



CONTROLUNION

ALLIANCE FOR WATER STEWARDSHIP (AWS) AUDIT REPORT

Based on AWS Standard Version 2.0

Philip Morris Kuban the Branch of AO Philip Morris Izhora
Russian Federation, Krasnodar, Ippodromnaya street, 10

Report Date: [17/11/2020]
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Prepared by: [LLC "Control Union Certifications"]
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1. Executive Summary

PMI is a leading international tobacco company with products manufactured in 46 factories and sold in more than 180 countries around the world. Together with production and sale of cigarettes, PMI is developing and commercializing of nicotine-containing reduced risk products. The company's global mission is to encourage all adult smokers to switch to products that can be a less harmful alternative to cigarettes. The company invests heavily in developing innovations that have the potential to significantly reduce the risk of smoking-related diseases (over 7 bio USD invested into the development and assessment of smoke-free products).

In Russia, PMI is represented by two factories in Leningrad Region and Krasnodar, as well as by the commercial organization Philip Morris Sales and Marketing with offices in about 100 cities of the country. PMI is committed towards its environmental and social responsibilities and hence decided to go for AWS certification as one of their steps towards their sustainable goals. As part of their commitments, CU Russia was appointed to conduct AWS audit and certification for JSC Philip Morris Izhora site in Krasnodar.

Philip Morris Kuban the Branch of AO Philip Morris Izhora a modern manufacturing facility for the production and packaging of high quality tobacco products. This production facility is divided into several blocks namely cigarette production, warehouse, water treatment, fire hydrant, parking area, storage of fuels and lubricants area and admin area. In overall, water is used in the production cycle for cleaning equipment, as well as for household needs and for the operation of engineering equipment.

During the audit following persons were present and interviewed:

Aleksey Bykov	Plant Manager
Aleksey Silukov	Production & Maintenance Manager
Suslova Oksana	QSE Manager
Anastasiya Belyh	Regional PA&C Coordinator
Mihail Morozov	QS&E specialist

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 for 1 days i.e. on 17-11-2020.

The audit team was comprised of following auditors;

Name of Auditor	Role in Audit
Kamzolov Aleksandr	Lead Auditor (Sole Auditor)
Evgenia Belenkaya	Trainee Auditor (Remotely)
Abhijeet Ghone	Technical Subject Area Expert (Remotely)
Rocio Prieto	Technical Subject Area Expert (Remotely)

Observations: The Company is making great efforts to involve stakeholders. They need to continue with these activities and engage stakeholders regarding AWS outcomes.

The audit findings showed that the site meet up with all the criteria for core level of AWS certification thus AWS Core level certification is recommended for the site.

2. General Information

2.1. Client Details

Company Name	JSC Philip Morris Izhora / Philip Morris Kuban the Branch of AO Philip Morris Izhora
Business address:	Volkhonskoe shosse, 7, Kvartal 2, Industrial zone Gorelovo, Lomonosovsky district
Auditing Site Address:	Russian Federation, Krasnodar, Ippodromnaya street, 10
Activities / Processes:	Cigarettes production
Principle contact person:	Zakharov M. V, Scherbak R.G
Office telephone:	+7 (861) 214-9999
E-mail:	Roman.Scherbak@pmi.com
Web site:	https://www.pmi.com/

2.2. Certification Details

Audit Date(s):	17/11/2020
Auditor Team:	Kamzolov Aleksandr (Lead Auditor), Evgenia Belenkaya (Trainee Auditor), Abhijeet Ghone (Area Expert), Rocio Prieto (Area Expert)
Certification Date:	29/12/2020
Level of Certification:	Core
Proposed date for next audit:	17/12/2021
Audit Report completed by:	Kamzolov Aleksandr

Project No.:	876064
AWS Reference No.:	AWS-000236

3. Scope of Assessment

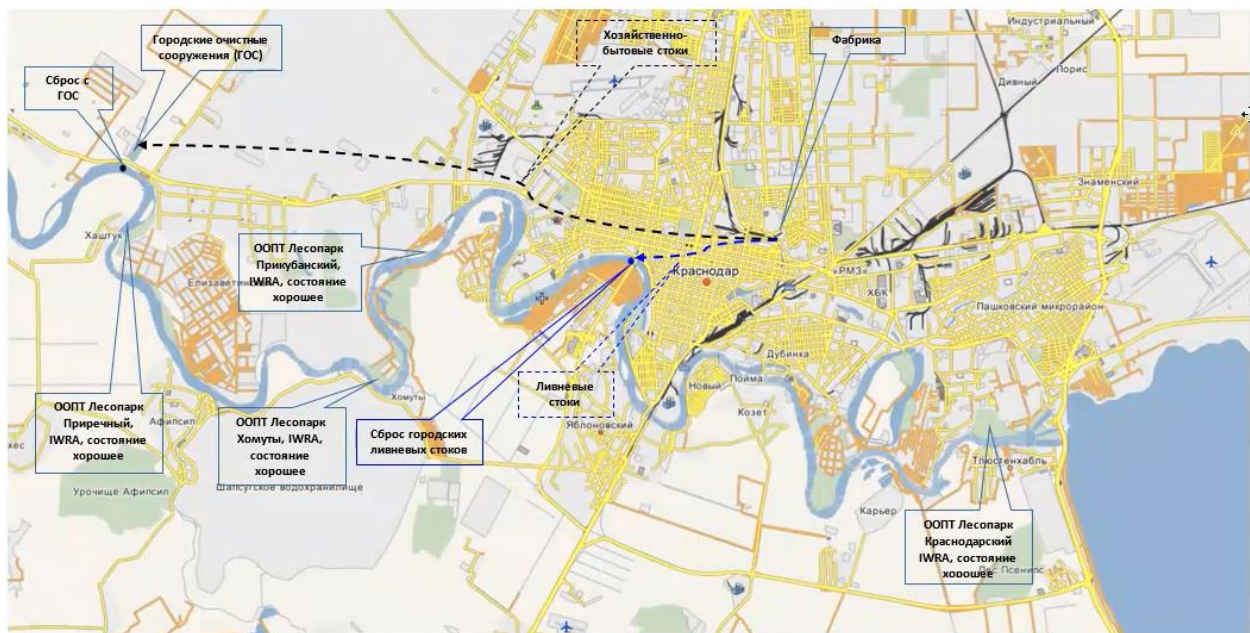
Audit Standard	Alliance for Water Stewardship V2.0		
Initial Audit	Yes		
Surveillance Audit	No		
Type of Certification	Single Site	Multi-site	Group
	X		
Location of Audit	Russian Federation, Krasnodar, Ippodromnaya street, 10		
Scope of Certification	Manufacturing of Cigarettes		
Assessment on-site activities includes	Document review, management interview, employee interview, onsite implementation review		

4. Description of the Catchment

Stormwater runoff is diverted to the factory storm sewer system and then enters the city's storm collector from which it flows into the Kuban river. Runoff from the urban storm collector in the Kuban river is located in several places along the Kuban river in the territory of Krasnodar.

Household effluents from the factory household system-life. sewage systems under an agreement with Krasnodar Vodokanal LLC are supplied to the city centralized water disposal system (CSW) and then to the city treatment facilities (also owned by Vodokanal), from where they are delivered to the Kuban river after treatment and 3 artesian wells

Water sources situation in the catchment(s):



5. Summary on Stakeholder and shared Water Challenges

The list of water-related stakeholders of FM I-Izhorsky Zavod includes host communities; Rosprirodnadzor (authority), Rospotrebnadzor (authority), Rosnedra (authority), Krasnodar-Vodokanal, Water related NGOs (NPO "Clean Environment") . The company has no problems with water, and the company provides assistance to the state in cleaning the banks of lakes, rivers, and canals. At the time of the audit, reports on meetings with stakeholders were reviewed. A program was developed to assess possible problems that may arise in the territory with solutions. efforts will be made to correct the situation. The company participates in forums, Federal and local meetings, and promotes AWS philosophy and practices.

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		

6.3. Observations

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
<p>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.</p>	<p>1.1.1 The physical scope of the site shall be mapped, considering the regulatory landscape and zone of stakeholder interests, including:</p> <ul style="list-style-type: none"> • 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. 	<p>Map of the site available with cold water supply, storm water, sanatorium water, produce water; Maps of the river basin, and more details on the website. The plot will produce 3 wells and municipal water; Maps; And report on the status of the water basin</p>
<p>1.2 Understand relevant stakeholders, their water related challenges, and the site's ability to influence beyond its boundaries</p>	<p>1.2.1 Stakeholders and their water-related challenges shall be identified. The process used for stakeholder identification shall be identified. This process shall:</p> <ul style="list-style-type: none"> • 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 	<p>The following was presented: - list of stakeholders incl. list of suppliers. The assessment was carried out in 2020, and a review is planned annually and in case of changes in contracts and / or suppliers, including an assessment of the impact on local residents</p>

AWS Criteria	Indicators	Findings
	<ul style="list-style-type: none"> • 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 	
1.3 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	1.2.2 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.	list of stakeholders incl. list of suppliers. The assessment was carried out in 2020, and a review is planned annually and in case of changes in contracts and / or suppliers, including an assessment of the impact on local residents
	1.3.1 Existing water-related incident response plans shall be identified	Was submitted: Communication procedure in case of information and emergency situations. Team composition and phone numbers of the incident and crisis management team
	1.3.2 Site water balance, including inflows, losses, storage, and outflows shall be identified and mapped	Was presented the map of the enterprise with the applied: water supply, sewage, well, fire water supply, water treatment plant. Was presented: contract for wastewater (sewage). Water efficiency data 2020, 2019
	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	Was presented the map of the enterprise with the applied: water supply, sewage, well, fire water supply, water treatment plant. Presented: water balance of the enterprise, internal water consumption
	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, seasonal, high and low variances shall be quantified.	The water supplied to the company from three wells does not have problem with quality of drinking water (according to Russian legislation) for hardness. The company organized treatment facilities (water treatment) for all incoming water. After installation of water treatment-the water meets the requirements for drinking water (SanPiN 1074). The company constantly monitors the quality of incoming water and sewage. Submitted documents: production

AWS Criteria	Indicators	Findings
		management scheme, water quality control program,
	1.3.5 Potential sources of pollution shall be identified and if applicable, mapped, including chemicals used or stored on site	The following were presented: a scheme of hazardous areas and substances, a list of substances used, prohibiting and / or warning signs are placed at the entrance to the zones where there are hazardous objects or substances, a safety data sheet is drawn up for each substance
	1.3.6 On-site Important Water-Related Areas shall be identified and mapped, including a description of their status including Indigenous cultural values	On the territory of the enterprise and near the territories of the enterprise, according to the map. All water features are plotted on the map.
	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.	presented: water balance of the enterprise, internal water consumption, Protocol on indigenous peoples,
	1.3.8 Levels of access and adequacy of WASH at the site shall be identified	an ISO 9001 audit is conducted annually, internal social responsibility audits are conducted annually, and no violations were found during the audit
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	Was presented the map of the enterprise with the applied: water supply, sewage, well, fire water supply, water treatment plant. Was presented: contract for wastewater (sewage). Water efficiency data 2020, 2019. list of stakeholders incl. list of suppliers. The assessment was carried out in 2020, and a review is planned annually and in case of changes in contracts and / or suppliers, including an assessment of the impact on local residents
	1.4.2 The embedded water use of outsourced services shall be identified, and where those services originate within the site's catchment, quantified.	Was presented: contract for wastewater (sewage). Water efficiency data 2020, 2019. list of stakeholders incl. list of suppliers, list of water users in the enterprise
	1.4.3 Advanced Indicator The embedded water use of primary inputs in catchment(s) of origin shall be quantified.	the company has installed meters at important points (water inlet and outlet, lines), and also uses a portable flow meter-data is recorded and analyzed.

AWS Criteria	Indicators	Findings
<p>1.5 Gather water-related data for the catchment, including: water governance, water balance, water quality, Important Water-Related Areas, infrastructure, and WASH</p>	<p>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.</p>	<p>7 points</p> <p>The company has developed its own policy on water use, with the support of the company, multiple charity events are held to improve water bodies, with the support of the enterprise, multiple meetings are held on water problems in the region</p>
	<p>1.5.2 Applicable water-related legal and regulatory requirements shall be identified, including legally-defined and/or stakeholder-verified customary water rights.</p>	<p>On the territory of Russia, the basic law on the provision of water for consumers of drinking quality (water must comply with SanPiN 1074). the staff in the field, depending on position have access to the "consultant +"</p>
	<p>1.5.3 The catchment water-balance, and where applicable, scarcity, shall be quantified, including indication of annual, and where appropriate, seasonal, variance</p>	<p>The company has 3 water wells, permits and water intake limits have been obtained for the wells. Limits are not exceeded. There are no problems with water shortage in the region.</p>
	<p>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</p>	<p>On the territory of Russia, the basic law on the provision of water for consumers of drinking quality (water must comply with SanPiN 1074). Water supplied to residents in the region corresponds to drinking quality. Water from wells corresponds to drinking quality. There are no problems with water quality in the region.</p>
	<p>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</p>	<p>Important territories are plotted on the map. there are no specially protected areas and / or areas where there may be problems with water within the boundaries of the enterprise</p>
	<p>1.5.6 Existing and planned water-related infrastructure shall be identified, including condition and potential exposure to extreme events.</p>	<p>The company has a plan of water infrastructure, a plan-map of water bodies, and analyzed the possibility of accidents and extreme events</p>
	<p>1.5.7 The adequacy of available WASH services within the catchment shall be identified</p>	<p>On the territory of Rostov, residents are provided with drinking water, there are no problems with access to drinking water (there are no mentions in the media, there are no reports from independent associations). There are some problems in other regions, but state-owned</p>

AWS Criteria	Indicators	Findings
		companies with the support of the enterprise have prescribed a plan to eliminate these problems.
	<p>1.5.8 Advanced Indicator Efforts by the site to support and undertake catchment level water-related data collection shall be identified</p>	<p>With the support of the company, the Southern Regional Council for Corporate Volunteering was created at the local level, which interacts with state bodies, with stakeholders, and solves problems. 4 points</p>
	<p>1.5.9 Advanced Indicator The adequacy of WASH provision within the catchments of origin of primary inputs shall be identified.</p>	<p>There are some problems in other regions, but state-owned companies with the support of the enterprise have prescribed a plan to eliminate these problems.</p>
<p>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</p>	<p>1.6.1 Shared water challenges shall be identified and prioritized from the information gathered</p>	<p>General water problems have been identified and announced as part of the state improvement, and the plant provides support in solving these problems.</p>
	<p>1.6.2 Initiatives to address shared water challenges shall be identified.</p>	<p>General water problems have been identified and announced as part of the state improvement, and the plant provides support in solving these problems.</p>
	<p>1.6.3 Advanced Indicator Future water issues shall be identified, including anticipated impacts and trends</p>	<p>A study was conducted on water sufficiency in the region, this study was conducted by public services and the company is discussing their results on the formula. 3 points</p>
	<p>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.</p>	<p>Analysis of the plant's impact on the improvement and / or deterioration of social consequences related to water has not been carried out</p>
<p>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.</p>	<p>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</p>	<p>this requirement is evaluated in the AWS plan2020, operations in case of Emergency</p>
	<p>1.7.2 Water-related opportunities shall be identified, including how the site may participate, assessment and prioritization of potential savings, and business opportunities</p>	<p>this requirement is evaluated in the AWS plan2020,</p>

AWS Criteria	Indicators	Findings
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.	this is defined in a single file for all enterprises in the world (PMI), as well as in a single file with significant stakeholders
	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	execution is reflected in the AWS plan. Goals for water saving during project implementation are reflected and results are obtained after project implementation
	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), as well as in a single file with significant stakeholders, AWS plan
	1.8.4 Relevant catchment best practice for site maintenance of Important Water-Related Areas shall be identified	The company conducts several events related to best practices in the catchment area: charity events for cleaning riverbanks, training companies on preserving the ecosystem of the banks "save small rivers together", giving employees nozzles on cranes to reduce water consumption.
	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 Rostov, Volgograd, Astrahan region 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	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: <ul style="list-style-type: none"> That the site will implement and disclose progress on water stewardship program(s) to achieve improvements in AWS water stewardship outcomes; 	Signed: General Director JC "Philip Morris Izhora", Director of the branch office JC "Philip Morris Izhora" "Philip Morris Kuban"

AWS Criteria	Indicators	Findings
<p>outcomes, and the allocation of required resources</p>	<ul style="list-style-type: none"> 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. <p>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.</p>	<p>Signed: General Director JC "Philip Morris Izhora", Director of the branch office JC "Philip Morris Izhora" "Philip Morris Kuban" 1 point</p>
<p>2.2 Develop and document a process to achieve and maintain legal and regulatory compliance</p>	<p>2.2.1 The system to maintain compliance obligations for water and wastewater management shall be identified, including:</p> <ul style="list-style-type: none"> Identification of responsible persons/positions within facility organizational structure Process for submissions to regulatory agencies 	<p>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</p>
<p>2.3 Create a water stewardship strategy and plan including addressing risks (to and from the site), shared catchment water challenges, and opportunities.</p>	<p>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</p> <p>2.3.2 A water stewardship plan shall be identified, including for each target:</p> <ul style="list-style-type: none"> 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. <p>2.3.3 Advanced Indicator The site's partnership/water stewardship activities with other sites within the same catchment (which</p>	<p>execution is reflected in the AWS plan. Goals for water saving during project implementation are reflected and results are obtained after project implementation</p> <p>execution is reflected in the AWS plan, 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.</p> <p>Local suppliers were evaluated, and meetings were held with stakeholders, including charitable</p>

AWS Criteria	Indicators	Findings
	may or may not be under the same organizational ownership) shall be identified and described	companies. A plan of interaction has been registered and feedback has been received
	<p>2.3.4 Advanced Indicator The site's partnership/water stewardship activities with other sites in another catchment(s) (either under same corporate structure or with another corporate site) shall be identified</p>	Meetings were held with stakeholders located abroad in this catchment area (Rostov, Volgograd, Saint Petersburg), including charitable companies. A plan of interaction has been developed and feedback has been received.
	<p>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</p>	During the meetings, the company describes the problems of the region, talks about ways to solve these problems, and writes letters to government agencies to coordinate actions and events. "Thank you" letters were received from charity companies
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 AWS plan is based on government standards, research, and environmental needs. This plan was sent to the state authorities for review and responses were received from the state authorities about their readiness to cooperate.
	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 government authorities prescribed a mitigation plan, but PMI was not involved in this plan, and did not conduct any interviews.

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 shows stable results in saving water, and the implementation of projects is going according to plan. No violations were detected during environmental audits and state inspections
	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	The rights to water in this region are not infringed, the company provided the Protocol of the meeting of indigenous peoples.

AWS Criteria	Indicators	Findings
	3.1.3 Advanced Indicator Evidence of improvements in water governance capacity from a site-selected baseline date shall be identified	Reports on improvements at the enterprise, implementation of enterprise plans are presented 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.	The company has submitted letters of appreciation from various organizations that indicate positive contributions from PMI. 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	annual inspections according to ISO 14001, 9001. Internal audits of the company's systems (including social ones), verification of documentation and laws on an ongoing basis - by responsible persons (a file on law control has been created)
	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 Russia, the basic law on the provision of water for consumers of drinking quality (water must comply with SanPiN 1074). Water supplied to residents in the region corresponds to 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 (until December) is presented.
	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 production assessment, and according to the assessment of https://www.wri.org/ - there are no problems with water. (the quantity of water is sufficient, the quality of water supplied to consumers meets the standards of drinking water)
	3.3.3 Legally-binding documentation, if applicable, for the re-allocation of water to social, cultural or environmental needs shall be identified.	this requirement is not feasible due to the law of the Russian Federation
	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.	The company has implemented several projects for the use of return water (reuse). These projects are counted and evaluated.

AWS Criteria	Indicators	Findings
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.	On the territory of a water source, water quality is not a problem (according to research by the plant and research by government agencies)
	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.	On the territory of a water source, water quality is not a problem (according to research by the plant and research by government agencies)
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.	According to the maps presented at the plant, according to information from the media, there are no problematic water areas. But the plant conducts regular programs to maintain and reduce the human impact on the ecosystem
	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	Indirect evidence of ecosystem improvement is presented (removed garbage on the territory of the reservoir)
	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.	Multiple letters are submitted stating that this company makes a significant contribution to the ecosystem of the region. This work has also been evaluated by government agencies. 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

AWS Criteria	Indicators	Findings
	<p>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.</p>	<p>the company and suppliers have signed a requirement on social aspects that are mandatory for implementation (suppliers, outsourcing), and stakeholders are communicating in correspondence</p>
	<p>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.</p>	<p>there are no problems with access to drinking water on the territory, but due to quarantine measures (Covid-19), there is no evidence base</p>
<p>3.7 Implement plan to maintain or improve indirect water use within the catchment.</p>	<p>3.7.1 Evidence that indirect water use targets set in the water stewardship plan, as applicable, have been met shall be quantified</p>	<p>The Water footprint control report is presented, which reflects all consumers in the enterprise, and audits of suppliers are also conducted to control the amount of water used to provide services and / or products.</p>
	<p>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.</p>	<p>Supplier audits were conducted to control the amount of water used to provide services and / or products, and feedback was received from suppliers of products and services.</p>
	<p>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</p>	<p>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.</p>
<p>3.8 Implement plan to engage with and notify the owners of any shared water-related infrastructure of any concerns the site may have.</p>	<p>3.8.1 Evidence of engagement, and the key messages relayed with confirmation of receipt, shall be identified</p>	<p>The company provides notifications about reading, notifications about receiving (for those stakeholders who did not respond and / or do not want to cooperate) and response letters from interested stakeholders.</p>
<p>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</p>	<p>3.9.1 Actions towards achieving best practice, related to water governance, as applicable, shall be implemented.</p>	<p>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.</p>

AWS Criteria	Indicators	Findings
	3.9.2 Actions towards achieving best practice, related to targets in terms of water balance shall be implemented.	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.	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.
	3.9.4 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 has held several charity events to clean up and maintain water areas, conducted training programs for suppliers and third-party people.
	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 report on water redistribution at the enterprise, water reuse at the enterprise is presented.
	3.9.7 Advanced Indicator Achievement of identified best practice related to targets in terms of sustainable water balance shall be quantified.	The report on water redistribution at the enterprise, water reuse at the enterprise is presented.
	3.9.8 Advanced Indicator Achievement of identified best practices related to targets in terms of water quality shall be quantified.	water quality is not an enterprise issue.
	3.9.9 Advanced Indicator Achievements of identified best practices related to targets in terms of the site's maintenance of Important Water-Related Areas have been implemented.	reports were submitted on charity actions performed (cleaning the banks of rivers and lakes), and the amount of garbage collected at these sites was determined.
	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

AWS Criteria	Indicators	Findings
	3.9.11 Advanced Indicator A list of efforts to spread best practices shall be identified.	there is no list of actions to distribute and disseminate best practices
	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. 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	There are reports (in the form of presentations) on charity events, reports on the amount of garbage removed, but there is no research: what happened BEFORE the action, how this action helped this water body, the progress of this water body

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 water stewardship plan and demonstrate its contribution to achieving water stewardship outcomes	4.1.1 Performance against targets in the site’s water stewardship plan and the contribution to achieving water stewardship outcomes shall be evaluated	The company fulfills its plans to implement water saving systems. The company fulfills the goals for water consumption at the facility.
	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 several round tables, where it spoke about the positive results after the implementation of AWS standard and water economy projects.
	4.1.4 Advanced Indicator	An annual analysis of the plant’s activities is carried out by the top management, and

AWS Criteria	Indicators	Findings
	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	problems are partially discussed (but at this stage only the plant's problems).
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 (the report for 2019 is ready - there were no incidents in 2019). The report for 2020 will be ready by 06.2021. it will reflect incidents in 2020.
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 round tables 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 site's efforts across all five outcome areas, and their suggestions for continual improvement.	Multiple thank-you letters and information about positive contributions to the media are presented.
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.	The current water stewardship approaches are evaluated.

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	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.	The information is available on the company's passageway (freely available), on the company's website (in the section about AWS certification).

AWS Criteria	Indicators	Findings
water-related local laws and regulations.		
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.	AWS masterplan was distributed to stakeholders. Feedback was received from some stakeholders.
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.	The strategic development plan (objectives), as well as the assessment of implementation is reflected in the annual report (available in the public domain on the company's website)
	5.3.2 Advanced Indicator The site's efforts to implement the AWS Standard shall be disclosed in the organization's annual report	The strategic development plan (objectives), as well as the assessment of implementation is reflected in the annual report (available in the public domain on the company's website) 1 points
	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.
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	reflected in the company's sustainability report for 2019.
	5.4.2 Efforts made by the site to engage stakeholders and coordinate and support public-sector agencies shall be identified.	evidence of the implementation of this section is: sending out informational letters, conducting a survey on water conservation, organizing charity events.
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.	Several inspections were carried out at the enterprise by the state body, but no violations were detected regarding water.
	5.5.2 Necessary corrective actions taken by the site to prevent future occurrences shall be disclosed if applicable.	Several inspections were carried out at the enterprise by the state body, but no violations were detected regarding 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	Several inspections were carried out at the enterprise by the state body, but no violations were detected regarding 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, 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	14
Step 2: Commit & Plan	Confirmed	22	01
Step 3: Implement	Confirmed	97	14
Step 4: Evaluate	Confirmed	09	00
Step 5: Communicate & Disclose	Confirmed	02	01
		155	30

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

9. Conclusion and Recommendation

JSC Philip Morris Izhora 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. This summary is for the certification review done on the audit findings under AWS standard.

Observations / Feedbacks:

1. PMI has involved many stakeholders in their conduct for water stewardship - employees, consultant, government agencies, suppliers, educational institute

2. PMI has done a great work on formalizing its' policy, if company could also formalize its commitment with time-bound and social benefits then this would further reflect it's stewardship efforts

10. Schedule for Surveillance Audit

As this initial audit is conducted on 17-11-2020, as per the requirement of standard (v2.0) surveillance audit has to be scheduled within 13 months. Hence, next surveillance audit to be conducted by 17-12-2021. This date even includes any request for re-assessment for certification level upgradation.