



Corporate Responsibility in Practice

Bratislava, 8. 3. 2017

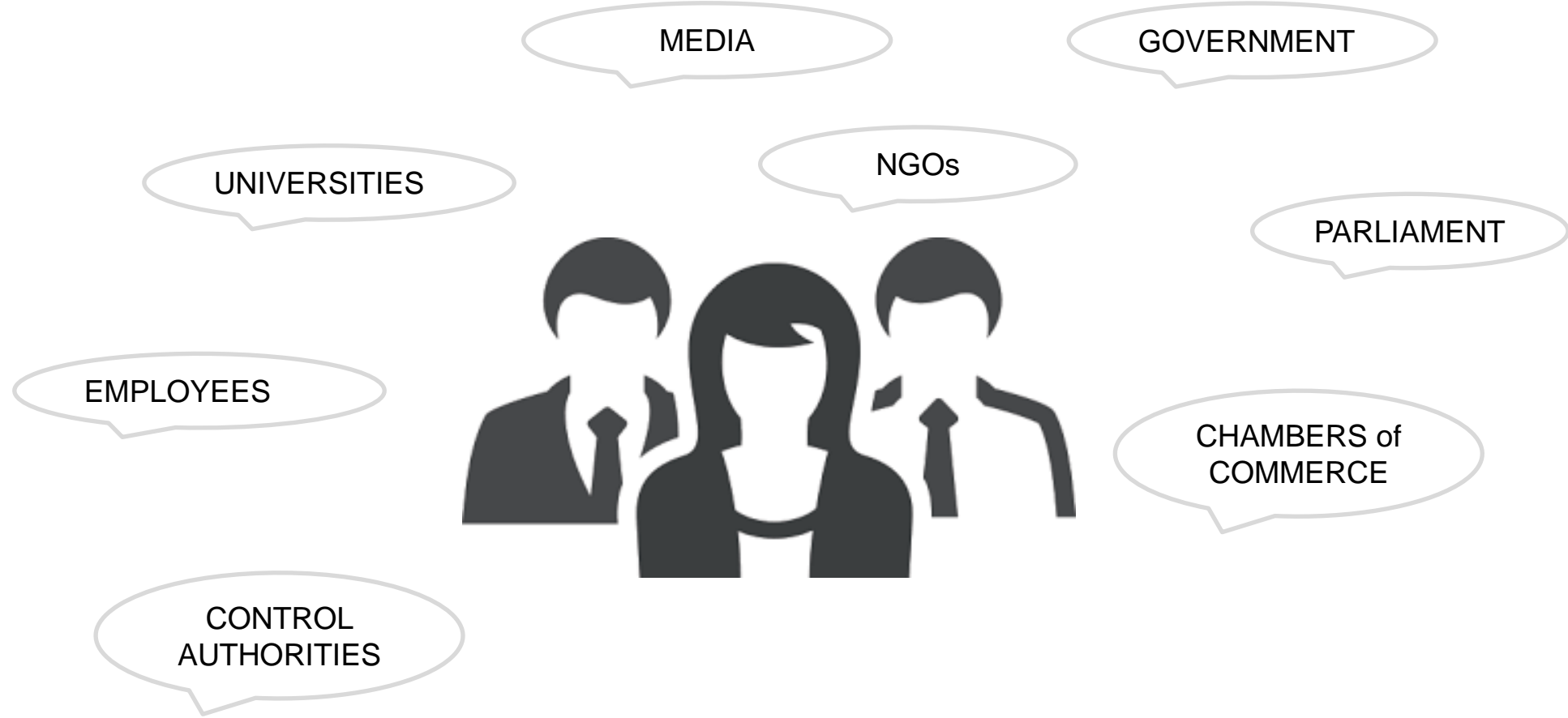


- Represents Philip Morris Slovakia towards external environment
- First point of contact for government officials (Government office, Parliament and Ministries), media, NGOs, control authorities and other relevant stakeholders
- Active communication and strategy implementation in the area of regulation, taxation and CSR
- Responsible for internal communication

WHAT DO WE DO?



PHILIP MORRIS
SLOVAKIA





RESPONSIBLE TO
SOCIETY

RESPONSIBLE TO
EMPLOYEES

HOW?

RESPONSIBLE TO
ENVIRONMENT

RESPONSIBLE TO
CUSTOMERS

YOUTH SMOKING PREVENTION

- Launched in 1992
- Focused on smoking prevention of youth under the age of 18
- Supported by Ministry of Economy, Trade and Tourism Chamber of Commerce, Slovak Trade Inspection & major tobacco producers active in Slovakia
- Based on 3 pillars:
 - Education of public
 - Education of retailers
 - Rewarding the best retailer



KUTNÁ HORA FACTORY

- In our Kutná Hora plant, tobacco products are manufactured for 57 other markets all around the world, for example, Japan, Chile, Italy, France and others **upravene**
- The Cistercian monastery in Kutná Hora - Sedlec was founded by Miroslav of Cimburk in 1142. Despite the built-up fortifications it was devastated several times.
- At the end of the 13th century its abolishment was considered, but profits from the silver mines saved it from extinction.
- Since 1992, Philip Morris International and Philip Morris ČR a.s. **have invested millions of crowns into the convent's complete renovation.**
- The monastery premises are currently fully functional and home to the administration of the plant.



CSR PRIORITIES

- WOMEN EMPOWERMENT
- ACCESS TO EDUCATION
- ECONOMIC DEVELOPMENT



BEST EMPLOYER & TOP EMPLOYER



- ✓ Primarily reflecting the voice of employees
- ✓ Criteria:
 - ✓ Effective leadership
 - ✓ High performance orientation
 - ✓ A compelling employer brand
 - ✓ High employee engagement



2015 & 2016

- ✓ Certification is only awarded to companies that demonstrate the highest standards of employee offerings
- ✓ Criteria:

Communication Channels, Learning and development programs, Compensation and benefits, Flexible Working Conditions, Networking Activities, Onboarding Activities, Career and succession management, Secondary benefits, Well-being programs



- ✓ Global Internship Program
- ✓ Cross-functional project work

Duration	approximately 4 months, repeatedly in 2 terms
For whom	students in last two years of their studies (4-th and 5-th university grade)
Supervisor	mentor from the senior management level
	contact and relationship with the company between the 2 terms as well
Benefits	in case of successfully completed tasks and suitable profile, a job guarantee after finishing university
	flexibility of working hours
Recruitment	realised during certain terms only (e.g. 1 month a year)
How to apply	www.inkompass.global

- ✓ 4 students in season 2016/2017
- ✓ (Sales department, Corporate Affairs, Human resources, Finance)

INTERNSHIP AT SPECIFIC DEPARTMENT

- ✓ Continuous work at a specific department

Duration	approximately 12 months with a possibility of continuation
For whom	primarily students of 3-rd and 4-th (or 5-th) university grade
Supervisor	department supervisor
	a possibility to get to know the department well and participate on everything the department works on
Benefits	in case of successfully completed tasks and suitable profile, a job possibility after finishing university
	flexibility of working hours
Recruitment	realised on-demand, depending on the needs of individual departments
How to apply	HERE using section VACANCIES – Part-time jobs

- ✓ March 2016 – 7 students
- ✓ (Sales department, Corporate Affairs, Human resources, Finance)



FINANCE AND ACCOUNTING INTERNSHIP

Responsibilities:

- Participate in monthly closing activities and prepare regular and ad hoc reports and analysis
- Administer, maintain and monitor fixed assets register and capital expenditure projects
- Communicate with other departments regarding finance related matters
- Support preparation, calculation, and reconciliation in the area of income tax, excise tax, VAT and other taxes
- Update finance documents published internally on company Intranet pages

Requirements:

- University student – 4th or 5th year of studies in school year 2016/2017 (preferred field of study: finance, accounting, etc.)
- Advanced spoken and written English and Slovak language
- Double entry book keeping experience preferable
- Knowledge of Slovak and IFRS accounting standards
- MS Office (Excel, Word, PowerPoint)
- Good communication skills, analytical skills, action orientation
- Flexibility

Information about the selection process

- If you are interested in this position, please send your CV to: hladampracu@pmi.com
- Expected date of completion of the selection process: 15 December 2016

E.C. AGREEMENT

- PMI and E.U. Cooperation Agreement, 2004 - 2016
- On July 9, 2004, Philip Morris International (PMI), the European Commission, and 10 Member States signed a 12-year cooperation agreement External reference to fight the illegal trade in cigarettes
- Additional Member States joined the agreement, all 28 Member States were party to the agreement
- The agreement outlined a long-range and comprehensive framework for national governments, the European Commission, and PMI to fight the illicit trade in cigarettes together
- The agreement expired as of June 9th, 2016, but PMI continues to be committed even after its expiration

Know your customer

- ✓ This builds on our previously existing review process for selecting and monitoring the persons to whom we sell our products. We know our customers and with whom they do business.

Volume monitoring

- ✓ We limit sales to volumes commensurate with legitimate retail demand. Sales volumes are regularly monitored and checked against the estimates of legitimate retail demand.

Tracking and tracing

- ✓ Our initiatives include far-reaching product tracking procedures that facilitate our efforts and those of law enforcement to determine the point at which any genuine product is diverted from the authorized sales channels.

Seizures

- ✓ Exchange of information on the seizures of counterfeit and genuine cigarettes between PMI, OLAF, and the Member States. It allows us and law enforcement to get a better sense of the big picture and to identify E.U.-wide trends. As a result, since 2005 to 2011, 60 factories producing counterfeit PMI branded cigarettes were closed down in the E.U.

- Philip Morris International (PMI) is committed to securing the supply chain and fighting illicit trade by using effective tracking and tracing system
- Tracking is the ability to monitor the forward movement of finished goods through the supply chain
- Tracing is the ability to re-create that movement up to a certain point in the supply chain, to help determine where the product was diverted into illegal channels
- At PMI each master case is tracked as it moves from the factory to the warehouse and into the supply chain
- Every master case carries a unique barcode label and the system automatically links this code to the order from a distributor or wholesaler (first purchaser)

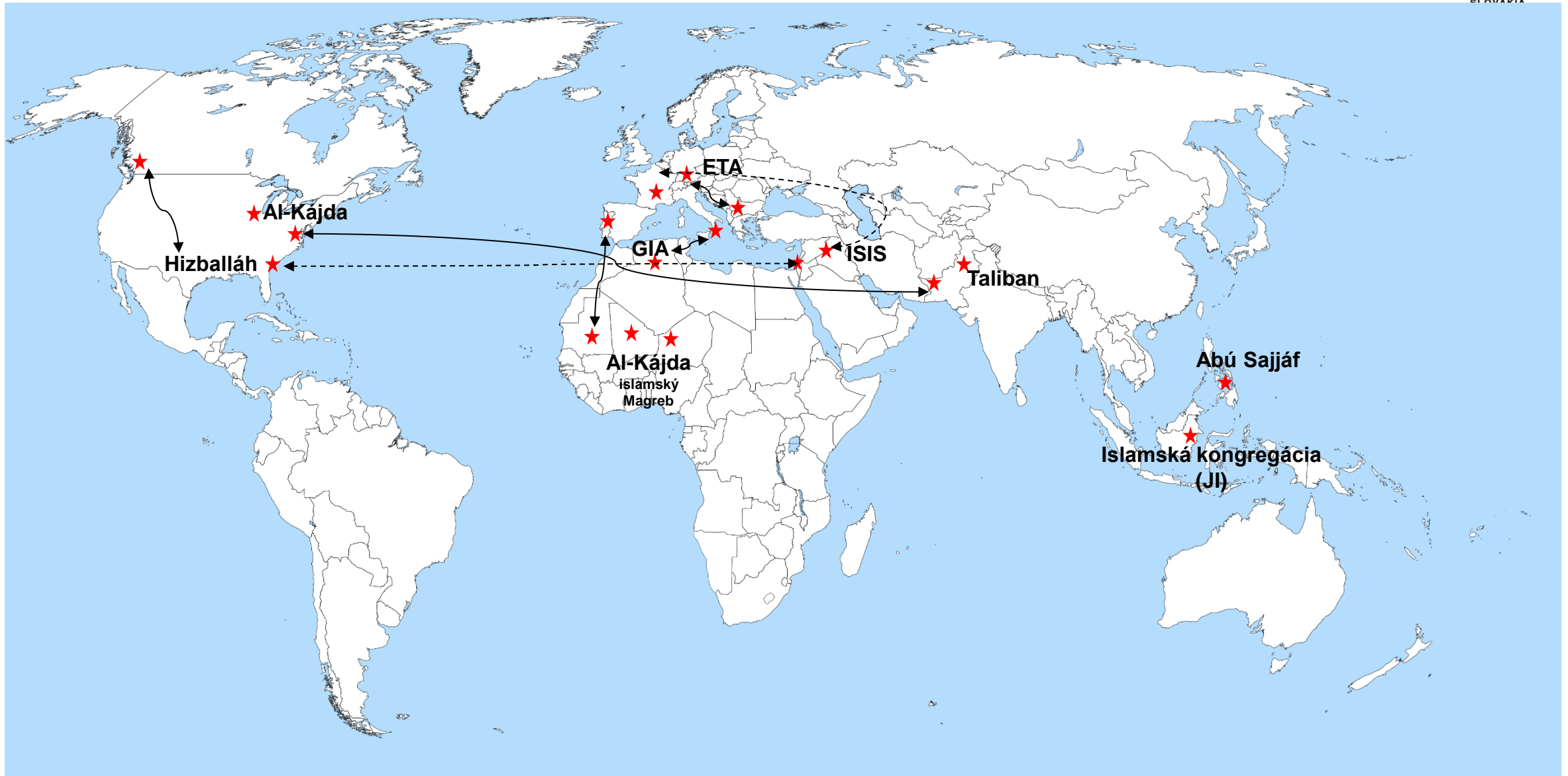
- Illegal cigarettes are transported or sold in violation of tax and customs laws, and other regulations, for example, without payment of import duties, excise duty, VAT and other regulatory regulations.
- **Approximately 90% of the smuggled cigarettes** bearing Philip Morris International brand detained by State authorities in 2014 were fakes – imitations of our well-known brands.
- **Forms of illegal cigarettes sold:**
 - Contraband - sold in a tax domicile
 - Counterfeit – fakes
 - Illicit Whites - cigarettes manufactured for the purpose of smuggling
- Potential gaps handled by local ordinances include:
 - Raw tobacco - from 2014
 - Gulliver (Party cigars) - from 2016

- Illicit trade in tobacco products is a profitable business for organized criminal groups, as well as terrorist organizations
- Nearly 15 world terrorist organizations regularly resorting to smuggling and counterfeiting of tobacco products of large dimensions, which in turn help them finance
- Why?
 - Cigarettes are a product with a high tax burden
 - Excise tax and differences to duty is very high and different between countries
 - Cigarettes are easy to smuggle, transport and possible depreciation
 - Profits from the smuggling and counterfeiting require less investment and represent lower risk of punishment in case of detection

TERRORIST FINANCING 2000 - 2015



PHILIP MORRIS
SLOVAKIA



Source: Centre for Analysis of Terrorism – FINANCING TERRORISM – Smuggling and counterfeiting cigarettes, March 2015



THANK YOU VERY MUCH!

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