



Our actions on sustainable tobacco sourcing

CONTENTS

A. Managing labor issues at country level	3
B. Responding to extreme breaches	3
1) Reporting improvements	4
2) Sustainable Tobacco Program	4
3) Capacity building programs for stakeholders	5

A. Managing labor issues at country level

Where we contract growers directly, agronomy technicians visit farms, work with growers on crop management and discuss good labor practices. Where they identify labor-related issues, they report their observations to the country management or directly to the growers depending on the nature of the issue.

The country management analyzes and prioritizes these observations at country-level SCDD Governance Committee meetings. This enables the selection of improvement measures, with input from suppliers, to help suppliers address root causes and respond to impacts appropriately. We track the effectiveness of the response using KPIs, internal evaluation, assessments, and on-site investigations. We also consult relevant stakeholders, such as government authorities, civil society, members of affected communities, workers' organizations and workers.

Our main objective at present is to align all our processes with the five-step framework. To ensure a streamlined and consistent approach, we continuously map synergies between our SCDD process and the ALP program with the [Sustainable Tobacco Program](#) (STP), an industry-wide platform enabling businesses to collaborate on human rights, environmental issues, and other sustainability challenges, and to encourage sustainable agriculture through a continuous improvement process.

B. Responding to extreme breaches

We face a number of complex challenges.

Extreme breaches of standards – including the worst violations of workers' rights, such as slavery, forced labor, human trafficking, violence, or severe physical, mental or sexual abuse – can be difficult for an agronomy technician to identify and work with suppliers to address – especially if the issue is associated with criminal activity. Responding to an extreme breach therefore requires caution and, in many cases, support from the police and/or other authorities or non-governmental organizations.

We expect every supplier to have a management process which sets out how they will respond to an extreme breach. These must incorporate three elements: protection for the victim and rapporteur (the person who reports potential breaches); a clear escalation route, timeline, and remediation plan; and access to specialist support for those involved.

Read more on our Agricultural Labor Practices program in our [booklet](#).

We made significant progress over the last few years. Here are a few examples of how we did it:

1) Reporting improvements

JTI's ALP and SCDD reports continue through Worldfavor, the sustainability management and reporting platform used also by the Sustainable Tobacco Program. This enables us to process data faster and with greater accuracy. We have also introduced annual, crop-season-based ALP/SCDD reporting instead of biannual reporting. This allows us to review reports over the crop season, focus time and resources to reviewing the reports, and seek more substantial feedback and dialogue for improvement.

We continued our dialogue with leaf merchants on strategic ESG priorities, both from the rightsholders and business perspective. An example of that engagement is a set of annual meetings, that have taken place since 2015, with ten key leaf merchants.

2) Sustainable Tobacco Program

The [Sustainable Tobacco Program](#) is a risk-based, impact-driven and collaborative program that focuses on mapping and addressing high-risk areas and priorities in the tobacco sector. The objectives are to enable continuous improvement in relation to supply chain due diligence, to improve the sector's environmental and social footprints, to contribute towards meeting the United Nations' Sustainable Development Goals, and to enable communication of responsible practices across the supply chain.

We have been members of the STP Steering Committee since 2019. Today, this committee includes eight global tobacco manufacturers.

Since joining the STP, we have been working with other manufacturers, leaf merchants, external experts, and various organizations and service providers to further develop the program. Participants work together on eight themes selected following a risk matrix: Water, Human and Labor Rights, Livelihoods, Climate Change, Soil Health, Crop, Natural Habitats and Governance.

- **STP assessments**

All our leaf merchants and vertically integrated origins are expected to submit STP self-assessments covering the 8 themes for each crop season.

Where risks are identified, independent service providers (assessors/auditors) are selected for each country through a separate bidding process to conduct in-country assessments (IDAs). The assessments are carried out following a standard and a methodology of a recognized industry platform of STP.

For all the completed assessments, leaf merchants shared priority-focused, corrective and time-bound action plans. The action plans based on the assessments are a requirement of the STP process., that aims for a 100% of leaf merchants (with substantial actual/potential negative impacts) to prepare a corrective action/improvement plan, that is monitored through the STP.

So far, no leaf merchants were terminated.

The company One Peterson supports the program in the role of the STP Secretariat. Among other tasks, they are performing continuous risk assessment data substantiation. This enables smart use of data and supports the dialogue to improve JTI's supply chain due diligence process and global view of industry collaboration.

3) Capacity building programs for stakeholders

Capacity building is also a key element of supplier engagement.

We offer workshops that are part of JTI SCDD webinar series, encouraging reflections on SCDD management systems and how to improve the lives of rightsholders.

These webinars complement yearly global SCDD performance and capacity building meetings with key suppliers.

In addition, several capacity building sessions for suppliers were executed to date via the Sustainable Tobacco Program. These included sessions with the Eliminating Child Labour in Tobacco Growing Foundation, as well as best practice sharing sessions about Industry collaborative initiatives in Turkey (around child labor elimination, green tobacco sickness research in oriental tobacco growing, collaboration on CPA PPE management etc.).

Our capacity building programs extend to agronomy technicians and other key team members. We do this by:

- providing annual training on Agricultural Labor Practices (ALP)
- offering webinars on topics like impact measurement
- making e-learning modules like business and human rights available to JTI employees.
- tailoring trainings to JTI employees working in Leaf growing entities. Living Income training is one of them.