



PHILIP MORRIS ROMÂNIA S.R.L.

WATER MANAGEMENT

ALLIANCE FOR WATER STEWARDSHIP (AWS)

2023-2024 REPORT



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Philip Morris Romania (PMR) is part of the Philip Morris International (PMI) group, a world leader in the manufacture of tobacco products, with a successful history of over 20 years in Romania.

In this context, starting with 2017 and until now, PMI has invested over EUR 350 million in the modernization and refurbishment of the Otopeni plant, a representative production unit at European and global level. The substantial investment made in Romania aimed at transforming the production facility for the manufacture of reserves for heated tobacco products, with reduced risk potential. The products manufactured in Otopeni are exported globally, to over 25 markets in: South America, South Africa, the Middle East and European countries.

PMI's investments in Romania are part of the company's global strategy, which aims to offer less harmful solutions to smokers, through the development and marketing of alternative products, from tobacco to made of heated, combustion-free and smoke-free tobacco. To this end, PMI has invested more than \$6.5 billion in advanced research and development programs over the past 10 years, mobilizing the efforts of more than 430 scientists internationally.

To materialize the smoke-free future, PMI's medium and long-term strategic plans in Romania provide for the continuation of the investment and the acceleration of the transformation process. This vision can become a reality by developing revolutionary products and supporting technological innovations, but also by diminishing the impact that the company can have on the environment and resources.

One of the very important resources for the manufacture of tobacco products is water, and our company has implemented over time numerous measures to reduce the impact that our activity has on the hydrographic basin in the Otopeni area. In this process of streamlining water consumption, the next step would be to obtain the Alliance for Water Stewardship global certification, the most important certification in this field that ensures the responsible use of water for the area.

The Alliance for Water Stewardship (AWS) is a global organization of leading companies, public sector agencies, and academic institutions dedicated to promoting responsible water use. This common goal has a social, economic and environmental impact beneficial to all parties involved.

Alliance for Water Stewardship certification is a rigorous process that includes a series of actions, criteria and indicators for water management both at the company level and outside the company's perimeter limits. It allows an organization to demonstrate its commitment to responsible stewardship of water resources, while facilitating good collaboration of other stakeholders in the region.



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Water Management Policy - AWS

Philip Morris Romania (PMR) is part of Philip Morris International (PMI), headquartered in Lausanne, Switzerland, which manufactures tobacco products.

Our company, Philip Morris Romania, has made a public commitment to adopt the principles of the AWS (Alliance for Water Stewardship) standard.

In this respect, Philip Morris Romania aims to:

- allocate sufficient human and material resources for the effective operation of a water management system according to the AWS standard.
- an optimal internal procedural approach to ensure (at least in the area under the control / influence of the company):
 - good water management
 - sustainable water use
 - good water quality
 - the protection of relevant areas, where appropriate
 - access to drinking water, sufficient and safe for consumption
 - water necessary for human hygiene
 - the means necessary to combat waterborne or waterborne diseases.
- transparent promotion of the involvement of as many stakeholders from the public and private sectors as possible in joint water management projects.
- compliance with legal and other requirements regarding water management and water quality, at least in the area under the control / influence of the company.
- applying a risk analysis to identify opportunities to improve water management performance and allocate resources to implement relevant ones.
- ensuring access for relevant stakeholders to information related to water use by the company and its partners.

Kurnia Adhi Sulistyawan
Manufacturing Director



Otopeni, 10.08.2022



Alliance for Water Stewardship (AWS) Strategy

In line with [Philip Morris International's Water Stewardship Ambition](#) Philip Morris Romania has identified a water stewardship strategy which aims to define the current, overarching mission and long-term vision of our water stewardship journey, and the goals set to motivate the purpose and direction of our water stewardship plan.

Mission

Our mission is to safeguard local water resources, to ensure continuity to our operations and preservation of our catchment area. By integrating sustainable water management and water stewardship practices we aim to reduce water consumption, minimize pollution, protect freshwater ecosystems, and mitigate water-related risks. By engaging stakeholders, fostering innovation and technological development, as well as prioritizing water education and collaboration to address shared water challenges, we aim to contribute to the resilience and well-being of our local water resources for current and future generations.

Vision

Our vision is to foster a culture of innovation and continuous improvement in water management and stewardship practices and encourage others to prioritize water stewardship in their operations. Through innovative technologies for water footprint reduction, regular interactions with stakeholders in our catchment area and water-related actions to enhance water resilience, we aspire to create a water-secure future where water risks and challenges are minimized, and shared water resources protected.

Goals

Our desired goals aim to achieve sustainable water balance, optimum water quality, good water governance, adequate water sanitation and hygiene and important water-related areas conservation/restoration. They can be summarized as follows:

- Water quality protection** - prevention and mitigation of water body pollution and contamination, via water quality/monitoring, adequate and innovative wastewater treatment infrastructures, agricultural best practices etc. to ensure that water sources remain clean and safe for both human consumption and ecosystems.
- Water conservation** - water footprint reduction by implementing water saving technologies such as water-efficient appliances, smart irrigation systems, wastewater recycling, leak detection/prevention, water-efficient agricultural practices etc.
- Flood management** - flood risk mitigation and prevention via the execution of flood risk assessments, implementation of flood control, adequate stormwater management, and warning/forecasting systems.
- Infrastructure maintenance and upkeep** - implementation of proactive leak detection and repair program(s) to identify and address water losses in pipelines, equipment, and infrastructures, with the aim of reducing failures, water losses and associated costs.
- Engagement and collaboration** - engagement with diverse and representative groups of stakeholders in our catchment area to investigate on shared water challenges, promote best practices and/or investigate on collaboration opportunities that benefit both our site and the catchment area.
- Education, awareness, and training** - awareness creation amongst employees, suppliers, local communities in our catchment area on the importance of water conservation, pollution prevention, safe water sanitation and hygiene prescriptions, sustainable water management practices but also emergency preparedness (i.e., for water-related incidents, spills, leaks and floods)
- Governance and partnership** - support the implementation of catchment sustainability plans, interacting stakeholders (including public sector, service providers and institutional stakeholders) in our catchment area.
- Ecosystem restoration and rehabilitation** - protection and enhancement of important water-related areas and their ecosystems by restorative/rehabilitative actions such as reforestation, habitat destruction minimization, litter collection, improving aesthetic/recreational value improvement, support of biodiversity conservation initiatives etc.
- Safe and accessible water, sanitation, and hygiene** - maintenance of adequate water, sanitation and hygiene infrastructures for employees, execution of dedicated trainings on the importance of good hygiene practices and periodic assessments on water, sanitation, and hygiene prescriptions on-site
- Transparent and proactive disclosure** - establishment of a comprehensive monitoring and reporting system to periodically disclose relevant water-related data, progress of water stewardship program and performance indicators, with the aim of ensuring transparency and accountability.

By consolidating this Water Stewardship Strategy, Philip Morris Romania has described and motivated its water stewardship mission, vision, and goals, to be considered as the fundamental steppingstones which have led to the development and continuous improvement of water stewardship action plan.



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CBN PMR 2022-2024

PHILIP MORRIS ROMÂNIA
2022-2024

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VREAU SĂ FIU AICI

NE PASĂ SUNTEM DISCIPLINAȚI SUNTEM AMBIȚIOȘI ÎNDRĂZNIM

Extension of community collaboration by finding a larger number of stakeholders

Increasing the working group within the PMR by forming ambassadors AWS

Organizing Sustainability workshops with stakeholders

Closer collaboration with other PMI affiliates in order to identify opportunities to improve performance in Water Management

Conducting a larger number of awareness campaigns on the importance of water

Greater visibility of our actions in the field of Sustainability – revamping the PMR Sustainability website

Develop “Re:castiga viitorul” concept



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AWS PRINCIPLES IMPLEMENTATION STATUS

Philip Morris Romania has managed to demonstrate leadership at the company level, and will improve its performance at the micro river basin level by attracting as many stakeholders as possible in supporting the AWS principles;

In September 2020, the Alliance for Water Stewardship Certification was obtained, after Philip Morris Romania managed to document and implement in a very short time (January-April 2020) a sustainable water use management system, according to the PDCA (Plan-Do-Check-Act) model, starting from the management systems already implemented – quality-environment-occupational health and safety,

Philip Morris Romania collected credible information: for the implementation of the system, it took information from studies issued by the authorities, publicly available, but also requested specific information, through direct communication with the interested parties (authorities, companies).

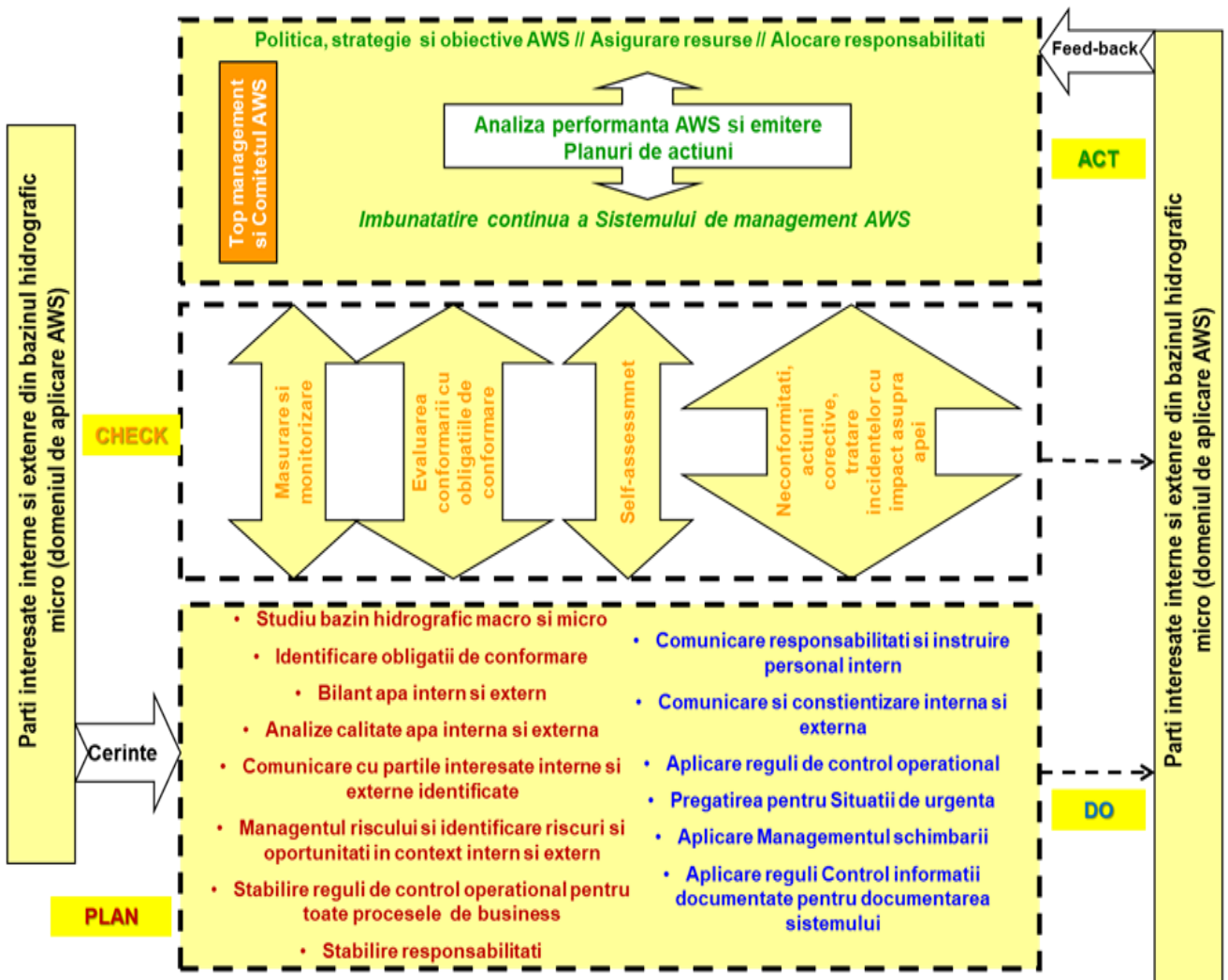
Philip Morris Romania has established transparent communication channels with stakeholders, including organizing AWS working sessions at its headquarters, to expose the AWS concept and its importance for the economic and social community in the river basin; aims to continue the communication efforts, the lack of reaction of the parties potentially interested in the sustainable use of water has proven to be, in fact, the main challenge.

Philip Morris Romania deals with AWS issues in all stages of organizational change, proposing for the years 2023 - 2024 to establish a system through which any investment project is also analyzed in terms of the cost saving opportunity related to water.

Philip Morris Romania has as its business motto "continuous improvement", this represents a stage of the PDCA (ACT) cycle, in fact, the fundamental organizational structure of the company; AWS Goals Established



AWS SYSTEM PROCESS





Water Risk & Challenges Overview for the Site and its Catchment Area

Site water risks assessment

Operational data

Type	Category	Scoring	Average category scoring	Level
Physical Risk	Water Scarcity	2.15	3.26	Medium
	Water Quality	4.37		
Regulatory Risk	Enabling Environment	1.07	3.11	Medium
	Institutions & Governance	2.04		
Reputational Risk	Media Scrutiny	3.53	3.23	Medium
	Conflict	2.94		

- The detailed assessment questionnaire contains 22 questions (indicators), covering all 3 risk types
- Operational risk section does not have complete coverage of all of the basin risk categories

Site water risks assessment

Basin data

Type	Category	Scoring	Average category scoring	Level
Physical Risk	Water Scarcity	2.15	3.4	Medium
	Flooding	3.67		
	Water Quality	4.37		
	Ecosystem Services Status	3.51		
Regulatory Risk	Enabling Environment	1.07	1.61	Low
	Institutions & Governance	2.04		
	Management Instruments	1.35		
	Infrastructure & Finance	2.01		
Reputational Risk	Cultural Importance	1	2.74	Medium
	Biodiversity Importance	3.5		
	Media Scrutiny	3.53		
	Conflict	2.94		



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Water Risk & Challenges Overview for the Site and its Catchment Area

Site water risks assessment

Basin vs Operational


Physical Risks

**Basin
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3.26

**Operational
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3.4


Regulatory Risks

3.11

1.61


Reputational Risks

3.23

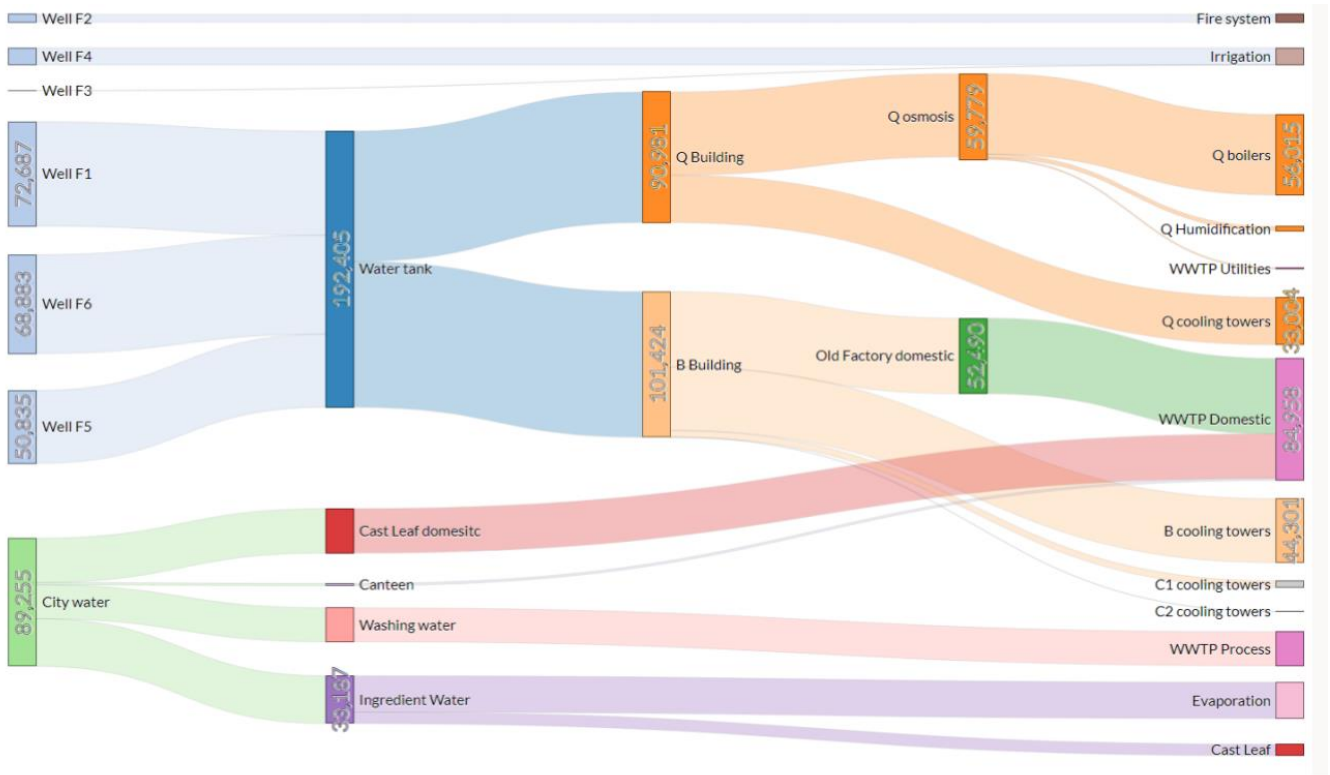
2.74

- 1.0 <= x <= 1.8 Very low risk
- 1.8 < x <= 2.6 Low risk
- 2.6 < x <= 3.4 Medium risk
- 3.4 < x <= 4.2 High risk
- 4.2 < x <= 5.0 Very high risk



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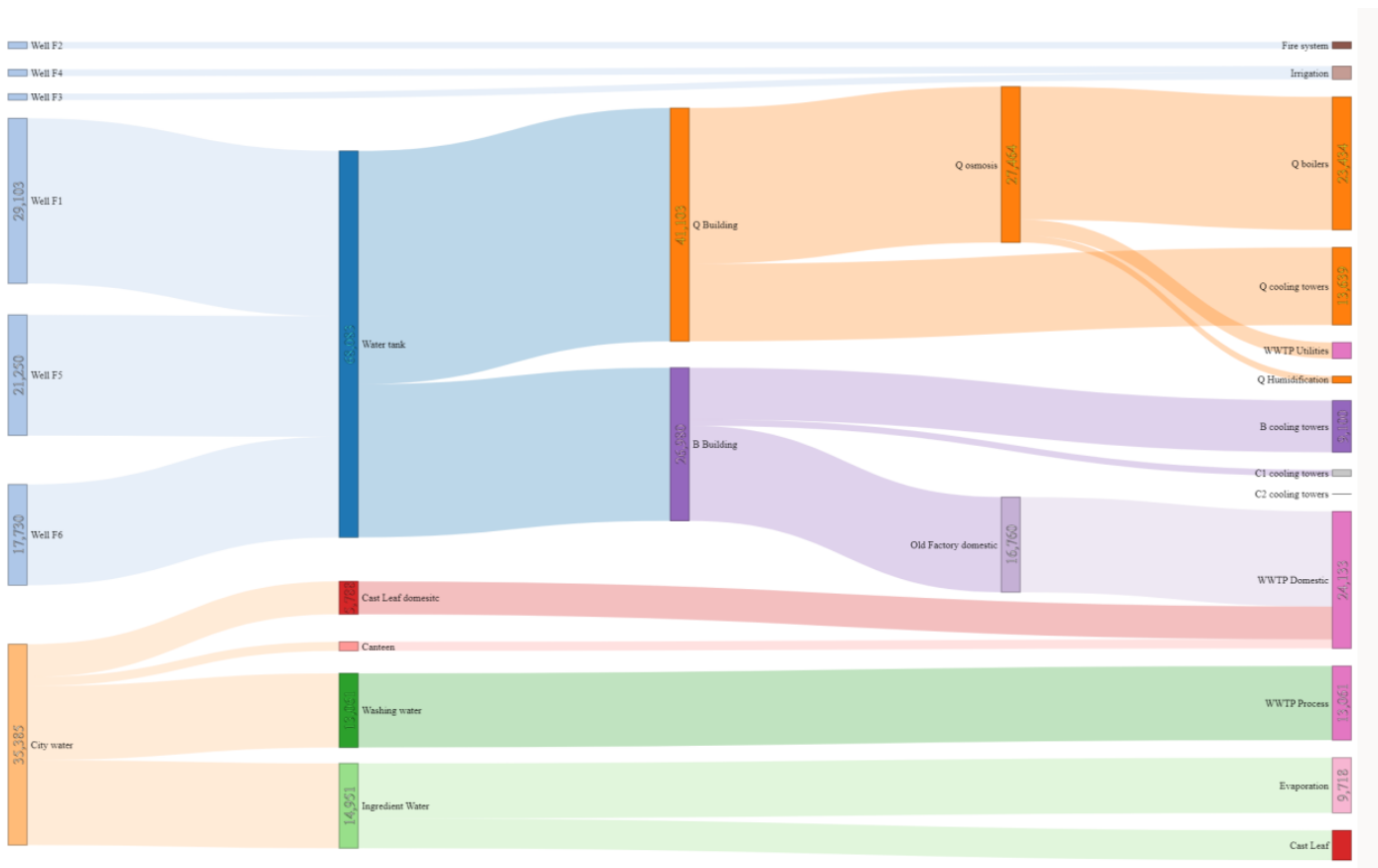
Water balance 2023





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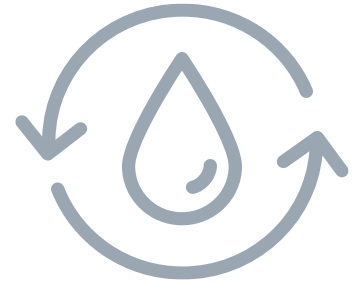
Water balance January – June 2024





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Water Management Performance and Results



The implementation of the AWS Standard framework in PMR has generated a multitude of benefits and added value, both for the site and for the catchment context, many of which are related to a reduction in the water footprint.

PMR is drastically reducing water consumption for sustainable water management

Consumption	2021	2022	2023
Water consumption (m3)	191,174	245,754	303.769



Water consumption

Evolution of the water consumption

*Note- * the production volume increased by 19% in 2023, compared to 2022*



OBJECTIVE 2023-2024

OBIECTIV CONFORM POLITICII AWS	INDICATOR	TINTA
Alocarea de resurse umane și materiale suficiente pentru operarea eficientă a unui sistem de management al apei conform standardului AWS	Buget anual (Euro)	>0
O abordare procesuală internă optimă pentru asigurarea (cel puțin în aria aflată sub controlul / influența companiei):		
a) buneii administrării a apei	Punctaj total obținut la self-assessment vis-à-vis de cerințele AWS	Obținere minim AWS Core: 0 – 39 points
	Nr. neconformități identificate de organismul de certificare cu privire la respectarea cerințelor AWS pentru managementul intern al apei	0
	% Venituri anuale apa/Costuri anuale apa	>45%
	Impact economico-social = nr. de locuri de munca ce ar putea fi create prin plata taxelor impuse de cerințele legale (analize calitative, taxe evacuare apa menajera uzata si pluviala ANIF, taxe pentru apa bruta)	>10
	Impact cultural = % din timpul de lucru al propriilor angajati destinat constientizării cu privire la managementul sustenabil al apei	>0.1%
b) utilizării sustenabile a apei	Impact asupra mediului = % din apa utilizata repusa in circulatie, dupa tratare, respectiv: (volum apa uzata menajera tratata+ apa pluviala+volum apa tehnologica uzata tratata +apa din irigatii+apa evaporata)/volum intrari apa	>90%
	Pierderi apa anuale % = (Intrari apa - iesiri apa-stoc-apa reintrodusa in natura)/Intrari apa (la nivelul anului)	<5%
	Incadrarea in limitele Autorizatiei de Gospodarire a apelor pentru consumul din foraje de adancime	
c) calitatii bune a apei	Consum specific de apa = m3/mil tigarete	
	Nr. teste invalide analiza apa potabila % =Nr. teste invalide analiza apa dupa tratarea in statiile de epurare/ Total nr. teste anuale (la nivelul anului)	0 <2%
d)protejării ariilor relevante, dacă este cazul	Nr. anual incidente generate de PMR in arii relevante aflate sub influenta / controlul PMR	0
e)accesului la apă potabilă, suficientă și sigură pentru consum	Nr. anual neconformități EHS referitoare la lipsa apa potabila pentru consum Buget anual(Euro) acordat pentru apa potabila / angajat	0 ≥25
f)apei necesare igienei oamenilor	Nr. anual neconformități EHS referitoare la lipsa de conditii de igiena a angajatilor	0
g)mijloacelor necesare pentru combaterea bolilor transmisibile prin apă sau legate de apă	Nr. teste invalide analiza apa potabila	0
h)promovarea transparentă a implicării cât mai multor părți interesate din sectoarele public și privat în proiecte comune de management performant al apei	Nr. anual de comunicari catre parti interesate (mail/adrese scrise/intalniri directe/video-conferinte)	>10
	Nr. anual Chestionare de feedback completate de partile interesate (intern+extern)	>50
	Nr. proiecte in care sunt implicate tertte parti interesate externe	≥1
i)conformarea cu cerințele legale și alte cerințe referitoare la managementul apei și la calitatea apei, cel puțin în aria aflată sub controlul / influența	Nr. anual de neconformități referitoare la nerespectarea cerințelor legale	0
	Nr. anual situatii de urgenta / incidente cu implicatii asupra apei	0
j)aplicarea unei analize de risc pentru identificarea oportunităților de îmbunătățire a performanței managementului apei și alocarea de resurse pentru implementarea celor relevante	Nivel de risc rezidual global la sfarsitul anului	<4
k)asigurarea accesului părților interesate relevante la informații legate de utilizarea apei de către companie și partenerii săi	Nr. anual de comunicari interne si externe referitoare la performanta AWS	>1

Meet PMR AWS Team!

The AWS team members are responsible for implementing the AWS Standard criteria as well as achieving the AWS outcomes by the implementation of social, community and technological actions both on-site and in the catchment territory





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Activities & Responsibilities related water management - legal requirement

Environmental responsible

- Analysis of environmental aspects, communication of significant environmental aspects and risks at work to employees of PMR Operations departments in order to raise their awareness;
- Identifying the types of environmental nonconformities specific to each department in order to promptly identify them at the time of occurrence and respectively to prevent their occurrence;
- Communication to department employees of the measures they must apply at work to meet legal and other environmental protection requirements;
- Waste & Chemical management;
- Monitoring environmental factors (air, water, soil) and consumption of natural resources (water, heat and electricity);
- Analysis of the effectiveness of trainings conducted in the field of environmental protection, correlated with the situation of nonconformities / incidents / accidents / emergency situations in the field of environmental protection;
- Participation in the investigation of accidents/incidents/emergency situations to establish the causes and measures necessary to prevent their recurrence

Environmental monitoring responsible The tasks, duties and responsibilities concern the activity of monitoring environmental factors air, water, soil and consumption of natural resources (water, heat and electricity)



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Activities & Responsibilities related water management - legal requirement

Prevention pollution Team

- Analyzes and makes proposals regarding the policy and plan for preventing and combating accidental pollution, according to the organization and functioning regulations;
- Follow the implementation of the plan for preventing and combating accidental pollution, including the allocation of the necessary means to achieve its provisions and efficiency. Proposes measures for workplace planning considering the presence of critical points;
- Monitors the way in which the legal regulations on environmental protection, the measures ordered by the control bodies are applied and observed

Chemical management Resp team

- The approval of applications registered in SharePoint of substances from the point of view of hazards and risks to health and the environment is made in the validated system according to List of indirect materials used in PMR:
- Identification of dangerous chemical substances/preparations, preparation and verification of updating of the List of dangerous chemical substances/preparations in PRM;
- Maintaining a database with SDSs of all chemical substances and mixtures used in PMR;
- Checking with departments using chemicals that the date of the last update of SDSs is not more than 3 years and notifying those responsible for updating SDSs;
- Periodic verification of chemical management (storage, handling and use) in PMR



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AWS Activities



GOOD WATER
GOVERNANCE



SUSTAINABLE
WATER
BALANCE



GOOD WATER
QUALITY
STATUS



IMPORTANT
WATER-RELATED
AREAS



SAFE WATER,
SANITATION
AND HYGIENE
FOR ALL (WASH)





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REDUCING WASTE AND INDIRECT WATER CONSUMPTION

This year's World Water and Environment Days, Philip Morris Romania carried out awareness and employee involvement actions in finding solutions to reduce water consumption and waste recycling, an important part of water pollutants.



TRANSPARENT COMMUNICATION

Philip Morris wants to be a leader in sustainability, one of the actions taken to achieve this goal is the reporting to CDP Water Disclosure. For more details you can access:

www.pmi.com

www.cdp.net/en

[AWS PMI](#)



REDUCING INTERNAL WATER CONSUMPTION

Domestic water consumption has been reduced by eliminating, unnecessarily used water. By eliminating the water used by the Scrubber, the internal water consumption was reduced by approximately 3000 m³/month. A study of the dispersion of pollutants was carried out to demonstrate the efficiency of the filtration system without additional water consumption. The possibility of reducing water consumption is constantly being analyzed. Analyses are carried out with a certified laboratory and the implementation of the projects will be decided.





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IMPROVING EMERGENCY RESPONSE CAPACITY

Annually, 2 internal simulations are carried out on the accidental leakage of hazardous substances and intervention in case of massive water losses/floods to improve the response capacity in the event of an emergency. During the meetings with stakeholders, impressions and best practices regarding intervention in case of Emergency Situations were exchanged.



COMPLIANCE WITH WATER QUALITY REQUIREMENTS IN THE FACTORY AREA

At the beginning of the year, a study was carried out on the impact of production activity on all environmental factors (water, air, soil) and on human health. This study was carried out on a large area that includes the residential area of Otopeni



ACTIVE INVOLVEMENT IN THE RIVER BASIN

Annually, a volunteer action is carried out together with PMR and PMT employees for the greening of riverbeds in the Hydrographic Basin in collaboration with an NGO and with the involvement of the Otopeni City Halls and the Waste Management service provider





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ACTIVE INVOLVEMENT IN THE CATCHMENT

Starting with the beginning of the year, the decision was made that the sanitation of the C22 channel should be included in the general maintenance and maintenance program of the factory. Thus, through the good maintenance of the water collection channel in the western part of the PMR, the proper collection and good transport of water from all users who discharge water into the collection channel will be ensured. In 2023, concreting works were carried out on a larger area for better visibility of the outlets and cleaning efficiency.



ACTIVE INVOLVEMENT IN THE RIVER BASIN

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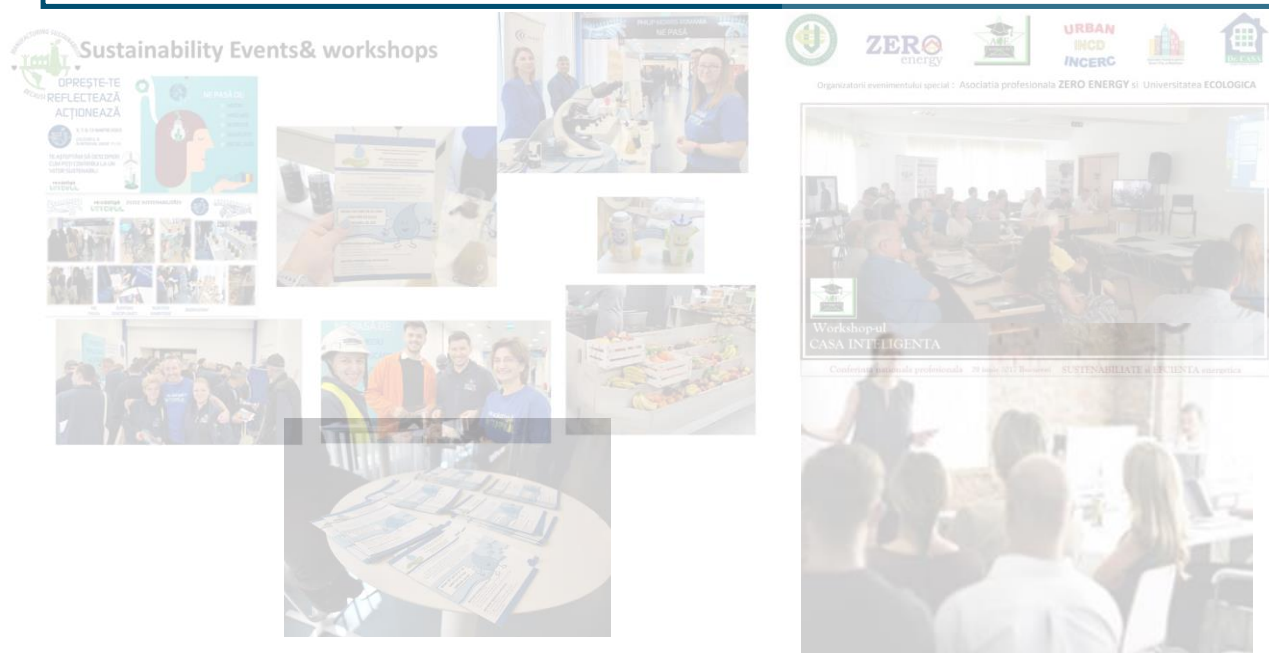


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INCREASING EMPLOYEES' AWARENESS OF THE IMPORTANCE OF WATER RESOURCES AND WASTE MANAGEMENT



Philip Morris wants to have employees who are always informed and involved in improving the production activity and to be responsible even in their private life. To this end, it has carried out numerous workshops and activities to raise awareness among employees about the importance of waste segregation.



MEETING WITH STAKEHOLDERS



Philip Morris Romania aims to raise awareness regarding the responsible use and good management of water.

In regular meetings with stakeholders in our river basin area, we want to present the benefits of implementing the AWS standard. In 2023-2024, workshops will be held with interest groups on topics and topics specific to each group of companies.



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COMPLIANCE WITH WATER QUALITY REQUIREMENTS IN THE FACTORY catchment



At the beginning of the year, a study was carried out on the impact of production activity on all environmental factors (water, air, soil) and on human health. This study was carried out on a large area that includes the residential area of Otopeni



ACTIVE INVOLVEMENT IN THE CATCHMENT COMMUNITY

Early, sanitation actions were carried out in areas of the Catchment. These actions were carried out with volunteers from PRM and PMT. Starting with 2021 about 5 activities with cca. 250 employees and their family members participated. (River Pasarea, Herastrau Lake, Racari community)



ACTIVE INVOLVEMENT IN THE RIVER BASIN

Starting with 2016, yearly afforestation action was carried out in catchment area together with volunteers from PRM and PMT. 205 employees and family members participated yearly.





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COMPLIANCE WITH WATER QUALITY REQUIREMENTS IN THE AREA ADJACENT TO THE PLANT



At the beginning of 2023, a study was carried out on the impact of production activity on all environmental factors (water, air, soil) and on human health. The impact of PMR on biodiversity and another Report on the dispersion of atmospheric emissions was also analyzed through a report. This study was carried out on a wide area that includes the residential area of Otopeni

ACTIVE INVOLVEMENT IN THE RIVER BASIN

In March 2023, a feasibility study was carried out to sanitize a polluted area in the Berceni Prahova area.



ACTIVE INVOLVEMENT IN THE CATCHMENT

Active participation of PMR Sustainability team in workshops, congress and informal meetings to better understand of catchment water management and stakeholders needs

