ALLIANCE FOR WATER STEWARDSHIP (AWS)
AUDIT REPORT
Based on AWS Standard Version 2.0

[Private Joint Stock Company Philip Morris Ukraine]
[62482, Ukraine, Kharkiv region, Kharkiv district, Dokuchayevs'ke settlement, Pol'oviy v'yizd 1]

Report Date: [27/09/2021]
Report Version: [02.0]
Prepared by: [LLC "Control Union Certifications"]
Project No.: [880173]
AWS Reference No.: [AWS-000355]

Contents

1. Executive Summary

Philip Morris International Inc. (PMI) is an American multinational cigarette and tobacco manufacturing company, with products sold in over 180 countries outside the United States. The most recognized and bestselling product of the company is Marlboro. Group is committed towards its environmental and social responsibilities and hence decided to go to AWS certification as one of their steps towards their sustainable goals.

As part of their commitments, CUC was appointed to conduct AWS audit and certification for JSC Philip Morris Ukraine. JSC Philip Morris Ukraine produces cigarette products. This production facility is divided into several blocks namely cigarette production, warehouse, water treatment, boiler room, treatment facilities for surface water, diesel tank, drainage unit, storm water collection station, parking area, chemical storage area and admin area. In overall facility water is used for washing equipment and humidification of tobacco.

During the audit following persons were present and interviewed:

Inesa Miroshnichenko	Environmental And Compliance Engineer
Sergii Russo	EHS Mmanager
Elizaveta Kyznetsova	Environmental And Water Improvement Specialist
Vadim Polyah	Representative Of The Rogan Village Council - External Stakeholder
Andrey Koshelev	Cleaning Shift Supervisor - Internal Stakeholder

The certification audit announcement was published 30 days before the audit, as required by AWS standard, in the following media; Control Union website, AWS website and local media. The audit was conducted remotely for 1 days i.e. on 24-09-2021.

The audit team was comprised of following auditors;

Name of Auditor	Role in Audit
Evgenia Belenkaya	Lead Auditor

The audit findings showed that the site meet up with all the core level criteria and majority of advance level criteria. As there was not any minor or major non-Conformities found during the audit, site has been recommended for certification.

Observations: The company has involved in good water stewardship practices and with their actions and work in society, they are in continual process of achieving five outcomes of the AWS standard.

The site meets up with the requirements and criteria for core as well as advance level certification. Therefore, it is recommended to be awarded Gold level of AWS certificate.

2. General Information

2.1. Client Details

Company Name	Philip Morris Ukraine
Business address:	Philip Morris Ukraine" PrJSC 1, Polyoviy Vyizd, Dokuchayevske Village, Kharkiv District, Kharkiv Region 62482, Ukraine
Auditing Site Address:	Philip Morris Ukraine" PrJSC 1, Polyoviy Vyizd, Dokuchayevske Village, Kharkiv District, Kharkiv Region 62482, Ukraine
Activities / Processes:	Cigarettes Production
Principle contact person:	Miroshnichenko Inesa
Office telephone:	+380577867700
Fax:	+380577867439
E-mail:	Reception.PMIUKHUR@pmi.com
Web site:	https://www.pmi.com/

2.2. Certification Details

Audit Date(s):	24/09/2021
Auditor Team:	Evgenia Belenkaya
Certification Date:	08/10/2021
Level of Certification:	AWS Gold
Proposed date for next audit:	24/09/2022
Audit Report completed by:	Evgenia Belenkaya

Project No.:	880173
AWS Reference No.:	AWS-000355

3. Scope of Assessment

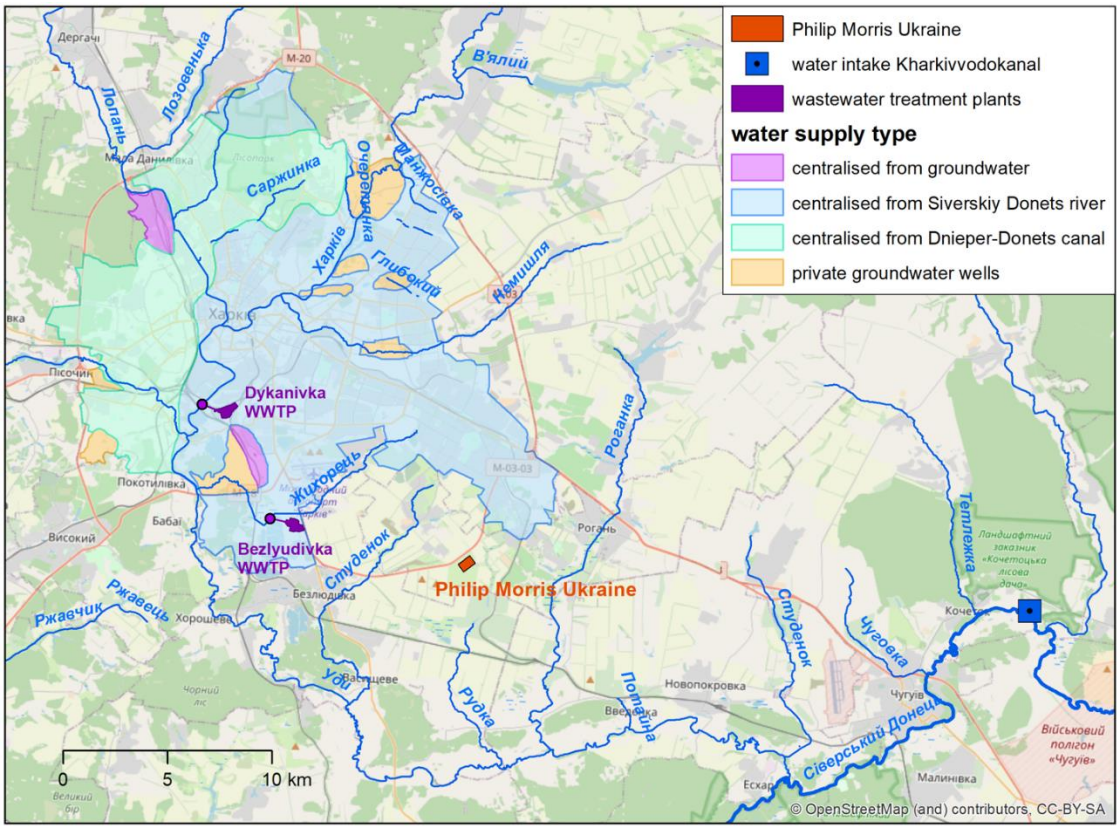
Audit Standard	Alliance for Water Stewardship V2.0		
Initial Audit	Yes		
Surveillance Audit	No		
Type of Certification	Single Site	Multi-site	Group
	X		
Location of Audit	Philip Morris Ukraine" PrJSC 1, Polyoviy Vyizd, Dokuchayevske Village, Kharkiv District, Kharkiv Region 62482, Ukraine		
Scope of Certification	Cigarettes Production		
Assessment on-site activities includes	Document review, employee interview, site tur, site area tur, interview with external and internal stakeholders		

4. Description of the Catchment

The catchment of the Siverskiy Donets river, Dnieper-Donets canal, Roganka river.

Philip Morris receives water from the city's water utility. Water control is carried out by government agencies and the plant. There are no own sewage treatment facilities, waste water is discharged into the water utility system.

On the territory of the enterprise there is a boiler room, a tank with diesel fuel, a water treatment station, a storm water collection station. Storm water is filtered and softened for technical use. There are no own treatment facilities.



5. Summary on Stakeholder and shared Water Challenges

Stakeholders:

- PM Ukraine employees - Internal stakeholders
- RUVR - Government
- Kharkivvodokana l- Water Supplier
- Roganska rada - Community
- Coca cola - AWS partner
- GO Ukrayinske tovarystvo ohorony ptakiv - AWS partner
- Khersonska hidrobiologichna stanziya NAN - AWS partner
- Nadezhda - Service provider
- Noviy Stil - Service provider
- Avto Ovi - Service provider

Water Challenges:

- Quality and quantity of water
- Quality of sewage (storm) water discharge to the water channel.
- Water consumption and sewarage discharge quantity increase.
- Networks aging
- Contamination rivers' courses and coasts,
- Growing of people environmental awareness and education
- Drying of springs
- Contamination rivers' courses and lakes' coasts, contamination of coast of Don (Udy) River

6. Summary of the Assessment

6.1. Major Non-conformities

Sr. No.	AWS Criteria	Description of NC	Response from Client (explanation & documents)	Closure
		Nil		

6.2. Minor Non-conformities

Sr. No.	AWS Criteria	Description of NC	Response from Client (explanation & documents)	Closure
		Nil		

7. Audit Checklist

Step 1: Gather and Understand: Gather data to understand shared water challenges and water risks, impacts and opportunities
To ensure that the site gathers data on its water use and its catchment context and that the site uses these data to understand its shared water challenges as well as its contributions (both positive and negative) to these challenges, water risks, impacts, and opportunities. This information also informs the development of the site's water stewardship strategy and plan (Step 2) and guides the actions (Step 3) necessary to fulfil the site's commitments.

AWS Criteria	Indicators	Findings
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 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; • Catchment(s) that the site affect(s) and is reliant upon for water.	The map of the catchment area with a marked location of the site, as well as all significant water bodies is provided. The enterprise map with all premises inside and outside the site, with marks of the water infrastructure is also provided. Philip Morris receives water from the city's water utility. Water control is carried out by government agencies and the plant. There are no own sewage treatment facilities, waste water is discharged into the water utility system. On the territory of the enterprise there is a boiler room, a tank with diesel fuel, a water treatment station, a storm water collection station. Storm water is filtered and softened for technical use. There are no own treatment facilities.
1.2 Understand relevant stakeholders, their water related challenges, and the site's ability to influence beyond its boundaries	1.2.1 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	Stakeholder identification method and stakeholder list provided. A list of common water problems with stakeholders is identified and substantiated.

AWS Criteria	Indicators	Findings
	• 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	
	1.2.2 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 degree of influence between the catchment area and stakeholders is defined in both directions
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 Existing water-related incident response plans shall be identified	The document "EHS.D.116.F01 Register of Environmental Aspects and Impacts" with existing water-related incident response plans was provided.
	1.3.2 Site water balance, including inflows, losses, storage, and outflows shall be identified and mapped	A diagram of the volume of incoming water (including storm water and water from the water utility) divided by consumption for all needs of the site and water outlet (into the water canal, by product, evaporation) is presented for the entire 2020.
	1.3.3 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	A table with the volume of incoming and outgoing water is provided for each month from the beginning of 2019 to August 2021
	1.3.4 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,	Water is supplied to the catchment unit from the state water utility. According to the documents from the site of the water utility, the water meets the standards. Water analysis of the water utility at the water intake unit is carried out once a year in an accredited laboratory. Provided analysis for 2020 and 2021. Water does not always meet

AWS Criteria	Indicators	Findings
	seasonal, high and low variances shall be quantified.	standards. The enterprise independently carries out additional water purification. After cleaning, water is also analyzed once a year in an accredited laboratory. Protocols provided. Plus, the analysis after water treatment is carried out by the enterprise in its own non-accredited laboratory every day, the data is provided.
	1.3.5 Potential sources of pollution shall be identified and if applicable, mapped, including chemicals used or stored on site	A map of the enterprise with identified all potential sources of water pollution is provided.
	1.3.6 On-site Important Water-Related Areas shall be identified and mapped, including a description of their status including Indigenous cultural values	A map with the identified important green areas - forests of the protected area is provided.
	1.3.7 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.	An annual report to the government on annual investments and all environmental costs, including water costs such as abstraction and wastewater treatment, with an indication of the amount of cash costs provided for 2020.
	1.3.8 Levels of access and adequacy of WASH at the site shall be identified	On the territory of the enterprise, coolers with drinking water are available everywhere for employees (in the kitchen, in workshops, in recreation areas, in offices for meetings and in the administrative building). Free tea and coffee is also provided for the staff.
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 The embedded water use of primary inputs, including quantity, quality and level of water risk within the site's catchment, shall be identified	A diagram of the volume of incoming water (including storm water and water from the water utility) divided by consumption for all needs of the enterprise (shower, production, administrative premises, etc.) and water drainage (into the water utility, by products, evaporation) for the entire 2020 is presented.
	1.4.2 The embedded water use of outsourced services shall be identified, and where those services originate within the site's catchment, quantified.	Feedback letters from stakeholders (water service providers) with information on the amount of water used, for example, the amount of water used for car wash

AWS Criteria	Indicators	Findings
	1.4.3 Advanced Indicator The embedded water use of primary inputs in catchment(s) of origin shall be quantified.	The company installed meters at important points (water utility inlet, storm water inlet, waste water outlet). The quantification of water use in catchment context needed. 0 Points
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 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 has developed its own policy on water use, with the support of the company, charity events are held to improve water bodies, with the support of the enterprise, multiple meetings are held on water problems in the region.
	1.5.2 Applicable water-related legal and regulatory requirements shall be identified, including legally-defined and/or stakeholder-verified customary water rights.	A complete list of the regulatory and legal framework related to water and valid on the territory of Ukraine, on the basis of which the enterprise operates, is provided.
	1.5.3 The catchment water-balance, and where applicable, scarcity, shall be quantified, including indication of annual, and where appropriate, seasonal, variance	The company receives water from the state water utility. An agreement has been signed with the water utility and water intake limits have been set. A meter is installed at the water intake unit. The limits have never been exceeded. There are no problems with water shortages in the region (according to the data provided to the enterprise by the water utility, 95% of the population have access to drinking water). The catchment water balance report is provided for 2019.
	1.5.4 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	The water supplied to the residents of the region according to the data of the water utility is of drinking quality. There are no problems with water quality in the region. Water is supplied to the catchment unit from the state water utility. Water analysis of the water utility at the water intake unit is carried out once a year in an accredited laboratory. Provided analysis for 2020 and 2021. Water does not always meet standards. The enterprise independently carries out additional water purification. After cleaning, water is also

AWS Criteria	Indicators	Findings
		analyzed once a year in an accredited laboratory. Protocols provided. Plus, the analysis after water treatment is carried out by the enterprise in its own non-accredited laboratory every day, the data is provided.
	1.5.5 Important Water-Related Areas shall be identified, and where appropriate, mapped, and their status assessed including any threats to people or the natural environment, using scientific information and through stakeholder engagement	Important water areas in the catchment area have not been identified. A map with the identified important green areas - forests of the protected area is provided. There are no specially protected areas and / or areas where there may be problems with water within the boundaries of the enterprise
	1.5.6 Existing and planned water-related infrastructure shall be identified, including condition and potential exposure to extreme events.	The company has a plan-map with water infrastructure on enterprise. The company has a project plan for the construction of its own treatment facilities. In 2022, there will be a tender for construction work.
	1.5.7 The adequacy of available WASH services within the catchment shall be identified	On the territory of Ukraine, 95% of residents are provided with drinking water according to the water utility, there are no problems with access to drinking water (no mentions in the media, no reports of independent associations). In case of emergency, the company provides water to the population on its own initiative. This is spelled out by an internal order of the company.
	1.5.8 Advanced Indicator Efforts by the site to support and undertake catchment level water-related data collection shall be identified	The company has provided correspondence with the state water utility. According to the water utility in Ukraine, 95% of residents are provided with drinking water, there are no problems with access to drinking water. Once a year, the company conducts a laboratory analysis of water from the water intake unit. There are violations in the water for some indicators. This problem was discussed with the water utility. Vodokanal said that the

AWS Criteria	Indicators	Findings
		problem is in rusty pipes, which unfortunately is not a matter of their competence. 5 point
	1.5.9 Advanced Indicator The adequacy of WASH provision within the catchments of origin of primary inputs shall be identified.	According to the water utility in Ukraine, 95% of residents are provided with drinking water, there are no problems with access to drinking water. Adequate WASH provisions are provided in the catchment. 4 point
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 Shared water challenges shall be identified and prioritized from the information gathered	The company provided scans of correspondence with stakeholders. Common watershed water issues were identified and justified and discussed with stakeholders. The degree of impact of problems on stakeholders in the catchment area was determined
	1.6.2 Initiatives to address shared water challenges shall be identified.	The main problem in the catchment area is the pollution of the springs from which local residents take drinking water. The company and 3 other stakeholders in the catchment area entered into an agreement-agreement - a memorandum in 2021 on a joint solution to this problem. A plan was drawn up to solve this problem from September 2021 to May 2022: study of the state of the territory, restoration of the territory, water purification. Work has already begun
	1.6.3 Advanced Indicator Future water issues shall be identified, including anticipated impacts and trends	The company and 3 other stakeholders in the catchment area entered into an agreement-agreement - a memorandum in 2021 on a joint solution to the problem of water pollution. A project was drawn up to solve this problem. The project also spells out the consequences in the event of further pollution of the environment: in 5 years the local population will be left without clean drinking water. 3 points

AWS Criteria	Indicators	Findings
	1.6.4 Advanced Indicator Potential water-related social impacts from the site shall be identified, resulting in a social impact assessment with a particular focus on water.	Analysis of the plant's impact on the improvement and / or deterioration of social consequences related to water has not been carried out 0 points
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 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	The document "EHS.D.116.F01 Register of Environmental Aspects and Impacts" with water risks and its analysis was provided.
	1.7.2 Water-related opportunities shall be identified, including how the site may participate, assessment and prioritization of potential savings, and business opportunities	The document with a list of AWS best practices for all Philip Morris enterprises was provided.
1.8 Understand best practice towards achieving AWS outcomes: Determining sectoral best practices having a local/catchment, regional, or national relevance	1.8.1 Relevant catchment best practice for water governance shall be identified.	List of Water Best Practice with Description was provided. All Philip Morris factories share best practices with each other
	1.8.2 Relevant sector and/or catchment best practice for water balance (either through water efficiency or less total water use) shall be identified	The enterprise uses several practices for rational water use: The company collects storm water for technical use, which reduces water consumption from the water utility by 30%. Modernization of equipment, irrigation system is being carried out. Additional purification of waste water is carried out before being discharged into the sewage system to reduce the load on the water utility.
	1.8.3 Relevant sector and/or catchment best practice for water quality shall be identified, including rationale for data source.	this is defined in a single file for all enterprises in the world (PMI)
	1.8.4 Relevant catchment best practice for site maintenance of Important Water-Related Areas shall be identified	The company conducts several events dedicated to the best practices in the catchment area: wastewater treatment before sewerage to reduce the load on the water utility, collection and use of storm water for technical needs, etc.
	1.8.5 Relevant sector and/or catchment best practice for site provision of equitable and adequate WASH services shall be identified	On the premises, access to water is free, on the territory of Ukraine the problems with access to drinking water no (according to media reports and water utility)

Step 2: Commit and Plan: Commit to be a responsible water steward and develop a water stewardship plan
To ensure there is sufficient leadership support, site authority, and allocated resources for the site to implement the AWS Standard. It focuses on how a site will act on shared water challenges and improve its performance and the status of its catchment in terms of the AWS water stewardship outcomes. Step 2 links the information gathered in Step 1 to the actions implemented in Step 3, by describing who will do what and when**.**

AWS Criteria	Indicators	Findings
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 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.	Company policy - commitment to responsible water use is provided. The policy is signed by the CEO. A paper version of the policy hangs at the checkpoint for everyone to access.
	2.1.2 Advanced Indicator A statement that explicitly covers all requirements set out in Indicator 2.1.1 and is signed by the organization's senior-most executive or governance body and publicly disclosed shall be identified.	Company policy - commitment to responsible water use is provided. The policy is signed by the CEO. A paper version of the policy hangs at the checkpoint for everyone to access. 1 points
2.2 Develop and document a process to achieve and maintain legal and regulatory compliance	2.2.1 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 company has created a water management team and submitted an assignment order. Information with contact details is available at the factory entrance, and the call center knows who to forward the caller to, SVA report (problems at the moment and possible problems), SWPP (solutions), Provided a document with the name and title of the person in charge of water management. This information is disclosed on the site https://www.pmi.com/markets/ukraine/uk/media-center. Link with information https://security-

AWS Criteria	Indicators	Findings
		de.mimecast.com/ttpwp?tkn=3.K-w4atrdXmU-MDnD-hFQXYLbwuuU2pRodlIWMeICTkvc6Tj2HsMT9a00jDVD41eqbC4Bh6WeLvCRYUu9iFdnDNPi1Dz2tMH_7A4bV-pPeRdAkveKjxi6RsS_nY7--Sjmmg7nl4NMV8iNxEnnmXbnMcl8ZXLPgK4jInMVCbw7hQo.W9iGwy9_YE5aGtRRdDPAVQ#/checking?key=ZWJlbGVua2F5YUBjb250cm9sdW5pb24uY29tfHJlcS04ZjE2NWJlM2Q1M2IyYzI3YmE3NDI5MjQzM2UxNDg0OQ%3D%3D
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 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	Document OGSM 2021 was provided - this is a 3-year global development plan for all Philip Morris factories.
	2.3.2 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.	A water resources management plan has been defined. PM Ukraine AWS strategy and action plan for 2021 was provided. The budget for new and existing projects is protected annually. The implementation plan, responsible persons, terms of implementation, cost, and benefits for the object after implementation are prescribed.
	2.3.3 Advanced Indicator The site's partnership/water stewardship activities with other sites within the same catchment (which may or may not be under the same organizational ownership) shall be identified and described.	The company and 3 other participants in this catchment area entered into an agreement - a memorandum in 2021 on a joint solution to the problem of water pollution in springs. To solve this problem, a joint project was drawn up for the study of the area, cleaning the territory and water. Work has already begun this month. Completion date is set for May 2022 4 points
	2.3.4 Advanced Indicator The site's partnership/water stewardship activities with other sites in another catchment(s) (either	The problems of the plots of each catchment were not resolved. 0 points

AWS Criteria	Indicators	Findings
	under same corporate structure or with another corporate site) shall be identified	
	2.3.5 Advanced Indicator Stakeholder consensus shall be sought on the site's water stewardship plan. Consensus should be achieved on at least one target. A list of targets that have consensus and in which stakeholders are involved shall be identified	A list of concerns and letters from stakeholders were provided. Consensus has been reached between the company and its stakeholders. The main problem of the catchment area has been identified - it is the pollution of the sources from which the local residents take drinking water. The company and 3 other stakeholders in the service area entered into an agreement - a memorandum in 2021 on a joint solution to this problem. A plan was drawn up to solve this problem from September 2021 to May 2022: study of the state of the territory, restoration of the territory, water purification. Work has already begun this month 7 points
2.4 Demonstrate the site's responsiveness and resilience to respond to water risks	2.4.1 A plan to mitigate or adapt to identified water risks developed in co-ordination with relevant public-sector and infrastructure agencies shall be identified	The document "EHS.D.116.F01 Register of Environmental Aspects and Impacts" was provided. All water risks have been analyzed, measures have been prescribed. KPI is monitored for each exit from the CA
	2.4.2 Advanced Indicator A plan to mitigate or adapt to water risks associated with climate change projections developed in co-ordination with relevant public-sector and infrastructure agencies shall be identified	The company and 3 other members of the catchment area entered into an agreement - a memorandum in 2021 on a joint solution to the problem of water pollution. A project was drawn up to solve this problem. The project also spells out the consequences in case of further environmental pollution: in 5 years, the local population will be left without clean drinking water, and water objects are threatened with drainage. 0 points

Step 3: Implement: Implement the site's stewardship plan and improve impacts
To ensure that the site is implementing the plan outlined in Step 2, mitigating risks and driving actual improvements in performance.

AWS Criteria	Indicators	Findings
3.1 Implement plan to participate positively in catchment governance	3.1.1 Evidence that the site has supported good catchment governance shall be identified	The company provided a file taking into account all the water and the amount of water used on the

AWS Criteria	Indicators	Findings
		site. A schedule for improving water use at the site (reducing water consumption) has been provided. Last year, the figure was 1.72 m3 / million cigarettes. The indicator at the moment is 1.56.
	3.1.2 Measures identified to respect the water rights of others including Indigenous peoples, that are not part of 3.2 shall be implemented	At the moment, according to the data provided to the enterprise during communication with the vodokanal, 95% of the population are provided with drinking water. The company has issued an order to provide water to the public in urgent requests.
	3.1.3 Advanced Indicator Evidence of improvements in water governance capacity from a site-selected baseline date shall be identified	A schedule for improving water use at the site (reducing water consumption) has been provided. Last year, the figure was 1.72 m3 / million cigarettes. The indicator at the moment is 1.56. The goal by the end of 2021 is to reduce water consumption to 1.5. 2 points
	3.1.4 Advanced Indicator Evidence from a representative range of stakeholders showing consensus that the site is seen as positively contributing to the good water governance of the catchment shall be identified.	An article of thanks from a stakeholder is provided. The article presents a description of the meeting, the problem being discussed, reaching a consensus on solving the problem, thanks to Philip Morris. Link to article: https://roganska-gromada.gov.ua/news/1626879829/ 2 points
3.2 Implement system to comply with water-related legal and regulatory requirements and respect water rights.	3.2.1 A process to verify full legal and regulatory compliance shall be implemented	A list with all water related legislation is provided. The company has an electronic subscription to the Ecobusiness journal. Also, the company's lawyer regularly monitors changes in legislation, after which he conducts a general mailing to all responsible persons.
	3.2.2 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.	On the territory of Ukraine, the main law on the provision of consumers with drinking quality water by the state water utility is in force. The water

AWS Criteria	Indicators	Findings
		supplied to the inhabitants of the region corresponds to the drinking quality.
3.3 Implement plan to achieve site water balance targets.	3.3.1 Status of progress towards meeting water balance targets set in the water stewardship plan shall be identified	Water consumption targets are set annually. These parameters are monitored annually. A file with goals and results for 2019 and 2020 is presente.
	3.3.2 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	At the moment, according to the data provided to the enterprise during communication with the vodokanal, 95% of the population are provided with drinking water (the amount of water is sufficient, the quality of water supplied to consumers complies with drinking water standards). The rest of the local residents use water from wells of springs in the catchment area.
	3.3.3 Legally-binding documentation, if applicable, for the re-allocation of water to social, cultural or environmental needs shall be identified.	Not applicable. There is no legal requirement. There is an internal order to provide water to the population if necessary (2 liters per person).
	3.3.4 Advanced Indicator The total volume of water voluntarily re-allocated (from site water savings) for social, cultural and environmental needs shall be quantified.	A letter of gratitude was provided by SLAVDORSTROY for providing 1000 m3 of water for the continuation of construction work in case of a sharp shortage. A letter of gratitude was provided from the partnership for laying the water utility pipeline in the catchment area. The company provided an incident report on filling 4 m3 of water with a fire engine to eliminate a fire in the catchment area. 6 points
3.4 Implement plan to achieve site water quality targets	3.4.1 Status of progress towards meeting water quality targets set in the water stewardship plan shall be identified.	Water enters the water intake unit from the state water utility. According to the official data of the Vodokanal, the water corresponds to the drinking quality. According to laboratory analyzes carried out by the company, there are discrepancies in the water of the water utility for some indicators. The company carries out additional purification of

AWS Criteria	Indicators	Findings
		water at the stage of water treatment. After post-treatment, the water meets the standards for laboratory parameters.
	3.4.2 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.	At the source, water quality is not an issue. According to the official data of the water utility, all supplied water is of drinking quality. The company independently carries out additional purification of water at the stage of preparation, as well as additional purification of wastewater before sending it back to the sewage system of the water utility.
3.5 Implement plan to maintain or improve the site's and/or catchment's Important Water-Related Areas.	3.5.1 Practices set in the water stewardship plan to maintain and/or enhance the site's Important Water-Related Areas shall be implemented.	The company collects storm water for technical use, which reduces water consumption from the water utility by 30%. Modernization of equipment, irrigation system is being carried out. Additional purification of waste water is carried out before being discharged into the sewage system to reduce the load on the water utility.
	3.5.2 Advanced Indicator Evidence of completed restoration of non-functioning or severely degraded Important Water-Related Areas including where appropriate cultural values from a site-selected baseline date shall be identified. Restored areas may be outside of the site, but within the catchment	Work on solving the problem in the catchment area has just begun. 0 points
	3.5.3 Advanced Indicator Evidence from a representative range of stakeholders showing consensus that the site is seen as positively contributing to the healthy status of Important Water-Related Areas in the catchment shall be identified.	A list of concerns and letters from stakeholders were provided. Consensus has been reached between the company and its stakeholders. The main problem of the catchment area has been identified - it is the pollution of the sources from which the local residents take drinking water. The company and 3 other stakeholders in the service area entered into an agreement - a memorandum in 2021 on a joint solution to this problem. A plan was drawn up to solve this problem from September 2021 to May 2022: study of the state

AWS Criteria	Indicators	Findings
		of the territory, restoration of the territory, water purification. Work has already begun this month 2 points
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 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	According to AWS policy, as well as implemented projects in the enterprise and in the catchment area - access to drinking water is carried out unhindered (visually checked at the time of inspection of the enterprise). This requirement is also stipulated in the employment contract.
	3.6.2 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	In the enterprise - access to drinking water is carried out unhindered (visually checked at the time of inspection of the enterprise). This is also controlled by government agencies
	3.6.3 Advanced Indicator A list of actions taken to support the provision to stakeholders in the catchment of access to safe drinking water, adequate sanitation and hygiene awareness shall be identified.	The company has issued an internal order to provide the population with drinking-quality water as needed. 0 points
	3.6.4 Advanced Indicator In catchments where WASH has been identified as a shared water challenge, evidence of efforts taken with relevant public-sector agencies to share information and to advocate for change to address access to safe drinking water and sanitation shall be identified.	Not applicable. Scans of correspondence with the state water utility have been provided. According to the water utility, 95% of the population is provided with drinking water. There are no problems with access to drinking water & WASH on the territory. 0 points
3.7 Implement plan to maintain or improve indirect water use within the catchment.	3.7.1 Evidence that indirect water use targets set in the water stewardship plan, as applicable, have been met shall be quantified	Provided questionnaire responses from service providers and internal stakeholders on the amount of water they use
	3.7.2 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.	At the request of the client, responses were provided to questionnaires to be filled in - letters from stakeholders with answers on the amount of water they use.

AWS Criteria	Indicators	Findings
	3.7.3 Advanced Indicator Actions taken to address water related risks and challenges related to indirect water use outside the catchment shall be documented and evaluated	At the moment, the company is not engaged in maintaining the system at the sites/ enterprises of its suppliers and does not improve the water consumption system on the territory of its suppliers. 0 points
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 Evidence of engagement, and the key messages relayed with confirmation of receipt, shall be identified	Proof of stakeholder engagement presented - scans of response emails.During the audit, interviews were conducted with external and internal stakeholders. Stakeholders show knowledge of the AWS standard, were able to talk about interaction with Philip Morris and the issues discussed - problems in the catchment area.
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 Actions towards achieving best practice, related to water governance, as applicable, shall be implemented.	A list of the best practices of all Philip Morris factories was provided, which they share with each other. According to the assessment reports, report on the company's activities, completed projects and reducing the amount of water used, improving the quality of water at the enterprise, implemented projects for water redistribution at the enterprise (secondary use) - the requirement will be fulfilled.
	3.9.2 Actions towards achieving best practice, related to targets in terms of water balance shall be implemented.	A list of the best practices of all Philip Morris factories was provided, which they share with each other. According to the assessment reports, report on the company's activities, completed projects and reducing the amount of water used, improving the quality of water at the enterprise, implemented projects for water redistribution at the enterprise (secondary use) - the requirement will be fulfilled.
	3.9.3 Actions towards achieving best practice, related to targets in terms of water quality shall be implemented.	A list of the best practices of all Philip Morris factories was provided, which they share with each other. According to the assessment reports, report on the company's activities, completed projects and reducing the amount of water used,

AWS Criteria	Indicators	Findings
		improving the quality of water at the enterprise, implemented projects for water redistribution at the enterprise (secondary use) - the requirement will be fulfilled.
	3.9.4 Actions towards achieving best practice, related to targets in terms of the site's maintenance of Important Water-Related Areas shall be implemented.	The company and 3 other stakeholders in the service area entered into an agreement - a memorandum in 2021 on a joint solution to this problem. A plan was drawn up to solve this problem from September 2021 to May 2022: study of the state of the territory, restoration of the territory, water purification. Work has already begun this month
	3.9.5 Actions towards achieving best practice related to targets in terms of WASH shall be implemented.	On the territory of the water catchment plant there are no problems with access to drinking water. The company monitors this via the Internet, reports from government services.
	3.9.6 Advanced Indicator Achievement of identified best practice related to targets in terms of good water governance shall be quantified	The achievements of good practice are quantified. The amount of saved water from 2019 to 2020 is 11, 860 m3 of water. The company collects storm water for technical use, which reduces water consumption from the water utility by 30%. A schedule for improving water use at the site (reducing water consumption) has been provided. Last year, the figure was 1.72 m3 / million cigarettes. The indicator at the moment is 1.56. The goal by the end of 2021 is to reduce water consumption to 1.5. 8 points
	3.9.7 Advanced Indicator Achievement of identified best practice related to targets in terms of sustainable water balance shall be quantified.	The information on water redistribution at the enterprise, water reuse at the enterprise is presented. 0 point
	3.9.8 Advanced Indicator Achievement of identified best practices related to targets in terms of water quality shall be quantified.	Best practices related to targets in terms of water quality shall be quantified need to be achieved. 0 point
	3.9.9 Advanced Indicator	

AWS Criteria	Indicators	Findings
	Achievements of identified best practices related to targets in terms of the site's maintenance of Important Water-Related Areas have been implemented.	A project to clean up important water areas at the water intake facility has started. Need more actions related to IWRA. 0 point
	3.9.10 Advanced Indicator Achievement of identified best practice related to targets in terms of WASH shall be quantified.	This requirement is not quantified 0 point
	3.9.11 Advanced Indicator A list of efforts to spread best practices shall be identified.	The list of efforts to disseminate best practices has not been defined. All factories share best practices with each other 0 point
	3.9.12 Advanced Indicator A list of collective action efforts, including the organizations involved, positions of responsible persons of other entities involved, and a description of the role played by the site shall be identified	A list of best practices, a list of key stakeholders, responsible persons, and the role of implementing best practices in their factories is presented. An agreement was concluded to solve a common problem between 4 interested parties. A plan has been drawn up to solve the problem, roles have been assigned, responsible persons have been assigned 8 points
	3.9.13 Advanced Indicator Evidence of the quantified improvement that has resulted from the collective action relative to a site-selected baseline date shall be identified and evidence from an appropriate range of stakeholders linked to the collective action (including both those implementing the action and those affected by the action) that the site is materially and positively contributing to the achievement of the collective action shall be identified	A schedule for improving water use at the site (reducing water consumption) has been provided. Last year, the figure was 1.72 m3 / million cigarettes. The indicator at the moment is 1.56. The goal by the end of 2021 is to reduce water consumption to 1.5. 3 point

Step 4: Evaluate: Evaluate the site's performance

To review a site's performance against the actions taken in Step 3, learn from the results – both intended and unintended – and inform the next iteration of the site's water stewardship plan. This evaluation shall occur at least annually, but sites should consider more frequent evaluations.

AWS Criteria	Indicators	Findings
4.1 Evaluate the site's performance in light of its actions and targets from its	4.1.1 Performance against targets in the site's water stewardship plan and the contribution to	The company fulfills its plans to implement water saving systems. The company fulfills the goals

AWS Criteria	Indicators	Findings
water stewardship plan and demonstrate its contribution to achieving water stewardship outcomes	achieving water stewardship outcomes shall be evaluated	for water consumption at the facility. The company provided documents PDCA for 2020 and 2021 years with indicators. It shows that last year, the figure was 1.72 m3 / million cigarettes. The indicator at the moment is 1.56. The goal by the end of 2021 is to reduce water consumption to 1.5. The company reduces water consumption
	4.1.2 Value creation resulting from the water stewardship plan shall be evaluated.	All projects that the plant implements are evaluated in terms of economic feasibility, physical necessity, and image composition.
	4.1.3 The shared value benefits in the catchment shall be identified and where applicable, quantified.	The company held meetings with stakeholders at which it spoke about the positive results of AWS standard projects, shared best practices, and discussed watershed issues.
	4.1.4 Advanced Indicator A governance or executive-level review, including discussion of shared water challenges, water risks, and opportunities, and any water-related cost savings or benefits realized, and any relevant incidents shall be identified	An annual review of the plant's activities is carried out by top management at the plant level. The data is recorded in the annual report. 3 point
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 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	The General report on sustainable development reflects incidents if they occur at the enterprise (there were no incidents in 2020). There is a general emergency response plan for the factories, where the necessary actions are spelled out.
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 Consultation efforts with stakeholders on the site's water stewardship performance shall be identified	The company distributed the letter to stakeholders, gathered feedback, and held several meetings with the participation of major stakeholders.
	4.3.2 Advanced Indicator The site's efforts to address shared water challenges shall be evaluated by stakeholders. This shall include stakeholder reviewing of the	A link to the site of the village council with an article of gratitude is provided https://roganska-gromada.gov.ua/news/1626879829/. The stakeholder thanks Philip Morris for their efforts

AWS Criteria	Indicators	Findings
	site's efforts across all five outcome areas, and their suggestions for continual improvement.	to address the common water problem. The problems were discussed, an agreement was signed to solve the main problem. A plan has been drawn up to solve it 6 points
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 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.	Not applicable. This is an initial audit

Step 5: Communicate & Disclose: Communicate about water stewardship and disclose the site's stewardship efforts
To encourage transparency and accountability through communication of performance relative to commitments, policies, and plans. The disclosure of relevant information allows others to make informed opinions on a site's operations and tailor their involvement to suit.

AWS Criteria	Indicators	Findings
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 The site's water-related internal governance, including positions of those accountable for compliance with water-related laws and regulations shall be disclosed.	Provided a document with the name and title of the person in charge of water management. This information is disclosed on the site https://www.pmi.com/markets/ukraine/uk/media-center.
5.2 Communicate the water stewardship plan with relevant stakeholders.	5.2.1 The water stewardship plan, including how the water stewardship plan contributes to AWS Standard outcomes, shall be communicated to relevant stakeholders.	The water resources management plan has been communicated to the stakeholders. An agreement was concluded with 3 stakeholders at the water intake site to solve the problems of the water intake site
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 A summary of the site's water stewardship performance, including quantified performance against targets, shall be disclosed annually at a minimum.	Link to annual report that is publicly available on the company's site was provided.
	5.3.2 Advanced Indicator The site's efforts to implement the AWS Standard shall be disclosed in the organization's annual report	The annual report reveals the results on water consumption reduction and best practices, and also includes a link to the AWS website. 1 points

AWS Criteria	Indicators	Findings
	5.3.3 Advanced Indicator Benefits to the site and stakeholders from implementation of the AWS Standard shall be quantified in the organization's annual report.	The report does not specify what kind of advantage (quantitatively) the enterprise received from the implementation of the AWS standard. 0 point
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 The site's shared water-related challenges and efforts made to address these challenges shall be disclosed	A response was provided from the regional office of water resources on the general area and the main problem, and a response from the state water utility was provided on the availability of drinking water. The company and 3 other stakeholders in the service area entered into an agreement - a memorandum in 2021 on a joint solution to this problem.
	5.4.2 Efforts made by the site to engage stakeholders and coordinate and support public-sector agencies shall be identified.	The company holds meetings with stakeholders on common water issues in the catchment area and ways to address them.
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 Any site water-related compliance violations and associated corrections shall be disclosed.	During the current year, the company has not been audited by a government agency. Internal audit is carried out every 3 years. Over the previous years, no violations were revealed in water.
	5.5.2 Necessary corrective actions taken by the site to prevent future occurrences shall be disclosed if applicable.	During the current year, the company has not been audited by a government agency. Internal audit is carried out every 3 years. Over the previous years, no violations were revealed in water.
	5.5.3 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	During the current year, the company has not been audited by a government agency. Internal audit is carried out every 3 years. Over the previous years, no violations were revealed in water.

8. Points Summary & Level of Certification

The Standard has three achievement levels: Core, Gold and Platinum. The Core AWS level is achieved by conforming with all of the core criteria and up to 40 points, while AWS Gold requires 40-79 points and AWS Platinum requires 80+ points. There are a total of 155 points available throughout the entire AWS Standard.

Level	Conformity with Core Criteria	Cumulative Advanced-Level Criteria Points
AWS Core Required	Required	0-39
AWS Gold Required	Required	40-79
AWS Platinum Required	Required	80+

As per the audit findings and certifiers review, the site has scored followings points for AWS certifications,

Step	Conformity with Core Criteria	Max. Advanced Criteria Points	Advanced Criteria Points Scored by Site
Step 1: Gather & Understand	Confirmed	25	12
Step 2: Commit & Plan	Confirmed	22	12
Step 3: Implement	Confirmed	97	31
Step 4: Evaluate	Confirmed	9	09
Step 5: Communicate & Disclose	Confirmed	2	01
		155	65

Thus, as per the points scored, the site has met AWS Gold level certification requirements thus site is recommended for AWS Gold level certification.

9. Observations

The site has incorporated water stewardship in its operations and with their actions towards it, they are showing commitment for achieving water stewardship outcomes in all areas.

Thus, in regard to this, few positive actions are noted –

- PMU has involved many stakeholders in their conduct for water stewardship - employees, consultant, government agencies, suppliers, educational institute
- PMU has done a great work on formalizing its' policy.
- Quantification of water as site has used water meters on intake facilities
- With the support of the company, charity events are held to improve water bodies

- In case of emergency, the company provides water to the population on its own initiative
- Clear and adequate provisions and access to WASH facilities
- Water stewardship disclosures in annual reports
- Review and monitoring of water stewardship performance by top management
- Stakeholder consensus on water stewardship plans and activities

Also, with this, the scope for improvement is also observed regarding following points –

- With respect to water stewardship policy, if company could also formalize its commitment with time-bound and social benefits then this would further reflect its stewardship efforts
- Water related social impacts analysis
- Approach towards indirect water understanding (water footprint) and evaluation need to be improved
- Identification of IWRA's can be improved
- Water quality monitoring and performance review or improvements can be noted and marked
- Data collection on catchment level

10. Conclusion and Recommendation

JSC Philip Morris Ukraine has implemented the AWS standard on its facility and is actively promoting the requirements of this standard on the territory of its water use and working with water users & government authorities, as evidenced by observations and documents.

Thus, company has involved in good water stewardship practices and with their actions and work in society, they are in continual process of achieving five outcomes of the AWS standard.

As per the audit findings, site is recommended for AWS Gold level of certification.

11. Schedule for Surveillance Audit

As this initial audit is conducted on 24-09-2021, as per the requirement of standard (v2.0) surveillance audit has to be scheduled within 12 months. Hence, next surveillance audit to be conducted by 24-09-2022. This date even includes any request for re-assessment for certification level upgradation.