

CERTIFICATION REPORT

Alliance for Water Stewardship (AWS)

Audit Number: AO-000484



SITE DETAILS

Site: **BAT Brazil - Santa Cruz do Sul**

Address: Rodovia Br 471, s/n km 46,5 I, 96835640, Santa Cruz do Sul, Rio Grande do Sul, BRAZIL

Contact Person: Elias Dresch

AWS Reference Number: AWS-000404

Site Structure: Single Site

CERTIFICATION DETAILS

Certification status: Certified Core

Date of certification decision: 2023-May-22

Validity of certificate: 2025-Aug-02

AUDIT DETAILS

Audited Service(s): AWS Standard v2.0 (2019)

Audit Type(s): Surveillance Audit1

Audit Start Date: 2023-Jan-17

Lead Auditor: Carla Oberdiek

Site Participants:

Elias Dresch, Client representative

Cleiton Silva, H&S Coordinator

Daniela Marques, Buying Manager

Fernanda Klein, sustainability specialist

Robson Schwalm, Services Coordinator - Information

Jordan Azeredo Klafke, Logistics analyst

Sabrina Jost, agricultural advisor

Barbara Junqueira, territory manager

Jaime Dias, technology diffusion coordinator and ESG Farms project

André Sevegnani, Continuous Improvement Manager

Carolina Mantovani Bohlhalter De Lima, OPS Manager

Nicolas Brucker, Plant Manager

Vitor Mazzochi Aguiar, Processing Manager

Luiz Antonio Yanes Bernardo Junior, Technology Deployment Manager

Sabrine Wartchow, sustainability coordinator

Roque Martins, engineering

Josimara Santos Cardoso, logistics

Anderson Voigt, Leaf planning and intelligence manager

Simon Yeo, Head of Supply Chain and exports

David Borges, Sustainability Project Manager

WSAS

2 Quality Street North Berwick, EH39 4HW, UNITED KINGDOM

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ADDITIONAL INFO

Summary of Audit Findings: A total of 4 findings were raised during the Surveillance 1 audit, zero major non-conformities, 3 minor non-conformities and 1 observation.

The Client is requested to perform a root cause analysis and define corrective actions for each of the non-conformities and to submit these to WSAS within 60 days of receipt of the audit report by 7 May 2023.

Minor non-conformities must be closed out by the time of the next annual audit.

The audit team recommends continuing certification of BAT Brazil - Santa Cruz do Sul at Core level pending approval of the corrective actions plan.

CLOSURE OF FINDINGS AND CORRECTIVE ACTION PLAN:

The Client has successfully submitted the corrective action plans addressing all findings. Proof of implementation has been requested for the Minors and this will be evaluated during the Surveillance Audit. The client is requested to upload evidence of implementation prior to the Surveillance Audit.

Scope of Assessment: The scope of services covers the Surveillance 1 Audit for assessing conformity of British American Tobacco (BAT) Brazil - Santa Cruz do Sul against the AWS International Water Stewardship Standard Version 2.

BAT is a company that manufactures tobacco leaf for sale to different national cigarette producers, and for export. It has operations world-wide, and in Brazil they established British American Tobacco Ltda (BAT). This audit was at their Santa Cruz do Sul Factory, located at Santa Cruz do Sul municipality of Rio Grande do Sul State, in Brazil. The activities in the area began on 12/12/1997. Before that, it was farming areas. The company Souza Cruz has more than 100 years operating in Santa Cruz do Sul, but in another site. The current BAT site has a total area of 100 hectares. The built area corresponds to 14,039 hectares. The immediate neighborhood consists of a green area with a concentration of industries to the south and west. To the east and north the presence of few residences can be identified. Total employees in the site is 300 at the audit period (off-season). The BAT factory in Santa Cruz do Sul has 3 tobacco processing lines, two with mechanized stripping and one with manual stripping. The process begins with the receipt and classification of tobacco leaves (an activity that was taking place during the audit). After sorting, the tobacco is steamed, blended, ground and threshed, dried and packaged (this part of the process was not in operation during the audit).

The facility is located in the Pardo River Catchment. The water for the process is mostly from groundwater from the Guarani Aquifer. The industrial water produced from the site's wells is mainly consumed by Cooling Towers (29%), followed by Boilers (25%). The drinking water supplied by CORSAN is used mainly in taps (40%) along the plant (handwashing and human consumption) and in the restaurant (28%). The water for drinking water for employees come from purchased spring water.

The audit was conducted onsite on January 17th to 19th 2023.

The onsite site visit included the assessment of water source points (wells and entry of Corsan water), Waste water treatment plant and output point, water reservoir, site's environmental park, deposit of chemicals and agrochemicals, area for receiving, classifying and storing tobacco, restrooms and cafeterias as part of the audit.

The following external stakeholders were interviewed during the audit:

- Tobacco Farmer/ Fabio Gehrke;
- Pardo River Basin Committee/Valeria Borges Vaz;
- UNISC/Marcelo Luis Krombauer.

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FINDINGS

Observation	1
Minor	3

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FINDING DETAILS

Finding No:

TNR-003488

Checklist Item No:

1.5.5

Status:

In Progress - CA plan approved

Finding level:

Minor

Due date:

2024-Jan-17

Checklist item:

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.

Findings:

IWRA status were not assessed by the site including any threats to people or the natural environment, using scientific information and through stakeholder engagement.

Corrective action:

- Consider the IWRAs pointed in the Official Catchment Plan (Committee)

- Assess the IWRA list complying with the scientific studies about relevance, status and impact of each one to the community, water of the catchment and for BAT.

- Engage stakeholders (IWRA responsible and Catchment Committee) to share the assessment and adherence with water stewardship priorities.

- Close all background of IWRAs in a report to drive future lines of action.

Finding No:

TNR-003489

Checklist Item No:

5.5.1

Status:

In Progress - CA plan approved

Finding level:

Minor

Due date:

2024-Feb-08

Checklist item:

Any site water-related compliance violations and associated corrections shall be disclosed.

Findings:

There is a finding of 2022 AWS audit cycle (conducted by the certifier SGS) in this 5.5.1 indicator, which is described in this report at Previous Findings sector.

Of the 11 actions planned for this NC-2, 9 were completed. There are 2 actions left to be completed, which are in progress and should be verified in the next audit. This 2 actions are: 1 - update of operating license conditions; 2 - reuse of 100% of the treated effluent. BAT developed a Complementary Action Plan to finish this remaining actions.

Corrective action:

The main line of work is to reduce as much as possible the amount of effluents discarded during the learning curve period of the first period of Reverse Osmosis operation. In this way, the government agency will monitor the new reality to be aware that the effective impact of the GLT operation is much smaller than in the past.

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Finding No:	TNR-003208
Checklist Item No:	
Status:	Open
Finding level:	Observation
Checklist item:	All non-conformities raised in the previous audit have been satisfactorily closed.
Findings:	- Observation 01 (indicator 1.3.2) The water balance does not include the water contained in the tobacco leaf (humidity of the leaf at receipt at the factory) that enters to the system, compared to the humidity of the final product.
Corrective action:	<p>There is 2 on-going actions:</p> <p>1 -To develop technology to integrate all water that comes embedded inside of tobacco bales, from the farmers as humidity inside of the GLT Site (two main factors are essential: traceability of all bales from the farmers and automatic measurement of humidity of tobacco). The work is in progress and is going to deliver data in the level of detail to establish how much water is coming from each watershed in all three southern states of Brazil.</p> <p>2 - to improve the data collection inside of the process searching for opportunities of a better performance in water consume (considering different kind of tobacco). The IWS EnerCon DMS is the main tool to follow the daily drumbeat and performance and deal with the challenges.</p>
Finding No:	TNR-003209
Checklist Item No:	
Status:	In Progress - CA plan approved
Finding level:	Minor
Due date:	2024-Jan-17
Checklist item:	All non-conformities raised in the previous audit have been satisfactorily closed.
Findings:	The phosphate concentrations is above the limit value in operation license (despite complying with legal regulations). The environmental agency, FEPAM, has already been informed and has already carried out an inspection with an opinion that the company is in good standing. However, it is still necessary to obtain the text revision of the Operating License.
Corrective action:	There is an action plan for release adequacy that has been documented with the public control body FEPAM. Of the 11 actions planned, 9 were completed. There are 2 actions left to be completed, which are in progress and should be verified in the next audit. This 2 actions are: 1 - update of operating license conditions; 2 - reuse of 100% of the treated effluent. BAT developed a Complementary Action Plan to finish this remaining actions.

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Report Details

Report	Value
Report prepared by	Carla Oberdiek
Report approved by	Lurdes Guerra
Report approved on (Date)	05/03/2023

Surveillance

Proposed date for next audit
2024-Jan-17

Stakeholder Announcements

Comment Surveillance Audits do not require a Stakeholder Announcement

Catchment Information

Catchment Information

The site is in the Pardo river basin. The Pardo River rises north of the municipality of Barros Cassal, about 700 meters altitude, and runs for 250 km to its mouth on the Jacuí River at 100 meters altitude. The Jacuí River flows into Lake Guaíba, which is part of the hydrographic region of the Guaíba Basin. With a drainage area of 3638 km², the Pardo river basin is divided into 13 study units. The BAT is located in the study unit called Baixo Pardinho (BPi), with 219,46 km².

Within this study unit, BAT selected the Levis Pedroso stream microbasin, that is a tributary to the Rio Pardo, as the area of interest. Levis Pedroso stream microbasin has total extension area of approximately 3,170 hectares; Native vegetation: 674,57 ha, Extension Water Course: 29866,6 m; Springs: 10 units. The Levis Pedroso stream flows to the site from the south east, and leaves the site at the north west. The stormwater (rainwater) and the effluents is released to this stream (the license allows it).

Into the site is an artificial lagoon fed by rainwater, that also is connected to the Levis Pedroso stream and it's used for emergency system. There are 3 water wells within the site that provides industrial water for BAT production. The water source for the 3 water wells is the Guaraní aquifer. The weel's water is stored at a reservoir called "Castelo de Agua", with capacity of 450 m³.

For all uses, other than toilet flushing and the manufacture of tobacco, the water is supplied by the public water company CORSAN which is the municipal supplier. The drinking water from CORSAN is from the "Lago Dourado" which is connected to Rio Pardinho. CORSAN also has some water wells, but the major percentage is from the surface water.

Comment Pardo river basin map, aquifer systems of the Pardo river basin Map and Lago Dourado Map are attached.

Client Description and Site Details

Client/Site Background

British American Tobacco - BAT - is a company that manufactures tobacco leaf for sale to different national cigarette producers, and for export. BAT Brasil is proud to be a company with a great voice for Brazil and a true national reach. In 2015, it had a 78.1% share of the formal domestic market, while its tobacco exports reached 108 thousand tons. BAT Brasil has always seen family farming as the main pillar of its business. No wonder it was a pioneer, almost a hundred years ago, in the development of the Integrated Tobacco Production System, a consolidated production model that has since been modernized to increase the prosperity of the producer and reduce the environmental impact of cultivation. The concern with sustainability is not just in the field, but in all activities at BAT Brasil, ranging from choosing renewable energy matrices for factories and plants to encouraging good environmental practices on the part of its employees. The results are expressive, such as the neutralization of 83% of its carbon emissions and the recycling of 98.12% of the solid waste generated.

Summary of Shared Water Challenges

Summary of Shared Water Challenges

The document "Relatório etapa A - Comitê Bacia Pardo" of 2005 identified the problems directly related to water resources from Pardo River Catchment:

Water deficit, Floods, Low exploitation potential for groundwater, Incompatibility between quality and uses of surface water, Degradation by contamination of Groundwater Quality, Multiplicity of water uses or conflict tendency, Potential for degradation from urban effluents origin and rural effluents origin, Intensity of use of pesticides, Inappropriate land use, Deficit of Riparian Forest and protected areas, Silting of watercourses, Collapse of margins, river tracing rectification, Obstruction of river gutters.

Problems in the Lower Pardo River Study Unit (where the site is located):

The lower Pardo forms a relatively homogeneous region along with the midfielder Pardo, with whom he shares the set of problems related to the themes of change in morphology and regime fluvial, conservation units, potential organic load of porcine origin and rural effluents, in addition to problems to a lesser extent related to effluents urban developments, water uses and groundwater quality and availability.

Conflicts related to water resources are very much based on problems of intense use of natural resources and the productive capacity of the local environment, leading to deforestation of riparian vegetation, silting of watercourses, scarcity of water resources and floods, with repercussions on the intense occupation of the marginal areas to the river Pardo and its tributaries by rural and urban human populations, among others. Despite the seriousness and diversity of registered problems, however, there is no concentration of conflicts over a reduced number of actors, but a diffuse spread of problems among a wide and varied set of actors and institutions.

The site has identified the following shared challenges in the catchment:

- Absence of publicly available information for consultation on monitoring activities and maintenance of structures related to Corsan's water resources.
- There are no data on groundwater availability for the Rio Pardo Basin and surface water availability data are outdated.
- There are potentially polluting activities in the surroundings and the state of Rio Grande do Sul does not have public lists on the existence of contaminated and rehabilitated areas for consultation.
- Corsan's current water supply capacity is lower than demand in Santa Cruz do Sul.
- The 2020 analysis of the water quality of the Pardo River indicates that this basin has regionally poor surface water quality.
- There are no consolidated data at the basin level, such as rainfall, evapotranspiration, future demands, or they are quite old, such as consumption data (2005).

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0.1 General Requirements for Single Sites, Multi-Sites and Groups	
0.1.1	Eligibility Criteria
0.1.1.1	<i>The site(s) occupy one catchment OR an exception has been granted.</i>
Comment	The BAT Santa Cruz do Sul site sits within a single water catchment area.
0.1.1.2	<i>The scope of the proposed certification shall be under the control of a single management system.</i>
Comment	The site is managed under a single-based management system.
0.1.1.3	<i>The scope of the proposed certification shall be homogeneous with respect to primary production system, water management, product or service range, and the main market structures.</i>
Comment	The site's production system and water management are homogeneous.

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1 STEP 1: GATHER AND UNDERSTAND

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.*

1.1.1 *The physical scope of the site shall be mapped, considering the regulatory landscape and zone of stakeholder interests, including:*

- 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.



Yes

Comment

- Site boundaries: Evidences: Planta Geral SCS - Áreas APP; Planta Geral Distribuição Área útil LO Usina.
- Water-related infrastructure, including piping network, owned or managed by the site or its parent organization: Evidences: maps ZONA 4 - SCZ60007, Zona 6,7,8,9,10,12, 13,14.
- Any water sources providing water to the site that are owned or managed by the site or its parent organization: doc called 1.1 - mapa instalações de interesse hidrico na GLT (poço tubular 1, 2 e 3 - Weels 1, 2 and 3); doc called 1.1 - slide 12 - fluxograma Castelo d'água.
- Water service provider (if applicable) and its ultimate water source: doc called 1.1 - mapa instalações de interesse hidrico na GLT (entrada água potável - entry of potable water from CORSAN), slide 12 - Water Service Provider. Doc called SVA page 95 - lago dourado is the ultimate water source for CORSAN.
- Discharge points and waste water service provider (if applicable) and ultimate receiving water body or bodies: doc called 1.1 - slide 13 - discharge points and ultimate receiving water body, slide 14 , 15, 16 and 17- Waste water service provider.
- Catchment(s) that the site affect(s) and is reliant upon for water: doc called 1.1 - slides 19, 20, 21 that shows the "microbacia" (catchment) from Levis Cardoso Creek. Slide 23 : catchment of Pardo River were the Levis Cardoso Creek is located.




1.2 *Understand relevant stakeholders, their water related challenges, and the site's ability to influence beyond its boundaries.*

1.2.1 *Stakeholders and their water-related challenges shall be identified. The process used for stakeholder identification shall be identified. This process shall:*

- 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 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.








Yes

Comment	<ul style="list-style-type: none"> - The mapping cover all relevant stakeholders including vulnerable, women, minority (there isn't indigenous people in this region). Evidence: doc called 1.2.1 (1) (Partes interessadas = mapping of stakeholders). -All this stakeholders were mapped, including stakeholders representative of the site's ultimate water source and ultimate receiving water body. - Evidence of stakeholder consultation on water-related interests and challenges: email with farmer (AWS 2022 -SCS - Email Sabine Resumo Ações no Campo); doc 1.2.1 (Plano de engajamento de partes interessadas); convocação comite. - Note that the ability and/or willingness of stakeholders to participate may vary across the relevant stakeholder groups: doc 1.2.1 (Plano de engajamento de partes interessadas). - The degree of stakeholder engagement based on their level of interest and influence is identified in the Doc called SVA pages 54 - 61; doc 1.2.1 (Plano de engajamento de partes interessadas). 	
1.2.2	<i>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.</i>	 Yes
Comment	<p>The Site identified the current and potential degree of influence between site and stakeholder and represented through a matrix that relates influence and interest of stakeholders</p> <p>Evidences: Excel - Plano de engajamento de partes interessadas - SCS 20230112</p>	
1.3	<i>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.</i>	
1.3.1	<i>Existing water-related incident response plans shall be identified.</i>	 Yes
Comment	<p>BAT has incident response Plans that shows the level of contingency with actions and responsibilities to act in case of a water-related incident.</p> <p>Evidences: 1.3.1 (powerpoint); 1.3.1_Plano_de_resiliência_hídrica_SCS_-_v2; Plano de emergência SCS.</p>	
1.3.2	<i>Site water balance, including inflows, losses, storage, and outflows shall be identified and mapped</i>	 Yes
Comment	<p>Evidence: 1.3.2_Water_Balance.xls; were the Site water balance, including inflows, losses, storage, and outflows are identified and mapped. The drinking water supplied by CORSAN is used mainly in taps (40%) along the GLT (handwashing and human consumption) and in the restaurant (28%). The industrial water produced from the site's wells is mainly consumed by Cooling Towers (29%), followed by Boilers (25%).</p> <p>From the Certification Audit from 2022: Observation 01 (Clause 1.3.2) The water balance does not include the water contained in the tobacco leaf (humidity of the leaf at receival at the factory) that enters to the system to be processed, compared to the humidity of the final product. The differential in tobacco industry is low, however, could be calculated in order to have more precision on the water balance.</p> <p>Response: the company are mapping the origin from the leaf produtores to know were the embebed water comes from and enter in the company into the leafs. TEWS equipment (humidity sensor) measures the humidity of 100% of the bales that enter the company. Additionally, every 60 bales, a sample of 1 bale is collected to analyze the amount of moisture in the laboratory. The company are studing what is the better way to represent the input of this humidity of the leaf at receival at the factory, that enters to the system, compared to the humidity of the final product.</p> <p>This observation is recorded in the "Previous Findings" section.</p>	

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1.3.3	<i>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.</i>	 Yes
Comment	<p>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 wer quantified by the site.</p> <p>Evidence: powerPoint called 1.3.3; doc called SVA pages 582-86. Dashboard with information about quantification of annual variance in water usage rates (2016-2022). Excel file 1.3.2_Water_Balance - Balanco hidrico: with information about quantification of inflows, losses, storage, and outflows.</p>	
1.3.4	<i>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.</i>	 Yes
Comment	<p>BAT monitors the water quality of site's water source (weels and water provided from CORSAN) and effluent. The company also analyse the Water quality of receiving water bodies.</p> <p>Evidences: Water Analysis Reports from Corsan; Well 2 water analysis report; Water Quality Monitoring Worksheet; Water Course water quality report (upstream and downstream).</p>	
1.3.5	<i>Potential sources of pollution shall be identified and if applicable, mapped, including chemicals used or stored on site.</i>	 Yes
Comment	<p>The company mapped the current and potential pollution sources with deep detail.</p> <p>Evidence: powerponit called 1.3.5.</p>	
1.3.6	<i>On-site Important Water-Related Areas shall be identified and mapped, including a description of their status including Indigenous cultural values.</i>	 Yes
Comment	<p>The site identified and mapped on-site Important Water-Related Areas and also on the catchment. The site analised their status.</p> <p>IWRA of Pardo Catchment: riparian areas, legal protected areas, parcs, weels and water springs.</p> <p>Evidences: Water_stewardship_plan_-_Strategic_plan; Mapping - IWRA - Stakeholders - Infra. SCS General Layout - APP Areas</p>	
1.3.7	<i>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.</i>	 Yes

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Comment The site identified the costs (period of 2006 - 2022) of maintenance and efficiency improvement of wells and analysis of water from wells; costs avoided with the circular economy of water; and the site has a description of social and cultural values, environmental water-related value generated by the site.

The site presented:

- Incoming water cost for municipal water.
- The cost related to operation of the well.
- The cost of effluent treatment (2019 - 2022).
- payments to specialists that works to obtain the license of the weels,
- The cost of drinking water bottles.
- payment for projects related to water,
- stakeholder engagement and associated activities costs,
- costs with hours worked by employees in water-related actions.

The certification costs are allocated in the corporate costs.

Regarding the cost related to water consumed by the company, on average, 69% of the amount paid is directed to CORSAN, while the remaining 31% is expenses related to the abstraction of underground water and dam (less than 1%). The cost of water from Corsan is much higher when compared to the amount spent for explore underground water, even the volume of water from the wells corresponding to 79% of total consumption.

Evidence: SVA pages 10-11, 70-72; Excell - 1.3.7 - custos com água; 1.3.7 Dashboard costs.

1.3.8 *Levels of access and adequacy of WASH at the site shall be identified.*


Yes

Comment The site identified the Levels of access and adequacy of WASH. The site has 300 people, 65 WC facilities and 14 potable drinking water stations. The site attends the national requirement, NR24, about minimal quantities of sanitary facilities. The site monitor the quality of drink water. The site has also a certificat about measures to prevent COVID.

Evidences: excel - 1.3.8_Banheiros_unidade_SCS. Excel - 3.4.1 - Quality Water Monitoring.

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.*


Yes

Comment The site identified the embedded water use of primary inputs (Tobacco), including quantity, quality and level of water risk within the site's catchment. In addition, BAT is applying the Produzindo Certo system on properties that produce tobacco. The Produzindo Certo Platform (PPC) is a socio-environmental management system for rural properties in which the rural producer adheres voluntarily and receive a clear diagnosis of the socio-environmental situation of your property. One of the items of this diagnosis is management of water resources.
Evidence: 1.4.1 Dados Fornecedor Tabaco. Criterios&indicadores_ProduzindoCerto_vJulho2020 (2)

The site has several actions aiming the water efficiency performance across more the 17000 BAT integrated farmers. Some of them are:
1 - Climate prediction capability improvement to bring a higher level of decision making on growing practices and to allow a prioritization of a better allocation of irrigation systems for most applicable scarcity areas.
2 - Float System for seedlings production permit a special environment for tobacco seedlings growing until a perfect condition to migrate for the field. The system allows 85% reduction in water consumption in the first part of growing.
3 - Drip irrigation is an important practice already part of the technologic growing pack applicable to suggest for farmers in specific regions that faces water scarcity or risk. In 2022 crop, 3,6% area of all tobacco fields applied the technology. The expected efficiency increased up to 90% of water usage.
The site has a program called Water Management in Tobacco Value Chain that is ongoing and it's possible to see reduction of total water consumption and efficiency improvement.

The site are also engaged with secondary inputs provider, like Klabin which produces cardboard packaging to identify their relationship with water management. Evidence: 3.7.2 Form AWS BAT(1-3) (1)

1.4.2 *The embedded water use of outsourced services shall be identified, and where those services originate within the site's catchment, quantified.*



Yes

Comment BAT identified the embedded water use of outsourced services through the collection of information through a questionnaire sent to the supplier containing several questions related to water management. One of the questions is the following: What is the volume of water needed per Ton of Material Produced and supplied to BAT? To this question, the FUPASC supplier (responsible for the disposal of waste at BAT) replied that it consumes 0.671 m³ of water/tons of organic fertilizer produced.

The food supplier follows a pack of good practices of water usage inside of their process. Considering the food raw materials there are some actions to clarify the origins of it and if their suppliers have good water management practices to share. The continuity of actions must be monitored in the next audit (this question was the Opportunity for Improvement 01 from previous audit done in 2022 by SGS).

Evidence: 1.4.2 Form AWS BAT Service Provider

1.5 *Gather water-related data for the catchment, including water governance, water balance, water quality, Important Water-Related Areas, infrastructure, and WASH*

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.*



Yes

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Comment Water governance initiatives were identified by the site, 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.

Evidences: docs 1.5.1 (Powerpoint); SVA page 38 (iniciatives: Plano pardo, Redenção do Pardo - rede de educação Ambiental do Pardo, banco de áreas para reposição florestal). Relevant goals to help inform site of possible opportunities for water stewardship collective action: the site has a plan to engage with the stakeholders (line 9 on the Water Strategy Plan - look attached at 2.3.2).

1.5.2 *Applicable water-related legal and regulatory requirements shall be identified, including legally-defined and/or stakeholder-verified customary water rights.*



Yes

Comment The company has a strategy of constant monitoring of legal requirements and adequacy through action plans. For that the company uses the Cal 4.0 system. The Cal 4.0 helps manage legal requirements in a centralized and intelligent way. Assessment of applicability and compliance with legislation is registered in CAL 4.0®.

Evidences: Example of water-related requirement:
Consema-355-2017-RS-criterios-e-padres-de-emissao-de-efluentes-liquidos. Powerpoint 1.5.2.

1.5.3 *The catchment water-balance, and where applicable, scarcity, shall be quantified, including indication of annual, and where appropriate, seasonal, variance.*



Yes

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Comment

Water-balance for Pardo River Catchment:

- precipitation: 6.696,4 million m³
- evapotranspiration: 3.734,6 million m³
- consumptive use of water: 125,95 million m³
- Hydric balance = 2.835,8 million m³

Water availability of surface water:

The minimum surface water availability of the Rio Pardo basin corresponds to 8,9 m³/s. Of the total of 8,49 m³/s, about 47,08% (3,994 m³/s) were already granted in 2005.

The problems related to the amount of water are of two orders: excess and scarcity. Both can be understood as natural phenomena, aggravated by human action. The Pardo River Basin presents morphological, geological, geometric and climatic characteristics that contribute to the rapid flow of precipitation: as a result, high runoff occurs immediately after (and during) rainfall more intense, rapidly depleting these water volumes, without any enough time for adequate infiltration and retention. That is, the natural characteristics of the Basin are conducive to the generation of high flows, after and during the rains, subsequently imposing periods with low discharges, due to the low natural regularization capacity. In this way, after periods of low rainfall, the watercourses of the Basin present a visible reduction in their water flows, and this variation is both the smaller the contribution area. The topography and relief of the Basin impose a morphology that results in large slopes and unevenness between the upper and lower parts, of the order of 400 at 500 m. The geology, with the predominance of basaltic rocks covered with thin layers of soil, in the upper and middle parts of the Basin, imply low permeability to the natural terrain: thus, on the one hand there is a greater surface runoff and, on the other hand, a lower infiltration and respectively lower retention and sub-surface storage. The format, elongated in the upstream-downstream direction, and transverse to the sudden change in altitudes of the natural terrain, contributes a lot to accelerate the flow of water, further reducing the possibilities of infiltration and natural retention. As a last aggravating element, there is the influence of the relief of the Basin in the formation of orographic and frontal-orographic rainfall, intense and concentrated along the escarpment region (which consists of protection against fronts coming from the south). The conjunction of these four natural factors (morphology, geology, geometry and influence on rainfall) results in a picture quite accentuated as to the occurrence of high river flows, alternated with periods of more depressed fluvial regime.

Surface water availability for the entire Pardo River Basin is around 107,1 m³/s, in annual average terms, varying monthly from a maximum of 169,2 m³/s (in July) to a minimum of 50,8 m³/s (in March). The availability associated with a 90% permanence is 8,49 m³/s in annual terms, varying between 24.18 m³/s (in July) and 5,19 m³/s (in April).

Currently there is no implementation of transfer structures between basins involving the Rio Pardo watershed.

Groundwater Water Availability:

According to data presented in the Water Resources Plan for the Rio pardo Basin, in the upper portions, where the fractured aquifer of the Serra Geral formation predominates, and the lower portions, where the aquitards of the Sanga do Cabral formation and the aquiclude of the siltstone portion and claystones from the Santa Maria Formation, have low exploration potential. While the slopes region, where the aquifers of the Botucatu Formation, Caturrita and the sandstone portion of the Santa Maria Formation predominate, present a high exploration potential, and these formations are part of the recharge area of the Guarani Aquifer System.

Questions about groundwater reported in an audit done in 2022 by SGS - Opportunity for Improvement 02): There is on going a project of investigation of the catchment to reach available data about the area and its water challenges. During next cycle, one of the actions is focused to improve the knowledge level of the groundwater context and mobility. The continuity of actions must be monitored in the next audit.

Evidence: powerpoint 1.5.3; SVA pag 40 (Balanço hídrico regional), pag 360 (scarcity), pag 369 (indication of annual, and where appropriate, seasonal, variance).

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.

Yes

Comment

Surface water quality: according to analyzes carried out in 2004 by the State Department of Water Resources, in the upper sections of the drainage network of the Basin (located further upstream) better patterns are observed qualitative, usually resulting in Water Quality Indexes - WQI (in portugues - IQA)) Good. Further downstream, and as the human presence and productive actions are intensified, these qualitative patterns show clear degradation, only regular WQI (IQA) is being checked.

According to the Surface Water Quality Report of the State of Rio Grande do Sul, during the year 2019, 70% of the samples exceeded the limits established for Escherichia coli and total phosphorus (being poor the water quality related to these parameters).

Groundwater quality: In general, the water has an alkaline tendency with (pH between 8-9), being in 68% of mild character in terms of hardness, in 84% considered sweet and suitable for human consumption. The other variation bands for the physical and inorganic parameters analyzed are within the normality, expected for the geological framework that shelters them.

A surveillance of the chemical evolution of aquifer water quality (even if the use is restricted to production only and not human use) is covered in the 2023 action plan. The continuity of actions must be monitored in the next audit (this questions about groundwater was reported in an audit done in 2022 by SGS - Opportunity for Improvement 03).

Evidences: PowerPoint 1.5.4, SVA page 361 onwards , page 423 shows IQA for Pardo River.

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.

in progress

Comment

The site identified and mapped the IWRA at Pardo River Catchment. Their status is in the slide 11.

Evidence: Mapeamento - IWRA - Stakeholders - Infra






NC: IWRA status were not assessed by the site including any threats to people or the natural environment, using scientific information and through stakeholder engagement.

Finding No: TNR-003488

1.5.6

Existing and planned water-related infrastructure shall be identified, including condition and potential exposure to extreme events.






Yes

Comment	The SVA has done research on public data basis. There is a risk water atlas related to scarcity (as extreme event), as a first approach is applicable as a regional and general context. SVA report mapped vulnerability in relation to the lack of information about conditions of CORSAN infrastructures. BAT engaged with local water company - CORSAN - to understand the water distribution infrastructure from abstraction to distribution and assess physical vulnerabilities to extreme events, and obtained a contract with CORSAN in December 2022 (page 107 of the SVA). Site had purposed a strategy for this process, specially considering some changes predicted for the system and its corporative owner. After a public procurement process the company moved from public to private sector. The changes are going to take place in next years (24-25). The continuity of engament actions must be monitored in the next audit. This opportunity for improvement is already reported at previus findings section.	
	Evidence: SAV pag 20 - informações sobre o sistema de captação de agua da CORSAN para Santa Cruz do Sul.	
1.5.7	<i>The adequacy of available WASH services within the catchment shall be identified.</i>	 Yes
Comment	According to data from the Water and Sewage Atlas of ANA (National Agency for Water and Basic Sanitation), the municipality of Santa Cruz do Sul has a sewage collection rate of 95% and a sewage treatment rate of 67%. And according to the Panel Saneamento Brasil (2018), Santa Cruz do Sul has a water service rate of 88.9%. Evidence: Relatório_SVA_BAT-Santa_Cruz_do_Sul_-_SV-089-22-_REV_02_-_2022_(1) (1) - page 44	
1.6	<i>Understand current and future shared water challenges in the catchment, by linking the water challenges identified by stakeholders with the site's water challenges.</i>	
1.6.1	<i>Shared water challenges shall be identified and prioritized from the information gathered.</i>	 Yes
Comment	BAT identified the shared water challenges and prioritized this challenges. Evidences: Excel - Plano de mitigação de Riscos e Vulnerabilidades (shows the water challenges and the priorization); powerPoint - 1.6.1..	
1.6.2	<i>Initiatives to address shared water challenges shall be identified.</i>	 Yes
Comment	The site identified 6 iniciatives to address shared water challenges. Evidences: PowerPoint 1.6.2; excel 1.6.2_Initiatives_to_address_shared_water_challenges	
1.7	<i>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.</i>	
1.7.1	<i>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.</i>	 Yes
Comment	The site Water identified the risks faced by the site. The risks identified was prioritized including likelihood and severity of impact within a given timeframe, and the risks had their impacts on the business identified. Evidences: SVA (table 7.6.3); Risk and Vulnerability Mitigation Plan - Final Version (prioritized risks and business impact)	
1.7.2	<i>Water-related opportunities shall be identified, including how the site may participate, assessment and prioritization of potential savings, and business opportunities.</i>	 Yes
Comment	Water-related opportunities were identified by the site, including how the site may participate, prioritization and costs, and business opportunities. Evidence: Excel - 1.7.2_Water_related_Opportunities_Register.	

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1.8	<i>Understand best practice towards achieving AWS outcomes: Determining sectoral best practices having a local/catchment, regional, or national relevance.</i>	
1.8.1	<i>Relevant catchment best practice for water governance shall be identified.</i>	 Yes
Comment	<p>The site identified relevant catchment best practice for water governance. There is a catchment committee "Comitê do Bacia do Rio Pardo" established several years by Federal Mandate.</p> <p>The area where the site is located has several tobacco companies, and is a centre for tobacco farming of the world. Therefore, there are initiatives to work with the tobacco farmers through the sourcing department of each tobacco company, and understanding the risks linked to the use of water. Also the University has projects in the catchment, in which BAT is engaged.</p> <p>Evidence: Excel - 1.8.1- Best Practices on Water Governance, Quality, Utilization and Stakeholder Engagement.</p>	
1.8.2	<i>Relevant sector and/or catchment best practice for water balance (either through water efficiency or less total water use) shall be identified.</i>	 Yes
Comment	<p>BAT identified the best practices for water balance through participation in the basin committee meeting where it has access to periodic technical reports for critical issues raised in committee meetings.</p> <p>Evidence: 1.8.1- Best Practices on Water Governance, Quality, Utilization and Stakeholder Engagement</p>	
1.8.3	<i>Relevant sector and/or catchment best practice for water quality shall be identified, including rationale for data source.</i>	 Yes
Comment	<p>BAT identified relevant sector and catchment best practice for water quality through access to the water quality monitoring data of the basin carried out by the state agency FEPAM, actions related to the responsible use of pesticides in tobacco crops (reverse packaging logistics, triple washing), Research projects at the University (Limnology Laboratory), FUPASC's role in Industrial Waste Management. The factories of the sector and/or catchment conduct water tests for quality of the groundwater and of the municipal water. Usually, they have WWTP for the effluents to comply with the local regulation.</p> <p>Evidence: excel - 1.8.1- Best Practices on Water Governance, Quality, Utilization and Stakeholder Engagement.</p>	
1.8.4	<i>Relevant catchment best practice for site maintenance of Important Water-Related Areas shall be identified.</i>	 Yes
Comment	<p>The Site has access to the Basin Plan, where the critical points and possible opportunities are identified. Also in the catchment are several IWRA where different conservation strategies are applied, which are identified in the mapping.</p> <p>Evidence: excel - 1.8.1- Best Practices on Water Governance, Quality, Utilization and Stakeholder Engagement; Mapeamento _- IWRA _- Stakeholders _- Infra</p>	
1.8.5	<i>Relevant sector and/or catchment best practice for site provision of equitable and adequate WASH services shall be identified.</i>	 Yes
Comment	<p>In Brazil there is a Regulatory Norm that establishes sanitary conditions in the work environment, called NR 24.</p>	

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2	STEP 2: COMMIT & PLAN - Commit to be a responsible water steward and develop a Water Stewardship Plan	
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 outcomes, and the allocation of required resources.	
2.1.1	<p>A signed and publicly disclosed site statement OR organizational document shall be identified. The statement or document shall include the following commitments:</p> <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- 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.	 Yes
Comment	<p>The site has a public document aligned with the five outcomes of AWS. This document is signed by Sergio Ricardo Pinto Pereira, Head of GLAD & Leaf Latam South Souza Cruz Ltda BAT Brasil.</p> <p>Evidences: Carta de compromisso SCS disclosed at site's webpage. PowerPoint Step_2_-_Commit_&_Plan, attached at STEP 2.</p>	
2.2	Develop and document a process to achieve and maintain legal and regulatory compliance.	
2.2.1	<p>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.	 Yes
Comment	<p>The site identified the responsible persons/positions within facility organizational structure and the Process for submissions to regulatory agencies (processes and procedures for itemizing relevant regulations, summarizing the compliance requirements and obligations, details of how to comply, and having a record of submissions to the relevant agencies).</p> <p>For legal obligations, they use IUSNATURA which is a service of legal management for the site. The system is called "Cal 4.0". This platform identifies all the applicable regulations for the site. IUSNATURA sends monthly alerts by email of updated regulations. Then, each responsible of the site has a user in the system and fills the information regarding compliance.</p> <p>Evidence: powerpoint 2.2.1. (where is included the organizational chart with the definition responsible persons/positions within facility organizational structure); 3.2.1 - Controle de obrigações legais. Carta de compromisso SCS -2022.</p>	
2.3	Create a water stewardship strategy and plan including addressing risks (to and from the site), shared catchment water challenges, and opportunities.	
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.	 Yes
Comment	<p>The site identified mission, vision, and goals of the organization towards good water stewardship in line with this AWS Standard.</p> <p>Evidence: powerpoint 2.3.1.</p>	

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2.3.2	<i>A water stewardship plan shall be identified, including for each target:</i> <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.	 Yes
Comment	<p>The site has a water stewardship plan that included 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.- the link between target and the achievement of best practice to help address shared water challenges and the AWS outcomes. <p>Evidences: powerpoint 2.3.2; Excel - Water_stewardship_plan_-_Strategic_plan.</p>	
2.4	<i>Demonstrate the site's responsiveness and resilience to respond to water risks</i>	
2.4.1	<i>A plan to mitigate or adapt to identified water risks developed in co-ordination with relevant public-sector and infrastructure agencies shall be identified.</i>	 Yes
Comment	<p>BAT has a plan to mitigate or adapt to identified water risks, where, for each of the challenges, the proposed actions, the people responsible and the deadlines for completion, status and costs are described.</p> <p>Evidences: Powerpoint - 2.4.1; excel - Risk and Vulnerability Mitigation Plan - Final Version.</p>	

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3 STEP 3: IMPLEMENT - Implement the site's stewardship plan and improve impacts

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.*



Yes

Comment

The site supported good catchment governance with catchment Committee (participation in the "Bacia do Rio Pardo" Committee meetings), The frequency of the meetings is monthly at the "Secretaria de Meio Ambiente". They represent the industry in the meetings on the environmental section.

GAP - Good Agriculture Practices (BPA - Boas Practicas de Agricultura): Each tobacco farmer has a contract yearly with BAT for the specific quantity of tobacco that they will produce that season. Therefore, improvement actions are in place with all the farmers contracted every season.

Participation in events about good environmental and water management.

Evidences: Power point attachet at step 3. Manual STP_baixa.

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.*



Yes

Comment

There isn't traditional water right conflicts in the catchment. There isn't Indigenous peoples in the region where BAT has his activities.

All water uses in the operation are under compliance relationship with the responsible entity in the government. ((authorization for abstraction of underground water (Outorga dos Poços): SVA item 8.1, Table 8.1.1 (Portaria SEMA nº 183/2003 for well 02; Portaria SEMA nº 631/2005 for well 01; Portaria SEMA nº 632/2005 for well 03). Agreement with CORSAN - public water provider - Agreement for subscription to water supply and/or collection services, removal and treatment of sanitary sewage, signed on December 13, 2022 (Anexo 1, pag 107).

Evidences: Power point attachet at step 3.
Relatório_SVA_BAT-Santa_Cruz_do_Sul_-_SV-089-22-_REV_02_-_2022

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.*



Yes

Comment

For legal compliance, the site use IUSNATURA which is a service of legal compliance check. IUSNATURA conducts every year an internal audit of compliance that last for a week. The results are presented in a report "compliance report". The last report was "Relatório de Visita VERIFICAÇÃO DE CONFORMIDADE LEGAL N. 054/20" of February 2020. The platform is permanently updated, as it includes the changes of the legal framework and compliance new information provided by the site.

Evidences: power point attached at STEP 3; power point 2.2.1; excel - 3.2.1 controle de obrigacoes legais (controle de docs legais - licencas relatorios); operating license for tobacco processing: Licença de Operação nº 3388-2022; Operation License for SUPAG - LO SUPAG; TEST REPORT Nº 37989_22 DECEMBER; TEST REPORT Nº 0757_23 JANUARY_dqo.

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.*



Yes

Comment The site don't use superficial water, only water from CORSAN and the use of weels has autorization from DRH. The use of weels from the site is limited, by the grant, and has a sustainable approach. There are no conflicts with other stakeholders. Site indicated there is no indigenous groups in the area. The predominant socio-cultural profile in Baixo Pardinho River is very homogeneous and widely polarized by the ethnic-cultural characteristic of german origin. Conflicts related to water resources are very much based on problems of intense use of natural resources and the productive capacity of the local environment, leading to deforestation of riparian vegetation, silting of watercourses, scarcity of water resources and floods, with repercussions on the intense occupation of the marginal areas to the Pardinho river and its tributaries by rural and urban human populations, among others. Despite the seriousness and diversity of registered problems, however, there is no concentration of conflicts over a reduced number of actors, but a diffuse spread of problems among a wide and varied set of actors and institutions.
Evidence: Relatório_SVA_BAT-Santa_Cruz_do_Sul_-_SV-089-22-_REV_02_-_2022 - page 231 (attached at STEP 1).

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.*



Yes

Comment The site identified the status of progress on Water Stewardship Plan.

The site has yearly targets to reduce the water consumption. They have a project of water re-use within the site. They installed an authomatized monitoring of the water use. Some of the targets: Target: Achieve a reuse rate of at least 18% by 2022. Target reached and exceeded: Reuse rate > 18%. Target: Create a tool to report problems related to water supply. Target achieved on 11/30/2022. Target: Conduct 1 simulated leak exercise per year. Target achieved in 2022.

Through the LEAF department of BAT, they established the "Programa Gestor de Recursos Hídricos" with the tobacco farmers. It facilitates the rainwater collection for using at the farms, and installing cisterns.

Evidence: Water_stewardship_plan_-_Strategic_plan

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.*



Yes

Comment The site has target to improve the site's water use efficiency. Reuse is the best practice for process on GLT. Using the 2017 baseline, BAT established a 35% reduction target in consumption of water for 2025. Water scarcity does not appear to be a challenge in the area.

Evidences: Powerpoint attached at STEP 3; Relatório performance Água SCS 2022 at the company website. Plano estratégico Alliance for Water Stewardship (AWS) at [https://www.batbrasil.com/group/sites/sou_ag6lvh.nsf/vwPagesWebLive/DOAGFMHG/\\$FILE/medMDC9QJXX.pdf?openement](https://www.batbrasil.com/group/sites/sou_ag6lvh.nsf/vwPagesWebLive/DOAGFMHG/$FILE/medMDC9QJXX.pdf?openement).

3.3.3 *Legally-binding documentation, if applicable, for the re-allocation of water to social, cultural or environmental needs shall be identified.*



Yes





Comment No legally-binding documentation for the re-allocation of water to social, cultural or environmental needs.

3.4 *Implement plan to achieve site water quality targets*

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3.4.1	<i>Status of progress towards meeting water quality targets set in the water stewardship plan shall be identified.</i>	 Yes
Comment	<p>The site identified the status of progress towards meeting water quality targets set in the water stewardship plan.</p> <p>The site conducts water tests for quality of the groundwater and of the municipal water. They have WWTP for the effluents to comply with the local regulation.</p> <p>Through the LEAF department of BAT, they established the "Programa Gestor de Recursos Hídricos" with the tobacco farmers. This aims to reduce the pollution of water resources with runoff of pesticides and fertilizers.</p> <p>BAT also has a contract with a supplier to collect from the farmers all the chemical packaging materials and containers to avoid that they go to the soil or water streams. Also, they support the farmers in the construction of chemical rooms to store the chemicals safely.</p> <p>Evidence: Water_stewardship_plan_-_Strategic_plan. Excel: 3.4.1 - Quality Water Monitoring. Excel - 1.6.2_Initiatives_to_address_shared_water_challenges</p>	
3.4.2	<i>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.</i>	 Yes
Comment	<p>Water quality is a shared water challenge.</p> <p>The site has continual improvement for water quality, as they support programs with the farmers every year with all the farmers that they work with throughout the period.</p> <p>The reverse osmosis project aims to eliminate the company's volume discharge or drastically reduce the amount. Reuse is the best practice for process on GLT.</p> <p>Evidence: power point attached on step 3. Excel - 1.6.2_Initiatives_to_address_shared_water_challenges</p>	
3.5	<i>Implement plan to maintain or improve the site's and/or catchment's Important Water-Related Areas.</i>	
3.5.1	<i>Practices set in the water stewardship plan to maintain and/or enhance the site's Important Water-Related Areas shall be implemented.</i>	 Yes
Comment	<p>The site maintain in their land a forest/park for biodiversity protection "Parque Ambiental de Souza Cruz" which also includes the creek "Arroio Levis Pedroso" and some small lakes. This park is also of public access, and they receive visitors of the community such as schools, university and researchers.</p> <p>Also in the Water Stewardship Plan are practices related to the IWRA liek: Guarantee the non-use of phytosanitary products in the maintenance of the environmental Park; carrying out cultural treatments and gardening in the area of the Environmental Park; preservation of the Levis Pedroso water course, to improve surface water quality (through treatment of 100% of the effluent and discharge the smallest possible volume into the water course).</p> <p>Evidences: powerpoint attached at STEP 3; Water_stewardship_plan_-_Strategic_plan.</p>	
3.6	<i>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.</i>	
3.6.1	<i>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.</i>	 Yes

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Comment	<p>The site provides WASH services within their facilities for all workers and contractors. The site has 300 people, 65 WC facilities and 14 potable drinking water stations. The site attends the national requirement, NR24, about minimal quantities of sanitary facilities. The site monitor the quality of drink water. The site has also a certificat about measures to prevent COVID.</p> <p>Evidences: excel - 1.3.8_Banheiros_unidade_SCS; powerpoint attached at STEP 3. Excel - 3.4.1 - Quality Water Monitoring</p>	
3.6.2	<p><i>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.</i></p>	 Yes
Comment	<p>No conflict with communities due the arrangement of the supply system. Public system is resilient even during the dry season.</p> <p>BAT provides information to the tobacco farmers about good practices for drinking water and sanitation at their homes.</p> <p>As the Municipality of Santa Cruz do Sul provides a high level of water and effluent management to the community in general, there is no need to support in this topic.</p> <p>The plant withdraws water from the weels as allowed by their legal permit and discharges treated water maintaining the legal compliance with the effluent quality and quantity. There are no fines for contaminating discharges or exceeding the permitted limit of water extracted from the wells is evidence of not abusing it. The company regularly receives inspections from the agency that issues the operating license. Evidence: report of the last inspection carried out.</p>	
3.7	<p><i>Implement plan to maintain or improve indirect water use within the catchment:</i></p>	
3.7.1	<p><i>Evidence that indirect water use targets set in the water stewardship plan, as applicable, have been met shall be quantified.</i></p>	 Yes
Comment	<p>Target about indirect water use are set in the water stewardship Plan (Involve at least 2 indirect water users by March/2023). The site has a project with the University UNISC about the water security. The site has requirements related to water to firm contracts with farmers. Environmental Legal requirements and sustainable management is one of the criteria for contracting suppliers.</p> <p>Evidences: Water_stewardship_plan_-_Strategic_plan; powerpoint attached at STEP 3.</p>	
3.7.2	<p><i>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.</i></p>	 Yes
Comment	<p>The are engaged with the suppliers, such farmers and paper supplier. With other suppliers such as paper products, they give priority to engage with suppliers that have a sustainable approach. Engagement with the farmers about sustainable management (orientations and booklets). BAT sent a form for stakeholders to fill in with information related to water management.</p> <p>Evidences: powerpoint attached at STEP 3; email with suplier of paper - Klabin - RE_ Informações ambientais-Klabin. Excel - 3.7.2 Form AWS BAT(1-3) (1).</p>	
3.8	<p><i>Implement plan to engage with and notify the owners of any shared water-related infrastructure of any concerns the site may have.</i></p>	

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3.8.1	<i>Evidence of engagement, and the key messages relayed with confirmation of receipt, shall be identified.</i>	 Yes
Comment	<p>The site has a contract with CORSAN, where BAT will notify about water-related infrastructure occurrences. Until now there isn't any occurrence.</p> <p>Evidences: Contract with CORSAN (Anexo 1 from Relatório_SVA_BAT-Santa_Cruz_do_Sul_-_SV-089-22-_REV_02_-_2022).</p>	
3.9	<i>Implement actions to achieve best practice towards AWS outcomes: continually improve towards achieving sectoral best practice having a local/catchment, regional, or national relevance.</i>	
3.9.1	<i>Actions towards achieving best practice, related to water governance, as applicable, shall be implemented.</i>	 Yes
Comment	<p>The site participates of the catchment committee "Bacia do Rio Pardo". Initiatives to work with the tobacco farmers through the sourcing department of each tobacco company.</p> <p>BAT participates in the meetings of the Working Group on Sustainability at SindiTabaco (SindiTabaco is the union of tobacco companies).</p> <p>Evidence: powerpoint attached at STEP 3. Attendance list of the Sustainability WG 28Oct22. Memory of the Sustainability WG 28Oct22</p>	
3.9.2	<i>Actions towards achieving best practice, related to targets in terms of water balance shall be implemented.</i>	 Yes
Comment	<p>The factories of the sector and catchment aim to improve the water efficiency and water re-use /recycle. Also the site has automatized monitoring of the water use. BAT has established a Management System with a principle of zero losses, IWS – Integrated Work Systems, using the methodology to reduce water losses and efficiency in its processes. This system, based on several pillars, has in the Pillar of EHS – Environment, Health & Safety, a DMS (Daily Management System) specifically for the management of energy and water resources: Enercon. Using the 2017 baseline, BAT established a 35% reduction target in consumption of Total water for 2025. Considering this premise, the Santa Cruz do Sul Plant developed glide path with reduction targets to achieve the proposed challenge. In 2022, a 42% reduction in consumption was achieved compared to 2017. The business strategy adopted in the period was to make all processing of BAT tobacco in Brazil was centralized in the Santa Cruz do Sul GLT. Considering this, the total water consumption for tobacco processing in Brazil dropped dramatically, when compared to the 2017 baseline. The tobacco companies have joint efforts with the farmers to improve water balance.</p> <p>Evidence: powerpoint attached at STEP 3. BAT-PlanoEstrategicoAWS</p>	
3.9.3	<i>Actions towards achieving best practice, related to targets in terms of water quality shall be implemented.</i>	 Yes
Comment	<p>The company monitors water quality by carrying out laboratory analyzes of groundwater and municipal water (water from CORSAN).</p> <p>The site has Waste Water Treatment Plant to comply with the local regulation, implanted the reserve osmosis, and switched to using biological products for Waste Water treatment. The tobacco companies have joint efforts with the farmers to improve water quality.</p> <p>Evidence: powerpoint attached at STEP 3. Excel - 3.4.1 - Quality Water Monitoring</p>	
3.9.4	<i>Actions towards achieving best practice, related to targets in terms of the site's maintenance of Important Water-Related Areas shall be implemented.</i>	 Yes

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Comment

The site takes action through:

- Having an maintain the IWRA on-site of the park of native species (called Paque Ambiental Souza Cruz, created in 2003, the Environmental Park project has been transforming an area previously degraded by livestock. Today it is the second largest botanical collection in Rio Grande do Sul).
- IWRA on strategic Plan.
- donation, in 2005, of an area of 221,39 hectares for conservation to UNISC. With this donated land, the RPPN Salto do Rio Pardo was created on March 16, 2009. The RPPN - Private Natural Heritage Reserve is a Conservation Unit (UC) of private domain whose objective is the protection of its natural resources. Within its limits, scientific research, environmental education projects and ecotourism activities are carried out.
- Partnership with UNISC: The project includes 40 rural properties, with the aim of carrying out a diagnosis of water security and improve conditions related to water availability in the region where the site is inserted.

Evidence: powerpoint attached at STEP 3.

Relatório_SVA_BAT-Santa_Cruz_do_Sul_-_SV-089-22-_REV_02_-_2022, pages 575-594.

BAT-Relatorio-performance-agua-2021-2022.

<https://estado.rs.gov.br/rigotto-participa-de-inauguracao-da-souza-cruz-e-de-doacao-de-terras-a-unisc>.

<https://www.gaz.com.br/bat-brasil-e-unisc-firmam-parceria-com-foco-na-gestao-hidrica/>

3.9.5

Actions towards achieving best practice related to targets in terms of WASH shall be implemented.



Yes

Comment

BAT provides safe water drinking facilities to all the persons on site (workers and contractors)

BAT provides sanitation / hygiene facilities as per local regulation. It's recognized as best practices offer more bathrooms than the law required (NR 24)

Evidence: powerpoint attached at STEP 3. Excel - 1.3.8_Banheiros_unidade_SCS. Excel - 3.4.1 - Quality Water Monitoring. PowerPoint - 1.3.8.

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4 STEP 4: EVALUATE - Evaluate the site's performance.

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.*



Yes

Comment

The performance against targets are registered at site's water stewardship plan. WSP assessments are made when the objectives are being or were achieved, demonstrating the target and the accumulated result for the year. The remaining pending actions are being worked on to be completed on time. The site collects the data and fill the "Credit 360" tool that is for monitoring globally the water consumption and effluents. These are focused mostly on water quantity, effluent flow & recycling. Effluents and stormwater are tracked through the compliance method. In the EnerCon DMS, results related to water are monitored.

Target for 2022: to have 80% compliance with the proposed actions in the Water Stewardship Plan. Total Actions planned for 2022: 35. Completed Actions: 30. Actions in progress: 5. Completed Actions 2022 (%): 86%

Evidences: power point attached at STEP 4; water stewardship plan.

4.1.2 *Value creation resulting from the water stewardship plan shall be evaluated.*



Yes

Comment

Assessment of value generation due to the Strategic Plan:

- Exceeding the water reuse target;
- Achieving IWS Phase 1 with effective contributions from water management;
- Increased water resilience in the field due to the implementation of Drip Irrigation projects;
- Updating the Asset Value Plant Structure based on the implementation of new projects.

Inclusion of Environmental and Social criteria for approval of Projects and Investments, for the 2022/2023 projects.

The benefits related to the Environment (e.g. reduction in water consumption) will be used to create a Score that demonstrates the real benefit and positive impact of the project not only using financial and economic criteria (e.g. production increase), but also including the environmental benefits.

Evidence: power point attached at STEP 4.

4.1.3 *The shared value benefits in the catchment shall be identified and where applicable, quantified.*





Yes

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Comment	<p>Environmental Value:</p> <ul style="list-style-type: none">- Reduction of impact on water resources by improving the treatment of effluents and reducing the volume released;- Reduction of environmental impacts of rural properties due to ongoing projects with the main stakeholder (ESG Farm and Water Vulnerability Diagnosis);- Creation of a microbasin study model through the ongoing project in the factory region; <p>Reputation:</p> <ul style="list-style-type: none">- Reinforcement of the company's brand in society after engaging stakeholders on ongoing actions;- APP (permanent preservation area on river banks and slopes), Legal Reserve and Soil Conservation Practices with the Tobacco growers.- Shared vulnerabilities mitigation plan. <p>Evidence: power point attached at STEP 4. Excel - 1.6.2_Initiatives_to_address_shared_water_challenges (vulnerabilities)</p>	
4.2	<i>Evaluate the impacts of water-related emergency incidents (including extreme events), if any occurred, and determine the effectiveness of corrective and preventative measures.</i>	
4.2.1	<i>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.</i>	 Yes
Comment	The site did not have any water related emergency this year.	
4.3	<i>Evaluate stakeholders' consultation feedback regarding the site's water stewardship performance, including the effectiveness of the site's engagement process.</i>	
4.3.1	<i>Consultation efforts with stakeholders on the site's water stewardship performance shall be identified.</i>	 Yes
Comment	<p>BAT uses several ways to engage with stakeholders, like the following examples:</p> <ul style="list-style-type: none">- Sustainable School Project 2022/2023.- Environment Week Events - 06/2022.- Live Production Engineering Nucleo Gaucho at 04/23/2022. Topics Covered: Engineering in the ESG era; Importance of the agenda; Certifications; Energy management; Water management; AWS certification.- Technical visit to the Pardinho River revitalization works -10/24/2022. Topics Covered: Evidence of problems on the banks of the Pardinho River; Natural technology for recovery; Steps of the recovery process.- participation in the 5th Ordinary Meeting of the Pardo Committee 11/22/2022 Topics Covered: Update of committee actions; Rio Pardinho recovery project; Conversation with rural producers benefited from the project.- Podcast "Conversation About Waste" - 11/30/2022 - Topics Covered: ESG concepts; Importance of the agenda; Certifications; water management; AWS certification. <p>Some efforts about engaging the canteen 3rd party supplier (Sodexo group) are already in place and, as a big facilities company, it has a structured management system that includes water consume reduction practices and capability building of the team about this subject. The continuity of engament actions must be monitored in the next audit (this issue about the canteen was addressed in the previous audit carried out by SGS and reported as Opportunity for Improvement 05).</p> <p>Evidences: excel - Plano de engajamento de partes interessadas (where is the evidence of consultation efforts), PowerPoint - Boas práticas com stakeholders; powerpoint attached at STEP 4.</p>	

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4.4	<i>Evaluate and update the site’s water stewardship plan, incorporating the information obtained from the evaluation process in the context of continual improvement.</i>	
4.4.1	<i>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.</i>	<div> Yes</div>
Comment	<p>In the implementation of AWS in the operation of the site, the lessons learned lead to the constant evolution of the system. Initially, there was a dispersed strategy, with several separate controls, which currently tend to focus on practices that absorb the norm's criteria into centralized and effective controls (Water Stewardship Plan in version 2). Improved understanding of shared water challenges has enabled actions to be directed in a viable way so that they deliver the best results for all stakeholders.</p> <p>Evidence: power point attached at STEP 4. Water_stewardship_plan_-_Strategic_plan.</p>	

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5 STEP 5: COMMUNICATE & DISCLOSE - Communicate about water stewardship and disclose the site's stewardship efforts	
5.1	Disclose water-related internal governance of the site's management, including the positions of those accountable for legal compliance with water-related local laws and regulations.
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. ✓ Yes
Comment	<p>The site disclosed the Performance Report and the Strategic Plan at the website. The water-related internal governance, including positions of those accountable for compliance with water-related laws and regulations are disclosed at "Plano Estratégico Alliance for Water Stewardship (AWS)" in the section "IV - GOVERNANÇA".</p> <p>Evidences: power point - "Step_5_-_Communicate_&_Disclose" attached at STEP 5. "Relatório de Performance de Água 2021/2022" and "Plano Estratégico Alliance for Water Stewardship (AWS)" at https://www.batbrasil.com/group/sites/sou_ag6lvh.nsf/vwPagesWebLive/DOAGFMHG/\$FILE/medMDCN2K93.pdf?openelement</p>
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. ✓ Yes
Comment	<p>The water stewardship plan, including how the water stewardship plan contributes to AWS Standard outcomes, are communicated to relevant internal stakeholders. Also the site has a presentation of AWS certification to stakeholders who visit the factory. Water Strategic Plan are shared in the BAT's Website.</p> <p>Evidences: PowerPoint - "Step_5_-_Communicate_&_Disclose" attached at STEP 5, "Relatório de Performance de Água 2021/2022" and "Plano Estratégico Alliance for Water Stewardship (AWS)" at https://www.batbrasil.com/group/sites/sou_ag6lvh.nsf/vwPagesWebLive/DOAGFMHG/\$FILE/medMDCN2K93.pdf?openelement</p>
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. ✓ Yes
Comment	<p>Data are reported monthly and closed annually in the CRED360 system, which supports KPMG's annual audit for the final preparation of BAT's annual ESG Report. A summary of water stewardship performance is published on the website.</p> <p>Evidences: PowerPoint - "Step_5_-_Communicate_&_Disclose" attached at STEP 5, "Relatório de Performance de Água 2021/2022" at https://www.batbrasil.com/group/sites/sou_ag6lvh.nsf/vwPagesWebLive/DOAGFMHG/\$FILE/medMDCN2K93.pdf?openelement</p>
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. ✓ Yes

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Comment Participation and dissemination at the Pardo River committee meeting: At 15.mar.2022 BAT disclosed to Comitê da bacia do Rio Pardo the shared water-related challenges and effort.

Engagement with the university to publicize the actions in progress by the company and Newspaper articles about the launch of the project.

Evidences: PowerPoint - "Step_5_-_Communicate_&_Disclose" attached at STEP 5; 5.4.1 - Ata 01 2022.

5.4.2 *Efforts made by the site to engage stakeholders and coordinate and support public-sector agencies shall be identified.*



Yes

Comment Internal Stakeholders:

Disclosure of results related to water performance. introduction of tools for employees to avoid wasting water. Participation in events and distribution of gifts aimed at water preservation. Sustainability Week engaging the internal public and special guests. Exchange of experiences and strategies for topics such as waste, water and sustainable agriculture.

External Stakeholders:

Tobacco growers:

Tobacco growers integrated with BAT are regularly visited by agricultural advisors that take BAT's good practices to the municipalities involved. Some actions on the water theme are brought in the Evidences to illustrate a part of the work developed in partnership with the producers integrated rural areas. In 2022, new initiatives were implemented with producers, seeking to diagnose problems, promoting the protection and management of water resources. The main one was the Water Diagnosis Project launched in partnership with UNISC (Universidade de Santa Southern Cross). The project includes 40 rural properties, with the aim of carrying out a diagnosis of water security and improve conditions related to water availability in the region where the GLT is inserted. Evidences: Livreto PGRF_baixa (Program Manager of Forestry Resources); Programa Gestor de Recursos Hídricos - PGRH (Manager Program of Water Resources); Manual STP_baixa (guidelines manual for sustainability in production of tobacco); Folder Irrigação - Fertirrigação (Folder Irrigation - Fertirrigation).

Actions related to the Interested Parties of the Hydrographic Basin:

In addition to actions with Partner Tobacco Producers and by Workers who are part of the communities, BAT seeks to act on issues of sustainability in the local and regional community of Santa Cruz do Sul in a strategic way. Thereunto, partners are activated so that messages and actions are reverberated from the best way in society. BAT has a close relationship with various entities on the themes of sustainability and water. Some examples of these entities are: AFUBRA (Association of Tobacco Growers of Brazil); SINDITABACO (Union of Tobacco Industry); UNISC (University of Santa Cruz do Sul) and CORSAN (Sanitation Company); Schools; City Halls.

Evidences:

- PowerPoint - "Step_5_-_Communicate_&_Disclose" attached at STEP 5.
- Engagement plan;
- Performance Report

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.*



in progress

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Comment In the last year didn't occur compliance violation.


There is a finding of 2022 AWS audit cycle (conducted by the certifier SGS) in this 5.5.1 indicator, which is described in this report at Previous Findings sector.

- Minor Non- Conformity nº 2 from previous findings (indicator 5.5.1): the legal requirement - Conrema-355-2017-RS-criterios-e-padrees-de-emissao-de-efluentes-liquidos - allows discharge of effluents with total phosphorus concentration values of up to 3 mg/L for a Effluent flow range (m³/d): $100 \leq Q < 500$. Analysis with the result for phosphorus concentration at the exit of the effluent treatment plant equal to 2.94 mg/l. However, the text of the operating license contains obsolete values for the phosphorus concentration limit related to the old effluent discharge flow. There is an action plan for release adequacy that has been documented with the public control body FEPAM. Of the 11 actions planned for this NC-2, 9 were completed. There are 2 actions left to be completed, which are in progress and should be verified in the next audit. This 2 actions are: 1 - update of operating license conditions; 2 - reuse of 100% of the treated effluent. BAT developed a Complementary Action Plan to finish this remaining actions.


Evidences: PowerPoint - "Step_5_-_Communicate_&_Disclose" attached at STEP 5. PowerPoint - Caso Análises Efluentes e Plano NC AWS 2022. Copy of legal requirement - Conrema-355-2017-RS-criterios-e-padrees-de-emissao-de-efluentes-liquidos. RELATÓRIO DE ENSAIO Nº 37989_22 DEZEMBRO (with the result for phosphorus concentration = 2.94 mg/l). Excel - Plano de Ação Complementar AWS - SCS. Relatório de Vistoria- Fiscalização nº 124-2022.DOC.

This non-conformity remains open.

Finding No: TNR-003489

5.5.2 *Necessary corrective actions taken by the site to prevent future occurrences shall be disclosed if applicable.* 
Yes

Comment In the last year didn't occur compliance violation.
Evidences: PowerPoint - "Step_5_-_Communicate_&_Disclose" attached at STEP 5

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.* 
Yes

Comment They did not have any water-related violation that may pose significant risk and threat to human or ecosystem health. And the site confirmed that they did not have any water-related violation on the last year.

Evidence: PowerPoint - "Step_5_-_Communicate_&_Disclose" attached at STEP 5 -.Plano de comunicação (item 4.8 – Manual de comunicação).

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Photographic Evidence from Audit



Tobacco Farmer.jpg



pond at the site's park.jpg



Weel 1.jpg

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classification of tobacco.jpeg



lake for emergency water.jpg



site view2.jpeg



storage of chemicals and pesticides in the company-emergency water.jpg

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Site view1.jpeg



board with emergency cards.jpg



hare in the company park.jpeg

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pesticide storage on the farm.jpg



waste water treatment.jpg



weel 3.jpg



Yes

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Comment Attached are the photographic evidences from audit.



output of waste water treatment.jpg



classification and storage of tobacco.jpeg



sink to wash hands.jpg

WSAS

2 Quality Street North Berwick, EH39 4HW, UNITED KINGDOM

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park at the entrance of the company.jpg



classification and storage of tobacco.jpeg



Water reservoir.jpg

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input point from CORSAN Water.jpeg



other pond at the site's park.jpg



storage of chemicals and pesticides in the company.jpg



Weel 2.jpg

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tobacco receiving sector.jpeg



Tobacco field-off season.jpg



reverse osmosis.jpeg



weir for irrigation on the farm.jpg

Previous Findings

All non-conformities raised in the previous audit have been satisfactorily closed.



Comment

The BAT's GLT – CSS AWS management team present a report as response for the findings of 2022 AWS audit cycle (conducted by the certifier SGS), considering as evidence for the 2023 AWS Audit process. In the course of the 2022 audit process there were 2 minor non-conformities raised, 3 observations and 5 opportunities for improvement. Evidence: AWS 2022 Audit Findings Response Report.

For each finding there is proposed some argues that brings to the light the context of the management system and its strategy of continuous improvement.

- Minor Non- Conformity nº 1 (indicator 2.1.1): There was conducted a review of the Commitment Letter attempting to improve the clarity about the 5 outcomes in compliance with the standard.

Evidence: Commitment Letter available on the walls in several places all over the site.

Available in the BAT website: www.batbrasil.com

This non-conformity raised has been satisfactorily closed.

- Minor Non- Conformity nº 2 (indicator 5.5.1): There is an action plan for release adequacy that has been documented with the public control body FEPAM. Of the 11 actions planned, 9 were completed. There are 2 actions left to be completed, which are in progress and should be verified in the next audit. This 2 actions are: 1 - update of operating license conditions; 2 - reuse of 100% of the treated effluent. BAT developed a Complementary Action Plan to finish this remaining actions.

Evidences: PowerPoint - Caso Análises Efluentes e Plano NC AWS 2022. Copy of legal requirement - Consema-355-2017-RS-criterios-e-padres-de-emissao-de-efluentes-liquidos (allows discharge of effluents with total phosphorus concentration values of up to 3 mg/L for a Effluent flow range (m³/d): $100 \leq Q < 500$). RELATÓRIO DE ENSAIO Nº 37989_22 DEZEMBRO (with the result for phosphorus concentration at the exit of the effluent treatment plant equal to 2.94 mg/l). Excel - Plano de Ação Complementar AWS - SCS. Relatório de Vistoria-Fiscalização nº 124-2022.DOC

This non-conformity remains open.

- Observation 01 (indicator 1.3.2) The water balance does not include the water contained in the tobacco leaf (humidity of the leaf at receival at the factory) that enters to the system, compared to the humidity of the final product.

There is 2 on-going actions:

1 -To develop technology to integer all water that comes embedded inside of tobacco bales, from the farmers as humidity inside of the GLT Site (two main factors are essential: traceability of all bales from the farmers and automatic measurement of humidity of tobacco). The work is in progress and is going to deliver data in the level of detail to stablish how much water is coming from each watershed in all three southern states of Brazil.

2 - to improve the data collection inside of the process searching for opportunities of a better performance in water consume (considering different kind of tobacco). The IWS EnerCon DMS is the main tool to follow the daily drumbeat and performance and deal with the challenges.

- Observation 02 (indicator 1.3.3): The water discharge at the KPI tool should be reviewed in order to input it in the applicable category (Water Discharge to Fresh Surface Water). The review is already done in the Cred 360 system. This question is finished.

- Observation 03 (indicator 1.4.1): Consider the water use values for the growth of plantations. There is a pilot scale measurement of surface water consumption by drip in rural properties, as verified in the field. This parameterization is in progress for the near future.

The site has several actions aiming the water efficiency performance inside of the site and across more the 17,000 BAT integrated farmers. Some of them are: 1 - Climate prediction capability improvement to bring a higher level of decision making on growing practices and to allow a prioritization of a better allocation of irrigation systems for most applicable

scarcity areas.

2 Float System for seedlings production permit a special environment for tobacco seedlings growing until a perfect condition to migrate for the field. The system allows 85% reduction in water consumption in the first part of growing.

3 - Drip irrigation is an important practice already part of the technologic growing pack applicable to suggest for farmers in specific regions that faces water scarcity or risk. In 2022 crop, 3,6% area of all tobacco fields applied the technology. The expected efficiency increased up to 90% of water usage.

The site has a program called Water Management in Tobacco Value Chain that is ongoing and it's possible to see reduction of total water consumption and efficiency improvement.

- Opportunity for Improvement 01 (indicator 1.4.2): Food consumed from a third party GRSA (meal supplier), but there is no quantification, nevertheless, some of the food may come from other catchments. They already have concrete numbers from the cardboard box supplier (Klabin), which need to be included in the future.

The numbers from cardboard boxes supplier are available in the 2023 cycle audit evidence. The food supplier follows a pack of good practices of water usage inside of their process. Considering the food raw materials there are some actions to clarify the origins of it and if their suppliers have good water management practices to share. The continuity of actions must be monitored in the next audit.

- Opportunity for Improvement 02 (indicator 1.5.3): It may be beneficial to gather more detailed information about the aquifer and its properties and characteristics, among them, if the recharge area is related to the local watershed. This knowledge is to be expanded to map potential stakeholders and define common interests' actions. The SVA report from Antea provides an understanding of the aquifer compared to the precedent level of information, especially related to the geological information. Despite the absence of good public information the hydrogeological information can be improved by hydrogeological test on the groundwater wells. This test is to gather and understand two main aspects from the wells and the aquifer: degree of the hydraulic influence due to the withdraw, and a basic hydrogeological model to understand how and where the aquifer recharge happens. There is on going a project of investigation of the catchment to reach available data about the area and its water challenges. During next cycle, one of the actions is focused to improve the knowledge level of the groundwater context and mobility. The continuity of actions must be monitored in the next audit.

- Opportunity for Improvement 03. (indicator 1.5.4) There could be close surveillance of the chemical evolution of aquifer water quality, even if the use is restricted to production only and not human use. This point is covered in the 2023 action plan. The continuity of actions must be monitored in the next audit.

- Opportunity for Improvement 04. (indicator 1.5.6.) The SVA has done research on public data basis. There is a risk water atlas related to scarcity (as extreme event), as a first approach is applicable as a regional and general context. No public local information about flooding exists. Opportunity: with the local water company to understand the water distribution infrastructure from abstraction to distribution and assess physical vulnerabilities to extreme events.

The site engaged with the local water company - CORSAN. Site had purposed a strategy for this process, specially considering some changes predicted for the system and its corporative owner. After a public procurement process the company moved from public to private sector. The changes are going to take place in next years (24-25). The continuity of engagement actions must be monitored in the next audit.

- Opportunity for Improvement 05 (indicator 4.3.1): Engage with other internal stakeholders, like canteen supplier, to understand water consumption and identify opportunities. Some efforts about engaging the canteen 3rd party supplier (Sodexo group) are already in place and, as a big facilities company, it has a structured management system that includes water consume reduction practices and capability building of the team about this

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subject. The continuity of engagement actions must be monitored in the next audit.

EVIDENCE: Word - AWS 2022 Audit Findings Response Report. PowerPoint - Caso Análises Efluentes e Plano NC AWS 2022.