

HUMAN RIGHTS AT JTI

May 16, 2022



Our Absolute Requirements for Sustainability

.....human rights as an absolute requirement integrated into our company's approach to Sustainability

OUR ABSOLUTE REQUIREMENTS FOR SUSTAINABILITY

THREE KEY ENABLERS

RESPECT FOR HUMAN RIGHTS

We are committed to respecting human rights across our global operations and value chains, as expressed in our JT Group Human Rights Policy.

We operate in parts of the world where human rights are potentially at risk. These are places where child/forced labor, bribery and corruption, workplace discrimination and inequality are commonplace.

Protecting human rights requires the combined efforts of government and business. At JTG, we take this responsibility seriously and as such will carry out human rights assessments of all our high-risk markets.

AN IMPROVED SOCIAL AND ENVIRONMENTAL IMPACT

We are committed to protecting the environment and making a positive difference wherever we operate.

A healthy environment and a prosperous community are fundamental to fulfilling our objectives as a business. Our group-wide environment plan outlines our commitment to protecting the environment and we will also support inclusive societies through our community investment programs.

GOOD GOVERNANCE AND BUSINESS STANDARDS

We are committed to promoting transparent, fair, and timely decision-making that carefully considers the respective interests of consumers, shareholders, employees, and the wider society.

As a truly international and multi-cultural business, with extensive operations in over 130 countries and a complex supply chain, we must hold ourselves to the highest ethical standards. That's why we choose to go above and beyond compliance with local laws and regulations.

UN Guiding Principles (UNGPs): A Global Standard

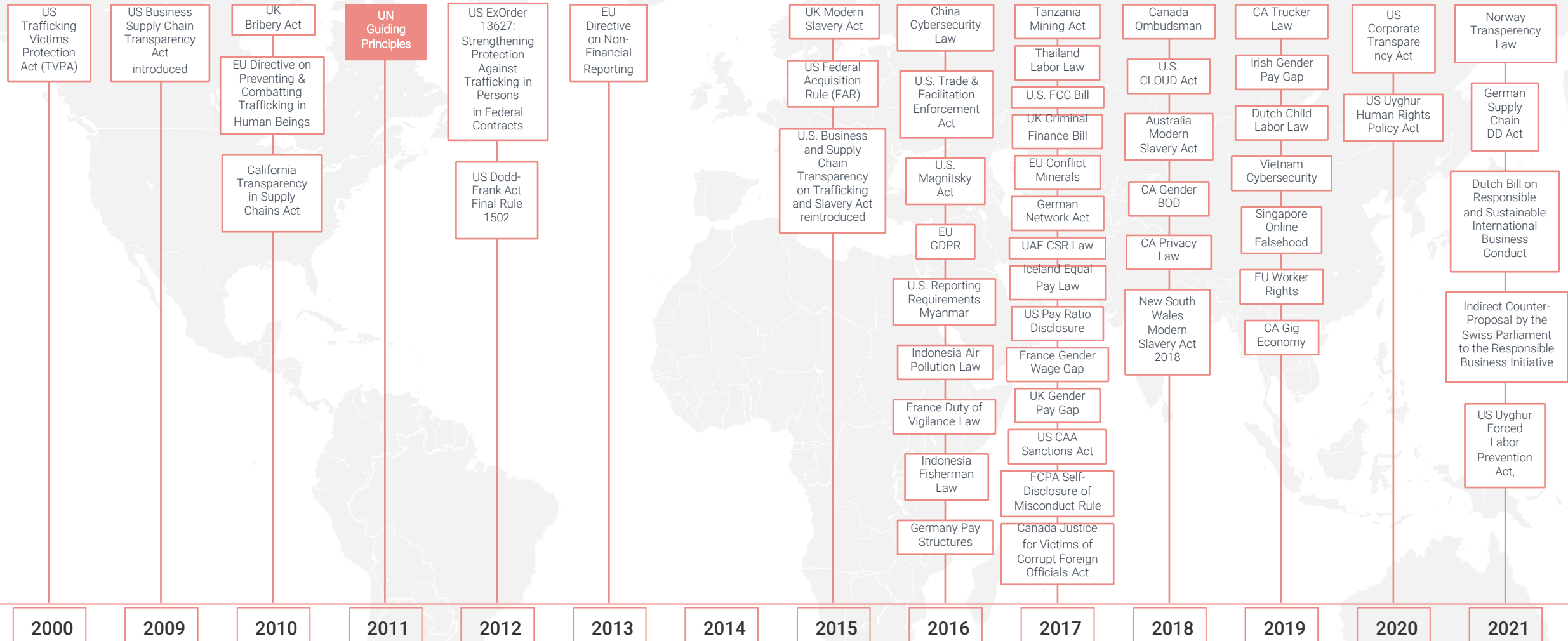
In 2011, the UN adopted Guiding Principles on Business and Human Rights (UNGPs). They represent a broad consensus on the respective human rights responsibilities of government and business.



BUSINESS & HUMAN RIGHTS LEGISLATION DEVELOPMENT

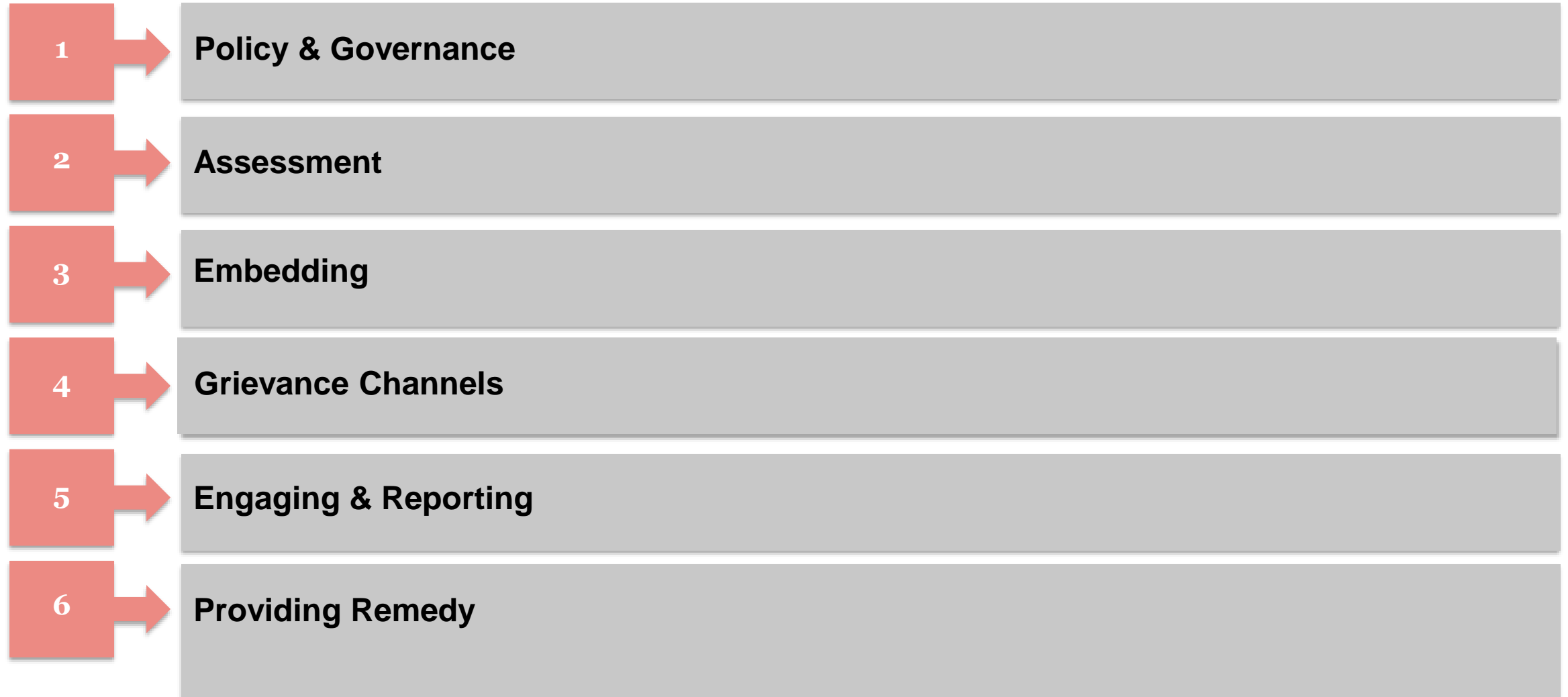
Clear trend of increasing hard law developments worldwide since 2000 to date

* Hard law refers to legal obligations binding on the parties involved. They can be legally enforced before a court.



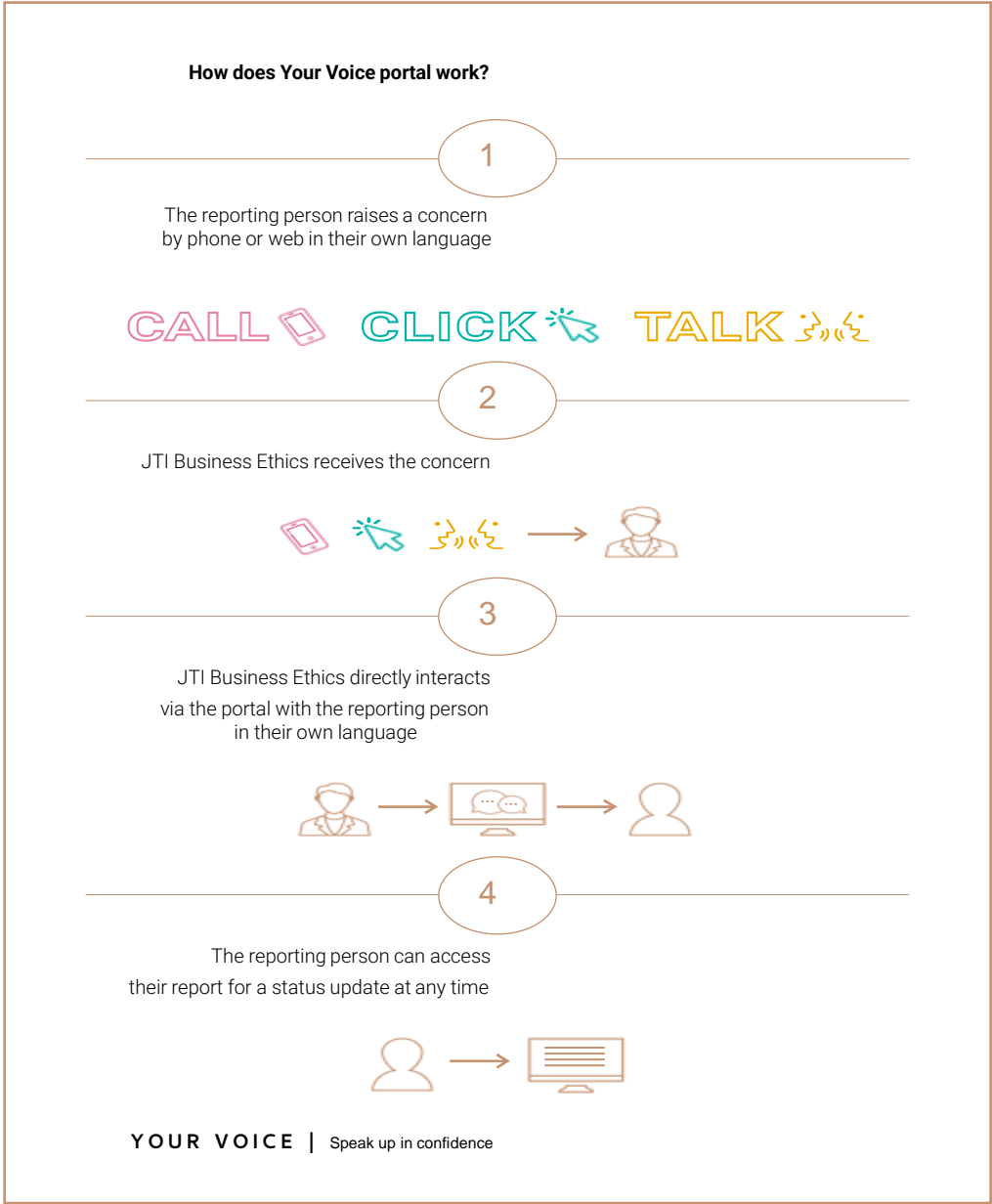
Key elements of the RESPECT pillar

Successful implementation of the UNGPs should focus on six core areas.



Remedy

Reporting concerns mechanisms play a critical role in opening channels for dialogue, problem-solving, investigation, and, when required, providing remedy. They enable workers and other rights-holders to raise complaints freely and obtain effective resolutions. They can also help identify country-specific solutions and pre-emptive action.



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UNGPs - Eight effectiveness criteria and Your Voice

The UN Guiding Principles on Business and Human Rights provide eight effectiveness criteria for company grievance mechanisms. These effectiveness criteria provide a benchmark for designing, revising, or assessing company grievance mechanisms to help ensure that they are effective in practice.

1. Legitimate

Enabling trust from the stakeholder groups and being accountable for the fair conduct of processes.

There are many ways that we work to build trust and break down barriers to access, such as a lack of awareness of the system, language, or fears of reprisal.

We communicate regularly about the cases, statistics, etc., which helps retain confidence in the process. All cases reported through the Your Voice portal are encrypted. The content of reports is accessible to a strictly limited number of people.

2. Accessible

Being known to all stakeholder groups.

- All over the world in over 50 languages
- Accessible to employees and direct business partners
- Accessible via mobile phone or web
- Option to leave a voicemail or write a message
- Personal key number to access the report
- Reporting person can leave messages anonymously or share their contact details

3. Predictable

Providing a clear procedure and clarity on process and outcomes.

Full details about both Your Voice process and procedure are published on the employee intranet for easy access. We informed our suppliers of the updated Your Voice portal via an internal and external communications campaign. We shared emails and SMSs and used QR codes to raise awareness, tailoring the type of communication in every country to best suit the audience.

4. Equitable

Ensuring that affected stakeholders are given reasonable access to information and expertise to engage on fair, informed, and respectful terms.

Various global and local communication campaigns and other initiatives aim to provide employees and business partners with sufficient information to raise a concern Your Voice. They include:

- Yearly Your Voice campaign rolled out throughout the organization
- Update bulletins on the work of Your Voice (called Right Track)
- Local initiatives to raise awareness around the Code of Conduct and Your Voice
- Trainings by the Regional Compliance Officers on the Code of Conduct and Your Voice
- Posts on the company's communication intranet, called Workplace

The network of specially trained contacts provides guidance to employees on how to proceed to raise a concern. The Business Ethics team and the Regional Compliance Officers are available to address all questions related to Your Voice and the Code of Conduct that the employees may have.

5. Transparent

Keeping parties informed on progress and providing sufficient information on the portal's performance to build confidence.

JTI launches annual global communication campaigns to maintain and increase awareness of the Your Voice reporting channel. Full details about the grievance procedure and Your Voice are published on the employee intranet for easy access. Confidentiality is a key principle in the Your Voice process. The Your Voice procedure and Your Voice process describe how confidentiality is handled.

6. Rights-compatible

Ensuring that outcomes accord with internationally recognized human rights.

Your Voice process ensures that all concerns of misconduct are reviewed fairly and impartially.

JTI has a non-retaliation policy in place. JTI employees are neither permitted to take measures that would amount to retaliation against a reporting person nor to threaten any such retaliation for reporting a concern of misconduct.

The reporting of a concern of misconduct in good faith, even if the facts subsequently prove inaccurate or do not give rise to any further action, must not expose the reporting person to any disciplinary action.

The same protection applies to anyone participating in any stage of the Your Voice process.

Remedy

7. Source of continuous learning

Drawing on relevant measures to identify lessons for improving the portal.

JTI reviews its internal grievance mechanisms regularly from a human rights perspective. The newly upgraded Your Voice tool now provides enhanced reporting capabilities and analytics, which will be used to conduct more in-depth root cause analysis, identify patterns, and allow us to be more proactive.

As a part of the HRIA methodology, the Your Voice reporting concerns mechanism is looked at and assessed. During a HRIA in Tanzania in 2018, we identified that the awareness of our grievance mechanism could be improved to increase its overall effectiveness, with some sites having insufficient communications on the system in the local language.

As a result, the local team relaunched a new communication campaign to reach all employees, translating all communications and training programs into Kiswahili, the local language. The local team actively promoted the tool on notice boards and leaflets as well as through direct communication by the General Manager. In our ongoing global effort to encourage employees to speak up, we continue to provide targeted communications for markets. By empowering workers and communities to speak up without fear, we are able to strengthen our human rights due diligence efforts.

8. Rights-holders engaged in the design (engagement)

Consulting stakeholder groups, drawing from mediation best practice, and focusing on dialogue as the means to resolve grievances.

The upgrade of Your Voice tool was conducted based on a thorough assessment of the key solution providers in the market, considering worldwide best practices and JTI's needs and requirements.



Grievance cases reported



Following the UNGPs, human rights due diligence requires a new mindset focused on people



Due Diligence

Risks to people,
not business

On-going and
circular, not
transactional

Meaningful
rightsholder
consultation

- “Business
relationships” in
supply chain

Effective RESPECT

Understand situation
and offer effective
remedy

Third party
independent facilitator

Mediation



Arbitration?



- JTI is indeed a user of arbitration
- Will states accept an award RE: Human Rights?
- Commercial nature for purposes of NYC
- Predictability | Not regarding result but regarding the process