

Water Stewardship **REPORT** **2026**

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



PHILIP MORRIS
PRODUCTS S.A.

Neuchâtel Lake, Switzerland

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.



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Water Stewardship Commitment

PMI has been implementing the **Alliance for Water Stewardship (AWS)** Standard since 2018, with the ambitious goal of certifying all priority factories by 2025. Currently, 29 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 collective 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
- 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.



Director Manufacturing PMPSA
(Dora Delgadillo)



Manager Sustainability PMPSA
(Daniela Matos)

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 Philip Morris Products S.A., 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:



With special support from:

Local Legal
Department

Chiara Rizzi
Manager Global AWS Certification & Env.

Global
Sustainability

Internal Water Governance

Roles and Responsibilities

Daniela Matos

Sustainability Manager

- Ensures Environment, Health and Safety compliance and governance within the organization.
- Main sponsor of sustainability projects.
- Promotion of sustainability best practices within the organization.
- Share water challenges with site leadership team.

Ioana-Maria Simionca

Sustainability Engineer

- Leads Alliance for Water Stewardship Team.
- Consolidation of gathered evidence and preparation for Audit.
- Development, review and evaluation of WSP.
- Ensures compliance with legal, PMI requirements and AWS Standard Requirements.
- Ensures that water balance, KPIs are in place.
- Liaises with regulators, internal and external stakeholders.
- Reports disclosure.
- Identifies opportunities for improvement and initiatives targeting 5 main outcomes.
- Identifies 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.

José Arias

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

Giulia Penone

Communication
Operations Executive

- Coordinates with Sustainability and Project department in the preparation of water related internal communications, campaigns and events.
- Leads External Communication with key stakeholders (industrial & institutional).
- Coordinates the preparation of water related webinars and external workshops.
- Engages institutional stakeholders for water-related project in the catchment area.
- Coordinates external communication activities through socials and corporate website.

Yann Ravessoud

Senior Project Engineer

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

Ophélie Planes

Line Lead Primary

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

Beat Schnoroz

Senior Innovation Lead
MDC

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

Pascal Bolle

ISS

- 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 April 2026

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 issues** (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](#), May 2026 and [SITN](#) (Géoportail du Système de Information du territoire Neuchateloise))

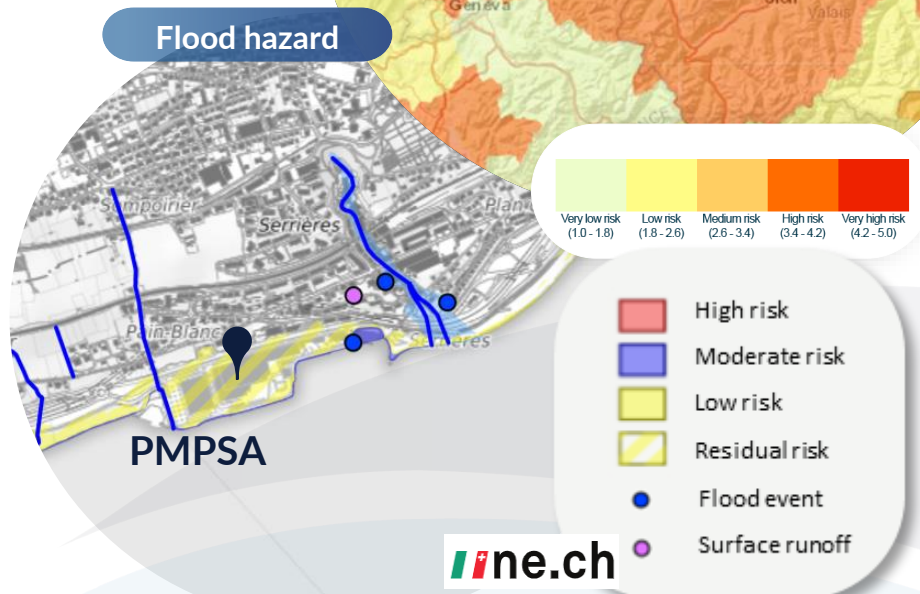
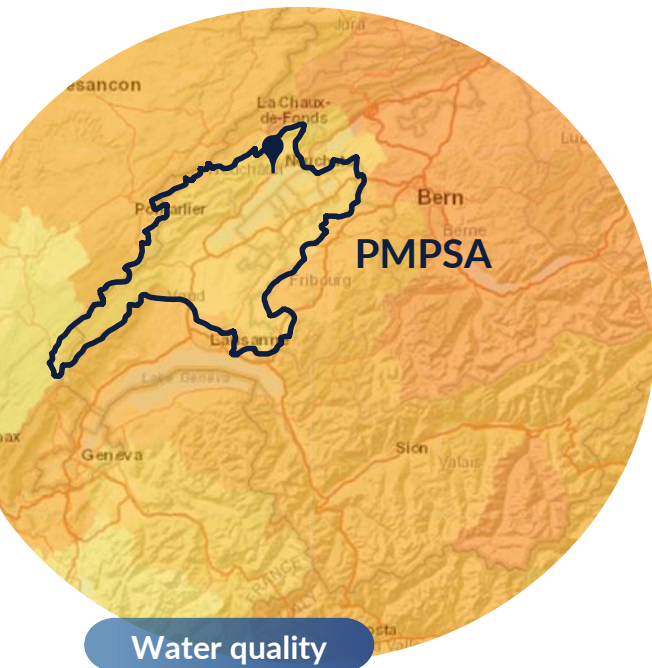
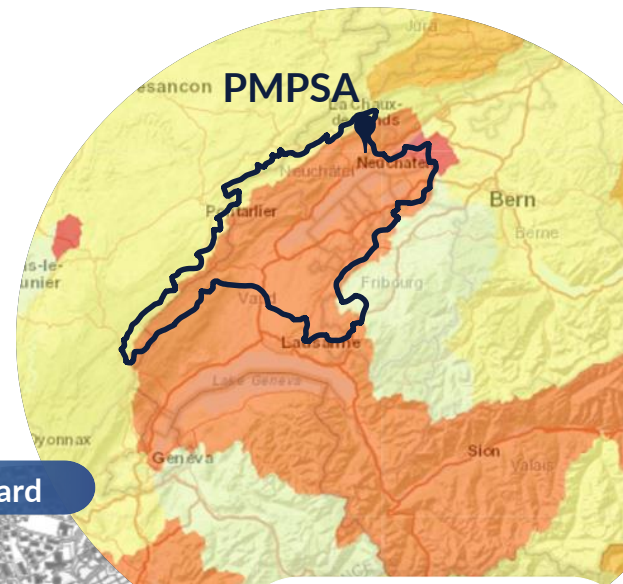


Figure 2: Water Quality Risk in the Neuchâtel Lake catchment area (Source: [Water Risk Filter](#), May 2026)

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 2026, 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:

Challenge category	Shared by nº of Stakeholders	Assessment						Level of Prioritization
		Frequency of occurrence			Magnitude of impact			
		Rare	Sporadic	Continuous	Minor	Moderate	Major	
Flooding	8	6	0	0	5	3	0	Very High
Water governance limitations	4	3	0	1	1	2	1	High
Water scarcity	7	5	0	0	5	2	0	High
Water quality degradation	5	5	0	0	3	1	1	High
Regulatory challenges	2	1	0	1	1	2	1	Moderate
IWRA deterioration	2	2	0	1	1	1	1	Moderate
Infrastructure vulnerability	4	3	0	0	3	1	1	Low
WASH inadequacy	2	2	0	0	0	1	1	Low
Reputational damage	2	2	0	0	0	1	1	Low

Table 1: Results of PMPSA 2026 stakeholder's feedback on shared water-challenges

The only **very high** priority issue identified by stakeholders is **flooding**, primarily driven by excessive or prolonged rainfall, which also contributes to rising lake levels, as observed in recent events.

Water governance limitations, water scarcity, and water quality degradation are considered **high** priorities:

- Stakeholders note that the federal system may face constraints, particularly during crises that affect multiple cantons simultaneously, and this results in water governance limitations
- Water scarcity is perceived as a territorial concern, mainly due to competing demands among agriculture, drinking water supply, and industry during low-flow periods
- Regarding water quality degradation, stakeholders highlight several root causes, including agricultural runoff, micropollutant contamination of raw water, and they all confirmed the high level of attention on this issue.

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.

Target: participation of 10+ local stakeholders.

Result: participation of 7 local stakeholders, in person on the PMPSA site. 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.



GOOD WATER GOVERNANCE



Value creation: strengthened collaboration and transparency with local stakeholders by sharing water stewardship progress, gathering feedback, and fostering collective action to address shared water challenges and support a more water-secure catchment

Employees engagement

“Tri-Plage Event” Communication Campaign

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 AQSBB! in specific Thursdays of May, June, July, August and September.

The initiative included:

- **communication** on factory screens;
- involvement and sponsorship from **the Management Team**.

Target: 1 dedicated internal communication for every Tri-Plage initiative.

Result: 1 dedicated internal communication campaign designed specifically for employees to drive awareness, engagement, and participation in the 2026 Tri-Plage initiative and event

Value creation: promoting awareness on the importance of water conservation and contributing to the mitigation of water pollution risks through enhanced conservation efforts and behavioral change.



100%

Target Achievement



GOOD WATER GOVERNANCE



100%

Target Achievement



IMPORTANT WATER-RELATED AREAS

Tree planting in PMPSA Pic-Nic Area

Involvement: PMI Campus employees

Scope: Creation of a green comfort zone through the planting of five Pinus sylvestris in the staff relaxation area, as an ecological compensation for the new bicycle parking area, contributing to biodiversity and long-term natural shading.

Target: planting of 5 pine trees.

Result: 5 trees planted.

Value creation: improved employee well-being and workplace quality through natural shading, enhanced biodiversity, and long-term environmental benefits

Lakeshore clean-up event for Neuchâtel Campus employees

Involvement: PMI Campus employees

Scope: active participation of employees in a lakeshore clean-up 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, gloves etc.).
- **plogging activity** with a sport coach organized to enliven the initiative.

Target: participation of 50 employees.

Result: approximately **27 employees** participated to the clean-up activity in 2025, to be replied later in 2026.

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



IMPORTANT WATER-RELATED AREAS



54%

Target Achievement

WASH self-assessment and Monitoring Tool

Involvement: PMI Campus employees

Scope: Empowering safer workplaces through the deployment of a WASH self-assessment tool, designed to ensure that all workers have access to safe drinking water, proper sanitation, and essential hygiene facilities, supporting healthier and more sustainable working conditions.

Target: 1 annual self-assessment on WASH prescription.

Result: execution of the annual self-assessment tool with newly collected data related to WASH facilities onsite.

Value creation: creation of data-driven insights to support decision-making toward WASH goals and targets

Category	Site score (min 0, max 2)	Site score (min 0%, max 100)	Site score (graph)
General (G)	2	100%	
Workplace Water Supply (WWS)	2.0	100%	
Workplace Sanitation (WS)	2.0	100%	
Workplace Hygiene (WH)	2.0	100%	
Supply Chain WASH (SCW)	2.0	100%	
Community WASH (CW)	10	50%	
Total	1.92	96%	

100%

Target Achievement



SAFE WATER, SANITATION AND HYGIENE FOR ALL (WASH)

Technological actions

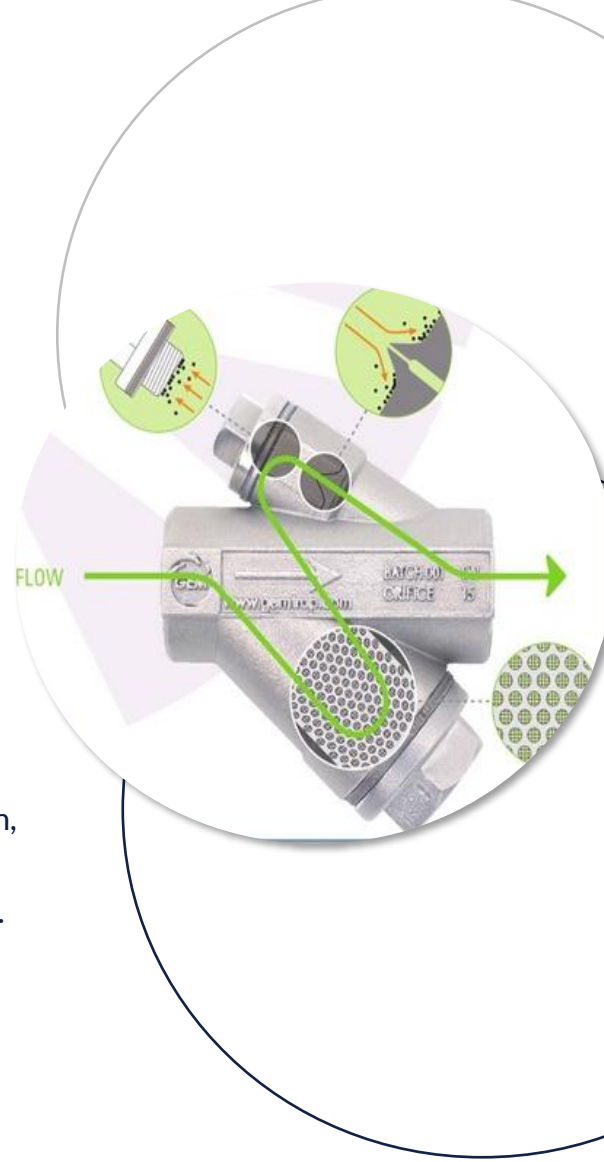
Hydrostatic steam traps replacement

Scope: upgrade of steam distribution efficiency through the replacement of hydrostatic steam traps with high-performance Venturi technology, aimed at minimizing steam losses and improving overall energy efficiency.

Target: ~ 1.500 m³/year of lake water savings.

Result: reduction of 21% of steam consumption in 2025 period which leads to 4.161m³ of water saved.

Value creation: reduced steam losses, lower energy consumption, decreased maintenance costs, and improved system reliability, resulting in both operational savings and reduced CO₂ emissions.



100% Target Achievement



SUSTAINABLE WATER BALANCE

Cloth Cleaning Optimization

Scope: increase the availability of reusable cleaning cloths to enable full-load washing cycles, improving operational efficiency by reducing partial loads and optimizing the use of washing machines and cleaning materials.

Target: 1 washing machine cycle per day instead of 2

Result: reduction in washing machine usage from two cycles per day to one.

Value Creation: saved water and labor on site while ensuring efficient cleaning of cloths, and reduced environmental impact across the catchment area by minimizing water and chemical waste.



100% Target Achievement



SUSTAINABLE WATER BALANCE

pH Compensation System Upgrade

Scope: Enhancement of the pH compensation system to improve process control at the HB31 plant. The upgrade enables full bidirectional regulation, allowing both pH increase and decrease to maintain values within the target range, resulting in improved stability and precision of the process.

Target: 0 alarm for high pH on wastewater

Result: 0 pH alarms detected

Value creation: enhanced process stability and product quality by enabling precise bidirectional pH control, reducing deviations, waste, and corrective interventions while improving operational efficiency and resource optimization.



GOOD WATER QUALITY
STATUS

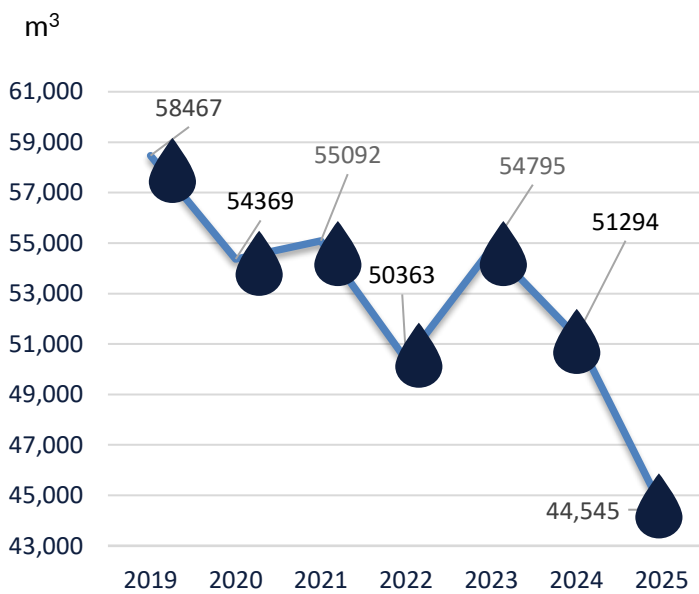


Neuchâtel Lake, Switzerland

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 2025, PMPSA reduced its water consumption from 58,467 m³ to 44,545 m³ (a decrease of ≈ 24 %). The absolute value of drinking water saved was approximately 14,000 m³, which is equivalent to the annual consumption of approximately 280 water users (50 m³ per user).



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



By end of 2026, PMPSA factory targets to **reduce** its potable water consumption by 3%.



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



**PHILIP MORRIS
PRODUCTS S.A.**