Alliance for Water Stewardship Assessment Report

Prepared for, PHILIP MORRIS ROMANIA

(Otopeni, Romania)

Prepared by: SGS

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CLIENT:	PHILIP MORRIS ROMANIA Str. Horea, Closca si Crisan, 83-105, Otopeni Romania https://www.pmi.com/markets/romania/ro
PREPARED BY:	Jerónimo Casas de Gonzalo C/ de los Abetos, nº1, 2ª planta 47008, Valladolid, Spain. Tel: +34 983 345 703 E-mail: paula.gomezgeras@sgs.com
SIGNED:	Jerónimo Casas de Gonzalo Signed: 12772277D JERONIMO CASAS (C:A28345577) Digitally signed by 12772277D JERONIMO CASAS (C:A28345577) Date: 2020.12.14 16:55:57 +01'00'
TECHNICAL SIGNATORY	Paula Gómez Geras Signed: 09337126T PAULA SOFIA GOMEZ (C:A28345577) Digitally signed by 09337126T PAULA SOFIA GOMEZ (C:A28345577) Date: 2020.12.15 11:15:10 +01'00'
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1 EXECUTIVE SUMMARY

The scope of services covers the conformity assessment of water use in compliance with the AWS International Water Stewardship Standard (Version 2.0) for PHILIP MORRIS ROMANIA – Otopeni Factory (hereinafter referred to as “the site”) located at Str. Horea, Closca si Crisan, 83-105, Otopeni , in Romania.

The assessment has been completed in compliance with the AWS Certification requirements, Version 2.0 dated March 2019.

The company established a local affiliate in Romania in 1997 and started the construction of a state-of-the-art factory in Otopeni. Today, Philip Morris Romania S.R.L. and Philip Morris Trading S.R.L. sell about 40 brand variants and employ around 800 people throughout the country.

On November 15th - 16th , 2020, SGS, Tecnos, S.A.U., (hereinafter referred to as “SGS”) conducted the conformity assessment for site´s facilities and activities with regard to certification to the AWS Standard on site by Georgina Stancu and on remote by Jerónimo Casas. A total of four findings were raised during the course of the audit process, and they were all categorized as observations.

Given the review of evidence produced at the PHILIP MORRIS ROMANIA, SGS recommends that PHILIP MORRIS ROMANIA is awarded AWS Core Certified status with a surveillance audit interval of annual frequency.

2 SCOPE OF ASSESSMENT

The scope of services covers the conformity assessment of water use in compliance with the AWS International Water Stewardship Standard (Version 2.0) for PHILIP MORRIS ROMANIA – Otopeni Factory (hereinafter referred to as "the site") located at Str. Horea, Closca si Crisan, 83-105, Otopeni, in Romania.

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Table 2.1 SGS Audit Team

Audit Team	Qualifications/Experience	
Jerónimo Casas de Gonzalo	Leader Auditor	AWS certified auditor, with more than 19 years experience in pollution control, environmental impact assessment, ISO14001 audit and training.
Georgina Stancu	Local Auditor	AWS certified auditor
Paula Gómez Geras	Technical Reviewer	AWS certified auditor, with more than 14 years experience in pollution control, environmental impact assessment, ISO14001 audit and training.

During the conformity assessment, the audit team spent 0,5 day on the stakeholder consulatation meeting, and 2 days on the inspection of site´s documents, installations and activities in its plant, together with personnel interviews and document reviews.

Site provided most of the requested supporting documentation as evidence before the audit carried out. SGS provided initial feedback on the gaps between site's current management

and the level required by the standard during the closing meeting of the conformity assessment on November the 16th, 2020.

3 STAKEHOLDER ANNOUNCEMENT AND CONSULTATION

Following the AWS Certification Requirements, before the on-site conformity assessment, site´s prepared a stakeholder announcement, which stated intention to pursue AWS certification.

Besides submitting to AWS for publication on the website, the stakeholder announcement was also posted on several websites. It has been disclosed that SGS to undertake an Alliance for Water Stewardship (AWS) certification audit at Philip Morris Romania (1 central press and 4 online):

Title	Date	Source
Alliance For Water Stewardship (AWS) Certification Audit	13 Aug	Adevarul, pag 10
Alliance for Water Stewardship (AWS) certification audit to all stakeholders	12 Aug	Money
SGS to undertake an Alliance for Water Stewardship (AWS) certification audit at Philip Morris Romania	12 Aug	Economica
Alliance for Water Stewardship (AWS) certification audit to all stakeholders	12 Aug	Ziare Live
SGS to undertake an Alliance for Water Stewardship (AWS) certification audit at Philip Morris Romania	12 Aug	News List

Some examples are the following:

AUDIT DE CERTIFICARE ALLIANCE FOR WATER STEWARDSHIP (AWS)

CATRE TOATE PARTILE INTERESATE

SGS urmează să efectueze un audit de certificare la Philip Morris România în Otopeni, Strada Horia, Cloşca şi Crişan nr 83-105, pentru a evalua conformarea cu standardul international Alliance for Water Stewardship, versiunea 2.0. Aceasta este o certificare solicitată voluntar de către companie pentru a verifica respectarea celor mai înalte standarde privind utilizarea sustenabilă a apei, ca urmare a deciziei Philip Morris International de a se angaja să certifice toate unităţile de producţie din lume până în 2025 conform standardului AWS.

Auditul este programat pentru 15-16 Septembrie 2020. Site-ul este înregistrat la AWS sub numărul AWS-000197.

Scopul auditului

Procesul de evaluare include:

-Notificarea publică şi solicitarea de feedback din partea părţilor interesate

-Planificarea auditului de revizuire a documentaţiei

-Evaluarea la faţa locului a conformării cu cerinţele standardului AWS

-Raport al procesului de evaluare şi al rezultatelor ce au stat la baza certificării

-Decizia de certificare

Invitaţie către parţile interesate

SGS aşteaptă feedback din partea părţilor interesate cu privire la implementarea standardul AWS de către Philip Morris Romania.

Opţiuni pentru comunicarea feedback-ului:

-întalnire cu echipa de audit SGS în data de 16 Septembrie 2020 în Otopeni, Strada Horia, Cloşca şi Crişan, nr 83-105, interval orar 09:00 – 12:00

-transmiterea de întrebări şi comentarii echipei de audit SGS via e-mail la jeronimo.casas@sgs.com sau georgiana.stancu@sgs.com

Photo 3.1 Information Disclosure posted

AUDIT DE CERTIFICARE ALLIANCE FOR WATER STEWARDSHIP (AWS)
CĂTRE TOATE PĂRȚILE INTERESATE

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Photo 3.2 Information Disclosure posted on local Newspaper

The AWS certification audit was carried out and the site provided the stakeholder's mapping in advance of the audit to enable communication with a selected sample and replace the on-site stakeholders' consultation meeting.

The stakeholders Identified by PHILIP MORRIS ROMANIA are the following:

- SGA - Romanian Waters (Authority)
- Veolia Water Services (Supplier Drinking Water Services)
- Wabag (Operating services wastewater treatment plant)
- Astec (Operating services wastewater treatment plant)
- ISS Facility (Infrastructure and utilities maintenance services)
- EcoLife Style (Waste management)
- Medicover (Occupational medicine services provider)
- Yusen Logistics (forklifts)
- CWS Boco Romania (Service provider sanitizing work equipment)
- Securitas (Security and security service providers)
- Environmental Protection Agency (Authority)
- Otopeni Town Hall (Local administration)
- Tunari Town Hall (Local administration)

- Pro Natura (Marketing natural products)
- Amia International (Trade in cereals, seeds, feed, unworked tobacco)
- Otopeni Airport (CNAB) (Airport)
- Biotehnos (Research development, innovation and production in the pharmaceutical industry)
- Green Field Residence (Residential neighborhood)
- KHD International (Logistics services)
- Fan Courier Express (Courier services)
- Triton International Cargo (Logistics services)
- Paragon Customer Communications Romania (Printing and reproduction of recordings on media)
- Danicos SRL (Consulting)
- PMR internal staff (via EHS representatives) (Operational activities)

Follow stakeholders were intervewed during the audit :

- George Petrea from Veolia Water Services
- Ana Grisa, Michaela Andonei from CWS Boco Romania
- Silvia Zamfir from Biotehnos
- Simion Tohut from Fan Courier Express
- Robert Chirtoaca from Danicos SRL

Previously, PHILIP MORRIS ROMANIA, organized stakeholder meetings. Evidences about these meetings were showed during the assessment.

4 DESCRIPTION OF CATCHMENT

Macro hydrographic study:

The aim basin of this study is the Arges-Vedea river basin which includes 3 main sub units, 3 main rivers:

- Arges
- Vedea
- Calmatui.

The name of the hydrographic basin is given by the 2 most important rivers Arges and Vedea.

From territorial-administrative point of view, Arges Vedea basin occupies almost entirely the counties of Arges, Giurgiu, Teleorman, Ilfov (including Bucharest) and smaller parts of the counties of Dambovita, Olt and Calarasi.

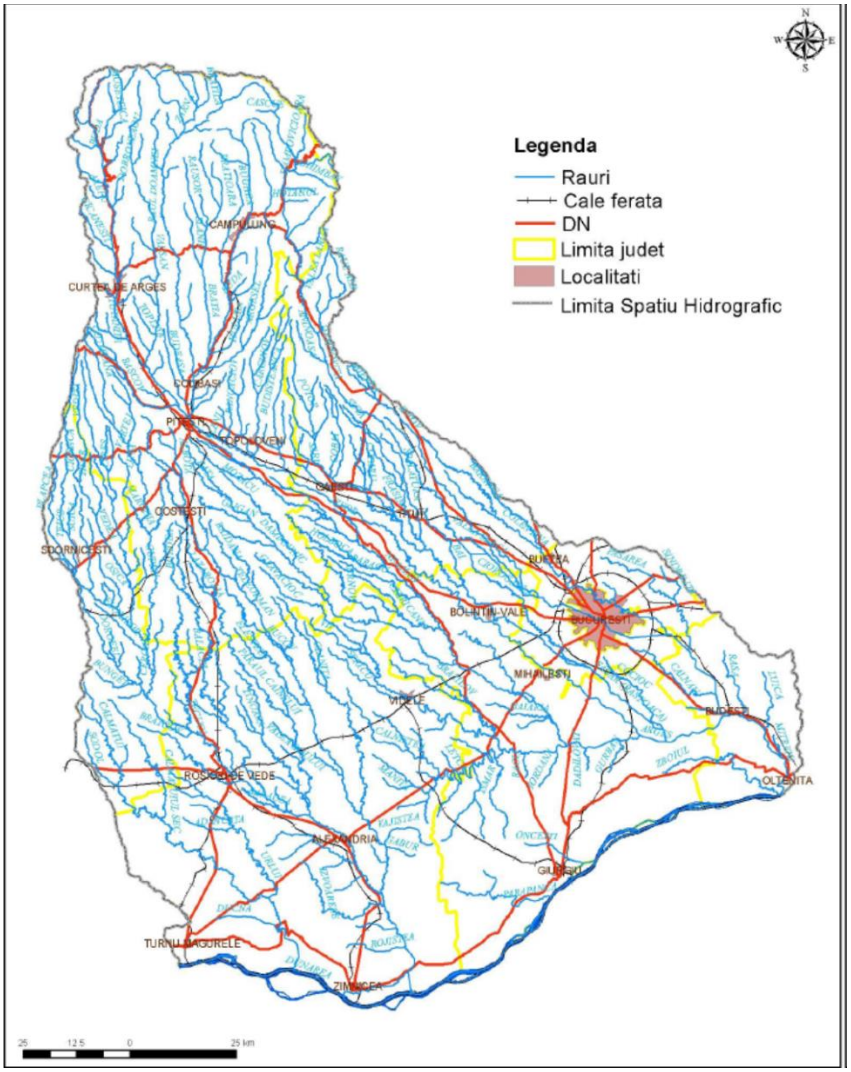


Figure 4-1 Arges Vedea river basin space

The hydrographic space Arges-Vedea occupies 9% of the surface of Romania.

The hydrographic network of Arges includes 178 watercourses, with a total length of 4579 km, with an average density of 0.36 km / km².

Regarding the land use, within the Arges-Vedea hydrographic space, arable lands predominate with a percentage of 55.36% of the total.

On the next places are the forested areas, which cover 18.12% and perennial crops with 16.32%.

The degree of afforestation varies from 26.9% in the Arges basin, to 9.4% in the Vedea basin.

The other categories occupy much smaller areas. Thus, the human settlements represent 7.21%, and on a last place are found the waters and the wetlands with only 0.95%.

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

Surface water represents about 66% of the total theoretical resources in this hydrographic space.

Considering the high degree of hydrological arrangement 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, respectively almost 1,672 million m3 / year.

The entire hydrographic basin of Arges has a high degree of use of water resources, the specific indices of use being approx. 600 m3 / inhabitant / year only from surface sources.

This is also favored by the presence of important cities that concentrate large industrial consumers and a large population: the municipalities of Bucharest, Pitesti, Campulung and Curtea de Arges.

The Vedea river basin is in an opposite situation, having limited surface resources and no hydrotechnical works; this fact implies that the water supply is made exclusively from underground sources. Within Calmatui river basin, the surface water resources are low, with larger underground water reserves.

Basin	Theoretical resources	Resources usable according to the degree of insurance of the river basin (mil. m³/an)
Arges river basin		

Surface water	1.960,00	1.671,654
groundwater	696,00	536,112
Total	2.656,00	2.207,766
Vedea river basin		
Surface water	363,000	40,500
groundwater	172,000	150,000
Total	535,000	190,500

In the hydrographic space under the administration of the Arges-Vedea Water Directorate, 270 rivers with a surface area of more than 10 km², a natural lake and 49 accumulation lakes with an area of more than 0.5 km² are identified.

Arges river, together with its tributaries, represents one of the most important hydrographic basins of the country, considering the hydropower potential and the water supplies of the populated industrial areas, as well as the irrigation of the agricultural lands**.**

The main tributaries, in the order of the formation of the hydrographic basin are: Valsanul, Raul Doamnei, which also has the highest flow contribution, Raul Targului, Carcinovul, Neajlovul, Dambovnicul, Calnistea, Glavaciocul, Sabarul (Rastoaca) and Dambovita River - with the longest length.

The Vedea River has as main tributaries (in the order of the basin formation): Vedita, Plapcea, Cotmeana, Dorofei, Tecuci, Bratcov, Burdea, Paraul Cainelui with its tributary Tinoasa, followed by the most important tributary, the river Teleorman and Izvoarele.

The Calmatui river basin is located in the southwest of the hydrographic space administered by the Arges-Vedea Water Directorate.

The main tributaries it receives, in the order of the formation of the river basin are: Dragna, Valea Stiucii, Sohodol, Calmatuiul Sec, Urlui and Ducna.

The only important natural lake (exceeding 50 ha) is Comana.

Within Arges-Vedea hydrographic basin were identified 2 ecoregions- Carpatica 10 and Pontica- based on Annex XI of the Water Framework Directive (Ilies 1978) criteria.

In total in the analyzed hydrographic basin were identified 258 surface water bodies, within 207 are rivers (113 with non-permanent flow), 1 natural lake, 24 accumulation lakes, 26 artificial water accumulation.

Regarding the resources of underground water, within the hydrographic basin Arges - Vedea were identified 11 groundwater bodies.

Within the hydrographic study for PMR were presented the underground water bodies ROAG11, ROAG12 and ROAG13.

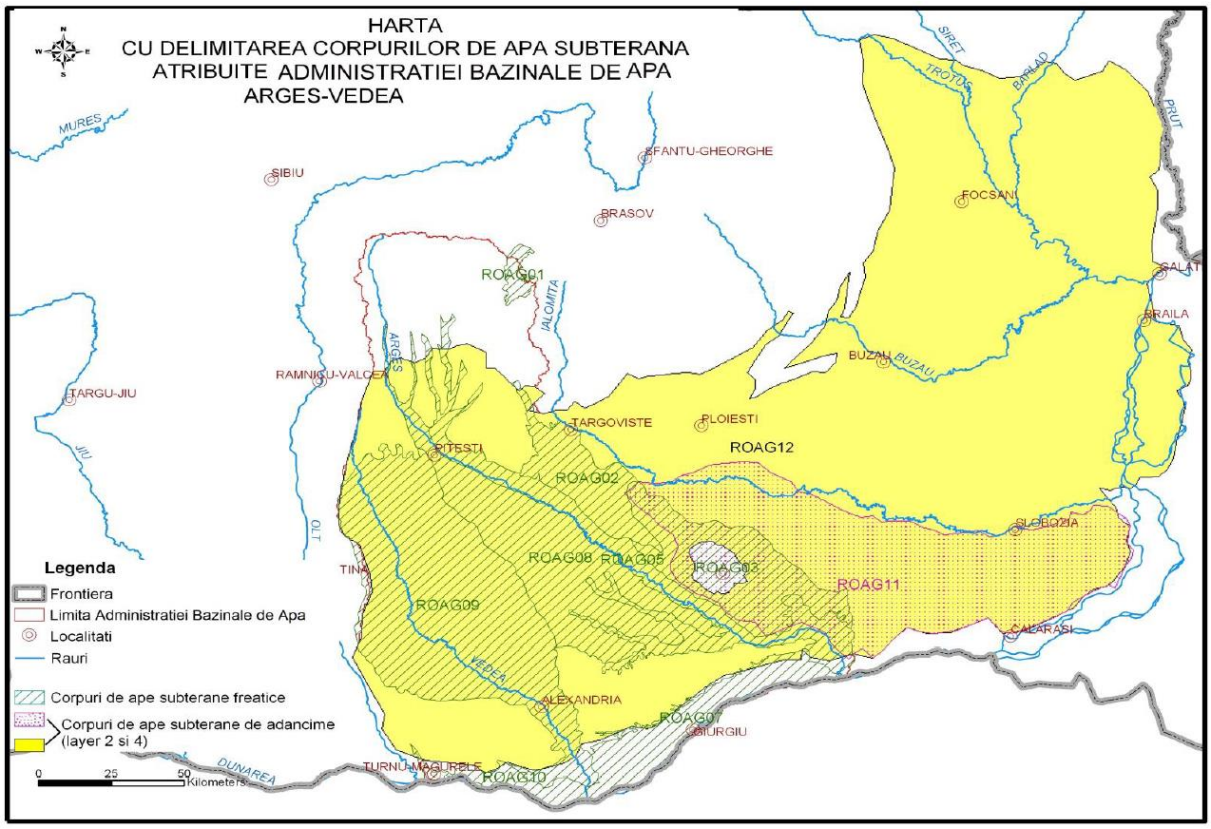


Figure 4-2 Delimitation of groundwater bodies assigned to the Argeş-Vedea Water Basin Administration

Micro hydrographic study:

"Cigarette factory" is located in the inner city of Otopeni and occupies a total area of 151,864 sqm, which is owned by PHILIP MORRIS ROMANIA S.R.L.

PMR is located in 83-105, Horea, Closca and Crisan street, Otopeni, Ilfov County, Romania.

For Philip Morris Romania it was defined an area of about 35 km² Otopeni-Tunari site, within the river basin Arges-Vedea.

Figure 4-3 Air Otopeni - Tunari (approx. 35km²) from the Arges-Vedea river basin

Otopeni city is located in the northern border area of Bucharest, capital of Romania.

From a physical-geographical point of view, the city of Otopeni is located on the Colentina-Pasarea interfluve, in the Vlasia Plain, a subdivision of the Romanian Plain.

From territorial-administrative point of view, Otopeni city is located in Ilfov County, in North of Bucharest.

From a geographical point of view, Tunari commune is located in Ilfov county, at a distance of 8 km, from Bucharest. The commune is located in the center of the county, North of Bucharest and East of Otopeni, on the banks of the river Pasarea which springs near the commune, near Henri Coanda airport, being also located in the major unit of the Romanian Plain, Campia Clasirie, Pasarea Valley and Colentina River.

The precipitation regime in the area is the following one: average annual value: 560 mm; average value of January: 55 mm; average value of July: 70 mm. Their territorial distribution is very varied.

During a year there is a maximum of precipitation in June, higher values in the city (Filaret 97.1mm) and lower towards the periphery (Baneasa and Afumati 92 mm). The minimum rainfall is in February, when less than 1/3 of the maximum rainfall occurs (Filaret 33.3 mm, Baneasa 27.5 mm and Afumati 21.9 mm). Values very close to these are also in March, which sometimes causes drought in late winter - early spring, which can harm crops.

Regarding the changes of climatic parameters, based on studies and evaluation of existing data, in the last 100 years the average annual air temperature in Romania has increased by 0.8 ° C.

According to existing data and studies, in the last 100 years the average annual air temperature in Romania has increased by 0.8 ° C.

Regarding the precipitation regime, for the period 1901-2007, the analyzes indicate the existence, especially after 1960, of a general decreasing trend of the annual precipitation quantities at the country level, lower, zero or even increasing inside the Carpathian arc and in the study region.

Geology and hydrogeology

On the territory of Ilfov county there are three underground aquifer complexes:

- Shallow groundwater aquifer complex, at a depth of 7 ÷ 30 m, with a low water quality, due to pollution with organic substances, nitrites, nitrates and suspensions at the soil surface;
- Medium depth groundwater aquifer complex, at a depth of 20 ÷ 30 m, which provides good quality water;
- The groundwater aquifer complex "Mostistea" and "Fratesti", at a depth of 160 ÷ 360 m, which has a very high water quality.

From a morphological point of view, the Otopeni - Tunari area, is part of Vlasiei Plaint, sundivision of the Romanian Plain. The Vlasiei (or Bucharest) plain is found within the Arges basin, from Calnistea, in the southwest, to the upper part of the Mostista basin, in the northeast.

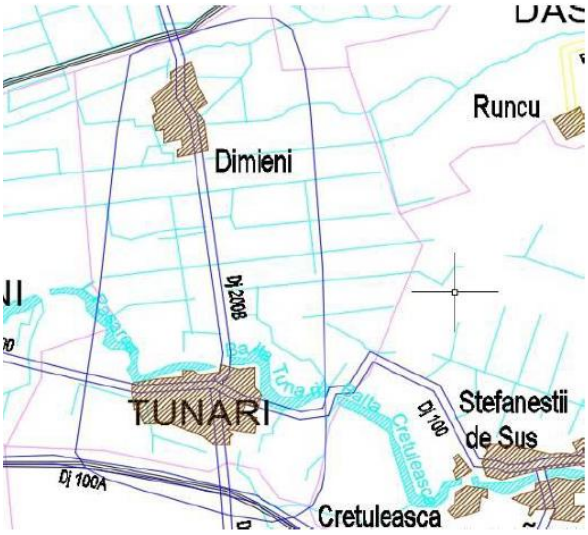


Figure 4-4 Location of the Tunari zonal water supply system

5 SUMMARY OF SHARED WATER CHALLENGES

PHILIP MORRIS ROMANIA has developed a list of main shared water challenges. Reasons for ranking was provided together with reasons why the challenges are to be considered priorities for both stakeholders and the site.

Below a list of the identified shared water challenges:

a) good water management
b) sustainable water use
c) good water quality
d) protection of relevant areas, where appropriate
e) access to drinking water, sufficient and safe for consumption
f) water necessary for people's hygiene
g) means necessary to combat diseases communicable by water or related to water
h) transparent promotion of the involvement of as many stakeholders in the public and private sectors in joint projects for efficient water management
i) i)compliance with legal and other requirements related to water management and water quality, at least in the area under the control/influence of the company
j) applying a risk analysis to identify opportunities to improve the performance of water management and allocating resources to implement the relevant ones
k) ensure access to information related to water use by the company and its partners to relevant stakeholders

A more detailed presentation of shared water challenges, risk ans opportunities identified by PHILIP MORRIS ROMANIA has been presented in Table 4.1 below. Information in the table below has been extracted from reference Water Stwardship Plan.

AWS POLICY CONFORM	Indicator	Target	Result	MONITORING (frequency, recording)	IMPLEMENTATION ACTIONS	Responsible	Term
a) good water management	Total self-assessment score vis-à-vis AWS requirements	Obtaining certification -in the first year, minimum AWS Core: 0 – 39 points		Annually, within the framework of the self-assessment and in the analysis carried out by management, the evaluation of the implementation of the AWS strategy (Management Analysis Report for SMAWS, Annual Report on the implementation of the AWS Strategy)	Project team training, system documentation creation, AWS system implementation through training, system application, certification training.	EHS Specialist - Project Manager AWS; AWS Committee	Permanent
	No non-compliances identified by the certification body regarding compliance with AWS requirements for internal water management	0		Annually, in the framework of the analysis carried out by management and in the evaluation of the implementation of the AWS strategy (Management Analysis Report for SMAWS, Annual Report on the implementation of the AWS strategy)	Project team training, system documentation creation, AWS system implementation through training, system application, certification training.	EHS Specialist - Project Manager AWS; AWS Committee	Permanent
	% Annual Water Revenue/Annual Water Costs	>85%		Annually, in the framework of the analysis carried out by management and in the evaluation of the implementation of the AWS strategy (Management Analysis Report for SMAWS, Annual Report on the implementation of the AWS strategy), with specific information about monitoring water-related costs and revenues	Application of all operational control rules defined in the company's processes, which comply with AWS principles. Implementation of water consumption optimization projects.	AWS Committee, Utilities	Permanent
	Economic and social impact = no. jobs that could be created by paying the fees imposed by the legal requirements (qualitative analyses, waste and storm water	>10		Annually, in the framework of the analysis carried out by management and in the evaluation of the implementation of the AWS strategy (Management Analysis Report for SMAWS, Annual Report on the implementation of the AWS strategy), with specific information	Payment of fees according to legal requirements and increase of resources allocated to additional analyses.	AWS Committee	Permanent

AWS POLICY CONFORM	Indicator	Target	Result	MONITORING (frequency, recording)	IMPLEMENTATION ACTIONS	Responsible	Term
	evacuation fees ANIF, raw water taxes)			about monitoring water-related costs and revenues			
	Cultural impact = % of the working time of their employees to be aware of sustainable water management	>0.1%		Annually, in the framework of the analysis carried out by management and in the evaluation of the implementation of the AWS strategy (Management Analysis Report for SMAWS, Annual Report on the implementation of the AWS strategy), with specific information about monitoring water-related costs and revenues	Introducing as many topics related to AWS as possible in the EHS Training Plan.	EHS Specialist - Project Manager AWS; AWS Committee	Permanent
	Environmental impact = % of the water used returned to circulation, after treatment, respectively: (volume of treated domestic wastewater + rainwater + volume of treated wastewater +irrigation water + evaporated water)/volume water inputs	>79%		Annually, in the framework of the analysis carried out by management and in the evaluation of the implementation of the AWS strategy (Management Analysis Report for SMAWS, Annual Report on the implementation of the AWS strategy), with specific information about monitoring water-related costs and revenues	Application of operational control rules leading to optimization of water consumption for production and other internal (domestic) uses.	AWS Committee; the entire staff	Permanent

AWS POLICY CONFORM	Indicator	Target	Result	MONITORING (frequency, recording)	IMPLEMENTATION ACTIONS	Responsible	Term
b) sustainable water use	Annual water losses % = (Water inputs - water-stock-water outputs reintroduced into nature)/Water inputs (year-level)	<10%		Annually, in the framework of the analysis carried out by management and in the evaluation of the implementation of the AWS strategy (Management Analysis Report for SMAWS, Annual Report on the implementation of the AWS strategy)	Continue the process of metering internal users and refine the way of estimating consumption / passive stock in the water transport network.	Utilities Dep.; AWS Committee	Permanent
	Enclosure within the limits of the Water Management Authority for consumption from deep drilling	<389584 m3/an		Annually, in the framework of the analysis carried out by management and in the evaluation of the implementation of the AWS strategy (Management Analysis Report for SMAWS, Annual Report on the implementation of the AWS strategy)	Application of operational control rules leading to optimization of water consumption for other internal uses (utilities + domestic).	Utilities Dep.; AWS Committee	Permanent
	Specific water consumption = m3/mil cigarettes	<15 m3/mil tigarete		Annually, in the framework of the analysis carried out by management and in the evaluation of the implementation of the AWS strategy (Management Analysis Report for SMAWS, Annual Report on the implementation of the AWS strategy)	Application of all operational control rules defined in the company's processes, which comply with AWS principles. Planning of production a.i. to minimize the consumption necessary to wash production equipment.	Dep. Production; AWS Committee	Permanent
c) good water quality	No. of invalid tests drinking water analysis	0		Annually, in the framework of the analysis carried out by management and in the evaluation of the implementation of the AWS strategy (Management Analysis Report for SMAWS, Annual Report on the implementation of the AWS strategy). Monthly Monitoring - see Water Analysis Register.	Ensuring the maintenance of the internal drinking water transport network. Firm contract with the drinking water supplier regarding the quality of the water supplied.	Utilities Dep.; AWS Committee; Dep. EHS	Permanent

AWS POLICY CONFORM	Indicator	Target	Result	MONITORING (frequency, recording)	IMPLEMENTATION ACTIONS	Responsible	Term
	% = No. annual tests (year-level)	<2%		Annually, in the framework of the analysis carried out by management and in the evaluation of the implementation of the AWS strategy (Management Analysis Report for SMAWS, Annual Report on the implementation of the AWS strategy). Monthly Monitoring - see Water Analysis Register.	Ensuring the maintenance of wastewater treatment plants and their good operation by subcontractors.	Utilities Dep.; AWS Committee; Dep. EHS	Permanent
d)protection of relevant areas, where appropriate	Annual PMR-generated incidents in relevant areas under the influence/control of PMR	0		Annually, in the framework of the analysis carried out by management and in the evaluation of the implementation of the AWS strategy (Management Analysis Report for SMAWS, Annual Report on the implementation of the AWS strategy)	Application of all operational control rules defined in the company's processes, which comply with the principles of AWS a.i. do not occur incidents at the site level or surroundings (within the scope of AWS).	AWS Committee; the entire staff	Permanent
e)access to drinking water, sufficient and safe for consumption	Annual non-compliance EHS no.	0		Annually, in the framework of the analysis carried out by management and in the evaluation of the implementation of the AWS strategy (Management Analysis Report for SMAWS, Annual Report on the implementation of the AWS strategy)	Purchases according to Budget Water for Consumption, including Water as the Base for Adjacent Products (Cofee Vending Machine).	Procurement Dep.; AWS Committee; Dep. EHS	Permanent
	Annual budget (Euro) granted for drinking water / employee	≥25		Annually, in the framework of the analysis carried out by management and in the evaluation of the implementation of the AWS strategy (Management Analysis Report for SMAWS, Annual Report on the implementation of the AWS strategy)	Purchases according to Budget Water for Consumption, including Water as the Base for Adjacent Products (Cofee Vending Machine).	Procurement Dep.; AWS Committee	Permanent

AWS POLICY CONFORM	Indicator	Target	Result	MONITORING (frequency, recording)	IMPLEMENTATION ACTIONS	Responsible	Term
f)water necessary for people's hygiene	Annual EHS non-compliance no.	0		Annually, in the framework of the analysis carried out by management and in the evaluation of the implementation of the AWS strategy (Management Analysis Report for SMAWS, Annual Report on the implementation of the AWS strategy)	Providing spaces and utilities necessary for employees' hygiene - toilets, changing rooms, occupational medicine office, etc.	AWS Committee; Dep. EHS	Permanent
g)means necessary to combat diseases communicable by water or related to water	No. of invalid tests drinking water analysis	0		Annually, in the framework of the analysis carried out by management and in the evaluation of the implementation of the AWS strategy (Management Analysis Report for SMAWS, Annual Report on the implementation of the AWS strategy). Monthly Monitoring - see Water Analysis Register.	Ensuring the maintenance of the internal drinking water transport network. Firm contract with the drinking water supplier regarding the quality of the water supplied.	Utilities Dep.; AWS Committee; Dep. EHS	Permanent
h)transparent promotion of the involvement of as many stakeholders in the public and private sectors in joint projects for efficient water management	Annual number of communications to interested parties (mail/written addresses/direct meetings/video-conferences)	>5		Annually, in the framework of the analysis carried out by management and in the evaluation of the implementation of the AWS strategy (Management Analysis Report for SMAWS, Annual Report on the implementation of the AWS strategy)	Organizing meetings with interested parties at the company's headquarters, publishing information about PMR's AWS performance on the organization's website, promoting AWS objectives in events with internal and external participation.	AWS Committee	Permanent
	Annual No.	>2		Annually, in the framework of the analysis carried out by management and in the evaluation of the implementation of the AWS strategy (Management Analysis Report for SMAWS, Annual Report on the implementation of the AWS strategy)	Organizing meetings with interested parties at the company's headquarters, publishing information about PMR's AWS performance on the organization's website, promoting AWS objectives in events with internal and external participation.	AWS Committee	Permanent

AWS POLICY CONFORM	Indicator	Target	Result	MONITORING (frequency, recording)	IMPLEMENTATION ACTIONS	Responsible	Term
	No. of projects involving third parties involved external stakeholders	≥1		Annually, in the framework of the analysis carried out by management and in the evaluation of the implementation of the AWS strategy (Management Analysis Report for SMAWS, Annual Report on the implementation of the AWS strategy)	Organizing meetings with interested parties at the company's headquarters, publishing information about PMR's AWS performance on the organization's website, promoting AWS objectives in events with internal and external participation.	AWS Committee	Permanent
i)compliance with legal and other requirements related to water management and water quality, at least in the area under the control/influence of the company	Annual No. of non-compliances relating to non-compliance with legal requirements	0		Annually, in the framework of the analysis carried out by management and in the evaluation of the implementation of the AWS strategy (Management Analysis Report for SMAWS, Annual Report on the implementation of the AWS strategy)	Application of all operational control rules defined in the company's processes, which comply with AWS principles	AWS Committee; Dep. EHS	Permanent
	Annual No. of emergency situations / incidents with water implications	0		Annually, in the framework of the analysis carried out by management and in the evaluation of the implementation of the AWS strategy (Management Analysis Report for SMAWS, Annual Report on the implementation of the AWS strategy)	Application of all operational control rules defined in the company's processes, which comply with AWS principles	AWS Committee; Dep. EHS	Permanent
j)applying a risk analysis to identify opportunities to improve the performance of water management and allocating resources to implement the relevant ones	Overall residual risk level at the end of the year	<6		Implementant implementation of an Effective Action Plan for Youth under risk control and to eliminate them	Application of all operational control rules defined in the company's processes, which comply with AWS principles and implementation of actions resulting from risk analysis	AWS Committee; the entire staff	Permanent

AWS POLICY CONFORM	Indicator	Target	Result	MONITORING (frequency, recording)	IMPLEMENTATION ACTIONS	Responsible	Term
k)ensure access to information related to water use by the company and its partners to relevant stakeholders	Annual No. of internal and external communications related to AWS performance	>2		Annually, in the framework of the analysis carried out by management and in the evaluation of the implementation of the AWS strategy (Management Analysis Report for SMAWS, Annual Report on the implementation of the AWS strategy)	Training, communication and internal personal awareness; communication with interested external parties	AWS Committee; Dep. EHS	Permanent

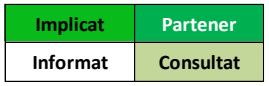
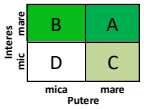
6 INDICATORS CHECKLIST

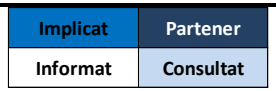
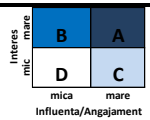
As per the requirement set out in the AWS certification requirements below is a checklist of all the CORE AWS indicators with the relevant reviewed evidence provided by PHILIP MORRIS ROMANIA and the indicator with which it is associated.

Table 5.1 Evidence reviewed by SGS against each CORE AWS indicator

Clause	Details	Yes	No	Comments/Evidence
1	**GATHER AND UNDERSTAND**			
1.1	***Gather information to define the site's physical scope for water stewardship purposes, including: its operational boundaries; the water sources from which the site draws; the locations to which the site returns its discharges; and the catchment(s) that the site affect(s) and upon which it is reliant.***			
1.1.1 (core)	The physical scope of the site shall be mapped, considering the regulatory landscape and zone of stakeholder interests, including: - Site boundaries; - Water-related infrastructure, including piping network, owned or managed by the site or its parent organization; - Any water sources providing water to the site that are owned or managed by the site or its parent organization; - Water service provider (if applicable) and its ultimate water source; - Discharge points and waste water service provider (if applicable) and ultimate receiving water body or bodies;	☒	☐	Within the framework the AWS Policy, the company defined as the scope of the public commitment to respect AWS "the area under its control/influence" Although the PMR site is in the Arges-Vedea river basin, the scope of the AWS is assumed initially as being limited to approx. 35 km2 around the PMR site (Otopeni-Tunari area –red marking) 

Clause	Details	Yes	No	Comments/Evidence
	- Catchment(s) that the site affect(s) and is reliant upon for water.			

1.2	***Understand relevant stakeholders, their waterrelated challenges, and the site's ability to influence beyond its boundaries.***			
1.2.1 (core)	Stakeholders and their water-related challenges shall be identified. The process used for stakeholder identification shall be identified. This process shall: - Inclusively cover all relevant stakeholder groups including vulnerable, women, minority, and Indigenous people; - Consider the physical scope identified, including stakeholders, representative of the site's ultimate water source and ultimate receiving water body or bodies; - Provide evidence of stakeholder consultation on water-related interests and challenges; - Note that the ability and/or willingness of stakeholders to participate may vary across the relevant stakeholder groups; - Identify the degree of stakeholder engagement based on their level of interest and influence.	☒	☐	According to AWS, the company has defined the following categories of internal (top management and employees) and external stakeholders (entities other than PMR): • impacting on the organization • on which the organization has an impact (or is perceived by them as an impact caused by the organization) • with the same interests as PMR • neutral, i.e. not impacted by PMR, but relevant to the information process vis-à-vis PMR's AWS performance. Taking into account the above categories, PMR has defined a framework for evaluating these stakeholders • • PARTENR = work together with PMR to achieve Common AWS objectives • Involved = possibly belongs to the team of stakeholders whose leader is PMR and involves other interested parties • Consulted = actively participate in the discussion of plans to achieve the objectives • Informed = receives information from PMR on AWS performance by any means   PUTERE / INTERES PARTENER (PA): mare / mare IMPLICAT (IM): mare / mic INFORMAT (IN): mica / mic CONSULTAT (CO): mica / mare A Interactiune permanenta cu el si implicarea lui in decizii B Incercarea de a-i satisface interesele legitime C Implicare in consultare D Informarea, dupa caz	

				  PUTERE / INFLUENTA/ANGAJAMENT PARTENER (PA): mare / mare IMPLICAT (IM): mare / mica INFORMAT (IN): mica / mica CONSULTAT (CO): mica / mare A Interactiune permanenta cu el si implicarea lui in decizii B Incercarea de a-i satisface interesele legitime C Implicare in consultare D Informarea, dupa caz ***121 OBS Observation 02*** ***PMI could not engage stakeholder from public sector and does not have any feedback from internal or external private stakeholder.*** ***PMI should should plan and take more actions due to engage them.*** ***PMI has developed two meeting during 2020, but COVID situation did not allow to evaluate their efficiency.*** ***It will be an strong point of interview in the firs surveillance audit.***
1.2.2 (core)	Current and potential degree of influence between site and stakeholder shall be identified, within the catchment and considering the site's ultimate water source and ultimate receiving water body for wastewater.	☒	☐	The identified stakeholders and the outcome of their evaluation are found in List of interested parties. The calculation for the evaluation is carried out as follows • a score is given by the PMR according to the above matrices (by AWS Committee) • external stakeholders shall submit their own assessment in response to a AWS Feedback Questionnaire received from PMR; if they do not respond, PMR automatically adds to the final classification level the "Informed" • internal stakeholders transmit through representatives in the communication and consultation structure their own evaluation in response to the same AWS Feedback Questionnaire, the completion of which is, however, mandatory; mark the majority ratings in self-assessment The final classification is made by the AWS Committee category to which they belong (mention the category with the highest number of appearances in the two evaluations).

1.3	***Gather water-related data for the site, including: water balance; water quality, Important Water-Related Areas, water governance, WASH; water-related costs, revenues, and shared value creation.***			
1.3.1 (core)	Existing water-related incident response plans shall be identified.	☒	☐	The company ensures the availability of the following categories of information: • Water emergency plans (1.3.1): • Accidental pollution prevention and control plan • Emergency situation plan of flood type / massive loss of water storage areas. PMR keeps track of sensitive points with pollution potential in Annex 7 - Site map - points with pollution potential. Based on internal instruction Plan to prevent and combat accidental pollution, PMR documented Simulation plans and simulation reports (either for accidental pollution or for flooding/mass loss in water storage areas) corresponding, which they simulate period. In the event of on-site events, they shall be recorded in the Register PPPPA simulations and event recordings.
1.3.2 (core)	Site water balance, including inflows, losses, storage, and outflows shall be identified and mapped.	☒	☐	Annually, it is completed at the company level Water balance, based on the records of the data from the internal metering or, if not available, from the estimated calculations.
1.3.3 (core)	Site water balance, inflows, losses, storage, and outflows, including indication of annual variance in water usage rates, shall be quantified. Where there is a water-related challenge that would be a threat to good water balance for people or environment, an indication of annual high and low variances shall be quantified.	☒	☐	The areas/processes with significant use are identified. The risk analysis takes into account in particular the areas of significant use, and internal improvement projects relate to related risk elements. Following the water balance at the company level, the water balance calculated according to the equation: Water balance = Water inputs - Stored water – Waste water discharged after treatment – Water reintroduced into nature (irrigation, evaporation from the process) – Water left in the product. If the value is positive, it means that losses are found to be reduced to the level accepted by the company and documented in AWS objectives (actions are those that result from risk analysis).

				If the value is negative, it means that the company's stock is adequate and the market is insignificant, reduced to the level of the technical yields of the equipment that uses them.
1.3.4 (core)	Water quality of the site's water source(s), provided waters, effluent and receiving water bodies shall be quantified. Where there is a water-related challenge that would be a threat to good water quality status for people or environment, an indication of annual, and where appropriate, seasonal, high and low variances shall be quantified.	☒	☐	PMR performs the following qualitative monitorings, according to the legal requirements in force: • drinking water analysis • household wastewater analysis • technological wastewater analysis • rainwater analysis • analysis of water after treatment in the treatment plant
1.3.5 (core)	Potential sources of pollution shall be identified and if applicable, mapped, including chemicals used or stored on site.	☒	☐	Potential sources of pollution considered are the following: • waste storage areas, waste oils, mixtures of chemical residues • areas for maintenance activities (and where oils and other hazardous chemicals are used) • waste water storage and treatment areas. PMR keeps track of sensitive points with pollution potentia
1.3.6 (core)	On-site Important Water-Related Areas shall be identified and mapped, including a description of their status including Indigenous cultural values.	☒	☐	Around PMR site there are 3 protected areas: • The middle meadow of Arges (upstream of pMR, about 70 km away in a straight line to the northwest from the PMR site), an area that cannot be influenced by PMR. • -Cernica lake and forest (located downstream of the PMR, about 30 km away in a straight line to the southeast from the PMR site); the impact of PMR on this area is minimal, because none of the categories of water treated and restored to nature by the PMR is discharged into the lake • Scrovistea protected natural area (located about 40km away in a straight line north from the PMR site).

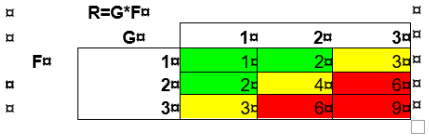
1.3.7 (core)	Annual water-related costs, revenues, and a description or quantification of the social, cultural, environmental, or economic water-related value generated by the site shall be identified and used to inform the evaluation of the plan in 4.1.2.	☒	☐	The company has set out to monitor the following water-related costs: • consulting costs for legal requirements • costs related to the water data collection process (EMM metrological verification costs) • costs qualitative analysis of drinking water and wastewater, in order to comply with legal requirements and other requirements • penalty costs, if any • costs related to the procurement of water (including its treatment, if any) • costs related to the maintenance of the entire existing infrastructure for water used on site • costs projects development/improvement activity or/and infrastructure as risk control elements related to water management • costs related to the treatment of waste water and its disposal • costs related to communication, awareness, training of internal staff • costs related to communication with external stakeholders • costs related to incidents / emergency situations related to water (floods, accidental pollution, massive losses in storage areas, etc.) • costs with legal expenses in the event of disputes with internal and/or external stakeholders
1.3.8 (core)	Levels of access and adequacy of WASH at the site shall be identified.	☒	☐	The WASH concept: is implemented at the level of state policy and applicable legal requirements (see The Drinking Water Quality Act 458/2002, with all subsequent additions – the last being Ordinance 22/2017, as well as Law 319/2006 and HG 1425/2006 on occupational health and safety, with hygiene and drinking water supply requirements for employees)

1.4	***Gather data on the site's indirect water use, including: its primary inputs; the water use embedded in the production of those primary inputs the status of the waters at the origin of the inputs (where they can be identified); and water used in out-sourced water-related services.***			
1.4.1 (core)	The embedded water use of primary inputs, including quantity, quality and level of water risk within the site's catchment, shall be identified.	☒	☐	The company continuously collects and updates, to the extent that it is accessible, information on the secondary/indirect use of water on the chain of processes associated with the supply chain.
1.4.2 (core)	The embedded water use of outsourced services shall be identified, and where those services originate within the site's catchment, quantified.	☒	☐	If the suppliers of products and services are found in the same river basin, annual consumption is estimated and impact is taken into account in the risk analysis, depending on the impact indicator (% = water consumption for the product and/or supplier of service / total annual water consumption for PMR production; if the value of the calculated impact indicator is higher than the limit of 5%, then the supplier will be included in the company's risk analysis; for values less than 5%, will not be included
1.5	***Gather water-related data for the catchment, including: water governance, water balance, water quality, Important Water-Related Areas, infrastructure, and WASH***			
1.5.1. (core)	Water governance initiatives shall be identified, including catchment plan(s), water-related public policies, major publicly-led initiatives under way, and relevant goals to help inform site of possible opportunities for water stewardship collective action.	☒	☐	The company identifies and updates information about: • water resources used by the company and specific elements of allocation, distribution, protection, quantitative and qualitative monitoring; • policies of the regulatory and regulatory authorities, with an impact on the permanent updating of and compliance with the legal requirements related to water management; the responsibility for generation is the responsibility of the regulatory authorities, but the responsibility for collecting information and applying legal requirements is the company's • the results of the risk analysis identifying opportunities to improve the company's AWS performance; responsibility is the responsibility of the company and, depending on the assessment of the stakeholders, of those actors who have been identified public policies of central and local authorities with an impact on their own water management performance; the responsibility for issuing these policies lies with local authorities; responsibility for identifying the information and using it in water management is the company's – in meetings with interested parties (if they consent to participate) and documented in AWS Meeting Report. ***151OBS Onservation 01***

				PMI does not have any legal violation but PMI does not established a methodology to answer or disclose about this quiestion. ***It is a standard requirement***
1.5.2. (core)	Applicable water-related legal and regulatory requirements shall be quantifed, including legally-defined and / or stakeholder verified customary water rights.	☒	☐	PMR aims to identify all legal and regulatory requirements with specific environment, therefore, including for water management. There is internal procedure Legal requirements and compliance assessment PMI-1104BUCHAREST-SOP-13114 and is documented Register of legal requirements and other EHS requirements.
1.5.3. (core)	The catchment water-balance, and where applicable, scarcity, shall be quantified, including indication of annual, and where appropriate, seasonal, variance.	☒	☐	Up-to-date data on the water balance at the macro river basin level, implicitly micro (as defined by PMR) are not provided by the authorities with too high frequency. However, when issuing Water Management Authorizations for each legal entity operating in the river basin, the authorities take into account the reserve available and, depending on the activity carried out by the company, allocate a certain share of water that can be used by that entity (if the supply is made by deep drilling, own). If the supply of legal entities is done by accessing the public water network, then the water service providers are the ones who receive permits and volume quotas, depending on the number of customers and the expected consumptions. PMR aims to proactively analyze all legislative projects of the Ministry of Environment, especially those aimed at the management of water resources and, as far as possible, to analyze the opportunity and possibility of involvement in supporting these projects and in creating tools for their easy application.
1.5.4. (core)	Water quality, including physical, chemical, and biological status, of the catchment shall be identified, and where possible, quantified. Where there is a water-related challenge that would be a threat to good water quality status for people or environment, an indication of annual, and where appropriate, seasonal, high and low variances shall be identified.	☒	☐	High risk of pollution, The analysis of their PMI discharge are under the limit and give compliance to the authorization. They have two meeting with the stakeholders about the AWS and water quality situation.
1.5.5 (core)	Important Water-Related Areas shall be identified, and where appropriate, mapped, and their status assessed including any threats to people orthe	☒	☐	See. 1.3.6, • IWRA has been identified, mapped and their status assessed

	natural environment, using scientific information and through stakeholder engagement.			
1.5.6. (core)	Existing and planned water-related infrastructure shall be identified, including condition and potential exposure to extreme events.	☒	☐	The site doesn´t have any extreme risk, only they have wells and municipality water (it comes from underground water and surface water) If VEOLIA can´t supply PMI water, wells could be enough to manage the plant.
1.5.7. (core)	The adequacy of available WASH services within the catchment shall be identified.	☒	☐	Romania doesn´t have this problem.

1.6	***Understand current and future shared water challenges in the catchment, by linking the water challenges identified by stakeholders with the site's water challenges.***			
1.6.1 (core)	Shared water challenges shall be identified and prioritized from the information gathered.	☒	☐	Shared water challenges have been identified taking in account the following criteria: • the scope of AWS defined by the company • feedback from stakeholders • direct and indirect uses of water in the company and their possible tendencies • the characteristics of the river basin and their possible tendencies.
1.6.2. (core)	Initiatives to address shared water challenges shall be identified	☒	☐	All these elements are taken into account when documenting the SWOT analysis. The AWS Committee, as well as representatives of other interested parties, as appropriate, participate in the SWOT analysis. The AWS Committee, as well as representatives of other interested parties, as appropriate, participate in the SWOT analysis.

1.7	***Understand the site's water risks and opportunities: Assess and prioritize the water risks and opportunities affecting the site based upon the status of the site, existing risk management plans and/or the issues and future risk trends identified in 1.6.***			
1.7.1 (core)	Water risks faced by the site shall be identified, and prioritized, including likelihood and severity of impact within a given timeframe, potential costs and business impact.	☒	☐	PMR identified the following Risk and opportunities • risk factor challenges to AWS objectives (as stated in the AWS Policy and documented specifically in AWS objectives) which are included in an impact analysis to identify the priorities that will be introduced in the risk analysis; when threats and weaknesses defined in SWOT may be associated with emergency situations, it is mentioned in the parenthesis of the SU • opportunities that need to be turned into actions that increase AWS performance. • Impact analysis is carried out by giving a score (0/1) for 5 predefined criteria to each element resulting from the SWOT analysis (category risk factors), following that, depending on the score awarded, the analyzed element is introduced or no further in the risk analysis. The risk analysis involves: • identification of the potential cause of the challenge/risk factor, • awareness of non-compliance not to meet a specific objective due to the manifestation of the risk factor • the quotation of gravity (G) and frequency (F) criteria (with the definition of levels 1,2,3 for each criterion) estimate of risk level (R) Bellow this paragraph, It´s showed the assessment matrix and some examples.  R=G*F¤ G¤ 1¤ 2¤ 3¤ F¤ 1¤ 1¤ 2¤ 3¤ 2¤ 2¤ 4¤ 6¤ 3¤ 3¤ 6¤ 9¤ ¶ -treatment·of·risks,·depending·on·the·level·of·risk·resulting¶ ¶ R 1,2 Tratare prin actiuni preventive; monitorizare — RISC ACCEPTABIL 3,4 Tratare prin actiuni preventive si corectii; monitorizare — RISC MODERAT 6,9 Tratare prin actiuni corective sau prin declaratia managementului "RISC ASUMAT" — RISC NEACCEPTABIL ¶ ¶ *If·management·considers·that·the·proposed·corrective·action·cannot·be·implemented·for·reasoned·reasons,·it·can·take·the·risk·of·not·achieving·an·objective.¶

				171 OBS Observation 03 ***PMI has done an Risk Assessment and has been detected a scarcity Risk. However the site doesn´t have this Risk.*** ***It is recommended to make wells level meassure to detect problems scarcity problems.*** ***PMI should study if it is necessary to do an study about historic groundwater level and it risk in an scarcity situation.***
1.7.2 (core)	Water-related opportunities shall be identified, including how the site may participate, assessment and prioritization of potential savings, and business opportunities.	☒	☐	

			Risk				Risk Occurrence Monitoring				
Risk factor	Cause of risk	Non-compliance generated if the risk factor is manifested	Gravity	Frequency	Risk = Gravity * Frequency	Preventive action	Method and frequency	Registration	Result	Correction	Corrective action
Damage to the internal infrastructure necessary for the transport of waste water (SU)	Lack of maintenance plan	Water loss	3	1	3	Constructive elements: uncapped pipes, without crossings with drinking water, without insulation around pipes (which would deteriorate over time), of durable materials (without corrosion), Preventive maintenance plan.	Internal/external AVS annual audit	Check-list AVS, EHS Non-Compliance Register		Repair of the fault in the shortest time	
Damage to internal wastewater treatment infrastructure (SU)	Lack of operating procedures and maintenance plan	Inadequate wastewater quality	3	1	3	Fat-separator systems for household water with Maintenance Plan. Procedures for operating treatment plants; Contract with specific companies (VABAG, ASTEC). Maintenance plan.	Drinking water analysis with frequency from the Environmental Authorization and Contracts with entities that take over wastewater	Water Analysis Register, EHS Non-Compliance Register		Repair of the fault in the shortest time	
Accidental Internal Pollution (SU)	Lack of operational control points at risk of contamination on site	Not protecting the site as a relevant area	3	1	3	Hazardous chemicals / fuels are stored in tanks with protection, in retention tanks, with accidental leak monitoring and alarm system. Preventive maintenance plan. There are emergency plans that are regularly simulated.	Internal/external AVS annual audit	Check-list AVS, EHS Non-Compliance Register		Application of the Plan for Accidental Pollution SU on site - in no time	
There are no clearly defined water quantity monitoring responsibilities for water balance quantification - quantity, quality, costs and revenue	No monitoring responsibilities have been actually documented	The AVS certification objective is not met	3	1	3	Definition of responsibilities for monitoring quantity, quality, costs and water revenue and training by Specialist EHS - Project Manager AVS	Periodic EHS inspections, internal/external AVS audit - annual	Event Reporting Form, Event Finding Form, EHS Compliance Register		Filling in the missing data from the quality, quality, cost and revenue monitoring boards	
There is no system of data analysis at the management level and identification opportunities for improvement.	Lack of management awareness	The AVS certification objective is not met	3	1	3	Definition of analysis system carried out by the AVS Committee - with quarterly themes, but also for the entire SMAVS - yearly	Periodic EHS inspections, internal/external AVS audit - annual	Event Reporting Form, Event Finding Form, EHS Compliance Register		Identify opportunities to improve AVS performance and allocate resources for implementation	

1.8	***Understand best practice towards achieving AWS outcomes: Determining sectoral best practices having a local/catchment, regional, or national relevance.*** ***18OBS*** *Although all the good practice towards achieving AWS outcomes are identified, it would be recommendable to include them into the Water Stewardship Plan escel file, according to the risks, opportunities and water challenges for each outcomes.*			
1.8.1. (core)	Relevant catchment best practice for water governance shall be identified. 	☒	☐	All that results in actions necessary from risk analysis and documented in the Action Plan of the Register of AWS risks and opportunities are information that can be registered in the category "Good practices" The annual management analyses on AWS performance mention which of the actions set to achieve the objectives were effective and declared "Good practices"in Management Analysis Report for SMAWS, following their classification, as far as possible, into the main categories: • Good AWS management practices • Good practices related to quantitative water balance sheet • Good water quality practices • Good practices related to access to drinking water, sanitation and hygiene facilities (WASH) • Good practices related to important water-related areas (IWRA), if applicable. Some examples checked were the following:
1.8.2. (core)	Relevant sector and/or catchment best practice for water balance (either through water efficiency or less total water use) shall be identified. 	☒	☐	
1.8.3. (core)	Relevant sector and/or catchment best practice for water quality shall be identified, including rationale for data source.	☒	☐	
1.8.4. (core)	Relevant catchment best practice for site maintenance of Important Water-Related Areas shall be identified. 	☒	☐	
1.8.5 (core)	Relevant sector and/or catchment best practice for site provision of equitable and adequate WASH services shall be identified. 	☒	☐	

Nr.crt	Action	Responsible	Term	Allocated	Other parties involved	Associated AWS lens	Category of Good Practices	Status Monitoring
16	The possibility of increasing conductivity from 1000 micro siemens to 3500 microsiemens will be studied, which will reduce water consumption due to the purging of cooling towers	Utilities Dep.	Q3 2020	Human and financial		Sustainable use of water	B	Planned
17	The possibility of implementing a treated household water reuse system will be studied to replace the water from the borehole used in some utility systems.	Utilities Dep.	Q4 2020	Human and financial		Sustainable use of water	B	Planned
18	Proposal to PMI to consider global external reporting to global sustainability performance reporting systems - CEO WATER MANDATE, GLOBAL REPORTING INITIATIVE (GRI)	AWS Committee	Q3 2020	Time	Pmi	involvement of as many stakeholders in the public and private sectors as possible in joint projects for efficient water management. Ensuring that relevant stakeholders have access to information related to water use by the company and its partners.	A	Completed
Nr.crt	**Action**	**Responsible**	**Term**	**Allocated**	**Other parties involved**	**Associated AWS lens**	**Category of Good Practices**	**Status Monitoring**
22	Celebration of World Water Day at PMR level (22.03.2020)	Dep. EHS	Q1 2020	Human and financial		Transparent promotion of the involvement of as many stakeholders in the public and private sectors as possible in joint projects for efficient	A	Completed
23	Allocation of additional drinking water resources to protect employees' health due to the COFID 19 pandemic caused by the SARS-COV-2 virus	Rmp	Permanent	Financial		Providing the necessary means to combat water-borne or water-related diseases.	C	Permanent
24	maintenance and maintenance of the water collection channel in the western part of the PMR, before the start of the rainy season to ensure good water collection in the micro river basin	Dep.EHS	Q3 2020	Financial	Dep. Engineering	Providing the necessary means to protect the river basin	A	Planned

2	COMMIT AND PLAN			
2.1	***Commit to water stewardship by having the senior-most manager in charge of water at the site, or if necessary, a suitable individual within the organization head office, sign and publicly disclose a commitment to water stewardship, the implementation of the AWS Standard and achieving its five outcomes, and the allocation of required resources.***			
2.1.1. (core)	A signed and publicly disclosed site statement OR organizational document shall be identified. The statement or document shall include the following commitments: - That the site will implement and disclose progress on water stewardship program(s) to achieve improvements in AWS water stewardship outcomes - That the site implementation will be aligned to and in support of existing catchment sustainability plans - That the site's stakeholders will be engaged in an open and transparent way - That the site will allocate resources to implement the Standard.	☒	☐	At the PMR level, AWS Policy is proposed by the AWS Committee, but is assumed by the General Manager of PMR (Manufacturing Director). AWS Policy contains at least the following information: • the scope of AWS • general objectives in accordance with the specifications of the AWS standard. AWS Policy signed and updated whenever necessary is communicated to all PMR staff, as well as to external stakeholders (as appropriate). It has been disclosed at the following link: https://www.pmi.com/markets/romania/ro
2.2.	***Develop and document a process to achieve and maintain legal and regulatory compliance.***			
2.2.1. (core)	The system to maintain compliance obligations for water and wastewater management shall be identified, including: - Identification of responsible persons/positions within facility organizational structure - Process for submissions to regulatory agencies.	☒	☐	The system has a description for responsibilities and it is identified the persons and positions. It has been checked the role of supervisor EHS.

2.3	***Create a water stewardship strategy and plan including addressing risks (to and from the site), shared catchment water challenges, and opportunities.***			
2.3.1. (core)	A water stewardship strategy shall be identified that defines the overarching mission, vision, and goals of the organization towards good water stewardship in line with this AWS Standard.	☒	☐	AWS objectives come to detail the general objectives defined by the AWS Policy according to the AWS standard.
2.3.2 (core)	A water stewardship plan shall be identified, including for each target: - How it will be measured and monitored - Actions to achieve and maintain (or exceed) it - Planned timeframes to achieve it - Financial budgets allocated for actions - Positions of persons responsible for actions and achieving targets - Where available, note the link between each target and the achievement of best practice to help address shared water challenges and the AWS outcomes.	☒	☐	The Action Plan is issued (from Register of AWS risks and opportunities) specifying: • shares (short-term or long-term) • term • responsible • resources • other stakeholders involved • relationship with AWS Objectives the category of best practices to which the actions belong **232 OBS Observation 04** **It should be update for the next year so it will checked in the first surveillance audit.**
2.4.	***Demonstrate the site's responsiveness and resilience to respond to water risks***			
2.4.1 (core)	A plan to mitigate or adapt to identified water risks developed in co-ordination with relevant public-sector and infrastructure agencies shall be identified.	☒	☐	Observation PMI could not engage stakeholder from public sector and does not have any feedback from internal or external private stakeholder. PMI should should plan and take more actions due to engage them. PMI has developed two meeting during 2020, but COVID situation did not allow to evaluate their efficiency.

				It will be an strong point of interview in the firs surveillance audit.

3	IMPLEMENT			
3.1.	***Implement plan to participate positively in catchment governance.***			
3.1.1. (core)	Evidence that the site has supported good catchment governance shall be identified.	☒	☐	PMR has disclosed it policy and has performed two meetings on February and July. PMR aims according to the AWS Policy to promote a good catchment governance in the public sectors and private in joint projects for efficient water management. PMR organizes the mimimum annual at its headquarters / video-conference to which invite interested parties form the common river basin, including representatives of the authorities. PMR shows the AWS system, the general and specific objectives.
3.1.2. (core)	Measures identified to respect the water rights of others including Indigenous peoples, that are not part of 3.2 shall be implemented.	☒	☐	N/A
3.2.	***Implement system to comply with water-related legal and regulatory requirements and respect water rights.***			
3.2.1. (core)	A process to verify full legal and regulatory compliance shall be implemented.	☒	☐	PMR has defined a procedure identifying all legal and regulatory requirements relating to the environment and occupational health and safety, as well as for assessing compliance with these requirements: Legal requirements and compliance assessment PMI-1104BUCHAREST-SOP-13114.The results are recorded in: Register of legal requirements and other EHS requirements So far the audit day PMR does not have any legal violation.
3.2.2 (core)	Where water rights are part of legal and regulatory requirements, measures identified to respect the water rights of others including Indigenous peoples, shall be implemented.	☒	☐	N/A

3.3.	***Implement plan to achieve site water balance targets.***			
3.3.1 (core)	Status of progress towards meeting water balance targets set in the water stewardship plan shall be identified.	☒	☐	The action plan in Register of AWS risks and opportunities specific actions to reduce the level of risk related to non-fulfilment of the objectives. Actions are considered to maintain a water balance corresponding to the company's commitment, but also specific actions to improve water performance (quantitative and/or qualitative), in terms of the concept of sustainability. The control of internal performance is done by applying all the elements of operational control and the best practices existing in the other management systems.
3.3.2 (core)	Where water scarcity is a shared water challenge, annual targets to improve the site's water use efficiency, or if practical and applicable, reduce volumetric total use shall be implemented.	☒	☐	The targets to improve the efficient water use are the following: • Concrete measures are taken to avoid leakage and optimize water use • eliminate sources of water loss • Measures are taken to reduce water consumption in non-productive spaces • Water saving measures are taken in cleaning operations They are described deeply in the action plan.
3.3.3. (core)	Legally-binding documentation, if applicable, for the re-allocation of water to social, cultural or environmental needs shall be identified.	☒	☐	N/A
3.4.	***Implement plan to achieve site water quality targets.***			
3.4.1. (core)	Status of progress towards meeting water quality targets set in the water stewardship plan shall be identified.	☒	☐	The company regularly monitors, in accordance with legal and regulatory requirements, the quality parameters for: • drinking water

3.4.2. (core)	Where water quality is a shared water challenge, continual improvement to achieve best practice for the site's effluent shall be identified and where applicable, quantified.	☒	☐	• household wastewater • technological waste water • rainwater • treated water in treatment plants.
3.5.	***Implement plan to maintain or improve the site's and/or catchment's Important Water-Related Areas.***			
3.5.1. (core)	Practices set in the water stewardship plan to maintain and/or enhance the site's Important Water-Related Areas shall be implemented.	☒	☐	The company has not identified in the river basin of which there are important areas related to.
3.6	***Implement plan to provide access to safe drinking water, effective sanitation, and protective hygiene (WASH) for all workers at all premises under the site's control.***			
3.6.1. (core)	Evidence of the site's provision of adequate access to safe drinking water, effective sanitation, and protective hygiene (WASH) for all workers onsite shall be identified and where applicable, quantified.	☒	☐	The company provides its own staff: • access to drinking water • health facilities and hygiene insurance (toilets) • compliant dining spaces (canteen) • cabinet of occupational medicine, for health surveillance and corrections in case of need.
3.6.2. (core)	Evidence that the site is not impinging on the human right to safe water and sanitation of communities through their operations, and that traditional access rights for Indigenous and local communities are being respected, and that remedial actions are in place where this is not the case, and that these are effective.	☒	☐	The company has defined in List of material and service entries all suppliers that impact AWS performance through direct or indirect water intake in the products/services provided. According to their impact assessment, they will then be taken into account in the risk analysis, with documented evidence

3.7.	***Implement plan to maintain or improve indirect water use within the catchment.***			
3.7.1. (core)	Evidence that indirect water use targets set in the water stewardship plan, as applicable, have been met shall be quantified.	☒	☐	The company has defined in List of material and service entries all suppliers that impact AWS performance through direct or indirect water intake in the products/services provided. According to their impact assessment, they will then be taken into account in the risk analysis, with documented evidence
3.7.2. (core)	Evidence of engagement with suppliers and service providers, as well as, when applicable, actions they have taken in the catchment as a result of the site's engagement related to indirect water use, shall be identified.	☒	☐	
3.8	***Implement plan to engage with and notify the owners of any shared water-related infrastructure of any concerns the site may have***			
3.8.1. (core)	Evidence of engagement, and the key messages relayed with confirmation of receipt, shall be identified.	☒	☐	SWOT analysis also takes into account external stakeholders in the category of water supply service providers, i.e. authorities that can impact the improvement of this infrastructure.
3.9	***Implement actions to achieve best practice towards AWS outcomes: continually improve towards achieving sectoral best practice having a local/catchment, regional, or national relevance.***			
3.9.1. (core)	Actions towards achieving best practice, related to water governance, as applicable, shall be implemented	☒	☐	Action plan is introduced information about the objectives with which the actions are related, but also the category of "Good practices" associated, following the classification in one of the categories: • Good aWS management practices • Good practices related to quantitative water balance sheet • Good water quality practices • Good practices related to access to drinking water, sanitation and hygiene facilities (WASH) • Good practices related to important water-related areas (IWRA), if applicable.
3.9.2. (core)	Actions towards achieving best practice, related to targets in terms of water balance shall be implemented.	☒	☐	
3.9.3. (core)	Actions towards achieving best practice, related to targets in terms of water quality shall be implemented.	☒	☐	

3.9.4. (core)	Actions towards achieving best practice, related to targets in terms of the site's maintenance of Important Water-Related Areas shall be implemented.	☒	☐	
3.9.5. (core)	Actions towards achieving best practice, related to targets in terms of the site's maintenance of Important Water-Related Areas shall be implemented.	☒	☐	

4	EVALUATE			
4.1	***Evaluate the site's performance in light of its actions and targets from its water stewardship plan and demonstrate its contribution to achieving water stewardship outcomes.***			
4.1.1 (core)	Performance against targets in the site's water stewardship plan and the contribution to achieving water stewardship outcomes shall be evaluated	☒	☐	Company AWS Performance Assessment (AWS Manual PMI -4.1) various performance elements were assessed at the level of 2019 and, depending on the results, targets for 2020 for the indicators related to the AWS Objectives were set. Performance information is available in AWS/Performance Measurement and Monitoring Records.**"**
4.1.2. (core)	Value creation resulting from the water stewardship plan shall be evaluated.	☒	☐	At least annually, AWS Committee request information to complete AWS Cost, Revenue and Impact Monitoring Report. Analyzing costs and revenues, as well as the impact of the shares, the company concludes the cost-benefit trend of AWS management.
4.1.3 (core)	The shared value benefits in the catchment shall be identified and where applicable, quantified.	☒	☐	Through all the planned actions, the company try to keep the risks vis-à-vis AWS performance under control. Therefore, if the objectives have been met, it can be implicitly considered that the river basin has not been negatively impacted. It is documented by the AWS Committee Management analysis report for SMAWS.
4.2	***Evaluate the impacts of water-related emergency incidents (including extreme events), if any occurred, and determine the effectiveness of corrective and preventative measures.***			
4.2.1. (core)	A written annual review and (where appropriate) root-cause analysis of the year's emergency incident(s) shall be prepared and the site's response to the incident(s) shall be evaluated and proposed preventative and corrective actions and mitigations against future incidents shall be identified.	☒	☐	PMR defines in the SWOT analysis emergency situations: -related to the company's activity -from outside the company (either caused by other interested parties in the river basin or natural events). All of this goes further into risk analysis. In the event of incidents with an impact on AWS performance, the company applies Emergency plans already predefined and finally analyzes whether they have been applied in accordance and have been effective. In order to determine the causes of these incidents, the company applies the internal procedure Communication, investigation and recording of events and non-compliances of EHS PMI-1104 BUCHAREST-SOP-138049.

				Moreover PMR has a "Site map - points with pollution potential**"** and folder AWS Registrations/Emergency Situations with SU Plans and Simulations, Register of obvious PPPPA simulations and event recordings.
4.3.	***Evaluate stakeholders' consultation feedback regarding the site's water stewardship performance, including the effectiveness of the site's engagement process.***			
4.3.1 (core)	Consultation efforts with stakeholders on the site's water stewardship performance shall be identified.	☒	☐	First meeting with interested parties was organized, only with BIOTEHNOS; not enough responses were received to the AWS feedback questionnaire interested parties. 5 feedback forms were collected at the meeting with interested parties in July. At least once a year PMR hold a direct meeting with stakeholders in the PARTNER and IMPLETED categories to assess how joint efforts have led to the successful completion of the planned actions. For CONSULTAND and INFORMATE partners, PMR assumes an information on the performance of AWS achieved in the year ended and requests feedback on projects of interest. It is also retransmitted annually AWS Feedback Questionnaire, following which a review of the status of interested parties is made.
4.4.	***Evaluate and update the site's water stewardship plan, incorporating the information obtained from the evaluation process in the context of continual improvement.***			
4.4.1. (core)	The site's water stewardship plan shall be modified and adapted to incorporate any relevant information and lessons learned from the evaluations in this step and these changes shall be identified.	☒	☐	During the analysis carried out by the management, includes the trends related to achievement of AWS objectives, evolution of the internal context and external of AWS, risk status and effectiveness of the action plan, trends in emergency situations, involvement of stakeholders in joint projects with PMR, cost-benefit analysis of the actions undertaken and the evolution of the "Good Practices". Depending on the outcome of the evaluation of the continuous improvement process, **P**MR assumes changes in AWS Risk and Opportunity Register, with final impact in the Action Plan.

				An internal/self-assessmnet audit of the SMAWS is also carried out annually, where If there are non-compliances detected it is treated by internal procedure Communication, investigation and recording of events and non-compliances**.**

5	COMMUNICATE & DISCLOSE			
5.1	***Disclose water-related internal governance of the site's management, including the positions of those accountable for legal compliance with water-related local laws and regulations.***			
5.1.1. (core)	The site's water-related internal governance, including positions of those accountable for compliance with water-related laws and regulations shall be disclosed.	☒	☐	PMR and PMI perform an Internal reporting on AWS management is structured as follows: - level 1: AWS Committee report to the PMI and the owner of the AWS system at group level any information is requested regarding the internal organization AWS and the performance obtained - level 2: AWS Committee collects all the information that is constituted in input data for Management analysis report for SMAWS; annually, AWS Committee meets to analyze AWS performance and decide on improvement actions - level 3: AWS Committee summarise the information presented in the Management Analysis Report for SMAWS and transmits it to EHS Managers in departments that disseminate them to all internal staff for training and awareness, with a focus on Action plan from the following period; level 4: Information about the results of qualitative water analyses on the company's site are regularly presented by Sustainability Committee in training and awareness sessions for EHS
5.2	***Communicate the water stewardship plan with relevant stakeholders.***			
5.2.1. (core)	The water stewardship plan, including how the water stewardship plan contributes to AWS Standard outcomes, shall be communicated to relevant stakeholders.	☒	☐	External reporting (to other interested parties) related to AWS management is structured as follows: - level 1: AWS Committee presents, during AWS certification, supervision and recertification audits, to the certification body information on the status of the AWS management system – annually, in the form of records that are generated by the AWS management system - level 2: AWS Committee and the responsible staff of the EHS Department, specifically, report to the Romanian authorities information about

				environmental performance in accordance with local legal and regulatory requirements frequency and mode of reporting is specified in the legal requirements - level 3: AWS Committee report to external stakeholders of the PARNER and IMPLETED type information on the status of joint projects, as appropriate (minimum annual, at meetings or whenever necessary, the format being presentation slides and material printed with conclusions) - level 4: AWS Committee reports to external stakeholders of type CONSULTAAND and INFORMED general elements about the performance of the company AWS (minimum annual, through addresses / emails containing brief presentation materials). Meeting with interested parties were performed in February and July.
5.3	***Disclose annual site water stewardship summary, including the relevant information about the site's annual water stewardship performance and results against the site's targets.***			
5.3.1. (core)	A summary of the site's water stewardship performance, including quantified performance against targets, shall be disclosed annually at a minimum.	☒	☐	AWS Committee, based on the information collected in Management Analysis Report for SMAWS achieves an Annual report on the implementation of the AWS Strategy, in which it reveals how it was applied and what the impact was at the level of performance. At the end of this report, any elements of the strategy change are also highlighted. The report is carried out by Specialist EHS – Project Manager AWS and is approved by the Committee Aws. Finally, it is made public through the Corporate Affaires Department, under the AWS Committee. Depending on the global policy of the PMI, if appropriate, PMR provides data for reporting to bodies whose object of activity is "Corportate Water Disclosure" and benchmarking activities in the field of large-scale water management. There is published internally Management Analysis Report for SMAWS and Annual Report on AWS Strategy, publication in Sept.

5.4	***Disclose efforts to collectively address shared water challenges, including: associated efforts to address the challenges; engagement with stakeholders; and co-ordination with public-sector agencies.***			
5.4.1. (core)	The site's shared water-related challenges and efforts made to address these challenges shall be disclosed.	☒	☐	Information on the status of water-related risks and opportunities (negative or positive challenges) is documented in Register of AWS risks and opportunities, which is available to the internal staff in the folder AWS recordings. On the occasion of the training and awareness activities carried out by Sustainability Committee, information about the evolution of the Action Plan is made available to the internal staff. The same information is communicated to the external interested parties, based on the communication actions referred to above.
5.4.2. (core)	Efforts made by the site to engage stakeholders and coordinate and support public-sector agencies shall be identified.	☒	☐	The above mentioned efforts has been performed to engage stakeholders and pubic-sector.
5.5	***Communicate transparency in water-related compliance: make any site water-related compliance violations available upon request as well as any corrective actions the site has taken to prevent future occurrences.***			
5.5.1. (core)	Any site water-related compliance violations and associated corrections shall be disclosed.	☒	☐	Annual report on the implementation of the AWS Strategy contains information regarding compliance with legal and other requirements. It also refers to the results of internal and external audits on AWS requirements.
5.5.2. (core)	Necessary corrective actions taken by the site to prevent future occurrences shall be disclosed if applicable.	☒	☐	One of the objectives of the company being full compliance with legal and regulatory requirements, any deviation from them is treated by internal procedure Communication, investigation and recording of events and non-compliances of EHS PMI-1104 BUCHAREST-SOP-138049. **(** EHS Non-Compliance Register**)**.
5.5.3. (core)	Any site water-related violation that may pose significant risk and threat to human or ecosystem health shall be immediately communicated to relevant public agencies and disclosed.	☒	☐	If the root causes of non-compliance were risk factors already identified in the Register of AWS risks and opportunities, then the residual risk is highlighted and updated Records. Any other cause that was not initially identified as a risk factor will, when it occurs, generate the revision of the AWS Risk and Opportunity Register. Any emergency event with an impact on people's health and safety, on the **P**MR's privacy, on the environment is announced as a matter of urgency to the local authorities and is treated according to internal procedures, in accordance with legal

				and regulatory requirements. In the first Annual report on the implementation of the AWS Strategy documented by AWS Committee reference will be made to the history of these types of events. **T**here is the Water Analysis Register 2019 and 2020, without exceeding limits and the Register of Legal Requirements and other EHS requirements. No non-compliances were recorded. There is published internal Management Analysis Report for SMAWS and Annual Report on AWS strategy, publication in Sept.

7 AUDIT FINDINGS

A findings log was issued to PHILIP MORRIS ROMANIA which detailed the findings raised for the audit. As there were a large number of documents supplied to SGS as evidence and each one had to be reviewed, the findings log acted as a live document and was updated periodically until all indicators and documents had been reviewed for compliance. PHILIP MORRIS ROMANIA was then afforded time to respond to the findings and supply additional information for SGS to the review and to either accept and close the finding or request further information or action. Once all findings were closed by the Lead Auditor all documentation and audit trail were then reviewed by the Certifier.

7.1 MAJOR NON CONFORMANCES

During the course of the audit non major non-conformances were raised.

7.2 MINOR NON CONFORMANCES

Non minor non-conformances were raised during the audit process. Both have been closed by PHILIP MORRIS ROMANIA at the time of writing.

7.3 OBSERVATIONS

Four observations were raised during the audit which are only to be considered as improvement opportunities. No action is necessary during this audit period but these issues would most likely come under scrutiny during a surveillance audit scenario.

Table 7.3.1. Observations and New Information Requests raised during the AWS audit process

No.	Type	Ref.	Details	Response by PHILIP MORRIS ROMANIA	Relevant References
1.5.1	Observation	151OBS	Observation 01 PMI does not have any legal violation but PMI does not established a methodology to answer or disclose about this quiestion. It is a standard requirement.	PHILIP MORRIS ROMANIA will include this topic in the next stakeholders meeting and also in the annual report that is disclosed with the general public	
1.2.1.	Observation	121OBS	Observation 02 PMI could not engage stakeholder from public sector and does not have any feedback from internal or external private stakeholder. PMI should should plan and take more actions due to engage them. PMI has developed two meeting during 2020, but COVID situation did not allow to evaluate their efficiency. It will be an strong point of interview in the firs surveillance audit.	PHILIP MORRIS ROMANIA has sent invitations to the stakeholders meetings that were organized in 2020 to the interested parties from public sector and has not receive the expected engagement from them. PHILIP MORRIS ROMANIA will continue to engage with interested parties from public sector and this will be one of the priorities for the next year	
1.7.1	Observation	171OBS	Observation 03	PHILIP MORRIS ROMANIA will continue to monitor its water wells level and usage in	

			PMI has done an Risk Assessment and has been detected a scarcity Risk. However the site doesn´t have this Risk. It is recommended to make wells level meassure to detect problems scarcity problems. PMI should study if it is necessary to do an study about historic groundwater level and it risk in an scarcity situation.	accordance with the water permit and all legal requirements	
2.3.2	Observation	232OBS	Observation 04 It should be update for the next year so it will checked in the first surveillance audit.	PHILIP MORRIS ROMANIA will update the status of the actions from its water stewardship plan when all information will be available	

8 SUMMARY

In reviewing the body of evidence presented by PHILIP MORRIS ROMANIA it is apparent that a considerable quantity of effort and work has been put into the preparation for the audit for Alliance for Water Stewardship Certification.

Non major and minor non-conformances has been identified .

9 OPPORTUNITIES FOR IMPROVEMENT

The certification audit for PHILIP MORRIS ROMANIA against the AWS Standard is for the initial assessment of conformity and as such allows for some areas for improvement going forward.

The documentation developed by PMI can sometimes be misleading due to the order followed in carrying out the strategic plan. Sometimes it is not easy to find traceability from the water challenges to the action, going through the objectives and actions. PMI has made the documents and complied with the Standard but it can lead to mistakes.

On the other hand, it would be interesting to prioritize water challenges indicating the risk matrix and its parameters used for said prioritization, as well as the classification of the possible results.

10 CONCLUSIONS AND RECOMMANDATIONS

Given the review of evidence produced during the audit performed at the PHILIP MORRIS ROMANIA, SGS recommends that PHILIP MORRIS ROMANIA Otopeni factory is awarded AWS Core Certified status with a surveillance audit interval of annual frequency