



Salient human rights issues

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Salient human rights issues

To strengthen the focus of our policies and programs on human rights areas that matter most, it's crucial to have an understanding of our respective salient human rights issues.

According to the UN Guiding Principles Reporting Framework, "a company's salient human rights issues are those human rights that stand out because they are at risk of the most severe negative impact through the company's activities or business relationships."

The concept of salience focuses on the risk to people, not to business, and impacts are prioritized according to their severity and likelihood.

We have identified nine salient issues in 2016 and have reviewed them in 2021 and 2023. As external and internal environments have evolved, last year we have updated our salient issues, which are now ten representing the most relevant risks associated with our own operations, value chain and new business relationships.

A. Identification of salient issues

The salience assessment focused on severity and likelihood of impacts, in line with the UN Guiding Principles on Business and Human Rights. Firstly, we identified the full range of human rights that could potentially be negatively affected by our activities or through our business relationships. We then prioritized potential negative impacts using a severity and likelihood framework.

B. Severity assessment

The severity of human rights impacts was assessed by the scale, scope, and remediability of the impacts – which means how serious the impact would be, how widespread the impact would be, and how hard it would be to put right the resulting harm. Using this framework, we identified the severity of each issue using a scoring system for risk mapping.

C. Likelihood assessment

In assessing the likelihood of human rights issues in our value chain, the following steps were taken. We analyzed the operations of our entire value chain (in over 130 countries) across five categories: Leaf sourcing, Processing, Manufacturing, Office, and Sales and Marketing. We determined a magnitude of risk for each operational category in each country. We then quantified each risk using environmental and social country indices published by a leading global risk analytics company and using country indices published by international organizations. In a consolidated risk map, ten issues were finally identified as salient.

Knowing what our salient issues are, has been vital to prioritizing our work. However, this list is not exhaustive. We know that there are other important and novel human rights issues in our value chain and as a company we are committed to identifying and responding to human rights challenges of all kinds. So, while we currently prioritize the identified salient risks through focused efforts and collaborative engagements, the full scope of human rights risk is continuously managed through our human rights due diligence cycle and program.

D. Child labor

Our stance is clear: child labor is an unacceptable practice that has no place in our supply chain. Child labor is however a complex problem that requires a comprehensive and collaborative approach to solving it. We recognize that eradicating child labor requires collaboration with our tobacco growers, their communities, governments and other partners to provide long-term solutions.

JTI is committed to respecting and supporting child rights in accordance with the Convention on the Rights of the Child, UN Guiding Principles on Business and Human Rights, OECD Guidelines for Multinational Enterprises, and the relevant ILO Conventions such as Convention 138 on Minimum Age for Admission to Employment and Convention 182 on The Elimination of the Worst Forms of Child Labor. These internationally agreed definitions form the base of our holistic child labor elimination framework. Child Labor Elimination Framework -

Through education and empowerment, the ARISE program aims to end child labor in tobacco growing communities and to create a better future for children and generations to come. Our child labor elimination framework consists of a mission, commitment, and strategic levers to deliver on our vision. The ARISE program plays a key role within this framework to prevent and remediate child labor risks identified in our supply chain. See more ARISE webpage.

E. Nature and climate change

We are committed to identifying, understanding, and reducing the environmental impact of our business activities, focusing on the most significant environmental risks and opportunities for our business and stakeholders, including the communities in which we operate. These include risks and opportunities relating to climate change, water, biodiversity, the sustainable use of resources, and waste management.

F. Living income and wage

Every worker has the right to fair compensation and adequate income to maintain a decent standard of living. We employ a range of measures to ensure that remuneration complies with local legislation and international conventions. In our Leaf supply chain, the ambition is for all our growers to earn a living income. We are committed to growing and supplying a sustainable, traceable, and customized tobacco crop that allows our growers to become more profitable.

G. Modern slavery

We do not tolerate modern slavery and continue to apply a consistent, sustainable, and continual improvement to guard against modern slavery in our operations and value chain. We are tackling it through a range of initiatives, including using leverage to promote fair and equitable recruitment practices. We have adopted an Extreme Breach Procedure to address extreme breaches, which include the worst violations on workers' rights, such as slavery, forced labor, human trafficking, violence, or severe physical, mental, or sexual abuse, should they ever occur in our direct operations or in our value chain.

H. Diversity, equity and inclusion

We promote an inclusive culture where everyone can be themselves at work without risk of discrimination or harassment due to their race, religion, ethnic background, origin, gender, age, disability, sexual orientation, marital status, or any other personal characteristic. Our programs are central to how we deploy Diversity, Equity, and Inclusion across all our global locations.

I. Workplace health and safety

Our mission is putting people at the center to create a better, safer, healthier future. We focus on creating safe workplaces, building safety competence, and developing our safety culture. We align our health and safety standards with international requirements and always meet – and usually exceed – legal requirements. Their scope extends beyond our employees to cover contractors and visitors to our operations. Our publicly available Health & Safety Policy establishes our overall intentions and direction for maintaining health, safety, and well-being in the work environment. It provides a framework for action and for setting our Health and Safety objectives and targets. See the guiding principles that drive our Health & Safety Policy.

J. Health risk

In line with an increasing number of scientists and public health experts, we believe that alternative products to combustible cigarettes delivering nicotine without burning tobacco have the potential to reduce the health risks associated with smoking. We are committed to bringing to market such potential Reduced-Risk Products, including heated tobacco, e-vapor and oral products that meet adult consumer expectations. We provide evidence-based scientific information acquired through scientific assessment about these products to ensure adult consumers have the freedom to make informed choices regarding the use of our tobacco or nicotine-containing products. We are clear that minors should not use combustible tobacco or other tobacco products, vaping products, or any other alternative nicotine-containing products. Tobacco and nicotine containing products are addictive and not risk free. We play our part in ensuring adult consumers of our tobacco and other nicotine-containing products are aware of the

associated health risks, and that is why we consistently adhere to our Company's Core Principles wherever we do business.

K. Gender impacts

We recognize that the human rights of women and young girls may be disproportionately affected due to systemic, legal, and structural issues of gender discrimination and norms. With women representing a large portion of our workforce, particularly in Leaf operations, we are committed to identifying and addressing gender impacts, engaging with women to reduce systemic barriers and ensure a work environment free from harassment. We apply this in our operations and work with suppliers in our value chain.

L. Working hours

Long and excessive working hours can have severe consequences on occupational health and safety and impact the enjoyment of other human rights. We, therefore, expect our own operations and suppliers to ensure that working hours and remuneration comply with local legislation and relevant international standards, including ILO Conventions 1, 14, 95, and 132. Where local industry standards or international conventions are higher than applicable legal requirements, we expect our operations and suppliers to meet the standards most favorable to workers. We maintain robust programs at the agricultural and supply chain levels to promote respect for working hours.

M. Conflict minerals

As we develop and introduce new and innovative Reduced Risk Products, we recognize the risks inherent to minerals supply chains. The extraction, trade, and processing of minerals such as tin, tantalum, tungsten, and gold, collectively referred to as 3TG, and cobalt, may occur in areas of political instability and armed conflict, may directly or indirectly finance armed groups, and may be associated with severe human rights violations. We seek to better understand the risks associated with sourcing of these minerals and are committed to conducting due diligence to identify and address actual and potential risks in our value chain.