Alliance for Water Stewardship

Audit Report - Nestle Waters North America, Inc.
South Houston, TX Water Bottling Facility

The AWS International Water Stewardship Standard, Version 1.0, April 8th, 2014

Report Issued on October 7, 2019
### Introduction to the Alliance for Water Stewardship

The AWS Standard ("the Standard") is intended to drive water stewardship, which is defined as the use of water that is socially equitable, environmentally sustainable and economically beneficial, achieved through a stakeholder-inclusive process that involves site- and catchment-based actions. Good water stewards understand their own water use, catchment context and shared concerns in terms of water governance, water balance, water quality and Important Water-Related Areas, and then engage in meaningful individual and collective actions that benefit people and nature. The Standard outlines a series of actions, criteria and indicators for how one should manage water at the site level and how water management should be stewarded beyond the boundaries of a site. In this Standard, the "site" refers to the implementing entity that is responsible for fulfilling the criteria. The site includes the facility and the property over which the implementer that is using or managing water (i.e., withdrawing, consuming, diverting, managing, treating and/or discharging water or effluent into the environment) has control.

### Assessment Information:

<table>
<thead>
<tr>
<th>Client Name</th>
<th>Nestlé Waters North America, Inc. - South Houston, TX</th>
</tr>
</thead>
<tbody>
<tr>
<td>AWS Reference Number</td>
<td>AWS-010-INT-SCS-00-01-0004-0097</td>
</tr>
<tr>
<td>Stakeholder Notification</td>
<td>August 16, 2019 AWS and SCS Websites, Houston Chronicle, Pasadena Citizen</td>
</tr>
<tr>
<td>Client AWS Representative/Group Manager (Role/Name/Contact info)</td>
<td>Brandon Kienenberger, G.I.T. NWNA, Sustainability Analyst</td>
</tr>
<tr>
<td>Audit Team (Role/Name)</td>
<td>Lead Auditor: Rae Mindock, SCS</td>
</tr>
<tr>
<td></td>
<td>Team Auditor: Isabella Polenghi-Wood</td>
</tr>
<tr>
<td></td>
<td>Team Auditor: Shana Golden, SCS</td>
</tr>
<tr>
<td>Audit dates (DD-DD Month YYYY)</td>
<td>September 17-19, 2019</td>
</tr>
<tr>
<td>Audit Location (main site being audited)</td>
<td>Nestle Waters North America (NWNA) South Houston, TX Facility 9351 E Point Dr. Houston, TX 77054</td>
</tr>
<tr>
<td>Date(s) of previous audit (if applicable)</td>
<td></td>
</tr>
<tr>
<td>Findings from previous year</td>
<td>YES, see tab 9</td>
</tr>
<tr>
<td>SCS Certificate number (if applicable)</td>
<td></td>
</tr>
<tr>
<td>Expiry date of previous certificate (if applicable)</td>
<td></td>
</tr>
</tbody>
</table>

### Scope of Audit (check all applicable boxes)

| Initial audit | YES |
| Surveillance audit | YES |
| Re-certification audit | YES |
| RE-evaluation audit | YES |
| Single-site audit | YES |
| Multi-site audit | YES, see tab 3 |
| Group audit | YES, see tab 3 |

**If yes, please description of the group structure and relationships**

### Description of Site and Operations

The NWNA South Houston plant is a water bottling facility, producing bottled water products under the brand names of Ozarka Brand 100% Natural Spring Water (Ozarka) and Nestlé Pure Life Water (NPL). The factory produces 1 to 5 gallon bottles from three bottling lines. Water for the bottling facility comes from Moffit Spring (Ozarka) and East Water Purification Plant 1 (NPL). The water sources and discharges are within the South Houston Factory AWS and Moffit Spring Catchments.

### Description of the catchment in which the client operates:

**YES, see tab 3**
The South Houston, TX plant is located in the Brays Bayou Watershed. The Plant is located in the South Houston Factory Catchment encompassing approximately 68,000 acres, comprised of portions of four contiguous sub-watersheds. The plant receives water from the East Water Purification Plant 1 and Moffit Spring (located north of Houston). The Moffit Spring Catchment encompasses 23,000 acres across portions of two contiguous sub-watersheds. The Catchments for both water sources are shown below.

South Houston Factory AWS
the factory, East
Almeda

Moffit Spring Catchment
Owned property within NWNA
administrative and management control.
Both the upgradient and downgradeient
extent of Nelson Creek is included in the
catchment.

Summary of shared water challenges and stakeholder engagement:

Shared water challenges are catchment water related issues shared by the site and stakeholders. A prioritized list of shared water challenges addressing the outcomes was provided. The shared water challenge that was identified and had the highest priority was Public / Consumer Education with spring tours, factsheet, scholarship funding and consistent website updates provided per the Water Stewardship Plan. Other shared water challenges include Water Quantity, Water Quality and Water Efficiency.

Stakeholder engagement was documented during auditor interviews with The Houston Food Bank about NWNA efforts on Public/Consumer Education and WASH contributions. Also, the Bluebonnet Groundwater Conservation District and The Meadows Center for Water and the Environment at Texas State University-San Marcos confirmed NWNA actions taken regarding preservation of water quantity and good water governance.
## Audit Attendance

### Guidance:
Record in this section the people attending the different parts of the audit. Tick the parts of the audit attended by each person.

<table>
<thead>
<tr>
<th>Title/Name</th>
<th>Opening meeting</th>
<th>Document review</th>
<th>Facility Inspection</th>
<th>Closing meeting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plant Manager</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>QA Manager</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Natural Resources Manager</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Sustainability Analyst</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Operations Manager</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>SHE &amp; TPM Manager</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>SHE Resource</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Additional information on audit attendance

---

Version 1-0 (March 2017) | © SCS Global Services
**Step 1: COMMIT - Commit to being a responsible water steward**

Step 1 ensures that there is sufficient leadership support to enact the rest of the criteria within the Standard. This step also relates to commitments to legal/regulatory compliance and rights-related issues, which underpin water stewardship.

### Core

1.1 Establish a leadership commitment on water stewardship:
- Have the senior-most manager at the site, and if necessary a suitable individual within the corporate head office, sign and publicly disclose a commitment to:
  1. Uphold the AWS water stewardship outcomes (good water governance, sustainable water balance, good water quality status and healthy status of Important Water-Related Areas);
  2. Engage stakeholders in an open and transparent manner;

#### 1.1.1 Signed and publicly disclosed statement that explicitly covers all requirements (see details in Criterion 1.1).

- **Yes**
  - A pledge was reviewed, signed by the site factory manager, containing all elements described in this criterion.

1.2 Develop a water stewardship policy:
- Develop an internally agreed-upon and communicated and publicly available water stewardship policy that references the concept of water stewardship (as informed by the AWS Standard, outcomes and criteria).

#### 1.2.1 Publicly available policy that meets all requirements (see Guidance)

- **Yes**
  - Nestlé’s corporate water stewardship policy “Nestlé and Water: Sustainability, Protection, and Stewardship” extensively discusses Nestlé’s commitment to sustainable water use. The policy is publicly available on the Nestlé website.

### Core

2.1 Define the physical scope:
- Identify the site’s operational boundaries, the sources the site draws its water from, the locations where the site returns its discharge to, and the catchment(s) that the site affects and is reliant upon.

#### 2.1.1 Documentation or map of the site’s boundaries

- **Yes**
  - A map of the site was provided. The map includes the property boundaries of the factory, the spring water unload station and tanks, city water pipelines, and the wastewater discharge point. The map also shows the detention basin, the retention pond, and other relevant water-related features (wastewater neutralization system, storm drain lines, and sewer drain).

#### 2.1.2 Names and location of water sources, including both water service provider (if applicable) and ultimate source water

- **Yes**
  - A map with the names and locations of water sources was provided. The South Houston facility receives water from:
    - Moffit Spring (~50%, trucked);
    - City of Houston East Water Purification Plant 1 (~50%, piped).
  - City of Houston surface water supply sources are also shown on a map with reservoir capacity data.

#### 2.1.3 Names and location of effluent discharge points, including both water service provider (if applicable) and ultimate receiving water body

- **Yes**
  - Site wastewater is comingle with other operations at the City of Houston Almeda Sims Wastewater Treatment Plant. The treatment plant discharges to the Buffalo Bayou and ultimately to Galveston Bay. Stormwater is directed offsite into the City of Houston sewer system.

#### 2.1.4 Geographical description or map of the catchment(s)

- **Yes**
  - A map of the site catchment was provided (comprised of two sub-catchments). The South Houston facility is approximately 46,000 acres. The catchment is defined by portions of four contiguous sub-watersheds containing the: factory, East Water Purification Plant 1, and Almeda Sims Wastewater Treatment Plant.
  - A map was also provided of the separate Moffit Spring sub-catchment, which encompasses an area of approximately 23,000 acres.
  - The sub-catchment is defined by portions of two contiguous sub-watersheds containing:
    - All owned property within NWNA administrative and management control:
      - Up-gradient reach of Nelson Creek;
      - Down-gradient reach of Nelson Creek through the confluences of Gum Branch, Crab Creek, Post Oak Branch and Possum Branch.

---

**Version 1.0 (March 2017) | © SCS Global Services**
## 2.2 Identify stakeholders, their water-related challenges and the site’s sphere of influence

*Identify stakeholders, document their water-related challenges and explain how the stakeholders are within the site’s sphere of influence.*

<table>
<thead>
<tr>
<th>Subsection</th>
<th>Yes/No</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.2.1 List of stakeholders, descriptions of prior engagements and summaries of their water-related challenges</td>
<td>Yes</td>
<td>The stakeholder map created during the Nestlé Community Relations Process (CRP) was reviewed. Stakeholders identified include City of Houston Utilities, Houston Fire Department, Houston Food Bank, school districts, community outreach programs and regional state representatives. The stakeholders interviewed were aware of NWNA, including issues of water usage/operations in the area. NWNA South Houston supports the “Every Drop Counts” scholarship and the River, Lakes, Bayous Trash Bash.</td>
</tr>
<tr>
<td>2.2.2 Description of the site’s sphere of influence</td>
<td>Yes</td>
<td>Information on sphere of influence was provided and reviewed. Stakeholders are related to the site’s catchment and identifies the stakeholders’ ability to influence or be influenced.</td>
</tr>
</tbody>
</table>

## 2.3 Gather water-related data for the catchment

*Gather credible and temporally relevant data on the site’s catchment:*

1. Water governance, including catchment plan(s), water-related public policies, major publicly led initiatives under way, relevant goals, and all water-related legal, regulatory requirements;
2. Water balance for all sources while considering future supply and demand trends;
3. Water quality for all sources while considering future physical, chemical and biological quality trends;
4. Important Water-Related Areas, including their identification and current status, while considering future trends;
5. Infrastructure’s current status and exposure to extreme events while considering expected future needs.

<table>
<thead>
<tr>
<th>Subsection</th>
<th>Yes/No</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.3.1 List of relevant aspects of catchment plan(s), significant publicly led initiatives and/or relevant water-related public policy goals for the site</td>
<td>Yes</td>
<td>A list of significant publicly led initiatives and water-related public policy goals for the catchment was provided at the state, regional, county, city, and district level. A description of the purpose and relevance of the water-related legal and regulatory requirements is included in the catchment plan review summary provided and discussed.</td>
</tr>
<tr>
<td>2.3.2 List, and description of relevance, of all applicable water-related legal and regulatory requirements, including legally defined and customary water rights and water-use rights</td>
<td>Yes</td>
<td>A list of federal, state, local permits and regulatory requirements was provided, including permits issued by the EPA, the public health department, and TCEQ. List of relevant and applicable legal and other requirements were also provided.</td>
</tr>
<tr>
<td>2.3.3 Catchment water balance by temporally relevant time unit and commentary on future supply and demand trends</td>
<td>Yes</td>
<td>A catchment water balance with precipitation, point source flows, subsurface flow, runoff, and ET was provided as: 30-year annual average inflow and outflow values. 30-years monthly average water fluxes. In addition, a water balance for the City of Houston was provided, which includes average monthly water demand data and water supply values for the period between 2009 and 2013. A more recent water balance and future projections on population, annual water demand and supply data are publicly available on the Texas State Water Plan website. A water balance is presented for the Moffit spring catchment. It includes annual values from 2003 to 2018 for precipitation, ET, recharge, runoff, groundwater flows out, and NWNA productions.</td>
</tr>
<tr>
<td>2.3.4 Appropriate and credibly measured data to represent the physical, chemical and biological status of the site’s water sources by temporally relevant time unit, and commentary on any anticipated future changes in water quality</td>
<td>Moffit Spring water undergoes the standard State required annual water quality testing performed by third party laboratories. In addition NWNA performs quarterly, monthly, and weekly water quality testing on additional constituents and parameters. City of Houston water is treated according to federal and state standards to remove any possible harmful contaminants. Trending of both water quality sources is evaluated annually and compared to historical data and water quality goals. Discussion on water quality sources was verbally provided to indicate that no changes are anticipated.</td>
<td></td>
</tr>
<tr>
<td>2.3.5 Documentation identifying important Water-Related Areas, including a description of their current status and commentary on future trends</td>
<td>Yes</td>
<td>NWNA has been identified by NWNA and described along with a description of their water related issues. NWNA include Brays Bayou, Sims Bayou, Hunters Bayou, Buffalo Bayou and Moffit Spring.</td>
</tr>
</tbody>
</table>
### Core

#### 2.3.6 Existing, publicly available reports or plans that assess water-related infrastructure, preferably with content exploring current and projected sufficiency to meet the needs of water uses in the catchment, and exposure to extreme events

| Yes |

A list of publicly available reports/data of water-related infrastructure with a description, exposure scenarios and opportunities. Infrastructure includes municipal wells and ponds/dams. The GCA Hurricane Plan was summarized. Flood Resilience is addressed by the City of Houston.

#### 4.1.4 Copies of existing water stewardship and incident response plans

| Yes |

The Water Stewardship Plan, Spill Prevention Control Countermeasure Plan (SPCC) and Storm Water Pollution Prevention Plan (SWPPP) were reviewed. Incident response was addressed in the plans.

#### 2.4.2 Site water balance (in Mm³ or m³) by temporally relevant time unit and water-use intensity metric (Mm³ or m³ per unit of production or service)

| Yes |

NWNA prepared and provided water maps containing inputs and outputs of water at this facility. Data showing monthly water inflows, outflows, and losses were reviewed. The site utilizes a Water Withdrawal Ratio (WWR) to evaluate efficiency, measuring liters of water used to produce a liter of product. As of September 2019, South Houston plant year to date WWR is 1.38 L/L.

#### 2.4.3 Appropriate and credibly measured data to represent the physical, chemical and biological status of the site’s direct and outsourced water effluent by temporally relevant time unit, and possible pollution sources (if noted)

| Yes |

A summary of water quality tests conducted at the site on incoming source water and finished product was provided. To verify the internal water quality results, samples get sent once a year to an external accredited laboratory. Monthly or higher frequency data were provided for water quality of spring sources and effluent. NWNA water quality protocol includes pH, T, DO, TDS and other constituents. Water quality data is regularly compared to NWNA and MCL available screening criteria. The records reviewed showed that no parameters exceed any regulatory standards. The system is automated so that if a value is out of limits, the system shuts down. NWNA is notified and must respond if the effluent quality is out of required limits (e.g. if pH exceeds certain amount).

#### 2.4.5 Documentation identifying existing, or historic, onsite Important Water-Related Areas, including a description of their status

| Yes |

No on-site IWRAs were identified.

#### 2.4.6 List of annual water-related costs, revenues and description/quantification of social, environmental or economic value generated by the site to the catchment

| No |

Finances are compiled and reviewed by NWNA corporate headquarters. Site level costs were presented, and social and environmental values were described. Normally revenue data is reviewed regionally or at the product level, not at the level of individual sites.

NWNA South Houston provided “NWNA Investing In Creating Jobs and Investment in Texas” Fact Sheet for 2018. The report summarized NWNA contribution to the economy and service commitment at a statewide and local level.

Minor NC 2019.01 was issued. Revenues and shared services are not provided. Interviews indicated this data is not tracked at the site level and unable to be provided at this time.
### Step 3 Plan

Core

<table>
<thead>
<tr>
<th>Core</th>
<th>2.5</th>
<th>Improve the site’s understanding of its indirect water use and continually improve the site’s understanding of:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2.5.1</td>
<td>List of primary inputs with their associated embedded water use (or better) water use and (where known) their country/region or catchment of origin with its level of water stress.</td>
</tr>
<tr>
<td></td>
<td>2.5.2</td>
<td>List of outsourced services that consume water or affect water quality and both (A) estimated annual (or better) water withdrawn listed by outsourced services (M3 or M4) or (B) appropriated and credited/measured data to represent the physical, chemical and biological status of the outsourced annual (or better) water effluent.</td>
</tr>
<tr>
<td></td>
<td>2.5.3</td>
<td>Documentation provided shows values of water consumptions and availability. Calculations conducted indicate the Blue Water Scarcity Value and provides the score of the water stress. Current Baseline Water Stress is generally high or medium to high for all vendors and outsourced services.</td>
</tr>
</tbody>
</table>

Core

<table>
<thead>
<tr>
<th>Core</th>
<th>3.1</th>
<th>Develop a system that promotes and evaluates water-related legal compliance:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3.1.1</td>
<td>Documented description of system, including the processes to evaluate compliance and the names of those responsible and accountable for legal compliance.</td>
</tr>
<tr>
<td></td>
<td>3.1.2</td>
<td>Available water stewardship strategy.</td>
</tr>
</tbody>
</table>

Core

<table>
<thead>
<tr>
<th>Core</th>
<th>3.2</th>
<th>Create a site water stewardship strategy and plan:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3.2.1</td>
<td>Available water stewardship strategy.</td>
</tr>
<tr>
<td></td>
<td>3.2.2</td>
<td>Available plan that meets all component requirements and addresses site risks, opportunities and stakeholder shared water challenges.</td>
</tr>
</tbody>
</table>

### Step 3.1 Plan

**Step 3.1.1** Develop a system that promotes and evaluates water-related legal compliance:

**Step 3.1.2** Available water stewardship strategy.

**Step 3.2.1** Available water stewardship strategy.

**Step 3.2.2** Available plan that meets all component requirements and addresses site risks, opportunities and stakeholder shared water challenges.
Step 4: IMPLEMENT – Implement the site’s stewardship plan and improve impacts

Step 4 is intended to ensure that the site is executing the plan outlined in Step 1, mitigating risks and driving annual improvements in performance.

Core

4.1 Comply with water-related legal and regulatory requirements and respect water rights:
Meet all applicable legal and regulatory requirements related to water balance, water management and Important Water-Related Areas as well as water -related rights. As noted in Criterion 3.1 and 3.2, where, through its water use, the site is contributing to an inability to meet the human right to safe drinking water and sanitation, the site must also continually work with relevant public sector agencies until this basic human right to water and sanitation is fulfilled.

4.1.1 Documentation demonstrating compliance
Yes

NWNA South Houston provided their current SWPPP/SPCC documents which included a description of their required responses and resilience operations to water related issues and risks. Modifications to the plans are captured through review/amendment comments. Additionally, an annual review is part of standard procedures to evaluate the plan’s effectiveness.

4.2 Maintain or improve site water balance:
Meet the site’s water balance targets. As noted in Criterion 3.2., where water scarcity is a shared water challenge, the site must also continually decrease its water withdrawals until best practices are met and work with relevant public sector agencies to address the imbalance and shared water challenge. Note: If a site wishes to increase its water use in a water scarce context, the site must cause no overall increase in water scarcity in the catchment and depletion of the site’s water source(s) and encourage relevant public sector agencies to address the unlawful water use contributing to the imbalance in the catchment.

4.2.1 Measurement-based evidence showing that targets have been met
Yes

4.2.2 (Water scarce catchments only) Evidence of continual improvement or best practice
Yes

4.2.3 (Sites wishing to increase withdrawals in water scarce catchments only) Evidence of no net increase in water scarcity
Yes

4.3 Maintain or improve site water quality:
Meet the site’s water quality targets. As noted in Criterion 3.2., where water quality stress is a shared water challenge, the site must also continually improve its effluent for the parameters of concern until best practices are met and work with relevant public sector agencies to address the imbalance and shared water challenge. Note: If a site wishes to increase its water use in a stressed context, the site must cause no overall increase in the degradation of water quality in the catchment and degradation of the site’s water source(s) and encourage relevant public sector agencies to address the unlawful water use contributing to the degradation in the catchment.

4.3.1 Measurement-based evidence showing that targets have been met
Yes

4.3.2 (Water quality-stressed catchments only) Evidence of continual improvement or best practice
Yes

4.3.3 (Sites wishing to increase withdrawals in water scarce catchments only) Evidence of no net increase in water scarcity
Yes

4.4 Maintain or improve the status of the site’s Important Water-Related Areas:
Meet the site’s targets for Important Water-Related Areas at the site. As noted in Criterion 3.2., where Important Water-Related Area degradation is a shared water challenge, the site must also continually improve its Important Water-Related efforts until best practices are met, and the site must not knowingly cause any further degradation of such areas on site.

4.4.1 Documented evidence showing that targets have been met
Yes

No IWRA areas are present at the South Houston site. Catchments IWRA have been identified together with their current status, future trends and site status. IWRA are discussed in their AWA presentations to stakeholders. NWNA South Houston has an established history of participating in clean-up efforts of the Trash Bash. Progress towards implementation of IWRA plans are identified and documented.

4.4.2 (Degraded Important Water-Related Area catchments only) Evidence of continual improvement or best practice
Yes

Degraded IWRA areas not identified within this catchment.

4.5 Notify the relevant (catchment) authority of the site’s water risks facing the site:
Add to or modify the site’s incident response plan to be both responsive and resilient to the water-related risks facing the site.

4.5.1 A description of the site’s efforts to be responsive and resilient to water-related issues and/or risks in an appropriate plan
Yes

NWNA South Houston provided the outreach log and communication with catchment authorities about the AWR process. Communication and outreach confirmed through stakeholder interviews.

4.6 Maintain or improve site water balance:
Meet the site’s water balance targets. As noted in Criterion 3.2., where water scarcity is a shared water challenge, the site must also continually decrease its water withdrawals until best practices are met and work with relevant public sector agencies to address the imbalance and shared water challenge. Note: If a site wishes to increase its water use in a water scarce context, the site must cause no overall increase in water scarcity in the catchment and depletion of the site’s water source(s) and encourage relevant public sector agencies to address the unlawful water use contributing to the imbalance in the catchment.

4.6.1 Documentation demonstrating compliance
Yes

NWNA South Houston provided their current SWPPP/SPCC documents which included a description of their required responses and resilience operations to water related issues and risks. Modifications to the plans are captured through review/amendment comments. Additionally, an annual review is part of standard procedures to evaluate the plan’s effectiveness.

4.7 Maintain or improve water quality:
Meet the site’s water quality targets. As noted in Criterion 3.2., where water quality stress is a shared water challenge, the site must also continually improve its effluent for the parameters of concern until best practices are met and work with relevant public sector agencies to address the imbalance and shared water challenge. Note: If a site wishes to increase its water use in a stressed context, the site must cause no overall increase in the degradation of water quality in the catchment and degradation of the site’s water source(s) and encourage relevant public sector agencies to address the unlawful water use contributing to the degradation in the catchment.

4.7.1 Measurement-based evidence showing that targets have been met
Yes

4.7.2 (Water scarce catchments only) Evidence of continual improvement or best practice
Yes

4.7.3 (Sites wishing to increase withdrawals in water scarce catchments only) Evidence of no net increase in water scarcity
Yes

4.8 Notify the relevant (catchment) authority of the site’s water risks facing the site:
Add to or modify the site’s incident response plan to be both responsive and resilient to the water-related risks facing the site.

4.8.1 A description of the site’s efforts to be responsive and resilient to water-related issues and/or risks in an appropriate plan
Yes

NWNA South Houston provided the outreach log and communication with catchment authorities about the AWR process. Communication and outreach confirmed through stakeholder interviews.
4.5 Participate positively in catchment governance: Continually coordinate and cooperate with any relevant catchment management authorities’ efforts. As noted in Criterion 3.2, where water governance is a shared water challenge, the site must also continually improve its efforts until best practices are met.

4.7 Provide access to safe drinking water, adequate sanitation and hygiene: Water related emergency events have occurred such as hurricanes and tropical storms. Factory operations were suspended for life safety protection of personnel and their families due to media flooding during the Galveston Bay visit. The annual environmental reviews document these emergency events. Based on observations during the visit, the Plant was prepared, communicative and demonstrated effective prevention measures.

4.6 Maintain or improve indirect water use within the catchment: Ensure appropriate access to safe water, effective sanitation and protective hygiene for all workers in all premises under the site’s control.

5.2 Evaluate water-related emergency incidents and extreme events: Evaluate impacts of water-related emergency incidents (including extreme events), if any occurred, and determine effectiveness of corrective and preventive measures. Factor lessons learned into updated plan.

5.3 Consult stakeholders on water-related performance: Request input from the site’s stakeholders on the site’s water stewardship performance and factor the feedback/lessons learned into the updated plan.

5.4 Update water stewardship and incident response plans: Incorporate the information obtained into the next iteration of the site’s water stewardship plan. Note: updating does not apply for initial round of Standard implementation.

5.1 Evaluate the site’s water stewardship performance, risks and benefits in the catchment context:

5.1.1 Post-implementation data and narrative discussion of performance and context (including water risk): NVWNA has evaluated performance of the Stewardship Plan which is aligned with realizing the AQS Outcomes. Targets established in the Plan are tracked based on multiple actions with measurable metrics, documentation of stakeholder engagement, and evaluation of changes in water risk for each target. The evaluation also includes a cost/benefit review and describes shared value benefits for each target. Further evaluation will be conducted during the surveillance and renewal audits.

5.1.2 Total amount of water-related costs, cost savings and value creation for the site based upon the actions outlined in 5.2 (drawn from data gathered in 2.4.6): Refer to 5.1.1.

5.1.3 Updated data for indicator 2.4.7 on catchment shared value creation based upon the actions outlined in 5.2: Refer to 5.1.1.

5.2.1 Documented evidence (e.g., annual review and proposed measures): Water related emergency events have occurred such as hurricanes and tropical storms. Factory operations were suspended for life safety protection of personnel and their families due to media flooding during the Galveston Bay visit. The annual environmental reviews document these emergency events. Based on observations during the visit, the Plant was prepared, communicative and demonstrated effective prevention measures.

5.3.1 Commentary by the identified stakeholders: Internal and external stakeholder outreach conducted through the CBP 3.0. Beacons covered the main topics of Water Resource Management, Relations with Stakeholders, Industrial Impacts and Local Contribution. Internal and external stakeholders noted Public/Consumer Education as the highest priority.

5.4.1 Modifications to water stewardship and incident response plans incorporating relevant information: NA This is the initial assessment, therefore this indicator does not apply for this initial round of standard implementation.
| Core | 6.1 Disclose water-related internal governance:  
Publicly disclose the general governance structure of the site’s management, including the names of those accountable for legal compliance with water-related laws and regulations. | 6.1.1 Disclosed and publicly available summary of governance at the site, including those accountable for compliance with water-related laws and regulations | Yes/No | NWNA South Houston facility posts the factory organization chart in the entry of the factory floor where it will be observed the most by staff and during factory open houses with operational tours. The organization chart includes the staff and relevant responsible personnel for water-related laws and regulations. Factory open houses also include presentations on the site’s water stewardship projects and implementation of the AWS International Water Stewardship Standard. |
| Core | 6.2 Disclose annual site water stewardship performance:  
Disclose the relevant information about the site’s annual water stewardship performance, including results against the site’s targets. | 6.2.1 Disclosed summary of site’s water stewardship results | Yes/No | The stakeholder presentation was reviewed. The presentation includes the site’s water stewardship performance results. NWNA South Houston conducted public/consumer education outreach through tours; distribution of stakeholder presentations, and providing stakeholders presentations that reviewed the site’s water challenges, stakeholder feedback, targets, with implementation outcomes. |
| Core | 6.3 Disclose efforts to address shared water challenges:  
Publicly disclose the site’s shared water challenges and report on the site’s efforts to help address these challenges, including all efforts to engage stakeholders and coordinate and support public-sector agencies. | 6.3.1 Disclosed and publicly available description of shared challenges and summary of actions taken to engage stakeholders (including public-sector agencies) | Yes/No | The stakeholder presentation was reviewed. Presentation includes the site’s water stewardship performance results. The presentation was provided to stakeholders prior to the onsite audit. List of attendees reviewed at the facility. NWNA South Houston conducted public/consumer education outreach through tours; and providing stakeholders presentations that reviewed the site’s water challenges, stakeholder feedback, targets, with implementation outcomes. |
| Core | 6.4 Drive 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. Note: any site-based violation that can pose an immediate material threat to human or ecosystem health from use of or exposure to site-related water must be reported immediately to relevant public agencies. | 6.4.1 Available list of water-related compliance violations with corresponding corrective actions | Yes/No | Violations are publicly available through state and federal reporting (ECHO/USEPA). There were no violations reported at the site. |
| Core | 6.5 Increase awareness of water issues within the site:  
Strive to raise the understanding of the importance of water issues at the site through active communications. | 6.5.1 Record of awareness efforts (dates and communications) and, if possible, level of awareness | Yes/No | Signed sheets for the 2019 Factory Tour, Plantwide Training and World Water Day were provided. NWNA have discussed AWS with their managers during regular conference calls. |
## Audit Non-conformities and Observations

### Guidance

**Disclaimer:** auditing is based on a sampling process of the available information and therefore nonconformities may exist which have not been identified.

Observations are defined as an area of concern regarding a process, document, or activity where there is opportunity for improvement.

Major non-conformity is raised if the issue represents a systematic problem of substantial consequence; the issue is a known and recurring problem that the client has failed to resolve; the issue fundamentally undermines the intent of the AWS Standard; or the nature of the problem may jeopardize the credibility of AWS.

Applicants must close major NCR within Ninety (90) days of the NCR issue date. Failure to meet this deadline will require another conformity assessment.

Certificate Holders must close major NCR within Thirty (30) days of the NCR issue date. If the Major NCR is not addressed within 30 days SCS shall suspend or withdraw the certificate and reinstatement shall not occur before another conformity assessment has been successfully completed.

Minor non-conformity: Where the audit team has evaluated an audit finding and determines that the seriousness of the issue does not meet the any of the criteria for Major non-compliance the audit team shall grade the finding as a minor non-conformity.

Applicants must submit an acceptable corrective action plan to address all minor non-conformities to be recommended for certification.

Certificate Holders must close minor NCR within Ninety (90) days of the NCR issue date. SCS may agree to an alternative time frame with the client as long as this can be justified and is documented in the NCR report.

If corrective actions are inadequate to resolve a minor non-conformity by the time of the next scheduled audit, SCS shall upgrade the audit finding to a major non-conformity.

Minor non-conformity: Where the audit team has evaluated an audit finding and determines that the seriousness of the issue does not meet the any of the criteria for Major non-compliance the audit team shall grade the finding as a minor non-conformity.

Minor non-conformity: Where the audit team has evaluated an audit finding and determines that the seriousness of the issue does not meet the any of the criteria for Major non-compliance the audit team shall grade the finding as a minor non-conformity.

Minor non-conformity: Where the audit team has evaluated an audit finding and determines that the seriousness of the issue does not meet the any of the criteria for Major non-compliance the audit team shall grade the finding as a minor non-conformity.

* closed = actioned by the client, corrections & corrective actions verified and closed by the auditor.

^The corrective action plan shall include an analysis of the root cause of the minor non-conformity; the specific corrective action(s) to address the minor non-conformity; and an appropriate time frame to implement corrective action(s).

### NC #

<table>
<thead>
<tr>
<th>Criteria / Indicator #</th>
<th>Major – Detail on Non Conformance</th>
<th>Due Date (XX calendar Days)</th>
<th>Root Cause Analysis and Corrective Action Taken</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minor NC 2019.01</td>
<td>Revenues and shared services are not provided. Interviews indicated this data is not tracked at the site level and unable to be provided at this time. NC’s associated with Indicator 2.4 will be extended for one (1) year to provide time for the AWS Technical Committee guidance to be released with the forthcoming revised AWS Standard (v2.0). Nestle’ should use this additional time to comply with the intent of this indicator to ensure their certified status.</td>
<td>1 Year</td>
<td>Root Cause Analysis: Currently, the company tracks financial data by total brand values and not at a factory-specific level. However, costs and revenues were presented for financial data as specifically attributed to the factory, where possible. The aggregate nature of some of the values led to presentation of some N/A values. Corrective Action: Revised water-related costs and revenues will be presented and/or estimated for the site, where possible. Explicit references will be made regarding social and environmental values provided to the catchment, as possible.</td>
</tr>
</tbody>
</table>

### OBS #

<table>
<thead>
<tr>
<th>OBS 2019-001</th>
<th>Observation – Detail on Opportunity for Improvement</th>
<th>Due Date</th>
<th>Corrective Action Taken</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.4.1</td>
<td>OBS 2019.01 was issued. The SWPPP should be updated with current Factory personnel.</td>
<td>Not Required</td>
<td>Note: We understand the observation and will take the advice under consideration. No Corrective Action Plan required.</td>
</tr>
</tbody>
</table>
## Certification Decision

### Guidance

The recommendation section to be filled out by the auditor with optional comments. The Certification Decision section is to be completed by the SCS’s decision-making entity after initial, re-certification and re-evaluation audits. Details of the decision making entity and any observations or further details can be included in the comments field.

<table>
<thead>
<tr>
<th>Auditor’s recommendation for initial, continued or re-certification based on compliance with requirements:</th>
<th>x</th>
<th>Initial/Continued Certification <strong>Recommended</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Initial/Continued Certification <strong>Not Recommended</strong></td>
</tr>
<tr>
<td>Level of certification recommended (if applicable):</td>
<td>X</td>
<td>AWS Core</td>
</tr>
<tr>
<td></td>
<td>AWS Gold</td>
<td></td>
</tr>
<tr>
<td></td>
<td>AWS Platinum</td>
<td></td>
</tr>
<tr>
<td>Comments (e.g. justification for change in certification level, recommendations for sampling):</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SCS Certification Decision:</th>
<th>x</th>
<th>Approved</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Denied</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Certification decision by:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Nicole Munoz, Managing Director</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Technical Review by:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Nicole Munoz, Managing Director (not valid without signature)</td>
<td></td>
</tr>
</tbody>
</table>

| Date of decision: | 5 November 2019 |
| Surveillance schedule: | Next audit is scheduled for (include range): Sept. 2020 to Nov 2020 |