

# IN FOCUS

## Environmental efforts across our value chain

Philip Morris International (PMI) is the leading international tobacco company with a significant global supply chain. We take our environmental responsibility seriously and have done so for many years. We have set ambitious sustainability targets and are making good progress across a number of areas. Our efforts touch on every aspect of our value chain – from the farmers who grow tobacco right through to the 150 million consumers of our products.

We have aligned our sustainability actions with the UN Sustainable Development Goals (SDGs); the following provides a short overview of key environmental programs and their linkage to the corresponding SDGs.



# 1

## Tobacco growing and tobacco curing



Tobacco growing constitutes about 0.1% of the world's total agricultural area. By comparison, this is approximately half the area farmed for coffee or cocoa<sup>1</sup>. But because tobacco growing is relatively labor intensive, a lot of people are involved. The vast majority of our tobacco (88%) is sourced through direct contracts between farmers and PMI or our suppliers; this equates to around 400,000 tobacco farmers in nearly 30 countries worldwide.

This direct relationship enables us to work closely with farmers to gain better visibility into farming practices and to improve farm working conditions. Under our **Good Agricultural Practices (GAP) program** we have defined a set of principles and measurable standards which we expect to be met by all those who grow and supply tobacco for PMI. This guides our efforts to proactively work with suppliers and farmers on the continuous improvement of agricultural practices.

Our GAP program concentrates on three areas: how to improve working conditions on the farm, how to address the impact of tobacco farming on the environment, and how to ensure tobacco farming is both profitable and sustainable.

In practice, **technical support is provided to farmers through a network of over 3,500 field technicians and agronomists** who regularly visit tobacco farms throughout the growing season. This enables PMI and our suppliers to:

- Improve tobacco yields and quality, and to help farmers reduce labor requirements;
- Maximize farm production to use less land for tobacco in favor of alternative crops, enhancing food security and farm income;
- Promote environmentally sustainable practices, including curing barn improvements, the use of sustainable sourcing for curing fuel, reforestation programs, and water and waste management; and
- Promote and monitor good labor practices, including health and safety, the prevention of child labor and forced labor under our comprehensive Agricultural Labor Practices (ALP) program, together with the support of our global partner, Verité.



**SDG 2:** Sustainable agriculture through improving agricultural productivity, climate resilient practices and improving access to food.

Through our GAP program implementation, we and our suppliers **support farmers in applying best practices**, through farmer training programs on land stewardship and management, the provision of personal protective equipment for the application of agrochemicals, and the use of novel techniques, such as using biomass fuels for more carbon efficient curing on farms.

Alongside these initiatives, PMI has plans in place to continuously improve and **address the farm-level impact of the tobacco that we buy as part of mitigating the effects of climate change**.

**By 2020 we aim for:**

- **A 70% reduction in greenhouse gas (GHG) emissions from tobacco curing (against a 2010 baseline);**
- **Zero coal usage for tobacco curing; and**
- **No deforestation of old growth forest due to the cultivation or curing of our tobacco.**



**SDG 7, 13, 15:** Improving energy efficiency and the share of renewables, strengthening resilience/adaptive capacity and sustainably managing forests.

We have established an **Integrated Pest Management (IPM) program** with the overarching goal of promoting responsible management of chemicals for crop protection so as to reduce risks to the health and safety of farmers and farm workers and minimize the impact on the environment. This program aims to reduce the use of chemicals for crop protection and to eliminate those that are most hazardous<sup>2</sup>. PMI partners with a leading international not-for-profit organization, CABI, who applies their scientific expertise to facilitate the implementation of this approach worldwide.



**SDG 12, 6:** Achieving the environmentally sound management of chemicals. Activities within our GAP program also link with other SDGs such as SDG 6 - providing access to safe water, improving water quality and water efficiency.

## 3,500

field technicians and agronomists provide technical support to farmers

## 70%

reduction in greenhouse gas (GHG) emissions from tobacco curing (against a 2010 baseline) by 2020

## 0%

coal usage for tobacco curing by 2020

## 0%

deforestation of old growth forest due to the cultivation or curing of our tobacco by 2020

<sup>1</sup> Sources: FAO Stat (2014); PMI tobacco and nicotine database (available here: <https://www.pmi.com/our-business/about-us/products/industry-value-chain>).

<sup>2</sup> For example, we aim to eliminate WHO Toxicity Class 1 by 2018 and the use of other Highly Hazardous Pesticides (defined by WHO/FAO Guidelines 2016) by 2020.

# 2 Manufacturing



PMI's operations-based carbon footprint is relatively small compared to other industries, and we are continuously improving in this area. We have robust environmental management initiatives in place including adhering to International Standards for environmental management<sup>3</sup> in our factories and going beyond national minimum environmental requirements for emissions, water treatment and waste management.

**SDG 12:** Our factory programs are generally aligned with SDG 12 – sustainable management and efficient use of natural resources.

Every year, we report on the status of our activities and progress to CDP, the leading international not-for-profit organization assessing companies' efforts on climate change and most credible corporate benchmark in this area. **Out of over a thousand of the world's largest companies assessed by CDP on climate change last year, PMI's environmental footprint is nearly 90% lower than the average and PMI is listed in the top 9% of companies, recognized in CDP's 'Climate A List',** for consistently taking comprehensive action to reduce greenhouse gas emissions and mitigating climate change, and for the transparency of our disclosures.

Through **energy reduction and greener energy use** in our factories, **we achieved a 29% absolute reduction in CO<sub>2</sub> emissions from 2010-2016.** Globally, we ran over 1,600 energy-saving projects during 2010-2016, which helped save more than 1.8 million Gigajoules of energy since 2010. For example, in Lithuania, our factory switched from fossil fuels to sustainably-sourced wood pellets, and our factories in Pakistan use solar energy.

We recognize the need for continual improvement, and following the Paris Agreement on Climate Change **we developed Science-Based Targets which include reducing emissions from both our own operations and our value chain by 40% by 2030, against a 2010 baseline.** This complements our shorter term targets to reduce our emissions by 30% by 2020.

**SDG 7, 13:** Improving energy efficiency and the share of renewables, increasing awareness and strengthening resilience/adaptive capacity.

Concerning **water stewardship**, our mission is to responsibly use the water we need, without negatively affecting the needs of others. This means:

- Understanding what water we need and using it optimally;
- Not negatively impacting on the quality of water resources;
- Ensuring Access to Safe Water, Sanitation and Hygiene (WASH) in all our facilities;
- Respecting the vulnerability of water resources we use and the role of those resources in the wider community;
- Seeking partnerships to improve our water management practices; and
- Continuously improving these practices through our Good Agricultural Practices program in our tobacco supply chain.

In our factories, we use less than 4 cubic meters of water for every million cigarettes we produce – **that's a 26% improvement in water efficiency since 2010, saving the equivalent of 600 Olympic-size swimming pools over that period.**

**SDG 6:** Providing access to safe water, improving water quality and water use efficiency.

We also have a **waste management program** to reduce, reuse, and recycle before any disposal of waste in landfill. **In 2015 we achieved an 87% recycling rate in our factories,** beating our 80% target. Currently, over 95% of our total factory waste is recycled, composted or sent for energy recovery.

**SDG 12:** Reducing waste through prevention, reduction, recycling and reuse.

**90%**  
lower than average environmental footprint out of over a 1,000 of the world's largest companies assessed by CDP in 2016

**9%**  
We are listed in the top 9% of companies, recognized in CDP's 'Climate A List'

**29%**  
absolute reduction in CO<sub>2</sub> emissions from 2010-2016

**40%**  
reduction in emissions from our operations and value chain by 2030, against a 2010 baseline (Science-Based Targets)

**26%**  
improvement in water efficiency since 2010, saving the equivalent of 600 Olympic-size swimming pools

**87%**  
recycling rate in our factories achieved in 2015

<sup>3</sup> ISO14001

# 3

## Transport and distribution



Coupled with our comprehensive safe driving program, we are mindful of fuel efficiency of our fleet of vehicles.

Through our Fleet Management and Optimization Project **we have improved the fuel efficiency of our vehicles by 10% since 2013, achieving a 7% improvement in 2015 alone.**

We also work with suppliers to ensure we understand the emissions related to the services they provide to us so that we can reduce environmental impacts where possible, such as increasing distribution network efficiencies through route and load optimization.



**SDG 7: Improving energy efficiency.**

# 10%

improvement in the fuel efficiency of our vehicles since 2013, achieving a 7% improvement in 2015 alone

# 4

## Post-consumer waste



Litter is an issue of concern in many parts of the world.

To prevent littering in an effective and sustainable manner all stakeholders have an important role to play, and the approach to prevent cigarette butt litter is not different from other littered items: producers have a responsibility to inform and improve consumer awareness about the appropriate method of disposal at the end of a product's use. PMI has supported anti-littering activities in various countries.

**PMI is now developing company-wide programs related to product waste, from conventional cigarettes to smoke-free products and electronic devices.**

We will scale up anti-littering awareness campaigns in cooperation with industry peers, anti-littering organizations and authorities around the world.



**SDG 12,14: Improving waste management and reducing marine pollution.**

Company-wide programs related to product waste, from conventional cigarettes to smoke-free products and electronic devices are now being developed

We welcome dialogue with all stakeholders and feedback on our environmental work to inform our future efforts. PMI will continue to report on our programs and the progress we are making towards achieving our targets.

Comments or suggestions? Contact [sustainability@pmi.com](mailto:sustainability@pmi.com).

For more information: see <https://www.pmi.com/sustainability> and our [United Nations Global Compact Communication on Progress 2015](#) to read about our performance and improvement programs in all areas of our environmental stewardship.