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INTERNATIONAL

Water Stewardship Report [2024-2025]

Philip Morris Romania

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1. Letter from **Philip Morris Romania**

The purpose of this report is to present the rationale and strategic value of implementing the Alliance for Water Stewardship (AWS) Standard within our operations. Stakeholders should be interested in AWS implementation because it:

- ***Demonstrates Responsible Water Management: AWS provides a globally recognized framework for sustainable water use, helping organizations manage water risks and impacts more effectively.***
- ***Strengthens Stakeholder Trust: By aligning with AWS principles, the organization shows commitment to transparency, community engagement, and shared water governance.***
- ***Supports Regulatory Compliance and Risk Mitigation: AWS implementation helps anticipate and address water-related regulatory requirements and reputational risks.***
- ***Enhances Sustainability Performance: Integrating AWS contributes directly to corporate sustainability goals, including climate resilience, biodiversity protection, and resource efficiency.***
- ***Unlocks Business Value: Responsible water stewardship can lead to operational efficiencies, improved supply chain resilience, and access to sustainability-linked financing or certifications.***

This report aims to inform stakeholders about the benefits, challenges, and strategic opportunities associated with AWS implementation, fostering informed decision-making and alignment with broader environmental and social responsibility goals.

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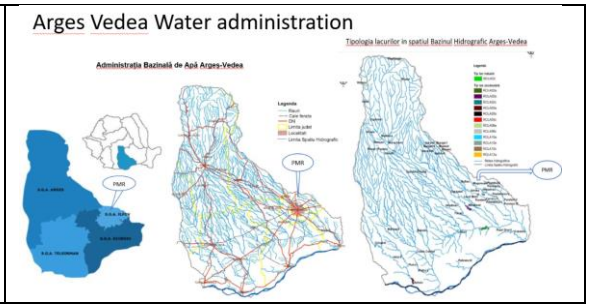
Philip Morris Romania has managed to demonstrate leadership at the company level and will improve its performance at the micro river basin level by attracting as many stakeholders as possible in supporting the AWS principles.

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 2024 - 2025 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



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 Romania 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 September 2020, PMR become one of the first AWS Certified site in PMI.

The AWS Standard implemented by **Philip Morris Romania** 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 **Philip Morris Romania** 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.

Philip Morris Romania 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.

Philip Morris Romania focus sustainability is also significant in the Tobacco Supply Chain. PMI places great emphasis on promoting the production of high-quality tobacco, grown under environmentally friendly conditions. 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.

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2. **Water Stewardship Commitment**

PHILIP MORRIS ROMÂNIA S.R.L.

Water Management Policy - AWS

PHILIP MORRIS ROMANIA (PMR) recognizes the fundamental importance of **water stewardship** in ensuring the sustainability of our operations, and the resilience of the local catchment area in which we operate.

As such, we pledge to uphold the following commitments:

- **Implementation of the Alliance for Water Stewardship Standard: we will implement, endorse, and uphold the Alliance for Water Stewardship Standard, as well as achieve compliance and continuous improvements across all five outcomes areas:** ***water governance, water balance, water quality, Important Water-Related Areas and Safe Water, Sanitation, and Hygiene***
- **Responsible water use: we will strive to optimize our water use efficiency across all aspects of our operations, minimizing consumption while maintaining operational effectiveness.**
- **Water quality protection: we will strive to prevent water pollution and contamination events by implementing best practices and technologies to safeguard our water quality.**
- **Regulatory compliance and respect of human rights to water and sanitation: we will comply with national/regional water-related legal and regulatory requirements and respect human rights to water and sanitation of others, especially vulnerable or minority groups.**
- **Stakeholder engagement: we will engage, collaborate and/or partner in an active, open and transparent way with diverse and representative stakeholder groups on water-related thematic.**
- **Water governance: we will work in alignment and in support of existing catchment sustainability plans, with the aim of contributing to strategic water stewardship development in the wider catchment area.**
- **Education and awareness: we will create awareness amongst employees, suppliers, and the broader community on the importance of water conservation, pollution prevention, and sustainable water management practices.**
- **Transparency and reporting: we will provide a transparent, periodic, and public disclosure of our water stewardship program, as well as our performance indicators across all five outcome areas and relevant water-related data.**
- **Resource allocation: we will allocate resources to successfully comply and maintain all water-related regulatory compliance obligations and water stewardship activities, as well as continuously improve the implementation of the Alliance for Water Stewardship Standard**

By making this Water Stewardship Commitment, Philip Morris Manufacturing & Technology Romania reaffirms its dedication to responsible water stewardship and its role in safeguarding this fundamental resource for current and future generations.

Kurnia Adhi Sulistyawan
Manufacturing Director
Otopeni, 25.10.2024

3. **Water Stewardship 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, as well as the **goals** set to motivate the purpose and direction of our water stewardship plan.

PMI Water stewardship policy

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Water Stewardship Policy

For PMI, sustainability means creating long-term value for our shareholders and for society, while actively reducing the negative externalities associated with our products, operations and value chain.

The scale of our business means that we can have significant impacts on water resources, even if the tobacco sector is not particularly water intensive in comparison with other industries. Water is used in our factories, in the manufacture of raw materials such as filters, paper and packaging materials, and in tobacco agriculture. In addition, we also need to address the problem of litter that can impact watercourses, lakes and oceans.

In alignment with our Environmental Commitment, our vision is to preserve water resources and respect the natural cycle of water wherever relevant to our business and in cooperation with our stakeholders.

To achieve this, we will:

- Assess water use and water risks across our entire value chain and understand how to use water without negatively impacting the quality or quantity of water resources;
- Identify, implement and share best water stewardship practices across our operations and encourage our suppliers to do the same;
- Ensure access to safe Water, Sanitation and Hygiene (WASH) in all our facilities and provide access to WASH services on farms and communities in our tobacco supply chain;
- Join multi-stakeholder initiatives and seek partnerships to improve our water management practices;
- Continuously improve water-related farming practices in our tobacco supply chain, especially by working with tobacco suppliers; and
- Report on our progress, notably in our annual Sustainability Report and third-party programs such as CDP Water Security.

Specifically, we are committed to:

Optimize water consumption across our operations, reduce the water footprint of our products and implement appropriate wastewater treatment in our factories to protect water habitats.

Implement the Alliance for Water Stewardship (AWS) standard in 100% of our factories by 2025 and work with stakeholders in the watersheds of our factories to achieve the five outcomes of the AWS standard (good water governance, sustainable water balance, good water quality status, important water-related areas, and safe water, sanitation and hygiene for all (WASH)).

Implement Good Agricultural Practices by all contracted farmers in our tobacco supply chain to preserve local and global water resources, by safeguarding both water quantity and quality; support growing practices that enable the tobacco crop to be resilient to changing water scenarios.

Roll-out anti-littering campaigns in cooperation with local stakeholders to reduce the amount of cigarette butts reaching waterways and the oceans.

This Water Stewardship policy complements our Environmental Commitment and specifies water-related aspects. Within PMI, the Sustainability Coordination Group and the Sustainability Committee are responsible for the coordination of Water Stewardship programs under the oversight of the Nominating and Corporate Governance Committee of the Board of Directors.

As Chief Executive Officer, I am asking everyone at PMI and all our business partners to uphold this Water Stewardship Policy. **- André Calantzopoulos, CEO, Philip Morris International.**

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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 and IWRA 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**, **Philip Morris Romania** 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.

4. **Internal Water Governance**
   Organizational chart

In **Philip Morris Romania**, 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

Site Roles and responsibilities

Water-related internal governance

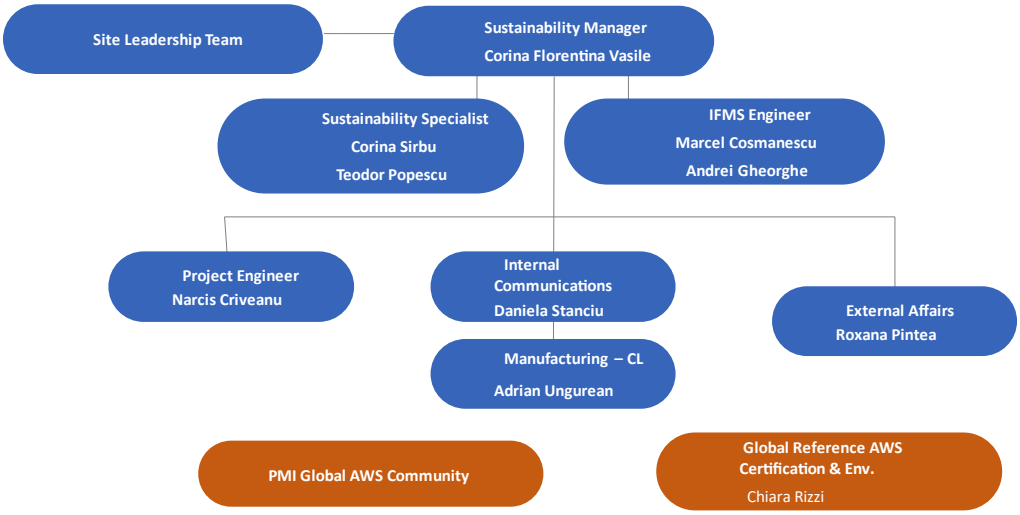
Organizational chart

ALLIANCE FOR WATER STEWARDSHIP

In Philip Morris Romania, 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.

Our water-related internal governance team is committed to ensuring responsible and sustainable use of our water resources, compliance with relevant standards, laws and regulations, as well as mitigation and prevention of potential water-related risks within our premises.

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



Manufacturing Director

- Ensures implementation of AWS procedure and prompt response to complaints
- Ensures that AWS Commitment is in place

Manufacturing Sustainability Manager

- 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 site leadership team

Manufacturing Sustainability Specialist

- Leads Alliance for Water Stewardship Team
- Consolidation of gathered evidence and preparation for Audit
- Development, review and evaluation of WSP
- Ensure compliance with legal, PMI requirements and AWS Standard Requirements
- Ensure that water balance, KPIs are in place
- Liaise with regulators, internal and external stakeholders
- Reports disclosure
- Identify opportunities for improvement and initiatives targeting 5 main outcomes
- Identify and ensure that water related improvements and initiatives are done as per WSP
- Ensures that any water related incident are investigated and actions are taken to mitigate and prevent recurrence
- Coordinates the preparation of water related meetings and workshops
- Sites that are allowed to - Interacts with institutional stakeholders for water related project in the catchment area

IFMS Engineer

- Executes site water balance and identifies WEI/KPIs
- Ensures legal compliance (work permit, drinking water sampling, etc.)
- Ensures that the wastewater treatment plant and /or other water related infrastructures are running effectively and efficiently
- Leads investigation of water and wastewater related non-conformities
- Works with the all departments to identify water-related improvement actions
- Cooperates with the Sustainability Department in the water glidepath preparation

Project Engineer

- Prepares project business case
- Prioritizes projects and ensures budget approval
- Leads project execution to be within the agreed schedule
- Coordinates contractor activities

Internal Communications

- Leads internal communications masterplan
- Coordinates with Sustainability and Project department in the preparation of water related internal communication

External Affairs

- Leads External Communication with key stakeholders (industrial & institutional)
- Coordinates the preparation of water related webinar and external workshops

- Engages institutional stakeholders for water related project in the catchment area
- Liaise with regulators and external stakeholders (industrial and institutional) - EA actively collaborates with EHS (communication to the authorities, charity contribution, social contribution, etc.)

Manufacturing – CL

- Ensures that Manufacturing process water consumption is under control
- Leads water related overconsumptions investigation and prepares dedicated action plan
- Identifies water related improvement actions in Manufacturing process
- Define Manufacturing Equipment Water settings and ensure to be under control
- Leads water related improvement actions in Manufacturing process
- Collaborates with IFMS regarding water consumption

Water Risks & Shared Water Challenges

Small Story of catchment

The Otopeni locality area belongs to the Arges Vedea hydrographic basin.

The theoretical surface water resources in the Arges-Vedea hydrographic area are 3,593 million m3/year.

These are distributed totally unevenly between the hydrographic basins (Arges - 1,960, Vedea - 363 and Calmatui - 42).

Surface water represents about 66% of the total theoretical resources in this hydrographic space (3,593 million m3/year).

Considering the high degree of development of the Arges basin (about 70% - which represents an accumulated volume of 1,080,000 million m3/year), it also has the largest usable resources, namely almost 1,672 million m3/year. The entire hydrographic basin of Arges has a high degree of use of water resources, the specific use index being approx. 600 m3/inhabitant/year only from surface sources.

The site area of Philip Morris Romania SRL is part of the sub-basin of the Pasarea watercourse (cadastral code cf. Cadastral Atlas of Romania – X.01.025.18.00.00.0), left bank of the Dambovita river. The location is in indirect connection with the Pasarea water course through the Cd22 water channel from the Tamas - Corbeanca development agreement administered by Adm. Nat. Land Improvements - Ilfov Administration Unit.

Pasărea water course is a typical lowland river. It has its source in the Otopeni Forest, at an altitude of 91 m. From here to the confluence with Dâmboviţa, which is at an altitude of 40 m, Pasărea water course runs 48 km, having a meandering course

(coefficient of sinuosity 1.5), which hinders the drainage of water and favors the appearance and development of swamp vegetation.

Conclusions of Stakeholder's feedback regarding the risks in the Argeș-Vedea Hydrographic Basin are

The Argeș-Vedea basin, a critical water source for both industrial and municipal use in southern Romania, faces several interconnected risks that stakeholders should be aware of when implementing the AWS Standard:

1. Water Quality Degradation

Systemic and accidental pollution from industrial activities, including heavy metals (Zn, Cu, Cr), organic pollutants (toluene, phenols), and nutrients (nitrates, phosphates), has been recorded at levels exceeding 80% of allowable concentrations in some areas

Urban wastewater discharge and insufficiently treated effluents from industrial facilities contribute to the deterioration of ecological status in rivers and reservoirs.

2. Incomplete Water Governance

AWS audits have identified **major non-conformities** related to water governance, including unclear mapping of discharge points and insufficient stakeholder engagement

There is a need for better integration of scientific data and local knowledge to assess and manage **Important Water-Related Areas (IWRAs)** and shared water challenges.

3. Climate-Related Hydrological Stress

Seasonal variability and **climate change impacts** are influencing minimum runoff levels, particularly in cold seasons, which can affect water availability for both ecosystems and users

4. Infrastructure and Monitoring Gaps

Some facilities lack comprehensive documentation and real-time monitoring systems for water intake, use, and discharge, which hinders effective risk management and compliance with AWS requirements

5. Stakeholder and Community Risks

The basin includes densely populated and industrialized areas (e.g., Bucharest, Pitești), increasing the **competition for water resources** and the potential for **conflict or reputational risk** if water is not managed equitably and transparentl

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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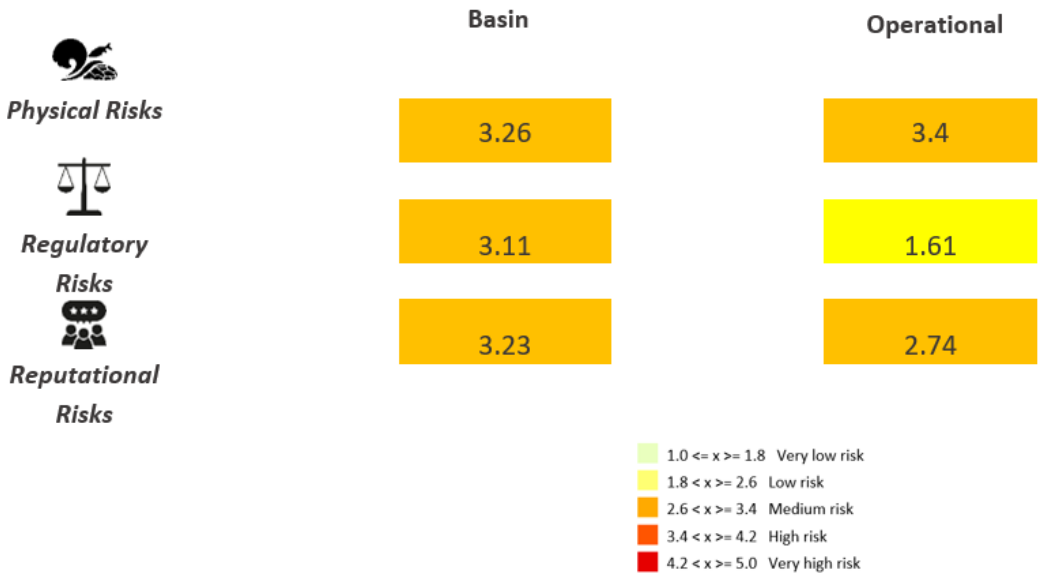
Site water risks assessment

Basin vs Operational



5. Water Stewardship Plan

At Philip Morris Romania, we launched our AWS-aligned water stewardship initiative Plan, aiming to improve water governance, reduce water-related risks, and enhance community engagement. The projects focus on mapping water use, identifying shared water challenges, and implementing sustainable practices across operations.

***What We've Done**:*

- *Conducted a comprehensive water risk assessment and stakeholder mapping.*
- *Identified Important Water-Related Areas (IWRAs) and key discharge points.*
- *Improved internal water monitoring systems and documentation.*
- *Expand stakeholder engagement through workshops and local partnerships.*
- *Implement nature-based solutions to improve water quality and biodiversity.*
- *Pursue AWS certification and integrate findings into broader sustainability goals.*

Performance Evaluation

- ***Stakeholder Involvement**: Participation increased year by year, with new collaborations formed with local authorities, NGOs, and community groups.*
- ***Feedback Mechanisms**: Introduced quarterly feedback sessions and water-related grievance channels, improving transparency and responsiveness.*

Internal Actions

Community-Based Actions*:*

- *Organized clean-up and planting campaigns along the water courses with over **120 volunteers/year**.*
- *Partnered with communities and Universities for water education programs,*

Technology-Based Actions*:*

- *Installed smart meters and leak detection systems, reducing water consumption*
- *Upgraded wastewater treatment processes to meet stricter discharge standards.*
- *Monthly monitoring of the waters parameters and impact of the environment (according with Environmental and water permits)*

Visual Documentation*:*

- *Photos from community events, technology installations, and stakeholder meetings are included in the annex and shared on our internal sustainability portal.*

AWS outcomes:

- *Good water governance*
- *Sustainable water balance*
- *Good water quality*
- *Important water-related areas*
- *Safe water, sanitation, and hygiene (WASH)*
-

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Relevant actions

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, minimum 2 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

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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 and 2024, concreting works were carried out on a larger area for better visibility of the outlets and cleaning efficiency.

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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 ou 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 were 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 8 activities with cca. 250 employees and their family members participated. (River Pasarea, Herastrau Lake, Racari community, herastaru Lake, Maioru Lake, Titan lake)

ACTIVE INVOLVEMENT IN THE RIVER BASIN

Staring with 2016, yearly afforestation action was carried out in catchment area together with volunteers from PRM and PMT. Yearly. Around 20 employees and family members participated

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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. In 2025 we will start to issue a Circularity study and PMR impact in water catchment

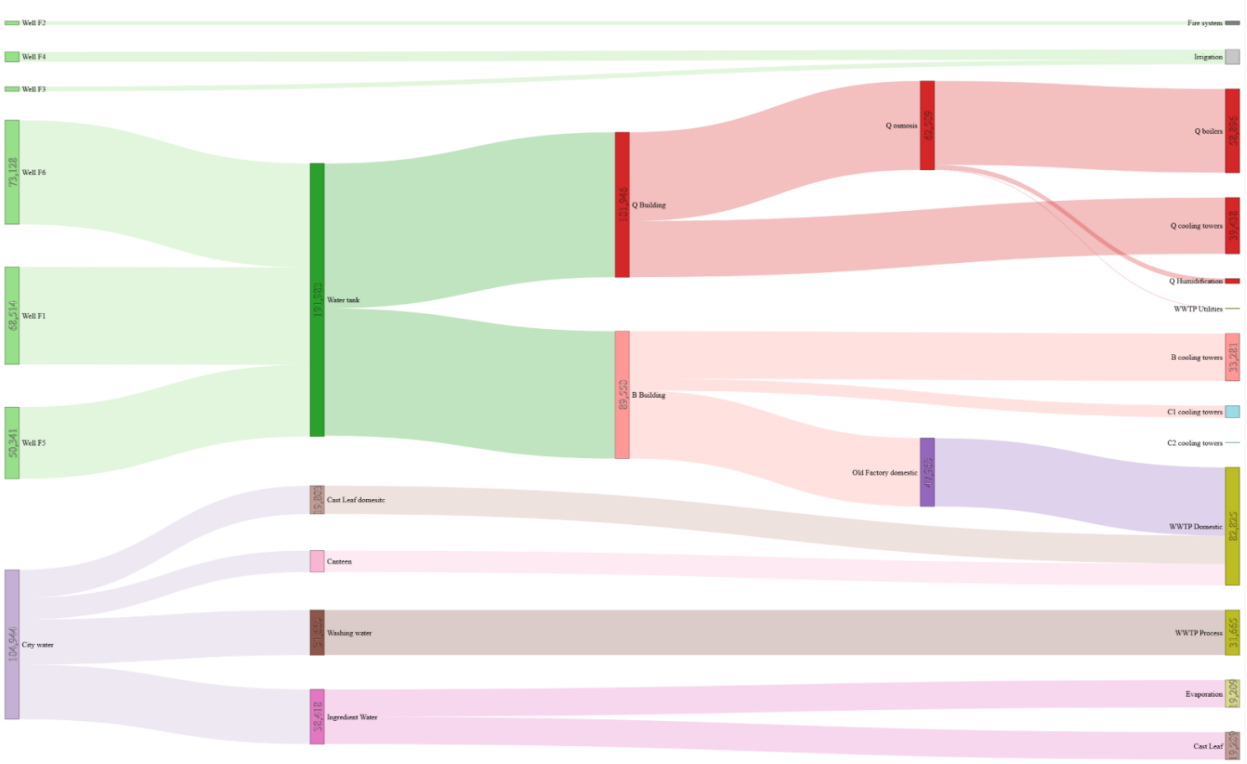
ACTIVE INVOLVEMENT IN THE RIVER BASIN

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

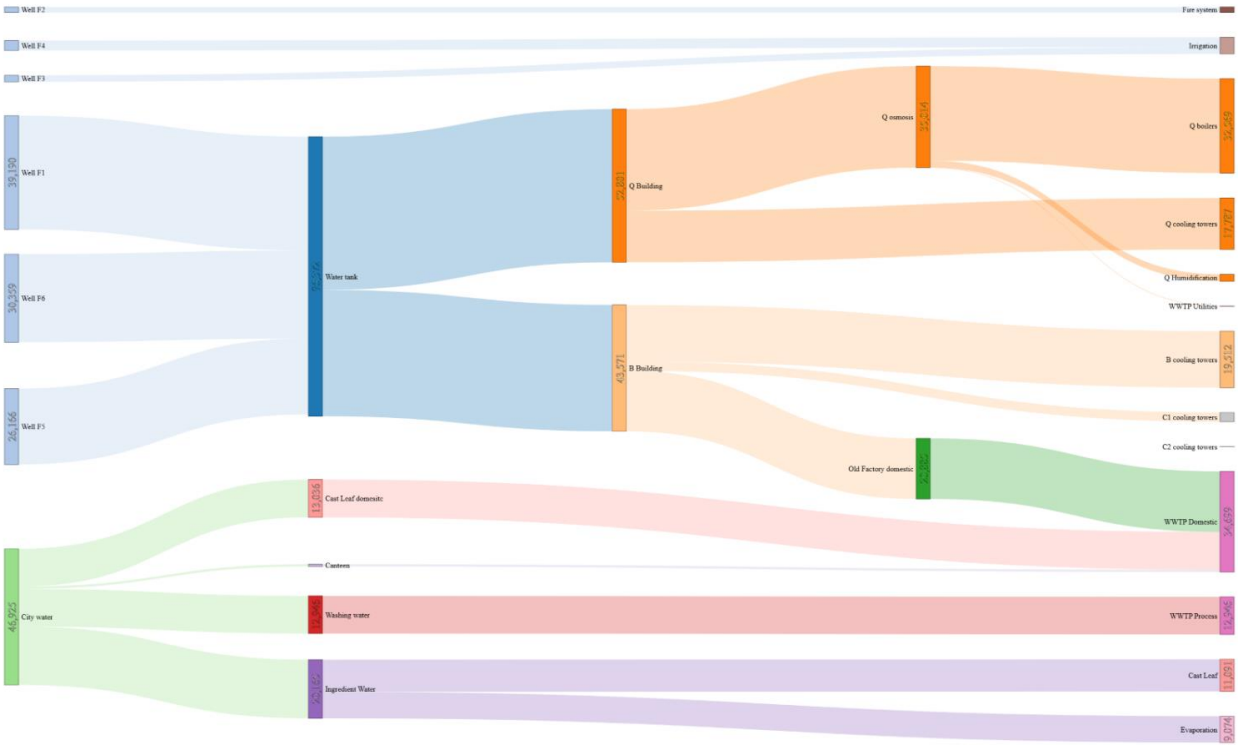
ACTIVE INVOLVEMENT IN THE CATCHMENT

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

6. Performance, KPIs & Results



Sankey Diagram 2024



Sankey Diagram Jan- Jul 2025

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7. KPI, target, objectives

Actions	Goal			Strategy					
Technological	Reduction of potable water consumption	Reduction of waste water discharge	Avoidance of contamination - reduce environmental impacts	Water-saving technologies	Recycle/reuse of waste water	Water-saving plant settings	Increased water efficiency measures	Mitigation of decrease water quality events	Maintenance - monitoring activities
Social and Community	Carry out projects and activities with stakeholders, employees, community members			Engage in water-related projects, campaigns and activities in order to mitigate, raise awareness and increase understanding of					

In 2024-2025 we achieved all objectives and targets ae we established accordingly with AWS Commitment

Objective related AWS Commitment	INDICATOR	Goal 2024	Goal 2025
Allocation of human and material resources for activities related water management system acc. to the AWS standard	Annual budget (Euro)	Allocation of resources for at least 2 projects with an impact on WM	Allocation of resources for at least 2 projects with an impact on WM
Insurance (at least in the area under the control / influence of the company):			
Good water management	Total score obtained in the self-assessment vis-à-vis the AWS requirements	Obtaining minim AWS Core: 0 – 39 p	Obtaining minim AWS Core: 0 – 39 p
	No. nonconformities identified by the certification body regarding compliance with AWS requirements for internal water management	0	0
	% Annual water revenues/Annual water costs	>15%	>15%
	Economic-social impact = no. of jobs that could be created by paying the fees imposed by the legal requirements (qualitative analyses, fees for the disposal of domestic wastewater and ANIF rainwater, fees for raw water)	>10	>10
	Cultural impact = % of own employees' working time dedicated to raising awareness about sustainable WM	>0.1%	>0.1%
	Impact on the environment = % of used water returned to circulation, after treatment, respectively: (volume of treated household wastewater + rainwater + volume of treated technological wastewater + irrigation water + evaporated water)/volume of water inputs	>90%	>90%
Sustainable use of water	Annual water losses % = (Water inputs - water outputs-stock-water reintroduced into nature)/Water inputs (at the level of the year). Falling within the limits of the	<5%	<5%
	Falling within the limits of the Water Management Authorization for consumption from deep wells.	<389584 m3/an	<389584 m3/an
	Total water consumption	309,585 m3	Jan-Jul:150,196 m3
	Specific water consumption = m3/mil cigarettes	10.97 VS **Target 13.37**	Actual 8.51 (July) **VS Target 10.33**
Good water quality	No. invalid tests analyze drinking water	0	0
	% =No. invalid tests analyze water after treatment in treatment plants/ Total no. annual tests (across the year)	<2%	<2%

Protecting the relevant areas, if applicable	No. annual incidents generated by the PMR in relevant areas under the influence / control of the PMR	0	0
Access to potable water, sufficient and safe for consumption	No. annual EHS non-conformities regarding the lack of drinking water for consumption	0	0
	Annual budget (Euro) granted for drinking water / employee	≥25	≥25
Necessary water for people's hygiene	No. annual EHS non-conformities regarding the lack of employee hygiene conditions	0	0
Actions to prevention of water-transmissible or water-related diseases	No. invalid tests analyze drinking water	0	0
Transparent promotion of the involvement of stakeholders from the public and private sectors in projects of efficient water management	No. annual communications to interested parties (mail/written addresses/direct meetings/ video conferences)	>10	>10
	No. annually Feedback questionnaires completed by interested parties (internal & external)	>50	>50
	No. projects in which external third parties are involved	≥1	≥1
Compliance with legal requirements and other requirements related to water management and water quality, at least in the area under the control / influence of the company	No. annually of non-conformities related to non-compliance with legal requirements	0	0
	No. annually emergency situations / incidents with implications on water	0	0
Applying a risk analysis to identify opportunities to improve water management performance and allocating resources to implement the relevant ones	Global residual risk level at the end of the year	<4	<4
Ensuring the access of relevant stakeholders to information related to the use of water by the company and its partners	No. annual internal and external communications regarding AWS performance	>3	>3