

## **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, and proceeded throughout 2024.

The current report aims to disclose sustainability information necessary for an understanding of Swedish Match's current development, position, 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. Each section also provides a summary of the progress made towards integration with PMI. It is important to mention that, while integration progresses, in those areas where full integration into PMI's global sustainability structure has not yet been completed, Swedish Match will continue to uphold to its current policies and goals.

In this report and in related communications, the terms "materiality", "material" and similar terms are defined in the referenced sustainability standards and certain regulatory requirements 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.

### **Sustainability Materiality Assessment**

PMI's approach to sustainability and 2025 Roadmap are guided by the outcome of its 2021 sustainability materiality assessment (available on [www.pmi.com](http://www.pmi.com)), which were confirmed by a 2023 refresh that accounted for the acquisition of Swedish Match. Late 2024, PMI completed a new global sustainability materiality assessment covering also Swedish Match, which will inform PMI's sustainability strategy beyond the 2025 horizon.

### **Environment**

While in 2023, PMI successfully integrated the greenhouse gas (GHG) inventory of Swedish Match into PMI's value chain carbon accounting, during 2024, Swedish Match's activities started being integrated within PMI's low carbon transition plan, and PMI plans to extend its various mitigation and adaptation strategies and initiatives to Swedish Match's operations. PMI and Swedish Match has worked on setting common carbon reduction targets, which were approved through the Science Based Targets initiative (SBTi) in December 2024. The science-based targets remain the same as published in PMI's Integrated Report 2023, now including Swedish Match data.

PMI's climate strategy, inclusive of Swedish Match, aims to address pertinent climate change-related risks and build resilience while seizing opportunities presented by a low carbon future. To deliver on its climate ambitions, PMI relies on robust carbon footprint accounting, regular analysis of climate change related risks and opportunities, ambitious mitigation targets, implementation of adaptation measures, clear management and governance structures, and key enablers such as our internal carbon pricing. PMI prioritizes reducing absolute carbon emissions by optimizing efficiency and reducing consumption while minimizing the use of fossil fuels and promoting the switch to renewable energy.

PMI, including Swedish Match, tracks and reports GHG emissions from its direct operations (Scope 1 direct emissions), emissions from energy used in its direct operations (Scope 2 indirect emissions), and emissions in its upstream and downstream value chain according to the Corporate Value Chain Standard (Scope 3 indirect emissions) of the Greenhouse Gas Protocol.

## **Compliance**

In 2023, integration efforts between Swedish Match and PMI Legal & Compliance function continued to focus on ensuring that PMI's standards and requirements were also applied across Swedish Match entities, including through the launch of the PMI Code of Conduct to the Swedish Match organization and an e-learning course for office-based employees. These efforts continued throughout 2024 with the launch of in-person PMI Code of Conduct training for Swedish Match's factory-based employees. As of December 2024, 96 percent of Swedish Match employees have completed training on PMI's Code of Conduct. Within Swedish Match AB, the completion rate was 95 percent.

While PMI's Code of Conduct sets clear standards and expectations and is closely aligned with the group's business transformation strategy and industry best practices, internal PMI policies provide more specific guidance on topics such as: anti-bribery and anti-corruption, anti-competitive practices, conflicts of interest, information protection security and data privacy, responsible marketing and sales, scientific integrity, supply chain responsibility, and workplace integrity. In 2024, several of these PMI compliance policies were launched within Swedish Match: PMI 02-C (Global work place integrity), PMI 03 (Personal data protection), PMI 05-C (Competition), PMI 13-C (Global Conflicts of Interest), PMI 14-C (Global Anti-corruption), PMI 16-C (Global Speak-Up Policy), PMI 17-C (Insider Trading), PMI 43-C (Global non-discrimination and anti-harassment).

## **Employees and social conditions**

Until the integration is finalized, in those areas where full integration into PMI's global sustainability structure has not been completed, Swedish Match will continue to uphold to its current policies and goals. In particular, Swedish Match continues to provide 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.

As of December 31, 2024, Swedish Match AB had 42 employees, of whom 48 percent were women.

## **Human rights**

Promoting, protecting, and continuously working to embed human rights considerations into strategy, policies, and business practices is not just the right thing to do; it also helps anticipate current and emerging legal requirements and minimizes financial exposure and the risk of supply chain disruptions. It creates the basic environment and conditions in which our business can thrive and create value, by recognizing, respecting, and protecting our right holders, including our employees and workers across our value chain.

Protecting and promoting the rights of our stakeholders is paramount and PMI, including Swedish Match, is committed to business practices that respect internationally recognized human rights and upholds the principles as enshrined in the United Nations Guiding Principles on Business and Human Rights, as expressed in the Human Rights Commitment of PMI, available on [www.pmi.com](http://www.pmi.com).

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. Meanwhile, sustainable policies and practices in place prior to the acquisition continued to apply in Swedish Match's supply chain during the year. Concretely, during 2024 Swedish Match continued to ensure that suppliers adhere to the Supplier Code of Conduct of Swedish Match. 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 part of the STP due diligence cycle, all suppliers perform self-assessment on an annual basis. Suppliers are asked to specify their commitment and procedures, and report quantitative measures to show impact. The self-assessment results are then validated by the STP Secretariat. Based on the generic risk screening and self-assessment validation results, a list of prioritized countries, suppliers and tobacco types are identified for an in-depth assessment. During 2024, in-depth assessments were conducted in South Africa, Guatemala, and Thailand. As a result, all assessed suppliers now have action plans in place based on the findings to improve their sustainability efforts. As integration progresses, Swedish Match will work to expand PMI's existing stringent due diligence programs to Swedish Match's supply chain.

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In particular, Swedish Match respects universal human rights and support internationally proclaimed human rights conventions and guidelines. Swedish Match recognizes the role played 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. *Swedish Match's Supplier Code of Conduct*

Swedish Match's Supplier Code of Conduct specifies what is expected and required from 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 the relationship between Swedish Match and its 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 Swedish Match continues to rely on its own due diligence programs to monitor adherence to the 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, Swedish Match encourages its suppliers to develop their own supplier standards and monitoring procedures.

**Feature box:**

Very late in December 2024, media informed Swedish Match of allegations of labour rights violations against one of its suppliers. Despite multiple requests for further details that would have aided an investigation, no details were shared until the allegations were broadcast in Swedish media. The supplier subsequently confirmed that the facility featured in the broadcast does not supply Swedish Match and that the supplier is investigating the allegations further; Swedish Match expects the supplier's investigation to end with a report in early 2025. While the allegations do not appear to relate to Swedish Match's supply chain, both Swedish Match and PMI take these issues extremely seriously and will be developing an action plan, together with the supplier, to provide additional assurance that all its supplies to Swedish Match and PMI companies meet our very high standards for responsible sourcing.