



MODERN SLAVERY ACT STATEMENT

1 January – 31 December 2020

Respect for human rights is an absolute requirement integrated into JT Group and all its subsidiaries', including Gallaher Limited (JTI UK)'s, approach to sustainability. We are committed to respecting human rights across our global operations and supply chain. Valuing the rights of every individual is central to the way we do business.

Introduction

This is the fifth Modern Slavery Act Statement to be approved by the Board of Directors and published in accordance with the Section 54, Part 6 of the Modern Slavery Act 2015 by JTI UK. It sets out the steps taken by JTI UK during the year ended 31 December 2020 to respect human rights and to prevent modern slavery in our business and our supply chain.

We acknowledge that we operate in parts of the world where human rights are at risk, including our supply chain being exposed to modern slavery risks. JT Group does not tolerate modern slavery in any of its forms – such as forced labour, slavery, servitude and human trafficking – and is committed to tackling it through a range of initiatives including our global human rights programme (see section C for more information).

There are approximately 40.3 million people living in modern slavery and of these, 24.9 million people are in forced labour, with 16 million people being forced to work under threat or coercion in the private economy worldwide.¹

Last year, the COVID-19 pandemic brought an extraordinary challenge to the entire world. Aware of the risks that COVID-19 poses on human rights, we implemented a series of measures to ensure that our response towards the pandemic followed best practice.



We are completing the *United Nations Development Program Human Rights Due Diligence* and *COVID-19 Rapid Self-Assessment for Business* which provides structure to our response and ensures we make rights-respecting decisions across the business. Our approach to the pandemic is discussed in section B.2 below.

1. The Measurement, Action, Freedom Report published by the Minerdo Foundation's Walk free Initiative, June 2019.

Our Business and Supply Chain

JTI UK is a member of the JT Group and is an indirect subsidiary of Japan Tobacco Inc. (JT), which is listed on the Tokyo Stock Exchange (TSE: 2914). Japan Tobacco International (JTI) is a leading international tobacco company and is a major player in the e-cigarette, heated tobacco and nicotine containing pouches categories, with offices and factories in more than 70 countries and products sold in more than 130 countries. JTI employs over 45,000 people globally and owns 34 factories.

JTI UK has its head office in Weybridge, Surrey, and employs around 600 people. Our employees work in a wide range of roles and environments in UK. JTI UK

acts as the sole distributor of tobacco, e-cigarette and nicotine containing pouches products in the UK for JTI. The tobacco products which JTI UK distributes are manufactured in JTI owned factories including those in Romania and Poland. The e-cigarette devices and ancillary products which JTI UK distributes are manufactured in China; the liquids to be used with the devices are manufactured in Europe (nicotine containing) and in Japan (containing zero nicotine). The nicotine containing pouches are produced in Sweden.

JTI Value Chain



JTI UK's supply chain forms part of, and leverages, the global JTI supply chain network. Further information about JTI's tobacco leaf supply, processing and manufacturing, as well as our approach to human

rights and labour practices in our business, can be found on the "[Our Tobacco Products](#)", "[Our Reduced-Risk Products](#)" and "[Sustainability](#)" pages of jti.com and our [JT Group Integrated Report](#).

Protecting and Respecting Employee Rights During the Pandemic

In 2020, our commitment to respecting Human Rights never wavered. Unable to conduct on-site assessments due to the pandemic, we quickly introduced remote Human Rights Impact Assessments and expanded the roll-out of our human rights self-assessment questionnaires.

From the start of the pandemic, we made decisions that helped protect and respect our employees' rights.

Guidelines for vulnerable employees

In June 2020, we created guidelines for vulnerable employees providing comprehensive guidance on how to protect our personnel. We also ensured that staff from third party contractors (hygiene, catering, security etc.) would receive salaries in full even if requested not to come to our premises, or if their shifts were reduced.

Inclusive decision-making

In our international tobacco business, we involved relevant stakeholders in critical decision-making processes. This included debating and deliberating on return-to-work scenarios, ensuring we considered our employees' point of view. At the headquarters of our international tobacco business, returning to the office was voluntary, with a survey held every two weeks to gauge feedback from employees working.

Strict health and safety measures

For many of our employees and contractors, working-from-home is not an option, because they work in factories, sales distribution and other field-based jobs. To ensure they can work safely, we put in place stringent measures that take a risk-based approach that puts people first.

Clear communication

Finally, we provided scientifically accurate information – using clear, easy-to-understand language – to staff on a regular basis. This included the multiple steps taken to protect employees, as well as data relating to those impacted by COVID-19 both globally and locally.

Read more about how we have responded to the pandemic from the perspective of [Community Investment](#), [Health & Safety](#) and [Supply Chain](#).



Our Policies and Procedures

JTI UK is committed to maintaining consistently high business and ethical standards and respecting all human rights. As such, freedom from modern slavery is an integral part of the way in which we conduct our business. These standards, and our commitment to human rights are laid out in our policies. They apply to every individual working for or on behalf of JTI UK, including all the companies within the JTI Group. Our policies are regularly reviewed and updated to ensure they continue to meet the high expectations we have for our business.

In order to ensure the highest levels of sustainability and integrity across the supply chain, all our suppliers are required to comply with our **JT Group Supplier Standards** at Group level and with the **JTI Supplier Standards** in the international tobacco business. We select suppliers based on quality, service, and cost. This is reflected in our **JT Group Responsible Procurement Policy**.

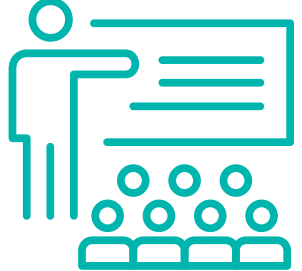
Our contracted leaf growers and merchants are also subject to the **JT Group Principles in Leaf Tobacco Production**. Although we work with many different suppliers, our leaf Supply Chain Due Diligence process provides us with a 360° view of the entire supply chain at farm level. This process includes:

- Supply Chain Impact Assessments
- **Agricultural Labour Practices (ALP)** programme
- **ARISE** (Achieving Reduction of Child Labour in Support of Education) programme
- Grower Support Programmes

In addition, we continue to conduct ongoing risk analysis and mapping in relation to the supply chain of our portfolio of e-cigarette and e-liquid products. Our commitment to human rights is also reflected in our **JT Group Human Rights Policy**, and reinforced in both the **JTI Code of Conduct** and our Reporting Concerns Mechanism.

JT Group Human Rights Policy

Our JT Group Human Rights Policy follows the framework provided by the UN Guiding Principles on Business and Human Rights (UNGPs) to monitor, influence, and improve business practices within our own operations and those of our suppliers and partners. This means acting with due diligence to avoid infringing on the rights of others and addressing the adverse impacts of our global operations. We not only have a responsibility to respect human rights – we also have the ability to advance and promote these rights in all the areas we operate.

6,358 
at-risk children attended
an **ARISE** educational
program in 2019 and 2020*

JTI Code of Conduct

Our JTI Code of Conduct ensures that we conduct business ethically and are a responsible corporate citizen. The Code provides guidance to employees to uphold a culture of integrity in all that we do.

"Whilst we work for a truly diverse Company, we must all embrace the same ethical standards and uphold our Company values. The Code supports this expectation by guiding us in how we operate and confirming what it is that makes us different. We will only be successful by operating within the framework of our Code of Conduct and by always doing the right thing."

– Eddy Pirard, JTI's President and CEO

Our Code of Conduct is a digital, easy-to-read document, including a decision-making guide to assist employees in making the right choices. It is available in 37 languages, and we provided printed booklets for those with limited internet access. We also continue to provide training on the Codes of Conduct to our employees face-to-face and online.

*This total reflects all at-risk children counted as attending an educational program in 2019 and 2020 combined.

JTI Supplier Standards

JTI aims to achieve high standards of integrity across its business operations and its supply chain. Our supplier standards (JTI Supplier Standards) define the requirements for suppliers providing goods and services to JTI. We require suppliers to comply with the JTI Supplier Standards and also to ensure that their suppliers involved in providing goods and services to JTI comply with the JTI Supplier Standards. We expect suppliers (and their suppliers) to have policies, employee communications, due diligence processes and control systems to implement these standards within their business operations and supply chains.

Human rights and labour standards are integrated into the JTI Supplier Standards. Our suppliers shall respect human rights by adopting and maintaining standards of labour practices and working conditions that comply with all applicable local legislation and international conventions. Modern slavery in all its forms such as servitude, using forced or compulsory labour in all its forms, human trafficking, exploitation, and child labour are prohibited.

Supplier Screening

We aim to achieve high standards of integrity across our business operations and supply chain. We can only achieve this through close cooperation with our suppliers.

By 2020, 64% of our key suppliers were screened against environmental, social and government (ESG) criteria in our international tobacco business. As our supplier screening target shows, we are committed to achieving 100% by 2023. The decrease in relation to 2019 (down from 67%) is due to a "key supplier" definition change in our international tobacco business that resulted in the increase of the total number of key suppliers.

In our international tobacco business, prior to entering into a commercial relationship, our key suppliers* undergo a screening process which includes onboarding and qualification. This process allows us to understand potential risks related to compliance, human rights, environment, and health and safety. If any risks are identified, we offer support and collaboration on how to mitigate these risks and make



necessary improvements. We monitor progress on a yearly basis and, if there is no improvement after an agreed duration, we may consider terminating our relationship with the supplier.

In 2020, we established global, Group-wide Supplier Standards, reflecting an increase in transactions with overseas suppliers. We have been embedding these standards into all requests for proposals and contracts, to ensure that all of our suppliers are aware of our requirements. In our international operations, we are currently working on enhancing the reporting and monitoring tool, in order to have a more robust system in place by 2021.

*Key suppliers are defined as suppliers with an annual global spending exceeding 500,000 U.S.A. dollars, suppliers who either purchase or handle JTI tobacco products, leaf merchants, suppliers representing JTI before government, and contract manufacturing, and licensees.

Agricultural Labor Practices

Tobacco leaf sourcing is a key part of our supply chain. We have been working closely with our directly contracted tobacco leaf growers and merchants to build security of supply and enhance leaf provenance.

In 2020 we worked with more than 76,000 directly contracted tobacco leaf growers in Bangladesh, Brazil, Ethiopia, Japan, Malawi, Serbia, Tanzania, Turkey, the U.S.A., and Zambia. Contracting leaf growers directly allows us to grow a customized crop, while improving leaf productivity, quality, and integrity. It also allows us to carefully monitor and improve labour practices.

Every year, we buy around 50% of our leaf from leaf merchants. The sourcing countries vary from year to year, depending on the quality and volumes required. In most cases, our leaf merchants source the tobacco leaf directly from the grower. This means that there is a direct contract between the leaf merchants and the growers, and that the grower receives advice on crop management and good labour practices from the leaf merchant.

Our Agricultural Labour Practices (ALP) are based on the International Labour Organization's (ILO) conventions and recommendations. The programme consists of three pillars: tackling child labour, respect for the rights of workers, and ensuring workplace health and safety.

As part of JTI's continuous improvement approach, the ALP programme allows us and our suppliers to identify potential labour challenges on tobacco farms and help improve labour practices on the tobacco farm. Being an integral part of the Supply Chain Due Diligence process, it also contributes to the social aspects of grower communities and supports sustainable agriculture overall. Whether we source tobacco directly from growers or through tobacco leaf merchants, our contracted suppliers are committed to implementing our ALP.

In some countries, leaf can be sourced in a different way, for example at auction. This can make it challenging to determine the provenance of the leaf and implement ALP. In these cases, we work with the leaf merchants and other stakeholders (e.g. the Indian Tobacco Board in India) to find a way to implement a robust and relevant supply chain due diligence process. Although we source leaf from more than 30 countries, the vast majority still comes from eight key global suppliers and we work closely with these suppliers to ensure good practices.



We made significant progress over the last few years. Here are a few examples of what we achieved:

Progress in Indonesia

By 2017, all of the Leaf Merchants we were purchasing leaf from in Indonesia were reporting on ALP, with almost 100% of our grower base included in our Leaf Merchants ALP observations.

In 2018, we acquired new business in Indonesia and extended our supplier base, not only for leaf but also for Rajangan tobacco and clove. We are planning to carry out a Leaf Supply Chain Impact Assessment in 2021. This was initially scheduled for September 2020 and has been postponed due to COVID-19. We have also onboarded new suppliers who historically have not reported data to us.

Reporting improvements

In 2020, we launched a new online reporting platform for ALP. This enables us to process data faster and with greater accuracy.

Our 2025 ALP target	2020 Progress
100% of our supplying entities to report on ALP	86% of our supplying entities reported against ALP
100% of our growers to be covered by ALP	58% of our directly contracted growers and 98% of our leaf merchants were covered by ALP
100% of tobacco leaf volumes to be covered by ALP	74% of our volumes were covered by ALP

Reducing the risk of exploitation of workers in the supply chain by recruitment and employment agencies

In 2019, the ILO issued guidance confirming that workers should not be charged recruitment fees nor any related costs for finding work – ILO General principles and operational guidelines for fair recruitment & Definition of recruitment fees and related costs. Migrant workers are especially vulnerable to exploitative recruitment and employment practices. When recruitment fees are charged, workers often end up indebted to the recruiter or the employment agent. In addition, failure to repay these fees can have severe consequences in which workers can be exploited by the employer, such as long working hours or having wages deducted. These debts coupled with job and residency insecurity leave foreign and domestic migrant workers particularly vulnerable to forms of modern slavery.

Through our remote human right's due diligence in 2020, we have been working to extend the requirement that suppliers adhere to the ILO core labour standards and strongly prohibit third parties to charge recruitment fees. Ensuring responsible recruitment and employment practices protects migrant workers before they leave their country of origin so that they are less vulnerable at their destination. Eradicating recruitment fees for migrant workers is a core part of protecting the global workforce from modern slavery.

In South Africa, Colombia and Morocco, we identified that third-party recruitment and employment agencies used did not include a clear prohibition to charge recruitment fees. In these markets, we are working to ensure specific clauses are inserted into contracts that prohibit the agency from charging illegal recruitment fees and to drive greater awareness of the JTI Supplier Standards.



COLOMBIA (2020)

International tobacco business

Human Rights Category:

Fair recruitment practices

FINDING:

JTI Colombia uses a third-party recruitment and employment agency for few employees. The contract was in line with Colombian law. However, JTI Colombia decided to more clearly state the prohibition of recruitment fees in the contract to ensure that the agency does not charge illegal fees or engages in other forms of salary deductions or conditional employment.

WE HAVE: clearly prohibited any form of employment or recruitment fees from being charged by any third-party labour agency used by JTI Colombia.

Risk Assessment and Due Diligence

Reporting Concerns Mechanism

We have an established grievance procedure in the UK to reflect the ACAS Code of Practice. In addition, we have a global concerns reporting mechanism called **Your Voice**, established in 2008. Your Voice is a dedicated channel to confidentially raise concerns directly with JTI's Business Ethics team. It is available to all our employees and suppliers who can raise a concern via mobile and/or web in more than 50 languages. Upgraded in December 2020, Your Voice portal is user friendly and complies with very high data protection and security standards. This ensures that we listen to and act on the concerns of those whose human rights are impacted by our activities. We encourage employees and suppliers to speak up on human rights, without fear of retaliation, about any concerns they may have. We continue to undertake periodic reviews of our existing reporting mechanisms to ensure they remain effective in swiftly resolving employee and worker concerns.

Each year, we launch annual global communication campaigns to maintain and increase awareness of the Your Voice reporting channel. Full details about both the grievance procedure and Your Voice are published on the employee intranet for easy access by our employees. Employees and business partners additionally have other available channels where they can raise concerns with JTI such as via jti.com or a dedicated email account.

Human Rights Impact Assessments

JTI conducts Human Rights Impact Assessments (HRIAs) to identify and assess the nature and extent of actual and potential human rights risks. In line with the UNGPs, our HRIAs focus on the greatest risk to people, both within our own Company and through business relationships with our suppliers, from farm to store. As a result of the HRIAs, we aim to address the identified human rights risks of the rights-holders, meet our stakeholder expectations on respecting human rights, and mitigate against the overall risks to people and the business.

As part of our commitment to assess 100% of the 67 high-risk countries where we operate by 2025 in our tobacco business, we have completed ten HRIAs across our entire value chain in the last three years: Dominican Republic, Egypt, Ethiopia, Kazakhstan, Kyrgyzstan, Malaysia, Mexico, Myanmar, Tanzania, and Bangladesh. This demonstrates our approach to prioritizing, which involves considering where our greatest risks to people lie. It also shows our

willingness to go into countries with histories of human rights allegations and assess the on-the-ground reality.

We have also conducted Human Rights Impact Assessments in our tobacco leaf supply chain in various markets, including Ethiopia and India. These assessments provide a more comprehensive understanding of the human rights impacts within one specific part of our value chain – our tobacco supply chain and tobacco growing business – and the challenges that tobacco growers face in their communities.

10 Human Rights Impact Assessments completed in high risk countries between 2017 and 2020



In 2019, we introduced a self-assessment questionnaire to evaluate the human rights profile of more countries, to increase the scope and impact of our human rights' due diligence. Following the same methodology as our HRIAs, this smartly designed survey targets our lower ranked high-risk countries that have not been prioritized for a full assessment in the short term.

Piloted in Morocco and Colombia, the questionnaire is designed to identify human rights risks to people, so that we can act on that information and meet our responsibility to respect human rights. Effectively assessing human rights impact requires building the know-how of the colleagues involved in the assessment. After the successful roll-out of the self-assessment questionnaire in Morocco and Colombia, we launched this tool in a further 9 countries: Lebanon, Tunisia, South Africa, Vietnam, Guatemala, Russia, Indonesia, Brazil, and Thailand.

To further increase our human rights due diligence work, we integrated human rights into existing risk identification tools such as our internal audit procedure. We adapted the methodology to include a greater focus on risks to people, rather than simply risks to the business, and trained our internal auditors accordingly. This means that our internal audit procedure is now able to identify and understand risks to people on top of standard audit methodology.

The findings of the internal audit are then shared with our human rights team, helping build a wider picture of potential risks to people and allowing for more targeted and effective human rights assessments.

Some of our key findings and how we address them

Our HRIAs focus on the impacts to people within our main operations and value streams. Key activities during an HRIA include visiting and observing farming, processing, manufacturing and, sales and distribution operations. During the assessments, we conduct a series of interviews with employees and workers, as well as representatives of suppliers, clients, and partners.

At the end of the assessment, we report on the findings and discuss recommendations for improvement with local management. Our head office then works closely with the local team to address any issues raised and improve the situation. The following list of key findings includes one human rights risk identified in each of our assessments, to demonstrate the wide range of issues our stakeholders may face.

Below are examples of some of our key findings from the HRIAs that took place between 2018 and 2020, and our responses. For more findings, see our [Human Rights Impact Assessment Map](#).

BANGLADESH (2019)

International tobacco business

Human Rights Category: Health & Safety

Driver safety is a significant risk with a large number of motorcycles in use.

WE HAVE: checked the validity of all driving licenses, conducted a driver safety programme and training on safety rules, and provided personal protective equipment (PPE) such as helmets to all JTI employees and third-party employees.

ETHIOPIA (2019)

International tobacco business

Human Rights Category: Non-discrimination

Women's rights and health are high-risk with possible cases of sexual harassment and gender discrimination identified.

WE WILL: ensure equal working conditions and opportunities for both men and women by carrying out an internal assessment to better understand the situation, implement a training programme to raise awareness, establish a gender mainstreaming policy, and create a women's association to empower, educate, and support women in the workplace.

EGYPT (2019)

International tobacco business

Human Rights Category: Non-discrimination

Within our international business there is a respectful environment towards women, but there are opportunities to further encourage diversity in the workforce.

WE WILL: further elevate standards regarding women's empowerment and equal opportunity promotion by actively seeking to employ more women across all departments. We will make job descriptions and roles more inclusive for women by addressing safety concerns, creating mixed teams, seeking women's feedback, and raising awareness in line with JTI's Gender Equality commitment.

INDIA (2019)

International tobacco business

Human rights category: Health & Safety

One of the key challenges mapped: Crop Protection Agents (CPA) usage always presents a risk in agriculture, where workers could be exposed to these agents due to inconsistent CPA management and a lack of personal protection equipment.

OUR SUPPLIERS WILL: besides continuous training and awareness raising, eliminate the use of Highly Hazardous Pesticides Criteria 1 in our leaf global supply chain by the end of 2021. This will be done in cooperation with the Indian Tobacco Board and the rest of the industry.

LEBANON (2020)

International tobacco business

Human rights category: working hours

No written guidance or policy on overtime is specified in the local contracts. It is recommended that this is included in all standard contracts or the Lebanon employee handbook.

WE WILL: formalize policy and guidance on overtime in the local employee handbook and provide all employees with clear guidance and limits on overtime, including third party staff.

MEXICO (2018)

International tobacco business

Human Rights Category: Health & Safety

We will continue to take Mexico's severe security concerns into consideration when developing routes and sales objectives across the country. As the third-party sales team expands, workers at JTI distributors need to be properly trained on security and safety.

WE HAVE: designed a training platform for employees at JTI distributors, enabling them to easily access information on their smartphones. This is in addition to the existing due diligence and routes modification to ensure appropriate security provisions are in place. The platform contributes to our overall training programme for sales workers, ensuring the necessary security measures are in place to protect people from harm.

MYANMAR (2018)

International tobacco business

Human Rights Category: Labour rights

Contracted workers had written contracts and received pay slips, but this documentation was not communicated in the local language.

WE HAVE: translated all contract worker contracts and pay slips into Burmese. All communication posters regarding the Your Voice grievance mechanism and 'Your Guide to Making Ethical Decisions' are now available in both English and Burmese.

TUNISIA (2020)

International tobacco business

Human rights category: freedom of association

While no legal restrictions exist that prevent workers from exercising their freedom of association, there are no workers' committees or representatives at JTI Tunisia. As such, there is an opportunity to establish formal processes to facilitate employee representation and dialogue with management.

WE WILL: respect the right to freedom of association and ensure that regardless of the size of the workforce, employees at JTI Tunisia are free to elect workers' representatives and engage with management on collective issues.

ZIMBABWE (2019)

International tobacco business

Human rights category: Health & Safety

Workers on farms could be exposed to the risk of toxic substances.

OUR SUPPLIERS WILL: eliminate the use of Highly Hazardous Pesticides (HHPs) Criteria 1 in our leaf global supply chain by the end of 2021. Furthermore, all of our suppliers have made a commitment to develop a human rights policy.

Action Plans

We developed human rights action plans for each country that has undertaken an assessment, each with an agreed timeline. A total of 32 Human Rights Champions were appointed within these countries, as part of a network. The responsibility of this network is to ensure that action plans are managed and implemented by each country, and respect for human rights is firmly established in the business.

The Human Rights Champions are selected by the local management, typically from departments where human rights risks are relevant. The Champions manage the implementation of the action plans locally, on top of their usual roles. Our head office provides the Champions with training materials on the UNGPs, as well as support with specific points within the action plans.

In 2019 we carried out a review of our high-risk countries, including a more detailed analysis on which countries have the greatest risk to people. Previously, we identified our high-risk countries using publicly available geopolitical data on human rights. Now we decided to improve this process by integrating additional criteria regarding JTI's operations and impact into our overall matrix.

Training and Employee Awareness Raising

We are working hard to embed human rights thinking in our Company culture, and to improve employees' understanding of the human rights implications of business decisions. To do this, we provide regular training and continuously share information about human rights and the JT Group Human Rights Policy.

In the digital world, we have taken a different approach to e-learning, moving away from the linear, box ticking e-learning of the past to something more dynamic, interactive and engaging. In 2020, we laid the groundwork to launch a digital human rights e-learning campaign which focuses on behavioural change. The objective is to increase awareness and understanding of human rights risks, and to empower our employees to do the right thing with regards to ethical behaviours. The campaign offers employees bite-sized training modules via a new human rights e-learning platform that will better enable employees to spot risks and avoid human rights abuses in our workforce and supply chain. The digital platform will be launched in 2021 ahead of the tenth anniversary of the UN Guiding Principles.

Employees in our Japanese operations have completed an online human rights e-learning module, which was offered in Japanese, English, and Chinese. The scope of the training included our subsidiary companies in China and Thailand (processed food business) and the U.S.A. (pharmaceutical business).

In our UK Market in 2020, we also conducted Modern Slavery awareness sessions. The sessions were attended by over 90% of employees. Information was provided on the scale of the problem and employees were provided with the knowledge and skills to understand when they might come across modern slavery in their home lives and how to report suspicious products and services. Feedback from the session indicated that nearly 93% of the attendees found attending the session 'valuable' in some way.



Measuring Effectiveness

We are committed to continually measuring the effectiveness of, and improving where possible, our approach to respecting human rights and tackling modern slavery in all its forms. Since we started our HRIAs in 2018, we have been measuring the effectiveness of our Action Plans. See the examples of our findings and how we have been responding in *Some of our key findings and how we address them* above.

Each Action Plan we develop includes an individual set of key performance indicators to measure the effectiveness of our improvements over time. More broadly, as we expand our HRIAs globally, we will measure the overall effectiveness of our HRIA responses collectively.

There are various ways to measure the effectiveness of our responses in our leaf supply. One of them is the number of ALP issues which we may observe during subsequent crop cycles. In the case of modern slavery, should we observe what we call extreme breaches, which include the worst violations of workers' rights, such as slavery, forced labour, human trafficking, violence, or severe physical, mental, or sexual abuse, these will be tracked and addressed. These can be difficult for a tobacco leaf technician to identify, or to know how to address – especially if the issue is associated with criminal activity. Responding to extreme breaches therefore requires care and, in many cases, support from the police and/or other authorities or NGOs.

It is essential for us to have a management process setting out how to respond to an extreme breach, to ensure that action is taken promptly and appropriately when indicators are observed. JTI expects each supplier to have a management process incorporating these three elements:

1. Protection for the victim and observer

2. A clear escalation route, timeline, and remediation plan

3. Access to specialist support

Reporting and Communicating

In 2019, we published our human rights correspondence with Human Rights Watch, the UN Human Rights Council, and The Guardian on our [website](#).

For more info please visit the [Sustainability section in JTI.com](#) or our [Sustainability Web Hub](#).

Looking Ahead

Our work to identify and eradicate modern slavery is a continuing, collaborative and evolving process, and one which we are committed to achieve.

Our work to promote and respect human rights will evolve and adapt to the changing economic and political context of the countries where we operate. Our approach to human rights due diligence is ongoing, as the risks to human rights may change over time. We will continue to act where actions are necessary and focus on our human rights priority areas, including where we see any new or increased risks due to the COVID-19 pandemic.

In 2021, we will continue to prioritize countries based on a set of risk-based criteria in order to assess our most high-risk countries first. Going forward, we are committed to assessing actual and potential human rights risks in at least six countries each year and will continue to embed respect for human rights within the business.

Also in 2021, we will start introducing an enhanced supply chain management system. The new system will reflect our revised Supplier Code of Conduct, which is aligned with the JT Group Human Rights Policy and the UN Guiding Principles.

This statement has been approved by the board of directors of JTI UK on 8 March 2021.



Dean Gilfillan

Managing Director

For and on behalf of JTI UK

INTEGRATED REPORT

SUSTAINABILITY WEB HUB

JTI CODE OF CONDUCT

JT GROUP HUMAN RIGHTS POLICY