

STATEMENT OF INVESTMENT PRINCIPLES

for the

THE PHILIP MORRIS GROUP PENSION PLAN

March 2026

1. Introduction

1.1. What is the purpose of this Statement of Investment Principles?

This Statement of Investment Principles (“SIP”) sets out the policy of the Philip Morris Group Pension Plan Trustees Limited (“the Trustee”) on various matters governing decisions about the investments of the Philip Morris Group Pension Plan (“the Plan”).

1.2. Who has had input to the SIP?

This SIP has been formulated after obtaining and considering written professional advice from Lane Clark & Peacock LLP, the Plan’s investment adviser and actuaries, who the Trustee believes to be suitably qualified and experienced to provide such advice. The advice takes into account the suitability of investments and the need for diversification, given the circumstances of the Plan and the principles contained in this SIP.

1.3. What is the legal and statutory background to the SIP?

The SIP is designed to meet the requirements of Section 35 (as amended) of the Pensions Act 1995 (“the Act”) and the Occupational Pension Schemes (Investment) Regulations 2005 (as amended) (“the Regulations”).

The Plan’s assets are held in trust by the Trustee. The investment powers of the Trustee are set out in the Plan’s Trust Deed.

The Trustee is compliant as far as practical with the Government’s investment principles.

2. What are the Trustee’s overall investment objectives?

The Trustee’s objective is to secure member benefits. The Trustee has decided to do this by purchasing a full buy-in policy with Rothsay, a regulated insurer.

The Trustee set specific investment objectives for its investment manager. These are set out in Appendix C and in the agreements between the Trustee and its investment manager.

The Trustee has also taken into account the funding requirements detailed in the Occupational Pensions Scheme (Scheme Funding) Regulations 2005.

3. What risks does the Trustee consider and how are these measured and managed?

When deciding how to invest the Plan’s assets, the Trustee considers a wide range of risks, including, but not limited to, those set out in Appendix A. Some of these risks are more quantifiable than others, but the Trustee has tried to allow for the relative importance and magnitude of each risk.

4. Summary of the Plan's investment strategy

4.1. How was the investment strategy determined?

The Trustee, with the help of its advisers and in consultation with the employer, have reviewed the Plan's investment strategy taking into account the objectives described in Section 2 above.

4.2. What is the investment strategy?

The Plan holds residual assets in a money market fund and two government bond funds (one fixed and one index-linked), in proportions that are expected to broadly match the economic sensitivity of the Plan's obligations that are not covered by the buy-in.

Appendix C sets out further details of this strategy.

5. Appointment of investment manager

5.1. How many investment managers are there?

The Trustee has decided to appoint one manager to manage the Plan's assets (in addition to the three AVC fund providers used by Plan members).

5.2. What formal agreements are there with investment managers?

The Trustee has signed investment management documentation with the investment manager setting out in detail the terms on which the portfolio is managed, including the need for suitable and appropriately diversified investment. Details of the investment manager and its investment benchmark and guidelines are given in Appendix C.

5.3. What does the investment manager do?

The investment manager's primary role is the day-to-day investment management of the Fund's remaining investments in the money market fund and two government bond funds. The manager is authorised under the Financial Services and Markets Act 2000 to carry out such activities.

6. Other matters

6.1. What is the Trustee's policy on the realisation of investments?

The residual assets held in the money market fund and two government bond funds are readily realisable.

6.2. Consideration of financially material and non-financial matters

The Trustee's primary consideration in formulating investment strategy is to act in the best financial interests of the beneficiaries of the Plan, and to seek the best return which is consistent with taking a level of risk commensurate with their investment objective.

The Trustee has considered how environmental, social, governance ("ESG") and ethical factors should be taken into account in the selection, retention and realisation of investments, given the time horizon of the Plan.

The Trustee recognises that ESG factors can have an impact on financial performance.

The appointed investment manager's primary objective is to track the performance of a given index and is not driven / constrained in any way by social, environmental or ethical considerations in their selection, retention and realisation of investments.

However, the Trustee expects its buy-in provider and investment manager to take account of financially material considerations (including climate change and other ESG considerations) when engaging with investee companies. The Trustee has limited influence over the managers' and provider's investment practices in this regard as assets are held in pooled funds and is aware that its investment advisers engage with the Plan's providers on these and other matters on a regular basis.

The Trustee does not take into account any non-financial matters (ie matters relating to the ethical and other views of members and beneficiaries, rather than considerations of financial risk and return) in the selection, retention and realisation of investments.

6.3. Voting and engagement

The Trustee recognises its responsibilities as owners of capital, and believes that good stewardship practices, including monitoring and engaging with investee companies, and exercising voting rights attaching to investments, protect and enhance the long-term value of investments.

The Trustee has effectively delegated to its buy-in policy provider and investment manager the exercise of rights attaching to investments, including voting rights, and engagement with issuers of debt and other relevant persons about relevant matters such as performance, strategy, risks and ESG considerations.

The Trustee does not monitor or engage directly with issuers or other holders of debt. It expects the buy-in policy provider and investment manager to exercise ownership rights and undertake monitoring and engagement in line with their general policies on stewardship and current best practice, including the UK Corporate Governance Code and UK Stewardship Code, considering the long-term financial interests of the beneficiaries.

The Trustee has limited influence over providers' stewardship practices where assets are held in insurance policies – including buy-in policies – and pooled funds, but it encourages its providers to improve their practices, for example, if its investment advisers suggest it should do so, based on their overall market experience.

The Trustee has selected an ESG priority of climate change to provide a focus for its monitoring of voting and engagement activities. It will review the priority from time to time and update it if appropriate. The Trustee has communicated this priority to the investment manager and the buy-in provider, and also confirmed its more general expectations in relation to ESG factors, voting and engagement.

As appropriate, the Trustee monitors providers' activities in relation to ESG factors, voting and engagement, seeking to understand how they are implementing their stewardship policies in practice to check that their stewardship is effective and aligned with Trustee expectation.

6.4. What are the responsibilities of the various parties in connection with the Plan's investments?

Appendix E contains brief details of the respective responsibilities of the Trustee, the investment adviser and the investment manager. Appendix E also contains a description of the basis of remuneration of the investment adviser and the investment manager.

6.5. Does the Trustee make any investment selection decisions of its own?

Before making any investment selection decision of its own, it is the Trustee's policy to obtain written advice from its investment advisors, Lane Clark & Peacock LLP. The written advice considers the suitability of the investment, the need for diversification and the principles contained in this SIP. It is also the Trustee's policy to review its own investment selection decisions on a regular basis, based on written advice.

The Trustee is not authorised under the FCA to manage the Plan's assets. The Trustee delegates all stock selection decisions to their appointed investment managers and monitors the investment manager's activities in conjunction with their adviser.

7. Review

The Trustee will, from time to time, review the appropriateness of this SIP with the help of its advisers, and will amend the SIP as appropriate. These reviews will take place as soon as practicable after any significant change in investment policy, and at least once every three years.

Investment management arrangements

Appendix A

Buy-in policy arrangements

The Trustee has selected Rothesay as the Plan's buy-in policy provider. The Trustee purchased the Rothesay buy-in policy in November 2025. The objective of the buy-in policy is to provide payments which match those due under the Plan's DB Section

Residual assets

The Trustee has selected State Street Global Advisors ("SSgA") as the investment manager for the Plan's residual assets. The Plan holds a money market fund and two government bond funds (one fixed and one index-linked), in proportions that are expected to broadly match the economic sensitivity of the Plan's obligations that are not covered by the buy-in.

For government bond fund investments SSgA's investment objective is to track the total return of the relevant market index, after allowance for withholding tax where applicable, for each of the sector index funds in which the Plan is invested.

For money market funds, SSgA's investment objective is to achieve a total return within 0.25% per annum of the SONIA Compounded Index or its recognised equivalent, at the lowest cost possible.

Additional Voluntary Contributions ("AVCs")

The Trustee recognises that the needs of members holding AVCs will vary according to their attitude to risk, investment sophistication, time to retirement and other personal circumstances. The Trustee previously selected the following Funds into which members can hold AVCs:

Fund	Investment characteristics
Legal & General Assurance Society Passive fund option	L&G offer members of the Plan a passive UK equity fund.
Phoenix Life With-profits fund option	The with-profits fund is invested in both bonds and equities and aims to smooth the investment return over the longer term.
Santander Deposit based account	A cash fund which offers security of capital over the short-term.

The Company took the decision with effect from 6 April 2006 to no longer allow Active Members to make Additional Voluntary Contributions to the Plan.

Responsibilities and fees

1. Responsibilities and investment decision-making structure

The Trustee has decided on the following division of responsibilities and decision-making for the Plan. This division is based upon the Trustee's understanding of the various legal requirements placed upon it, and its view that this division allows for efficient operation of the Plan overall, with access to an appropriate level of expert advice and service.

Page 6 of 8

Trustee board members are not investment experts, and an investment subcommittee has not been established. They believe that extensive use of professional advisers mitigates this lack of expertise. Overall the Trustee is satisfied, taking into account the external expertise available, that there are sufficient resources to support its investment responsibilities.

Investment and actuarial advice are currently provided by Lane Clark & Peacock LLP. The Trustee is prepared to pay sufficient fees for each service to attract a broad range of potential providers and would consider the merits of tendering investment and actuarial appointments separately if they were dissatisfied with their current advisor in either of these areas. If the Trustee requires advice on a specialist area they will consider whether their advisers are appropriately qualified in this area and may seek additional advice if it is felt appropriate.

1.1. Trustee

In broad terms, the Trustee is responsible in respect of investment matters for:

- reviewing the investment policy following the results of each valuation, and / or after any review of investment strategy (eg any asset liability modelling exercise);
- if required, the policy for rebalancing between asset classes;
- formulating a policy in relation to financially material considerations, such as those relating to ESG considerations (including but not limited to climate change);
- setting a policy on the exercise of rights (including voting rights) and undertaking engagement activities in respect of the investments
- formulating a policy on taking account of non-financial matters in the selection, retention and realisation of investments;
- appointing (and, when necessary, dismissing) the investment managers, the actuary and investment consultants;
- monitoring the exercise of the investment powers that they have delegated to the investment managers and monitoring compliance with Section 36 of the Act;
- reviewing the content of this SIP from time to time and modifying it if deemed appropriate; and
- consulting with the employer when reviewing the SIP.

1.2. Investment manager

In broad terms, the investment manager will be responsible for:

- managing its portfolio, within the guidelines agreed with the Trustee;
- taking account of financially material considerations (including climate change and other ESG considerations) as appropriate when managing the portfolios of assets;
- exercising rights (including voting rights) attaching to investments and undertaking engagement activities in respect of investments;

- providing the Trustee with regular information concerning the management and performance of their respective portfolios; and
- having regard to the provisions of Section 36 of the Act insofar as it is necessary to do so.

The custodians of the portfolios (whether there is a direct relationship between the custodian and the Trustee or not) are responsible for safe keeping of the assets and facilitating all transactions within the portfolios.

1.3. Investment consultant

The Trustee takes advice from their investment advisor but the Trustee has retained decision-making responsibility. At this time the Trustee has not put in place a documented approach to monitoring the advisor. In broad terms, the investment consultant will be responsible, in respect of investment matters, as requested by the Trustee, for:

- advising on how material changes within the Plan's benefits, membership, and funding position may affect the manner in which the assets should be invested and the asset allocation policy;
- advising on the selection, and review, of the investment managers; and
- participating with the Trustee in reviews of this SIP.

2. Mandates given to advisers and investment manager

The Trustee has in place signed agreements with each of the Plan's advisers and investment manager. These provide details of the specific arrangements agreed by the Trustee with each party.

The Trustee has limited influence over the investment manager's investment practices because all the Plan's assets are held in pooled funds.

The Trustee's view is that the fees paid to the investment managers, and the possibility of their mandate being terminated, ensure they are incentivised to provide a high quality service that meets the stated objectives, guidelines and restrictions of the fund. While the investment manager cannot fully align its strategy and decisions to the (potentially conflicting) policies of all their pooled fund investors in relation to strategy, long-term performance of debt issuers, engagement and portfolio turnover, this is not a material issue for the Plan as it invests on a passive basis.

It is the Trustee's ultimate responsibility to ensure that the investment manager's investment approach remains consistent with its policies, and to monitor and to consider terminating any existing arrangements that appear to be investing contrary to those policies.

The Trustee evaluates investment manager performance by considering performance over both shorter and longer-term periods as available. Generally, the Trustee would be unlikely to terminate a mandate on short-term performance grounds alone.

The Trustee's policy is to evaluate its investment managers by reference to the manager's individual performance as well the role it plays in helping the Plan meet its overall long-term objectives, taking account of risk, the need for diversification and liquidity. The investment manager's remuneration, and the value for money it provides, is assessed in light of these considerations.

The Trustee recognises that portfolio turnover and associated transaction costs are a necessary part of investment management and that the impact of portfolio turnover costs is reflected in performance figures provided by the investment manager.

3. Remuneration and fee structures

Individual Trustee directors are paid a nominal amount for their role, and the employer supports the board members by enabling them to carry out all of their trustee duties during company time.

The Trustee recognises that the provision of investment management, dealing and advisory services to the Plan results in a range of charges to be met, directly or indirectly, by deduction from the Plan's assets.

Investment consulting services are paid for on a time-cost basis although the Trustee would usually expect to agree indicative fees for specific pieces of work. The Trustee believes this is the most appropriate remuneration method because the level of advice required can be variable.

The investment manager is paid a fee, expressed as a percentage of the Plan's assets that includes investment management and custodian charges. Broker commission charges and other transaction services are paid in addition and are deducted from the funds under management. The fee rates are believed to be consistent with the manager's general terms for institutional clients and are considered by the Trustee to be reasonable when compared with those of other similar providers.

The fee structure used in each case has been selected with regard to existing custom and practice, and the Trustee's view as to the most appropriate arrangements for the Plan. However, the Trustee will consider revising any given structure if and when it is considered appropriate to do so.