

SWEDISH MATCH NORGE AS' TRANSPARENCY ACT STATEMENT FOR 2023

This is an account of due diligence pursuant to section 4 of the *Norwegian Act relating to enterprises' transparency and work on fundamental human rights and decent working conditions* (**Transparency Act** or the **Act**) made in respect of Swedish Match Norge AS (hereinafter, also referred to as **Swedish Match**).

Swedish Match Norge AS submits this statement (**Statement**) on behalf of itself in respect of the period 1 January 2023 to 31 December 2023 (**Reporting Period**). This Statement is based on and should be read in conjunction with PMI 2023 Integrated Report¹,

To ensure clarity and accuracy, it is worth mentioning that at the end of 2022, Swedish Match AB (publ), Corporate Identity Number 556015-0756 (**Swedish Match Group**), a group comprising Swedish Match Norge AS, was acquired by Philip Morris Holland Holdings B.V., (org number 20100762 with address at Marconilaan 20, NL-4622 RD Bergen op Zoom, The Netherlands), an affiliate of Philip Morris International Inc. (**PMI**).

The work to integrate Swedish Match into PMI's global sustainability structure, strategy and policies, as a result of the new ownership, started in 2023 and is ongoing, as duly accounted for in PMI 2023 Integrated Report.

As part of the integration, on 1 March 2024, Swedish Match Norge AS was merged with PM Tobakk Norge AS. PM Tobakk Norge AS changed name to Swedish Match Sales Norway AS on 25 January 2024. Please note that, as detailed above, this Statement is made in respect of Swedish Match Norge AS, submitting it only on behalf of itself.

This Statement sets out the steps taken by PMI as a wider group to promote respect for, and address adverse impacts on, fundamental human rights and decent working conditions in its business and supply chains.

INTRODUCTION

PMI is a global company engaged in the manufacture and sale of smoke-free products and accessories, as well as cigarettes, in around 180 markets. PMI is building a future based on smoke-free products that, while not risk-free, are a much better choice than continuing to smoke. PMI's ambition is to replace cigarettes with smoke-free products, to the benefit of consumers, society, the company, and its shareholders. PMI's smoke-free product portfolio consists of heated tobacco, snus, nicotine pouches and vapour products. PMI operates 50 production facilities of which 16 are either partially or fully dedicated to the production of heated tobacco units or oral nicotine products and has a diverse workforce of approximately 73,700 people worldwide.

PMI is committed to continually reviewing and improving its practices in order to take all appropriate steps both to reduce the risk of modern slavery and forced labour in all aspects of PMI's business and to promote respect for fundamental human rights and decent working conditions. In this statement, the meaning of fundamental human rights and decent working conditions is that defined in the Transparency Act.

BUSINESS STRUCTURE, OPERATIONS & SUPPLY CHAIN

A. Strategy

PMI is striving to become a company that has a net positive impact on shareholders, consumers, the environment and society as a whole. Such ambition starts with researching,

¹ PMI Integrated Report 2023 – accessible [here](#)

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 its purpose, a radical transformation of PMI's business, of its entire value chain, as well as of the way PMI engages with society is required: sustainability stands at the core of this transformation.

PMI's comprehensive strategy thus recognizes the need to address Environmental, Social, and Governance (ESG) issues related to PMI's products and business operations. In this regard, PMI must responsibly manage the impacts of the group'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.

B. Business Structure

Swedish Match Norge AS (Company Number: **984 720 211**) is a Norwegian company, with registered office at Bryggegata 9, 0250 Oslo.

Swedish Match Norge was founded on 27.06.2002 and is a subsidiary of PM Tobakk Norge AS. Its business is the sale of tobacco products on the Norwegian market. It has 50 employees in Norway.

C. Supply Chain

Swedish Match's supply chain is not fully integrated with PMI's supply chain yet and includes research and development of new and refined products, raw material sourcing and production, processing at suppliers, manufacturing at Swedish Match's facilities, transportation and distribution between the various value chain stages, and sales through distributors and retailers (customers) as well as consumer use and final disposal of products.

Swedish Match Norge is responsible for importation and sales of SM groups own products, such as snus and lighters, to the Norwegian market.

RISKS OF ADVERSE IMPACTS ON FUNDAMENTAL HUMAN RIGHTS AND DECENT WORKING CONDITIONS IN SWEDISH MATCH'S OPERATIONS AND SUPPLY CHAINS

While Swedish Match's supply chain and sustainability performance are not yet fully integrated, the integration work is ongoing and PMI's approach to sustainability in general and to respect of human rights in particular, is guided by the outcomes of PMI's most recent full-fledged sustainability materiality assessment². During 2023, PMI conducted a light refresh of the materiality assessment, accounting, among other topics, also for the change in footprint driven by the acquisition of Swedish Match. Besides minor calibration, this internal review confirmed the outcomes of the 2021 assessment and did not result in changes to our priority ESG topics.

² 2021 Sustainability Materiality Report, February 2022, available [here](#).

It is worth mentioning that the Governance factors also include the topic of “sustainable supply chain management”, linked to the impacts created by PMI’s business activities. Moreover, given its universal importance across all PMI, PMI elevated the umbrella topic of “respect for human rights” as a key topic with impacts along the value chain.

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 fundamental human rights and modern slavery, the PMI supply chain areas potentially exposed to the highest sustainability risks identified to date pertain to our 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;
- Paper and pulp-based materials, with the main risks linked to deforestation, biodiversity loss, and climate change
- 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 labor rights throughout our 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.

ACTIONS TAKEN TO ASSESS AND ADDRESS IMPACTS ON FUNDAMENTAL HUMAN RIGHTS AND DECENT WORKING CONDITIONS

1. Supplier’s Code of Conduct

As mentioned above, Swedish Match’s supply chain is not fully integrated with PMI, yet. Therefore, sustainable policies and practices in place prior to the acquisition continued to apply in Swedish Match’s supply chain during 2023. Concretely, during the year, Swedish Match continued to ensure that their suppliers would adhere to their Supplier’s Code of Conduct³.

The 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 United Nations Universal Declaration of Human Rights, the UN Convention on the Rights of the Child, the ILO Conventions (No’s. 001, 014, 029, 030, 087, 098, 100, 105, 106, 111, 138 and 182), and the OECD Guidelines for Multinational Corporation¹).

Moreover, 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.

³ Supplier’s Code of Conduct, accessible [here](#).

As integration progresses, PMI will work to expand its stringent due diligence programs to Swedish Match's supply chain. Considering the complexity, wide-scale, and diversified nature of our respective supply chains, we expect to gradually integrate Swedish Match in our supply chain-related sustainability data reporting where material by 2026.

For a more comprehensive overview of the strategy developed by PMI to assess and address modern slavery risks throughout its value chain worldwide, please see the PMI Integrated Report 2023⁴.

2. Code of Conduct

Human rights considerations are included within PMI's Code of Conduct, which sets clear standards and expectations and is closely aligned with PMI's business transformation strategy and industry best practices.

Its mandatory provisions apply to all PMI employees, officers, and directors, as well as to Swedish Match. 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.

PMI's Code of Conduct is reviewed and updated annually.

Training and awareness raising focused on fundamental human rights and modern slavery

Beside the policy framework, embedding an ethos of respect for human rights in PMI's corporate culture starts with awareness-raising and training and remains a core goal for the group.

For this, PMI globally developed a Business and Human Rights e-learning programme with the aim to bring the 'Human Rights Commitment' to life by giving all employees a clear understanding of what human rights are, how they relate to the business, to each employee and the wider value chain, and their role in helping to safeguard them. This e-learning is available in multiple languages to facilitate its accessibility and increase the number of colleagues across global operations who can learn about human rights and PMI's updated Commitment in 2023.

Additionally, under the PMI Code of Conduct, the Compliance team launched a series of six e-learning courses (available in 31 languages) in 2023, to build understanding and commitment around key areas of ethics and compliance within PMI. In 2023, 86,4% of PMI employees received these trainings, supplemented by regional and local compliance officers in person training sessions to address compliance risk topics to the respective region(s) and market(s). These areas include human rights considerations and the PMI business policy.

ASSESSING THE EFFECTIVENESS OF ACTIONS TAKEN

Human rights risks are incorporated into PMI's overall integrated risk assessment, Sustainability Index⁵, compliance program, supplier due diligence and evaluation processes. PMI periodically conducts human rights risk assessments to proactively identify and mitigate

⁴ Phillip Morris International Inc. Integrated Report 2023 – accessible [here](#)

⁵ Please refer to pgs. 34-35 of PMI 2023 Integrated Report.

potential adverse human rights impacts across our value chain. Norway is not indicated as a high-risk market in terms of potential human rights violations and no specific evidence of modern slavery was identified. Nonetheless, Swedish Match's and PMI's evaluation of effectiveness of their actions comes from enhanced due diligence programs and third party assessments at global level. These will form the foundation of further initiatives at local level to be rolled out in future reporting periods.

1. Human rights impact assessments

PMI worked with Article One to conduct a human rights risks saliency mapping, as mentioned above. Article One are leading advisors in the business and human rights arena. This saliency mapping confirmed our existing assumptions about our supply chain but also identified some less apparent risks. PMI used this mapping and assessed it against our current risk-mitigation instruments, and subsequently developed recommendations to strengthen our risks identification and response instruments.

Furthermore, in order to strengthen the due diligence framework, proactively identify risks and mitigate potential adverse impacts along its operations and value chain, PMI has set an ambition 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 organizations and follow a formal process, aligned with the UNGPs. They result in tailored action plans, which are then implemented, monitored and reported on.

In 2023, PMI completed its eight HRIA since 2018 in Pakistan.

An innovative feature of this HRIA was the incorporation of a gender lens into the assessment. Conducting a gender-sensitive HRIA recognizes that human rights risks can affect groups of people in unique and intersecting ways and considers the impact of particular risks facing people of different genders. Moreover, it enables the development of recommendations to address particular risks, and provides support to ensure women's rights can be consistently respected in the group's operations and supply chain.

In addition, in late 2023, PMI initiated a follow-up assessment from the HRIA conducted in 2020 in Mozambique. This assessment, to be completed in 2024, will include extensive engagement with local suppliers to assess initiatives and systems in place to manage risks, as well as field visits to validate progress since the previous assessment through participatory techniques with farmers. A particular focus will be given to priority risk areas, including child labour.

Regarding past HRIAs, action plans have been fully implemented in Mexico, the Philippines, and Russia. Moreover, the monitoring of the implementation actions recommended by previous HRIAs in Mozambique, Turkey, Brazil, and Malaysia continued throughout 2023.

Leveraging on learnings from previous pilots, in 2023 PMI further developed its self-assessment tool, intended for its low to medium risk country affiliates to self-identify salient human rights risks within their organizations and then develop action plans to address them. During the year, PMI organized dedicated training sessions with over 60 sustainability coordinators across all markets to foster understanding and usability of the toolkit, and to build capabilities. The toolkit was tested in Germany in late 2023, and, while the work is still ongoing, initial feedback was very positive on the usability and the guidance provided.

2. Grievance Mechanisms

Providing access to remedy to potentially impacted stakeholders relies on the provision of an effective grievance mechanisms both for PMI's and Swedish Match's operations and across their supply chain – a core element of PMI's due diligence approach, aligned with the UNGPs. PMI maintains clear policies, runs regular training and works to ensure that robust processes are in place to encourage employees 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.

There is a robust speaking-up culture both at PMI and Swedish Match, with most employees communicating directly with the Compliance department and voluntarily disclosing their identity when doing so. Specifically, in 2023, only 19 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 Directors 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 Swedish Match, where everyone should have a voice and be able to seek help. Swedish Match's Supplier's Code of Conduct specifically asks suppliers to provide their workers with easily accessible ways to raise concerns, free from risk of retaliation.

Moving forward, Swedish Match has been merged into Swedish Match Sales Norway AS (formely PM Tobakk Norge AS) and Swedish Match Sales Norway AS will continue efforts to provide better access to grievance mechanisms throughout their operations and supply chain.

PLANS FOR FUTURE ACTION

On March 1st 2024 Swedish Match Norge AS merged with Swedish Match Sales Norway AS, with Swedish Match Sales Norway AS remaining as a surviving entity.

APPROVAL

This statement was approved by the Board of Directors of Swedish Match Norge AS 28 June 2024.

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