CERTIFICATION REPORT

Alliance for Water Stewardship (AWS)

Audit Number: AO-001374

WSAS WATER STEWARDSHIP ASSURANCE SERVICES

SITE DETAILS

Site: **UTC Brasil Industria e Comercio de Tabaco LTDA.**

Address: Rodovia BR 471, Km 149,53, S/N, Distrito Industrial, 96835-642, Santa Cruz do Sul, Rio Grande do Sul, BRAZIL

Contact Person: Joelci Zalla

AWS Reference Number: AWS-000681

Site Structure: Single Site

CERTIFICATION DETAILS

Certification status: Certified Core

Date of certification decision: 2025-Jan-31

Validity of certificate: 2028-Jan-30

AUDIT DETAILS

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

Audit Type(s): Initial Audit

Audit Start Date: 2024-Nov-26

Lead Auditor: Rosane Monteiro Borges

Audit team participants:

Rosane Monteiro Borges, Lead Auditor

CERTIFICATION REPORT

Alliance for Water Stewardship (AWS)

Audit Number: AO-001374

Site Participants:

Rafael Silva, Sustainability Manager
Eldi Weigel, Financial Manager
Vernei Oberbeck, Tax Accounting Manager
Gustavo Azevedo, Occupational Safety Technician
Radamés Alves, Occupational Safety Technician
Deidi Boeck, Human Resources Analyst
Sandi Lessing, Human Resources and Quality Analyst
Joelci Zalla, Maintenance and Environment Manager
Camila Frohlich, Environmental Analyst
Cinara Rech, Environmental Analyst
Sergio Rech, Blend Manager
Nilvo Morsch, Environmental Assistant
Rosemeri Severo, Environmental Assistant
Jean Voese, Environmental Assistant
Fernanda Kech, Tobacco Processing Supervisor
Jacqueline Freitas, Responsible technician
Elton Jacobs, Agricultural Production Manager
Paulo Barte, Tobacco Processing Manager
Pedro Sperb, Sales Supervisor
Carina Mirandalli, Quality Control Manager
Rogério Bochi, Rural tobacco producer
Fernanda Moraes Hermes, Occupational Nursing Technician
Mariza Beatriz Schneider, Nursing Technician
Rosiane Dullius, Human Resources Manager
Rodrigo Daniel Schoereder, UTC Agricultural Advisor

AUDIT TIMES

Dates	Audit from	Duration	Auditor	Description
2024-Nov-26	08:00:00 - 17:00:00	09:00	Rosane Monteiro Borges	
2024-Nov-27	08:00:00 - 17:00:00	09:00	Rosane Monteiro Borges	
2024-Nov-28	08:00:00 - 15:00:00	07:00	Rosane Monteiro Borges	

ADDITIONAL INFO

Summary of Audit Findings: A total of 14 findings were raised during the certification audit, 0 major non-conformities, 4 minor non-conformities, 10 observations.

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 30 days of receipt of the audit report by 14/Feb/2025.

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

The audit team recommends certification of UTC Brasil Indústria e Comércio de Tabaco Ltda. 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.

CERTIFICATION REPORT

Alliance for Water Stewardship (AWS)

Audit Number: AO-001374

Scope of Assessment: The scope of services covers the Initial certification audit for assessing conformity of UTC Brasil Indústria e Comércio de Tabaco Ltda. against the AWS International Water Stewardship Standard Version 2.

The plant is located in the industrial district of Santa Cruz do Sul, Rodovia BR 471, Km 149.53, CEP 96835-642, Santa Cruz do Sul, Rio Grande do Sul, Brazil.
The main features are:
• Land area: 15.36 hectares
• Constructed area: 63,000 m² - approximately
• Permanent employees: 262
• Seasonal employees: 1,080 – during the harvest period
Unit Operation:
- Tobacco purchase: occurs from January to June, with 1 work shift, from 7:30 am to 5:18 pm.
- Tobacco processing:
Occurs from February to June, with the first work shift from 5:00 am to 2:48 pm and the second work shift from 2:48 pm to 12:18 am.
In July, only 1 work shift from 7:30 am to 5:18 pm.
- Administrative: occurs from January to December, with 1 work shift, from 7:30 am to 5:18 pm.
The main activities carried out at the Facility are purchase of leaf tobacco; processing of tobacco and marketing of processed tobacco.

The facility is located in the same basin where the infrastructure related to surface collection and discharges is located: the Rio Pardo Hydrographic Basin, which, together with 8 other Hydrographic Basins (B.H.), makes up the Guaíba Hydrographic Region. The Rio Pardo Hydrographic Basin has 5 main water courses, forming sub-basins and micro-basins.
Given the situation and hydrographic location of the mapped elements, the physical zone with the potential to affect the production, collection, storage and distribution of water for the urban supply of Santa Cruz do Sul includes the following micro-basins: Alto Pequeno (APe), Alto-Médio Pequeno (AMPe), Andreas (An), Alto Pardinho (APi), Alto-Médio Pardinho (AMPi), Médio Pardinho (MPi) and the highest part of the Baixo Pardinho micro-basin (BPi). The physical delimitation of the area influenced by the site's wastewater discharges, the delimited Target Area, comprises the most downstream portion of the Baixo Pardinho microbasin (BPi).
The site's underground water intake occurs in an area characterized lithologically by outcrops of the Guarani Aquifer System (SAG), locally formed by Mesozoic rocks belonging to the Santa Maria Formation. The Santa Maria Formation is made up of two members: a lower one, called the Passo das Tropas Member (aquifer), and an upper one, called the Alemoa Member (aquiclude). The site's underground water intake points are located in the region confined by the Alemoa Member, at a depth of over 100 meters. The depositions of the Alemoa and Passo das Tropas Members present local granulometric variations where water circulation occurs in stepped horizons (stratigraphic column), with no interconnection between the upper and lower members. Given this characteristic, the hydrogeological basin of the site's groundwater intake does not have an area of direct influence in relation to its recharge and discharge zones.

The audit was conducted onsite on November, 26th to 28th, 2024.
The onsite site visit included the assessment of Pesticide Deposit – Agricultural Production Area, Effluent Treatment Plant (ETE), Permanent Preservation Area (APP) and IWRA, Waste Center, Tubular wells – 1, 2 and 3, Public water supply inlet (Corsan) branch of BR 471, Factory – Tobacco processing, Water reservoir – technical fire reserve and water for processing, Quality Control, Toilets and drinking fountains in the Packaging and Industrial Maintenance areas, Boiler, Changing rooms for seasonal workers, Company Medical Area, Rural property located in the vicinity of the city of Santa Cruz do Sul, City Water Reservoir - Lago Dourado.

FINDINGS

CERTIFICATION REPORT

Alliance for Water Stewardship (AWS)

Audit Number: AO-001374

NUMBER OF FINDINGS PER LEVEL

Observation	10
Minor	4

WSAS
2 Quality StreetNorth Berwick, EH39 4HW, UNITED KINGDOM

FINDING DETAILS

Finding No:	TNR-015351
Checklist Item No:	1.3.4
Status:	Open
Finding level:	Observation
Checklist item:	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.
Findings:	Clear water quality issues have been identified in the site's receiving water body; however, there is no indication of annual and, where appropriate, seasonal high and low variances. The UTCB has included periodic water quality analysis activities for Arroio Levis Pedroso and the drainage ditch from the Progresso neighborhood in the PGSA (Project 33). Therefore, the results of this project should be verified during the surveillance audit.

Finding No:	TNR-015397
Checklist Item No:	1.3.7
Status:	Open
Finding level:	Observation
Checklist item:	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.
Findings:	The description or quantification of the social, cultural, environmental, or economic water-related value generated by the site is missing. Since the first cycle of assessment on the Sustainable Water Management Plan (PGSA) is scheduled to take place by March 2025, only partial and limited assessment results of the social, cultural, and environmental water-related value generated by the site were presented.

Finding No:	TNR-014735
Checklist Item No:	1.5.3
Status:	Open
Finding level:	Observation
Checklist item:	The catchment water-balance, and where applicable, scarcity, shall be quantified, including indication of annual, and where appropriate, seasonal, variance.
Findings:	Due to the lack of more up-to-date information on the groundwater availability of the Santa Maria Aquifer, the groundwater catchment balance is currently unknown. There is room for improvement in balance data collection as an opportunity.

Finding No:	TNR-014749
Checklist Item No:	1.5.6
Status:	Open
Finding level:	Observation
Checklist item:	Existing and planned water-related infrastructure shall be identified, including condition and potential exposure to extreme events.
Findings:	Considering that the Water Safety Plan of Santa Cruz do Sul has not been revised following two significant events—the privatization of Corsan (2022) and the occurrence of major floods (2024)—there is a need for updated data related to water-related infrastructure. As there is room for improvement, an observation was raised.

Finding No:	TNR-015372
Checklist Item No:	2.4.1
Status:	Open
Finding level:	Observation
Checklist item:	A plan to mitigate or adapt to identified water risks developed in co-ordination with relevant public-sector and infrastructure agencies shall be identified.
Findings:	Evidence was presented on contacts made with Stakeholders after the occurrence of the Flood Event in the State of Rio Grande do Sul, in May 2024, with no feedback from Corsan-Aegea and with indications of the construction of State government plans for response to extreme events by the Division of Meteorology, Climate Change and Critical Events - DIMETEC, of the Department of Water Resources and Sanitation Management - DRHS, Secretariat of Environment and Infrastructure - SEMA. The UTCB Contingency Plan was constructed without the direct involvement of the public sector and infrastructure agencies in the process of developing this plan. Documents from public institutions were consulted, some without evident updates. There is opportunity for improvement.

Finding No:	TNR-015386
Checklist Item No:	3.5.1
Status:	Open
Finding level:	Observation
Checklist item:	Practices set in the water stewardship plan to maintain and/or enhance the site’s Important Water-Related Areas shall be implemented.
Findings:	Considering the poor conditions of 'Rio Pardinho na micro bacia do Médio Rio Pardinho (MPi)' in row #20 and 'Rio Pardinho na micro bacia do Baixo Rio Pardinho (BPi)' in row #31 of the submitted evidence, the details of the actions in the projects (Project Numbers 3, 7, 8, 9, 11, 15) that are linked to the IWRA Outcomes can be detailed by the UTCB.

Finding No:	TNR-014900
Checklist Item No:	3.7.2
Status:	Open
Finding level:	Observation
Checklist item:	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.
Findings:	The actions done in the catchment (project #12 of UTCB PGSA revision 1) as a result of the site's engagement related to indirect water use were not properly evaluated. The project was included in the UTCB PGSA based on feedback from research carried out with rural producers in the Target Area.

Finding No:	TNR-014777
Checklist Item No:	4.1.1
Status:	In Progress - CA plan approved
Finding level:	Minor
Due date:	2025-Nov-25
Checklist item:	Performance against targets in the site's water stewardship plan and the contribution to achieving water stewardship outcomes shall be evaluated.
Findings:	UTCB has not evaluated Performance against targets in the site's water stewardship plan and the contribution to achieving water stewardship outcomes. The organization reported that it will conduct an evaluation in the first quarter of 2025.
Corrective action:	The period for evaluating performance against targets is set for the first quarter of the following year. The AWS UTCB Water Management System Manual will be reviewed, including the period and those responsible for the evaluation. A specific template will also be defined to record the outcomes. Deadline: 28/02/2025 Carry out an evaluation of the performance of the Sustainable Water Management Plan (PGSA) and record the outcomes of the UTCB water management system. Deadline: 31/03/2025

Finding No:	TNR-014779
Checklist Item No:	4.1.2
Status:	In Progress - CA plan approved
Finding level:	Minor
Due date:	2025-Nov-25
Checklist item:	Value creation resulting from the water stewardship plan shall be evaluated.
Findings:	UTCB did not evaluate Value Creation resulting from water stewardship plan for all PGSA's targets. The organization reported that it will carry out an assessment in the first quarter of 2025.
Corrective action:	The period for evaluating Value Creation is set for the first quarter of the following year. The AWS UTCB Water Management System Manual will be reviewed, including the period and those responsible for the evaluation. A specific template will also be defined to record the outcomes. Deadline: 28/02/2025 Carry out an evaluation of the Value Creation based on the Sustainable Water Management Plan (PGSA) and record the outcomes of the UTCB water management system. Deadline: 31/03/2025

Finding No:	TNR-014780
Checklist Item No:	4.1.3
Status:	In Progress - CA plan approved
Finding level:	Minor
Due date:	2025-Nov-25
Checklist item:	The shared value benefits in the catchment shall be identified and where applicable, quantified.
Findings:	UTCB did not identify and quantify shared value benefits in the catchment for all PGSA's targets. The organization reported that it will carry out this assessment in the first quarter of 2025.
Corrective action:	The period for evaluation to identify and quantify shared value benefits is set for the first quarter of the following year. The AWS UTCB Water Management System Manual will be reviewed, including the period and those responsible for the evaluation. A specific template will also be defined to record the outcomes. Deadline: 28/02/2025 Carry out an assessment to identify and quantify shared value benefits based on all PGSA’s targets and record the outcomes in the UTCB water management template. Deadline: 31/03/2025

Finding No:	TNR-015385
Checklist Item No:	4.4.1
Status:	Open
Finding level:	Observation
Checklist item:	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.
Findings:	The site has reviewed and updated the water stewardship plan (PGSA) as needed during its AWS journey. While explanations for some changes have been provided, direct evidence of periodic revisions—such as previous versions of the plan, revision dates, and reasons for revisions—is missing. Therefore, there is room for improvement in demonstrating a systematic and documented approach to plan updates.

Finding No:	TNR-014888
Checklist Item No:	5.2.1
Status:	In Progress - CA plan approved
Finding level:	Minor
Due date:	2025-Nov-25
Checklist item:	The water stewardship plan, including how the water stewardship plan contributes to AWS Standard outcomes, shall be communicated to relevant stakeholders.
Findings:	There were changes in the UTCB's PGSA, which were not included in the previously published "Water Performance Report for the 2024 Harvest". A general assessment of how the Water Stewardship Plan contributes to AWS Standard outcomes was not carried out and published in the mentioned Report.
Corrective action:	It is defined that the water management report for stakeholders will be prepared based on a critical analysis of water performance for an entire year, not just the harvest. UTCB will publish only one report per year to avoid communication failure with stakeholders. The AWS UTCB Water Management System Manual will be reviewed, including the period and those responsible for the Water Report preparation and communication. Deadline: 31/03/2025

Finding No:	TNR-015354
Checklist Item No:	5.3.1
Status:	Open
Finding level:	Observation
Checklist item:	A summary of the site's water stewardship performance, including quantified performance against targets, shall be disclosed annually at a minimum.
Findings:	As a result of AWS Audit, changes to UTCB's PGSA were verified. Critical Analysis for closing 2024 PGSA cycle is scheduled to be carried out in the first quarter of 2025. A summary of the site's water stewardship performance, including quantified performance against targets, shall be disclosed annually at a minimum.

Finding No:	TNR-015355
Checklist Item No:	5.4.1
Status:	Open
Finding level:	Observation
Checklist item:	The site's shared water-related challenges and efforts made to address these challenges shall be disclosed.
Findings:	Based on the AWS Audit, new Shared Challenges were identified. These challenges were recorded in the Company's WSP and new goals were defined in the PGSA_UTCB. The site's shared water-related challenges and efforts made to address these challenges shall be disclosed.

Report Details

Report	Value
Report prepared by	Rosane Borges
Report approved by	Sa-Myeong Gim
Report approved on (Date)	06.January. 2025

Surveillance

Proposed date for next audit
2025-Nov-24

Stakeholder Announcements

Date of publication	Location
14/09/2024	Newspaper Gazeta do Sul

Comment: Attached are documents related to the publication of the Stakeholder Announcement made by UTC and AWS.

Access to the link of Gazeta do Sul Newspaper editions is only permitted for registered subscribers, as can be seen by the link: https://edicoes.gaz.com.br/edicao/show/7779.

Therefore, UTCB sent the complete edition of the newspaper published on September 14, 2024, in PDF file (see attachments).
The announcement for interested parties is available on page 17.

Comment: Attached is the content of the interviews conducted with Stakeholders on November 26th and 27th, 2024.

Catchment Information

Catchment Information

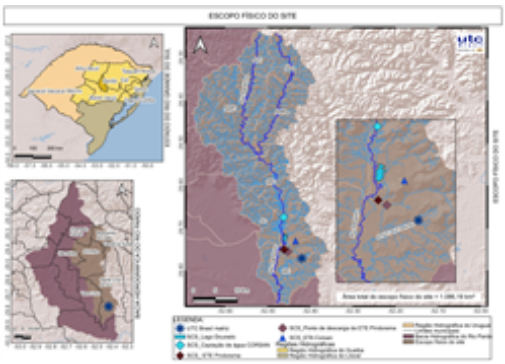
The site shares the same basin where the infrastructure related to surface collection and discharges is located: the Rio Pardo Hydrographic Basin, which, together with 8 other Hydrographic Basins (B.H.), makes up the Guaíba Hydrographic Region.

The Rio Pardo Hydrographic Basin has 5 main water courses, forming sub-basins and micro-basins.

Given the situation and hydrographic location of the mapped elements, the physical zone with the potential to affect the production, collection, storage and distribution of water for the urban supply of Santa Cruz do Sul includes the following micro-basins: Alto Pequeno (APe), Alto-Médio Pequeno (AMPe), Andreas (An), Alto Pardinho (APi), Alto-Médio Pardinho (AMPi), Médio Pardinho (MPi) and the highest part of the Baixo Pardinho micro-basin (BPi).

The physical delimitation of the area influenced by the site's wastewater discharges, the delimited Target Area, comprises the most downstream portion of the Baixo Pardinho microbasin (BPi).

The site's underground water intake occurs in an area characterized lithologically by outcrops of the Guarani Aquifer System (SAG), locally formed by Mesozoic rocks belonging to the Santa Maria Formation. The Santa Maria Formation is made up of two members: a lower one, called the Passo das Tropas Member (aquifer), and an upper one, called the Alemoa Member (aquiclude). The site's underground water intake points are located in the region confined by the Alemoa Member, at a depth of over 100 meters. The depositions of the Alemoa and Passo das Tropas Members present local granulometric variations where water circulation occurs in stepped horizons (stratigraphic column), with no interconnection between the upper and lower members. Given this characteristic, the hydrogeological basin of the site's groundwater intake does not have an area of direct influence in relation to its recharge and discharge zones.



Mapa escopo físico do site.jpeg

Comment Attached file Physical Scope Map of the site.jpeg.

Client Description and Site Details

Client/Site Background
UTCB Presentation:

History:

2001 - Valesul: the Valesul Tobacco processing unit is founded in the city of Santa Cruz do Sul.
2012 - Interfumos: Valesul acquires assets from the company Interfumos and moves to the city of Venâncio Aires.
2013 - TNH: Valesul changes its bylaws and corporate name to Tabacos Novo Horizonte (TNH), maintaining its headquarters in the city of Venâncio Aires.
2017 - UTC Brasil: TNH becomes part of the CNT group and changes its corporate name to UTC Brasil, maintaining its headquarters in the city of Venâncio Aires.
2021 - UTC Brasil: UTC Brasil acquires the property of the former Philip Morris purchasing unit, located in Santa Cruz do Sul, moving the Venâncio Aires plant to the new headquarters at the end of the 2021 harvest.
2022 - UTC Brasil: begins industrial tobacco processing operations at the acquired property, headquartered in Santa Cruz do Sul.

Information about the plant:

The plant is located in the industrial district of Santa Cruz do Sul
Rodovia BR 471, Km 149.53, CEP 96835-642, Santa Cruz do Sul, Rio Grande do Sul, Brazil
• Land area: 15.36 hectares
• Constructed area: 63,000 m² - approximately
• Permanent employees: 262
• Seasonal employees: 1,080 – during the harvest period

Unit Operation:

- Tobacco purchase: occurs from January to June, with 1 work shift, from 7:30 am to 5:18 pm.
- Tobacco processing:
Occurs from February to June, with the first work shift from 5:00 am to 2:48 pm and the second work shift from 2:48 pm to 12:18 am.
In July, only 1 work shift from 7:30 am to 5:18 pm.
- Administrative: occurs from January to December, with 1 work shift, from 7:30 am to 5:18 pm.

Main activities carried out at the Facility:
- purchase of leaf tobacco;
- processing of tobacco;
- marketing of processed tobacco.

Mapa limite físico do site.jpeg

Comment Attached the Map of the site in jpeg format.

Summary of Shared Water Challenges

Summary of Shared Water Challenges
The main challenges shared in the Target Area, arising from research conducted by UTCB with its Stakeholders, were also corroborated by interviews conducted with three Stakeholders during the Audit.
They are:
- Recovering areas of degradation of riparian forests/permanent preservation areas (APP);
- Increasing Environmental Education activities in the region;
- Increasing or recovering water quality, both in rural and urban areas;
- Solving issues of scarcity of drinking water for human consumption, mainly on rural properties;
- Solving issues of scarcity of water for use in agriculture and animal consumption;
- Addressing issues related to climate change (drought, flooding, hail), mitigation actions in the region.

Comment The files containing the research carried out by UTCB with Stakeholders on the challenges shared in the Target Area were attached, as well as the Sustainable Water Management Plan, which contains a summary of the biggest challenges that were compiled (research results).

0.1	**General Requirements for Single Sites, Multi-Sites and Groups**	
0.1.1	*Eligibility Criteria*	
0.1.2		
0.1.2.1	*Have any water source locations and water-related discharge locations been visited during the audit, if so, which and where? If none were visited please provide justification.*	Yes
Comment	The site tour was held on November 26th, 2024 and covered the following areas: 1. Agrochemicals Storage – Agricultural Production Area; 2. Effluent Treatment Plant (ETE); 3. Permanent Preservation Area (APP) and IWRA; 4. Waste Center; 5. Tubular wells – 1, 2 and 3; 6. Public water supply inlet (Corsan) branch of BR 471; 7. Factory – Tobacco processing; 8. Water tank – technical fire reserve and water for processing; 9. Quality Control; 10. Toilets and drinking fountains in the Packaging and Industrial Maintenance areas; 11. Boiler; 12. Changing rooms for seasonal workers. On November 27th, there was a visit to the Company's Medical area, where interviews were conducted with Occupational Health Nurses. On November 28th, there was a visit to a rural property near the city of Santa Cruz do Sul that grows tobacco. Afterwards, there was a visit to Lago Dourado, the city's water reserve area.	
0.1.1.1	*The site(s) occupy one catchment OR an exception has been granted.*	Yes
Comment	The site occupies one catchment.	
0.1.1.2	*The scope of the proposed certification shall be under the control of a single management system.*	Yes
Comment	The scope of certification is under the control of a single management system.	
0.1.1.3	*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.*	Yes
Comment	The scope of certification is homogeneous with respect to primary production system, water management, product or service range, and the main market structures.	

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

UTC Brazil created the document called M002: AWS UTC WATER MANAGEMENT SYSTEM MANUAL, which describes how it implements the AWS Standard Management Indicators. Attached is the MAIN DOCUMENT related to this Indicator, called Implementation of Indicator 1.1.1.

PHYSICAL BOUNDARY OF THE SITE:
The UTC Brazil plant is installed on its own property, with an approximate surface area of 153,602 m², located in the Industrial District of the municipality of Santa Cruz do Sul, in the central-eastern region of the state of Rio Grande do Sul. The land is surrounded by water courses to the northwest, west and southwest, with a Permanent Preservation Area (APP) located in the southwest portion of its perimeter.
Attached document "Site Physical Boundary Map.jpeg".

WATER INLETS AND OUTLETS ON THE SITE:
To meet the water demands required by the site, the water supply is provided by two different sources: surface water from the municipal supply via the supplier CORSAN/AEGEA and groundwater collected by the site through 3 tubular wells (Flowcharts included in the main document). After use, the water is channeled to the site's own Effluent Treatment Plant (ETE) and subsequently discharged into a receiving water body called Arroio Levis Pedroso. The water inlets and outlets are listed in the main document.

SITE INFRASTRUCTURE:
The mapping of the site's water network (wells and Corsan) is included in the 'UTCB Water Network' plan (attached). Regarding groundwater, this plan is limited to demarcating the respective network only up to its discharge into the reservoir that supplies the industrial process and the fire system. The distribution of water after this point is shown in specific plans: ‘UTCB industrial water detail and process situation’ and ‘UTCB hydrant network detail’ (attached).

SURFACE WATER BASIN:
The supply of drinking water to the site, carried out under concession by a supply company (CORSAN-AEGEA), is provided by the municipality of Santa Cruz do Sul/RS. The provision of services by CORSAN only covers the urban area of this municipality. The supplier uses fresh surface water and, in some regions, supplements the supply with aquifer water. However, the supply in the sector where UTC Brasil is located comes 100% from fresh surface water. The raw water collected is stored in an artificial reservoir called Lago Dourado. The discharges from ETE Pindorama, the main effluent treatment plant in the municipality of Santa Cruz do Sul, occur downstream of the water collection and storage, therefore, without direct influence on the respective supply.

Regarding the effluents generated on the site, they are treated in its own ETE and subsequently released into the Levis Pedroso Stream, also located downstream from CORSAN's water collection and storage. The site shares the same basin where the infrastructure related to surface collection and discharges is located: the Rio Pardo Hydrographic Basin, which, together with 8 other Hydrographic Basins (B.H.), makes up the Guaíba Hydrographic Region. The Rio Pardo Hydrographic Basin has 5 main water courses, forming the sub-basins and micro-basins represented in the main document. The physical area with the potential to affect the production, collection, storage and distribution of water for the urban supply of Santa Cruz do Sul comprises the following micro-basins: Alto Pequeno (APe), Alto-Médio Pequeno (AMPe), Andreas (An), Alto Pardinho (APi), Alto-Médio Pardinho (AMPi), Médio Pardinho (MPi) and the highest part of the Baixo Pardinho (BPi) micro-basin.

The physical delimitation of the area under the influence of wastewater discharges from the site comprises the most downstream portion of the Baixo Pardinho (BPi) micro-basin. This is the delimitation of the UTC Target Area, also represented in the main document. Attached is the document "Site physical scope map.jpeg", which represents the UTC Brazil Target Area.

GROUNDWATER BASIN:
The site's underground water intake occurs in an area characterized lithologically by outcrops of the Guarani Aquifer System (SAG), locally formed by Mesozoic rocks belonging to the

Santa Maria Formation (representation in the main document).
The Santa Maria Formation is made up of two members: a lower one, called the Passo das Tropas Member (aquifer), and an upper one, called the Alemoa Member (aquiclude). The site's underground water intake points are located in the region confined by the Alemoa Member, at a depth of over 100 meters (according to the 'Technical documents of the UTCB wells'). The depositions of the Alemoa and Passo das Tropas Members present local granulometric variations where water circulation occurs in stepped horizons (stratigraphic column), with no interconnection between the upper and lower members.

The following additions and the file "1_1_1_metodologia,pdf" were added to the comments of indicator 1.1.1, following a request sent to UTCB on December 30, 2024.

- The definition of the site's catchment area was the result of a study developed by the UTC Brasil technical team, supported by official databases, public documents and scientific articles. The methodology for identifying the catchment areas is presented in the attachment, in the file called '1_1_1_metodologia'.

- Regarding the site's stormwater discharge points and its receiving body: there is no stormwater network on the site. The precipitation that falls on the UTC Brasil land runs off in a diffuse manner and infiltrates the soil.

- The ultimate receiving body for UTCB Effluent is Rio Pardinho.

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

UTC Brasil created the document called M002: AWS UTC WATER MANAGEMENT SYSTEM MANUAL, which describes how it implements the AWS Standard Management Indicators. Attached is the MAIN DOCUMENT related to this Indicator, called Implementation of Indicators 1.2.1 and 1.2.2.

UTCB considered the organizations, groups and individuals located in the catchment basin (physical scope of the plant) in which it is located and who may be directly or indirectly affected by the company's operations, including the final water source and the final body of water receiving wastewater.
In this way, it defined 4 categories for identifying stakeholders:
1. Directly impacts UTC Brasil's operations;
2. Is impacted by UTC Brasil's operations;
3. Common interest;
4. It is beneficial to maintain a relationship.
The list of identified stakeholders is presented in the file “AWS UTC_Stakeholder Matrix”. This file identifies the following columns: the classification of stakeholders in relation to the UTC Brasil plant (external or internal); the relationship established with the site (representative entities, regulatory bodies, service providers, suppliers, etc.); the reason for being a stakeholder; the stakeholder's expectations for UTC Brasil and the expectations/needs of UTC Brasil for the stakeholders; the challenges and concerns of stakeholders regarding water management; the actions of stakeholders in the face of AWS challenges and the risks associated with stakeholders, among others.

The actions developed are monitored quarterly through the Sustainable Water Management Plan, including feedback from stakeholders through communication channels, according to data from the file “AWS UTC_Stakeholder Matrix”.

The main document also presents the following distribution maps of stakeholders identified in the scope of the site: rural producers integrated with UTC Brasil, main productive activities in the state of RS and Traditional Populations within the physical scope of the site.

Approximately 11% of UTC's integrated producers are located within the physical scope of the site.

Regarding traditional populations and considering the physical scope of UTC Brazil, no traditional populations were identified as stakeholders, as per the mapping presented in the main document. In the area of the physical scope of the site as well as in the Rio Pardo River Basin, there are no indigenous peoples or quilombola communities with recognized and approved traditional rights, given that the Technical Report on Identification and Delimitation (RTID) does not guarantee definitive possession of their lands for Rincão dos Negros Quilombola Community. This Quilombola Community is located outside the Target Area.

The site is located in an industrial area with nearby communities that are vulnerable due to the lack of sewage treatment. The identified Stakeholder (SCFV - Serviço de Convivência e Fortalecimento de Vínculos - Bairro Progresso: Vulnerable people, women and minorities in the local community) was one of the interviewed Stakeholders. Another stakeholder identified in the UTCB Stakeholder Matrix is EMEF Dr. Guilherme Hildebrand: Escola Municipal de Ensino Fundamental Dr. Guilherme Hildebrand, which shares a border with UTCB, where the children and adolescents who study there live in communities adjacent to UTCB.

The representative of the site’s ultimate water source and ultimate receiving water body in the UTCB's list of Stakeholders are: AGEPARDO and COMITÊ PARDO. FEPAM and SMMAS are the State and Municipal government bodies that define regulatory parameters for effluent discharges into receiving bodies.

During the tour of the site, neighboring stakeholders were visually identified. Metalúrgica JW was included in the Stakeholder Matrix.

The results of the surveys conducted with stakeholders are tabulated in the file "Stakeholder Survey - Sustainable Water Management (AWS) - UTC Brazil - Excel.xlsx". The email sent to

interested parties can be found in the file "Stakeholder Survey - Sustainable Water Management (AWS) - UTC Brazil - email sent from UTC.pdf".

The surveys conducted with integrated rural producers are tabulated in the file "Survey on water-related challenges - tobacco producer_WIDE.xlsx".

Another stage of the process is provided for in Indicator 1.2.2 and corresponds to the evaluation of the reference matrices of power/influence and interest of interested parties.

1.2.2 *Current and potential degree of influence between site and stakeholder shall be identified, within the catchment and considering the site's ultimate water source and ultimate receiving water body for wastewater.*

Yes

Comment

UTC Brasil created the document called M002: AWS UTC WATER MANAGEMENT SYSTEM MANUAL, which describes how it implements the AWS Standard Management Indicators. Attached is the MAIN DOCUMENT related to this Indicator, called Implementation of Indicators 1.2.1 and 1.2.2.

UTCB classified the identified Stakeholders according to the degree of influence/power between Stakeholders and the site, as well as a classification according to the degree of Stakeholders and the site. In the AWS_UTC_Stakeholder Matrix file, the columns P,Q,R present the current and potential degree of influence between site and stakeholder within the catchment, considering the site's ultimate water source and ultimate receiving water body for wastewater.

The reference matrices adopted to assess the degree of influence are based on Guidance Guide 2.0 for the AWS Standard, where a score is assigned for the degree of influence/power of the interested party from 1 (one) to 4 (four) points. Likewise, the score for the degree of interest of the interested party is stipulated from 1 (one) to 4 (four) points. The score result defines the classification and actions developed with the Stakeholders.

The management and monitoring of the actions established by the site is carried out through the file "AWS UTC_Stakeholder Matrix", including the actions related to the shared challenges in water resources management. The last stage of the flow establishes the form and frequency of monitoring the actions, communication mechanisms and contact information with Stakeholders.

1.3 *Gather water-related data for the site, including: water balance; water quality, Important Water-Related Areas, water governance, WASH; water-related costs, revenues, and shared value creation.*

1.3.1 *Existing water-related incident response plans shall be identified.*

Yes

Comment

In the AWS UTC Water Management System Manual, item 1.3.1 identifies the current plans to respond to water-related incidents (attached file Implementation of Indicator 1.3.1):

- Document DI – 078 Contingency Plan for AWS UTC Water Management System to address water-related incidents identified in the file “AWS UTC_Risk Management & Opportunities”. To establish the control measures provided for in the Plan, the two water supply sources on the site are considered, coming from the public supply via CORSAN (surface water) and from the supply by three tubular wells (groundwater).
The public supply inlet branches are fed by Highway BR 471 and Avenida Euclides Kliemann for the purpose of supplying the cafeteria, drinking fountains, toilets and general cleaning throughout the year. The purpose of supplying tubular wells is to supply the process (factory) during the harvest period and the fire system.

- Document DI 013 PAE – Emergency Response Plan. The document establishes measures and responsibilities for fire/explosion events, accidents with serious casualties, leaks of dangerous/flammable products, windstorms and emergencies in the transportation of dangerous goods. Regarding emergency response involving the transportation of dangerous goods, a contract is signed between UTC Brasil and the company Geo Emergência Ambiental Ltda, part of the Solvi Group of São Paulo, and an Emergency Response Plan is established.

- Document DI 011 – ETE Operation and Maintenance Procedure, for responding to incidents related to water discharges from the site, where risk scenarios involving the operation of the Effluent Treatment Plant are highlighted, including failure in the operation of equipment or in compliance with legal parameters.

- Document DI 009 Asset Safety, where communications for environmental occurrences related to water leaks involving areas of boiler, cafeteria, water tanks, sanitary facilities and the factory are recorded in the site's Ordinance and follow the provisions of the document.

- The preparation of the site's drinking water supplier, CORSAN, for situations and events related to water is evidenced by the existence of a “SCS Water Safety Plan”, which includes, among other approaches: identification and analysis of potential hazards and characterization of risks; determination of control points and measures; critical and operational limits; establishment of corrective actions; formation of the team to implement and operate the Water Safety Plan; management procedures and actions; contingency plan.

1.3.2 *Site water balance, including inflows, losses, storage, and outflows shall be identified and mapped*

Yes

Comment	In AWS UTC Water Management System Manual, item 1.3.2 identifies and maps the site's water balance (attached file Implementation of Indicator 1.3.2). The site's water balance is identified in the document 'UTCB Water Flows'. The identification was carried out based on the survey of the main flow and storage components, such as water inlets, reservoirs, distribution flows and discharges. The file 'UTCB Flow Mapping' presents the location of the main identified flow elements. Rainwater and its surface runoff that infiltrates the soil were quantified in the document Implementation of Indicatior 1.3.3. Other water flows that infiltrate the soil are: water resulting from hydrant tests, roof cooling, tap water used to wash floors and external areas. These quantities can be identified in the plant. Water from cleaning internal areas is directed to the effluent treatment plant (ETE) and identified in the flowchart presented. The capacities of the UTCB reservoirs are identified in the Water and Effluent Process Flowchart contained in the document Implementation of Indicator 1.3.2. and in the spreadsheet Water Flows_UTCB.pdf. The flow of steam directed to the atmosphere is identified in the spreadsheet Water Flows_UTCB.pdf. UTC Brasil does not currently use reused or recovered water. The error in the water balance is quantified in the document Implementation of Indicator 1.3.3, and is calculated for the year 2023 as 4.66%.	
1.3.3	*Site water balance, inflows, losses, storage, and outflows, including indication of annual variance in water usage rates, shall be quantified. Where there is a water-related challenge that would be a threat to good water balance for people or environment, an indication of annual high and low variances shall be quantified.*	Yes

Comment

In AWS UTC Water Management System Manual, item 1.3.3 presents the quantification of the site's water balance (attached file Implementation of Indicator 1.3.3).

The quantities related to the site's water flows are monitored by means of readings on hydrometers and hour meters, and by measuring the static and dynamic level of groundwater. The data are recorded in 2 main spreadsheets: Water & effluent quantities and Grant Conditions.

WATER BALANCE CALCULATION:
The site's water balance is shown in the document 'UTC water balance'. The data used in the calculation comes from daily monitoring of the plant's water meters and includes records from 2023 and from January to October 2024. Of the total water inputs, approximately 60% corresponds to groundwater (used in the industrial process and fire system) and approximately 40% comes from the municipal supply (potable water from surface water sources).

SEASONALITY AND VARIATION IN CONSUMPTION RATES:
The industrial plant has a seasonal nature in its operations: it alternates between harvest and off-season periods. This calendar is defined each year according to strategic and climate variables relevant to the business at that time.
Approximately, it can be said that the harvest period for the process extends from February/March to July/August, when the number of workers on temporary contracts is significant. The volumes of water from the municipal supplier and from the site's own collection (wells) that are consumed on the site fluctuate throughout the months of the year, and from one year to the next, following the harvest and off-season periods of UTC Brasil.

These variations are quantified and presented in the document Implementation of Indicator 1.3.3.

INDICATORS:
The effectiveness of the actions implemented to reduce water consumption in the industrial process is monitored by an indicator of water consumption per ton of processed raw tobacco. This information is contained in the document Implementation of Indicator 1.3.3. This indicator only covers consumption related to the harvest period of the process.

CONSIDERATIONS ON RAINFALL:
Rainfall was not considered in the balance calculations because all the precipitated volume infiltrates the soil; estimates of precipitation volume and potential for use on the site were presented in the document Implementation of Indicator 1.3.3. The site does not yet have a system implemented for the use of rainwater.

1.3.4 *Water quality of the site's water source(s), provided waters, effluent and receiving water bodies shall be quantified. Where there is a water-related challenge that would be a threat to good water quality status for people or environment, an indication of annual, and where appropriate, seasonal, high and low variances shall be quantified.*

Obs.

Comment

In the AWS UTC Water Management System Manual, item 1.3.4 presents the quantification of the quality of the site's water sources (attached file Implementation of Indicator 1.3.4).

The Company records the quality of the site's water sources and the effluent receiving body in the 'Water quality' spreadsheet; the values of the analyzed parameters come from contracted 'Laboratory reports' and from measurements performed internally. The points, parameters and frequency of sampling are defined in the 'Monitoring points flowchart' file. The 'WASH critical analysis' file records an assessment of the water quality at the site's consumption points, wells and treated effluent. All of these files are attached.

WATER FOR HUMAN CONSUMPTION:
Drinking water is supplied by the public network through the concessionaire CORSAN/AEGEA.
The quality of the water distributed by the concessionaire is monitored monthly using information published on the supplier's website and shown in the file 'Corsan water quality results'. Monthly monitoring of the potability of water is carried out at consumption points distributed throughout the company, to ensure greater control over the conservation status of the drinking water distribution network, in addition to the fact that UTCB operates seasonally, where some sectors of the plant remain without taps and toilets being used for approximately 6 months. The results of these monthly analyses are shown in the file 'Laboratory reports on water analysis at consumption points'.
Every 6 months, the drinking water reservoir that serves the company cafeteria is cleaned and specific water samples are collected from cafeteria taps. The results of these biannual analyses are shown in the file 'Laboratory reports on cafeteria water analysis'.

GROUNDWATER USED IN THE INDUSTRIAL PROCESS:
The groundwater that supplies the site is not intended for human consumption and the permits do not require analytical monitoring. Even so, every 6 months, water samples are collected from the 3 wells on the site and sent for laboratory analysis to monitor possible changes, especially in relation to chemical properties, as evidenced in 'Laboratory reports on wells'. In addition to the parameters relevant to the industrial process, coliforms are monitored to identify possible infiltrations/contaminations.
The behavior of the wells of the company Philip Morris Brasil (PMB), whose Unit is located close to the site, is also monitored. The trend analysis of the groundwater sources on the site and at PMB is included in the spreadsheet 'Trend analysis of UTCB and PMB wells'. The most significant changes are seen in Well 03 of the site, which has been showing an increase in the concentration of dissolved salts (chlorides and fluorides) and water hardness (related to the presence of chlorides). A specific project to understand this behavior of Well 3 of UTCB is included in the Company's PGSA.

WASTEWATER:
All effluent generated by the company is treated in its own Effluent Treatment Plant (ETE), and then discharged into the Levis Pedroso Stream. The system consists of an equalization tank, an aeration tank, a secondary decanter, and a physical-chemical tertiary treatment system. Monitoring analyses of raw and treated effluents are performed more frequently than required in the Environmental Operating License, and the results are included in the file ‘Laboratory reports on analysis of treated effluent’.
For better visualization, the results are presented in the spreadsheet ‘Effluent Graphs 2022-2024’. Despite the seasonal variation in ETE loads, due to the increase and decrease in the number of people working at the UTCB during the harvest and off-season periods, the analytical results did not show major variations during the analyzes period, due to adjustments that are made to the ETE operation to adapt the plant to the volume/load of effluents received throughout the year.
The Environmental Operating License was issued in September/2023, establishing Maximum Permitted Values - VMPs lower than those of CONSEMA Resolution 355/2017, the legal reference of the State of RS.
Visual parameters, pH and temperature are monitored daily by the ETE operator for the purpose of meeting legal requirements and optimizing ETE operations.

WATER FROM THE WATER BODY THAT RECEIVIES THE SITE'S DISCHARGES:

In 2024, the first analysis of the water quality of the Levis Pedroso Stream was carried out, upstream and downstream of the site's effluent discharge point, according to the parameters indicated in CONAMA Resolution 357/2006 – Class 2. No changes were observed in the organic parameters (VOCs and SVOCs) and heavy metals, which was expected since the company does not have these pollutants in its process.
For many of the monitored parameters, there was a positive interference in the stream. The parameters where an increase in concentration occurred at the downstream point did not change the class of the receiving body.
A sample collection was also carried out along the storm drainage ditch that crosses part of the UTC Brasil land, whose waters come from the Progresso neighborhood.
Some results of the laboratory analyses deserve attention, especially in relation to the sampling from the drainage ditch. A high load of thermotolerant coliforms was identified in these waters, which is associated with untreated domestic sewage discharges. The analyses also indicated the presence of mineral oils and greases and toluene, possibly associated with a painting establishment or mechanical workshop.

In this case, there is a water-related challenge that would be a threat to good water quality status for people or the environment. To date, there has only been one analysis carried out at points downstream and upstream of the Levis Pedroso Stream and the ditch that runs through the company's area originating in the Progresso neighborhood until it is discharged into the Levis Pedroso Stream.
The UTCB's PGSA included an objective to evaluate the variations that occur in the Levis Pedroso Stream and in the drainage ditch originating in the Progresso neighborhood so that the qualitative variations of these water bodies can be quantified, considering the Company's seasonal operations.

IDENTIFIED OPPORTUNITIES FOR IMPROVEMENT THAT WERE INCLUDED IN THE UTC BRASIL PGSA:
- Monitor water quality parameters of the Levis Pedroso Stream, given that the low flow of this stream, associated with the compromised quality of its waters, has an impact on the dilution of the effluent discharged by the site, which may cause fish mortality (reputational risk), among other impacts on the aquatic ecosystem.
- Monitor water quality parameters that flow into the drainage ditch coming from the Progresso neighborhood, given that the results of the laboratory analysis carried out identified the presence of elements associated with domestic and industrial sewage. This infrastructure crosses part of the UTC Brasil land, draining immediately upstream of the discharge point of the site's treated effluents and, therefore, impacts resulting from the pollutant loads contained in the waters of the drainage ditch may be associated with the site's discharges (reputational risk).
- Conduct an investigation to understand the reason for the changes identified in relation to the chemical properties of Well 03.

OBSERVATION:
Clear water quality issues have been identified in the site's receiving water body; however, there is no indication of annual and, where appropriate, seasonal high and low variances. The UTCB has included periodic water quality analysis activities for Arroio Levis Pedroso and the drainage ditch from the Progresso neighborhood in the PGSA (Project 33). Therefore, the results of this project should be verified during the surveillance audit.

1.3.5 *Potential sources of pollution shall be identified and if applicable, mapped, including chemicals used or stored on site.*

Yes

Comment

Attached is the Implementation Document for Indicator 1.3.5., referring to item 1.3.5. Identify and map possible sources of contamination from the site, including chemicals used or stored, as per the AWS UTC WATER MANAGEMENT SYSTEM MANUAL, rev 002.

To identify and assess the sources of contamination on the site, the groundwater collected by the site's own tubular wells and the storage units for chemicals and flammable products on the site are considered. With regard to groundwater, the collection occurs at a depth of over 100 meters; the collection points are located in a region of the aquifer that is confined by a clayey lithology, without interconnection with surface water, reducing the vulnerability of the groundwater to exposure to contamination. The three wells have the appropriate construction measures (fencing, protective slab, sealing of openings, distance from the ground), as verified during the tour carried out on the site. UTCB assessed the possibility of aquifer contamination from site activities as remote.

The storage points for chemical and flammable products on the site are mapped as indicated in Figure 1.3.5.04, contained in the document Implementation of Indicator 1.3.5. These points correspond to the areas of the Boiler, LPG Center for the Canteen, Effluent Treatment Plant and Class I Waste Center.

For mapping and assessing the areas of environmental risk subject to contamination from the storage of chemical and flammable products, the attached document “UTC Environmental Risk Assessment” is observed. The assessment of the environmental risk of contamination of the Lewis Pedroso and Camaquã streams (the watercourses closest to the site, bordering the UTC Brasil land to the northwest, west and southwest) is considered low, considering the control measures adopted by the company: signage and isolation of the storage area, containment basin, access and training on the Safety Data Sheet for chemical products and the measures provided for in the Emergency Response Plan.

The storage, transfer and handling of flammable and combustible liquids (LPG cylinders for forklift fueling and the cafeteria's LPG center) follow the requirements set forth in regulatory standard NR 20 – Occupational Health and Safety with Flammable and Combustible Materials. The control measures include batches of 04 full transportable LPG containers for each storage station (LPG for forklifts), preventive maintenance and leak testing for the LPG Center.

The document Implementation of Indicator 1.3.5 includes identification and storage of pesticides sold to integrated rural producers of UTC Brasil Matriz, stored in a warehouse located on the company's website and licensed in accordance with Operating License No. 2501/2024, valid until July 18, 2029.

For the transportation of hazardous products, it is mandatory to register an Environmental Emergency Response Plan, in accordance with the premises established in ABNT NBR 15.480 – Road transportation of hazardous products - Risk management program and emergency action plan. By registering this document with the environmental agency, it is possible to obtain the Single License for Transportation of Hazardous Cargo in the corresponding States. UTC Brasil has an Emergency Response Plan (PAE) signed with the company Geo Emergência Ambiental Ltda, part of the Solvi Group, which aims to outline action guidelines for responses to hazardous products, aiming to minimize environmental impacts and safeguard people's physical integrity and health. The PAE includes the Coordinators of UTC Brasil and Geo Emergência and their responsibilities, accident scenarios, flowchart, communications and telephone numbers, response bases, emergency control actions, post-emergency procedures, dissemination of the PAE and updates, training, list of fleet and main routes, list of transported chemical products and response report, if called upon.

To date, no incidents of this nature have been recorded.

1.3.6 *On-site Important Water-Related Areas shall be identified and mapped, including a description of their status including Indigenous cultural values.*

Yes

Comment

Attached is the Implementation Document for Indicator 1.3.6., referring to item 1.3.6 - Identify and map important water-related areas on the site, as per the AWS UTC WATER MANAGEMENT SYSTEM MANUAL, rev 002.

An important water-related area on the site is the Permanent Preservation Area (APP) of the Levis Pedroso Stream, in a 1,900m² area that falls within the UTC Brasil land.

The Important Water-Related Areas, both on the site and in its target area, are identified, characterized and evaluated in the Excel file called 'Identification and evaluation of IWRA'. The mapping of the respective area is found in the image file called 'Onsite IWRA Map'.

DESCRIPTION AND STATUS OF THE SITE APP:
Considering the proportions of the Levis Pedroso Stream, its permanent preservation area, according to Federal Law No. 12,651/2012, corresponds to a marginal strip 30 meters wide, covering a fraction of approximately 1,900 m² of the UTC Brasil land. In 2021, when the site property was acquired, the APP that covers its land already had portions devoid of vegetation (photos in the document Implementation of Indicator 1.3.6).
Over the first two years of UTC Brasil's operation in this plant (years 2022 and 2023), there was an attempt to grow forest cover through natural regeneration of the area, without intervention, but no progress was observed.
Approximately 240 m², which represents just over 10% of the APP, is without vegetation cover. The site's APP is divided by a fence that delimits the portion of the land used for UTC Brasil's operations and the portion of the land granted for use by the E.F. Guilherme Hildebrand Municipal School (photos in the aforementioned document).

The APP slopes that form and support the Levis Pedroso Stream channel show slight signs of water erosion, caused by the lack of riparian protection on its banks. In addition, the discharge of effluents from the site was contributing moderately, but in a specific way, to the erosion process, since the discharges occurred directly on the slope of the water body. In 2023, improvement work was carried out on this emissary (photos in the document Implementation of Indicator 1.3.6).

The Company understands that the site's IWRA is in acceptable condition, presenting opportunities for work on improvements.

1.3.7 *Annual water-related costs, revenues, and a description or quantification of the social, cultural, environmental, or economic water-related value generated by the site shall be identified and used to inform the evaluation of the plan in 4.1.2.*

Obs.

Comment

Attached is the Implementation Document for Indicator 1.3.7, referring to item 1.3.7 - Identify annual costs/expenses and revenues related to the site's water, as per the AWS UTC WATER MANAGEMENT SYSTEM MANUAL, rev 002.

UTC Brazil presented 3 tables with costs and expenses related to water management. No revenues were identified.

The identified items refer to:
- Maintenance carried out in the Environmental Area in the years 2022, 2023 and 2024.

- Investments in improvements related to WASH, water balance and water quality in the years 2023 and 2024:
Expansion of thermal insulation of the steam network;
Improvement in the steam network (trappers);
Replacement of boiler water pumps;
Acquisition of new tanks for ETE;
Acquisition of 03 new water pumps for the ETE;
Acquisition of 06 hydrometers for the factory - to improve consumption control;
Acquisition of a reserve well level meter;
Replacement of two sets of rehumidification atomizing nozzles with a new, more efficient model;
Automated system for boiler bottom discharge;
Acquisition of two drinking fountains for the factory.

- Other Expenses / Costs in 2023 and 2024:
AWS certification cost;
Consulting cost for AWS certification;
Cost of site performance report on water management;
Cost of environmental consulting and technical responsibility for the ETE;
Cost of consulting and project for operational improvement of the ETE;
Cost of consulting related to wells;
Municipal well registration fees;
Cost of laboratory analysis for monitoring water quality and potability;
Fees from the federal environmental agency IBAMA;
Fees from the state environmental agency FEPAM; CORSAN water consumption cost;
Onsite IWRA costs;
Employee training hours;
Volunteer hours;
Employee engagement hours.

Due to the TR review process, the UTCB submitted documents with the review of indicator 1.3.7, containing justification for conducting a partial assessment of the Values Generated by the Site, as follows, in summary:

"Description of the Values Generated by the Site:
To assess social and environmental values, longer periods of monitoring of the actions are required so that the results are, in fact, evidenced, given that the implementation of the AWS Standard is recent. The closing assessment of the first cycle of the Sustainable Water Management Plan (PGSA) is scheduled to take place by March 2025, when it will be possible to obtain a more global understanding of the results of the actions undertaken in 2024. In a partial and limited manner, the values and benefits arising from the Sustainable Water Management Plan are presented in the Excel document called ‘Partial identification of generated values_2024’.

OBSERVATION:
The description or quantification of the social, cultural, environmental, or economic water-related value generated by the site is missing.
Since the first cycle of assessment on the Sustainable Water Management Plan (PGSA) is scheduled to take place by March 2025, only partial and limited assessment results of the social, cultural, and environmental water-related value generated by the site were presented.

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

Comment

Attached is the Implementation Document for Indicator 1.3.8, referring to item 1.3.8 - Identify the levels of access and adequacy of water, sanitation and hygiene (WASH) on the site, as per the AWS UTC WATER MANAGEMENT SYSTEM MANUAL, rev 002.

The aforementioned Document describes in detail how UTC Brasil ensures employee access to safe drinking water, sanitation and hygiene of facilities and equipment associated with water through the following measures:

a. Characterization of water quality on site and monitoring points: The drinking water supplied by the Public Water Supply Company CORSAN-AEGEA for human consumption undergoes controls at the concessionaire itself and, to ensure the quality of the water supplied to workers on site, monthly analyses are carried out at different consumption points of the company. The results are compared with current legislation to verify good quality for consumption, according to the Critical Analysis of WASH and Flowchart of Monitoring Points documents.

b. Ordinance No. 1066-2019 approves the new wording of the general text of Regulatory Standard No. 24 (NR 24), which deals with Hygiene and Comfort Conditions in the Workplace. Considering the transfer of the site to the Municipality of Santa Cruz do Sul - RS, a new survey of the sanitary facilities was carried out. The full file is available at NR 24 - Sanitary and comfort conditions in the workplace.xlsx. According to the survey of sanitary facilities, components and drinking fountains, it was concluded that the distribution criteria, according to the number of employees on the site in the shift with the largest contingent, are being observed. There are accessible restrooms on site.

c. Sanitation of sanitary facilities: to control the sanitation of sanitary facilities, access to and adequacy of water, sanitation and hygiene (WASH) on the site, a set of routines and records is established, as well as a record of occurrences of leaks and damaged equipment, preventive and corrective maintenance. Details are described in the document Implementation of Indicator 1.3.8.

d) Cleaning of Drinking Fountains: one of the steps in cleaning water supply equipment on site includes cleaning drinking fountains, which is routinely performed by the contracted company Sodexo, using operational procedures and inspection records. Details are available in the document Implementation of Indicator 1.3.8.

e) Cleaning of Meal Preparation and Delivery Services: food preparation and delivery services are carried out in the UTC Brasil Cafeteria by a contracted company called Refeições Paladar. The cleaning operations of facilities, furniture, equipment and utensils are carried out in accordance with the standards and frequencies established in operational procedure POP 001- PROD Cleaning of facilities, furniture, equipment and utensils. The contracted company follows the provisions of applicable legislation and adopts the MBP – 001 Manual of Good Practices for the UTC Unit, available in the Paladar Nutritionist's office, containing all procedures for food handling, preparation, fractionation, storage and distribution operations, including ensuring the hygienic and sanitary conditions required by inspection agencies.

f) Control of vectors and urban pests: UTC Brasil has a contract with a specialized company for the control of the following vectors and urban pests:
▪ Insects: cockroaches; spiders; flies; mosquitoes; ants;
▪ Rodents: roof rats, rats and mice.

g) Cleaning of water tanks: UTC Brasil cleans and disinfects the 6 water tanks located on the site, through the contracting of the outsourced company Agro Fumigações e Controle de Pragas Ltda. Services are provided every 6 months as recommended by current legislation (State Law of RS No. 9751/92 and Ordinance RS/SES No. 1237/2014), upon issuance of a certificate containing the commercial name of the product used and registration number with the Ministry of Health, active ingredient, toxicological and risk class, dosage, concentration of use, among other mandatory information.

h) Law 14,457/2022 - "Employ More Women Program": this legislation, in its article 5, addresses the need for the company to provide an appropriate place for breastfeeding;

however, as stated in the sole paragraph of this Law, there is the possibility for employers to adopt the reimbursement benefit - daycare.
UTC Brasil chose to adopt the reimbursement-daycare or daycare assistance. This benefit is provided for in the document called 'Collective agreement extract SCS 2023-2024', in clause 13 and evidenced through the 'Pocket manual for seasonal employees 2024', on page 8.

i) Regarding the Hygiene information provided by the site, a supplement was added to the indicator, following a request made to the site on December 30th, 2024.
UTCB deals with hygiene issues in the Employee Handbook and verifies compliance through the Housekeeping Program, according to internal procedure DI 059 Housekeeping Program. In this Employee Handbook, the employee receives information regarding the application of the 5S concepts (including cleaning items). The program includes periodic inspections in sectors, according to a pre-defined schedule and checklist. The following files were attached to the indicator:
DI 0 59 - Housekeeping Program - Revision 05.
2024 Seasonal Employee Pocket Handbook rev. 04 12 (page 6 - Housekeeping Program).

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	Attached is the Implementation Document for Indicators 1.4.1 and 1.4.2, referring to item 1.4 - Indirect Water Use on the Site, as per the AWS UTC WATER MANAGEMENT SYSTEM MANUAL, rev 002. To identify indirect water use, the main suppliers of raw materials to UTC Brasil, located in the Target Area and registered in the file “AWS UTC_Indirect Water Use”, are mapped. The integrated tobacco farmers, located in the site's catchment basin and mapped according to Indicator 1.2.1, correspond to the largest suppliers of raw materials to UTC Brasil. Evidence of the volume of tobacco sold during the harvest is available in the file Volume of Tobacco & Supplies Provided.xlsx. The use of virtual water is observed in the tobacco production chain during the syrup stage (beds), with no irrigation of the crops. In addition, water is used on the property for human consumption by workers and other crops, and is supplied by public water supply, natural water source in the property, or through tubular wells. The subsequent stages of tobacco production correspond to cultural treatments, phytosanitary control, planting and finishing the harvest of the product. To better understand the indirect use of water by rural producers in the river basin (Target Area where the site is located), the purpose of water use, annual volume required and measurement method are considered. This information is available in the file “AWS UTC_Indirect water use”. Regarding the data presented, it is important to mention that the calculation of water use in seedbeds is based on the standard size of the seedbed with 60 trays. This is an estimated calculation based on the Agricultural Production area, the producers of the municipalities in the basin and the amount of water used. In this way, a total of 5,177 m³ of water used for seedling production in the municipalities of the catchment basin (UTCB Target Area) was calculated. Water quality monitoring on rural properties is carried out through the SurveyCTO system, available in the Sustainability area, where producers who have water potability analysis are mapped. It is important to mention the recommendations recorded by UTC Brasil's Agricultural Advisors to tobacco producers, as provided for in DI 035 – Manual of Technical Guidelines for UTC Integrated Producers - Rev.07.pdf. The manual aims to train the company's Agricultural Technicians to guide integrated producers on good practices in the sector, through the application of sustainability principles and advice on improvements related to water. Through monitoring of the SurveyCTO system, it was found that 45% of rural producers claim to have performed water quality analysis. Given this scenario, the company's Sustainability area is studying the feasibility of supporting water analysis on the properties of integrated producers, as per the project included in UTCB's PGSA. Regarding the other inputs applied to the tobacco processing process, the supplier Klabin S.A. is specifically identified, even though it is located outside the municipality's watershed. This supplier is considered by the website to be a reference in sustainable practices in water management and is mapped in the file “AWS UTC_Indirect water use”.
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	Reference Document: Implementation of Indicators 1.4.1 and 1.4.2, attached. Regarding indirect water use in subcontracted services, the suppliers responsible for preparing and providing meals on site, general cleaning and maintenance services for the organization's premises, and washing external vehicles are identified. The subcontracted services for preparing and providing meals and general cleaning and maintenance services for the premises are provided at the UTC Brasil plant, respectively by the companies Refeições Paladar and Sodexo do Brasil Comercial S.A. For meal preparation activities and cleaning services for the premises, the volumes of water used are highlighted according to the UTC Water Balance, available in the file UTC Water Balance.xlsx. The companies Refeições Paladar and Sodexo exclusively use the site's infrastructure to perform their activities. External vehicle washing services include those used by agricultural advisors on technical visits to UTC Brasil's integrated rural producers, as well as site vehicles adopted by employees for external administrative services. The detailed information is verified in the file Vehicle washing_2024.xlsx. The volume of water used in the services was calculated up to October 2024 at 26,450 liters. Uniforms at UTC Brasil are cleaned by each employee. Likewise, mechanics' and electricians' uniforms are cleaned by each employee of the company. Personal Protective Equipment (PPE) is changed periodically and discarded equipment is disposed of correctly by a licensed company.
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

Comment	Attached document Implementation of Indicator 1.5.1. UTC Brazil conducted a survey on the governance and water management structure in the site's catchment and discharge basins, listing the most relevant institutions/organizations, as well as pertinent policies and initiatives, at the national and state levels. UTC identified the following institutions with potential opportunities or implications for the site: 1. Department of Water Resources Management and Sanitation (DRHS/RS): it is estimated that there are more than 400,000 households supplied by irregular wells in the State of Rio Grande do Sul, that is, flows that are being exploited from aquifers without the knowledge of the managing agency. This situation prevents a real calculation of the water balance. UTC Brazil has no direct influence on issues of this nature, however, it can support integrated tobacco producers in regularizing their catchments, if they exist. 2. Department of Water Resources and Sanitation Management (DRHS/RS) & Watershed Management Committee (Comitê Pardo): currently, there is no charge for water use in the state of Rio Grande do Sul. However, this issue has been discussed at the Pardo Committee meetings and is also included in the State Water Resources Plan. There is a possibility of future charges for the flow rates captured from wells and for the flow rates of treated effluent discharged into a receiving body. 3. Watershed Management Committee (Comitê Pardo): stakeholder involvement is essential in the context of governance, as it ensures the responsible sharing of water resources in the interests of users and the natural environment, as well as strengthening the organization and contributing to the quality of debates. Although it does not have access to a voting member, UTC Brasil may participate as a guest. 4. Hydrographic Region Agency/Agepardo: one of the limitations identified in water governance is the absence of an Agency to subsidize the transfer of investments in planning and conservation of the Basin. The opportunity that presents itself is the financial support to Agepardo, an institution created regionally to make up for the absence of a Hydrographic Region Agency. 5. Corsan/Aegea: there are restrictions on establishing a direct partnership with this Institution because they are signatories of the UN Global Compact. However, there is the possibility of establishing an indirect relationship, through the FUPASC Sustainable School Project. 6. Corsan/Aegea: Existing projects - Investment plan for the implementation of a new WTP; new water intake in Lago Dourado; new raw water pumping station and duplication of the pipeline. These initiatives have a beneficial impact on UTC, as they generate greater security in the supply of drinking water.	
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

Attached document Implementation of Indicator 1.5.2.pdf.

UTC Brazil has adopted a contracted system called Legnet to identify and assess legal requirements related to quality, environment, health and safety at work, including conditions and regulations associated with water and applicable to the organization's operations. This system demonstrates compliance with the legal requirements applied to UTC Brazil's operations and is referenced in the company's operating procedure PO 003- Corrective Action and Improvements - Rev 11.pdf.

The control of legal deadlines provided for environmental licenses, permits and authorizations are monitored by the Environment area through a spreadsheet containing the activity plan. Legal compliance regarding the legal conditions determined in licenses, permits and authorizations for water use is verified by accessing the respective information systems established by environmental agencies (datails provided in the above mentioned attached document).

The water used for human consumption on the site is supplied by CORSAN-AEGEA.
The results of the analyses carried out by the service provider are published at 'https://www.corsan.com.br/indicadores-de-qualidade-da-agua-distribuida'. UTC Brazil keeps records of the published results and monitors the behavior of the parameters.

Groundwater management: the environmental document that applies limits and restrictions regarding the use of groundwater is the Grant of the Right to Use Water Resources, whose summary of conditions applicable to the site is presented below:

REFERENCE DOCUMENT / RESTRICTIONS RELATED TO QUANTITY / RESTRICTIONS RELATED TO QUALITY
Grant for well 01:
DRHS Ordinance No. 002.012/2023
5:00 hours per day of pumping
80.10 m³ per day of water exploited
There are no quality restrictions.

Grant for well 02:
DRHS Ordinance No. 003.273/2023
4:05 hours per day of pumping
89.83 m³ per day of water exploited
There are no quality restrictions.

Granting of well 03:
DRHS Ordinance No. 001.933/2023
4:03 hours of pumping per day
89.91 m³ of water extracted per day
There are no quality restrictions.

Compliance with the quantitative limits granted to wells 01, 02 and 03 is monitored through a control spreadsheet called 'Granting conditions'.

The environmental license that applies limits, restrictions and conditions regarding the disposal of effluents from the site is the "FEPAM LOREG Environmental License No. 02882/2023".

Protection of water bodies:
A section of Levis Pedroso Stream borders the site in the southwest portion of its perimeter, resulting in the incidence of a Permanent Preservation strip on the land of UTC Brasil Matriz (APP). According to the characteristics of the water body, the marginal strip corresponds to 30 meters. Non-occupation and non-intervention in the preservation strip is respected; however, riparian vegetation does not cover the entire extension of the APP of the site. Therefore, the Arroio Levis Pedroso APP is part of the UTCB IWRA and goals related to the restoration of vegetation in the APP are included in the UTCB PGSA.

Other licenses relevant to the site were attached, such as AVCB (Fire Department), Federal Police License for use of controlled products, documents Alvará Carteira Agrícola, Alvará Depósito de Insumos, Alvará Fábrica Matriz, and Certificado Licença de Funcionamento UTC 2024.

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

Comment

Attached file Implementation of Indicator 1.5.3, with item 1.5.3 - Quantify the water balance of the catchment area and estimate the annual and seasonal variation, from the AWS UTC WATER MANAGEMENT SYSTEM MANUAL.

SURFACE WATER
The water balance in the Rio Pardo Hydrographic Basin is covered by the State Water Resources Plan (2021). The surface water availability in this 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% temporal permanence is 8.59 m³/s in annual terms, varying between 24.18 m³/s (in July) and 5.19 m³/s (in April). With a water demand of 0.57 m³/s, the study concluded that only 13% of the grantable flow in the mouth of the Pardo River Basin is compromised.

The Pardo River Basin is comprehensive enough to represent the spatial section that the UTCB defined as its Target Area and, although there are specific studies on the Pardinho River sub-basin, they are out of date. In order to get closer to the current situation, the UTCB carried out an original study, although it also has some limitations. This is because along the entire length of the Pardinho River there is only 1 Fluviometric Station in operation. It is located downstream of the catchment that supplies Santa Cruz do Sul, so the flows recorded at this location have already subtracted the demands of the respective municipality. Analysis of the historical series of flows has shown that, over the last few decades, there has been a reduction in the flow rate of the Pardinho River in 90% of the time (Q90), and also a reduction along the entire flow rate curve. Even so, some conclusions can be inferred, such as: changes in the geometry of the river channel (due to, for example, the absence of riparian vegetation, occurrence of erosion and accumulation of sediments), and/or an increase in consumption upstream, especially linked to the demand for the supply of Santa Cruz do Sul.

In addition to this reduction in the flow rate retention curve, it is observed that water extraction to supply the urban area and industrial districts of Santa Cruz do Sul is quite significant when compared to the quantitative availability of the watercourse. In several months of the year, the flow rates captured exceed the maximum limit that can be granted for the downstream section.

Therefore, for the purposes of risk analysis in relation to the surface capture of the site, it should be considered that the supply source is critical from November to May, a period in which the lowest flow rates occur with 90% retention, with January and February being the most critical months of the year. In these months, water reserves are essential, demonstrating the importance of Lago Dourado.

Table 1.5.3.03, contained in the document Implementation of Indicator 1.5.3, presents an overview of the water availability of the Pardinho River and the distribution of demands throughout the year.

Regarding the Levis Pedroso Stream, which receives the site's effluent discharges, the average permanent flow rate (Q90) was estimated at 0.016 m³/s, according to the document ‘Laudo hidrológico_Levis Pedroso’. This is a low-flow watercourse that tends to be even lower during the dry months of the year, implying a risk to the site due to the limited capacity to dilute the loads received.

GROUNDWATER
Groundwater management in Rio Grande do Sul still faces difficulties in quantifying water availability in its territory. Studies on groundwater and its hydrodynamics are restricted to academia and have been little used for water resource management. The granting of wells, one of the main instruments for managing groundwater resources, still only takes into account the individual pumping test of the intervention, without looking at the aquifer as a whole. As an alternative to this information gap, an approach was sought to obtain quantitative data related to the site's underground catchment basin. Based on the hydrogeological map of Rio Grande do Sul, it is known that the respective catchment is in a stratigraphic region of moderate productivity, with flows of up to 50 m³/h.
According to the Open Data Portal of the National Water and Sanitation Agency (2024), the

flow that can be sustainably exploited (Potential Exploitable Reserve) in the Santa Maria Aquifer System is 300 m³/s, or 25,920,000 m³/day. Considering that, according to data from SIOUT RS (2021), the water demand in this aquifer system corresponds to 19,633 m³/day, it is concluded that there are no quantitative risks linked to the site's underground catchment.

OBSERVATION: Due to the lack of more up-to-date information on the groundwater availability of the Santa Maria Aquifer, the groundwater catchment balance is currently unknown. There is room for improvement in balance data collection as an opportunity.

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

Attached is the file Implementation of Indicator 1.5.4, containing item 1.5.4 - Identify and, when possible, quantify water quality in the physical scope area of the site, part of the AWS UTC WATER MANAGEMENT SYSTEM MANUAL.

The water quality in the surface catchment basin of the site is identified in the spreadsheets 'Quality_station 85800000', 'Quality_station 85850500' and 'Quality_station 85881000', generated by the RS Água system (https://gis.fepam.rs.gov.br/RSAgua/). The data comes from 03 stations of the Fepam/SEMA-RS Basic Monitoring Network.

Table 1.5.4. 01, contained in the file Implementation of Indicator 1.5.4, presents a summary of the classification of the waters in each of the 03 monitoring points, presented below:
- At Station 85800000 (upstream of the urban water supply collection point of Santa Cruz do Sul), the waters present very good quality, maintaining the classification in Class 1 in the majority of the analyzed parameters. Total phosphorus, however, represents the 02 results indicated in the graph with a class worse than 3 or 4.
- At Station 85850500, located downstream of the urban area of Santa Cruz do Sul (but upstream of the discharges of the Pindorama ETE and the ETE of the site), the analyses demonstrate the negative influence of urban occupation on the quality of the waters; in this case, especially in relation to phosphorus, dissolved oxygen and Escherichia coli. - At Station 85881000, located downstream from the site's physical scope outlet, in the Rio Pardo spring, the main problems are related to excess total phosphorus, iron, manganese, Escherichia coli and alkaline pH.

In 2024, an analysis was carried out on the water quality of the Levis Pedroso Stream, upstream and downstream of the site's effluent discharge point. A sample was also collected from the storm drainage ditch that crosses part of the UTC Brasil land, whose waters come from the Progresso neighborhood. Some results of the laboratory analyses deserve attention, especially in relation to the sampling from the drainage ditch. A high load of thermotolerant coliforms was identified in these waters, which is associated with untreated domestic sewage discharges. The analyses also indicated the presence of mineral oils and greases and toluene, possibly associated with a painting establishment or mechanical workshop.

It is not possible to perform a seasonal characterization of this situation, since this was the first sampling carried out by UTCB.
This situation, like the others detected in the Fepam-RS data for Stations 85850500 and 85881000, deserves attention, due to the lack of domestic sewage treatment in a large part of the City of Santa Cruz do Sul, as well as indications of discharges of effluents from mechanical workshops and other industrial waste from other enterprises in the vicinity of UTCB without due environmental control.
Therefore, this situation characterizes a threat to good water quality status for people or the environment.
Specific actions were included in the UTCB PGSA.

Regarding groundwater, there is no publicly accessible database in the state of Rio Grande do Sul that allows extracting/searching information on the quality of these waters, according to the 'Annual Report on Water Resources of RS, 2022'. The processing of the data contained in the physical-chemical and bacteriological analyses of the wells, forwarded with the state's granting processes, is still being developed by the DRH/SEMA team and the company that developed the SIOUT RS platform. Therefore, it is not yet possible to obtain an overview of the water quality of the aquifers in the state of Rio Grande do Sul.

An approximation of the qualitative characterization of groundwater in the physical scope of the site is presented in the document Implementation of Indicator 1.5.4.

The groundwater that supplies the site is not intended for human consumption. Even so, water samples are collected every 6 months from the site's 3 wells and sent for laboratory analysis to monitor possible changes, especially in relation to chemical properties (according to the 'Laboratory reports of UTCB wells').
The behavior of the wells of the company Philip Morris Brasil (PMB), whose Unit is located close to the site, is monitored. The trend analysis of the site's and PMB's groundwater

sources is included in the spreadsheet 'Trend analysis of UTCB and PMB wells'. The most significant changes are perceived in Well 03 of UTCB, which has been showing an increase in the concentration of dissolved salts (chlorides and fluorides) and water hardness (related to the presence of chlorides).
In order to determine what is happening in this specific situation, an objective was included in the UTCB's PGSA.

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.*

Yes

Comment

Attached document Implementation of Indicator 1.5.5 containing item 1.5.5 – Identify important areas related to water in the Basin, which is part of the AWS UTC WATER MANAGEMENT SYSTEM MANUAL.

The IWRA located within the physical scope of the site are identified, characterized and evaluated in the Excel file called 'IWRA identification and evaluation'. The spatial distribution of these areas is shown in the file 'IWRA map within the physical scope of the site'. In summary, 6 types of areas were identified, namely:

- Watercourses
- Permanent Preservation Areas (APPs) of Watercourses
- Conservation Units - RPPN Unisc
- Atlantic Forest Biosphere Reserve (RBMA)
- Green Belt
- Floodplain of Lago Dourado

In total, the following IWRAs were identified in the UTCB Target Area (14), as follows:

- Sustainable Use Conservation Unit (UC) - RPPN Unisc;
- Atlantic Forest Biosphere Reserve (RBMA): buffer and transition areas: of the micro-basins of the Upper Rio Pardinho, Upper-Médio Rio Pardinho, Alto Pequeno and Alto Médio Pequeno.
- Watercourses in the upper part of the physical scope of the site;
- APPs of the watercourses in the upper part of the physical scope of the site; - Atlantic Forest Biosphere Reserve (RBMA): buffer and transition areas in the micro basin of the Middle Pardinho River;
- Watercourses in the middle part of the physical scope of the site
- APPs of the middle course of the Pardinho River (and its tributaries)
- Controlled occupation zone, according to the Municipal Master Plan: Green Belt;
- Aquifer outcrop zone: Várzea do Lago Dourado;
- Atlantic Forest Biosphere Reserve (RBMA): buffer and transition areas in the micro basins of the Lower Pardinho River and Andreas Stream;
- Watercourse that receives the discharge of effluents from the site: Levis Pedroso Stream upstream of the site's discharge point and Levis Pedroso Stream from the site's discharge point; - APP of the watercourse that receives the discharge of effluents from the site: APP of Arroio Levis Pedroso before the discharge point of the site and APP of Arroio Levis Pedroso from the discharge point of the site;
- Watercourses of the lower part of the physical scope of the site;
- APP of the watercourses of the lower part of the physical scope of the site.

In the documents Implementation of Indicator 1.5.5.pdf and Identification and Assessment of IWRA.xlsx the Characteristics of IWRAs, Status of IWRAs, Assessment Guide applicable to IWRAs, Impact Chain for Water Resources of IWRAs, Identification of Interactions between IWRA and UTCB activities were described, used and assessed.

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

Obs.

Comment

Attached document Implementation of Indicator 1.5.6.pdf.

The characterization of the infrastructure of the water supply and sewage systems in the municipality of Santa Cruz do Sul, together with the respective goals and investment plans, is included in the Municipal Water Supply and Sewage Plan of Santa Cruz do Sul. However, these documents date back to 2018. More up-to-date information is identified in the Water Safety Plan of Santa Cruz do Sul (2021), despite being based on outdated data.

It is also important to note that since the publication of the Water Safety Plan of Santa Cruz do Sul to date, two events have occurred that imply significant changes to the characterization and planning of the sanitation systems in the respective municipality, namely:
▪ the privatization of Corsan (2022) and;
▪ the occurrence of major floods (2024).

In order to overcome this data gap, an attempt was made to approach the Corsan/Aegea representative in the Santa Cruz do Sul Unit, but without success.
The UTCB asked about the occurrences in the State of RS, but there has been no update on the State's Water Resources Management Plan to date. Contacts were made with Corsan about the same subject, with no response.
In Porto Alegre, the capital of the State of RS, they reported that they are standardizing the information, which includes issues related to climate change, but they did not provide a date for the completion of the work.

WATER SUPPLY SYSTEM INFRASTRUCTURE IN THE URBAN AREA OF SANTA CRUZ DO SUL
The water supply, carried out by the concessionaire CORSAN/AEGEA under concession from the service holder, the municipality of Santa Cruz do Sul (RS), serves 100% of the urban population of this municipality. The regulatory body is AJERST (Regulatory Agency for Delegated Public Services of Santa Cruz do Sul).
The basic units that make up the respective supply system are the surface and underground sources for raw water collection, the pumping and supply stations for raw water, the Water Treatment Plants (ETAs), the reservoirs, the pumping and supply stations for treated water, the boosters, the distribution network and the sanitary control points. Details of the supply system are described in the document Implementation of Indicator 1.5.6, attached.

The challenges related to the Water Supply System in the urban area of Santa Cruz do Sul (CORSAN/AEGEA) are explained in the document Implementation of Indicator 1.5.6 and are related to the Collection Conditions, Reservation Conditions and Rational Loss Management.
Regarding the SAA (Water Supply System) Infrastructure, the city is located in a region directly influenced by the topography, which requires adjustments to the water distribution system, use of pumping and pressurization in order to overcome the topographical differences and achieve the pressure levels required for the water supply network.
Another demand is related to the expansion of the system as a whole (water collection, adduction, treatment and distribution structures), since the city has significant population growth rates that require greater coverage and greater operational capacity of the infrastructure.
Regarding the Water Treatment Plant (ETA), the deficiencies identified refer mainly to the filtration stage and include:
▪ operation of the filters with high filtration rates due to the lack of control of the inflows to the hydraulic blocks;
▪ different characteristics of the filtering media used in the filtration system, impairing its operation;
▪ limitations in washing due to the lack of an exclusive reservoir, conditioning this operation to periods of lower demand in the supply network;
▪ reduction in the duration of filtration runs due to overload and in periods when algae and cyanobacteria blooms occur.

INFRASTRUCTURE OF THE SEWAGE SYSTEM IN THE URBAN AREA OF SANTA CRUZ DO SUL
The collective sewage system (collection network with Effluent Treatment Plant) covers

approximately 9,2005 households, which represents 17% of the total number of households installed in the headquarters of the municipality of Santa Cruz do Sul. This number includes:
▪ some private condominiums/subdivisions, designed with a collection network and Effluent Treatment Plant (ETE) to meet the specific demands of the designed lots, and,
▪ the region of the Arroio Preto and Arroio das Pedras micro-basins, served by the municipal effluent collection and treatment system. According to the PMSB (2018), the respective system is operating below its installed capacity. The sewage from these micro-basins is treated at the Pindorama ETE and released into the Arroio das Pedras. The low flow rate of the receiving body indicates that it does not have the capacity to receive treated effluents and the remaining loads from the sewage system.

In other areas, sewage is treated by individual systems and then released into a mixed network (sewage and stormwater). Approximately 44,500 households are not covered by a sewage collection and treatment network in the urban area of Santa Cruz do Sul. It is worth noting that the Building Code of the Municipality of Santa Cruz do Sul requires that a septic tank and anaerobic filter be installed in each building in accordance with NBR 7229/93 for the issuance of the Habite-se document.

Effluent disposal conditions: one of the challenges related to individual sewage systems concerns the correct cleaning of the devices and disposal of the respective sludge, the absence of which results in a loss of treatment efficiency. Also worth mentioning is the low percentage of effluent treatment in the catchment area and the low support capacity of Arroio das Pedras to receive the effluent treated at the Pindorama ETE and the respective remaining loads.

OBSERVATION: Considering that the Water Safety Plan of Santa Cruz do Sul has not been revised following two significant events—the privatization of Corsan (2022) and the occurrence of major floods (2024)—there is a need for updated data related to water-related infrastructure. As there is room for improvement, an observation was raised.

1.5.7 *The adequacy of available WASH services within the catchment shall be identified.*

Yes

Comment

Attached document Implementation of Indicator 1.5.7, containing item 1.5.7 - Identify the adequacy of WASH services in the catchment area of the AWS UTC WATER MANAGEMENT SYSTEM MANUAL.

MUNICIPALITY OF SANTA CRUZ DO SUL
Water supply and sewage services in the urban area of Santa Cruz do Sul are provided by CORSAN-AEGEA, through a service concession contract. The tariff structure of this Company includes the social tariff for water and sewage services, the application of which aims to reduce the impact of social inequality and guarantee access to sanitation for low-income families.
The supply of drinking water, in general, is satisfactory, with infrastructure covering 100% of the urban area of the municipality of Santa Cruz do Sul, according to data from the Municipal Water Supply Plan (2018). In contrast, sewage systems are deficient, with a collective system (collection network + Effluent Treatment Plant) covering only around 17% of economies. Inadequate access to basic sanitation, in addition to harming people's health, also burdens the Unified Health System and overloads hospitals. In 2021, 88 hospital admissions and 8 deaths were recorded as a result of Diseases Related to Inadequate Environmental Sanitation (DRSAI) in Santa Cruz do Sul.

MUNICIPALITIES IN THE UTCB TARGET AREA
The sewage system is one of the components of basic sanitation that has received the least investment and attention from municipal administrations in the site's catchment area, so the deficit in treated sewage is not a particularity of the municipality of Santa Cruz do Sul (data presented in figure 1.5.7.01 of the document Implementation of Indicator 1.5.7, includes the municipalities of Boqueirão do Leão, Herveiras, Sinimbu and Vera Cruz, all within the UTCB Target Area). In contrast, 100% of the area covered by the physical scope of the site is covered by conventional solid waste collection services.

HEALTH SERVICES
The health structure available in a region is essential for dealing with emergency and public calamity scenarios, pandemics, endemic diseases and other health comorbidities, including those related to water.
The target area is located in a functional planning region called the Regional Development Council (COREDE) Vale do Rio Pardo (also called the Vale do Rio Pardo Region). There are hospitals in this region in 12 of the 23 municipalities. However, the hospitals, emergency services and mobile units available in the region are insufficient to meet a possible sudden increase in demand. In addition, the distance between some municipalities tends to make it difficult to receive assistance, especially for residents of rural or hard-to-reach areas.

The municipalities in the target area that have hospital beds are Boqueirão do Leão, Venâncio Aires, Sinimbu, Vera Cruz and Santa Cruz do Sul. Although there are hospital beds available, only Santa Cruz do Sul and Venâncio Aires have intensive care units in the entire Vale do Rio Pardo Region. Regarding health posts and basic health units in the target area, only data from 2018 were found, presented below:

HEALTH CENTER / BASIC HEALTH UNIT (UBS)*:
Boqueirão do Leão: 0 / 1
Gramado Xavier: no data were found
Herveiras: 0 / 1
Santa Cruz do Sul: 2 / 48
Sinimbu: 1 / 3
Venâncio Aires: 13 / 15
Vera Cruz: 2 / 6

*DEFINITIONS: Health Post: Unit intended to provide assistance to a specific population, in a scheduled or non-scheduled manner, by a mid-level professional, with the intermittent or non-intermittent presence of a medical professional.
Basic Health Unit (UBS): Unit for providing basic and comprehensive care to a population, in a scheduled or non-scheduled manner, in basic specialties, and may offer dental care and other higher-level professional assistance. Assistance must be permanent and provided by a general practitioner or specialist in these areas.

1.6 *Understand current and future shared water challenges in the catchment, by linking the water challenges identified by stakeholders with the site's water challenges.*

1.6.1 *Shared water challenges shall be identified and prioritized from the information gathered.* Yes

Comment

Attached file Implementation of Indicator 1.6.1, item 1.6.1 - Identify shared water challenges in the basin and prioritize based on information collected in the AWS UTC WATER MANAGEMENT SYSTEM MANUAL.

The Methodology used by UTCB to identify shared challenges comprises:
- Conducting research in public documents and official websites to collect data and understand the context in the target area;
- Identifying the site's water challenges in the risk mapping: contained in the file AWS UTC_Gestão de Riscos & Oportunidades.xlsx, addressed as extreme risks;
- Conducting interviews with Stakeholders: recorded in column J of the file AWS UTC_Matriz de Stakeholders.xlsx;
- Applying a questionnaire to stakeholders to obtain feedback: two questionnaires were prepared:
  - one specifically for UTC Brasil's integrated tobacco producers whose property is located in the target area of the site: a total of 913 producers responded to the questionnaire. The results are contained in the file Pesquisa sobre os desafios relacionados a água - Produtor de tabaco_WIDE.xlsx.
  - another questionnaire was applied to the remaining Stakeholders: a total of 19 Stakeholders responded. The results are shown in columns F and G of the Excel spreadsheet Stakeholder Survey - Sustainable Water Management (AWS) UTC Brazil.xlsx.
- Prioritization of challenges: the challenges prioritized by UTC Brazil considered the concerns of the Stakeholders, observing the percentages of manifestation of each challenge, as well as the budgetary capacity of the site to engage in the initiatives. The final result is recorded in the Sustainable Water Management Plan - PGSA UTCB Revision 01.xlsx.

The shared water challenges prioritized by UTC Brazil (recorded in the Sustainable Water Management Plan - PGSA UTCB Revision 01.xlsx) are:

DC.01 Degradation of riparian forests/permanent preservation areas (APP)
DC.02 Environmental Education
DC.03 Water quality
DC.04 Shortage of drinking water for human consumption - rural producers
DC.05 Shortage of water for use in crops/animal consumption - rural producers
DC.06 Climate change (drought, flooding, hail) - rural producers

1.6.2 *Initiatives to address shared water challenges shall be identified.* Yes

Comment

Attached document Implementation of Indicator 1.6.2, clarifying issues raised during the review of the audit report.

A summary of the correlation between the challenges prioritized by the site and the initiatives in which the site has committed to participate is contained in the Excel spreadsheet 'Water challenges and initiatives'. This document lists exclusively those initiatives in which the site participates and/or has committed to participate during the 2023/2024 fiscal year. These are both initiatives that already exist in the basin, for which the site seeks to support the strengthening, as well as initiatives that are exclusively developed by the site, without the participation of stakeholders or other representatives.

In the Excel Spreadsheet Water Challenges and Initiatives, the following columns are presented::
- GENERAL WATER CHALLENGES IN THE BASIN (identified in public documents), WATER CHALLENGES OF THE SITE (identified in the mapping of water risks) and WATER CHALLENGES OF STAKEHOLDERS (identified in interviews and questionnaires) group the challenges that were identified according to the methodology described in 1.6.1.

The column INITIATIVES IN WHICH THE SITE PARTICIPATES (that are included in UTCB PGSA, revision 01.xlsx) presents initiatives that already exist in the Basin and other initiatives carried out by UTCB without the participation of other institutions. Examples:

For issues related to WATER SHORTAGE IN THE BASIN, the following initiatives are identified:
ID 3 - Provide financial and strategic support to the Berço das Águas Program to improve water quality at the collection point
ID 4 - Provide financial support to the FUPASC Sustainable School Project
ID 5 - Develop a schedule for the Sustainable School Project (FUPASC) with E.M.E.F. Guilherme Hildebrand and carry out the activities, with the support of the team of volunteers from UTCB and FUPASC
ID 7 - Promote engagement of integrated tobacco producers from UTC Brasil through technical visits and dissemination of material
ID 8 - Promote good practices for the use and management of agricultural soil on tobacco-producing properties of UTC Brasil
ID 12 - Verify the potability of natural water sources that supply the properties of producers integrated with UTC Brasil that are part of the Pardinho River basin

For issues related to CLIMATE CHANGE, the following initiatives have been identified:
ID 1 - Participate in 80% of the regular meetings (annual) of the Management Committee of the Pardo River Basin (Pardo Committee)
ID 2 - Financially support the maintenance of the technical and administrative structure of Agepardo, an institution that was created to enable the execution of actions in the Pardo Basin
ID 3 - Provide financial and strategically implement the Berço das Águas Program to improve water quality at the collection point
ID 7 - Promote engagement of UTC Brasil integrated tobacco producers through technical visits and dissemination of material
ID 8 - Promote good practices for the use and management of agricultural soil on a UTC Brasil tobacco-producing property
ID 9 - Implement a Technical Reference Unit (URT) for Soil Conservation and Management on a UTC Brasil tobacco-producing property to serve as a basis for good practices for all producers
ID 11 - Train tobacco producers through SENAR
ID 12 - Verify the potability of natural water sources that supply the properties of UTC Brasil integrated producers that are part of the Pardinho River basin
ID 18 - Qualify human capital that works in water management and planning, and issues related to sustainability

The document Existing Initiatives in the Basin.pdf provides a summary of existing initiatives in the Target Area of the site to address shared Water challenges.

1.7	*Understand the site's water risks and opportunities: Assess and prioritize the water risks and opportunities affecting the site based upon the status of the site, existing risk management plans and/or the issues and future risk trends identified in 1.6.*	
1.7.1	*Water risks faced by the site shall be identified, and prioritized, including likelihood and severity of impact within a given timeframe, potential costs and business impact.*	Yes

Comment

Attached file Implementation of Indicators 1.7.1 and 1.7.2., which includes item 1.7.1 - Identify and prioritize the water risks that the site faces, including the probability and severity of the impact within a given period, the potential costs and the impact on business included in the AWS UTC WATER MANAGEMENT SYSTEM MANUAL.

To identify water risks, the notes in the Guidance Guide 2.0 for the AWS Standard and the water risks relevant to the UTC environmental management system are considered. During the identification process, the site's water risks are prioritized, considering the documents listed below as data sources:
● Document “SCS Municipal Water Supply Plan” (2018);
● Document “SCS Municipal Sewage Plan” (2018);
● Document “SCS Water Safety Plan” (2021);
● Report “Diagnosis of the Basin Plan_BHRP” (2005);
● Atlas of natural disasters in the municipality of Santa Cruz do Sul (1991 to 2016).

The methodology for mapping and assessing risks is the Probability and Impact Matrix (Risk Matrix) provided for in the UTC Brasil Quality Management System, in accordance with ABNT NBR ISO 3100 - Risk management - Guidelines and ABNT NBR ISO/IEC 31010 regarding Risk management - Techniques for the risk assessment process. The risk matrix considers a table guided by two dimensions: probability and potential impact. Through these two dimensions, the risk is calculated and classified by assessing the probability versus severity of the impact. Taking into account the results of the risk assessment, control actions and those responsible are established, including the recording of the estimated potential costs of these control actions and the estimated potential costs for the organization's business.

After the actions are completed, the effectiveness of the implemented measures is verified and the probability versus severity score of impact is reassessed, with a new classification being assigned to the risk, when applicable. For risk assessment with a probability/severity score at a level classified as tolerable, an action plan must be registered with the Sustainable Water Management Plan.

Twenty-six risks were listed, as follows (attached the document AWS_UTC Gestão de Riscos & Oportunidades.xlsx):
- Rationing and/or lack of drinking water for the UTC;
- Microbial contamination of the stream water and changes in the characteristics of the water supply (taste and smell), due to Algae proliferation in the Lago Dourado water reservoir (supplier CORSAN/AEGEA)
- Interruption in the supply of drinking water for the UTC, due to Water supply main rupture (supplier CORSAN/AEGEA);
- Temporary interruption in the supply of drinking water for the UTC, due to Pressure rupture of pipes in the supply network and/or drinking water pipeline (supplier CORSAN/AEGEA);
- Compromise in the quality of drinking water for the UTC workers;
- Contamination of the water supply source upstream of the site;
- Cracks in the soil, silting of rivers and watercourses and landslides;
- Unauthorized unsustainable water extraction (without a permit);
- Compromise in the quality of water that supplies communities downstream (normal water flow →);
- Water deficit, flooding and vulnerability of tobacco crops;
- Compromise in the biodiversity of rural areas, soil erosion, floods and landslides;
- Failure to meet legal health and safety requirements in developed activities;
- Temporary interruption in the supply of drinking water to UTC, due to Leak in the drinking water supply network (hydraulic parts);
- Temporary interruption in the supply of drinking water to UTC, due to Leak in process water supply network;
- Temporary interruption in the supply of drinking water to UTC, due to Rupture of internal water reservoirs;
- Interruption in the supply of water to the industrial process reservoir;
- Lack of quantitative data for reporting legal compliance (Environmental License);
- Failure to comply with legal requirements (including operating license conditions) applicable to the discharge of treated effluents at UTC, due to Human error in the operation of UTC

Effluent Treatment Plant;
- Failure to comply with legal requirements (including operating license conditions) applicable to the discharge of treated effluents at UTC, due to Total phosphorus of the final effluent from the Effluent Treatment Plant above the parameter permitted by law (Total phosphorus - milligrams per liter:< = 2.965 mg/L P);
- Temporary shutdown of stages of the UTC effluent treatment system;
- Violation of the daily limit authorized in the Environmental License regarding the discharge of treated effluent into a water body by UTC;
- Microbial contamination of the water in the Levis Pedroso Stream; due to Final effluent emission standard above the parameters permitted in the Operating License;
- Microbial contamination of the water in the Levis Pedroso Stream, due to Erosion on the slope of the Levis Pedroso Stream (IRWA);
- Damage to electrical equipment at the UTC Effluent Treatment Plant (including electrical panel);
- Failure in the network infrastructure (breaks or leaks) due to Heavy rain and hailstorms on the UTC site;
- Saturation of the water quality of the Levis Pedroso Stream, due to Compromise of the water quality of Levis Pedroso Stream during periods of low flow, resulting in saturation of the support capacity of this watercourse.

1.7.2	*Water-related opportunities shall be identified, including how the site may participate, assessment and prioritization of potential savings, and business opportunities.*	Yes

Comment	Attached file Implementation of Indicators 1.7.1 and 1.7.2, which includes item 1.7.2 Identify opportunities to mitigate water risks for the site, including how the site can intervene, the assessment and prioritization of possible savings and business opportunities. The opportunities to mitigate water risks are identified in the file “AWS UTC, Risk Management & Opportunities spreadsheet” and verified through benchmarking research and stakeholder consultation. The main items recorded are presented below: OPPORTUNITIES FOR IMPROVEMENT / FORM OF IMPLEMENTATION OM.01 Increase the site's water reserve capacity / via PGSA OM.02 Associate with AgePardo; Financial subsidy to AgePardo for the implementation of actions provided for in the Pardo Basin Action Plan (long term); Revitalization of critical stretches of the Pardinho River (via Agepardo and Comitê Pardo) / via PGSA OM.03 Expansion of the Berço da Águas Project to include new integrated rural producers from UTC Brasil / via PGSA OM.04 Local actions to address global climate events (act locally) with integrated tobacco producers from UTC in the site's Surface Catchment Basin / via PGSA OM.05 Contract a technical study to investigate the origin of the change in chemical properties in the water from Well 3 / via PGSA OM.06 Increase the number of hours of training for the Environmental Assistant focused on the operation of the ETE / via PGSA OM.07 Revitalization of the APP strip that affects the site's land / via PGSA OM.08 Monitor water quality parameters of the Levis Pedroso Stream and the water that flows into the drainage ditch coming from the Neighborhood Progress / via PGSA Risks and opportunities are identified in the file “AWS UTC_Risk & Opportunity Management” and are recorded in the objectives and projects of the Sustainable Water Management Plan (PGSA), file PGSA UTCB (PGSA UTCB Revision 01.xlsx). Certain risks and opportunities are not included in the PGSA projects, as they are handled through site operational controls, as indicated in the file “PGSA UTCB, CODES tab”. The risks and opportunities identified in the file “AWS UTC, Risk & Opportunity Management spreadsheet” must be reviewed annually together with the Sustainable Water Management Plan.	
1.8	*Understand best practice towards achieving AWS outcomes: Determining sectoral best practices having a local/catchment, regional, or national relevance.*	
1.8.1	*Relevant catchment best practice for water governance shall be identified.*	Yes

Comment

Attached file Implementation of Indicator 1.8.1.

The Methodology and Criteria used by UTCB to define the Best Practices in water governance to be adopted by the site are described in the document mentioned above.

The following practices are listed and applied to the context of UTCB:

MP.01 Participate in regular meetings of the Pardo River Basin Management Committee (Pardo Committee) as a strategy to support strengthening water governance in the catchment area and qualifying the site's representatives;
MP.02 Become a member of Agepardo as a strategy to support strengthening water governance in the catchment area;
MP.03 Provide financial support to the FUPASC Sustainable School Project, aiming to contribute to the promotion of education and socio-environmental awareness in the school community of Santa Cruz do Sul;
MP.04 Develop and execute a schedule of actions for the Sustainable School Project (FUPASC) with E.M.E.F. Guilherme Hildebrand, aiming to actively contribute to the development of socio-environmental capabilities in the school community of the Arroio Levis Pedroso micro-basin;
MP.05 Cooperate mutually with good water management through the exchange of information with companies in the same sector;
MP.06 Qualify the site's participation in the basin's water governance through the training of its representatives.

According to the Contextualization of the Identified Practice, contained in Table 1.8.1.01 of the attached document (Implementation of Indicator 1.8.1.), practices MP-01, MP-02, MP-03 are identified as Best Practices of Others.

1.8.2 *Relevant sector and/or catchment best practice for water balance (either through water efficiency or less total water use) shall be identified.*

Yes

Comment

Attached file Implementation of Indicator 1.8.2.

The Methodology and Criteria used by UTCB to define the Best practices related to the water balance to be adopted by the site are described in the document mentioned above.

The following practices are listed and applied to the context of UTCB:

MP.07 Increase the number of water meters to obtain more precise knowledge of the different flows that make up the site's water balance;
MP.08 Implement an internal communication mechanism on water leaks to speed up the response (repair/repair) and reduce waste;
MP.09 Implement technology for reusing boiler condensate in association with the automation of bottom discharge, aiming to reduce the capture of water used in the industrial process.

According to the Contextualization of the Identified Practice, contained in Table 1.8.2.01 of the attached document (Implementation of Indicator 1.8.2.), practices MP-07, MP-08 are identified as Best Practices of Others.

1.8.3 *Relevant sector and/or catchment best practice for water quality shall be identified, including rationale for data source.*

Yes

Comment	Attached file Implementation of Indicator 1.8.3. The Methodology and Criteria used by UTCB to define the Best practices related to water quality to be adopted by the site are described in the document mentioned above. The following practices were listed and applied to the context of UTCB: MP.10 Continue supporting the Sinditabaco Empty Pesticide Packaging Receipt Program as a strategy to ensure the continuity of reverse logistics on rural properties that produce tobacco MP.11 Support campaigns to collect saturated cooking oil MP.12 Use water from underground sources to meet industrial process demands MP.13 Monitor possible changes in the chemical properties of underground water MP.14 Avoid rotating employees in the operation of the Effluent Treatment Plant MP.15 Train and qualify the employee responsible for operating the Effluent Treatment Plant MP.16 Regularly monitor the quality of effluents According to the Contextualization of the Identified Practice, contained in Table 1.8.3.01 of the attached document (Implementation of Indicator 1.8.3.), practices MP-10, MP-11, MP-12 are identified as Best Practices of Others.	
1.8.4	*Relevant catchment best practice for site maintenance of Important Water-Related Areas shall be identified.*	Yes
Comment	Attached file Implementation of Indicator 1.8.4. The Methodology and Criteria used by UTCB to define the Best Practices related to Important Water-Related Areas (IWRAs) to be adopted by the site are described in the document mentioned above. The practices listed and applied to the context of UTCB are as follows: MP.17 Promote the covering of 240 m² of the Permanent Preservation Area (APP) of the site by planting native species combined with the natural regeneration of the area MP.18 Signage of IWRA's site with signs that encourage interaction and positively communicate the conservation of this area MP.19 Provide financial and strategic support to EMATER/ASCAR in the Berço das Águas Program for the protection and recovery of springs on rural properties in Sinimbu, aiming to improve the quality and availability of the resource targeted by the intervention According to the Contextualization of the Identified Practice, contained in Table 1.8.4.01 of the attached document (Implementation of Indicator 1.8.4.), practices MP-17, MP-19 are identified as Best Practices of Others.	
1.8.5	*Relevant sector and/or catchment best practice for site provision of equitable and adequate WASH services shall be identified.*	Yes

Comment	Attached file Implementation of Indicator 1.8.5. The Methodology and Criteria used by UTCB to define the Best Practices related to WASH to be adopted by the site are described in the document mentioned above. The practices listed and applied to the context of UTCB are as follows: MP.20 Continue to provide employees with access to good sanitary conditions on the site, in compliance with the requirements set forth in NR 24 MP.21 Provide for the cleaning and sanitization of the site's drinking water reservoirs at maximum intervals of 6 months, aiming to prevent the proliferation of bacteria and microorganisms that cause diseases MP.22 Perform microbiological monitoring by counting heterotrophic bacteria in the water of the site's cafeteria, aiming to guarantee the integrity of the respective water storage system According to the Contextualization of the Identified Practice, contained in Table 1.8.5.01 of the attached document (Implementation of Indicator 1.8.5.), practice MP-20 is identified as Best Practices of Others.

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	*A signed and publicly disclosed site statement OR organizational document shall be identified. The statement or document shall include the following commitments:* *- 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	Attached File Implementation of Indicator 2.1.1. UTC Brazil, through its Directors, legal representatives responsible for operations and water management at the site, has made a commitment to sustainable water resource management. This commitment was formalized and signed in accordance with the "AWS UTC Brazil Commitment Statement", contained in the attached document. The statement includes the following commitments: that the site will implement and disclose progress on sustainable water management plans to achieve improvements in AWS sustainable water management results; that the site's implementation will support and align with existing sustainability plans in the watershed; that the site's stakeholders will participate in an open and transparent manner; and that the site will allocate resources to implement the standard. Access to the document via UTC's Intranet. It was also verified on internal disclosure boards and made available throughout the company. Externally, it is published on the company's website at: AWS Commitment: https://www.utcleaf.com.br/compromisso-aws/	
2.2	*Develop and document a process to achieve and maintain legal and regulatory compliance.*	
2.2.1	*The system to maintain compliance obligations for water and wastewater management shall be identified, including:* *- Identification of responsible persons/positions within facility organizational structure* *- Process for submissions to regulatory agencies.*	Yes

Comment	Attached Document Implementation of Indicator 2.2.1. The above document identifies a system for maintaining compliance with water and effluent management obligations that includes the identification of responsible individuals/positions within the organizational structure of UTCB, as well as the process for submitting reports to regulatory agencies. These descriptions are available on pages 1 to 8. Table 2.2.1.05, located on page 3 of the aforementioned document, identifies the individuals and positions responsible within the organizational structure of UTC Brasil for water management matters, which includes the person responsible for reporting compliance with license conditions to regulatory agencies. Pages 9 to 15 provide detailed information on the Site Operating License and the Granting Ordinances for underground water collection wells, as well as other relevant legislation.	
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	Attached document Implementation of Indicator 2.3.1.pdf. UTC Brazil establishes its strategic positioning focused on Water Resources Management, considering the policies of CNT (Contraf-Nicotex-Tobacco GmbH) and the AWS Standard. The sustainable water management strategy is described in the attached document, with the Strategic Positioning of Water Resources Management of UTC Brazil, establishing the mission, vision and strategic objectives of the organization towards good sustainable water management. It is also available on the Company's website: https://www.utcleaf.com.br/compromisso-aws/	
2.3.2	*A water stewardship plan shall be identified, including for each target:* *- 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	Attached document PGSA UTCB Revision 01.xlsx. During the audit, the attached document was reviewed, considering the changes that the company verified as necessary during the audit process, in addition to additions that UCTB assessed as necessary. Regarding the UTCB Sustainable Water Management Plan: For each defined goal: - How it will be measured and monitored: In the Results tab, Goals and Performance columns, Critical Analysis columns. In the Projects tab, 2024 schedule status columns, % completion of 2024 schedule, Evidence achieved, Location of evidence. - Actions to achieve and maintain (or exceed) it: In the Projects tab, Project Information column, explanations are provided about the actions to be taken. The PGSA monitoring was defined as quarterly, where the progress of the defined goals is recorded. The goals were defined in a simple way, allowing monitoring by the critical analyses carried out quarterly. - Planned timeframes to achieve it: Annual definitions (one-year cycle for compliance), with the next 2 years already having some targets indicated. Results Tab, Columns with Performance Targets and Columns with Quarterly Critical Analysis for monitoring. - Financial budgets allocated for actions: In the Results Tab. Value Creation Columns for UTC Brazil: Financial Investment for the Period (2023 and 2024), Financial Value Created, Other Benefits Generated. - Positions of persons responsible for actions and achieving targets: In the Projects Tab, Responsible Column. - Where available, note the link between each target and the achievement of best practice to help address shared water challenges and the AWS outcomes: In the Objectives Tab, Best Practices Column. In the Codes Tab, UTCB identifies by codes each Best Practice that was listed for the AWS criteria (Outcomes), describes the practice and indicates the form of implementation (via PGSA, internal procedures, legal requirements, others).
2.4	*Demonstrate the site's responsiveness and resilience to respond to water risks*
2.4.1	*A plan to mitigate or adapt to identified water risks developed in co-ordination with relevant public-sector and infrastructure agencies shall be identified.*

Obs.

Comment

Attached document Implementation of Indicator 2.4.1.pdf, which contains item 2.4.1 Identify a plan to mitigate or adapt to the identified water risks, which will be developed in coordination with the public sector and relevant infrastructure agencies, as set out in the AWS UTC WATER MANAGEMENT SYSTEM MANUAL.

In response to the water risks identified by the website, DI – 078 Contingency Plan for the AWS UTC Water Management System (attached) was established, with the aim of defining responsibilities and actions to remediate various scenarios and impacts on the supply of water for human consumption and tobacco processing.

The actions and control measures adopted in the Contingency Plan for the AWS UTC Water Management System consider the documents published by the public sector and infrastructure agencies:
▪ Document “SCS Municipal Sewage Plan” (2018);
▪ “Water Safety Plan SCS” document (2021);
▪ “Basin Plan Diagnosis_BHRP” report (2005);
▪ Natural disasters atlas of the municipality of Santa Cruz do Sul (1991 to 2016).
The control measures established in the Contingency Plan for the UTC AWS Water Management System are complementary to the items established in Indicators 1.7.1 and 1.7.2 (regarding understanding the risks and opportunities of the site's water) and include actions by the organization to deal with risks associated with public infrastructure and regulatory agencies.
For the risks identified in the AWS UTC_Risk & Opportunity Management.xlsx file, control actions are planned and, if necessary, the activation of the response measures provided for in DI 078 - Contingency Plan for the UTC AWS Water Management System.
The Sustainable Water Management Plan (PGSA) includes projects associated with certain risks identified in the AWS UTC_Risk Management & Opportunities.xlsx file.

In the Occurrence Record - Contingency Plan UTC AWS.xlsx spreadsheet, there is a record related to the Event "Flooding occurred in the State of Rio Grande do Sul, at the end of April and beginning of May 2024".

In relation to this critical event, some questions were asked during the audit:

1. In the Critical Analysis that was carried out by UTCB in relation to the activation of the internally defined procedures, was there any recommendation or change in the company's internal procedures due to the event that occurred?

The Company did not assess that there was any need for modification in relation to the procedures that had been defined.

2. Was any action taken by the company with the Stakeholders?

- UTCB contacted industrial Stakeholders to seek information on how they were acting in light of the occurrences in the State of RS. UTCB sought to maintain contact with these companies and maintained participation in the committees they are part of.

- Regarding the communities, UTCB decided to release its employees so that they could remain in their communities, helping them and solving their own problems.

- The company made two containers available to store food in the community of Mussum (a city that was severely affected in the Taquari Valley region, outside the company's target area), since there was no place to store the items that were being received as donations.

- UTCB donated basic food baskets to affected employees.

- A group of volunteers from the company screened the donations received at two locations in the cities of Santa Cruz do Sul and Venâncio Aires, outside the target area.

- UTCB mapped the rural producers who were affected within the target area and outside the

target area (in the municipality of Venâncio Aires), generating a list of affected producers who were helped by one of the companies in the tobacco sector, anonymously.

- Attached correspondence were sent to Public Sector in Rio Grande do Sul and Corsan, as well as to a supplying company.

3. Was there any action recommended by the public agencies involved, including the water supply concessionaire?
Fepam (Environmental Agency of the State of RS) authorized the use of groundwater in the State, with or without any Grant.

Evidence attached:

- Proof of Participation of UTCB's employee in an event of the National Plan for Civil Protection and Defense, held in Brasília, on May 23, 2024: In-Person Workshop Contributions to the Text of the First National Plan for Civil Protection and Defense.

- Document on Flood Relief Actions in May 2024 (UTCB).

- Minutes of the 188th Regular Meeting of the Lower Jacuí River Basin Committee, containing discussions on the consequences of the flood.

- Minutes 02-2024, Regular Meeting of the Pardo Committee, containing information on the consequences of the flood.

- Several attempts to contact Corsan - Water Supply Service Concessionaire of the State of RS, seeking to schedule meetings, with no response.

- Announcements from UTCB about employees being laid off from work on April 30, 2024, due to the flood.

- New announcements from UTCB about resuming activities on May 6, 2024 and providing assistance to employees.

- Requested information sent for Klabin SA, about the company's emergency plan (regardint operations in the state of Santa Catarina).

- Request for information from the Division of Meteorology, Climate Change and Critical Events - DIMETEC, of the Department of Water Resources and Sanitation Management - DRHS, Secretariat of Environment and Infrastructure - SEMA about RS State's actions in relation to the climate events that occurred before and after the flood in May 2024. Feedback was given, indicating continual participation in the Basin Committees and reporting on the development of actions in the state: "For 2023 and 2024, disaster risk management is being reformulated in RS. Some of it will be conducted by Civil Defense, mainly in monitoring parts; and issuing alerts and responses that they have already been doing regularly.
The details of many project definitions here can be viewed at:
https://www.planoriogrande.rs.gov.br/plano-rio-grande."

OBSERVATION was raised: Evidence was presented on contacts made with Stakeholders after the occurrence of the Flood Event in the State of Rio Grande do Sul, in May 2024, with no feedback from Corsan-Aegea and with indications of the construction of State government plans for response to extreme events by the Division of Meteorology, Climate Change and Critical Events - DIMETEC, of the Department of Water Resources and Sanitation Management - DRHS, Secretariat of Environment and Infrastructure - SEMA. The UTCB Contingency Plan was constructed without the direct involvement of the public sector and infrastructure agencies in the process of developing this plan. Documents from public institutions were consulted, some without evident updates. There is opportunity for improvement.

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	Attached File PGSA UTCB Revision 01.xlsx The projects linked to Indicator 3.1.1 are the following. Some projects are linked to more than one Indicator. The links to the evidence folders are available in the Evidence Location Column, in the PROJECTS folder. The types of evidence that are attached are listed in the Evidence Achieved Column; they are informed in the sequence for each project. Projects: - 1. Participate in 80% of the regular meetings (annual) of the Pardo River Basin Management Committee (Pardo Committee): Engagement email; Attendance Lists and/or Meeting Minutes. - 2. Provide financial support for the maintenance of the technical and administrative structure of Agepardo, an institution that was created to enable the execution of actions in the Pardo Basin: Engagement emails; Signed Term of Adhesion; Payment receipt for the 2024 annual fee. - 3. Provide financial and strategic support to the Berço das Águas Program to improve water quality at the collection point: Completion report (prepared by Emater) for each intervention carried out that received financial support from UTCB. - 4. Provide financial support to the FUPASC Sustainable School Project: Monthly contribution receipts. - 5. Prepare a schedule for the Sustainable School Project (FUPASC) with E.M.E.F. Guilherme Hildebrand and carry out the activities, with support from the team of volunteers from UTCB and FUPASC: Photographic records. Communication materials. FUPASC PowerPoint presentation. - 8. Promote good practices for the use and management of agricultural land on a tobacco-producing property of UTC Brasil: Report on Proof of Technical Assistance and Good Practices and electronic monitoring. - 10. Guide and support tobacco producers in the responsible use, handling and disposal of pesticides to avoid contamination: Schedule for Receiving Empty Pesticide Containers. - 11. Train tobacco producers through SENAR: Records of the number of training sessions held. - 13. Support the Crescer Legal Institute of Sinditabaco: Hiring Crescer Legal apprentices. - 16. Reorganize the institutional arrangement of the site: Employees hired or changed roles. - 20. Improve control and management of the site's water balance: Record of installed water meters and stickers applied. - 32. Train and qualify the employee responsible for operating the Effluent Treatment Plant: Certificates and general records.
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

Attached file Implementation of Indicator 3.1.2.pdf.

In the physical scope area of the site, there are no records of processes related to the recognition of indigenous territories or quilombola lands, as can be seen in Figure 3.1.2.01 of the file Implementation of Indicator 3.2.1.pdf.

The closest record refers to the lands of the Rincão dos Negros Community, whose process has the Technical Identification and Delimitation Report (RTID) finalized, a condition that does not guarantee them the right to definitive possession. These lands, although located in the Rio Pardo Hydrographic Basin, are outside the target area of the site, and upstream of its mouth; therefore, they are not exposed to the waters coming from the discharges of this sub-basin.

Regarding the presence of indigenous people, the 'Santa Cruz do Sul Health Plan' (2022-2025) states that some families migrate to this municipality during festive periods, when they are temporarily welcomed at the Municipal Shelter, however, without settling in the region. Nor were any other particularities identified that would imply a more specific commitment to the site in relation to human rights related to water.

The absence of traditional peoples and communities in the physical scope of the site is not only physical; one can also perceive the erasure of social memory. This condition even limits the work that should be carried out in the classroom on the history and culture of native peoples, a duty established by Federal Law No. 11.645/2008.

UTCB understands that respect for the rights of native peoples (as well as traditional populations in general) is directly related to the appreciation of memory, which demands solid work to promote knowledge and raise awareness among people. In view of this and as a technical supporter of the Sustainable School Project1, UTC Brasil provided an opportunity for students from E.M.E.F. Guilherme Hildebrand to get closer to indigenous culture (Figure 3.1.2. 02 from the file Implementation of Indicator 3.1.2) through video, conversation about daily life in a village and contact with handicrafts and body accessories made by indigenous people (April 24 and 25, 2024).

UTCB also demonstrates its commitment through a 'Human Rights Policy' and a 'Commitment to sustainable water management', publicly declared (both attached).

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	Attached file Implementation of Indicator 3.2.1.pdf. UTCB demonstrates the implementation of the legal compliance assessment process through the Legnet system, available at https://www.legnet.com.br/legnet/login.php. The identification of the legal requirements applied to the site's operations occurs by sending newsletters through the System to the registered UTC Brazil Coordinators for assessment of applicability and records. Through access to the systems, it is possible to demonstrate the reporting of data regarding water quality and potability, effluent quality, water withdrawal limits or waste discharge standards, in accordance with the appropriate, local, state or nationally accepted standards. Some examples are included in the file Implementation of Indicator 3.2.1.pdf. The presentation of evidence of compliance with the legal and regulatory conditions applicable to water and effluents from UTC Brasil is recorded through access to information systems established by environmental agencies, such as: - Fepam RS's Sisauto System for monitoring industrial liquid effluents (access link: https://ww3.fepam.rs.gov.br/SISAUTO/Principal.aspx); - SOL System – Fepam RS's Online Environmental Licensing System, Fepam RS's Waste Movement Declaration (access link: https://mtr.fepam.rs.gov.br/); - SIOUT RS - Rio Grande do Sul Water Grant System (access link: http://www.siout.rs.gov.br/#/); - Federal Police system for sending monthly information on the purchase and consumption of chemical products (access link: https://www.gov.br/pf/pt-br/assuntos/produtos-quimicos/acesso-ao-sistema-siproquim2). Figures of the access screens to the mentioned systems with the UTCB information were added to the Implementation of Indicator 3.2.1.pdf file. Regarding unmet legal requirements, corrective actions, when applicable, or an action plan must be recorded, following the provisions of procedure PO 003 - Corrective Action and Improvements - Rev 11.pdf, attached. The result of the legal compliance assessment is presented annually for critical analysis by Senior Management, containing the water and effluent regulations applied to the site and, any record of non-conformities and the corrective measures adopted by the organization. The document is available in Minutes SG 31 10 2024.pdf, also attached.
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

Attached file Implementation of Indicator 3.2.2.pdf

In the area of the physical scope of the site and the Rio Pardo Hydrographic Basin, there are no indigenous peoples or quilombola communities with recognized and approved traditional rights (see Figure 3.2.2.01 of the file Implementation of Indicator 3.2.2.pdf), given that the Technical Report on Identification and Delimitation (RTID) does not guarantee the Rincão dos Negros Quilombola Community definitive possession of its lands.
The physical scope of the site also does not fall within areas of declared water conflict, as indicated by Figure 3.2.2.02 of the file Implementation of Indicator 3.2.2.pdf, prepared based on information contained in the State Water Resources Plan (2021).

There are no specific audiences that, by legal obligation, demand that a consultation/consent process be established regarding the use and discharge of water from the site. All UTC Brasil activities are carried out under a consent relationship with the entities managing each resource used, as follows:

DOCUMENT TYPE: DOCUMENT SPECIFICATION

Authorizations for groundwater collection (well granting): DRHS Granting Ordinance No. 002.012/2023 for Well 01 DRHS Granting Ordinance No. 003.273/2023 for Well 02 DRHS Granting Ordinance No. 001.933/2023 for Well 03;

Water supply service provision contracts: Water supply service subscription contract – Property code No. 0002721903-8 and Water supply service subscription contract – Property code No. 0001856078-4;

License to operate tobacco processing activities and Authorization to discharge treated effluent into a body of water: FEPAM LOREG Environmental Operating License No. 02882/2023;

License to store/deposit agrochemicals: FEPAM Environmental Operating License No. 02501/2024.

The site also demonstrates its commitment through a ‘Human Rights Policy’ and a ‘Commitment to sustainable water management’, publicly declared.

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	Attached File PGSA UTCB Revision 01.xlsx The projects linked to Indicator 3.3.1 are the following. Some projects are linked to more than one Indicator. The links to the evidence folders are available in the Evidence Location Column, in the PROJECTS folder. The types of evidence that are attached are listed in the Evidence Achieved Column; they are informed in the sequence for each project. Projects: - 3. Provide financial and strategic support to the Berço das Águas Program to improve water quality at the collection point: Completion report (prepared by Emater) for each intervention carried out that received financial support from UTCB. - 5. Prepare a schedule for the Sustainable School Project (FUPASC) with E.M.E.F. Guilherme Hildebrand and carry out the activities, with the support of the team of volunteers from UTCB and FUPASC: Photographic records. Communication materials. FUPASC Power Point Presentation. - 6. Cooperate mutually with good water management through the exchange of information with companies in the same sector: Spreadsheet containing monitoring data from the wells of the company Philip Morris Brasil. - 15. Finance actions and improvements related to water in schools where children of integrated tobacco producers of UTC Brasil study: Photographic record and Intranet news. - 20. Improve control and management of the site's water balance: Record of installed water meters and applied stickers. - 21. Install an automated system for boiler bottom discharge: Technical study 'BCS + BDHR surface discharge system'; approval of budget for investment or record of Asset Movement (Intranet). - 22. Eliminate the use of water from well 03 for cooling the roof of the tobacco purchasing area: Intranet (Asset Movement); Demonstration of the water consumption record sheet for Well 03; Record of installed air conditioners. - 23. Gradually replace the atomizing nozzles of the blade dryer: Intranet (Asset Movement). - 24. Improve the thermal insulation of the steam network: Intranet (Asset Movement). - 27. Increase the water reserve capacity of the site: Photographic record of the implementation. In the process of technical review, the following comment was made: Project #3 seems more appropriate for water quality or governance, #5 and 15 for WASH, and #6 for the Governance section.
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

Attached file PGSA UTCB Revision 01.xlsx.
Attached file Improvements with results in water balance.xlsx.

Attached files with Performance Indicators for the months of February to July 2024, with water consumption indicator in m3/ton and comparison between the years 2023 and 2024.

Improvements for the 2024 harvest – carried out in the 2023 off-season:
- Replacement of boiler water pumps:
Justification: The two current pumps are presenting sealing problems and are leaking water. The new pumps will eliminate the leaks.
- Improvements in the insulation of the steam piping
Justification: The insulation of the steam network needs to be expanded, as part of the piping is not insulated, facilitating heat loss, consuming more water and firewood in the boiler to replace the lost heat. In Project No. 24 of UTCB_PGSA_Revision 01, the Target of Reducing water consumption by 3% for tobacco processing is recorded.

Improvements for the 2024/2025 harvest – carried out in the 2023/2024 off-season:
- Acquisition of equipment 06 water meters for the factory:
The installation of water meters is necessary to improve the control of water consumption of the factory equipment and to have more assertiveness in the water balance.
- Acquisition of a well level meter:
Justification: the acquisition of the new meter is necessary to measure the level of wells, in accordance with the requirements of the grants.
- Replacement of two sets of rehumidification atomizing nozzles:
The current atomizing nozzles are made of brass. Due to the material, the nozzle suffers wear at the steam outlet hole. The new model developed by the manufacturer is made of stainless steel, which has greater mechanical resistance, preventing wear and consequently avoiding water waste.
- Automation of the boiler bottom discharge
Currently, the adjustment of the boiler bottom discharge is carried out according to the water analysis - STD, with the time and frequency being adjusted manually. Automation consists of installing an analyzer in the boiler body that will adjust the bottom discharge with instant STD results. In Project No. 21 of UTCB_PGSA_Revision 01, the Target of Reducing water consumption in the boiler by 2% is recorded.

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

Attached file Implementation of Indicator 3.3.3.pdf.

UTC Brasil does not have any legally binding document for the reallocation of water for social, cultural or environmental needs. The company has 03 (three) Grants for the Right to Use Water Resources, through authorizations No. 002.012/2023 (Well 01), No. 003.273/2023 (Well 02) and No. 001.933/2023 (Well 03), proving purposes of use as follows:
i. Irrigation;
ii. Toilets and/or urinals;
iii. Industrial process;
iv. General cleaning.

It is worth noting that the local community where UTC Brasil is located is served by the CORSAN-AEGEA Supply Company, through the supply of drinking water.
There is no identification of the reallocation of water from the site to a sensitive and water-related area (IWRA) or even the recharge of aquifers and water supply to indigenous groups, given that within the physical limits of the site and the target area there is no identification of these mentioned groups.

3.4 *Implement plan to achieve site water quality targets*

3.4.1 *Status of progress towards meeting water quality targets set in the water stewardship plan shall be identified.*

Yes

Comment

Attached File PGSA UTCB Revision 01.xlsx

The projects linked to Indicator 3.4.1 are as follows. Some projects are linked to more than one Indicator.
The links to the evidence folders are available in the Evidence Location Column, in the PROJECTS folder. The types of evidence that are attached are listed in the Evidence Achieved Column; they are informed in the sequence for each project.

Project:
- 14. Sponsor the Rio Limpo Project developed by the City of São João do Triunfo/PR: Report on the Rio Limpo Project's actions and proof of financial donation.
- 15. Finance actions and improvements related to water in schools where children of integrated tobacco producers of UTC Brasil study: Photographic record and Intranet news.
- 22. Eliminate the use of water from well 03 for cooling the roof of the tobacco purchasing area: Intranet (Asset Movement); Demonstration of the water consumption record sheet for Well 03; Record of installed air conditioners.
- 25. Contract a technical study to investigate the origin of the change in chemical properties in the water from Well 3: Technical study on the change in parameters in the water from Well 03.
- 32. Train and qualify the employee responsible for the operation of the Effluent Treatment Plant: Certificates and general records.
- 33. Monitor the quality parameters of the water from the Levis Pedroso Stream and the water that flows into the drainage ditch from the Progresso Neighborhood: Laboratory reports.
- 34. Invest in improvements to the operational infrastructure of the ETE on site: Photographic record.

In the process of technical review, the following comment was made: Project #14 seems more appropriate for water governance, #15 for WASH, and #22 for the water balance section.

3.4.2 *Where water quality is a shared water challenge, continual improvement to achieve best practice for the site's effluent shall be identified and where applicable, quantified.*

Yes

Comment

Attached file Implementation of Indicator 3.4.2.pdf.

In order to ensure that the UTC Brazil Sustainable Water Management Plan (PGSA) addresses the shared challenges and clearly demonstrates its connection with the projects to be implemented, the references to the identified challenges and best practices were inserted in the Excel document 'PGSA UTCB Revision 01', in the 'CODES' tab.

The identification of the projects that address challenge DC.03, which directly refers to water quality, can be viewed in the 'OBJECTIVES' tab of the 'PGSA UTCB Revision 01' spreadsheet.

Regarding the best practices identified for the generated effluents, some of them are included in the PGSA and others are highlighted in a different way, as indicated below:

MP.14 Avoid alternating employees in the operation of the Effluent Treatment Plant: via PGSA;
MP.15 Train and qualify the employee responsible for operating the Effluent Treatment Plant: via PGSA;
MP.16 Perform regular monitoring of effluent quality: via laboratory reports, as required by the LO + Monitoring collections - more than required by the LO.

Likewise, best practices related to the quality of water collected from underground wells or from the target area are defined in the UTC PGSA CODES tab, indicating that they are linked to the PGSA or other indicated processes and records.

MP.10 Continue supporting the Sinditabaco Empty Pesticide Packaging Receipt Program as a strategy to ensure the continuity of reverse logistics on rural properties that produce tobacco: via PGSA.
MP.11 Support campaigns to collect saturated cooking oil: via PGSA.
MP.12 Use water from underground sources for industrial process demands: Granting of 03 wells to feed the process.
MP.13 Monitor possible changes in the chemical properties of underground water collection: Laboratory reports of wells, every six months.

The quantification of results is done by monitoring the analytical results of the parameters of the treated effluent, the quality of the water collected from the wells and the quality of the drinking water consumed on the site - files attached: Attached: Critical analysis of Quality parameters and Analysis_bacteria count.

3.5 *Implement plan to maintain or improve the site's and/or catchment's Important Water-Related Areas.*

3.5.1 *Practices set in the water stewardship plan to maintain and/or enhance the site's Important Water-Related Areas shall be implemented.*

Obs.

Comment	Attached File PGSA UTCB Revision 01.xlsx The projects linked to Indicator 3.5.1 are as follows. Some projects are linked to more than one Indicator. The links to the evidence folders are available in the Evidence Location Column, in the PROJECTS folder. The types of evidence that are attached are listed in the Evidence Achieved Column; they are informed in the sequence for each project. Projects for Site's IWRA: 28. Improve the structure of the site's treated effluent outfall: Fepam Report_work on the effluent outfall. 29. Mark the physical limit of the site's APP: Photographic record; Proof of purchase of the material. 30. Mark the site's APP with indicative/informative/educational signs: Sign art; Photographic record. 31. Restore native vegetation in 240 m² of the site's APP: Photographic record. Projects defined in UTCB PGCA that are linked to IWRA's of the Target Area and the Rio Pardo Basin: 3. Provide financial and strategic support to the Berço das Águas Program to improve water quality at the collection point; 7. Promote engagement of UTC Brasil integrated tobacco producers through technical visits and dissemination of material; 8. Promote good practices for the use and management of agricultural soil on a UTC Brasil tobacco-producing property; 9. Implement a Technical Reference Unit (URT) for Soil Conservation and Management on a UTC Brasil tobacco-producing property to serve as a basis for good practices for all producers; 11. Provide training for tobacco producers through SENAR; 15. Finance actions and improvements related to water in schools where children of UTC Brasil integrated tobacco producers study. All the projects mentioned have the main objective, in the IWRA Outcome approach, of recovering and protecting APPs - Permanent Preservation Areas (springs and/or protection strips of rivers and streams located on rural properties). OBSERVATION: As an opportunity for improvement, the details of the actions in the projects indicated for the Basin and Target Area and that are linked to the IWRA Outcomes (Projetc Numbers 3, 7, 8, 9, 11, 15) must be detailed by UTCB.
3.6	*Implement plan to provide access to safe drinking water, effective sanitation, and protective hygiene (WASH) for all workers at all premises under the site's control.*
3.6.1	*Evidence of the site's provision of adequate access to safe drinking water, effective sanitation, and protective hygiene (WASH) for all workers onsite shall be identified and where applicable, quantified.*	Yes

Comment

Attached file Implementation of Indicator 3.6.1.pdf.

Access to drinking water for all site workers and effective sanitation is guaranteed through the supply of water via the Supply Company (CORSAN-AEGEA), while protective hygiene is guaranteed through internal control plans, through the issuance of service provision certificates by outsourced companies. Regarding the water supplied by CORSA-AEGEA, UTC Brasil monitors the results disclosed on a monthly basis (quality records presented in indicator 1.3.4). After monthly access to the reports released by the supplier via the system, an immediate critical analysis of the results is performed by the site. The critical analysis is issued by the technical manager of the project (attached document Critical analysis WASH.pdf).

As a result of the assessment of legal compliance with the requirements listed in NR 24 - Sanitary and Comfort Conditions in the Workplace, including information referenced in Indicator 1.3.8, dealing with measures for monitoring and controlling water potability, cleaning records and quantification of WASH facilities on the site, it is possible to conclude that the requirements established by regulatory standard NR 24 are being observed. The organization provides adequate access to sanitary facilities, according to the number of employees on the site in the largest shift. Attached file Sanitary and comfort conditions in the workplace.xlsx.

On November 27th, 2024, two nurses who work at UTC Brasil and were conducting the admission exams for employees who will join UTC's workforce for the new 2025 Harvest were interviewed:
- Mrs. Fernanda Moraes Hermes, Technician and Occupational Nurse.
- Mrs. Mariza Beatriz Schneider, Nursing Technician.
The interviewees reported:
- As a good practice, the company provides sanitary pads to women, when requested.
- All employees are entitled to take the flu vaccine.
- UNISC (Universidade de Santa Cruz do Sul) performs preventive exams for women.
- The Dental Unit of SESI (Social Service of Industry) serves all employees, giving priority to temporary employees, since they rarely have access to the public health system.
- For permanent employees, there are health plans: Uniodonto and Unimed, paid for by UTC. The employee pays the full consultation fee. The Plan covers surgeries, cancer treatment, and full hospitalization. Dependents included in the Plan pay 50% of the Plan value (monthly fee). The rest (surgeries, cancer treatment, hospitalization) is paid by the Plan.

The nurses reported that they were receiving requests and consultations from employees complaining of diarrhea/malaise due to the water they drink directly from the taps in their homes. They explained that Lago Dourado, the public water supply reservoir that supplies Corsan, where the treatment and subsequent supply of drinking water to the city (and also to UTC) is undergoing algae proliferation; the water in Lago Dourado has an abnormal smell and taste. The nurses were providing serum to the employees and telling them to boil the water in their homes. The possibility of instructing all employees on the need to boil the water they use directly from the taps in their homes was discussed with the UTCB team.

3.6.2 *Evidence that the site is not impinging on the human right to safe water and sanitation of communities through their operations, and that traditional access rights for indigenous and local communities are being respected, and that remedial actions are in place where this is not the case, and that these are effective.*

Yes

Comment	Attached file Implementation of Indicator 3.6.2.pdf. Within the physical scope of the site, there are no areas under study for formal recognition of traditional rights; nor were there any records/reports of traditional populations residing on private property (i.e., without the legal protection of demarcated land). All water uses in the operation are licensed by the competent bodies in the state of Rio Grande do Sul. UTC Brasil formally establishes its commitment to adequate access to drinking water, sanitation and hygiene for all workers on the site through several published documents. Through the internal document called DI 079 - Human Rights Policy.pdf, respect for the human rights of all those involved in the company's work processes and relationships, including employees, service providers, suppliers and other external stakeholders, such as local communities, is established. Compliance with this commitment is the responsibility of the Human Resources Management, which is responsible for overseeing the monitoring and implementation of this policy in all work processes, including interactions with suppliers and business partners. In addition, UTC Brazil monitors and reports the results of sustainability actions, actions to prevent and mitigate risks and impacts on human rights directly to the CEO.	
3.7	*Implement plan to maintain or improve indirect water use within the catchment:*	
3.7.1	*Evidence that indirect water use targets set in the water stewardship plan, as applicable, have been met shall be quantified.*	Yes

Comment

Attached file Implementation of Indicator 3.7.1.pdf.

The collection of information regarding indirect water use is verified in Indicator 1.4.1. This allows a better understanding of the subject in order to establish and quantify the objectives of indirect water use. The objectives related to indirect water use are highlighted and quantified in the PGSA of the company UTC Brasil.

Below is a brief summary of the actions aimed at tobacco producers and other eligible suppliers.

Primary suppliers – tobacco producers:

UTC agricultural advisors follow the recommendations of DI 035 – Manual of Technical Guidelines for UTC Integrated Producers - Rev.07.pdf.
In the producer monitoring system, called SurveyCTO, numerous items related to water use are monitored, such as: number of producers in the watershed, number of beds, estimated volume of water used in the bed, number of producers who practice good soil and water conservation practices, access to adequate sanitary conditions, natural water sources available on the property, number of protected sources, producers with water potability analysis, effluent disposal (dry pit, septic tank, biodigester), water supply source on the property (artesian well, natural water source, piped water).

Currently, agricultural production makes an estimate to measure the volume of water used in tobacco production: 5,177 m³ of water was used per year for seedling production in the municipalities of the Target Area.

Regarding water quality, one of the monitoring issues for producers is related to analyzing the potability of the water. In the last SurveyCTO monitoring, 45% of producers responded that they have water quality analysis. UTCB is evaluating the creation of a project to support the performance of water analyses on the properties of tobacco producers. Project 12 - Verify the potability of natural water sources that supply the properties of UTCB's integrated producers that are part of the Pardinho River basin was included in the UTCB PGSA.

Other actions were identified:

- in 2022, UTC Brasil became a partner in the Berço das Águas Project together with Emater-RS and the Municipal Government of Sinimbu (RS). The Project aims to promote the sustainable use of water and soil.

- 3 sustainability professionals have been working in the field since 2022, with experience in the agricultural area.

Regarding the use of water for washing cars, this includes those used by agricultural advisors on technical visits to UTC Brasil’s integrated rural producers, as well as site vehicles used by employees for external administrative services.

Packaging suppliers for products and fertilizers:

The packaging suppliers for the processed product (cardboard boxes) and the fertilizer suppliers for application in tobacco crops are located outside the site's watershed, according to the records in the “AWS UTC_Indirect water use” file. Klabin informed that the water consumption, base year 2022, was 3.63m3 per ton of product.
The supplier Klabin sells to UTC Brasil the cardboard boxes needed to store the processed product.

The other suppliers of tobacco packaging and fertilizers for application in crops are not identified by the site, since they are located outside the physical scope of the project.

The referenced information can be verified in the “AWS UTC_“Indirect water use” file, including the annual water consumption in operations.

3.7.2 *Evidence of engagement with suppliers and service providers, as well as, when applicable, actions they have taken in the catchment as a result of the site's engagement related to indirect water use, shall be identified.*

Obs.

Comment

Attached File Implementation of Indicator 3.7.2.pdf.

As verified in indicator 3.7.1, monitoring and advice on improvements related to water occurs during technical visits by advisors to producers, also evidenced in the file 'Evidence - Training and Monitoring of Integrated Producers'.

By acting in an instructive manner during the monitoring of producers, whether by Agricultural Advisors or by the Sustainability Techniques team, the company monitors the entire base of integrated producers in access to water in their homes and on their farms and ensures that the water is suitable for consumption. It also monitors the disposal of effluents on the properties and other health and safety issues on the properties, such as: number of producers in the watershed, number of beds, estimated volume of water used in the bed, number of producers who practice good soil and water conservation practices, access to adequate sanitary conditions, natural water sources available on the property, number of protected sources, producers with water potability analysis, effluent disposal (dry pit, septic tank, biodigester), water supply source on the property (artesian well, natural water source, piped water).

In addition to monitoring and counseling, several training activities are carried out for tobacco advisors and later for producers, who can seek to improve their activities on the property. Images 3.7.2 02 and 3.7.2 03 of file Implemation of Indicator 3.7.2.pdf show the training provided to agricultural advisors for later delivery of the material 'AWS Information - Tobacco Producer' to producers in the municipalities of the basin.

Regarding tobacco production, UTCB encourages good practices in soil and water management, monitors the issue of collecting packaging from products used in tobacco production through the Packaging Collection Program, preventing irregular disposal and the possibility of such disposal being carried out in rivers, streams and ponds, for example.

Actions are evidenced through the PGSA Projects, according to file PGSA UTCB Revision 01.xlsx (Project 9. Implement a Technical Reference Unit (URT) for Soil Conservation and Management on a tobacco-producing property of UTC Brasil to serve as a basis for good practices for all producers and Project 10. Guide and support tobacco producers in the responsible use, handling and disposal of pesticides to avoid contamination).

The company invests in other projects, such as the Cradle of Waters (Project 3). It was also possible to verify the possibility of conducting water quality tests with producers, allowing a greater number of producers to undergo testing (as evidenced in the PGSA project number 12. Verify the potability of natural water sources that supply the properties of producers integrated with UTC Brasil that are part of the Pardinho River basin).

Regarding the use of water for washing cars, the vehicles used by agricultural advisors on technical visits to UTC Brasil's integrated rural producers are included, as well as the site vehicles used by employees for external administrative services.

Finally, it is possible to verify the identification of evidence of commitment to suppliers and the actions carried out in the basin, in the PGSA UTCB Revisao 01.xlsx file.

Observation: The actions done in the catchment (project #12 of UTCB PGSA revision 1) as a result of the site's engagement related to indirect water use were not properly evaluated. The project was included in the UTCB PGSA based on feedback from research carried out with rural producers in the Target Area.

3.8 *Implement plan to engage with and notify the owners of any shared water-related infrastructure of any concerns the site may have.*

3.8.1 *Evidence of engagement, and the key messages relayed with confirmation of receipt, shall be identified.*

Yes

Comment

Attached file Implementation of Indicator 3.8.1.pdf.

UTC Brasil has two water supply service subscription contracts signed with CORSAN-AEGEA, available at Municipal Water Supply Contracts - Corsan.pdf, which provide for the Company's obligation to provide advance notice of scheduled water supply interruptions, as established in clause 3.1, item "l":
3 - BASIC CONDITIONS FOR THE PROVISION OF SERVICES
3.1 – CORSAN's main obligations in providing services:
l) Provide up to 5 (five) days' notice in local media about scheduled water supply interruptions.

On the other hand, this contract establishes that the company UTC Brasil must inform CORSAN/AEGEA about the occurrence of external leaks and other facts that may affect the provision of services, as established in clause 3.2, item “o”:
3 - BASIC CONDITIONS FOR THE PROVISION OF SERVICES
3.2 Main obligations of the user in the provision of services:
o) Inform CORSAN about the occurrence of external leaks and others that may affect the provision of services.

UTC Brasil's commitment to the Supply Company (CORSAN-AEGEA) is established through the signing of the contracts for adhesion to water supply services, providing for the notification of occurrences involving shared infrastructure related to water. Corsan Aegea has established a communication channel for virtual service and 24-hour service via a mobile application, so that users can report water leaks or shortages, according to the access link and information below: https://servicos.corsan.com.br/#/.

Evidence of contact made with Corsan regarding the UTCB certification process in the AWS Standard has been attached.

UTC Brasil's attempts to contact the Public Supply Company Corsan-Aegea in light of the climate events that occurred in the State of Rio Grande do Sul in May 2024. The attempts for contacting Corsan are available in the attachments.

There was also evidence of contact with the Division of Meteorology, Climate Change and Critical Events - DIMETEC, of the Department of Water Resources and Sanitation Management - DRHS of the Secretariat of Environment and Infrastructure - SEMA of the state of Rio Grande do Sul, where information on Risk and Disaster Management in the state was provided.

3.9 *Implement actions to achieve best practice towards AWS outcomes: continually improve towards achieving sectoral best practice having a local/catchment, regional, or national relevance.*

3.9.1 *Actions towards achieving best practice, related to water governance, as applicable, shall be implemented.*

Yes

Comment

Attached file Implementation of Indicator 3.9.1.pdf.

In order for the UTC Brazil Sustainable Water Management Plan (PGSA) to include all the practices listed in Indicator 1.8 and demonstrate the connection between the projects and these practices, the CODES tab was created in the Excel document 'PGSA UTCB Revision 01', where the practices are referenced by codes. The indication of the form of implementation is referenced in the same tab.

BEST PRACTICES RELATED TO WATER GOVERNANCE

MP.01 Participate in regular meetings of the Pardo River Basin Management Committee (Pardo Committee) as a strategy to support strengthening water governance in the catchment area and qualifying site representatives: implementation via PGSA.
MP.02 Become a member of Agepardo as a strategy to support strengthening water governance in the catchment area: implementation via PGSA.
MP.03 Provide financial support to the FUPASC Sustainable School Project, aiming to contribute to the promotion of socio-environmental education and awareness in the school community of Santa Cruz do Sul: implementation via PGSA.
MP.04 Develop and execute a schedule of actions for the Sustainable School Project (FUPASC) with the Guilherme Hildebrand Elementary School, aiming to actively contribute to the development of socio-environmental capabilities in the school community of the Levis Pedroso Stream micro-basin: implementation via PGSA.
MP.05 Cooperate mutually with good water management through the exchange of information with companies in the same sector: implementation via PGSA.
MP.06 Qualify the site's participation in the water governance of the basin by training its representatives: implementation via PGSA.

UTC BRASIL PGSA PROJECTS

The following projects include the best practices listed for water governance in the Target Area:
1. Participate in 80% of the regular meetings (annual) of the Pardo River Basin Management Committee (Pardo Committee)
2. Provide financial support for the maintenance of the technical and administrative structure of Agepardo, an institution created to enable the execution of actions in the Pardo Basin
4. Provide financial support for the FUPASC Sustainable School Project
5. Develop a schedule for the Sustainable School Project (FUPASC) with E.M.E.F. Guilherme Hildebrand and carry out the activities, with the support of the team of volunteers from UTCB and FUPASC
6. Cooperate mutually with good water management through the exchange of information with companies in the same sector
18. Qualify the human capital that works in water management and planning and issues related to sustainability

PROGRESS IN IMPLEMENTATION

A total of 04 projects have been completed, namely:
- participation in meetings of the Hydrographic Basin Committee;
- financial support for the maintenance of the technical and administrative structure of Agepardo, an institution that was
created to enable the execution of actions in the Rio Pardo Basin;
- mutual sharing of data related to water, with companies in the same sector;
- qualification of the human capital that works in water management and planning.

Table 3.9.1 of the Implementation Document for Indicator 3.9.1 shows the percentage of compliance with the PGSA project schedules for the year 2024.

Participation in meetings of the River Basin Committee was below the planned target, which was set at 80% attendance at meetings during the year. Of a total of 5 meetings scheduled for 2024, UTC was present at only 3. The 3rd Regular Meeting of the Pardo Committee, initially

scheduled for 07/30/2024, was rescheduled for 07/29/2024 due to the participation of Minister Paulo Pimenta (acting at the time) to discuss possible support for the actions to rebuild the Pardinho River. The representatives of UTC Brazil already had another commitment scheduled for that date and were unable to attend. The 5th Regular Meeting of the Pardo Committee took place on 11/26/2024, during the AWS Standard certification audit period. The schedule of activities related to the financial and technical support of the Sustainable School Project is underway.

EVIDENCE

The link to access the evidence is available in the Excel document of the UTC Brazil Sustainable Water Management Plan, in the PROJECTS tab, in the columns Location of evidence, Location of evidence (2nd access option).

3.9.2 *Actions towards achieving best practice, related to targets in terms of water balance shall be implemented.*

Yes

Comment

Attached file Implementation of Indicator 3.9.2.pdf.

In order for the UTC Brazil Sustainable Water Management Plan (PGSA) to include all the practices listed in Indicator 1.8 and demonstrate the connection between the projects and these practices, the CODES tab was created in the Excel document 'PGSA UTCB Revision 01', where the practices are referenced by codes. The indication of the implementation method is referenced in the same tab.

BEST PRACTICES RELATED TO WATER BALANCE

MP.07 Increase the number of water meters to obtain more precise knowledge of the different flows that make up the site's water balance: implementation via PGSA.
MP.08 Implement an internal communication mechanism on water leaks to speed up the response (repair/repair) and reduce waste: implementation via PGSA.
MP.09 Implement technology for reusing boiler condensate in association with automation of bottom discharge, aiming to reduce the capture of water used in the industrial process: implementation via PGSA.

UTC BRASIL PGSA PROJECTS

The following projects include the best practices listed for Water Balance on the site:

20 Improve control and management of the site's water balance

21 Install an automated system for boiler bottom discharge

IMPLEMENTATION PROGRESS

The best practices aimed at the site's water balance are included in two projects, both with 100% of the actions completed according to the 2024 schedule.

The project to improve control and management of the site's water balance includes two best practices, namely increasing the number of water meters and implementing a procedure for reporting leaks.
The actions planned for 2024 in the project aimed at optimizing water consumption in the boiler are limited to the technical-economic feasibility study, as well as approval of the budget for implementation in the following year (2025).

Table 3.9.2 of the Implementation Document of Indicator 3.9.2 presents the percentage of compliance with the PGSA project schedules for the year 2024.

EVIDENCE

The link to access the evidence is available in the Excel document of the UTC Brasil Sustainable Water Management Plan, in the PROJECTS tab, in the columns Location of evidence, Location of evidence (2nd access option).

3.9.3 *Actions towards achieving best practice, related to targets in terms of water quality shall be implemented.*

Yes

Comment

Attached file Implementation of Indicator 3.9.3.pdf.

In order for UTC Brazil's Sustainable Water Management Plan (PGSA) to include all the practices listed in Indicator 1.8 and demonstrate the connection between the projects and these practices, the CODES tab was created in the Excel document 'PGSA UTCB Revision 01', where the practices are referenced by codes. The indication of the form of implementation is referenced in the same tab.

BEST PRACTICES RELATED TO WATER QUALITY

A total of 07 practices were identified for good water quality. Three of these practices make up UTC Brazil's operational routine and, therefore, are not included in the PGSA.

MP.10 Continue supporting the Sinditabaco Empty Pesticide Packaging Receipt Program as a strategy to ensure the continuity of reverse logistics on rural properties that produce tobacco: implementation via PGSA.
MP.11 Support campaigns to collect saturated cooking oil: implementation via PGSA.
MP.12 Use water from underground sources to meet industrial process demands: Granting of 03 wells to feed the process.
MP.13 Monitor possible changes in the chemical properties of underground water: Laboratory reports on wells, every six months.
MP.14 Avoid changing employees in the operation of the Effluent Treatment Plant: implementation via PGSA.
MP.15 Train and qualify the employee responsible for the operation of the Effluent Treatment Plant: implementation via PGSA.
MP.16 Regularly monitor effluent quality: Laboratory reports, as required by the LO + Monitoring collections - more than required by the LO.

UTC BRASIL PGSA PROJECTS

The following projects include the best practices listed for Water Quality:
5 Develop a schedule for the Sustainable School Project (FUPASC) with E.M.E.F. Guilherme Hildebrand and carry out the activities, with support from the team of volunteers from UTCB and FUPASC.
10 Guide and support tobacco producers in the responsible use, handling and disposal of pesticides to avoid contamination.
16 Reorganize the institutional arrangement of the site.
32 Train and qualify the employee responsible for the operation of the Effluent Treatment Plant.

IMPLEMENTATION PROGRESS

Projects 5 and 10 have been completed and projects 16 and 32 are in the final stages of completion.
Files related to the site's internal routines have been attached.

Table 3.9.3 of the Implementation Document for Indicator 3.9.3 shows the percentage of compliance with the PGSA project schedules for the year 2024.

EVIDENCE

The link to access the evidence is available in the Excel document of the UTC Brazil Sustainable Water Management Plan, in the PROJECTS tab, in the columns Location of evidence, Location of evidence (2nd access option).

3.9.4 *Actions towards achieving best practice, related to targets in terms of the site's maintenance of Important Water-Related Areas shall be implemented.*

Yes

Comment

Attached file Implementation of Indicator 3.9.4.pdf.

In order for the UTC Brazil Sustainable Water Management Plan (PGSA) to include all the practices listed in Indicator 1.8 and demonstrate the connection between the projects and these practices, the CODES tab was created in the Excel document 'PGSA UTCB Revision 01', where the practices are referenced by codes. The indication of the form of implementation is referenced in the same tab.

BEST PRACTICES RELATED TO IWRA

A total of 03 practices were registered for Important Water-Related Areas (IWRA), 02 of which are applicable to the IWRA of the site and 01 to the IWRA of the target area.

MP.17 Promote the covering of 240 m² of the Permanent Preservation Area (APP) of the site through the planting of native species combined with the natural regeneration of the area: implementation via PGSA.
MP.18 Signage with signs that encourage interaction and communicate in a positive way: implementation via PGSA.
MP.19 Provide financial and strategic support to EMATER/ASCAR in the Berço das Águas Program for the protection and recovery of springs on rural properties in Sinimbu, aiming to improve the quality and availability of the resource targeted by the intervention: implementation via PGSA.

UTC BRASIL PGSA PROJECTS

The following projects include the best practices listed for IWRA:
3 Provide financial and strategic support to the Berço das Águas Program to improve water quality at the collection point.
30 Provide signage to the site's APP with informative/educational signs.
31 Restore native vegetation in 240 m² of the site's APP.

IMPLEMENTATION PROGRESS

Project 3: Schedule performance:
Project consisting of 14 tasks
45% of tasks completed
Value realized: R$ 4,886.13

Project 30: Schedule performance:
Project consisting of 5 tasks.
100% of tasks completed.
Value realized: R$ 600.00

Project 31: Schedule performance:
Project consisting of 10 tasks.
90% of tasks completed.
Amount realized: R$ 86.00

Table 3.9.4 of the Implementation Document of Indicator 3.9.4 presents the percentage of compliance with the PGSA project schedules for the year 2024.

EVIDENCE

The link to access the evidence is available in the Excel document of the UTC Brasil Sustainable Water Management Plan, in the PROJECTS tab, in the columns Location of evidence, Location of evidence (2nd access option).

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

Yes

Comment

Attached file Implementation of Indicator 3.9.5.pdf.

In order for the UTC Brazil Sustainable Water Management Plan (PGSA) to include all the practices listed in Indicator 1.8 and demonstrate the connection between the projects and these practices, the CODES tab was created in the Excel document 'PGSA UTCB Revision 01', where the practices are referenced by codes. The indication of the form of implementation is referenced in the same tab.

BEST PRACTICES RELATED TO WASH

MP.20 Continue to provide employees with access to good sanitary conditions on the site, in compliance with the requirements set forth in NR 24: implementation through the annual assessment of the legal requirement - LEGNET.
MP.21 Provide cleaning and sanitation of the site's drinking water reservoirs at maximum intervals of 6 months, aiming to prevent the proliferation of bacteria and microorganisms that cause diseases: implementation through the Preventive Maintenance Plan.
MP.22 Perform microbiological monitoring by counting heterotrophic bacteria in the water in the site's cafeteria, aiming to guarantee the integrity of the respective storage system: Laboratory reports on wells, every six months.

IMPLEMENTATION OF BEST PRACTICES AND RESULTS

Regarding best practices related to WASH objectives, the site establishes an internal operational routine linked to them, according to the form of implementation registered in the CODES tab of the PGSA, that is, specifically regarding these objectives, there is no identification of action established in the Excel document 'PGSA UTCB Revision 01', Objectives, Projects and Results tabs.

Objective 1: Continue to provide employees with access to good sanitary conditions on the site, in compliance with the requirements set forth in NR 24.

The site establishes internal procedures to ensure health and comfort conditions for workers on the shift with the largest contingent of workers at the plant, in compliance with the requirements set forth in the regulatory standard - NR 24. Through the contracted system Legnet, UTC Brasil conducts the annual assessment of legal compliance with the requirements established in NR 24, including evidence of workers' access to good sanitary conditions on the site.
UTC Brasil maintains a set of routines and records for sanitation of the toilets, as well as a record of occurrences of leaks and damaged equipment, preventive and corrective maintenance. To sanitize the sanitary facilities, the organization has its own work team and another outsourced team. Services are performed daily, according to work shifts, during the harvest and off-season periods. In the event of a leak, the actions set forth in the internal communication document DI 009 - Property Security - Rev 10.pdf are adopted. Leak reports are reported to the site's Reception and recorded in the Solution system, managed by the contracted property surveillance company.

Objective 2: Provide cleaning and sanitation of the site's drinking water reservoirs at maximum intervals of 6 months, aiming to prevent the proliferation of bacteria and microorganisms that cause diseases.

The practice defined by the site to achieve this objective is the cleaning and sanitation of drinking water reservoirs at maximum intervals of 6 (six) months, aiming to prevent the proliferation of bacteria and microorganisms that cause diseases.

Objective 3: Perform microbiological monitoring by counting heterotrophic bacteria in the water of the site's cafeteria, aiming to guarantee the integrity of the respective storage system.

UTC Brasil intends to supplement the practice of cleaning drinking water tanks by monitoring the presence of potentially pathogenic bacteria in the tap water in the company cafeteria, the

area most exposed to risk. This practice aims to assess the integrity of the cafeteria's water storage system before and after cleaning, indicating whether the 6 (six) month cleaning interval is adequate and whether the contracted cleaning service is efficient.

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.*

in progress

Comment

Attached document Implementation of Indicator 4.1.1.pdf.

The site's performance in sustainable water management is assessed in accordance with the objectives established in the Sustainable Water Management Plan, as well as its contribution to achieving management results.
The site's Sustainable Water Management Plan is reviewed annually, in line with the provisions of the internal document 'PO 001 - Control of Documents and Records of the Quality Management System'.

A summary of the assessment conducted to date was carried out by UTCB in the attached document. However, the results of the defined objectives and goals, as well as their contribution to AWS Outcomes, will be assessed in the first quarter of 2025, as described below:
"By assessing part of the projects listed in the PGSA and the status of the 2024 schedule, it is possible to verify that most of them have already been completed. However, certain projects do not yet have planned actions or actions that have been fully completed, making it possible to only partially analyze the results in the PGSA. Therefore, the PGSA cycle closing assessment is scheduled to take place in the first quarter of 2025."

Minor NC will be recorded in this Indicator.

Finding No: TNR-014777

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

in progress

Comment

Attached document Implementation of Indicator 4.1.2.pdf
Attached document PGSA_UTCB.xlsx
UTCB created the following columns in the PGSA_UTCB.xlsx document, in the Results TAB: VALUE CREATION FOR UTC BRASIL:

FINANCIAL INVESTMENT IN THE PERIOD / FINANCIAL VALUE CREATED / OTHER BENEFITS GENERATED.

Some assessments were conducted, but an assessment for each PGSA's target will be carried out in the first quarter of 2025.

A Minor NC will be recorded: UTCB did not evaluate Value Creation resulting from water stewardship plan for all PGSA targets. The organization reported that it will carry out an assessment in the first quarter of 2025.

Finding No: TNR-014779

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

in progress

Comment	Attached document Implementation of Indicator 4.1.3.pdf Attached document PGSA_UTCB.xlsx UTCB created the following columns in the PGSA_UTCB.xlsx document, in the Results TAB: BENEFITS GENERATED FOR THE BASIN OR STAKEHOLDERS: ENVIRONMENTAL SOCIAL FINANCIAL Some assessments were conducted, but an assessment for each PGSA target will be carried out in the first quarter of 2025. A Minor NC will be recorded: UTCB did not identify and quantify shared value benefits in the catchment for all PGSA's targets. The organization reported that it will carry out this assessment in the first quarter of 2025. ***Finding No: TNR-014780***

4.2	*Evaluate the impacts of water-related emergency incidents (including extreme events), if any occurred, and determine the effectiveness of corrective and preventative measures.*	
4.2.1	*A written annual review and (where appropriate) root-cause analysis of the year's emergency incident(s) shall be prepared and the site's response to the incident(s) shall be evaluated and proposed preventative and corrective actions and mitigations against future incidents shall be identified.*	Yes

Comment

Attached document Implementation of Indicator 4.2.1.pdf

UTC Brasil establishes an internal document to deal with emergencies related to water management, through DI 078 - Contingency Plan for UTC AWS Water Management System.pdf, which provides for emergency scenarios related to water management, control actions and those responsible. Incidents related to the activation of the Contingency Plan for UTC AWS Water Management System are recorded in the Incident Record - UTC AWS Contingency Plan.xlsx, both attached.

SHIORT DESCRIPTION OF EXTREME WEATHER EVENT AND GOVERNMENT RESPONSES:

A climate event that occurred in May 2024 in the State of Rio Grande do Sul affected the flow and capacity of the water resources infrastructure in most municipalities, including the Vale do Rio Pardo region where UTC Brasil's operations are located.
During this period, the State was hit by historic rainfall levels. In the last week of April and early May, the atmospheric configuration over South America presented an intense migratory anticyclone acting in the South Atlantic Ocean. This high pressure system contributed to directing the flow of hot and humid air towards the continent, especially over the Southeast, Central-West and south of the Northeast regions of the state. The 10 (ten) day and 4 (four) day precipitation events were considered extremely rare in the current climate, with return periods of 100-250 years.

According to records published by the press, the extreme rains and floods have caused significant restrictions on access to highways, seriously affecting the supply and marketing of products. The destruction of bridges has increased travel times between communities and municipalities, further complicating logistics. Rural infrastructure has suffered severe damage, with roads and bridges damaged, hindering the flow of production. Furthermore, interruptions in the supply of electricity, drinking water and internet continued for weeks, paralyzing a large part of the production chain in the state.

In response to the events, the State Foundation for Environmental Protection (Fepam) set up a crisis committee to manage and meet the urgent demands of the population of Rio Grande do Sul. In addition to providing technical guidance to the affected municipalities, the Foundation issued regulations (https://www.fepam.rs.gov.br/sema-e-fepamemitem-novasnormativas-para-empreendedores-e-prefeituras), seeking to adapt deadlines and procedures to the reality imposed by the crisis. The emergency measure took into account the Public Calamity Decree in Rio Grande do Sul (Decree No. 57,596/2024), with regulations dealing with actions related to the reestablishment of services and structures, such as waste transportation and the reconstruction of highways. Among the published regulations, it is necessary to mention Normative Instruction SEMA No. 03, of May 7, 2024, authorizing, on an exceptional and temporary basis, the use of groundwater collection wells and other alternative sources to deal with the state of public calamity.

Also, In response to the emergency, the state government initiated a Plan for the reconstruction of Rio Grande do Sul, with actions aimed at assisting the homeless population, clearing roads, reestablishing essential services and rebuilding roads, bridges and buildings, including an assessment of financial, technical and legal challenges.

UTC BRASIL ACTIONS:

Given this scenario, UTC Brasil implemented the control measures provided for in the “AWS UTC_ Risk Management” file, subsequently requesting insurance coverage for the correct disposal of waste and building repairs. Initially, the site monitored official communications issued by regulatory agencies, including local municipal governments, state governments, and civil defense, and identified risk scenarios for immediate action.

In the first days of the event, the organization received information containing publications of regulations issued by the Henrique Luis Roessler State Environmental Protection Foundation

- Fepam RS and the Rio Grande do Sul State Department of Environment and Infrastructure - SEMA RS regarding licensing processes, data reporting in monitoring systems, and exceptional authorization for the use of well water for human consumption. The site's Maintenance team made adjustments to the internal water supply infrastructure, enabling the preparation of meals and the reestablishment of drinking water in drinking fountains and toilets to meet the needs of employees.

Among the actions adopted by the site, the centralization of the use of toilets, with water piping from well No. 03 connected to the men's and women's toilets; installation of a hose to transport water from the Quality Control tank for food preparation in the Cafeteria; installation of a hose from well no. 03 to sanitize kitchen utensils; provision of water drums to supply water to factory workers (water supply via Quality Control); authorization for employees to remain in their places of origin during the first days of the event; authorization for remote work for employees in administrative areas; and review of bus routes to avoid points blocked by the flood. The measures were implemented at the beginning of May, with a partial shutdown of the industrial process for a period of 03 (three) days. During this period, the raw tobacco purchasing area had already received the volume necessary for industrial processing.

UTC continues to work with the Rio Pardo and Baixo Jacuí Basin Committees to monitor diagnostic studies on the climate event that occurred in the State, and the corrective actions in response to the emergency that are being adopted by public entities and regulatory agencies. In addition, UTC Brasil's participation in the Basin Committees aims to monitor proposals for preventive actions and measures to mitigate future incidents.
Another mechanism adopted by UTC is the permanent monitoring of publications in the media and contact with regulatory agencies, observing the publication of documents by the State Government such as the Rio Grande Plan focused on three axes of action: Emergency (short-term actions), Reconstruction (medium-term actions) and Rio Grande do Sul in the future (long-term actions), including the RS Desilting Plan. The documents and evidence were attached.
UTC demonstrates participation in events discussing climate change and prevention measures, according to the attached supporting documents.

4.3 *Evaluate stakeholders' consultation feedback regarding the site's water stewardship performance, including the effectiveness of the site's engagement process.*

4.3.1 *Consultation efforts with stakeholders on the site's water stewardship performance shall be identified.*

Yes

Comment

Document Implementation of Indicator 4.3.1.pdf attached.

UTC Brazil has established a Communication Plan for Sustainable Water Management for UTC Brazil 2024 (attached), containing Communication Actions and Strategies to demonstrate the company's commitment to sustainable practices and compliance with the requirements set forth by the AWS standard.

To inform identified stakeholders about UTC Brazil's sustainable water performance, the 2024 Harvest Water Performance Report is available, containing information about the Sustainable Water Management Plan (PGSA).

This document is published and sent to stakeholders via email, in accordance with the evidence listed in Figures 4.3.1 01, 4.3.1 02 and 4.3.1 03 of the document Implementation of Indicator 4.3.1.

This document also contains evidence of the dissemination of the 2024 Harvest Water Performance Report to the Company's internal audience.

The Report is available to all Stakeholders and external audiences on the Company's website, via the link:
https://www.utcleaf.com.br/relatorio-de-gestao-da-agua-utc-aws/
and on LinkedIn (Figure 4.3.1. 06 of the document Implementation of Indicator 4.3.1.pdf).

Evidence of stakeholder consultations and feedback can be verified in the attached Stakeholder Survey - Sustainable Water Management (AWS) UTC Brasil.xlsx.

It is possible to observe a lack of feedback from some of the Stakeholders mapped by UTC Brasil. Despite this fact, the Company considers all Stakeholders mapped in the annual communications sent on matters associated with water management.

Another important element is the annual review of the site's performance actions in relation to water management, through what is specified in the Sustainable Water Management Plan (PGSA), where the UTCB establishes that stakeholders must be consulted on water management performance, including confirmation of shared water challenges and important water-related areas in the river basin.

In the survey conducted by UTC, the following question and request was sent:
What is your perception of UTC's efforts for good water management: is the company's performance in preserving water resources noticeable? Describe your perception and send us suggestions.

Some feedback received from Stakeholders:

Philip Morris Brazil: UTC is positioning itself as an important player in good water management actions in the Rio Pardo basin with the implementation of the AWS standard in its operations in Santa Cruz do Sul. This is a notable achievement that requires efforts from the most strategic levels, as well as from the people who are part of the production process. As a suggestion, increase involvement with government agencies to execute projects that directly address the challenges identified in this survey and thus seek real and measurable results for our basin. Congratulations on your efforts!

Association of Tobacco Growers of Brazil (AFUBRA): Currently, Afubra, through Verde é Vida, its education program, is developing partnerships with schools in the three southern states of Brazil, identifying farmers interested in recovering and protecting springs. This requires 3 to 4 years of work, so the partnership with UTC is important for the development of each project to recover and protect springs carried out by the partner schools of Verde é Vida.

Santa Cruz do Sul Environmental Protection Foundation - FUPASC: We have seen that UTC's efforts to efficiently manage water have already yielded results, as demonstrated in the performance report, a reduction in water consumption/ton of processed tobacco. I see an

opportunity for the company in the coming years to implement a system for reusing water to improve its efficiency rates.

EMEF Dr. Guilherme A. O Hildebrand: We have noticed the company's growing concern for preserving water resources, cleaning ditches and preserving riparian forests.

Emater-RS: UTC is an important partner in the development of the Berço das Águas program and in sustainable land use. Through technical and financial support. This is of great importance for the municipality of Sinimbu and rural producers.

AGEPARDO - Associação Pró-Gestão das Águas da Bacia Hidrográfica do Rio Pardo: Yes, the engagement and participation of UTC professionals in the Basin Committee meetings, and the association with AGEPARDO, demonstrate the commitment of the UTC organization to water and water resource management. It is interesting to note that the partnership established is in its initial phase, which brings great possibilities for joint action between UTC and AGEPARDO.

Universidade de Santa Cruz do Sul: I suggest that more actions be carried out in partnership with Apesc, both with the University and with Hospital Cruz do Sul. Due to the social nature of both, it would bring more visibility to the actions.

Serviço de Convivência e Fortalecimento de Vínculos - Bairro Progresso: Yes, the company's efforts to improve and raise awareness among employees and the neighborhood's population about the importance of water preservation are visible.

4.4 *Evaluate and update the site's water stewardship plan, incorporating the information obtained from the evaluation process in the context of continual improvement.*

4.4.1 *The site's water stewardship plan shall be modified and adapted to incorporate any relevant information and lessons learned from the evaluations in this step and these changes shall be identified.*

Obs.

Comment

Attached file Implementation of Indicator 4.4.1.pdf.

The evaluation and review of the site's performance in relation to the objectives defined in the PGSA is carried out quarterly by a working group and the analyses are recorded in the PGSA Excel document.

For the process of evaluating and updating the water management plan (PGSA), the targets for performance indicators in water management are considered, observing the publication of new legislation associated with water, the impact of the actions taken, feedback from the consultation with stakeholders to incorporate information and lessons learned, including inputs from external audits and records of opportunities for improvement.

According to the stage of approaching and providing feedback to stakeholders and the impacts of the climate event that occurred in May 2024 in the State of Rio Grande do Sul, resulting in floods, inundations and blockages of access to the main highways in the Municipalities, the actions established in the PGSA were reassessed; Some projects registered in the plan had their deadlines changed due to this flooding event and these records are verified in the PGSA.

The Implementation Document of Indicator 4.4.1.pdf presents examples of changes that occurred due to the flooding event in the state of RS and the feedback from the PGSA based on surveys conducted with Stakeholders.

Regarding the survey on water-related challenges among integrated tobacco producers at UTC Brazil, available at Survey on water-related challenges - Tobacco producer_WIDE.xlsx, it is worth noting that the records indicated are considered in the review of the Sustainable Water Management Plan.

Based on the information presented during the AWS implementation process and the findings verified in an external audit, a review of the water management plan (PGSA) was established in 2024, providing for adjustments to information in predefined projects, including data updates, as well as the development of a new project related to the potability of natural water sources that supply the properties of producers integrated with UTC Brasil.

A new folder was also included in the PGSA, where the codes and ways of implementing AWS items were listed:
STRATEGIC OBJECTIVES OF WATER RESOURCES MANAGEMENT - UTC BRASIL;
BEST PRACTICES;
SHARED CHALLENGES;
OPPORTUNITIES FOR IMPROVEMENT;
RISKS.

The Sustainable Water Management Plan also provides for an annual review to reassess the indicators and targets established for each project, including associated challenges and risks, opportunities for improvement and best practices, audit results, results of outreach and engagement with stakeholders, and consultation efforts with regulatory bodies and public entities.

Given that some projects are not fully completed, a partial analysis of the results is included in the PGSA. The closing-of-cycle assessment is scheduled to take place in the first quarter of 2025.

OBSERVATION: The site has reviewed and updated the water stewardship plan (PGSA) as needed during its AWS journey. While explanations for some changes have been provided, direct evidence of periodic revisions—such as previous versions of the plan, revision dates, and reasons for revisions—is missing. Therefore, there is room for improvement in demonstrating a systematic and documented approach to plan updates.

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	Attached file Implementation of Indicator 5.5.1.pdf. UTC Brazil created the 'UTC Brazil 2024 Sustainable Water Management Communication Plan', attached. The website's internal governance regarding water is presented in the '2024 Harvest Water Performance Report' (attached). This report was published on the company's website (for external audiences) at the following link: https://www.utcleaf.com.br/relatorio-de-gestao-da-agua-utc-aws/ and on the UTC Brazil Intranet (for internal audiences). On page 6 of the report, we can see a table with Water Governance, which includes the positions of those responsible for complying with water-related laws and regulations.	
5.2	*Communicate the water stewardship plan with relevant stakeholders.*	
5.2.1	*The water stewardship plan, including how the water stewardship plan contributes to AWS Standard outcomes, shall be communicated to relevant stakeholders.*	in progress

Comment

Attached file Implementation of Indicator 5.2.1.pdf.

UTC Brazil created the 'Communication Plan for Sustainable Water Management of UTC Brazil 2024', attached.

To inform relevant stakeholders about the UTC Brazil Sustainable Water Management Plan (PGSA), emails are sent with the 'Water Performance Report for the 2024 Harvest', presented in Figures 5.2.1 01, 5.2.1 02 and 5.2.1 03 of the file Implementation of Indicator 5.2.1.pdf.

The report is available on the company's intranet for internal audiences (see Figure 5.2.1 06 of the file Implementation of Indicator 5.5.2.pdf), on the UTC Brazil website (at the link https://www.utcleaf.com.br/relatorio-de-gestao-da-agua-utc-aws/) and on LinkedIn for external audiences (see Figures 5.2.1 07 and 5.2.1 08 of the file Implementation of Indicator 5.2.1.pdf).

On page 6 of the 2024 Harvest Water Performance Report, there is a table informing the UTCB's objectives and goals, linking each objective to its respective AWS outcomes.

However, there were changes in the UTCB's PGSA, which was not included in the previously published Report. A general assessment of how the Water Stewardship Plan contributes to AWS Standard outcomes was not carried out.

After the PGSA assessment, scheduled for the first quarter of 2025, and a general assessment of how the UTCB PGSA contributes to the AWS Standard outcomes, the company reported that it will make a new disclosure.

Minor NC is attributed to the Indicator: There were changes in the UTCB's PGSA, which were not included in the previously published "Water Performance Report for the 2024 Harvest". A general assessment of how the Water Stewardship Plan contributes to AWS Standard outcomes was not carried out and published in the mentioned Report.

Finding No: TNR-014888

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.*

Obs.

Comment

Attached file Implementation of Indicator 5.3.1.pdf.

UTC Brazil's communications and disclosures follow the guidelines of the 'UTC Brazil 2024 Sustainable Water Management Communication Plan'.

An overview of the results of the site's sustainable water management is included in the '2024 Harvest Water Performance Report', published on the company's website and Intranet.

It presents quantitative data related to the site's performance in relation to the objectives of the Sustainable Water Management Plan (PGSA) and contextualizes the actions carried out during the period.

Link to access the Report published on the company's website:

https://www.utcleaf.com.br/relatorio-de-gestao-da-agua-utc-aws/

OBSERVATION is recorded:
As a result of AWS Audit, changes to UTCB's PGSA were verified. Critical Analysis for closing 2024 PGSA cycle is scheduled to be carried out in the first quarter of 2025. A summary of the site's water stewardship performance, including quantified performance against targets, shall be disclosed annually at a minimum.

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.*

Obs.

Comment

Attached file Implementation of Indicators 5.4.1 and 5.4.2.pdf.

UTC Brazil's actions and efforts to address shared challenges are recorded in the Sustainable Water Management Plan (PGSA), as a result of the process of approaching and discussing with stakeholders, checking public documents related to water resource management and also during the Stakeholder Survey stage - Sustainable Water Management (AWS) UTC Brazil.

In the CODES tab of PGSA_UTCB revision 01.xlsx, the following challenges are listed:

SHARED CHALLENGES AND IMPLEMENTATION FORM

DC.01 Degradation of riparian forest/permanent preservation area (APP): implementation via PGSA.
DC.02 Environmental Education: implementation via PGSA.
DC.03 Water quality: implementation via PGSA.
DC.04 Shortage of drinking water for human consumption - rural producers: implementation via PGSA.
DC.05 Shortage of water for use in crops/animal consumption: - rural producers: implementation via PGSA.
DC.06 Climate change (drought, flooding, hail) - rural producers: implementation via PGSA.

New challenges were identified based on the AWS Audit, Results of Surveys conducted with interested parties, and interviews with Stakeholders. Update in PGSA_UTCB was carried out.

There is a first version of the disclosure of the challenges shared through the 2024 Harvest Water Performance Report_UTC, available on the company's website, Intranet for internal users of the site and LinkedIn (access link: https://www.utcleaf.com.br/relatorio-de-gestao-da-agua-utc-aws/).

OBSERVATION will be recorded.
Based on the AWS Audit, new Shared Challenges were identified. These challenges were recorded in the Company's WSP and new goals were defined in the PGSA_UTCB. The site's shared water-related challenges and efforts made to address these challenges shall be disclosed.

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

Yes

Comment

Attached file Implementation of Indicators 5.4.1 and 5.4.2.pdf.

Evidence of rapprochement and active engagement with Stakeholders is observed through periodic meetings, employee awareness campaigns on the conscious use of natural resources, provision of informative folders, dissemination of the Water Performance Report on the website, Intranet and social networks and the results of the Stakeholder Survey, in addition to participation in meetings with River Basin Management Committees.
These actions demonstrate the commitment and effort undertaken by the site to identify, understand and define actions to jointly address challenges in water management.

Evidences were also attached.

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.*

Yes

Comment

Attached document Implementation of Indicators 5.5.1 and 5.5.2.pdf.

UTC Brazil discloses any water-related infractions or relevant corrections. To this end, a critical compliance analysis is carried out annually, and its communication is evidenced in the minutes of Management System meetings.

As provided for in 'DI 086 – Corporate Communication Policy' and in the 'Communication Plan for Sustainable Water Management at UTC', the report 'Transparency statement in compliance with water regulations' can be consulted by interested parties.

Any infractions or non-compliances related to the site's water regulations and the relevant corrective measures will be available for consultation to any interested party who requests the information, providing details so that they can be avoided in the future.

UTCB makes the water potability report available to its employees according to the document 'Disclosure of water potability results 2024', available to employees via the Water Potability Intranet link.

The necessary corrective measures are recorded, their causes analyzed and action plans created according to specifications:
▪ In the case of test results outside the parameters: evidenced in DI 011 - ETE Operation and Maintenance Procedure - Rev 08 - corrective action and critical analysis are carried out through a meeting with the Responsible Technologist.
▪ In cases of leaks that impact the Environment: DI 009 - Asset Safety - Rev 10.doc and/or DI 013 - PAE - Emergency Response Plan - Rev 09.
▪ Related to preventive and corrective maintenance: DI 044 - Maintenance Plan - Rev 05.
▪ For non-compliant situations, including legal requirements: follow the methodology of PO 003 - Corrective Action and Improvements - Rev 11.

Documents are attached.

The site was asked to provide information on identified violations of legal compliance related to water on December 30th, 2024. It was also asked whether there had been any external requests for information related to water or violations of laws or regulations by Stakeholders.

No violations of legal compliance related to water were identified by the site. Likewise, no external requests for information related to water or violations of laws and regulations were identified by UTCB until December 30th, 2024.
UTC Brazil adopts the UTC Annual Water Performance Report (published on the company's website, Intranet and Linkedin) as the format for disclosing information related to water, including compliance violations. This information is disclosed to external stakeholders without a specific request.

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

Yes

Comment

Attached document Implementation of Indicators 5.5.1 and 5.5.2.pdf.

UTC Brazil discloses any water-related infractions or relevant corrections. To this end, a critical compliance analysis is carried out annually, and its communication is evidenced in the minutes of Management System meetings.

As provided for in 'DI 086 – Corporate Communication Policy' and in the 'Communication Plan for Sustainable Water Management at UTC', the report 'Transparency statement in compliance with water regulations' can be consulted by interested parties.

Any infractions or non-compliances related to the site's water regulations and the relevant corrective measures will be available for consultation to any interested party who requests the information, providing details so that they can be avoided in the future.

UTCB makes the water potability report available to its employees according to the document 'Disclosure of water potability results 2024', available to employees via the Water Potability Intranet link.

The necessary corrective measures are recorded, their causes analyzed and action plans created according to specifications:
▪ In the case of test results outside the parameters: evidenced in DI 011 - ETE Operation and Maintenance Procedure - Rev 08 - corrective action and critical analysis are carried out through a meeting with the Responsible Technologist.
▪ In cases of leaks that impact the Environment: DI 009 - Asset Safety - Rev 10.doc and/or DI 013 - PAE - Emergency Response Plan - Rev 09.
▪ Related to preventive and corrective maintenance: DI 044 - Maintenance Plan - Rev 05.
▪ For non-compliant situations, including legal requirements: follow the methodology of PO 003 - Corrective Action and Improvements - Rev 11.

Documents are attached.

The site was asked to provide information on identified violations of legal compliance related to water on December 30th, 2024. It was also asked whether there had been any external requests for information related to water or violations of laws or regulations by Stakeholders.

No violations of legal compliance related to water were identified by the site. Likewise, no external requests for information related to water or violations of laws and regulations were identified by UTCB until December 30th, 2024.
UTC Brazil adopts the UTC Annual Water Performance Report (published on the company's website, Intranet and Linkedin) as the format for disclosing information related to water, including compliance violations. This information is disclosed to external stakeholders without a specific request.

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

Attached document Implementation of Indicators 5.5.3.pdf.

UTC Brazil reports to the relevant public bodies any relevant water-related infractions that may pose a significant risk to the ecosystem or human health.

In the event of water-related infractions, the guidelines of the 'UTC Brazil 2024 Communication Plan for Sustainable Water Management' must be followed.

	Photographic Evidence from Audit	
		Yes
Comment	It was informed by RAL, Claudia M. Jaime, that photos of visits and tours carried out on the site are no longer required, unless a problem needs to be highlighted.	

	Previous Findings	
	All non-conformities raised in the previous audit have been satisfactorily closed.	N/A
Comment	No previous findings since the audit was for initial certification.	