



Philip Morris International Inc (PM) Vote Yes: Item #4 – Producer Responsibility for Cigarette Butt Plastic Waste

Annual Meeting: May 6, 2026

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THE RESOLUTION

Shareholders request that Philip Morris issue a public report, at reasonable expense and excluding proprietary information, assessing the reputational, financial, and operational risks associated with failing to take responsibility for filter cleanup costs and the benefits to the Company of promoting extended producer responsibility laws for spent tobacco filters.

SUMMARY

Plastic pollution has reached crisis levels. An estimated 24 - 34 million metric tons of plastic end up in the world's waterways annually, causing serious harm to human health and the environment; those emissions could hit 53 million metric tons by 2030.¹ Cigarette filters make up a significant portion of that pollution. Filters are the most littered form of plastic on the planet.² In total, more than 4.5 trillion non-biodegradable filters, containing 15,000 plastic microfibers and thousands of toxic chemicals, are discarded every year, contributing up to 300,000 tons of plastic microfibers, as well as heavy metals, into the environment.^{3,4,5}

The urgency and scale of plastic pollution has led to growing global momentum for extended producer responsibility ("EPR") policies. Producer responsibility laws make manufacturers financially responsible for the end-of-life costs of their plastic products and packaging. In Europe, where the Company does much of its business, the European Union's Single-Use Plastics Directive recently imposed responsibility on tobacco producers to cover the costs of collecting and processing cigarette filters.⁶ Denmark, France, and Spain have already imposed cleanup fees associated with cigarette filter pollution.⁷ Voluntarily adopting EPR policies in other jurisdictions where the Company operates will help mitigate environmental and regulatory risks associated with pollution from the Company's products.

¹ <https://www.sciencedaily.com/releases/2020/09/200917181303.htm>

² <https://www.sciencedirect.com/science/article/pii/S0048969722083607#bb0010>;
<https://www.unep.org/technical-highlight/unep-secretariat-who-fctc-partner-combat-microplastics-cigarettes>;
<https://pubmed.ncbi.nlm.nih.gov/33360456>

³ <https://pubmed.ncbi.nlm.nih.gov/33360456>

⁴ <https://fctc.who.int/newsroom/spotlight/environment/4.5-trillion-cigarette-butts-are-equal-to-1.69-billion-pounds-of-toxic-trash>

⁵ <https://www.sciencedirect.com/science/article/pii/S0048969722083607#bb0010>

⁶ <https://eur-lex.europa.eu/EN/legal-content/summary/single-use-plastics-fighting-the-impact-on-the-environment.html>

⁷ <https://producentansvar.dk/en/products-and-responsibility/single-use-plastic/tobacco-filters/>;

<https://www.tobaccojournal.com/news/cigarette-manufacturers-must-finance-cig-butt-clean-up>;

<https://www.theguardian.com/world/2023/jan/03/tobacco-companies-cleaning-up-cigarette-butts-spain>



Proactively integrating EPR into Philip Morris' efforts to deter cigarette butt litter and finance cleanups is likely to reduce long-term costs. As EPR laws proliferate without anticipatory action from Philip Morris, it is likely to be exposed to greater financial risk. These risks could include regulatory enforcement action for non-compliance with EPR laws. Companies could also be the focus of potential lawsuits seeking redress for damage to marine ecosystems from toxic chemicals in cigarette butts. The city of Baltimore, MD has sued several tobacco companies for cleanup of plastic acetate tobacco filters. The lawsuit argues that tobacco companies knew their products were non-biodegradable but did not warn the public, and that producers should bear the costs of municipal cleanup.⁸ Adopting voluntary EPR practices and supporting EPR laws will put the Company in an advantageous position in terms of anticipating and efficiently meeting new regulations. This can also help Philip Morris mitigate reputational risks associated with plastic pollution from its tobacco products.

RATIONALE FOR A YES VOTE

- 1. Taking financial responsibility for cigarette butt cleanup could reduce financial risk and impact risk associated with a multi-country transition to an EPR system and reputational risk associated with plastic pollution.**
- 2. The Company's disclosure of how it is addressing the litter cleanup problem is inadequate.**

DISCUSSION

- 1. Taking financial responsibility for cigarette butt cleanup could reduce financial risk and impact risk associated with a multi-country transition to an EPR system and the reputational risks associated with plastic pollution.**

Cigarette plastic butt pollution represents a significant and growing financial liability for the tobacco industry, particularly as EPR and similar policies gain traction globally. One study estimates the annual cost for global waste management and ecosystem damages at \$26 billion — \$5 billion for waste management and \$20.7 billion in damage to marine ecosystems. The author, while noting caveats with the data, says the estimates are conservative because they do not account for the toxic metals and chemicals in cigarette butts that accumulate over time, making them more harmful than general plastic waste.⁹ Cleanup costs already impose substantial burdens on governments: China spends an estimated \$2.6 billion and India \$766 million annually for cleanup; Brazil spends \$202 million and Germany \$234 million.¹⁰ As policymakers increasingly shift these costs from taxpayers to producers, these figures illustrate the scale of potential liability facing tobacco companies. While actual EPR costs in Europe are still emerging, early estimates suggest significant exposure. One French report projects annual industry payments of 80 million euros (\$92 million US), while a Spanish study estimates EPR costs could total 1 billion euros (\$1.16 billion US) per year.¹¹ Taken together, these figures underscore the substantial

⁸ <https://www.publichealthlawcenter.org/commentary/230209/2/9/23-baltimore-leads-way-taking-tobacco-industry-court-over-toxic-cigarette>

⁹ <https://www.bmj.com/company/newsroom/plastic-pollution-from-cigarette-butts-likely-costs-us26-billion-year-or-us186-billion-over-10-years>

¹⁰ <https://worldhealthorganization.cmail19.com/t/ViewEmail/d/FCFB5A131DFFA3022540EF23F30FEDED/CDB57FC64B7880FB23B7CB3C95A53812>

¹¹ <https://www.theguardian.com/world/2023/jan/03/tobacco-companies-cleaning-up-cigarette-butts-spain>;
<https://pmc.ncbi.nlm.nih.gov/articles/PMC11671907/#R34>



financial risk to the tobacco industry if regulatory frameworks require companies to bear the full cost of cigarette butt cleanup and environmental damage.

The Company can position itself to mitigate financial risk by taking steps now to assess the impact of those laws, including voluntarily embracing EPR for its products. Proactive management of this risk will mitigate future costs, demonstrate good faith to lawmakers and regulators, and enhance the Company's ability to compete in an expanding EPR world.

Taking financial responsibility through EPR may also help mitigate reputational risk associated with plastic pollution from cigarette waste. The Company's latest Sustainability Materiality Report concludes that "product-related resource outflows" — the Company's term for cigarette butts — have a high negative material impact on people and the environment.¹²

The Company also faces reputational risk associated with plastic pollution. Cigarette butt waste continues to proliferate on land and beaches, threatening human health and the environment. One study indicates that small children who accidentally ingested cigarette butts exhibited symptoms of illness such as vomiting, nausea, lethargy, gagging, and flushing.¹³ Cigarette butts leach toxins into water, killing or injuring various forms of wildlife.¹⁴ Children who pick up discarded butts and eat them can be poisoned by the nicotine in the filters.¹⁵ As a major manufacturer of cigarettes, Philip Morris will continue to be associated with these harms. As noted above, in 2022, the city of Baltimore, MD sued several tobacco companies to recoup cleanup costs and damage to marine ecosystems from the toxins in cigarettes.¹⁶ As awareness of this problem grows, so too will demand for stringent laws targeting cigarette filters. One Dutch survey found that 35% of smokers and 63% of non-smokers supported a filter ban.¹⁷

By endorsing EPR for tobacco waste, and assessing the voluntary actions the Company could take toward EPR, the Company can help address negative perception of the industry and head off new concern about the harm caused by improper disposal of its products. Doing so may also help forestall potential punitive legislation and litigation, while promoting its brand among consumers.

Philip Morris lags many of its peers in taking proactive action. More than 100 leading companies have recognized the potential benefits of EPR laws and have committed to promoting a circular economy for packaging through EPR.¹⁸

2. The Company's disclosure of how it is addressing the litter cleanup problem is inadequate.

The Company's disclosure of how it is addressing cigarette butt cleanup is inadequate. The Company says it has "successfully implemented" anti-litter programs in 69 countries, including South Korea,

¹² <https://www.pmi.com/content/dam/pmicom/global/docs/pmi-sustainability/pmi-sustainability-materiality-report-2025.pdf>

¹³ <https://www.cdc.gov/mmwr/preview/mmwrhtml/00046181.htm>

¹⁴ <https://pmc.ncbi.nlm.nih.gov/articles/PMC3088407/>

¹⁵ <https://www.poison.org/articles/my-child-ate-a-cigarette>

¹⁶ <https://conduitstreet.mdcounties.org/2022/11/22/baltimore-city-sues-contingent-of-tobacco-companies>

¹⁷ <https://pmc.ncbi.nlm.nih.gov/articles/PMC10644169>

¹⁸ <https://www.ellenmacarthurfoundation.org/extended-producer-responsibility/overview>



Lithuania, and Tunisia.¹⁹ None of these program descriptions, however, contain metrics about their effectiveness. Further, the Company does not disclose how much funding it has allocated to litter education and cleanup. Without providing basic financial metrics and/or a comparative analysis of third-party litter reduction programs, shareholders cannot assess the overall effectiveness of the Company's current mitigation programs.

Competitors disclose some of this information. For example, Altria states it has granted \$18 million to Keep America Beautiful since 2002 in support of its litter prevention program.²⁰ In turn, Keep America Beautiful has publicly reported metrics on the success of its program, stating "Communities implementing the program reduce cigarette litter by half based on local measurements taken in the first four to six months after the program is implemented."²¹

RESPONSE TO PHILIP MORRIS BOARD OF DIRECTORS' STATEMENT IN OPPOSITION

The Company's statement in opposition states that "For cigarette filters specifically — the focus of this proposal — PMI's approach favors proactive industry action and locally adapted voluntary programs, which we believe deliver more targeted, efficient outcomes than a one-size-fits-all legislative mandate." Proponent also favors proactive industry action. It asks the Company to assess the reputational, financial, and operational risks associated with failing to take responsibility for filter cleanup costs and the benefits to the Company of promoting extended producer responsibility laws for spent tobacco filters. To the extent it is already taking proactive action, it has not disclosed data on the effectiveness of its actions or the local voluntary programs it funds. Therefore, it cannot assert with credibility that its funded programs deliver more efficient outcomes than EPR laws. This is the point of the proposal: Assessing risks of current ameliorative action by the Company and the benefits of promoting EPR laws. For instance, EPR laws likely create a more even playing field for cigarette producers, avoid the reputational risks of fighting laws intended to clean up cigarette pollution, etc. Investors seek information on how the Company views these issues.

The Company says the Proponent relies on a study with unverified assumptions that estimated total environmental and waste cost of butt litter at \$26 billion. Yet, Philip Morris only offers its own materiality assessment and does not provide any cost estimate. Its assessment does, however, acknowledge that littering provides a high negative impact risk to the Company.

The Company states its position is "guided by what delivers the most successful environmental outcome in each product context." We support this focus, but the Company has yet to provide sufficient data to be able to compare environmental outcomes.

Finally, the Company asserts the Proposal is "framed with reference" to the U.S. market, where it does not sell cigarettes and is inapplicable to the Company. This is inaccurate. The text of the proposal focuses on EPR for cigarette butt laws in Europe, where the Company has extensive business, and

¹⁹ <https://www.pmi.com/content/dam/pmicom/global/docs/pmi-sustainability/pmi-integrated-report-2024.pdf>

²⁰ <https://www.altria.com/responsibility/protect-the-environment/environmental-impact-of-products>

²¹ <https://kab.org/our-signature-programs/cigarette-litter-prevention-program/#:~:text=ABOUT%20THE%20CLPR%20PROGRAM,more%20than%201%2C800%20U.S.%20communities>



encourages its participation in EPR programs in other areas where it does business. The Resolved clause makes no mention of any geographic region.

CONCLUSION

Taking financial responsibility for cigarette butt cleanup could reduce financial risk and impact risk associated with a multi-country transition to EPR systems and the reputational risk associated with plastic pollution. The Company's disclosure of how it is addressing the litter cleanup problem is inadequate. The report sought by the proposal will allow shareholders to determine whether the Company's anti-littering actions are adequate or whether EPR laws and policies are needed to supplement them in many jurisdictions.

Vote "Yes" on Shareholder Proposal #4.

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For questions, please contact Conrad MacKerron, As You Sow, mack@asyousow.org.

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