PHILIP MORRIS INTERNATIONAL

PAPASTRATOS S.A.

WATER STEWARDSHIP

ANNUAL REPORT 2025

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LETTER FROM PAPASTRATOS CIGARETTE MANUFACTURING COMPANY S.A.

Water scarcity is recognized by the World Economic Forum as one of the greatest global risks in terms of its potential impact on both humanity and the environment. Growing populations, expanding economies, and the effects of climate change are driving an exponential increase in demand, competition, and disputes over fresh water resources.

Papastratos Cigarette Manufacturing Company S.A. has implemented the **Alliance for Water Stewardship (AWS) Standard**, aiming to integrate a water-stewardship approach into its water management practices. With the achievement of **Core Level Certification in July 2020**, Papastratos became **one of the first companies in Greece** to adopt this standard.

The AWS Standard provides a robust framework for reducing water footprint, implementing concrete actions within the broader catchment context, and collaborating with local stakeholders to ensure sustainable water resource management and address shared water challenges.

Every year, Papastratos continues to apply sustainable water practices both **within and beyond its site boundaries**, with the goal of leading by example, raising awareness, and encouraging other catchment stakeholders to take an active role as responsible water stewards.

Papastratos acknowledges the progress achieved and remains committed to continuous improvement. While there is still a long way to go toward building a truly sustainable future, the AWS philosophy has proven to be a powerful starting point and has already made a significant impact.

Sustainability is also a key focus in the **Tobacco Supply Chain**. PMI places great emphasis on promoting the production of high-quality tobacco grown under environmentally responsible conditions. As part of the **Sustainable Tobacco Program (STP)**, PMI has developed a set of **Good Agricultural Practices (GAP)**, which are used to evaluate supplier cultivation processes and identify opportunities for improvement.

These practices are designed to be economically viable, safe, and focused on producing quality harvests, while also protecting and enhancing the environment and respecting workers. The program was developed with input from farmers, industry representatives, government agencies, and academic institutions.

01 Water Stewardship Commitment

Papastratos Water Stewardship Commitment under the Alliance for Water Stewardship (AWS) Standard

Papastratos A.B.E.S. recognizes the fundamental importance of responsible water stewardship for the sustainablllty of its operations and the resilience of the catchment area in which it operates. In this context, we commit to:

Implement and enhance the AWS Standard, striving for continuous compliance and improvement across its five outcome areas: water governance, water balance, water quality, Important Water-Related Areas (IWRA), and Safe Water, Sanitation, and Hygiene (WASH}.

Use water responsibly, optimizing water use efficiency across all operations, minimizing consumption while maintaining operational effectiveness.

Protect water quality, by applying best practices and technologies to prevent pollution and contamination.

Comply with legal requirements and respect the human rights to water and sanitation, with spedal attention to vulnerable or minority groups.

Support water governance, allgnlng with and contributing to existing catchment sustainabillty plans.

Engage transparently and actively collaborate with diverse and representative stakeholders on water-related topics.

Raise awareness among employees, suppliers, and the broader community about the importance of water conservation and pollution prevention.

Disclose progress periodically, sharing performance indicators and relevant water-related data with the public.

Ensure adequate resources are allocated to implement, maintain, and continuously improve the AWS Standard.

Through this commitment, Papastratos reaffirms its role as a responsible steward of water resources, contributing to the preservation of this vital resource for current and future generations.

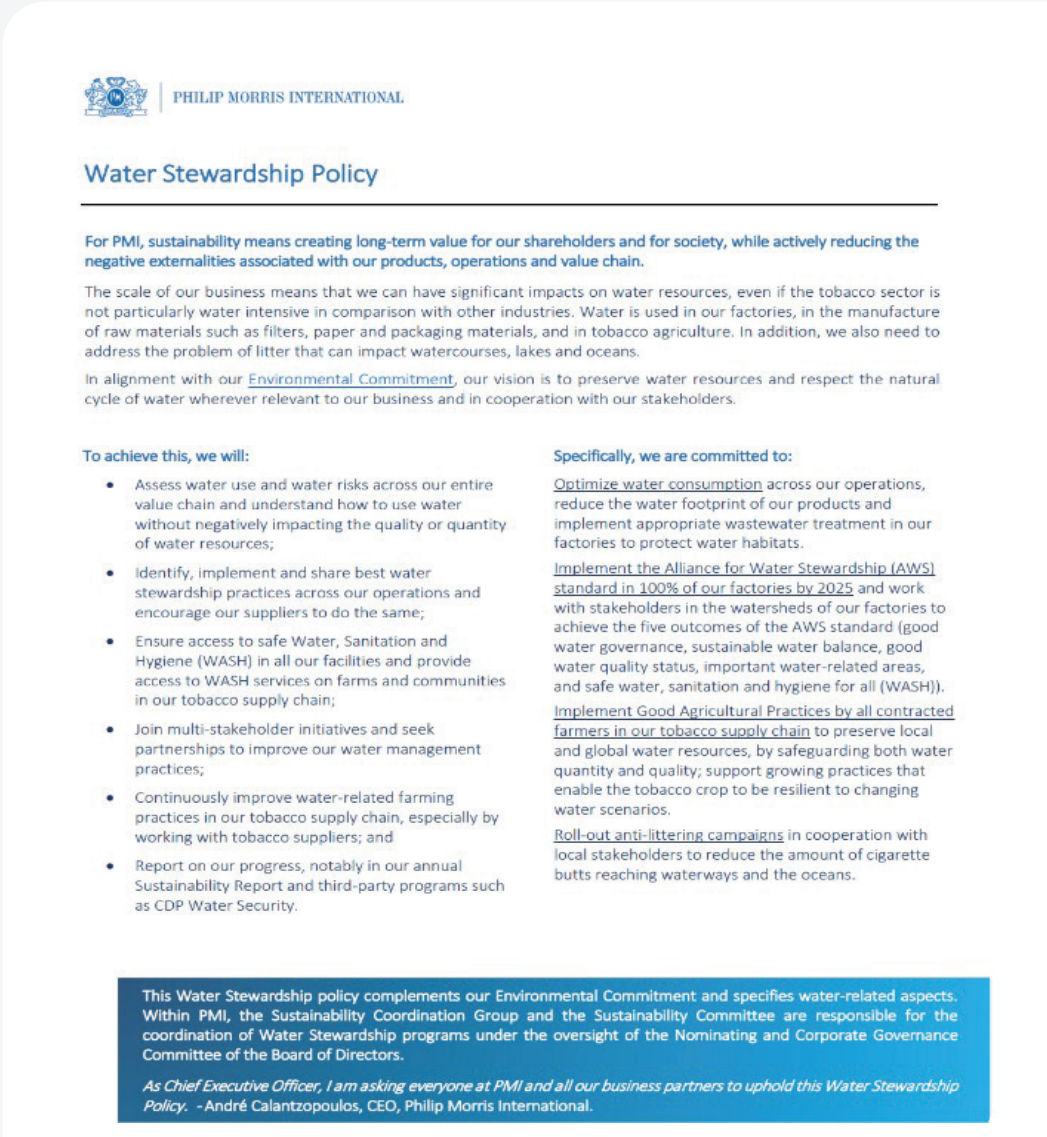
Director Manufacturing GR, Papastratos
Umer Jawald

JUNE 2025, Ver: 4.0

02 Water Stewardship Strategy

In line with Philip Morris International's Water Stewardship Ambition, **Papastratos Cigarette Manufacturing Company S.A.** has identified a **Water Stewardship Strategy** that aims to define the current, overarching mission and long-term vision of our water stewardship journey, as well as the **goals** set to motivate the purpose and direction of our water stewardship plan.

PMI Water Stewardship Policy



PHILIP MORRIS INTERNATIONAL

Water Stewardship Policy

For PMI, sustainability means creating long-term value for our shareholders and for society, while actively reducing the negative externalities associated with our products, operations and value chain.

The scale of our business means that we can have significant impacts on water resources, even if the tobacco sector is not particularly water intensive in comparison with other industries. Water is used in our factories, in the manufacture of raw materials such as filters, paper and packaging materials, and in tobacco agriculture. In addition, we also need to address the problem of litter that can impact watercourses, lakes and oceans.

In alignment with our Environmental Commitment, our vision is to preserve water resources and respect the natural cycle of water wherever relevant to our business and in cooperation with our stakeholders.

To achieve this, we will:

- Assess water use and water risks across our entire value chain and understand how to use water without negatively impacting the quality or quantity of water resources;
- Identify, implement and share best water stewardship practices across our operations and encourage our suppliers to do the same;
- Ensure access to safe Water, Sanitation and Hygiene (WASH) in all our facilities and provide access to WASH services on farms and communities in our tobacco supply chain;
- Join multi-stakeholder initiatives and seek partnerships to improve our water management practices;
- Continuously improve water-related farming practices in our tobacco supply chain, especially by working with tobacco suppliers; and
- Report on our progress, notably in our annual Sustainability Report and third-party programs such as CDP Water Security.

Specifically, we are committed to:

Optimize water consumption across our operations, reduce the water footprint of our products and implement appropriate wastewater treatment in our factories to protect water habitats.

Implement the Alliance for Water Stewardship (AWS) standard in 100% of our factories by 2025 and work with stakeholders in the watersheds of our factories to achieve the five outcomes of the AWS standard (good water governance, sustainable water balance, good water quality status, important water-related areas, and safe water, sanitation and hygiene for all (WASH)).

Implement Good Agricultural Practices by all contracted farmers in our tobacco supply chain to preserve local and global water resources, by safeguarding both water quantity and quality; support growing practices that enable the tobacco crop to be resilient to changing water scenarios.

Roll-out anti-littering campaigns in cooperation with local stakeholders to reduce the amount of cigarette butts reaching waterways and the oceans.

This Water Stewardship policy complements our Environmental Commitment and specifies water-related aspects. Within PMI, the Sustainability Coordination Group and the Sustainability Committee are responsible for the coordination of Water Stewardship programs under the oversight of the Nominating and Corporate Governance Committee of the Board of Directors.

As Chief Executive Officer, I am asking everyone at PMI and all our business partners to uphold this Water Stewardship Policy. - André Calantzopoulos, CEO, Philip Morris International.

MISSION

Our mission is to safeguard local water resources through an out-of-the-box approach, to ensure continuity of our operations and preservation of our catchment area.

By integrating sustainable water management and stewardship practices, we aim to reduce water consumption, minimize pollution, protect freshwater ecosystems and mitigate water-related risks. By engaging stakeholders, fostering innovation and technological development, as well as advocating for water education and collaboration to address shared water challenges, we aim to contribute to the resilience and well-being of our local water resources for current and future generations.

VISION

Our vision is to foster a culture of innovation and continuous improvement in water management and stewardship practices, and to inspire others to prioritize water stewardship in their operations.

We aim to be recognized as a model of water stewardship excellence and a catalyst for change in our catchment area. Through innovative technologies for water footprint reduction, strong partnerships with stakeholders, and synergic projects to enhance water resilience, we aspire to create a water-secure future where water risks and challenges are minimized, and shared water resources are protected.

GOALS

Our desired goals aim to achieve sustainable water balance, optimum water quality, good water governance, adequate WASH, and IWRA conservation/restoration. They can be summarized as follows:

Water conservation - water footprint reduction by implementing water-saving technologies such as water-efficient appliances, smart irrigation systems, wastewater recycling, rainwater harvesting, leak detection/prevention, water-efficient agricultural practices, etc.

Flood management - flood risk mitigation and prevention through flood-risk assessments, implementation of flood control infrastructure, adequate stormwater management, and warning/forecasting systems.

Water quality protection - prevention and mitigation of water body pollution and contamination via water-quality and bio-monitoring campaigns, adequate and innovative wastewater treatment infrastructure, agricultural best practices, etc., to ensure that water sources remain clean and safe for both human consumption and ecosystems.

Infrastructure maintenance and upkeep - implementation of proactive leak detection and repair programs to identify and address water losses in pipelines, equipment, and infrastructure, with the aim of reducing failures, water losses, and associated costs.

Engagement and collaboration - engagement with diverse and representative groups of stakeholders (i.e., employees, suppliers, etc.) to examine shared water challenges, promote best practices, and/or explore collaboration opportunities that benefit both the site and the catchment area.

Education, awareness and training - raising awareness among employees, suppliers, local communities, etc., on the importance of water conservation, pollution prevention, safe water sanitation and hygiene requirements, sustainable water management practices, and emergency preparedness (i.e., for water-related incidents, spills, leaks, and floods).

Governance and partnership -support for and implementation of catchment sustainability plans, strengthening data collection, analysis, and availability —especially among local stakeholders — and enabling partnership opportunities, particularly with the public sector, service providers, and institutional stakeholders.

Ecosystem restoration and rehabilitation - protection and enhancement of important water-related areas and their ecosystems through restorative/rehabilitative actions such as reforestation, habitat disturbance minimization, litter collection, improving aesthetic/recreational value, support of biodiversity conservation initiatives, etc.

Safe and accessible water, sanitation and hygiene - maintenance of adequate water, sanitation, and hygiene infrastructure for employees, conducting dedicated trainings on the importance of good hygiene practices, and periodic assessments of onsite water, sanitation and hygiene requirements.

Transparent and proactive disclosure - establishment of a comprehensive monitoring and reporting system to periodically disclose relevant water-related data, progress on the water stewardship program, and performance indicators, ensuring transparency and accountability.

By consolidating a **Water Stewardship Strategy, Papastratos Cigarette Manufacturing Company S.A** has outlined and motivated our water stewardship **mission, vision**, and **goals**, which serve as the fundamental stepping stones that guide the development and continuous improvement of our water stewardship action **plan**.

03 Internal Water Governance

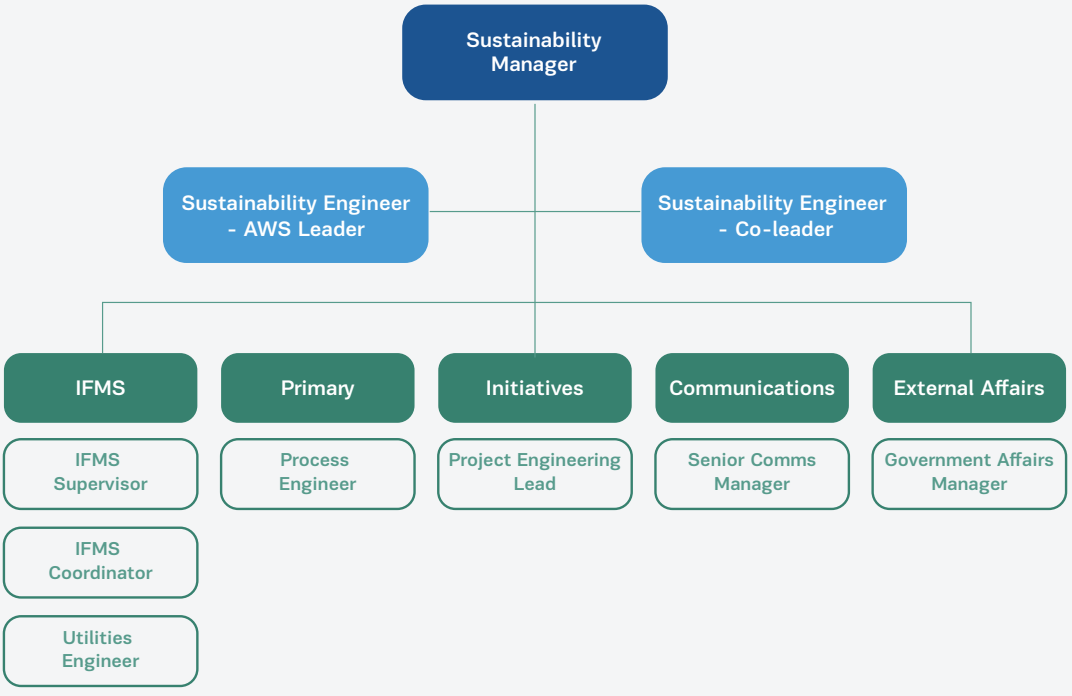
ORGANIZATIONAL CHART

At **Papastratos Cigarette Manufacturing Company S.A**, internal water governance involves several key positions responsible and accountable for:

- **Managing water-related activities** and ensuring compliance obligations with all water-related laws and regulations within our premises;
- **Implementing the Alliance for Water Stewardship (AWS) Standard** requirements through site- and catchment-based actions, with the goal of achieving compliance across all five outcomes areas.

The organizational chart of the water-related internal governance team, along with their roles and responsibilities, is presented below.

SITE ROLES AND RESPONSIBILITIES



Sustainability Manager

- Ensures Environmental, Health, and Safety (EHS) compliance within the organization
- Serves as the main sponsor of sustainability projects
- Promotes sustainability best practices across the organization
- Shares water-related challenges with the leadership team

Sustainability Engineer – AWS Leader / Co-leader

- Executes the site water balance and identifies WEI/KPIs
- Ensures that water-related incidents are investigated and that corrective and preventive actions are taken
- Liaises with regulators on water-related topics
- Identifies and leads water-related improvement actions
- Leads the Water Stewardship internal team
- Collaborates with the Sustainability Department on water glidepath preparation

Government Affairs Manager

- Leads external communication with key stakeholders (industrial & institutional)
- Coordinates the preparation of water-related webinars and workshops
- Engages institutional stakeholders on water-related projects within the catchment area

Senior Communications Manager

- Coordinates external communication activities through social media and the corporate website
- Coordinates internal communication activities
- Coordinates the preparation of water-related webinars and workshops

IFMS Supervisor

- Ensures that the wastewater treatment plant and other water-related infrastructure operate effectively and efficiently
- Leads investigations of water-related non-conformities

IFMS Coordinator / Utilities Engineer

- Works with different departments to identify water-related improvement actions
- Ensures that the wastewater treatment plant and other water-related infrastructure operate effectively and efficiently

Process Engineer

- Ensures control of Primary Process water consumption
- Investigates water-related overconsumption and prepares dedicated action plans
- Identifies water-related improvement actions in the Primary Process
- Defines Primary Equipment water settings

Project Engineering Lead

- Prepares project business cases
- Prioritizes projects and secures budget approval
- Leads project execution within the agreed schedule
- Coordinates contractor activities

04 **Water Risks & Shared Water Challenges**

In alignment with the first and second revisions of the River Basin Management Plans for Attica and Central Greece, and following the stakeholder mapping and assessment of Papastratos' operational impact, the designated study area for the AWS Standard implementation encompasses the Groundwater Body (GWB) of the Thriasio Plain, officially coded **EL0600090**.

This GWB forms part of the **Attica River Basin (EL0626)**. Additionally, the scope includes the river basins of **Mornos (EL0421)** and **Evinos (EL0420)**, which are situated within the water district of Western Central Greece.

The Thriasio Plain river basin is situated in the western sector of Attica and is bordered by the mountain ranges of **Parnitha, Pateras**, and **Aigaleo**. Its geological framework primarily consists of **limestone and marl formations**, complemented by extensive **alluvial deposits** in the central lowland area. This configuration significantly influences groundwater dynamics: limestone formations host aquifers, while alluvial deposits enhance infiltration capacity.

Effective water management in this area is critically important due to the **high concentration of industrial activities** and the **increased vulnerability of the aquifer to contamination**. The overarching objective is to safeguard water quality and ensure the **sustainable use of water resources**, in line with the principles of responsible water stewardship.

SHARED WATER CHALLENGES

No	AWS Outcomes Addressed	Shared Water Challenges
01	Good water governance	Drought and Water Scarcity Issues
	Sustainable water balance	[Attica River Basin (EL0626), Evinos (EL0420), and Mornos (EL0421)]
02	Sustainable water balance	Flood Risk – Risk Reduction and Early Response Actions
03	Good water quality status	Stormwater Management – Reuse
04	Important Water-Related Areas (IWRAs)	Qualitative/Quantitative Degradation of Groundwater Body (EL0600090: Thriasio Plain)
05	Safe water, sanitation and hygiene for all (WASH)	Awareness and capacity-building needs related to safe water, sanitation, and hygiene practices among stakeholders

04 Water Stewardship Plan

WATER PROJECTS – ACTION PLAN

Over the past year, as in previous years, our focus has remained on improving performance, reducing losses, and upgrading our systems in support of our goal of achieving a more balanced and sustainable water footprint.

Below is an overview of the projects implemented during the year. All the initiatives presented are technical projects implemented at the factory with the objective of reducing water consumption. These actions indirectly address shared challenges related to water scarcity and limited water resources in the Attica, Evinos, and Mornos river basins, thereby helping to reduce pressure on local water bodies.

Environmental Impact

Reduced consumption of potable water

Social Impact

Increased water availability within the local catchment

Economic Impact

Reduced costs associated with water consumption and treatment

Project Venturi (Steam Traps)

This project involves replacing old steam traps with high-efficiency models, reducing steam losses and, consequently, water consumption in boilers. Upon completion of Phase 1, an annual water saving of approximately **450 m³** is expected, contributing to a reduction in the water consumption ratio per unit of product and improving the factory's overall water balance.

- **Targets:** steam leakage loss avoidance, improvement of the water consumption ratio per unit of product.
- **Implementation Period:** Q3–Q4 2025
- **Current Status:** ongoing
- **Environmental Savings:** ≈ 450 m³/year

Value Creation:

- Reduced operational costs through lower steam losses and decreased water and energy consumption in boilers.
- Strengthened sustainability performance and alignment with corporate goals for resource efficiency and improved water balance.

Intended AWS Outcomes:

Good water governance

Sustainable water balance

Optimization of Cleaning RO Buffer Tanks

The project focuses on optimizing the cleaning process of RO tanks through the use of chemical disinfectant instead of potable water, thereby reducing water consumption and improving the factory's water balance. The initiative is aligned with the WEI 2025 (Water Efficiency Index) target, which reflects water consumption per unit of product (m³/stick). It achieves annual water savings of **approximately 14,000 liters** at minimal implementation cost.

- **Targets:** reduction of potable water consumption.
- **Implementation Period:** April 2025
- **Current Status:** implemented
- **Environmental Savings:** ≈ 14 m³/year

Value Creation:

This project demonstrates the organization's environmental culture, highlighting that even small-scale initiatives can reinforce our commitment to water stewardship.

Intended AWS Outcomes:

Good water governance

Sustainable water balance

Steam Efficiency – Dryer Line 3 (SIROCO)

The project entails the installation of a new production line at the primary stage of the production process, resulting in an approximately 30% increase in steam efficiency and a reduction in water consumption in the SIROCO drying line.

- **Targets:** reduction of environmental footprint (energy and water balance).
- **Implementation Period:** Q4 2024 – Q2 2025
- **Current Status:** implemented
- **Environmental Savings:** ≈ 8,100 m^3/year

Value Creation:
This strategic investment in high-efficiency, environmentally friendly technologies reduces costs and strengthens corporate sustainability goals.

Intended AWS Outcomes:


Good water governance


Sustainable water balance

Project Caldarium

The Caldarium project focuses on optimizing exhaust fans in dryers, reducing steam consumption by approximately 3–5%. This reduction lowers water use in boilers, thus improving energy efficiency and water balance.

- **Targets:** optimization of exhaust fans in dryers.
- **Implementation Period:** Q3 2025
- **Current Status:** implemented
- **Environmental Savings:** ≈ 672 m^3/year

Value Creation:
The initiative enhances sustainability, reduces environmental impact, and lowers operational costs.

Intended AWS Outcomes:


Good water governance


Sustainable water balance

World Water Day Awareness Event

The World Water Day event aimed to raise awareness of local and global water management challenges and to strengthen collaboration among stakeholders. The event brought together **35 participants from 13 organizations**, including ministries, local authorities, academia, and industry. The initiative highlighted the importance of partnerships, the reuse of treated and stormwater, and the adoption of innovative technologies.

The event also emphasized the importance of collective action and public–private partnerships for the sustainable management of water resources.

- **Environmental Impact:** promoted awareness of sustainable water use
- **Social Impact:** strengthened collaboration and knowledge exchange toward shared solutions.
- **Economic Impact:** reduced reputational risk and reinforced the corporate sustainability strategy through transparency and communication.

For more information:
Papastratos: Partnerships for Sustainable Water Management (in Greek)

Intended AWS Outcomes:

Good water governance | Sustainable water balance | Safe water, sanitation and hygiene for all (WASH)

Volunteer Action – Lake Koumoundourou

For the second consecutive year, more than **100 employees** participated in a cleanup activity at Lake Koumoundourou, a highly valuable wetland for the wider Aspropyrgos area and recognized as an **Important Water-Related Area (IWRA)** under the AWS Standard. TThe action resulted in the collection of **2.6 tons of waste**, helping restore the environmental quality of Lake Koumoundourou. The initiative also highlighted the active engagement of employees in protecting an important wetland of Western Attica.

For more information:
Papastratos: Employee Volunteer Initiative at Lake Koumoundourou (in Greek)

Intended AWS Outcomes:

Good water governance | Good water quality status | Important Water-Related Areas (IWRAs)

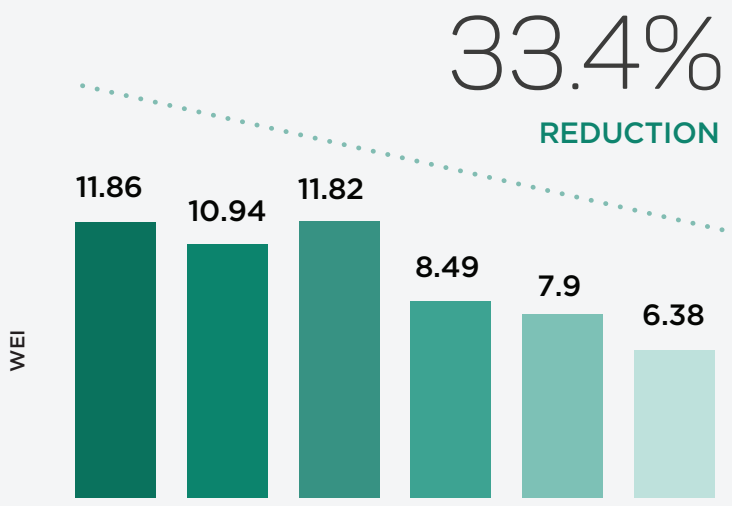
06 Performance, KPIs & Results

In 2020, we achieved our first certification under the Alliance for Water Stewardship (AWS) Standard. We set a goal to achieve a 20% reduction in water consumption by 2025 — a target that, as shown in the chart below, we successfully met.

The Company achieved its target ahead of schedule, with performance improvements already exceeding the 20% reduction target by 2024. The 2025 figure reflects data collected up to July 2025 and indicates further progress.

In 2025, during the AWS surveillance audit, the site recorded **zero findings (no non-conformities),** confirming continued conformance with the AWS Standard requirements.

Water Consumption Rate (m³/mio stick)



Beyond the quantitative indicators and results presented above, Papastratos implements in practice specific actions that contribute to strengthening the sustainable management of water resources, both within its facilities and at the catchment level. These actions illustrate how the principles of responsible water stewardship are translated into day-to-day operations and collaboration with stakeholders.

Aquifer Recharge
Enhancing groundwater levels through managed aquifer recharge techniques.

Water Reuse for Irrigation
Reusing a portion of treated water for irrigating factory green areas.

Alliance for Resource Sustainability
Creating a coalition where each member contributes -individually and collectively- to the sustainability of natural resources.

Read more on **https://www.pmi.com/markets/greece/en/**

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