

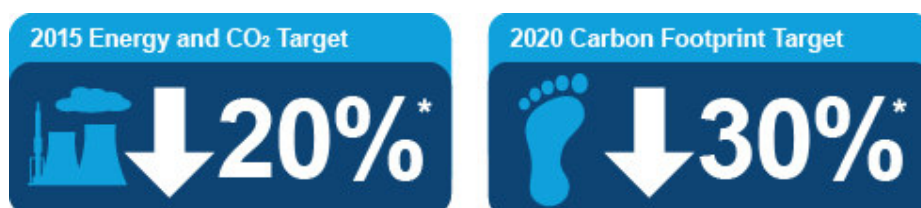


PHILIP MORRIS INTERNATIONAL

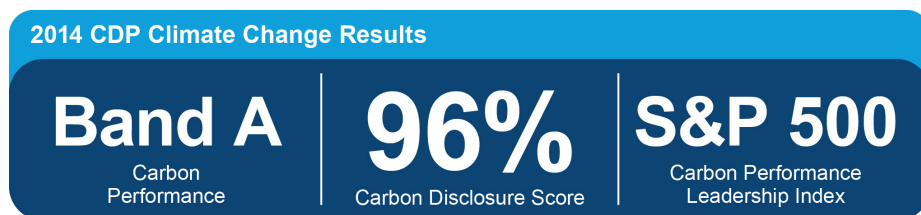
Climate Change

Tackling climate change is an important part of our sustainability strategy. Our long-term commitment is to realize a 20% reduction in energy and CO₂ from our manufacturing operations by 2015*, and a 30% reduction in our carbon footprint across our whole value chain by 2020.

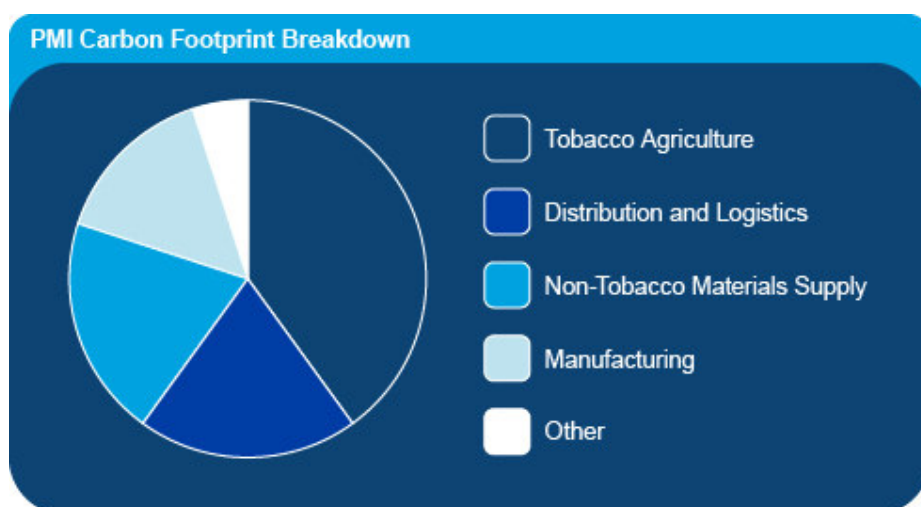
To understand more about our carbon footprint, we undertook an assessment of our entire supply chain between 2008 and 2010. We found that more than 70% of our carbon footprint comes from carbon emissions in our supply chain; in particular around 40% comes from tobacco agriculture. This information has helped us develop a targeted strategy to reduce our carbon emissions.



We report our progress towards these targets through CDP [\(formerly The Carbon Disclosure Project\)](#). CDP is an international, not-for-profit organization providing a key independent global system for companies to measure, disclose, manage and share vital environmental information. As such, CDP ratings provide companies with a credible, trusted benchmarking system for environmental information at the global level. Increasingly, CDP ratings provide a tool for institutional investors and stakeholders to assess corporate efforts to mitigate climate change. Click [here](#) to see an example.



Our 2014 CDP report saw CDP award PMI a *Band A* for carbon performance, the top tier band recognizing our positive actions to mitigate climate change in our value chain; PMI also scored 96% for disclosure, a measure of the completeness and transparency of our reporting. This is PMI's best ever score in the CDP surveys and has resulted in PMI securing a listing in CDP's first ever Global Performance Leaders Report. In 2014 PMI also made it into the *CDP Carbon Performance Leadership Index* for the S&P500, being one of only three consumer staples companies from the S&P500 to achieve this recognition. You can view the reports and our detailed submission via the links on the right.



Energy and CO₂ Management

We have developed a global Energy Management Program (EMP), which consists of more than 20 energy reduction initiatives. These initiatives have led to the implementation of more than 100 global projects since 2010 to decrease energy use and related CO₂ emissions in our manufacturing facilities worldwide.

Energy Management Results to 2012

387 MJ per million units of product representing

↓ **4.7%***

62kg CO₂ per million units of product representing

↓ **7.8%***

Some examples of PMI's efforts to reduce energy use include:

- One key energy reduction project involves installing variable speed drives on the fan motors of air handling units. In 2011, we implemented this project in 23% of our manufacturing facilities and a further 13% in 2012. This project is estimated to have saved more than 9000 metric tons of CO₂ per year.
- We have already installed energy efficient lighting in 10 of our manufacturing facilities around the world and plan to do the same in another 20 in the short term.
- Our two data centers located in Switzerland are powered by 100% renewable electricity, generated from local hydro power.

As a result of projects like these around the world, assessment of our energy use, metering in our manufacturing facilities, and continual new innovations; we are confident that we will continue to increase opportunities for renewable energy, reducing our fossil fuel related energy use and associated carbon footprint.

Wood Use

Other key contributors to our carbon footprint are farmers' use of wood as a fuel for tobacco curing and for tobacco farming infrastructure, and the production of other wood based materials such as paper/board and acetate tow (cigarette filter material) that are part of the process of making cigarettes.

In collaboration with nature conservation experts, we are addressing the use of wood in tobacco farming, beginning with a pilot study in Brazil that will help us identify how best to address this issue and measure our progress. This study will provide recommendations for:

- Reducing wood use in tobacco curing,
- Promoting sustainable forest management, wood consumption and production, and
- Alternative fuel sources to wood.

In addition to this pilot study, we are working in tobacco growing countries to support reforestation and sustainable tobacco production.

For us to meet our targets, it is critical to monitor our progress through regular reviews of our supply, manufacturing and distribution chains, and also our products and packaging material. Starting with the review conducted in 2012, we will continue to assess our carbon footprint in detail every three years.

** Against a 2010 baseline, per million units of product equivalent.*

Find out more in this video [\[link\]](#).

Local Energy and CO₂ Improvements

Our German factories
are powered by electricity
generated from

100%
renewable
sources

Our Canadian facilities
in Quebec and Brampton reduced
their energy consumption by over

↓ **10%***

through initiatives including new building
management system, upgraded boilers
and energy efficient chillers.

