



Sustainable Water Stewardship Report

JTI Leaf Brazil
Plant: Tobacco Processing Plant

September 2026

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About This Report



01

About This Report

Water is an essential resource for JTI's operations, for the communities and for the ecosystems of the Pardo River catchment. Recognizing its strategic importance and the challenges related to its availability, quality and management, the company adopts a structured approach to the responsible use of water resources, in line with good practices and international standards, such as the AWS (*Alliance for Water Stewardship*).



This report presents the strategy, governance, water performance and a selection of initiatives developed by JTI Brazil's leaf tobacco operation, with a focus on the Tobacco Processing plant located in Santa Cruz do Sul (RS). The objectives of the Water Stewardship Plan, the performance indicators, the shared challenges of the catchment and the actions taken by the company internally and in collaboration with different stakeholders are also addressed.

By gathering information on the operation and on initiatives developed in the context of the river catchment, the report seeks to demonstrate how water management can generate shared value, strengthening water resilience and contributing to long-term environmental, social and economic benefits.

02

Commitment and Strategy

02

Commitment and Strategy

At JTI, a commitment to responsible water use is part of JTI's sustainability strategy and guides how the leaf tobacco operation identifies, manages and mitigates water-related risks.

This strategy seeks to strengthen the operation's water resilience and contribute to addressing the shared challenges of the Pardo River catchment through continuous improvement, collaboration with stakeholders, and the generation of shared value.

JTI WATER STEWARDSHIP STRATEGY

VISION

We believe in protecting the planet. Conserving nature, managing water responsibly and tackling climate change are key to a prosperous world, today and for the future.

MISSION

At JTI, we are committed to minimizing the social and environmental impact of our value chain, products and services. We are focused on protecting the environment; optimizing the use of water and resources; and respecting people, communities and biodiversity. We identify and assess risks and opportunities related to nature and climate, and we will act to protect water, minimize waste and wastewater, elevate biodiversity and promote sustainable agriculture.

OBJECTIVES

1. Ensure transparent and participatory water governance, with active engagement of internal and external stakeholders in the river catchment.
2. Improve the operational reliability of the wastewater treatment plant.
3. Use water resources sustainably, reducing consumption, promoting water reuse and recycling, and increasing water efficiency.
4. Protect and contribute to the recovery of important water-related areas (IWRA) by promoting biodiversity and climate resilience in the water catchment.
5. Promote environmental education through awareness-raising actions focused on water, sanitation and hygiene (WASH).
6. Positively influence indirect water use in JTI's supply chain by promoting regenerative agriculture practices among tobacco growers and monitoring their impacts.

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JTI AWS COMMITMENT

JTI declares its commitment to the responsible and sustainable management of water resources, recognizing water as an essential resource for life, the environment and economic development. In line with the principles of **AWS – Alliance for Water Stewardship**, we are committed to meeting applicable legal requirements and providing resources to:

PROMOTING GOOD WATER GOVERNANCE

Ensure transparency and engagement of stakeholders, including local communities, governments and non-governmental organizations, on issues related to the use and preservation of water in the Pardo River catchment.

USING WATER RESOURCES SUSTAINABLY

Implement practices to reduce consumption, promote water reuse and recycling, and observe JTI's water balance.

MAINTAINING WATER QUALITY

Monitor and minimize the impacts of our operations on water quality, ensuring that effluents meet or exceed local and international environmental standards.

PRESERVE IMPORTANT WATER-RELATED AREAS

Contribute to the protection and restoration of critical water-related ecosystems, such as springs, rivers, and wetlands, promoting biodiversity and climate resilience.

PROMOTING ACCESS TO CLEAN WATER AND SANITATION

Support initiatives that ensure access to clean water, sanitation and hygiene for local communities and our tobacco growers base, especially in vulnerable areas.

GOALS AND MONITORING

We have established clear and measurable goals to reduce our water impact, which will be reviewed and communicated periodically. In addition, we seek recognized certifications, such as the AWS standard, to validate our efforts and promote continuous improvement.

ENGAGEMENT AND EDUCATION

We are committed to educating our employees, stakeholders, and communities about the importance of sustainable water stewardship, fostering a culture of shared responsibility and protection of natural resources.

SUPPORTING WATER CATCHMENT SUSTAINABILITY

Implement water management in alignment with existing plans, programs and goals for the sustainability of the Pardo River catchment, contributing to collective actions and supporting initiatives aimed at the continuous improvement of the catchment's conditions.

Santa Cruz do Sul, August 13, 2026.

Signed by:
Roberto Macedo
Leaf Origin Lead Brazil



03

Governance

03

Governance

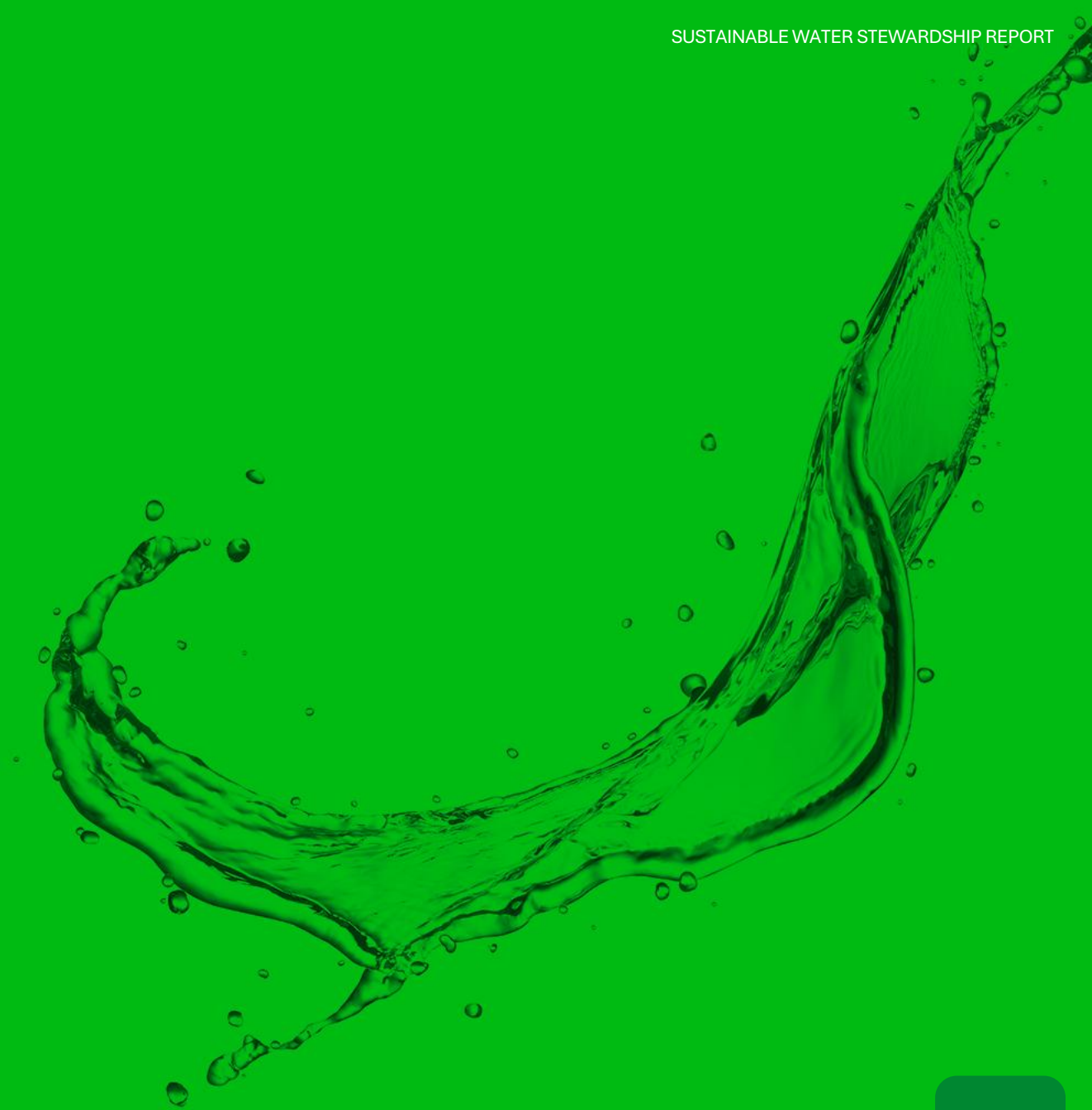
Water governance at JTI has a structure that integrates different areas and levels of the organization, ensuring that decisions related to water resources are conducted in a coordinated, transparent manner and aligned with business objectives.

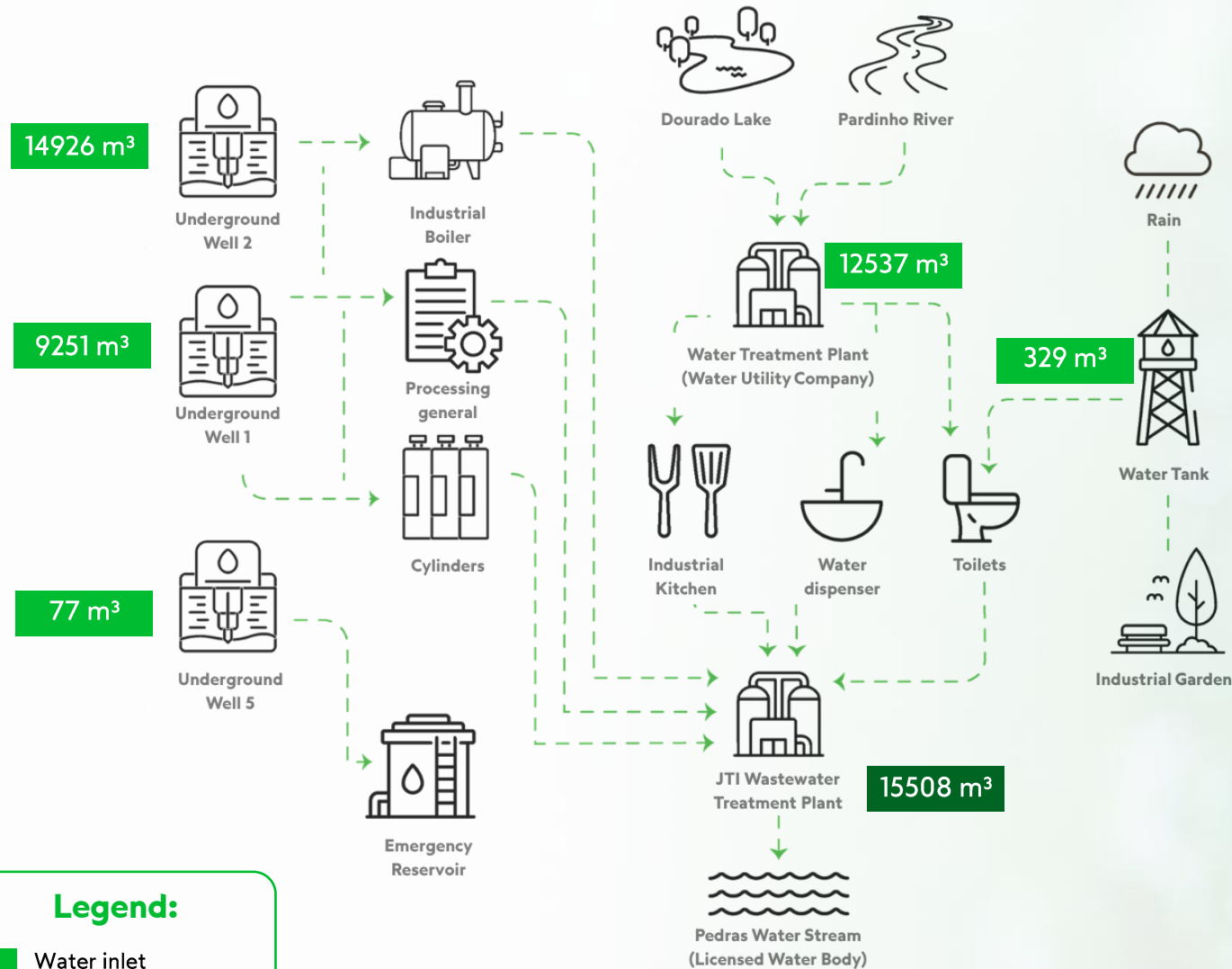
This model strengthens compliance, risk management, continuous improvement and stakeholder engagement, contributing to the water resilience of the operation and the Pardo River catchment.

	BOARD	EHS	ESG	BUILDING & UTILITIES	AGRONOMY
MEMBERS	- Leaf Origin Lead - Operations Director - Agronomy Director - Leaf Director - ESG & Operational Services Director - Corporate Affairs & Communications Manager - Finance Manager - People & Culture Manager - IWS Manager - Indirect Purchasing Manager - Corporate Security Manager - Legal Manager - IT Manager - ADET Manager	- Safety and Environment Manager - Safety and Environment Specialist	- ESG Manager - ESG Specialist	- Maintenance Manager - Maintenance Supervisor - Utilities Coordinator - Utilities Operators - Maintenance Technicians	- Technical Agronomy Manager - Technical Agronomy Specialist
RESPONSIBILITIES	- AWS Commitment - Water Stewardship Strategy	- AWS Certification - Environmental Management - Environmental Education - Compliance with water-related laws and regulations - Wastewater treatment - Stakeholder engagement	- AWS Certification - Sustainability in the fields and communities - Stakeholder engagement	- Operation and Control - Maintenance and Control	- Agronomy Extension - Technical Development - Technical Assistance

04

Water Balance





Legend:

- Water inlet
- Treated water outlet

* 2025 data.

04

Water Balance

Knowing how water is used throughout the operation is essential to identify efficiency opportunities, prioritize improvement actions, and strengthen the sustainable management of water resources.

The analysis of the distribution of consumption allows us to understand the main uses of water in JTI, supporting decision-making and directing efforts to reduce consumption and increase water efficiency.

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Our Performance 2025

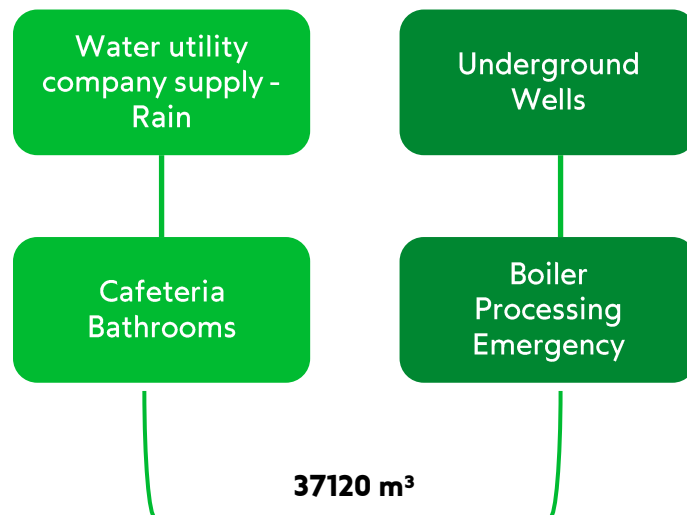
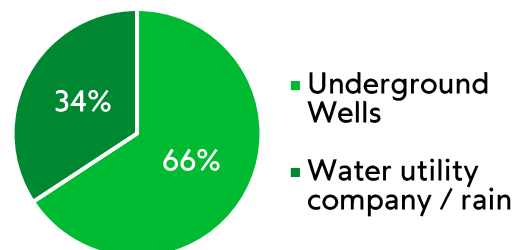
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Our Performance 2025

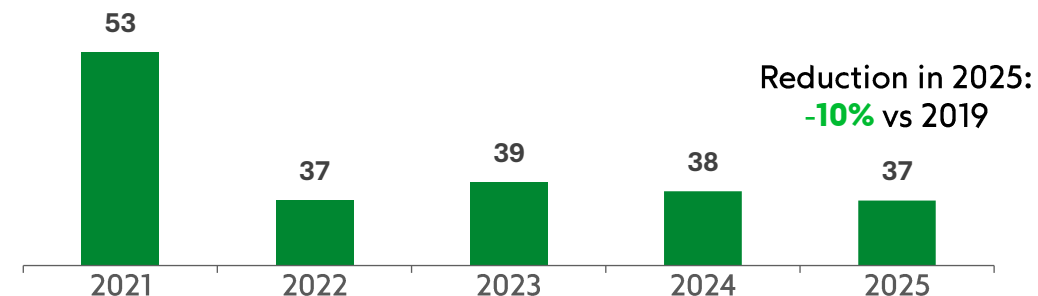
The operation's water performance is monitored by indicators of consumption, water intensity and sources of supply, allowing its evolution to be evaluated over time.

The analysis of these indicators supports continuous improvement, increased efficiency in the use of natural resources, and the reduction of risks related to water availability.

JTI Processing Plant Consumption Distribution

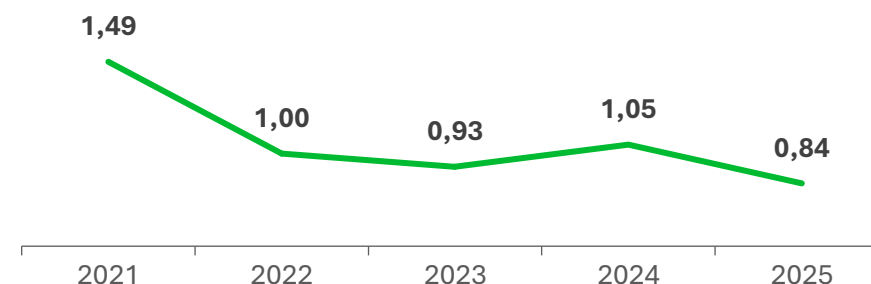


Total JTI Processing Plant consumption (thousand m³)



Baseline target 2019: -35% in 2030

JTI Processing Plant Intensity (m³/ton)



06

Water Stewardship Plan 2026

06

Water Stewardship Plan 2026

Structured based on the outcomes expected by the AWS (Alliance for Water Stewardship) certification, JTI's Water Stewardship Plan translates our commitments into objectives, goals, and actions aimed at promoting the sustainable management of water resources in the operation and in the Pardo River catchment. In this section, the objectives, goals, and benefits associated with its implementation are highlighted.

AWS OUTCOME	OBJECTIVE	TARGET	BENEFITS
Good Water Governance 	Ensure transparent and participatory water governance, with active engagement of internal and external stakeholders in the river catchment.	- Participate in 100% of the ordinary meetings of the Pardo River Catchment Committee in 2026. - Actively contribute to the governance of the water catchment, leading or proposing at least one strategic agenda in meetings of the Pardo River Catchment Committee or related forums. - Hold at least one annual meeting with water-related stakeholders to discuss shared challenges and opportunities for collaborative action in the catchment.	- Better ESG positioning. - Access to strategic information about the catchment. - Strengthening of institutional reputation. - Raising awareness about sustainable water use. - Improvement in the relationship with stakeholders. - Support for sustainability initiatives.
Good Water Quality 	Improve the operational reliability of the wastewater treatment plant.	Maintain the performance of effluent quality parameters (annual average values of BOD, COD and Thermotolerant Coliforms of the treated effluent).	- Continuous improvement of environmental performance. - Reduction of the potential impact on the receiving water body. - Greater robustness in the face of audits and inspections. - Demonstration of commitment to continuous improvement.
Sustainable Water Balance 	Use water resources sustainably, reducing consumption, promoting water reuse and recycling, and increasing water efficiency.	Reduce total water consumption by 35% by 2030 (vs. baseline year 2019).	- Greater efficiency in the use of water resources. - Reduced dependence on external sources. - Contribution to the sustainability of the river catchment.

AWS OUTCOME	OBJECTIVE	TARGET	BENEFITS
Sustainable Water Balance 	Positively influence indirect water use in JTI's supply chain by promoting regenerative agriculture practices among tobacco growers and monitoring their impacts.	- Develop the monitoring methodology in an improvement program. - Establish the baseline of water-related indicators in 100% of the properties participating in the program that have their soil monitored.	- Establishing the baseline to monitor the influence of regenerative agriculture on soil water infiltration, retention, and availability. - Identification of opportunities to improve the infiltration capacity and storage of water in the soil. - Monitoring the contribution of regenerative agriculture to sustainable water use in JTI's supply chain.
Important water-related areas 	Protect and contribute to the recovery of important water-related areas (IWRA) by promoting biodiversity and climate resilience in the water catchment.	- Installation of an ecobarrier in 2026. - Start of execution of the plan of the Muda Rio Pardo Program in 2026 (monitoring of water quality, actions for soil conservation and interventions in 12 stretches of the river).	- Protection of critical areas for water availability. - Improvement of the quality of the licensed water body (Pedras Water Stream). - Improvement of the quality of the Pardo River. - Recovery of ecosystems on the banks of the Pardo River.
Water, sanitation and hygiene (WASH) 	Promote environmental education through awareness-raising actions focused on water, sanitation and hygiene (WASH).	- Participate in two external activities related to Water Management in 2026, through the Escola Sustentável project. - Hold three workshops/lectures related to sustainable water management (internally and externally).	- Reduction of risks of environmental contamination. - Increased awareness. - Improvement of water quality in the catchment. - Improvement of corporate reputation.

07

JTI Initiatives

Actions driven by shared challenges in the catchment and AWS outcomes

The shared challenges represent water-related issues that simultaneously affect JTI, communities, ecosystems, and other users of the Pardo River catchment.

The initiatives presented below represent a selection of actions implemented or supported by JTI in the context of sustainable water management. Aligned with the objectives of the Water Stewardship Plan, these initiatives contribute to addressing the shared challenges identified in the Pardo River catchment and achieving the outcomes expected by AWS certification. In each action, AWS outcomes and the shared challenges to which it relates are highlighted.

CHALLENGES

Sanitation

Climate change

Water quality

Infrastructure and water resilience

Flooding

Water availability

Environmental degradation

Availability of up-to-date information

Resource constraints

Environmental education

AWS Outcomes



Good Water Governance



Sustainable Water Balance



Good Water Quality Status



Important water-related areas



Water, sanitation and hygiene (WASH)

1st Seminar on Sustainable Water Management



On May 20, 2026, JTI promoted the 1st Seminar on Sustainable Water Management – Pardo River Catchment, bringing together about 60 representatives of the public sector, academia, experts, companies in the region and JTI employees to discuss the main challenges related to water resources management and climate resilience. The meeting took place in JTI's Leaf Auditorium and focused on the collective construction of solutions for water security in the catchment.

Presentations:



Kellen Anschau

Corsan/Aegea (Water Utility Company)
**Water Supply System in Santa Cruz do Sul:
From Water Sources to Treatment and the Progress of
the New Water Treatment Plant (WTP)**



Ten Cel Joel Dittberner

6th Fire Brigade Battalion (6º BBM)
Response to Extreme Climate Events



Priscila Mariani

UNISC – Pardo River Catchment Committee
**Water Management in the Pardo River catchment:
Strategies for Resilience**



Prissila Bordignon

Municipal Department of Environment, Sanitation
and Sustainability (SEMASS)
Santa Cruz do Sul Water Management Plan



CHALLENGES ADDRESSED:

- ✓ Sanitation
- ✓ Climate change
- ✓ Water Quality
- ✓ Infrastructure and water resilience
- ✓ Flooding
- ✓ Water availability
- ✓ Environmental degradation
- ✓ Availability of up-to-date information
- ✓ Resource constraints
- ✓ Environmental Education



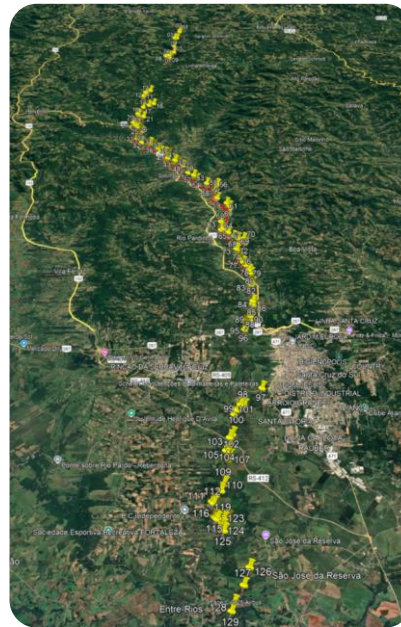
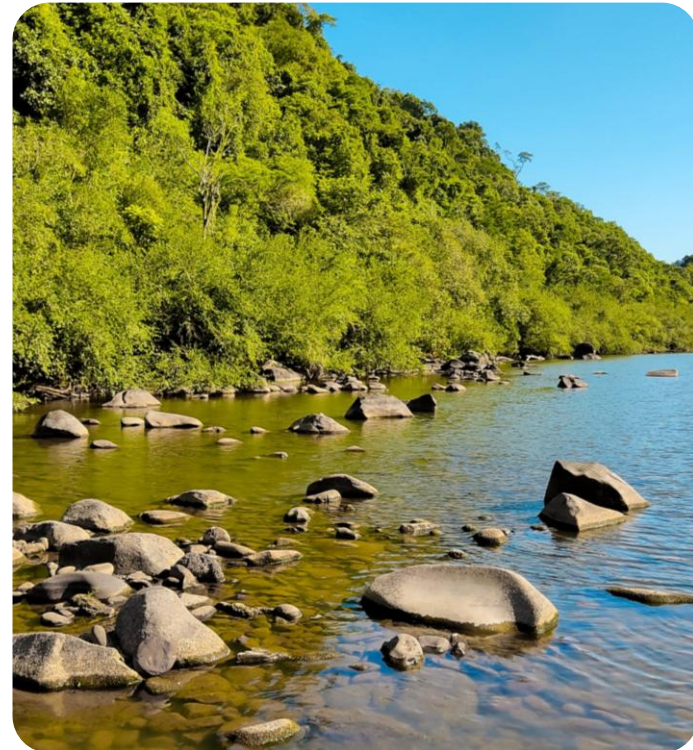
Muda Program – Rio Pardo

In partnership with the University of Santa Cruz do Sul (UNISC), the Muda Rio Pardo Project is sponsored by the JTI Foundation, a WASH initiative, and has three main objectives:


Improving water quality


Ecosystem restoration


Increasing community resilience



129 stretches were identified in the diagnosis, 12 of which JTI took responsibility of.

Diagnosis carried out by the technical team

Qualitative and quantitative analysis of the erosive processes found in the 226km of the banks of the Pardo River:



- 129 stretches identified on the banks of the river detailing the conditions, fragilities, existing vegetation and the different interventions recommended for each stretch
- Water quality monitoring plan and soil and water conservation initiatives for the Pardo River

Next steps

After the official launch held in August 2026, the Muda Rio Pardo program enters the implementation phase, with the following actions in the plan:

- Monitoring of water quality at 6 collection points distributed along the Pardo River.
- Installation of 3 monitoring stations.
- Implementation of 4 reference properties of good practices, aiming at the adequacy of water flow, focusing on the reduction of erosive processes, control of surface runoff and promotion of water recharge in the soil.
- Restoration of the banks of 12 sections, with a combination of simplified and robust techniques of natural engineering, reforestation and isolation with fences.

CHALLENGES ADDRESSED:

- ☒ Sanitation
- ☒ Climate change
- ☒ Water Quality
- ☒ Infrastructure and water resilience
- ☒ Flooding
- ☐ Water availability
- ☒ Environmental degradation
- ☒ Availability of up-to-date information
- ☒ Resource constraints
- ☒ Environmental Education

Escola Sustentável Project

The Escola Sustentável (Sustainable School) Project is an initiative of the Environmental Protection Foundation of Santa Cruz do Sul (FUPASC), together with associated companies, which aims to strengthen the culture of sustainability in schools.

JTI is one of the supporters of the project and actively works to encourage new generations through sustainable practices.

The proposal integrates sustainable physical structures and educational actions into the school routine, connects theory and practice through real and transformative experiences and encourages the protagonism of students, teachers and the school community.



Water meters



Rainwater Harvesting



Pedagogical garden



Planting in the Dourado Lake



Main actions:

- **Pedagogical gardens:** healthy eating and care for the land;
- **School composters:** correct disposal of organic waste;
- **Rainwater collection and reuse:** conscious water management;
- **Selective collection/recycling and sorting centers:** adequate waste management;
- **Educational lectures:** with themes focused on sustainability.

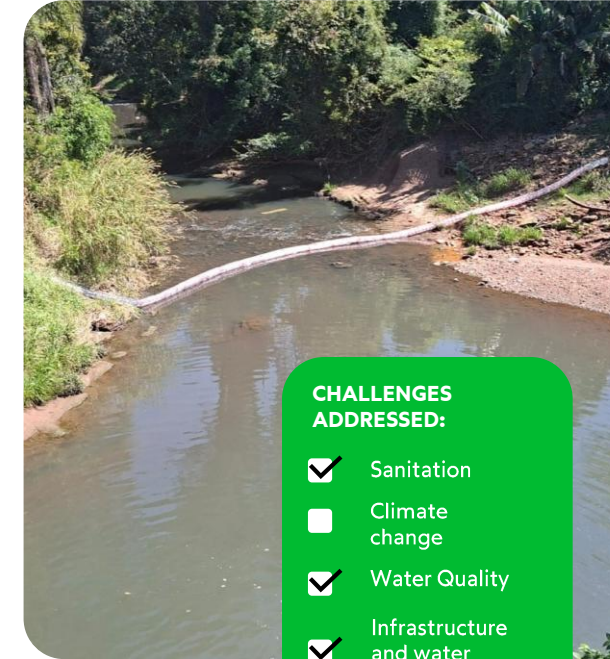
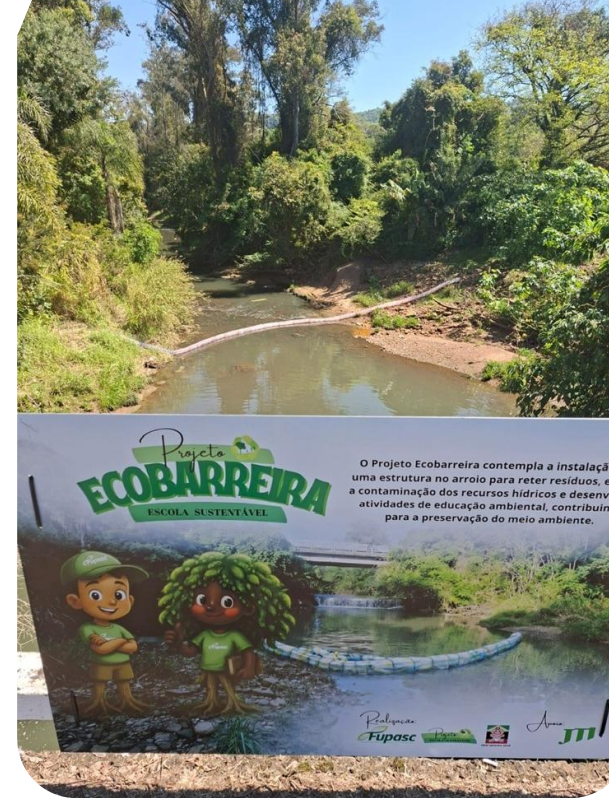
CHALLENGES ADDRESSED:

- ☒ Sanitation
- ☐ Climate change
- ☐ Water Quality
- ☐ Infrastructure and water resilience
- ☐ Flooding
- ☐ Water availability
- ☐ Environmental degradation
- ☐ Availability of up-to-date information
- ☐ Resource constraints
- ☒ Environmental Education

Ecobarrier

The Ecobarrier installed in Arroio das Pedras, a licensed water body that receives the effluent treated from JTI Processing plant, aims to assist in the retention and removal of solid waste that reaches the watercourse, contributing to the improvement of environmental quality and the protection of aquatic ecosystems. The initiative is part of the company's efforts in favor of sustainable water management and the conservation of water resources in the Pardo River catchment.

In addition to the collection and environmentally appropriate disposal of waste, Ecobarrier also has an important role in environmental awareness and education, encouraging reflection on the correct management of waste and the protection of water bodies.



CHALLENGES ADDRESSED:

- ☒ Sanitation
- ☐ Climate change
- ☒ Water Quality
- ☒ Infrastructure and water resilience
- ☐ Flooding
- ☐ Water availability
- ☒ Environmental degradation
- ☐ Availability of up-to-date information
- ☐ Resource constraints
- ☒ Environmental Education





Soil Improvement Program

Created in 2021, Aprimora Solo program aims to promote continuous improvements in soil conditions through short, medium, and long-term actions, focusing on the use, management, and conservation of soil and water. Healthier soils favor water infiltration, retention, and availability, contributing to the reduction of surface runoff and erosive processes. The initiative combines technical diagnosis, agronomic planning, and field monitoring, allowing for personalized interventions on each property.

Technical training

Direct involvement of Agronomy teams and rural producers, with specific training, field days and dissemination of good practices. The initiative also contributes to the technical development of field professionals, expanding the capacity for agronomic diagnosis and recommendation.

Monitored indicators

The program's methodology is based on Regenerative Agriculture, evaluating essential indicators of soil quality, such as:

- pH
- Cation Exchange Capacity (CEC)
- Penetration resistance (compaction indicator)
- Organic matter

Based on this analysis, specific recommendations are defined for each area, including agronomic practices such as soil correction, crop rotation, no-tillage, use of service/cover crops and correct decompaction.

Numbers (until 2025)

4,467 participating integrated producers

4,542 Assessed fields

20,347 Recommended agronomic actions

16,031 Implemented agronomic actions

CHALLENGES ADDRESSED:

- ☐ Sanitation
- ☒ Climate change
- ☐ Water Quality
- ☒ Infrastructure and water resilience
- ☐ Flooding
- ☒ Water availability
- ☒ Environmental degradation
- ☐ Availability of up-to-date information
- ☐ Resource constraints
- ☒ Environmental Education

Facility improvements



Control and monitoring

- Replacement of the bottom discharge control valves, allowing a 15% reduction in boiler water consumption.
- Installation of a flow meter in the condensate return network, enabling us to measure the amount of water reused from the process.
- Installation of pressure gauges to monitor the pressure of the condensate generated in each equipment, allowing the verification of leaks.
- Acquisition of trap leak detection equipment.

CHALLENGES ADDRESSED:

- ☐ Sanitation
- ☐ Climate change
- ☐ Water Quality
- ☐ Infrastructure and water resilience
- ☐ Flooding
- ☒ Water availability
- ☐ Environmental degradation
- ☐ Availability of up-to-date information
- ☐ Resource constraints
- ☐ Environmental Education

Common areas

- Installation of water tanks for the reuse of rainwater in gardening and bathrooms.
- Installation of motion sensors in kitchen faucets.
- Installation of motion sensors in urinals.
- Readjustment of the kitchen hydraulic network for cleaning the floor using water from the well, instead of the water utility.



08

Dialogue and Collaboration

Building water resilience together

Strengthening water resilience is a continuous and collective process, which depends on collaboration between companies, communities, public agencies, academia and other users of the water catchment. Through its strategy, governance, performance monitoring and implementation of initiatives in the operation and in the Rio Pardo catchment, JTI seeks to contribute to the construction of greater water resilience, generating shared benefits for the environment, society and the business.

JTI values open and transparent dialogue with its stakeholders and recognizes the importance of exchanging knowledge, perceptions and experiences for the continuous improvement of water management. Questions, suggestions, comments or partnership opportunities related to the topics presented in this report are welcome, contributing to the strengthening of actions aimed at the sustainable management of water resources and addressing the shared challenges of the Pardo River catchment.

Send your questions and suggestions to:
ESG.leaf@jti.com

Continuous stakeholder engagement is key to amplify the positive impact of the initiatives presented and support the construction of collective solutions to water-related challenges.

JTI remains available to dialogue, share experiences and develop collaborative actions that promote water security and sustainable development in the region.





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