



# **Alliance for Water Stewardship Assessment Report**

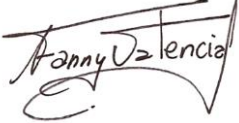
## **Prepared for ECUAJUGOS S.A.**

**AWS-000186**

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## REPORT DETAILS

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REPORT TITLE	<b>ALLIANCE FOR WATER STEWARDSHIP ASSESSMENT REPORT</b>
DATE SUBMITTED:	December 12-13 <sup>th</sup> , 2019
CLIENT:	<p>ECUAJUGOS S.A.  Planta Ecuajugos: Víctor Manuel Cartagena 328 y Bolívar, Cayambe,  Pichincha, Ecuador  PTAR: Hacienda el Sigal Bajo, vía Panamericana Norte, Cayambe,  Pichincha, Ecuador</p>
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## 1 EXECUTIVE SUMMARY

The scope of services covers the conformity assessment in compliance with the AWS International Water Stewardship Standard Standard Version 2.0 for **ECUAJUGOS S.A. –**

### **Cayambe Site:**

Plant Ecuajugos: Víctor Manuel Cartagena 328 y Bolívar, Cayambe, Pichincha, Ecuador

WWTP: Hacienda el Sigal Bajo, vía Panamericana Norte, Cayambe, Pichincha, Ecuador

The assessment has been completed in compliance with AWS Certification requirements, Version 2, March 2019.

The Scope reviewed was:

- Design, development and production of ultrapasteurized milk, dairy drinks with ingredients and fermented, non-carbonated liquid drinks based on fruit and milk powder production. Include PTAR wastewater treatment plant.
- Diseño, desarrollo y Producción de leche ultrapasteurizada, bebidas lácteas con ingredientes y fermentadas, bebidas líquidas no carbonatadas a base de fruta y producción de leche en polvo. Incluye la Planta de tratamiento de aguas residuales PTAR.

Given the document review undertaken, verification of evidence and site visit inspections performed, SGS recommends that **ECUAJUGOS S.A. – Cayambe Site: Production Plant and WWTP** is awarded AWS Core Certified status with a surveillance audit interval of annual frequency.

A total of 05 minor non-conformances were raised during the course of the audit process. **ECUAJUGOS S.A. – Cayambe Site** responded to the findings raised with appropriate root cause analysis and action plans as evidence for each, so the certification could be granted. The actions for the minor non-conformities taken will be followed-up at the first annual surveillance visit.

## 2 SCOPE OF ASSESSMENT

The scope of services covers the conformity assessment in compliance with the AWS International Water Stewardship Standard Standard Version 2 - **ECUAJUGOS S.A. – Cayambe Site: Production Site and WWTP**. The assessment has been not completed in compliance with AWS Certification requirements, Version 2, March 2019.

The assessment was conducted during into 2 man-days, from the 12th y 13th december, 2019. The geographical scope has been the Principal Site of production and the WWTP

**Figure 2.1: Map of the ECUAJUGOS  
Analysis of the provenance of underground water used in the Ecuajugos Plant**



Nestlé, Fábrica Ecuajugos SA, dedicated with the design, development and production of ultrapasteurized milk, dairy drinks with ingredients and fermented, non-carbonated liquid drinks based on fruit and milk powder is located in the Granobles river basin belonging to the sub basin of the river Pisque located in the province of Pichincha.

Table 2.1: Photos Visit

	
Policy	Water Catchment underground
	
Calibrated Control Instruments	Water purification system - Control system





**Automated control system of treatment of water**



**Industrial Use of Water**



**Discharge Point**



**WWTP WasteWater Treatment Plant – Control  
System**



**Discharge Point**



**Nestlé sponsors the Cayambe Coca National Park  
to strengthen its environmental management**

	
<p><b>Sustainable management plan with suppliers includes sustainable water management - Farm Buena Esperanza AGROECOLOGIA</b></p>	<p><b>Sustainable management plan with suppliers includes sustainable water management – Farm Flor Andina 2 AGROECOLOGIA</b></p>
	
<p><b>Sustainable management plan with suppliers includes sustainable water management - Farm La Escondida</b></p>	<p><b>Stakeholders : Support with free drinking water to residents</b></p>





Educational activities about good water use



Sustainable water management team and water  
use reduction improvement projects

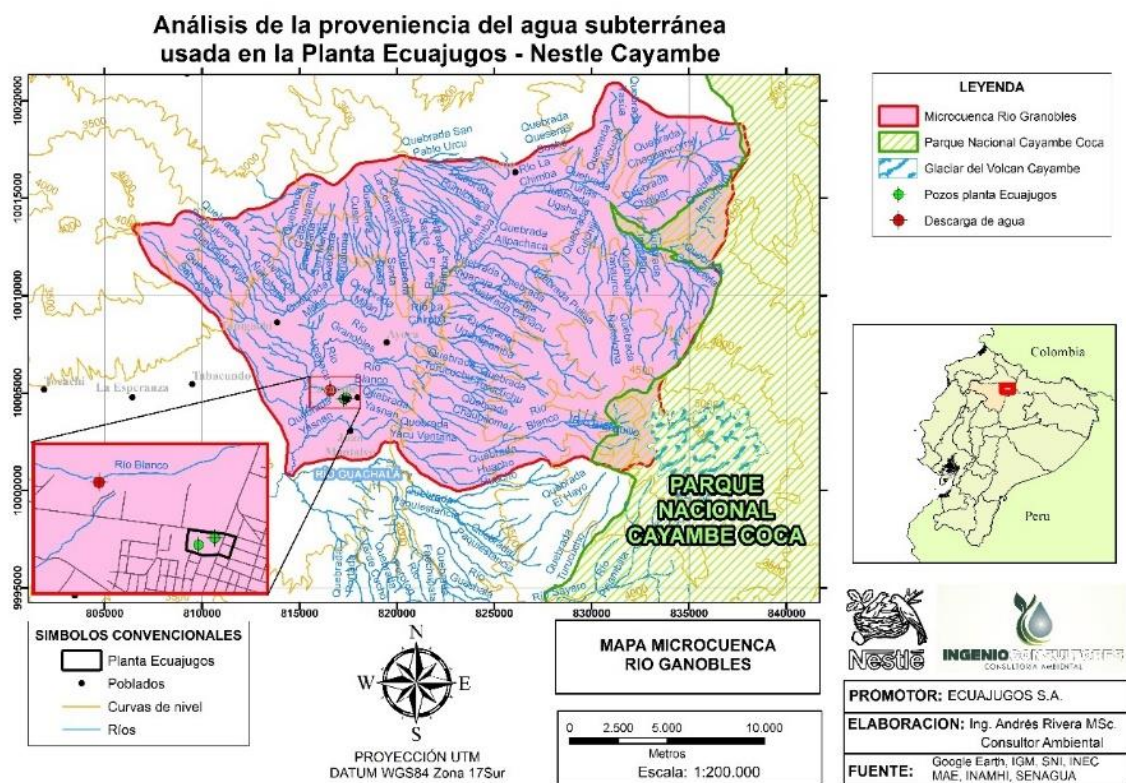
Visit to AWS audit

### 3 DESCRIPTION OF CATCHMENT

The Granobles River microbasin (39696.31 hectares) has an area of 396 km<sup>2</sup>. The Granobles River is born in the foothills of the snowy Cayambe at a height of 4560 m.s.n.m with the name of the El Blanquillo stream and in its flow from East to West it is fed by slopes and streams in almost all its trajectory until it unloads its waters in the Granobles river

In the micro basin of the Granobles river, two zones are distinguished, the upper part is formed in the springs of the Surucu, Turucu Tubajo Chaupiloma and Convalecencia ravines and the middle and lower part includes the Puluvi ravine until the confluence with the Granobles river.

Figure 3.1 Map of Catchment



#### **4 SUMMARY OF SHARED WATER CHALLENGES**

They has identified the shared water challenges. It details the water challenges which are mainly:

- Get and availability of water resources in a sustainable way at the microbasin level.
- Alterations in the quality associated with the contamination of aquifers.
- Maintenance and reforestation in forest and conservation areas in catchment and upstream communities.
- Implementation of education and information programs that foster awareness and the importance of water conservation and care.

## **5 INDICATORS CHECKLIST**

The checklist was aligned to the clauses / indicators of the AWS standard Version 2.0.

The principal objectives of water resource management, include:

- Implement sustainable water management strategies that promote good water governance and improve the quality of the water resource by involving stakeholders located in the Granobles river microbasin.
- Optimize the consumption of water within the factory industrial processes by reducing water consumption by 35% during the year 2020 in relation to the year 2010



## 6 AUDIT FINDINGS

The findings raised during the audit were provided to **ECUAJUGOS S.A. Site: Production Site and WWTP**, who responded afterwards to the findings through an action plan sent to SGS for review. Once the action plan was approved by the Lead Auditor the reports were then reviewed by the Certifier.

### Relating to this Audit

As a result, 05 minor non-conformances were raised during the audit process detailed at the Table below 6.1. Some observations were raised during the audit which are for future improvement, but no action is necessary during this audit period, however, these issues would most likely come under scrutiny during a surveillance audit scenario.

**Table 6.1. Current Minor Non-Conformances raised during the AWS audit process**

N°	Type	Ref.	Details	Causes	Action Proposed by Client
1	Minor Non-Conformance	1.2.1	<p><u>Stakeholders</u> The AWS V2.0 standard states that "Stakeholders and their water-related challenges will be identified. The process used to identify interested parties will be identified"</p> <p>Nevertheless; partial deviations are evidenced in this regard.</p> <p>* During the audit; although some relevant stakeholders have been identified as the authorities; community etc; it cannot be evidenced that methodology has been used to identify the relevant issues for some cases: Ministerio Ambiente, etc.</p> <p>* During the visit made within the milk suppliers of the basin they have relevant challenges / issues of water analysis. In addition, in the surveys carried out; The "quantity of water" is observed as a relevant issue for EMMAPAC. But, these challenges / issues are not included in the Stakeholder Matrix</p> <p>* Likewise, some stakeholders have not been included in the Stakeholder Matrix; It is evident that the tour despite the fact that they are within the microbasin and with several of them action has been taken in water management. Cases:</p> <ul style="list-style-type: none"> <li>• Basin milk suppliers</li> <li>• Uniform cleaning provider.</li> <li>• Montalvo water seal</li> <li>• Cauricu</li> <li>• Santo Domingo Uno</li> <li>• Flower Farmers near PTAR</li> <li>• Association of food manufacturers.</li> </ul> <p>Indigenous Group</p> <p><u>Partes Interesadas</u> El estándar AWS V2.0 establece que "Se identificarán las partes interesadas y sus desafíos relacionados con el agua. Se identificará el proceso utilizado para la identificación de partes interesadas"</p> <p>Sin embargo; se evidencia desviaciones parciales al respecto.</p>	<p>The methodology for identifying stakeholders, their challenges / relevant issues is not standardized</p> <p>No se tiene estandarizada la metodología para identificación de partes interesadas y sus desafíos / temas relevantes</p>	<p>Implement the stakeholders identification matrix, associated with relevant topics (risks, opportunities, challenges, objectives) mapping the stakeholders from the Granobles microwatershed</p> <p>Deadline: 30/04/2020</p> <p>Implementar la matriz de identificación de partes interesadas, asociadas a los temas relevantes (riesgos, oportunidades, desafíos, objetivos) mapeando stakeholders de la microcuenca del río Granobles.</p>

			<p>*Durante la auditoría; si bien se tiene identificadas algunas partes interesadas relevantes como las autoridades; comunidad etc; no se puede evidenciar que metodología se ha utilizado para identificar los temas relevantes para algunos casos: Ministerio Ambiente, etc.</p> <p>*En la visita realizada dentro los proveedores de leche de la cuenca tienen desafíos/temas relevantes de análisis de aguas. Además, en las encuestas realizadas; se observa como tema relevante para EMMAPAC la "cantidad de agua". Pero, dichos desafíos/temas no están incluido dentro de la Matriz de Stakeholders</p> <p>*Así mismo, no se ha incluido a algunos stakeholders en la Matriz de Stakeholders; que se evidencia del recorrido pesar que están dentro de la microcuenca y con varios de ellos se han tomado acción en la gestión de agua. Casos:</p> <ul style="list-style-type: none"> <li>• Proveedores de leche de la cuenca</li> <li>• Proveedor de limpieza de uniformes.</li> <li>• Junta de agua montalvo</li> <li>• Cauricu</li> <li>• Santo Domingo Uno</li> <li>• Agricultores de Flores cercanos a PTAR</li> <li>• Asociación de fabricantes de alimentos.</li> <li>• Grupo Indígenas</li> </ul>		
2	Minor Non-Conformance	1.6.1	<p><u>Challenges</u> The AWS V2.0 standard states that priorities for shared water challenges will be identified and established.</p> <p>There is the "Caring Water" document where some challenges are pointed out; but they are general, it is not visualized if they are determined for this basin or determined from the stakeholders.</p> <p>In addition, some challenges are evident in studies of the Basin; For example, Cayambe has challenges such as:</p> <ul style="list-style-type: none"> <li>• Water shortage for the urban city</li> <li>• Excessive population growth</li> <li>• Alterations in quality</li> <li>• Pollution of aquifers</li> </ul> <p>But you don't have to prioritize them to address them in the action plan.</p> <p><u>Desafíos</u> El estándar AWS V2.0 señala que se se identificará y establecerá prioridades de los desafíos compartidos en materia de agua.</p> <p>Se tiene el documento de "Caring Water" en donde se señalan algunos desafíos; pero ello son generales, no se visualiza si son los determinados para esta cuenca o determinados a partir de los stakeholders.</p> <p>Además, se evidencia algunos desafíos en estudios dela Cuenca; por ejemplo del Cayambe se tiene desafíos tal como:</p> <ul style="list-style-type: none"> <li>• Desabastecimiento de agua para la ciudad urbana</li> <li>• Crecimiento población desmedido</li> <li>• Alteraciones en la calidad</li> <li>• Contaminación de acuíferos</li> </ul> <p>Pero no se tiene la priorización de los mismos para abordarlos en el plan de acción.</p>	<p>CRP tools (community relations process), identifies general challenges. Stakeholders prioritization methodology is not standardized</p> <p>Herramienta CRP permite identificar desafíos generales No se ha estandarizado metodología de priorización de partes interesadas</p>	<p>Implement the stakeholder identification matrix establishing methodology for prioritizing the challenges to address them in the organization's sustainable water management plan</p> <p>Deadline: 30/04/2020</p> <p>Implementar la matriz de identificación de partes interesadas estableciendo metodología de priorización de los desafíos para abordarlos en el plan de gestión sostenible del agua de la organización.</p> <p>Fecha de ejecución: 30/04/2020</p>
3	Minor Non-Conformance	1.7.1	<p><u>Risks</u> The AWS V2.0 standard states that priorities will be identified and established for the water risks that the site faces, including the probability and severity of the</p>	<p>WRR Nestlé tools (water resources review) applied, doesn't consider the parameters required by the</p>	<p>Prioritize the risk identification matrix associated with water management including the probability and severity of the impact within a certain period of</p>

			<p>impact within a certain period of time, potential costs and impact.</p> <p>They have the "Water risk" tool. The risks identified are:</p> <ul style="list-style-type: none"> <li>• Not reaching the COD sent from the production plant to the WWTP</li> <li>• Risk of water scarcity as the hydrobiological study has not yet been carried out.</li> </ul> <p>Nevertheless, an analysis of probability and severity of them established by the standard was not performed</p> <p><u>Riesgos</u> El estándar AWS V20.0 señala que se identificará y establecerán prioridades para los riesgos del agua a los que se enfrenta el sitio incluyendo la probabilidad y severidad del impacto dentro de un determinado periodo de tiempo, los costos potenciales e impacto.</p> <p>Se tiene la herramienta de "Water risk". Los riesgos que se tienen identificado son:</p> <ul style="list-style-type: none"> <li>• No alcanzar el DQO enviado de planta producción a la PTAR</li> <li>• Riesgo de escases de agua al no tener aún el estudio hidrobiológico.</li> </ul> <p>Sin embargo; no se realizó un análisis de probabilidad y severidad de los mismos que establece la norma.</p>	<p>AWS standar about the indicator 1.7.1</p> <p>Herramienta WRR (water risk) interna aplicada, no considera todos los parámetros requeridos por la norma AWS en relación al punto 1.7.1</p>	<p>time, potential costs and impact on the business</p> <p>Deadline: 30/03/2020</p> <p>Establecer la matriz de identificación de riesgos asociados a la gestión del agua incluyendo la probabilidad y severidad del impacto dentro de un determinado periodo de tiempo, los costos potenciales y el impacto en el negocio.</p> <p>Fecha de ejecución: 30/03/2020</p>
4	Minor Non-Conformance	2.3.2	<p><u>Goals</u> The AWS V2.0 standard states that a sustainable water management plan will be identified, which will include for each objective:</p> <ul style="list-style-type: none"> <li>- The way in which it will be measured and monitored</li> </ul> <p>Although, there is a "Water Management Action Plan". However, the goals of the determined objectives have not been established.</p> <p>Various goals in relation to water management (OMP, Sustainable Livestock Plan, etc.) to be achieved in a certain time are evidenced in the organization, but this is not described in the "Water Management Action Plan". In addition, this has not been disseminated specifically to some stakeholders.</p> <p><u>Objetivos</u> El estándar AWS V2.0 señala que se identificará un plan de gestión sostenible del agua, que incluirá para cada objetivo:</p> <ul style="list-style-type: none"> <li>- La forma en que se medirá y supervisará</li> </ul> <p>Si bien, se tiene un "Plan de Acción de Gestión de Agua". Sin embargo, no se han establecido las metas de los objetivos determinados.</p> <p>Se evidencia en forma dispersa en la organización diversas metas en relación a la gestión de agua (OMP, Plan de ganadería sostenible, etc) a alcanzar en un determinado tiempo, pero ello no está descrito en el "Plan de Acción de Gestión de Agua". Además, ello no se ha difundido específicamente a algunos stakeholders</p>	<p>Information associated with water objectives is not centralized and included in the water stewardship plan</p> <p>Información asociada a objetivos de agua no se encuentra centralizada e incluida dentro del plan de gestión sostenible del agua</p>	<p>Update the water stewardship plan including indicators and prioritizing the goals of the objectives and how to measure</p> <p>Deadline: 29/03/2020</p> <p>Actualizar plan de gestión sostenible del agua con inclusión de indicadores estableciendo las metas de los objetivos y la forma de medición</p> <p>Fecha de ejecución: 29/03/2020</p>
5	Minor Non-Conformance	5.2.1.	<p><u>Communication of management plan</u> The AWS V2.0 standard states that the sustainable water management plan is communicated to interested parties.</p> <p>There is no evidence of the dissemination of the specific management plan, but only of the actions and executed. Case: Meeting at the Ministry to indicate that it is AWS and dissemination of the new agreement signed in support of the Forest Reserve.</p> <p>Consider that the internal governance of the site in relation to water must be disclosed in the plan or other document, including the charges of those responsible for compliance with laws and regulations related to water.</p>	<p>There is no formalized dissemination procedure for the water management plan</p> <p>No existe un procedimiento de difusión formalizado del plan de gestión del agua</p>	<p>Socialize and disseminate the sustainable water management plan to stakeholders</p> <p>Establish the dissemination schedule of the management plan to interested parties on an annual basis</p> <p>Prepare the annual report on sustainable water management and publish on the Nestlé Ecuador website to communicate the stakeholders.</p> <p>Deadline: 30/03/2020</p>

		<p><u>Difusión de plan de gestión</u></p> <p>El estándar AWS V2.0 señala que se, comunicará a las partes interesadas pertinentes el plan de gestión sostenible del agua.</p> <p>No se evidencia la difusión del plan de gestión en específico, sino solo de las acciones ya ejecutadas.</p> <p>Caso: Reunión en Ministerio para indicar que es AWS y difusión del nuevo acuerdo suscrito en apoyo a la reserva Forestal.</p> <p>Considerar que en el plan u otro documento adicionalmente se debe divulgar la gobernanza interna del sitio en relación con el agua, incluidos los cargos de los responsables del cumplimiento de las leyes y normativas relacionadas con el agua.</p>		<p>Socializar y difundir el plan de gestión sostenible del agua a las partes interesadas</p> <p>Establecer el cronograma de difusión del plan de gestión a las partes interesadas de manera anual</p> <p>Elaborar el reporte anual de gestión sostenible del agua y publicar en la página web de Nestlé Ecuador para comunicar a las partes interesadas</p> <p>Fecha de ejecución: 30/03/2020</p>
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## **7 SUMMARY**

In reviewing the evidence presented by **ECUAJUGOS S.A. – Cayambe Site: Production Plant and WWTP**, it is apparent that a considerable quantity of effort and work has been put into the preparation for the audit for Alliance for Water Stewardship Certification.

The minor non-conformances were all situations where **ECUAJUGOS S.A. – Cayambe Site: Production Plant and WWTP** was considered to have met the AWS Core criterion requirement.

Observations were made during the audit, these are to be considered as areas for improvement which will likely be reviewed in future surveillance audits, no action is required on behalf of ECUAJUGOS during this audit cycle.

The action plan submitted to SGS in response to the findings was reviewed and evaluated for compliance to the AWS standard. All actions were accepted for implementation and the actions taken will be reviewed at the first surveillance.

## 8 OPPORTUNITIES FOR IMPROVEMENT

The certification audit for ECUAJUGOS against the AWS Standard is for the initial assessment for conformity and as such allows for many areas for improvement going forward.

There is some of the opportunities for improvement detected in this audit.

- 1.1 OBS: The scope of the Microbasin of the Granobles River has not been specifically documented.
- 1.1 OBS: Although you have the infrastructure maps; not documented (description). There are maps, maintenance reports; etc base information; but this is not systematized within the document control of the water management system.
- 1.2.2 OBS: Consider when checking the level of interest of some interest groups in the Stakeholder Matrix. Case: SENAGUA
- 1.3.2: OM: Consider in the specification within the balance, the part of the storage to have a level of zero.
- 1.3.7 OBS: It is observed that in the water-related costs, revenues, SHPM, in 2018 there are some negative values. Verify the data.
- 1.3.7 OM: Verify the wording of the description or quantification of the social, cultural, environmental or economic value related to water
- 1.4.1 OM: There is a list of providers to identify the virtual water, analysis by cost. Consider also analysis suppliers according to the % of use in manufacturing, including for example in the case of milk suppliers, the percentage included within the same micro- catchment.
- 1.7.1. OM: Among the risks was been identified, with Nestle's global methodology, the organization could consider specifying in the case of the Cayambe region (Granobles river).
- 1.8.1. OM: Among the best practice for water governance was been identified, the organization could consider specifying in the case of the Cayambe region (Granobles river), not only for the production sector.
- 2.4.1: OBS Although the risks have been monitored, consider consolidating it in monitoring or excel reports, for better monitoring.
- 3.0 OM: Consider implement a column into the water stewardship plan, to register the evidence of progress of the implementation of activities
- 4.1.1. OM: Consider including within the control of the organization's documents, the monitoring minutes and the annual revision of the sustainable water management system that include the targets
- 4.1.1. OBS: Although the monitoring of the Water Management Plan is evident; with the 05 outcomes, in the bi-monthly meetings of internal work committees; The scope of these objectives has not been transcribed numerically.
- 4.1.2. OBS: Consider standardize the methodology of the evaluation of the Value creation resulting from the water stewardship plan
- 4.2.1: OBS: During the review of the activities, it has not been specifically mentioned that there were no emergencies into 2019.
- 4.3.1: OM: Consider to generated Act of meetings to evidence Consultation efforts with stakeholders
- 5.3.1 OBS: It is noted that although there is dissemination to some interested parties in 06 December 2019, of the summary of the annual results of sustainable water management, this has not specifically detailed the achievement of the goals of the planted objectives.

## **9 CONCLUSIONS AND RECOMMENDATIONS**

The organization has demonstrated effective involve of its management system and is capable of achieving its policy objectives, as well as the intended results of the respective management system.

Given the document review undertaken, verification of evidence and site visit inspections performed, SGS recommends that **ECUAJUGOS S.A. – Cayambe Site: Production Plant and WWTP** is awarded AWS Core Certified status with a surveillance audit interval of annual frequency.