performance table on pages 139-140 • PMI's submission to the CDP, available on PMI.com
Climate protection	Climate change	TCFD implementation Fully implement the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). If necessary, disclose a timeline of at most three years for full implementation. Disclose whether you have set, or have committed to set, GHG emissions targets that are in line with the goals of the Paris Agreement – to limit global warming to well below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C – and to achieve net-zero emissions before 2050.	Core	<ul style="list-style-type: none"> • PMI Integrated Report 2020: see About this report on page [X], Climate protection: Achieving our aims on pages 99-101 and respective performance table on pages 139-140 • PMI's submission to the CDP, available on PMI.com



Climate protection	Climate change	<p>Paris-aligned GHG emissions targets Define and report progress against time-bound science-based GHG emissions targets that are in line with the goals of the Paris Agreement – to limit global warming to well below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C. This should include defining a date before 2050 by which you will achieve net-zero greenhouse gas emissions, and interim reduction targets based on the methodologies provided by the Science Based Targets initiative, if applicable. If an alternative approach is taken, disclose the methodology used to calculate the targets and the basis on which they deliver on the goals of the Paris Agreement.</p>	Expanded	<ul style="list-style-type: none"> • PMI Integrated Report 2020: see Climate protection: Achieving our aims on pages 99-101 and respective performance table on pages 139-140
Climate protection	Climate change	<p>Impact of GHG emissions Report wherever material along the value chain (GHG Protocol Scope 1, 2 & 3) the valued impact of greenhouse gas emissions. Disclose the estimate of the societal cost of carbon used and the source or basis for this estimate.</p>	Expanded	<p>In 2020, we piloted a first version of the Value Balancing Alliance (VBA) methodology with a set of nine topics, including GHG emissions. Read more on page 24 of PMI Integrated Report 2020. We plan to further communicate on results of the impact valuation exercise as we progress on the topic.</p>
Littering prevention	Solid waste	<p>Single-use plastics Report wherever material along the value chain: estimated metric tonnes of single-use plastic consumed. Disclose the most significant applications of single-use plastic identified, the quantification approach used and the definition of single-use plastic adopted.</p>	Expanded	<ul style="list-style-type: none"> • PMI Integrated Report 2020: see Littering prevention on pages 112-115, and Product eco-design and circularity on pages 116-125
Product eco-design and circularity	Resource availability	<p>Resource circularity Report the most appropriate resource circularity metric(s) for the whole company and/or at a product, material or site level as applicable. Potential metrics include (but are not limited to) the Circular Transition Indicators (WBCSD), indicators developed by the Ellen MacArthur Foundation and company developed metrics. Disclose the methodological approach used to calculate the chosen circularity metric(s) and the rationale for the choice of metric(s).</p>	Expanded	<ul style="list-style-type: none"> • PMI Integrated Report 2020: see Product eco-design and circularity on pages 116-125 and respective performance table on page 141

The summary below cross-references our reporting on PMI’s tier 2 sustainability topics with core metrics and disclosures of the “Planet”, “People”, and “Prosperity” pillars of the WEF’s framework.

PMI’s Tier 2 Topics	Theme	Metrics and disclosures	Core / Expanded	Reference in published materials
Forest conservation and Biodiversity	Nature loss	Land use and ecological sensitivity Report the number and area (in hectares) of sites owned, leased or managed in or adjacent to protected areas and/or key biodiversity areas (KBA).	Core	We currently do not report in the format required for this metric. However, we describe our approach and progress regarding Forest conservation and Biodiversity on PMI.com, and in the performance tables of PMI Integrated Report 2020 (page 141).
Water stewardship	Freshwater availability	Water consumption and withdrawal in water-stressed areas Report for operations where material: megalitres of water withdrawn, megalitres of water consumed and the percentage of each in regions with high or extremely high baseline water stress, according to WRI Aqueduct water risk atlas tool. Estimate and report the same information for the full value chain (upstream and downstream) where appropriate.	Core	<ul style="list-style-type: none"> • PMI Integrated Report 2020: see Performance table: Water stewardship on page 142 • Water stewardship, available on PMI.com
Diverse and inclusive working environment	Dignity and equality	Diversity and inclusion (%) Percentage of employees per employee category, by age group, gender and other indicators of diversity (e.g. ethnicity).	Core	<ul style="list-style-type: none"> • PMI Integrated Report 2020: see Our global footprint on page 8, and Performance table: Diverse and inclusive working environment on page 136 • Diverse and inclusive working environment, available on PMI.com
Diverse and inclusive working environment	Dignity and equality	Pay equality (%) Ratio of the basic salary and remuneration for each employee category by significant locations of operation for priority areas of equality: women to men, minor to major ethnic groups, and other relevant equality areas.	Core	<ul style="list-style-type: none"> • PMI Integrated Report 2020: see Performance table: Diverse and inclusive working environment on page 136 • Diverse and inclusive working environment, available on PMI.com
Fair working conditions	Dignity and equality	Wage level (%) Ratios of standard entry level wage by gender compared to local minimum wage. Ratio of the annual total compensation of the CEO to the median of the annual total compensation of all its employees, except the CEO.	Core	<ul style="list-style-type: none"> • PMI’s Proxy Statement 2021, page 63 <p>We currently do not report on ratios of standard entry level wage by gender compared to local minimum wage. However, we assess living wages amongst our employees, as described on the Fair working conditions section available on PMI.com. We also aim to achieve 100% of contracted farmers supplying tobacco to PMI making a living income by 2025, as described on pages 78-86 of PMI Integrated Report 2020.</p>
Talent attraction, retention, and employability	Skills for the future	Training provided (#, \$) Average hours of training per person that the organization’s employees have undertaken during the reporting period, by gender and employee category (total number of hours of training provided to employees divided by the number of employees). Average training and development expenditure per full time employee (total cost of training provided to employees divided by the number of employees).	Core	<ul style="list-style-type: none"> • PMI Integrated Report 2020: see Performance table: Talent attraction, retention, and employability on page 138 • Talent attraction, retention, and employability, available on PMI.com <p>We currently do not breakdown our training performance data by gender and employee category.</p>



Fair working conditions and Talent attraction, retention, and employability	Employment and wealth generation	<p>Absolute number and rate of employment</p> <p>1. Total number and rate of new employee hires during the reporting period, by age group, gender, other indicators of diversity and region.</p> <p>2. Total number and rate of employee turnover during the reporting period, by age group, gender, other indicators of diversity and region.</p>	Core	<ul style="list-style-type: none"> • PMI Integrated Report 2020: see Performance table: Talent attraction, retention, and employability on page 138 • Talent attraction, retention, and employability, available on PMI.com <p>We currently report on employee overall and voluntary turnover data, as well as on women employee overall turnover data.</p>
Fair fiscal practices	Community and social vitality	<p>Total tax paid</p> <p>The total global tax borne by the company, including corporate income taxes, property taxes, non-creditable VAT and other sales taxes, employer-paid payroll taxes, and other taxes that constitute costs to the company, by category of taxes.</p>	Core	<ul style="list-style-type: none"> • PMI Integrated Report 2020: see Creating value on page 29, and Performance table: Financials on page 129 • Fair fiscal practices, available on PMI.com
Our business	Employment and wealth generation	<p>Economic contribution</p> <p>1. Direct economic value generated and distributed (EVG&D), on an accrual's basis, covering the basic components for the organization's global operations, ideally split out by:</p> <ul style="list-style-type: none"> – Revenues – Operating costs – Employee wages and benefits – Payments to providers of capital – Payments to government – Community investment <p>2. Financial assistance received from the government: total monetary value of financial assistance received by the organization from any government during the reporting period.</p>	Core	<ul style="list-style-type: none"> • PMI Integrated Report 2020: see 2020 Highlights on page 4, Creating value on page 29, Business transformation metrics on page 15, and Performance table: Financials on page 129 • Fair fiscal practices, available on PMI.com • Community support, available on PMI.com • PMI Annual Form 10-K 2020