

Swedish Match AB (publ)
556015-0756**Sustainability information****Introduction**

At the end of 2022, Swedish Match AB (publ), Corporate Identity Number 556015-0756, was acquired by Philip Morris Holland Holdings B.V., an affiliate of Philip Morris International Inc. (PMI) (677 Washington Blvd., Ste. 1100 Stamford, CT 06901, USA). The work to integrate Swedish Match into PMI's global sustainability structure, strategy and policies started in 2023, as a result of the new ownership.

As integration proceeds, in all material respects, PMI's Integrated Report, published on March 28, 2024 and accessible at www.pmi.com/sustainability, is deemed to meet the obligations set in the Annual Accounts Act, to disclose sustainability information necessary for an understanding of the company's development, position and performance and the impact of its operations, including information on issues relating to the environment, social conditions, personnel, respect for human rights and anti-corruption.

The clarifications and additions described below further complement PMI's Integrated Report.

Sustainability Materiality Assessment

During 2023, PMI conducted a light refresh of their materiality assessment conducted in 2021, accounting for two meaningful developments: change in footprint (driven both by the acquisition of Swedish Match and by our announcement to enter the US in 2024 with *IQOS*) and recent regulatory developments, especially those focused on mandatory non-financial disclosures. Besides minor calibration, this internal review confirmed the outcomes of the 2021 assessment and did not result in changes to the priority ESG topics. For more information on PMI's most recent full-fledged sustainability materiality assessment, please see PMI's [2021 Sustainability Materiality Report](#). For more information on the light refresh conducted in 2023, please refer to PMI's Integrated Report.

Environment

In 2023, PMI successfully integrated the greenhouse gas (GHG) inventory of Swedish Match into PMI's value chain carbon accounting. PMI's Integrated Report 2023 presents a consolidated view of both companies. For more information, please refer to PMI's Integrated Report (see in particular page 128).

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556015-0756**Anticorruption**

In 2023, PMI began its Legal & Compliance integration efforts with Swedish Match to ensure that PMI's standards and requirements are also applied across Swedish Match entities. Highlights from these efforts in 2023 include the launch of the PMI Code of Conduct to Swedish Match employees globally, implementation of PMI's Whistleblower/Speaking Up Program (including the third-party-operated PMI Compliance Help Line), and the launch of key Compliance policies, including PMI's Marketing Codes and Personal Data Protection Policy, among others. Integration efforts are ongoing and will continue throughout 2024. For more information, please refer to PMI's Integrated Report (see in particular page 169).

Employees and social conditions

Workplace information and data for Swedish Match, which as of December 31, 2023 had approximately 7,400 employees, is not included in PMI's Integrated Report. A preliminary assessment at the start of the integration process highlights the need for joint efforts to improve diversity across the organization, especially in senior management positions. The expectation is that existing shortcomings will be addressed as the integration journey continues, thereby ensuring that PMI's diversity, equality, and inclusion strategy is implemented throughout the Swedish Match organization. The integration of Swedish Match's workforce will continue in 2024 and the expectation is to be able to publish consolidated information and data in the next integrated report.

Swedish Match's commitment

Until the integration is finalized, Swedish Match will uphold to its previous commitments and policies.

Swedish Match is dedicated to providing ergonomically sound workplaces, free from health and safety hazards. Specific activities, including safety trainings and wellness programs, are carried out at the operational level to ensure the physical and mental wellbeing of our employees. Furthermore, periodic inspections are conducted by an independent third party at major production facilities. These inspections assess, among other things, to what level the facilities meet Swedish Match work safety standards and determine whether there are actions required to further reduce risk. We are committed to non-discrimination in all employment practices, policies, benefits and procedures and we work diligently to make sure that all our managers and employees understand that there is zero tolerance for discrimination. Neither employees, nor potential employees, should feel that they are or could be the subject of discrimination at Swedish Match.

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Human rights

Swedish Match supply chain data is not included in PMI's Integrated Report. Notably, sustainable policies and practices in place prior to the acquisition continued to apply in Swedish Match's supply chain during the year. Concretely, during 2023 Swedish Match continued to ensure that our suppliers would adhere to their Supplier's Code of Conduct. More specifically, with regard to due diligence in the smoke-free tobacco supply chain, Swedish Match continues to be part of the Sustainable Tobacco Program (STP), an industry-wide initiative developed by tobacco manufacturers designed to assure standards in agricultural practices, environmental management, and key social and human rights. As integration progresses, we will work to expand PMI's existing stringent due diligence programs to Swedish Match's supply chain. Considering the complexity, wide-scale, and diversified nature of our respective supply chains, Swedish Match is expected to integrate into PMI's supply chain-related sustainability data reporting where material by 2026.

Swedish Match's commitment

Until the integration is finalized, Swedish Match will uphold to its previous commitments and policies.

We respect universal human rights and support internationally proclaimed human rights conventions and guidelines. We recognize the role we play in respecting these rights and in making sure that they are upheld for the people impacted by our business, in the areas from which we source materials. Elimination of child labor is the center of focus in our efforts. Swedish Match does not accept child labor anywhere in our supply chain. We respect the rights of the child, including the right to education, the right to rest and play and the right to have the child's basic needs met, in accordance with the UN Convention on the Rights of the Child.

1. Minimum age of employment

Swedish Match complies with the UN Convention on the Rights of the Child and ILO Convention No. 138 on the Minimum Age for Admission to Employment and Employment. The minimum age for work should not be lower than the age for completing compulsory schooling, which is generally 15 years, or 14 years in accordance with the exceptions for developing countries. Where the relevant national legislation specifies a higher age, that age shall apply.

2. Our Supplier Code of Conduct

Our Supplier Code of Conduct specifies what we expect and require from our suppliers in terms of employment and labor practices, workplace practices, ethical business practices and environmental management practices. Requirements are based on and comply with international conventions and guidelines. The Supplier Code of Conduct forms the basis for our relationship with suppliers and is an integral part of most of our significant business agreements.

3. Direct material other than raw tobacco

For direct materials other than raw tobacco we rely on our own due diligence programs to monitor adherence to our Supplier Code of Conduct. The due diligence primarily covers primary suppliers. The primary suppliers are continuously screened for compliance and risk in relation to ethical business practices, employment and labor practices, including child labor. In addition to this, we encourage our suppliers to develop their own supplier standards and monitoring procedures.