

Agricultural Labor Practices *2017*





Contents

| | |
|--|----|
| Introduction | 2 |
| About ALP | 3 |
| ALP with Tobacco Growers | 5 |
| It all begins with the grower | 7 |
| Localization | 7 |
| Communication and training | 8 |
| Observation visits | 8 |
| Improvement measures | 9 |
| Contracts with tobacco growers | 9 |
| ALP with Leaf Merchants | 11 |
| Global and Regional Workshops | 11 |
| Communication and Training | 12 |
| Reporting | 12 |
| Contract with Leaf merchants | 13 |
| Continuous Improvement | 13 |
| Annual report | 14 |
| Child labor | 17 |
| Minimum age | 17 |
| Hazardous work | 18 |
| Learning programs | 18 |
| Rights of workers | 21 |
| Respectful treatment | 21 |
| Forced labor | 21 |
| Fair remuneration | 21 |
| Working hours | 21 |
| Freedom of association | 21 |
| Workplace health & safety | 22 |
| Farm safety | 22 |
| Prevention of Green Tobacco Sickness | 22 |
| Crop Protection Agent management | 22 |
| Machinery and hand tools | 22 |
| Accommodation and wellbeing | 23 |
| First aid | 23 |
| Transport | 23 |
| Annex 1 – JTI's list of hazardous work | 24 |

Introduction to ALP

At JTI, our approach to sustainability is what drives our approach to doing business. When it comes to tobacco farming, sustainability means much more than securing fair returns to growers. It means taking effective action on issues including child labor, deforestation, or the reduction of environmental impacts of tobacco farming across the entire leaf supply chain.

In order to be successful in these areas, we seek to build stable, long-term and mutually beneficial relationships with our leaf merchants, growers and their communities – and create shared value. This is where JTI's Agricultural Labor Practices (ALP) come in and play an important part. Deeply rooted in JTI's unique culture of Kaizen and continuous improvement, the ALP program focuses on ensuring we source our tobacco leaf in a sustainable way from all of our suppliers. By closely observing the situation on the ground, recording our findings and understanding the issues affecting our growers, we are in position to make improvements that are genuinely supporting our growers. We partner with our leaf merchants too, to apply the same philosophy across our value chain.

While considerable time and efforts may be required to embed ALP in our business processes, our goal is to lead this change and continuously make positive and measurable impact on agricultural labor practices.

Bilgehan Anlas
Senior Vice President
Global Supply Chain & Global Leaf



“Our goal is to make positive and measurable impact on agricultural labor practices.”

About ALP

JTI's Agricultural Labor Practices (ALP) are standards supporting JTI's commitment to sustainable tobacco farming, through a cycle of continuous improvement. JTI requires its contracted tobacco growers and leaf merchants to comply with internationally recognized labor standards regarding child labor, rights of workers, and workplace health and safety.



Our ALP is based on ILO Conventions 138 and 182 and good agricultural practices on child labor, respectful working conditions and health and safety management. ALP provides minimum standards, which are not meant to supersede any stricter requirements set by local legislation. Therefore, if the ALP differs from local legislation, the highest-level requirement applies.

ALP helps JTI tobacco growers improve social and labor conditions on their farms, thus ensuring a long-term future for our growers. We want our tobacco growers, their families and their communities to benefit both economically and socially from selling tobacco in a responsible way. We also want to inspire and enable positive environmental impacts. Our farming experts visit every single farm we directly source our tobacco from a few times a year, in order to provide technical advice on crop management and discuss good labor practices.

In 2015, we also initiated ALP implementation with our leaf merchants (companies supplying tobacco leaf to us) in order to support them in sourcing tobacco from growers who abide with ALP. We work with our leaf merchants to further improve the already existing programs addressing labor practices or to support them introduce ALP in their tobacco supply chain.

ALP is a continuous process. We work closely with our tobacco growers and leaf merchants in order to observe their farming practices and sourcing methods, encourage them to meet our standards, and help them identify opportunities for improvements in order for them to be able to meet our ALP in a spirit of mutual collaboration. Therefore, we only want to work with growers and leaf merchants who are committed to continuously improving and promoting sustainable agricultural labor practices. We believe that this collaborative approach will provide best results for our value chain.

ALP is underpinned by our JT Group Human Rights Policy¹ in which we state our commitment to **“the United Nations Guiding Principles on Business and Human Rights”** that we integrate in our business processes in order **“to seek to prevent or mitigate adverse human rights impacts, and deliver appropriate and effective remedy.”** We are continuously increasing awareness and are able to share best practices to contribute to the prohibition and elimination of child labor, forced labor and unsafe working environments. We do that through our membership to the UN Child Labour Platform, our involvement in the Alliance 8.7. Initiative, through work with partners and governments on our Child Labor Elimination Program (ARISE) and our Grower Support Programs (GSP) implemented throughout the local farming communities.

We are open to constructive feedback on our ALP activities on the ground all the way to our standards. We have already received and implemented recommendations and suggestions from a wide range of stakeholders including growers, grower’s associations, the International Labor Organization (ILO), NGOs, local governments, suppliers and our employees from the field and other businesses⁵.

1 http://www.jti.com/files/7214/7255/3047/JT_Group_Human_Rights_Policy.pdf

2 <http://www.ilo.org/ipecc/Action/CSR/clp/lang--en/index.htm>

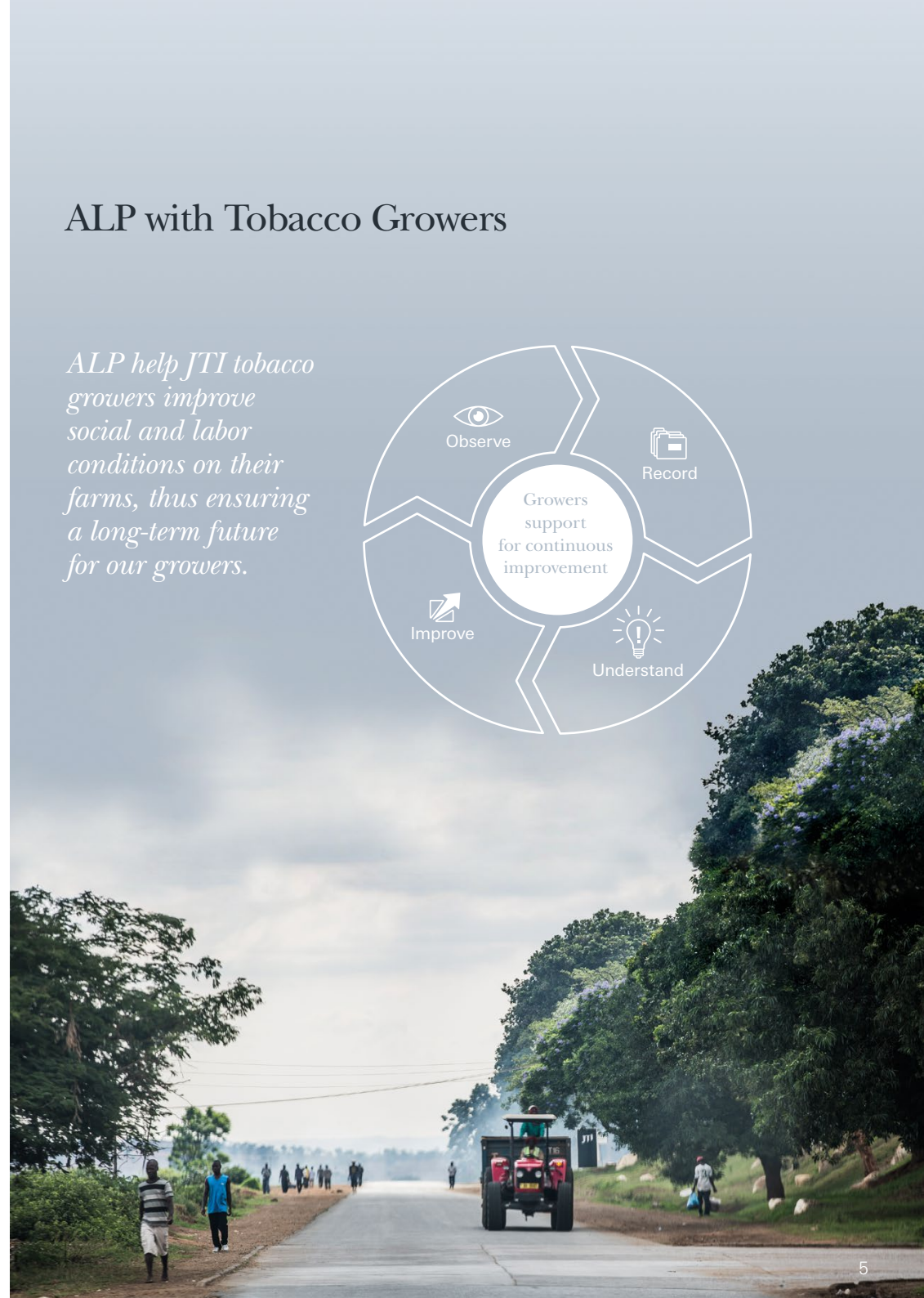
3 <http://www.alliance87.org> and Sustainable development goal 8.7., see more at <https://sustainabledevelopment.un.org/sdg8>

4 <http://ariseprogram.org/>

5 This version of ALP supersedes all previous versions: Agricultural Labor Practices 2013 and 2014 edition.

ALP with Tobacco Growers

ALP help JTI tobacco growers improve social and labor conditions on their farms, thus ensuring a long-term future for our growers.





It all begins with the grower

Localization

Communication and training

Observation visits

Improvement measures

Contracts with tobacco growers

ALP with Tobacco Growers

It all begins with the grower

Localization

We work with growers to implement the standards and continuously support them via ongoing observation, constructive dialogue and improvement measures. We repeat that every growing season – all the way from the seed to the sales of tobacco.

Localizing the ALP is an important part of making our standards work effectively in all of the countries where we operate. Growers are expected to understand that the people who work for them should do so under fair and safe conditions, and that they are able to exercise their rights in accordance with local legislation and the requirements defined in the ALP. It goes beyond translation of standards into local language **and includes adding specific local legal requirements into customized ALP.**

Communication and training

With our support, growers are expected to understand the ALP standards, to implement them, and to work with us to make improvements where needed. We communicate the standards and best practices to all relevant parties so that our expectations are clear. This communication includes dialogue, training and support. Growers are encouraged to contact us to seek further clarifications. We work with them to overcome any obstacles or challenges they face so they can meet our standards.

Observation visits

Our farming experts regularly observe ALPs implementation during technical support visits to directly contracted growers, which they do several times a year following a clear visitation plan. The main purpose of these visits is to provide advice on sustainable crop management and productivity as well as to discuss good labor practices. The visits enable us to live up to our standards, to understand where further support might be needed, to promote ongoing improvements, and to decide which measures could help them meet our expectations.

The findings are discussed with the growers, and improvement measures are explained and developed. The observations are recorded in an electronic database so that we can prepare tailored, systematic improvement measures and conduct informed visits in the future.

Improvement measures

While visiting farms during technical support visits, JTI's farming experts may observe a case for improvement. When this happens, they will provide the grower with advice. Their observation is also registered at the head office of the specific country where the opportunity for improvement was noted, and the data is then systematically analyzed to identify, prioritize and implement actions and/or tailored investments. This enables us to focus our efforts and address the underlying causes of the problem in specific areas or regions rather than only addressing the symptoms on one farm.

The measures could be immediate actions that address an urgent issue, or longer-term programs, including but not limited to targeted GSP.

These GSP are business-driven social investments, directly linked to our value chain. Through the GSP we believe that we can positively contribute to social conditions of those living in our grower communities, and improve their quality of life by overcoming issues such as access to safe drinking water, education, healthcare, and by promoting higher labor standards.

Contracts with tobacco growers

ALP is an integral part of our direct contract with growers. If a grower does not show any signs of commitment to meeting the ALP standards, or continually disregards agreed improvement measures, we may decide not to renew their contract. Before that decision is taken however, we will review all facts on a case-by-case basis.



ALP to our third-party suppliers

Global and regional workshops

Communication and training

Reporting

Contract with leaf merchants

Continuous improvement

ALP with Leaf Merchants

ALP to our third-party suppliers

Global and regional workshops

In 2015 we began to expand ALP to our leaf merchants, from whom we buy around 50% of our tobacco leaf supply. We started by adapting our ALP approach, materials and contracts in consultation with our suppliers. During 2016, we started the launch of our ALP approach for third parties.

We ask the leaf merchants we purchase tobacco from to implement our ALP (or a similar program in line with our ALP) and report results to us (please see separate section ALP with Leaf Merchants).

The objectives and rationale of the ALP approach remain the same for our leaf merchants as with our directly contracted growers.

We implement ALP through dialogue with our suppliers via what we call Global workshops. During these workshops, ALP implementation and objectives are agreed and consequently, ALP is embedded in the contracts with suppliers. Following Global workshops, we run country workshops.

These workshops have been enabling us to agree on practical relevant actions towards implementation or alignment with our ALP program. Workshops enabled us to understand the local context and ascertain how we build on what is already working in relation to observing and improving labor practices on farms. Work with country teams is ongoing and will be continuous over a few years.

Communication and training

Interviews were held in the field with growers and workers to ascertain the level of understanding of ALP on farms and their motivation in introducing the program.

We provided training and communications materials to suppliers on the standards that we employ in our own ALP program. As an example, we also provided specialist in-depth training on Child Labor in partnership with the ILO, to both our own staff and to selected suppliers thereby also encouraging learning across industry.

Reporting

Finally, we have also initiated a formal reporting process, and first reports were submitted in 2016.

Once we review the reports, we provide our feedback to suppliers, suggest improvements and continue the dialogue. In other words we will repeat this process every growing season, measure the progress and report on it.

Contract with leaf merchants

In this process, an ALP clause is included in the Tobacco Supply Agreements with Leaf Merchants.

Continuous improvement

There is still a long way to go and many more leaf merchants and countries to engage with. We found that our suppliers are at different levels of understanding and application of ALP and we believe this requires a thoughtful and tailored response for each supplier. It is important to mention here that in this process we learn from each other.

Our approach will need to be further adapted for situations where leaf merchants do not source directly from farms, e.g. through auction floors. This is a particular challenge as often the provenance of supply is unknown and ability to influence is remote.

Annual report

We are committed to share publicly the progress that our growers and leaf merchants make. Each year we publish an annual progress report as part of the JT Group Sustainability Report, and provide information about our challenges, achievements and future plans.





Child labor is not acceptable

Minimum age

Hazardous work

Learning programs

Child labor

Child labor is not acceptable

Minimum age

The term “child labor” is defined as work that deprives children of their childhood, potential, and dignity, and which is harmful to their physical and mental development.

We base our child labor policy on the internationally agreed definitions provided in the International Labour Organization (ILO) in Conventions 138 (minimum age for employment), and 182 (eliminating the worst forms of child labor).

Not all work performed by children should be classified as child labor and targeted for elimination. Work that does not:

- affect their health and/or personal development; or
- interfere with their education

can generally be regarded as positive.

However, we encourage activities such as helping parents around the home and farm, assisting a family business or earning pocket money outside school hours and during school holidays.

These kinds of activities contribute to children’s development and to the welfare of their families – they provide them with skills and experience, and help prepare them to become productive and responsible members of society. In this respect, household chores and tasks are acceptable as long as they are performed at home and not as an economic activity.

We expect that growers will not to allow children under the age of 15 to work on the farm.

Where local legislation stipulates higher minimum working age, the law prevails. In some developing countries, our minimum acceptable age is 14 years, provided the conditions of ILO Convention 138 have been fulfilled¹. Children from the age of 13² may do light work in accordance with local legislation, if it does not involve growing tobacco.

Hazardous work

Children under 18 should not perform hazardous work.

Hazardous work means:

- handling green tobacco leaves (which includes harvesting, topping and suckering of tobacco),
- work with chemicals or any other activities, which are prohibited under applicable local law.

Outside of handling green tobacco leaves and work with chemicals, children between 16 and 18 may engage in certain types of hazardous work only under strict conditions detailed in Annex 1 (on page 24) JTI's list of hazardous work³, and only if permitted by local legislation, their health, safety and morals are fully protected, they have received adequate training on performing such tasks⁴.

Learning programs

Children involved in vocational learning programs, such as informal or school programs, can be assigned work tasks as long as the tasks relate directly to the learning experiences of the program and comply with local legislation

- 1 Article 2.4 of C138 provides that a country "whose economy and educational facilities are insufficiently developed may, after consultation with the organizations of employers and workers concerned, where such exist, initially specify a minimum age of 14 years".
- 2 Article 7.1 of C138 provides that "National laws or regulations may permit the employment or work of persons 13 to 15 years of age on light work which is - (a) not likely to be harmful to their health or development; and (b) not such as to prejudice their attendance at school, their participation in vocational orientation or training programs approved by the competent authority or their capacity to benefit from the instruction received." Or in some case from the age of 12, see Article 7.4 of C138.
- 3 In case of conflict between JTI's definition of hazardous work and local legislation, the more stringent standard shall apply provided it is fully compliant with local legislation.
- 4 Article 3 of C138; Article 4 of ILO Recommendation concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour, 1999 (No. 190) ("R190"), available at: http://www.ilo.org/dyn/normlexen/f?p=NORMLEXPUB:12100:0::NO:12100:P12100_INSTRUMENT_ID:312528:NO; Article 16.3 of ILO Convention concerning Safety and Health in Agriculture, 2001 (No. 184) ("C184") available at http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_INSTRUMENT_ID:312329



Respectful
treatment

Freedom of
association

Forced labor

Working
hours

Fair
remuneration

Rights of workers

We expect growers to provide legal, safe and fair working conditions for their workers.

Respectful treatment

The grower should not abuse, harass, and seek to exploit, or unfairly or illegally discriminate against workers.

Forced labor

The grower should not use any form of forced or bonded labor.

The grower should not require workers to work against their will.

Fair remuneration

The grower shall remunerate workers in accordance with applicable local legislation. Remuneration shall, at minimum, meet basic needs of workers and their dependents.

Working hours

The grower should ensure that working hours comply with local legislation and that adequate rest breaks and leave entitlements are taken.

Extra work hours should be voluntary and compensated in accordance with applicable local legislation. Total work hours should not exceed typical farm working hours on a regular basis.

Freedom of association

The grower should recognize workers' rights to freely associate and bargain collectively.

Workplace health & safety

There is a shared responsibility to establish a safe and healthy working environment. International recognition of such responsibility is reflected in ILO Convention 184⁵.

The grower shall apply reasonable measures to create and maintain a safe, healthy, and injury-free working environment, and to ensure the wellbeing of workers.

Farm safety

The grower should regularly check the farm environment for safety hazards, communicate them to workers and take all reasonable steps to eliminate them.

Prevention of Green Tobacco Sickness

The grower should ensure that workers understand the risks of Green Tobacco Sickness (GTS) and apply reasonable measures and practices to prevent it in accordance with the JTI recommendations provided to growers.

Crop Protection Agent management

The grower should follow the security, storage, handling, preparation, application and safe-disposal instructions provided by the manufacturer of the Crop Protection Agent (CPA).

The grower should follow the procedures explained to them by JTI's farming experts, which are based on good agricultural practices that have been optimised for local conditions. The grower shall inform their workers of the correct way to work with CPA and the risks involved.

The grower should not allow pregnant women or nursing mothers to handle or apply CPA.

Machinery and hand tools

The grower should ensure that all machinery and hand tools used for agricultural activities are in safe working order, correctly maintained

Accommodation and wellbeing

Accommodation and food, where provided by the grower, should be, at minimum, sufficient to meet the basic needs of workers and their dependents, including access to potable water and sanitary facilities.

First aid

Workers on the farm should be provided with access to first aid and access to professional healthcare where needed.

Transport

Transport, where provided by the grower, should be safe and free of charge.

⁵ Article 4 of C184 calls on governments to adopt policies preventing accidents and injury to health arising out of, linked with, or occurring in the course of work, by eliminating, minimizing or controlling hazards in the agricultural working environment.

Annex 1 – JTI’s list of hazardous work

| Task | Under 16 Can a person under 16 years old ever be assigned this task? | 16–18 Can a person 16 to 18 years old ever be assigned this task? Yes, if: • it is permitted by local legislation • their health, safety and morals are fully protected, and • they have received adequate training on performing such tasks and: | 18+ Can a person 18+ years old ever be assigned this task? Yes, if: • it is permitted by local legislation • Properly trained and protected |
|--|---|--|--|
| Working in poorly lit environments | Never | Never | Never |
| Handling toxic, caustic and acid chemicals. | | | Yes (details not listed here as those may defer from country to country) |
| Handling green tobacco leaves and harvesting, topping and suckering of tobacco | | | |
| Lifting and handling heavy loads | | Load is not greater than 10% of body mass. A heavy load is generally defined as more than 10% of their body mass | |
| Frequently working long hours | | Working hours are not greater than 8 hours per day and not greater than 36 hours per week and do not interfere with wellbeing | |
| Working at unprotected heights | | If height is not greater than 4 feet (1.2 meters) and more with fall protection | |
| Driving or operating motorized farm machinery/vehicles | | No additional conditions (except holding a relevant driving license or similar legal authorization) | |
| Operating sharp or powered farm tools | | No additional conditions | |
| Prolonged exposure to intense hot weather, humidity and direct sunshine. | | No additional conditions. Prolonged exposure is defined as that which causes physical distress | |
| Exposure to excessive noise, vibration or dust | | No additional conditions. Excessive noise, vibration or dust are defined as those with potential to cause ill health conditions | |

Enterprising | Open | Challenging

jti.com