



Alliance for Water Stewardship Assessment Report

Prepared for

Philip Morris México Productos y Servicios S. de R.L de C.V.

Prepared by: SGS

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REPORT DETAILS

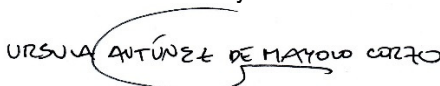
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1 EXECUTIVE SUMMARY

The scope of services covers the conformity assessment in compliance with the AWS International Water Stewardship Standard Standard Version 2-0 for **Philip Morris México Productos y Servicios S. de R.L de C.V. for their Guadalajara Plant, Jalisco State, Mexico**. The assessment has been completed in compliance with AWS Certification Requirements v 2.0 December 2019.

Given the document review undertaken, verification of evidence and site visit inspections performed, SGS recommends that Philip Morris México is awarded an “AWS Certificate” at level “Core” to the AWS International Water Stewardship Standard Standard Version 2. The surveillance audit interval is recommended to be annual frequency.

A total of four observations to the were identified during the course of the audit process, which will remain open until next audit. Nil non-conformities were identified.

2 SCOPE OF ASSESSMENT

The scope of services covers the conformity assessment in compliance with the AWS International Water Stewardship Standard Version 2-0 for Philip Morris México for their Guadalajara Plant, Jalisco State, Mexico. The assessment has been completed in compliance with AWS Certification Requirements v 2.0 December 2019. The AWS level assessed was CORE. The scope of operation is “Manufacture of Tobacco related products”.

The assessment was conducted during 3 days on-site by the Lead Auditor of Mexico during the days 27th, 28th and 29th July 2020. Additionally, a support auditor from Peru was connected virtually the 27th and 29th July 2020. There was a Stage 1 audit conducted off-site prior to the visit. The audit included interviews to the AWS representatives, external stakeholders and internal stakeholders.

The public consultation at the AWS website was uploaded the 12th August and therefore, there was 30 days announcement to provide opportunity for further comments, providing the contact of the auditor of Mexico and the auditor of Peru, but none was received until the preparation of this report the 14th September.

The Guadalajara plant employs approximately 665 people, and has a site area of 108,478 m². They extract water from 2 wells, and has a waste water treatment plant on site. The discharge is to the ground and to the municipal entity.

The site provided the requested supporting documentation and records as evidence. Also, they provided public information issued by the government and environmental experts. SGS provided feedback on observations raised through the audit.

3 DESCRIPTION OF CATCHMENT

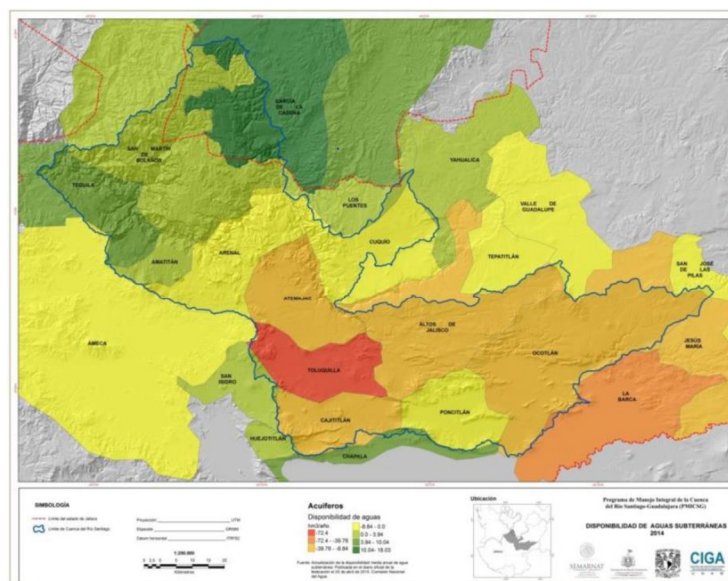
PMI Mexico's Guadalajara Plant is located in the municipality of Zapopan in the state of Jalisco, with 12 hectares. The map of the location of the site are provided in Figure 1.

Figure 1: Site Boundaries



They have a concession of 2 groundwater wells, one located in the Atemajac aquifer and the other in the Toluquilla aquifer. Both aquifers are located in the Rio Santiago catchment (Alto Santiago), Lerma Santiago hydrological region. See figure 2.

Figure 2: Rio Santiago Cachment



4 SUMMARY OF SHARED WATER CHALLENGES

The site has identified the shared water challenges and list them in the Water Stewardship Plan. The key ones after the prioritization were (see table in Figure 3 below):

- Underground Water Availability
- Effluents
- Water Quality
- Vegetation / Reforestation

Figure 3: Water Challenges identified by stakeholder

STAKEHOLDER	CHALLENGE	AWS OUTCOME	FEASIBILITY	IMPACT	EFFORT	PRIORITY
CIATEJ	Falta de involucramiento de empresas con investigadores	WATER GOVERNANCE	2	2	3	12
TECHO	Falta de conocimiento relacionado con temas de agua en comunidades de escasos recursos	WATER GOVERNANCE	3	2	3	18
TECHO	Falta de grupos de discusión para generar alianzas	WATER GOVERNANCE	3	2	3	18
CIATEJ	Falta de participación en foros de discusión	WATER GOVERNANCE	3	2	3	18
COPARMEX	Falta de best practice sharing	WATER GOVERNANCE	3	2	3	18
Aeropuerto GDL	Falta de best practice sharing	WATER GOVERNANCE	3	2	3	18
Aeropuerto GDL	Falta de compartir iniciativas en reuso de agua en edificios y jardinerías	WATER BALANCE	2	3	2	12
Aeropuerto GDL	Falta de grupos de discusión para generar alianzas	WATER GOVERNANCE	3	2	3	18
SEMARNAT	Dificultad en conectar prácticamente el negocio con el medio ambiente	WATER GOVERNANCE	3	2	2	12
SEMARNAT	Falta de reapiación entre empresas de mejores prácticas	WATER GOVERNANCE	3	2	2	12
SEMARNAT	Dificultad de conectar empresas, jóvenes e investigadores en proyectos	WATER GOVERNANCE	3	2	2	12
ALMEX	Falta de best practice sharing	WATER GOVERNANCE	3	2	3	18

5 INDICATORS CHECKLIST

As per the requirement set out in the AWS certification requirements Section 2.11.3.1 it was prepared a checklist of all the CORE AWS indicators with the relevant reviewed evidence provided by the site and the indicator with which it is associated.

6 AUDIT FINDINGS & OPPORTUNITIES FOR IMPROVEMENT

The findings raised during this certification audit were provided to the site, which were observations to V2-0 of the standard.

Relating to this Audit

Four new 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 next audits.

Observations 2020:

- Indicator 1.1.1: Water Service Provider: SIAPA, it is not known where the sewage water ends up in the sewer system; there is no ultimate receiving water body identified.
- Indicator 1.3.3: When reviewing the water balance in point 1.3.3, it is detected that the inputs in m³ of water extracted from the wells are not equal to the calculation of the outputs, so a correct balance is not being made or certain water outputs are not being considered, as is the case that was observed during the tour of the Site in the gas washer of the Biomass Boiler, water from Osmosis Rejection is being used and is lost through evaporation is not being quantified
- Indicator 4.1.1: It is recommended to make a better evaluation of the resulting value creation, as requested in 4.1.2 and 4.1.3, because only the value creation classification is identified, but there is no quantification of the benefits being obtained.
- Indicator 5.1.1: The "Stakeholders Meeting" communication should specify who is responsible for compliance with laws and regulations and communicate it to relevant stakeholders, as requested in 5.1.1.

7 SUMMARY

In reviewing the evidence presented by Philip Morris México, it was demonstrated that there is a high stakeholder engagement and continuous efforts for water reduction. Therefore, this was the basis for providing support for the recommendation to award the Alliance for Water Stewardship Certification.

The observations identified shall be considered for the first surveillance audit in 2021. These are to be considered as areas for improvement which will be reviewed in future audits, no action is required during this audit.

References and evidences reviewed were noted at the checklist.

8 CONCLUSIONS AND RECOMMENDATIONS

The organization has demonstrated effective implementation 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 evidence reviewed, SGS recommends that, based on the results of this audit, **Philip Morris México Productos y Servicios S. de R.L de C.V. is certified to the AWS Core level for the Guadalajara factory, to AWS International Water Stewardship Standard Standard Version 2-0.**

The audit frequency is recommended to be annually.