

Water Stewardship **REPORT** **2024**

**Philip Morris
Products S.A.
Neuchâtel**



PHILIP MORRIS
PRODUCTS S.A.

Letter from Philip Morris Products S.A.

Water scarcity is recognized by the World Economic Forum as the greatest global risk in terms of potential impact on both humanity and environment. Growing populations and economies as well as climate change effects are leading to an exponential increase in demand, competition and disputes over freshwater resources.

The **Philip Morris Products S.A.** factory in Neuchâtel, Switzerland (**PMPSA**) has implemented the Alliance for Water Stewardship (AWS) Standard with the aim of integrating a water stewardship *modus operandi* in its water management approach. With the achievement of the [Core Level Certification](#) in November **2021**, PMPSA has become the first AWS Certified site in Switzerland.

The AWS Standard implemented by PMPSA provides a useful framework for water footprint reduction, implement concrete actions within the wider catchment context, and work in partnership with local Stakeholders for sustainable water resource management and mitigation of shared water challenges.

Every year PMPSA continues to implement sustainable water practices both within and outside its site boundaries, with the aim of leading by example, raising awareness and encouraging other catchment Stakeholders to take on an active role as virtuous [water stewards](#).

PMPSA is deeply proud of its transformation process and although there is still a long way to go to build a sustainable future, the AWS philosophy is a great starting point and has already made an incredible difference.

PMPSA focus on sustainability is also significant in the **Tobacco Supply Chain**. With a specific focus on the tobacco cultivation process, PMI is committed to the responsible and sustainable management of natural resources. To achieve these goals, as part of the [Sustainable Tobacco Program](#) (STP), PMI has developed a set of [Good Agricultural Practices](#) (GAP), against which the cultivation processes of suppliers are evaluated, and opportunities for improvement are identified. Good Agricultural Practices are those that are economically viable, safe and oriented towards a quality harvest that at the same time support, protect and improve the environment and respect workers. The program was developed with input from farmers, industry companies, government agencies and universities.



PHILIP MORRIS PRODUCTS S.A.

Water Stewardship Commitment

PMI has been implementing the **Alliance for Water Stewardship (AWS)** Standard since 2018 and has the ambitious milestone to certify all priority factories by 2025. Currently, 24 PMI factories had been certified AWS. Water stewardship in PMI is about reducing a Site's water footprint by acting both on-site and in local territory. By synergic collaboration with Stakeholders, joint projects to mitigate water-related risks, as well as reducing potable water consumption and promoting water recycling, PMI factories around the world are contributing to collectively addressing the complex challenges facing the water resource that we all rely upon.

With the following document, PMPSA discloses a public commitment to water stewardship and its contribution to sustainable water use at site and catchment-based level. PMPSA firmly believes that following water stewardship principles and best practices will help build a sustainable future and positive changes to the entire territory.

PMPSA publicly commits to undertake and sustain the following best practice water steward principles:

- Endorse, sustain and uphold the AWS principles and 5 outcomes: good water governance, sustainable water balance, good water quality, conservation of important water-related areas and safe water, sanitation and hygiene for all.
- Engage and involve stakeholders in an open and transparent way and exchange with public authorities when needed.
- Comply with legal and regulatory requirements related to water.
- Respect water-related rights, including ensuring appropriate access to safe water, sanitation and hygiene for all workers in premises under the site's control.
- Implement the AWS Standard in alignment and in support to existing catchment sustainability plans.
- Continually improved and adapt the site's water stewardship actions and plans in order to mitigate shared water-related risk and challenges.
- Implement and disclose progress on water stewardship program(s) to achieve improvements in water stewardship results.
- Maintain the organizational capacity required to successfully implement the AWS Standard, by ensuring that employees have the time and resources required to accomplish the implementation and maintenance of all AWS requirements.
- Support water-related national and international treaties.
- Disclose material on water-related information to water relevant authorities and other public audience in an appropriate format.

Through this **Water Stewardship Commitment**, PMPSA reaffirms its dedication to responsible water stewardship and its role in safeguarding this fundamental resource for current and future generations.



Director Manufacturing PMPSA
(Dora Delgadillo)



Manager Sustainability PMPSA
(Frederic Voegele)

Water Stewardship Strategy

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

Mission

Our mission is to safeguard local water resources through an **out of the box approach**, to ensure continuity to our operations and preservation of our catchment area. By integrating sustainable **water management** and **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 advocating for 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 inspire others to prioritize water stewardship in their operations. We aim to be recognized as a model of water stewardship excellence and **catalyst for change** in our catchment area. Through innovative technologies for water footprint reduction, strong partnerships with stakeholders and synergic projects 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 **WASH (Safe Water, Sanitation and Hygiene)** and **IWRAs (Important Water-related Areas)** conservation/restoration. They can be summarized as follows:

- **Water conservation** - water footprint reduction by implementing water saving technologies such as water-efficient appliances, smart irrigation systems, wastewater recycling, rainwater harvesting, 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 infrastructures, adequate stormwater management, and warning/forecasting systems
- **Water quality protection** - prevention and mitigation of water body pollution and contamination, via water quality/bio-monitoring campaigns, 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



- **Infrastructure maintenance and upkeeping** - 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 (i.e., employees, suppliers etc.) to investigate on shared water challenges, promote best practices and/or investigate on collaboration opportunities that benefit both the site and the catchment area
- **Education, awareness and training** - awareness creation amongst employees, suppliers, local communities etc. 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 and implementation of catchment sustainability plans, strengthening data collection, analysis and availability especially amongst local stakeholders, enable partnership opportunities especially with public sector, service providers and institutional stakeholders
- **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 a **Water Stewardship Strategy**, PMPSA has described and motivated our water stewardship **mission, vision** and **goals**, to be considered as the fundamental steppingstones which have led to the development and continuous improvement of our water stewardship **action plan**.

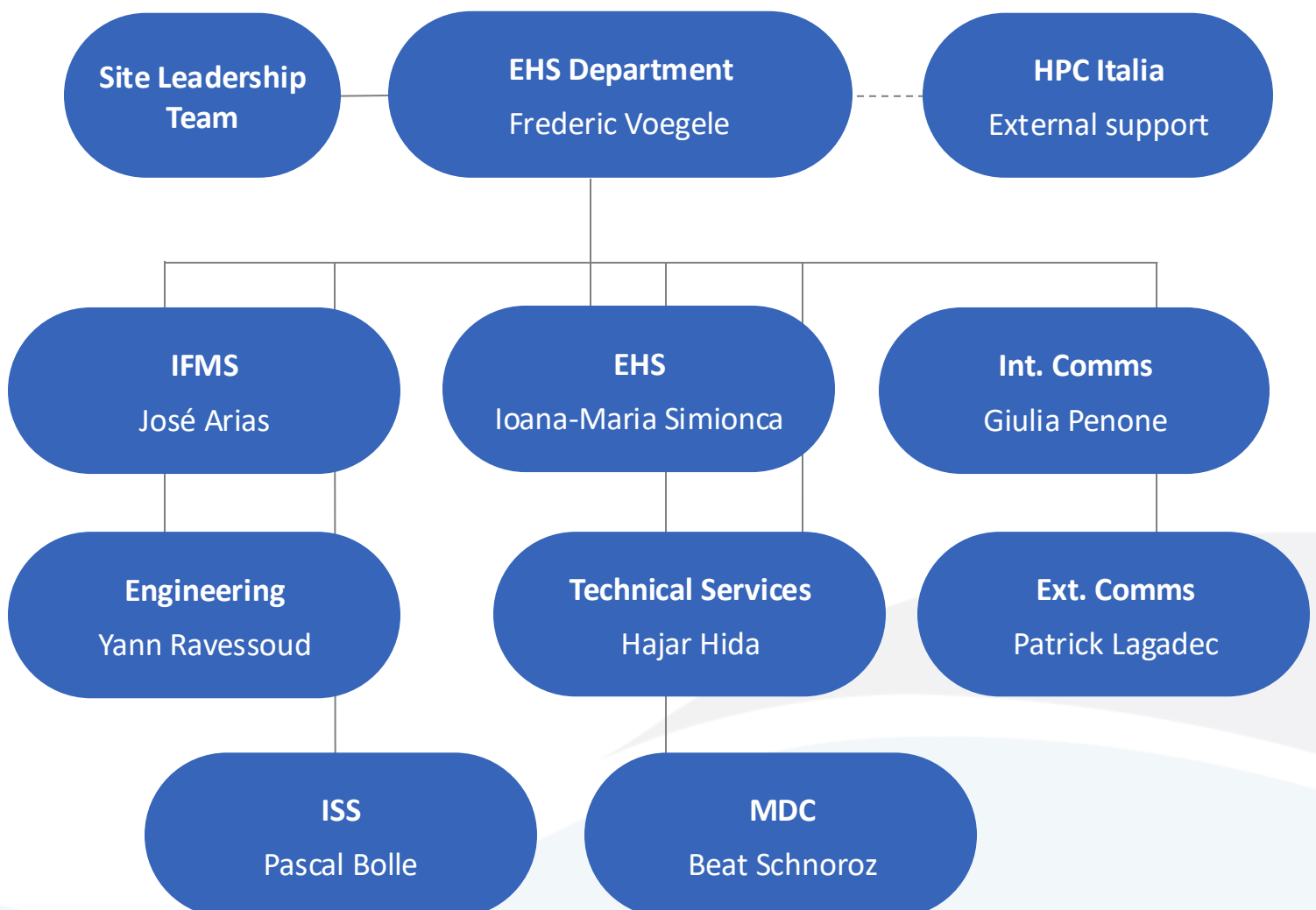
Internal Water Governance

Organizational chart

In PMPSA, the internal governance for water management involves several key positions responsible and accountable for:

- water **management activities** as well as compliance obligations with water-related laws and regulations within our premises;
- implementation of the **Alliance for Water Stewardship (AWS) Standard** prescriptions through site and catchment-based actions with the aim to achieving compliance across all 5 outcomes areas.

The **organizational chart** of the water-related internal governance team well as their **roles** and **responsibilities** are illustrated below:



Internal Water Governance

Roles and Responsibilities

Frederic Voegele

Manager Sustainability

- Ensures Environment Health and Safety compliance within the organization.
- Main sponsor of sustainability projects
- Promotion of sustainability best practices within the organization
- Share water challenges with the Site Leadership Team

Ioana-Maria Simionca

Sustainability Engineer

- Leads the Water Stewardship internal team
- Liaise with regulators
- Ensures water related incidents are investigated and correctives and preventives actions are taken to eliminate recurrence
- Identifies and leads water related improvement actions

José Arias

IFMS Engineer

- Managing of the activities linked to the utilities engineering
- Follow-up of water consumption and wastewater management

Giulia Penone

*Communication
Operations Executive*

- Implementation of social and community actions to raise employees/stakeholders' awareness
- Leads of the internal communications masterplan linked to sustainability topics
- Coordination with the EHS team for the preparation of water/environment awareness campaign: communication material for the screens and events
- Coordination and organization of AWS-related webinar and workshops with stakeholders

Patrick Lagadec

Manager Internal & External Comms, Corporate Affairs

- Leads External Communication with main stakeholders (industrial & institutional)
- Coordinates the preparation of water related webinar and workshops
- Engages institutional stakeholders for water related project in the catchment area

Hajar Hida

Process Engineer

- Point of contact for the Primary water-related topics.
- Management of water-related projects linked to the Primary area

Beat Schornoz

Senior Innovation Lead

- Point of contact and support for MDC (Manufacturing Development Center) water-related topics
- Key person for new MDC water-related projects implementation

Yann Ravessoud

Senior Project Engineer

- PMPSA Engineering team point of contact
- Support for new water-related project implementation in the factory

Pascal Bolle

Facility Services Manager

- Maintenance of PMPSA water network



Water Risks and Shared Water Challenges

Since 2021, PMP SA has been conducting **water risk assessments** on the Neuchâtel Lake catchment area, to identify the main water risks faced by the Site, as well as the challenges shared amongst local Stakeholders.

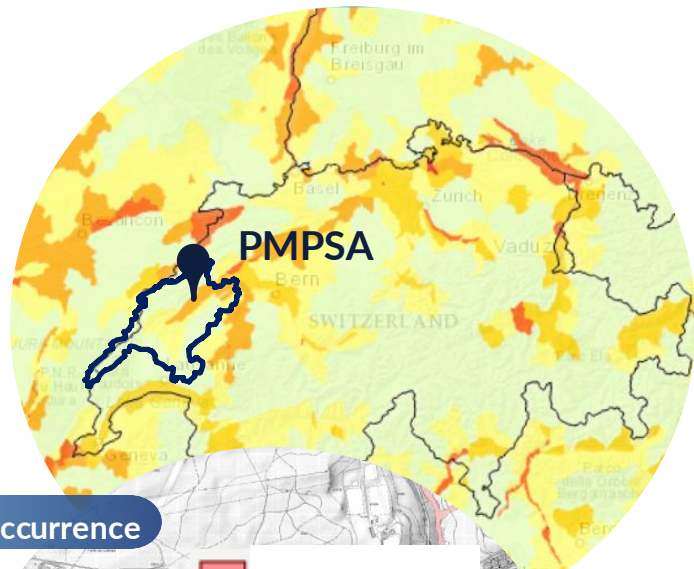
To ensure a detailed and comprehensive analysis, the water risk investigation is conducted annually by using a combination of:

- global tools such as the  and 
- stakeholder surveys submitted in July 2024

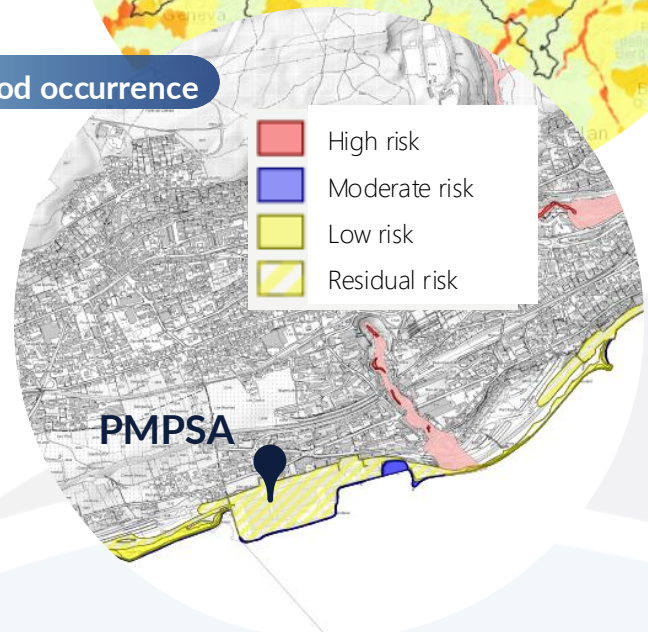
The most relevant water risks in the catchment area detected by the Water Risk Filter by WWF are directly linked to **flooding events and water quality** (respectfully **Figure 1 and 2**) aggravated by the impacts of climate change, which are producing increasingly extreme and catastrophic events.



Figure 1: Flood Risk in the Neuchâtel Lake catchment area and PMP SA location (Source: [Water Risk Filter](#), August 2024 and [SITN](#) (Géoportail du Système de Information du territoire Neuchateloise))



Flood occurrence



Water quality

Figure 2: Water Quality Risk in the Neuchâtel Lake catchment area (Source: [Water Risk Filter](#), August 2024)

In 2023 and 2024, heavy rainfall led to severe flooding across various regions of Switzerland. The intense weather conditions caused rivers and lakes to overflow, leading to widespread disruption.

However, PMP SA is located in a residual risk zone, and is not impacted by any severe flood events.

PMPSA has a long-lasting relationship with its **Stakeholders** which have been involved throughout the implementation of the AWS Standard framework since 2021.

For this reason, in 2024, PMPSA has created a dedicated **investigation survey** which aims to identify, assess, and prioritize shared water challenges amongst its catchment Stakeholders, in order to collect valuable insights. The scope of this investigation is to:

- consolidate or further detail the water risk categories previously identified
- increase awareness and understanding amongst catchment Stakeholders on shared water challenges
- identify potential mitigation or preventative actions based on prioritized water challenges

Table 1 illustrates the results of the Stakeholders:

Water challenge	Shared by n° of Stakeholders	Frequency of occurrence			Magnitude of impact			Level of prioritization
		Rare	Sporadic	Continuous	Minor	Moderate	Major	
Water governance limitations	5	3	2	0	1	4	0	Very High
Water scarcity	4	2	2	0	1	0	3	Very High
Flooding	3	1	2	0	0	2	1	Moderate
Water quality degradation	3	1	2	0	2	1	0	Low
Regulatory challenges	2	0	2	0	0	2	0	Low
IWRA deterioration	2	1	1	0	1	1	0	Low
Infrastructure vulnerability	2	2	0	0	0	2	0	Low
WASH inadequacy	1	1	0	0	0	1	0	Very Low
Reputational damage	1	1	0	0	1	0	0	Very Low

Table 1: Results of PMPSA Stakeholder's feedback

The following water challenges rank medium/high priorities according to the interviewed stakeholders:

- **water scarcity** and **water governance limitations** are classified as a **very high priority**
- **flooding** is classified as a **moderate priority**



In comparison with Water Risk Filter global tool results, stakeholders perceive that:

- **water governance limitations** are an issue, due to poorly enforced/inadequate water policies and legal/regulatory frameworks. Some root causes highlighted in the survey are also lack/limited data and information system, as well as long-term planning/vision
- **water scarcity** is an issue, and some root causes highlighted in the survey are excessive water use, droughts or even lack/limited preventative mitigation strategies

Water Stewardship Plan

PMPSA has created a **Water Stewardship Plan** which is periodically updated and structured around all 5 AWS outcomes:



GOOD WATER
GOVERNANCE



SUSTAINABLE
WATER BALANCE



GOOD WATER
QUALITY
STATUS



IMPORTANT
WATER-RELATED
AREAS



SAFE WATER,
SANITATION AND
HYGIENE FOR ALL
(WASH)

The Plan aims to address **water risks**, shared **challenges**, incorporate **best-practices** in current management activities and achieve the **goals** reported in the Water Stewardship Strategy by detailing **actions** and associated Specific, Measurable, Achievable, Relevant, and Time-Bound (S.M.A.R.T) **targets**.

The actions reported in PMPSA's Water Stewardship Plan can be subdivided in 2 categories:

- **Technological** – actions for water footprint reduction and quality improvements, via water saving technologies, recycling, optimization of plant settings, monitoring devices etc.
- **Community/Social** – actions for improving internal and external water governance, WASH provision, status of IWRA's and mitigating shared water challenges in the catchment area

Here forward several actions of PMPSA's Water Stewardship Plan have been reported and described in detail.



Annual Water Stewardship workshop with local stakeholders

Scope: annual water stewardship workshop in collaboration with local catchment stakeholders to disclose PMPSA's water stewardship performance, benchmark on water-related best practices, as well as investigate on potential synergies to mitigate shared water challenges and contribute towards a water secure catchment territory. The workshop has been followed by a factory visit, to allow stakeholders to concretely see what PMPSA does in terms of water-related projects and initiatives

Results: participation of **13 local Stakeholders**, both in person and via a Teams meeting. All of them responded to a questionnaire to which PMPSA received feedback on its water stewardship journey, actions implemented in relation to the 5 AWS outcomes and efforts to catchment water risks



Value creation: enhanced communication, networking and relationship building amongst Stakeholders, greater ownership of initiatives and projects, alignment of interests and priorities, capacity building

Employees engagement

World Water Day activation

Involvement: internal PMPSA employees and contractors

Scope: awareness-raising campaigns in relation to sustainability and water-related subjects, to enable more informed choices on water use at home and at work and to make employees aware about the consequence of their actions. The initiative included:

- **tips** on best practice behaviours to have in relation to water, at home and at work
- **dirty water tanks installation** in every relax room of the factory, together with **banner with shocking sentences** about water
- **internal communication** material on the factory screens
- **interactive stand** at the factory canteen

Results: engagement of approximately **400 employees** and contractors

Value creation: education on the importance of water conservation, efficiency and sustainability, contribution to mitigating risks related to water scarcity by encouraging greater water conservational efforts and behavioural changes, both at work and at home



1 CHF for the climate

Involvement: PMI Swiss-based employees

Scope: fundraising campaign to collect money to dedicate to tree planting in the Gros de Vaud region, in collaboration with a local association. The initiative included:

- **a local news** on the PMI Swiss intranet site
- **training of the cashiers** of the canteens in Neuchâtel and Lausanne sites
- **internal communication** on the factory screens

Results: approximately **600 CHF** collected (excluding separated contribution from Swiss market)

Value creation: awareness that each of us can do something to contribute to the preservation of our planet, contribution to the improvement of landslides risks by planting trees and thus implanting new roots in the ground

Awareness created around the “Tri-Plage” event

Involvement: internal PMPSA employees and contractors, possibility to involve families and friends

Scope: awareness-raising communication regarding the lakeshore cleanup initiative organized by the local association AQSBI in specific Thursdays of July, August and September. The initiative included:

- **communication** on factory screens
- **announcement publication** on the factory Viva Engage community

Value creation: education on the importance of water conservation, contribution to mitigating risks related to water pollution by encouraging greater water conservational efforts and behavioural changes



Lakeshore clean-up event

Involvement: PMI Campus employees

Scope: active participation of employees in a lakeshore cleanup activity in a defined perimeter around the PMI Neuchâtel Campus. The initiative included:

- **internal communication** for employees to be aware of the event
- **provision of materials** for the activity (rubbish bags, grippers, etc.)
- **plogging activity** with a sport coach organized to enliven the initiative

Results: approximately **80 employees** participated to the clean-up activity in 2023 (2024 data not available yet) and the following have been collected:

- 172 aluminium cans
- 71 glass bottles
- 115 PET bottles
- 4250 cigarette butts

Value creation: education on the importance of water conservation, contribution to mitigating risks related to water pollution by encouraging greater water conservational efforts and behavioural changes



Internal communication campaign “Sème le changement, récolte la durabilité”

Involvement: internal PMPSA employees and contractors, plus visitors and anyone coming across the internal screens

Scope: awareness-raising communication campaign regarding the concrete actions and results that the factory had and will have about water and energy consumption and savings

Value creation: awareness of the concrete energy consumption/savings data of PMPSA factory, so that employees can realize the effective consequences of the projects implemented on site



Sustainability fair in Lausanne, Rhodanie Campus

Involvement: Rhodanie Campus employees

Scope: participation to the sustainability in Rhodanie, to show people what the factory is doing in terms of water management and savings

Results: approximately 300 employees participated to the sustainability fair

Value creation: education on the importance of water and environment conservation

Technological actions

Air compressor cooling backup

Scope: installation of a backup connection in addition to the pumping station in order to avoid the use of potable water for cooling the compressors during pumping station maintenance

The initiative included:

- New piping installation
- Work procedure update

Results: no potable water use during maintenance (500m³ saved per maintenance)

Value creation: reduction of potable water consumption



Automated pH correction for wastewater

Scope: installation of equipment that automatically regulates the output and ensures that the wastewater PH remains within the required limits

The initiative included:

- New piping installation
- BMS parameters setting
- Work procedure update and training

Results: drastic reduction of out-of-range value

Value creation: water quality improvement

Venturi steam traps phase 1

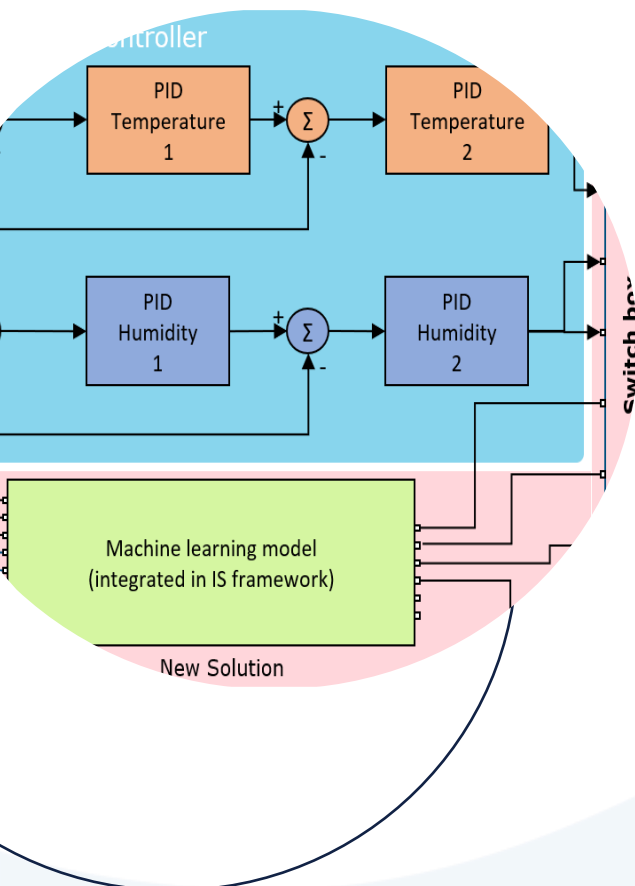
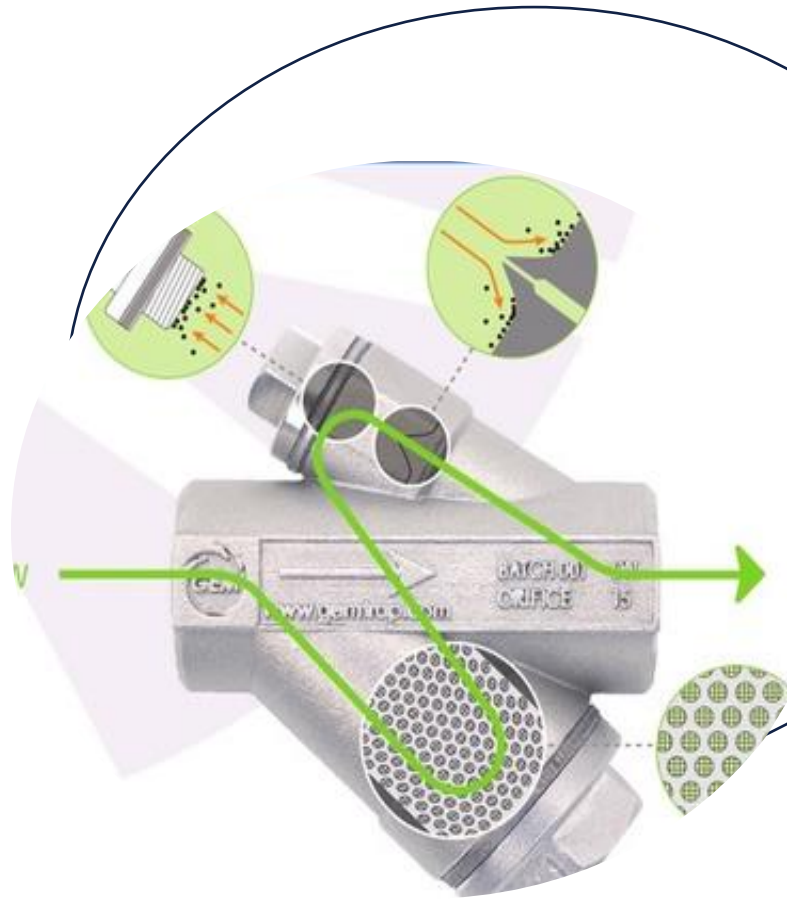
Scope: replacement of the hydrostatic steam traps in building R with new venturi steam traps in order to **reduce steam losses**

The initiative included:

- Replacement of the steam traps
- Maintenance plan update

Results: reduction of steam losses in the condensate network with expected saving of **500m³/year** of lake water

Value creation: reduction of lake water consumption



AI HVAC phase 2

Scope: improvement of the current algorithm using AI technology in order to reduce the energy consumption for cooling, heating and **humidification**. Since the **steam** is used for humidification, its savings is generating water saving, which is also higher than the steam saving because of the efficiency of the reverse osmosis process

The initiative included:

- New set points parameters
- Testing and validation of the algorithm

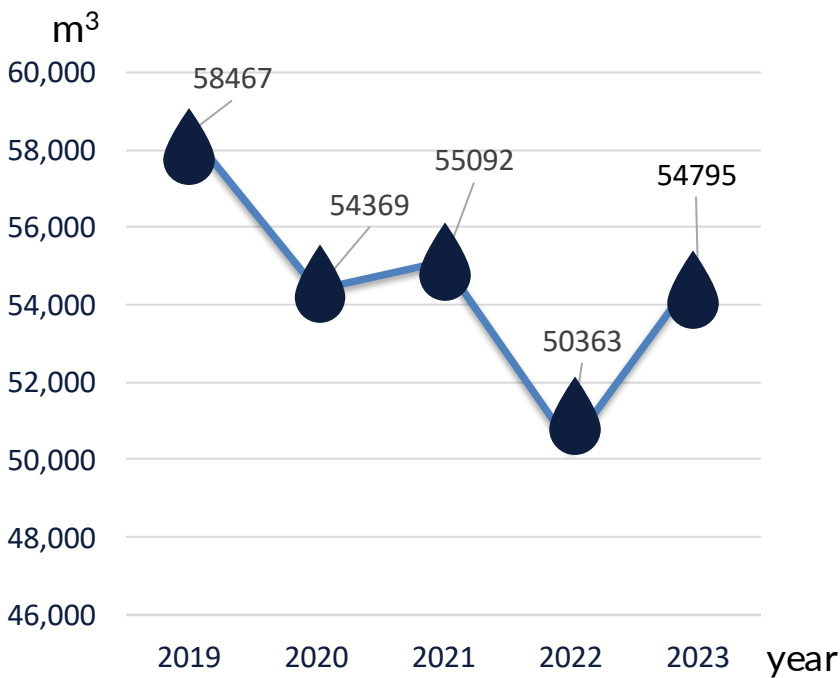
Results: water saving linked to steam consumption reduction estimated of **900m³/year**

Value creation: reduction of lake water consumption

Performance, KPIs and Results

Since 2019, PMPSA has drastically reduced its water consumption and consequently the impact on catchment surface water resources. This has played a major role in contributing to the mitigation of water-related physical risks such as water scarcity and baseline water stress that are affecting the catchment territory.

From 2019 to 2023, the absolute value of saved potable water was of $\approx 19,250 \text{ m}^3$, equivalent to the annual consumption of ≈ 385 water users (50 m^3 per user)



From 2019 to 2023, PMPSA has reduced its water consumption from $58,467 \text{ m}^3$ to $54,795 \text{ m}^3$ (2023 value impacted by an issue of technical alarm management and corrected).

This corresponds to a reduction of $\approx 6\%$ in water consumption.

Since 2019, PMPSA has invested in innovative water management technologies with the aim of optimizing potable water use and reducing losses.



By 2024, PMPSA factory targets to reduce its potable water consumption by 5%

**We hope you enjoyed PMP
water stewardship journey
towards a more
sustainable future.**



**PHILIP MORRIS
PRODUCTS S.A.**