

Philip Morris Brasil

AND WATER



CREATING VALUE AT PMI IN 2018



HUMAN

77,400
Employees

42.1%
Women employees

>100
Employee nationalities

>350,000
Farmers contracted by PMI and

INTELLECTUAL

\$383m
Total R&D expenditure

92%
Of our total R&D expenditure related to smoke-free products

2
R&D centers

>400
Scientists, engineers, and technicians

MANUFACTURING

44
Owned manufacturing facilities

26
Third-party manufacturers

7
Of PMI-owned manufacturing facilities producing smoke-free products

\$1.4bn
Capital expenditure

NATURAL

>330,000 tons
Packed tobacco sourced

9.1m
Gigajoules energy consumed in PMI facilities

4.4m
Water use (in m³)

3
Most significant direct materials purchased: printed paper board used in packaging, acetate tow used in filter making and fine paper

FINANCIAL

\$10bn
Annual spend on supply chain beyond tobacco

A
Long-term credit rating by Standard & Poors, Fitch, and A2 by Moody's

\$31.8bn
Total debt

1st
Largest publicly traded tobacco company by market capitalization

SOCIAL

>36,000
Suppliers

5.9m
Retailers selling PMI products

>230
Partners implementing our charitable contributions programs

31
PMI IMPACT projects selected

SMOKE-FREE FUTURE

Transforming our business

- Product health impacts
- Access to smoke-free products
- Product addictiveness
- Responsible R&D

Driving operational excellence

- Responsible commercialization
- Other human rights
- Economic performance
- Raw materials and other supplies
- Data privacy
- Fiscal practices
- Illicit tobacco trade
- Policy influence
- Bribery, corruption, and anti-competition

Managing our social impact

- Child labor eradication
- Fair working conditions
- Health, safety, and well-being
- Diversity and inclusion
- Community engagement
- Talent attraction and retention

Reducing our environmental footprint

- Emissions and energy
- Biodiversity and deforestation
- Waste and littering
- Water

REDUCING OUR ENVIRONMENTAL FOOTPRINT





IMPACT OF WATER MANAGEMENT

Actions leading to certification



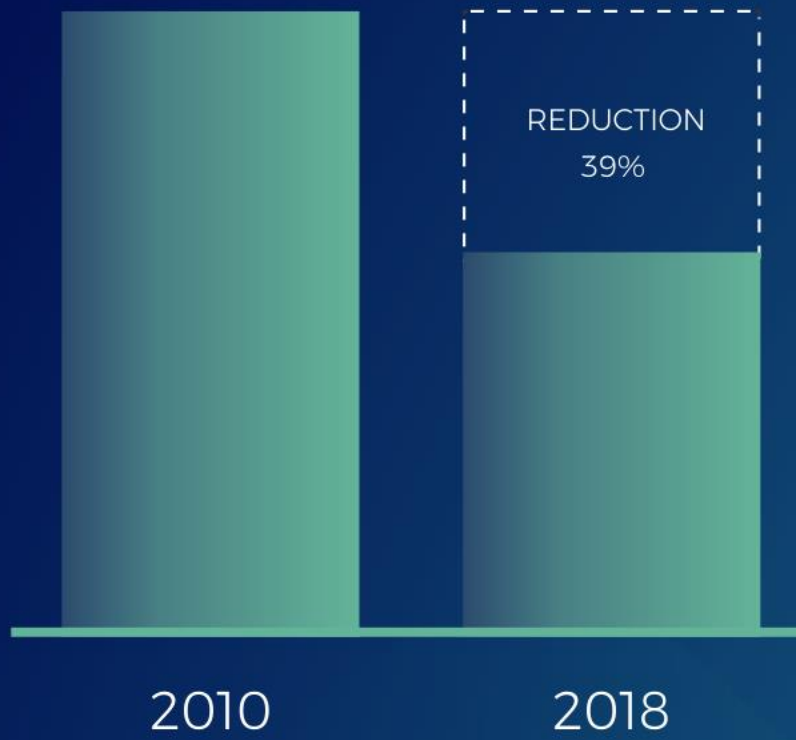
MULTI STAKEHOLDER APPROACH BEYOND MANUFACTURING FACILITY

AWS CERTIFICATION



FACTORY

WATER CONSUMPTION m³/mio cig



WHATER GUARDIAN PROGRAM

■ DRINKING WATER □ NOT SUITABLE FOR DRINKING



RESOURCES



FACTORY

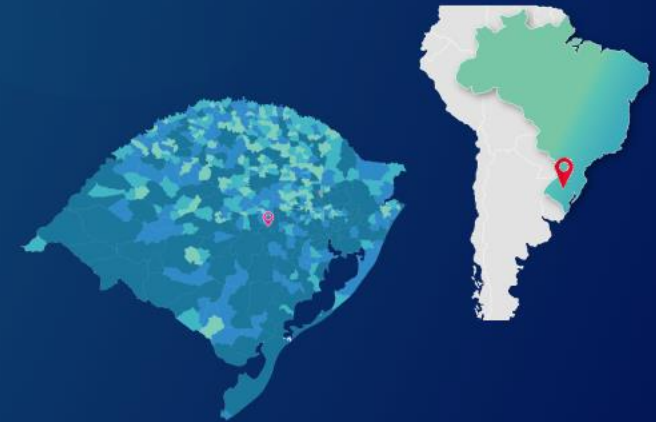
USD ,000*

2018	49.6
2019	19.1

FARMERS

USD ,000*

2018	190
2019	192



VERA CRUZ

25,000 HABITANTS

USD ,000*

City water treatment	46.3 / year savings
Water catchment project	165 / 3 years



Duration of farm payments for **environmental services**



Manufacturing heated tobacco requires **more water** than cigarettes



CHALLENGES



Collaborate between teams to **certify all PMI factories** by 2025



Scale up AWS Standard across our **value chain**

A **key learning** from the broad approach that the AWS Standard requires is that water issues are always more complex than anticipated,

but that **engagement with stakeholders** can help to resolve problems that individually may be viewed as insurmountable.



MORE INFORMATION AT:

pmi.com/sustainability/sustainability-reporta4ws.org/certification/certified-sites