



Independent Assurance Report on Compliance with PMI Impact's Expert Council and Grant Award Guidelines of the 1st funding round for the period September 1, 2016 to September 30, 2017

To the Management of Philip Morris International Management SA

We have been engaged by Philip Morris International Management SA ("PMI") to perform assurance procedures to provide limited assurance on PMI's compliance with the PMI Impact's Expert Council and Grant Award Guidelines of the 1st funding round.

Scope and Subject matter

Our assurance engagement focused on compliance with the procedure for awarding Grants and related controls evaluated against PMI Impact's Expert Council and Grant Award Guidelines of the 1st funding round in the period September 1, 2016 to September 30, 2017.

Our assurance procedures did not cover the following aspects of the PMI Impact initiative:

- Qualitative assessment of the decision-making for granting funds;
- Grant disbursements and grant monitoring;
- Financial reporting related to PMI Impact (incl. effectiveness of financial reporting controls);
- Grantee processes, systems, controls and reporting;
- Grantee project goals, nature of projects, project management, quality of projects;
- Result of projects granted PMI Impact funding;
- Marketing/public communications regarding PMI Impact.

Criteria

The criteria set by PMI for the 1st funding round are described in PMI Impact's Expert Council and Grant Award Guidelines of that round (the "Guidelines").

Inherent Limitations

PwC conducted this engagement with due care. Nevertheless, it cannot be ruled out that potential errors or illicit activities may not or not immediately be detected. In this context, we would like to draw your attention to the intrinsic limitation of the services provided, in particular, in the light of the scope and the methods to be applied (e.g. review, sampling). In addition, illicit activities are normally accompanied by measures of concealment and manipulated documentation which is why they are not necessarily detected during a limited assurance engagement.

Because of the inherent limitations of any assurance engagement, it is possible that fraud, error or non-compliance may occur and not be detected. A limited assurance engagement is not designed to detect all instances of non-compliance with the Guidelines, as it generally comprises making enquiries, primarily of the responsible party, and applying analytical and other review procedures. The conclusion expressed in this report has been formed on the above basis.

Management's Responsibilities

PMI's Management is responsible for granting PMI Impact funds to third parties in accordance with the Guidelines. This responsibility includes the design, implementation and maintenance of the internal control system related to the granting of PMI Impact funds to third parties that are free from material weaknesses, whether due to fraud or error. Furthermore, PMI Management is responsible for the selection and application of the above criteria and adequate record keeping. The PMI Impact Expert Council evaluates project proposals, selects applications for awarding PMI Impact grants and reviews the progress/results of the projects during implementation in line with the Guidelines.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants and EX-

PERTsuisse, the Swiss Institute of Certified Accountants and Tax Consultants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibility

Our responsibility is to perform an assurance engagement and to express a limited assurance conclusion on PMI's compliance with procedures for awarding Grants and related controls evaluated against the Guidelines in the period September 1, 2016 to September 30, 2017.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (revised) 'Assurance engagements other than Assurances or reviews of historical financial information'. That standard requires that we plan and perform our procedures to obtain limited assurance whether PMI has complied, in all material aspects, with the Guidelines for awarding Grants in the period September 1, 2016 to September 30, 2017.

A limited assurance engagement under ISAE 3000 (revised) is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks. Consequently, the nature, timing and extent of procedures for gathering sufficient appropriate evidence are deliberately limited relative to a reasonable assurance engagement and therefore less assurance is obtained with a limited assurance engagement than for a reasonable assurance engagement. The procedures selected depend on the assurance practitioner's judgment.

Summary of work performed

Our assurance procedures included the following activities but are not limited to:

- Review of expressions of interest documents (steps of Stage 1);
- Review of received full proposals (steps of Stage 2);
- Review checks performed during final due diligence and reward of grants (steps of Stage 3).

We have assessed the performance and the controls against the Guidelines through a combination of interviews/ enquiries, observation, examination of documents and detailed testing.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our assurance conclusion.

Limited assurance conclusion

Based on the work we performed, nothing has come to our attention that would cause us to believe that PMI has not complied, in all material respects, with the PMI Impact Expert Council and Grant Award Guidelines for awarding Grants in the 1st funding round of PMI Impact initiative in the period September 1, 2016 to September 30, 2017.

Lausanne, 19 December 2017

PricewaterhouseCoopers AG

Richard Thomas Denis Weber