



PHILIP MORRIS

AUSTRALIA

PHILIP MORRIS AUSTRALIA
MODERN SLAVERY STATEMENT

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This is a single modern slavery statement under section 14 of the **Modern Slavery Act 2018** (Cth) (**Modern Slavery Act** or the **Act**) made in respect of each of Philip Morris (Australia) Limited and its wholly owned subsidiary Philip Morris Limited (“PML”, and, jointly with Philip Morris (Australia) Limited, also “**Philip Morris Australia**”). Philip Morris Australia is the Australian subsidiary of Philip Morris International Inc (PMI). PMI and its subsidiaries (collectively, the **PMI Group**) take a global, enterprise-wide approach to the identification and mitigation of modern slavery and human trafficking risks. Philip Morris Australia therefore relies on the compliance infrastructure of the PMI Group, and the measures described in this statement have been taken by the PMI Group as a whole, unless otherwise stated.

Philip Morris (Australia) Limited submits this statement on behalf of itself and its subsidiary entity in respect of the period 1 January 2024 to 31 December 2024 (**Reporting Period**). This statement has been prepared following consultation with group entities and it is based on and should be read in conjunction with PMI 2024 Integrated Report.¹

INTRODUCTION

PMI’s Human Rights Commitment articulates PMI Group’s pledge to respect human rights in all its operations and business relationships². It states that the PMI Group, which includes Philip Morris Australia, considers the use of forced labour or modern slavery unacceptable. PMI is committed to business practices that respect internationally recognised human rights upholding the principles as enshrined in the United Nations Guiding Principles on Business and Human Rights (UNGPs). PMI commits to respect the International Bill of Human Rights and the International Labor Organization’s 1998 Declaration of Fundamental Rights and Principles at Work, and to endorse the OECD Guidelines for Multinational Enterprises as well as the OECD Due Diligence Guidance for Responsible Business Practices.

Philip Morris Australia commends the Modern Slavery Act as an important step towards strengthening modern slavery laws in Australia and we are proud to publish our fourth modern slavery statement in compliance with the Act. In this statement, we adopt the meaning of modern slavery as defined in the Modern Slavery Act.

This Statement is aligned with similar reports that PMI is required to produce for other jurisdictions in which it operates (i.e. in United Kingdom, under the “Modern Slavery Act” of 2015, in Canada, under the “Fighting against forced labour and child labour in supply chain Act” of 2023, in Norway, under the “Transparency Act” of 2021, in Czech Republic, under the implementation of the “EU Corporate sustainability reporting directive” of 2022).

We will continue to look closely at our practices, continuously strive to improve them, and operate systems to implement this commitment from supplier to consumer. We are committed to identifying any form of modern slavery in our operations and value chain and will act against such practices.

¹ PMI Integrated Report 2024 – [accessible here](#)

² PMI Human Rights Commitment – [accessible here](#)

OUR BUSINESS STRUCTURE, OPERATIONS & SUPPLY CHAIN

OUR STRATEGY

PMI is striving to become a company that has a net positive impact on shareholders, consumers, the environment and society as a whole. Our ambition starts with researching, developing, and commercializing less harmful alternatives to cigarettes for those adults who otherwise would continue to smoke, ultimately allowing us to phase out cigarettes and become a fully smoke-free business. As a next step, PMI continues to explore the potential expansion of its offerings to include products that fill critical unmet needs within the wellness and healthcare space. To achieve our purpose, a radical transformation of our business, of our entire value chain, as well as of the way we engage with society is required: sustainability stands at the core of this transformation.

Our comprehensive strategy thus recognizes the need to address Environmental, Social, and Governance issues related to our products and business operations. In this regard, we must responsibly manage the impacts of our company's operations throughout the value chain. While on the environmental front, this means tackling climate change and preserving natural ecosystems, from a social standpoint, this includes ensuring fair treatment and empowerment of our employees and improving the lives of people across our supply chain.

OUR BUSINESS STRUCTURE

Philip Morris (Australia) Limited (ACN 004 316 901) (**PMAL**) is a public company registered in Australia and comprises two wholly owned subsidiary companies:

- Philip Morris Limited (ACN 004 694 428) (**PML**) - an Australian registered public company and PMAL's Australian trading subsidiary which directly employs 237 people across Australia; and
- PMAL has a corporate office in Australia with the registered office for PML located at 30 Convention Centre Place, South Wharf, Victoria 3006.

OUR OPERATIONS

PMI is a leading international tobacco company, actively delivering a smoke-free future and evolving its portfolio for the long term to include products outside of the tobacco and nicotine sector. PMI's current product portfolio primarily consists of cigarettes and smoke-free products (heated tobacco and nicotine-containing pouches and vapour products) that, while not risk-free, are a much better choice than continuing to smoke. As of December 31, 2024, PMI products are sold in approximately 170 markets worldwide. The company has approximately 160 affiliates that operate in more than 90 countries and 51 manufacturing facilities. PMI's ambition is to replace cigarettes with smoke-free products, to the benefit of consumers, society, the company, and its shareholders. PMI operates 51 manufacturing facilities of which 16 are either partially or fully dedicated to the production of heated tobacco units or oral nicotine products³ and has a diverse workforce of approximately 83,100 people worldwide. With a strong foundation and significant expertise in life sciences, PMI also has a long-term ambition to expand into wellness and healthcare areas and aims to enhance life through the delivery of seamless health experiences.

During the Reporting Period, PML was engaged in the distribution of combustible and non-combustible products including cigarettes, cigars, and "roll your own" tobacco, as well as therapeutic vapour products to adults in Australia.

Key facts and figures

- PML imports its products from intergroup entities located across Indonesia and the European Union;
- PML's distribution of combustible and non-combustible products is governed by agreements with intergroup entities and affiliates;
- PML distributes its products to over 5,000 direct wholesalers and retailers across Australia and the Pacific Islands;
- PML has third party distribution arrangements in place with more than 4 major logistics companies to facilitate the sale of its products across Australian and within the Pacific Islands; and

³ These figures refer to the end of 2023 and include Swedish Match and Vectura Fertin Pharma, PMI's most recent acquisitions.

- PML sources from a number of locally based service providers to run its office operations such as cleaners, security and catering.

SUPPLY CHAIN

PMI's supply chain connects us with millions of people, from the farmers and farm workers who cultivate tobacco and other agricultural products to workers at the supplier companies that provide the products and services needed to run PMI's business. Establishing a strong foundation of respect and integrating into the organization mechanisms that promote and protect human rights across the value chain are essential components of PMI's approach to running its business.

More precisely, sound governance, policies, and practices to manage supply chains responsibly and safeguard human rights are vital prerequisites to harnessing the connections in our supply chains to improve the quality of life of those who are part of it.

PMI's global supply chain is organized into two main streams: direct spend (focused on materials used to manufacture of our finished products) and indirect spend (focused on goods and services necessary to operate our business).

Philip Morris Australia imports the combustible and non-combustible products it distributes throughout Australia and the Pacific Islands. As a distributor of combustible and non-combustible products, Philip Morris Australia procures goods and services for the purpose of distributing its products to wholesale and retail clients.

RISKS OF MODERN SLAVERY PRACTICES IN PMI'S OPERATIONS & SUPPLY CHAINS

RISKS IN UPSTREAM OPERATIONS & SUPPLY CHAINS

PMI aims to purchase goods and services from suppliers at best value, commensurate with business requirements, while appropriately managing supply, financial, legal, quality, and sustainability requirements. As a group, PMI seeks continuously to identify and address current and potential human rights risks, while also seizing opportunities to create a positive impact in the communities in which PMI and PMI's suppliers operate, thereby increasing the sustainability performance of the entire supply chain.

From a sustainability standpoint, and with specific reference to the issue of modern slavery, the supply chain areas potentially exposed to the highest risks pertain to PMI's direct spend and include:

- Tobacco production, with the main risks associated with working conditions, child labour, climate change, access to water, and the socioeconomic well-being of farming communities;
- Electronics manufacturing, with the main risks relating to potential social issues on ethical recruitment, working conditions of migrant workers, and working time.

PMI takes a risk-based approach to identify, prevent, and mitigate incidents related to human rights and labour rights throughout its supply chain. For this undertaking, PMI collaborates with key stakeholders—such as suppliers, farmers and farmer associations, civil society organizations, academics, governments, and the private sector—to more effectively tackle persistent and systemic issues in the supply chain.

As set out above, Philip Morris Australia is a distributor of the products manufactured overseas by its affiliate entities. Below there is a summary of the strategy developed by PMI to assess and address modern slavery risks throughout its value chain worldwide. For further reference and more detailed information, please see the PMI Integrated Report 2024⁴.

⁴ Phillip Morris International Inc. Integrated Report 2024 - [accessible here](#)

RISKS IN DOWNSTREAM OPERATIONS & SUPPLY CHAINS

During the Reporting Period, a local risk assessment of direct suppliers in the operations and downstream supply chains related to Philip Morris Australia was undertaken to identify areas at risk including risk of modern slavery practices.

The process of identifying our operations and supply chains, undertaking the risk assessment and determining appropriate methods for acting on the risk assessment findings to address potential risk areas was undertaken in close consultation with Philip Morris Australia's Risk & Controls team.

Overall, as with previous such assessments, no high risk of engaging in modern slavery practices in Philip Morris Australia's downstream operations and supply chain was identified, given that:

- a. Philip Morris Australia does not manufacture any of its products;
- b. Philip Morris Australia imports all its products from intergroup companies;
- c. distribution operations are based in Australia, which is a low-risk region, and Philip Morris Australia has a high level of direct control over its business operations;
- d. all Philip Morris Australia's staff are employed or engaged in Australia under applicable Australian employment and workplace relations laws;
- e. there is a dedicated People and Culture Team and robust policies and procedures in place, to ensure compliance with relevant employment, workplace relations and workplace health and safety laws as well as best practice in regard to the personnel; and
- f. all Philip Morris Australia's third-party distributors are based in Australia.

The risk assessment identified that none of the direct downstream suppliers presented as potentially high or medium risk of modern slavery practices.

ACTIONS TAKEN TO ASSESS AND ADDRESS MODERN SLAVERY RISKS

OUR DUE DILIGENCE PROCESS AND POLICY FRAMEWORK

As part of the global PMI Group, Philip Morris Australia recognises that respecting human rights is fundamental to operating a sustainable global business.

PMI's efforts to respect, promote, and protect human rights underpin many of the activities and programs described throughout PMI's Integrated Report 2024. A dedicated cross-functional team at PMI's central operations coordinates the approach on human rights, which is grounded in the United Nations Guiding Principles on Business and Human Rights (UNGPs) and, as described in detail in the Human Rights Report, is centered on four pillars: (i) a sound policy framework, (ii) rigorous and continuous due diligence, (iii) remediation - including through grievance mechanism channels, as described further below - and (iv) transparency.

PMI's rigorous and continuous due diligence is based on a company-wide saliency mapping, firstly conducted in 2017 and then refreshed in 2020, to reflect changes in the business in the context of rapid transformation and heightened understanding of human rights. Like the 2017 mapping, the 2020 refresh focused on key groups of rightsholders: consumers, employees and contractors, suppliers and supply chain workers, and communities.

Moreover, in relation to the pillar of transparency, PMI is committed to "disclose progress about (its) work on (the) Human Rights Commitment, and the KPI (it is) using to assess (its) performance in (its) Sustainability Reports, published annually." By reporting periodically on progress through an annual, integrated report and targeted, thematic communication, PMI enables external scrutiny, allowing stakeholders to assess PMI's transformation, as well as the work related to our social and environmental potential risks.

As such, PMI has developed a strong policy framework comprising a Human Rights Commitment⁵, PMI's revised Code of Conduct⁶, Agricultural Labour Practices (ALP) Code⁷ as well as the Responsible Sourcing Principles⁸ (RSPs). PMI's policies, rules, and procedures are set and applied globally within the wider PMI Group and are then operationalized at local level.

In the Reporting Period, Philip Morris Australia continued to follow these existing processes and implemented additional actions to reduce the risk of modern slavery practices in its operations and supply chains.

Key policies include:

a) Human Rights Commitment

PMI's Human Rights Report, published in 2023, details PMI's strategy to respect, promote, and protect human rights and our progress to date in implementing our Human Rights Commitment, first published in 2017. This report incorporates a preliminary analysis of disclosures on the work on human rights and the considerations of the UN Guiding Principles Reporting Framework (UNGPRF), which enables companies to report meaningfully on their human rights performance. PMI upholds its "Human Rights Commitment", which articulates the pledge to respect human rights in all operations and business relationships. To ensure understanding and implementation of the Human Rights Commitment, PMI has included it in PMI's company-wide Business and Human Rights e-learning which is available in multiple languages including Bahasa, English, German, Japanese, Polish, Portuguese, Russian, and Spanish. These represent the most widely spoken languages by PMI's workforce. All PMI Security & Market Safety personnel are trained on the human rights components applicable to security, specifically the prevention of misuse of force and appropriate working conditions for third-party security personnel deployed at PMI sites; and codifying these requirements as contractual obligations for key suppliers delivering security services.

b) Code of Conduct

Human rights considerations are included also within PMI's Code of Conduct, whose mandatory provisions apply to all PMI employees, officers, and directors. Key risk areas addressed in this document include, but are not limited to, 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, among others. Internal PMI policies provide more specific guidance on these and other topics. The PMI Code of Conduct is reviewed and updated annually. In 2024, PMI continued implementing our global Code of Conduct annual certification process. To date, 98 percent of targeted employees, including 100 percent of senior leaders, have completed the 2024 PMI Code of Conduct certification.

c) Responsible Sourcing Principles

The way PMI works with its suppliers is grounded in our RSPs. The RSPs are aligned with the UN Guiding Principles on Business and Human Rights (UNGPs) mentioned above, the UN Global Compact and the International Labour Organisation Conventions. The RSPs set out ambitions and expectations for PMI's, including human and labour rights considerations.

As part of PMI's procurement practices, PMI identifies and screens suppliers for business relevance and potential environmental, social, and governance-related risks before engaging with them. The screening methodology includes country-specific, sector-specific, and commodity-specific risks to determine a list of significant suppliers through a sustainability lens. In 2024,

⁵ PMI's Human Rights Commitment - [accessible here](#).

⁶ PMI's Code of Conduct - [accessible here](#).

⁷ Agricultural Labour Practices Code - [accessible here](#)

⁸ Responsible Sourcing Principles - [accessible here](#).

PMI engaged with approximately 1,000 significant suppliers. Significant suppliers are those identified as having a substantial risk of negative sustainability-related impact, significant relevance to the business, or a combination of both.

However, not all significant suppliers are critical to PMI's business. Critical suppliers are linked to the nature of materials or services they provide to the business (e.g., pulp and paper and electronic components). In 2024, PMI had 209 critical suppliers. Significant and critical suppliers go through a rigorous assessment process.

With regards to modern slavery, PMI considers any use of forced labor or any form of slavery as unacceptable and, as outlined in its Human Rights Commitment, PMI is committed to identifying and addressing any form of modern slavery in its operations and value chain. PMI will act to prevent, mitigate and cease such practices, including requiring workers to pay recruitment fees or deposits, the retention of worker identity documents, the withholding of wages, and deceptive recruitment practices.

The current RSPs require PMI's suppliers to:

- not engage in or condone the use of forced or trafficked labour;
- to be diligent in order to identify and address any form of modern slavery in their operations and supply chain, including prison, bonded, enslaved or any other form of forced labour;
- arrange loans or salary advancements based on fair terms, clearly explained to the worker and mutually agreed;
- not retain or confiscate the personal papers of any worker including their passports;
- not allow workers to pay recruitment, processing or placement fees; and
- agree with all workers on the terms of their employment in writing at the point of recruitment.

In the Reporting Period, PMI employees who have regular interaction with suppliers have been requested to complete RSP training. Internal capability building on RSP has been split into sections specifically dedicated to RSPs: Fundamentals and Advanced, as well as other non-related sessions that explain RSPs. To ensure all PMI suppliers comply with the RSPs, a strategic framework has been developed, using a two-step approach, addressing significant suppliers through direct engagement and seeking their commitment to implement mandatory requirements of the RSPs.

Further to this, adherence to PMI's RSPs is built into PMI's contractual agreements with suppliers. Suppliers' performance and compliance with the RSPs is monitored through self-declarations, online assessments, audits, or inspections, and through the conduction of appropriate due diligence.

Philip Morris Australia retains the right to terminate the business relationship with the supplier, in cases where non-compliance cannot be remediated.

d) Agricultural Labor Practices (ALP)

PMI is committed to eliminating child labor and other labor abuses where they are found and to achieve safe and fair working conditions on all farms from which PMI sources tobacco. Since 2011, PMI has implemented a set of Agricultural Labour Practices referred to as ALP or the ALP Code and a related program aimed at eliminating child labour and other labour abuses, achieving safe and fair working conditions, and offering a decent livelihood for all farmers in our tobacco leaf supply chain. The ALP Code defines the labour practices, principles, and standards PMI expects to be met by all tobacco farmers which PMI or PMI's suppliers have contracts with to grow tobacco. It has seven principles (including no forced or child labour or human trafficking) and 33 measurable standards. PMI's internal Leaf team, tobacco suppliers, contracted farmers, and farmworkers are regularly trained on the ALP Code. In 2024, PMI revamped the ALP Code and revised the internal guidelines on prompt actions and non-conformities which aim to further support suppliers in their monitoring and reporting procedures of risk situations.

The aspirations are to have 100 percent of contracted farmers supplying tobacco to PMI make a living income by 2025 and to have zero child labour in PMI's tobacco supply chain by 2025 (in 2024 the prevalence of child labour among contracted farmers supplying tobacco to PMI was 0,01%, while in 2023 was 0,1%).

ASSESSING THE EFFECTIVENESS OF PMI'S ACTIONS

Human rights risks are incorporated into PMI's overall integrated risk assessment, PMI's Sustainability Index⁹, the compliance program, the supplier due diligence and evaluation processes, and our ALP monitoring and remediation system deployed on the tobacco farms contracted by PMI and our suppliers. PMI conducts human rights impact assessments in its highest-risk countries to proactively identify and mitigate potential adverse human rights impacts across our value chain. In light of the determination that Philip Morris Australia's downstream operations and supply chain are not indicated as high-risk in terms of potential human rights violations, and that no specific evidence of modern slavery was identified, our evaluation of the effectiveness of our actions comes from PMI's enhanced due diligence programs and third-party assessments at global level. These will form the foundation of further initiatives at a local level to be rolled out in future reporting periods.

HUMAN RIGHTS IMPACT ASSESSMENTS

To strengthen its due diligence framework, proactively identify risks and mitigate potential adverse impacts along its operations and value chain, PMI had set the aspiration to conduct human rights impact assessments (HRIAs) by 2025 in the 10 highest-risk countries in which it operates. The list of high-risk countries is determined — and periodically reviewed — based on PMI's footprint (e.g. presence of manufacturing operations and type of supply chain) and the country's human rights risk profile, as determined by internationally recognised indicators such as the Heidelberg Conflict Barometer, the Freedom House Freedom of the World Index, the U.S. Trafficking in Persons Report, and Transparency International. These HRIAs are carried out by independent expert organisations and follow a formal process aligned with the UNGPs. They result in tailored action plans, which are then implemented, monitored and reported on.

In 2024, completing its 9th and 10th assessment in Kazakhstan and Indonesia, respectively, PMI achieved its aspiration one year ahead of schedule.

During 2024, PMI also completed a follow-up assessment in the leaf supply chain in Mozambique, gauging the progress made since the original assessment conducted in 2020 and initiated another follow up assessment in Turkey which was completed in 2025.

SUSTAINABLE SUPPLY CHAIN

PMI aims to leverage its experience in the tobacco supply chain to promote high labor standards and advance the socioeconomic well-being of workers across its broader supply chain. For this, as anticipated in last year's report, in 2024, PMI continued to use its due diligence tools to assess performance and compliance of suppliers and support them in progressing towards sustainable practices.

Direct materials supply chain

To assess direct materials, suppliers, holistic sustainability performance across environment, and social, ethics, and responsible purchasing domains, PMI continued to use EcoVadis. It is largely aligned with PMI's RSPs and gives an opportunity to enhance PMI's accountability while also providing actionable insights on potential improvement areas. During 2024, 135 suppliers, representing 92 percent of PMI's total direct material spend, were assessed. Of these, 92 percent were determined to be sourced sustainably by PMI, based on the score provided by the assessment platform. Only 8 percent were below the minimum threshold required. Suppliers with a low score were mandated to develop and implement a Corrective Action Plan (CAP), and report progress.

CAPs are segmented by theme, indicator (policy, action or reporting), and priority level. Depending on priority, suppliers of direct materials are requested to close identified gaps in an agreed timeframe, and to conduct a reassessment. PMI's procurement team engages directly with suppliers to provide necessary support and capability building. PMI actively supports suppliers' CAP reviews to drive performance improvement. For direct materials alone, 6 suppliers (representing approximately 0.3 percent of our critical direct materials suppliers) were reassessed in 2024 (2023: 13 suppliers representing 10 percent). On average, the EcoVadis score of suppliers that underwent reassessment

⁹ [PMI Sustainability Index](#)

increased by 18 points, which signals a strong commitment and investment made by our suppliers

Electronics supply chain

For its electronics supply chain, PMI continued to leverage resources from the Responsible Business Alliance (RBA), the world's largest industry coalition for sustainable supply chains. In 2024, PMI further expanded its participation as a member in the alliance by using more of its tools and various capability building programs with suppliers.

In particular, during the Reporting Period PMI continued to leverage two key RBA programs: the Responsible Factory Initiative (RFI), which provided support to supplier factories to implement the RBA code, and the Responsible Labor Initiative (RLI), which equipped suppliers with tools to address potential forced labor issues associated with migrant workers. PMI successfully completed the pilot of the RFI in two factories in China, and the RLI with eight recruitment agencies in Nepal in 2024. PMI continued rolling out the RFI program to an additional 10 factories in 2024, with a plan to further expand the program in 2025.

PMI also continued to participate in RBA's Validated Assessment Program (VAP) – the standard for on-site compliance verification and effective, shareable audits. Under this program, independent external auditors review our electronics suppliers' sustainability performance against the RBA Code of Conduct, which is aligned with PMI's RSPs requirements. To gather additional audit data, we leverage Customer Managed Audits (CMAs), a comparable audit standard recognized by RBA.

In 2024, 100 percent of PMI's spend with critical electronics suppliers was covered by VAP or CMA audits and the average RBA score of PMI's suppliers was 174 (out of a maximum of 200), compared with an RBA average for our suppliers of 170 in 2023. Audit reports revealed several common issues across suppliers on social issues, including working hours, emergency preparedness, and wages and benefits.

ALP PROGRAM

Tobacco supply chain

PMI has a robust due diligence framework in place to evaluate the implementation of the ALP Code, enabled by the traceability at farm-level provided by our integrated production system (IPS) and systematic monitoring of farms by field technicians, employed by suppliers or PMI's own Leaf operations, whose role is to visit the farms, oversee and support the crop production, and monitor the implementation of social and environmental practices. PMI's IPS thus connects leaf suppliers and farmers beyond the customary boundaries of a commercial relationship and enables direct technical support, agronomic advice, financial loans, and various other services.

PMI's IPS covered 96 percent of tobacco purchases in 2024, while the excluded amount originated from India. The IPS is vital to providing traceability and visibility in the supply base; it enables the deployment of GAP and ALP monitoring and remediation system down to the farm level. At the center of this system are field technicians, employed by PMI or third-party suppliers. These technicians visit each farm on average five times during the crop season and monitor the implementation of our GAP and ALP codes. They also provide agronomic assistance, deliver training to farmers (e.g., on our GAP and ALP codes), identify and address labor issues, and monitor the implementation of improvement plans.

In the Reporting Period, field technicians enabled us to monitor compliance with GAP by all farmers supplying tobacco to PMI under the IPS. Due to varying local realities, partnering with third parties that can provide tailored support and respond to local needs is crucial. Where possible, we partner with local NGOs that can support and monitor GAP and ALP implementation.

It is important to note that, while the data reported in PMI's Integrated Reports in the past few years confirms that the tobacco purchased is almost completely free from key labour issues, this does not mean that labour issues, including child labour, do not continue to exist in the tobacco-growing areas from which PMI sources. Hence, during 2024, PMI further refined its controls and systems to monitor these volumes and ensure they do not exceed 10 percent of the total purchased volume in any given year.

Conflict minerals

PMI is committed to operating with integrity and to responsibly source 3TGs (tin, tantalum, tungsten, and gold), which are potentially used in our products. PMI's 2024 conflict minerals submission to the U.S. Securities and Exchange Commission (SEC) covering the year ended December 31, 2023 showed that approximately 92 percent of the smelters or refiners (SORs) in PMI's conflict mineral supply chain are engaged with Responsible Minerals Assurance Process (RMAP) or RMAP-Active. The remaining approximately 8 percent were contacted and requested to conduct due diligence to verify whether they sourced 3TGs from the Covered Countries (as defined by the U.S. SEC) during 2023.

In 2024, PMI updated its Responsible Sourcing of Minerals Policy for better alignment with RSPs and the OECD Due Diligence Guidance. The updated Policy effectively articulates PMI's existing due diligence efforts, including requirements for suppliers, and demonstrates a stronger commitment to minerals supply chain due diligence. It provides details on our approach to consequence management and also establishes a foundation for PMI to expand due diligence to other minerals and geographies beyond those in scope of the U.S. SEC Ruling.

Cobalt, which is used in the batteries that power our smoke-free devices, is also linked to unethical mining practices. While the quantities required for our products are minor relative to the global market size, we are leveraging the RMI approach for due diligence in our cobalt supply chain to identify and address potential human rights risks. In 2024, all our battery suppliers responded to a PMI request. Subsequent due diligence indicated that, as of December 31, 2024, each of the 40 smelters from which PMI battery suppliers source cobalt were on RMI's conformant list.

GRIEVANCE MECHANISMS

Providing access to remedy to potentially impacted stakeholders relies on the provision of an effective grievance mechanisms both for PMI's operations and across its supply chain – a core element of PMI's due diligence approach, aligned with the UNGPs. PMI maintains clear policies, run regular training and works to ensure robust processes are in place to encourage individuals to speak up, if they become aware of any suspected potential or actual violations of law, the Code of Conduct, or any of PMI's policies and to suggest improvements. As an example, in 2024, 91% of PMI employees were trained on RSPs, reinforcing the importance of speaking up in the organization. There is a robust speaking-up culture at PMI, with most employees communicating directly with the Compliance department and voluntarily disclosing their identity when doing so. Specifically, in 2024, only 23 percent of the reports received by Compliance were submitted anonymously.

PMI offers the following mechanisms in place internally:

1. The individual's supervisor, department head, or affiliate or function leadership;
2. PMI Compliance key contact, for example Regional and Local Compliance Officers;
3. PMI Global Compliance confidential email address; and
4. PMI Compliance Helpline (online or by telephone) which is operated by a third-party and available 24/7 in all languages spoken at PMI. Individuals may use the PMI Compliance Help Line anonymously, subject to local laws and regulations.

The same applies to Philip Morris Australia's supply chain, where everyone should have a voice and be able to seek help. PMI's RSPs specifically ask suppliers to provide their workers with easily accessible ways to raise concerns, free from risk of retaliation. Moreover, PMI's ALPC states that 'workers should have access to a fair, transparent, and anonymous grievance mechanism'.

Moving forward, Philip Morris Australia will continue efforts to provide better access to grievance mechanisms throughout our operations and supply chain.

PLANS FOR FUTURE ACTION

In the Year 2025, PMI intends to:

- Continue to undertake a widespread evaluation of potential modern slavery risks in our supply chains through our local risk assessment program;
- Continue delivering an e-learning program on HR (including a specific section on human trafficking and child labour) following its successful launch to all employees of Philip Morris Australia;
- Continue rolling out the updated RSP, ensuring RSP adherence requirement is effectively included in all contractual commitments with suppliers at local level and suppliers' compliance is continuously monitored;

Continuing strengthening its due diligence tools in light of latest relevant regulatory developments and to assess performance and compliance of suppliers and support them in progressing towards sustainable practice in some instances conducting on-site audits.

APPROVAL

This statement was approved by Philip Morris Australia's Board of Directors on 30 June 2025.

Brett Taylor

Brett Taylor

Brett Taylor (Jun 30, 2025 11:33 GMT+10)

Managing Director

Philip Morris (Australia) and Philip Morris Limited

ANNEXURE A

CHARTER LINKS:

- **Tobacco:** https://www.pmi.com/resources/docs/default-source/australia-market/pml_charter_tobacco_products.pdf
- **Non-Combustible Products:** <https://veev-vape.com.au/ncpcharter>



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Philip Morris Australia - Modern Slavery Statement 2024 (BT signature required)

Final Audit Report

2025-06-30

Created:	2025-06-30
By:	Pierina Blanco (Pierina.Blanco@pmi.com)
Status:	Signed
Transaction ID:	CBJCHBCAABAAudMCZ0eMO3Y2bYVydscTWXDtkY7Zl8Y2

"Philip Morris Australia - Modern Slavery Statement 2024 (BT signature required)" History

-  Document created by Pierina Blanco (Pierina.Blanco@pmi.com)
2025-06-30 - 0:25:30 AM GMT- IP address: 134.238.228.171
-  Document emailed to brett.taylor@pmi.com for signature
2025-06-30 - 0:27:22 AM GMT
-  Email viewed by brett.taylor@pmi.com
2025-06-30 - 1:30:52 AM GMT- IP address: 104.47.51.254
-  brett.taylor@pmi.com entered valid password assigned by the sender.
2025-06-30 - 1:31:06 AM GMT
-  Signer brett.taylor@pmi.com entered name at signing as Brett Taylor
2025-06-30 - 1:33:23 AM GMT- IP address: 134.238.246.111
-  Document e-signed by Brett Taylor (brett.taylor@pmi.com)
Signature Date: 2025-06-30 - 1:33:25 AM GMT - Time Source: server- IP address: 134.238.246.111
-  Agreement completed.
2025-06-30 - 1:33:25 AM GMT