

*FIGHTING AGAINST FORCED LABOUR AND  
CHILD LABOUR IN SUPPLY CHAINS ACT*

**ANNUAL REPORT**

JANUARY 1<sup>ST</sup>, 2024 – DECEMBER 31<sup>ST</sup>, 2024



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May 31<sup>st</sup>, 2025

## Introduction

This annual report is a joint report (“**Report**”) made by JT Canada LLC Inc. and JTI-Macdonald Corp. (each a “**Reporting Entity**” and collectively known as “**Reporting Entities**” or “**JTI-Canada**”). It constitutes the second Report to be approved by the Board of Directors of each entity and filed pursuant to Canada’s *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the “**Act**”).

This Report covers the reporting period starting January 1<sup>st</sup>, 2024, and ending December 31<sup>st</sup>, 2024 (the “**Reporting Period**”). It sets out the steps taken by Japan Tobacco International (“**JTI**”), and by JTI-Canada (collectively “**we**”, “**us**” or “**our**”), to prevent and reduce the risk that forced labour or child labour is used in any step of the production of goods in Canada or elsewhere by the Reporting Entities or of goods imported into Canada by the Reporting Entities.

This Report exclusively includes information relevant to the supply chain of JTI-Canada for the specified Reporting Period. It does not contain details about the supply chains of other entities in JTI’s group of companies, unless those details are directly connected to the operations of the Reporting Entities.

## Structure, activities, and supply chains

JTI was formed in 1999, when Japan Tobacco Inc. (“**JT**”), which is listed on the Tokyo Stock Exchange (TSE: 2914), purchased the international tobacco operations of the US multinational R.J. Reynolds Tobacco Company. JTI is a leading international tobacco company (wholly owned by JT) and a major player in the vaping, 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 46,000 people globally and owns 38 factories.

JTI is composed of a group of companies, including the Reporting Entities: (1) JT Canada LLC Inc., based out of Halifax, Nova Scotia, which controls (2) JTI-Macdonald Corp., having a head office located in Mississauga, Ontario. JTI-Macdonald Corp. acts as the sole manufacturer and distributor of tobacco products for JTI in Canada. JTI-Macdonald Corp. owns a tobacco-related factory in Montreal, Québec. Its supply chain forms part of and leverages the global JTI supply chain network. JTI-Macdonald Corp. also acts as the sole distributor of vaping products for JTI in the country. The vaping devices and ancillary products are manufactured in China and the e-liquids to be used with the devices are manufactured in Poland.



JTI sources half of its tobacco from growers with whom we contract directly and the other half from leaf merchants. In 2024, JTI contracted over 65,000 tobacco leaf growers in Bangladesh, Brazil, Ethiopia, Japan, Malawi, Serbia, Tanzania, Turkey, the United States and Zambia. JTI also partners with over 24,164 suppliers for non-tobacco materials, and other products and services.

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](#)" and "[Sustainability](#)" pages of [jti.com](https://jti.com), and our [JT Group Integrated Report](#).

## Policies designed to protect human rights and prevent forced labour and child labour.

The Reporting Entities are committed to maintaining consistently high business and ethical standards and respecting all human rights. As such, freedom from child labour and forced labour 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-Canada. 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](#). We select suppliers based on quality, service, and cost. This is reflected in our [JT Group Responsible Procurement Policy](#).

In addition, we continue to conduct ongoing risk analysis and mapping in relation to the supply chain of our portfolio of tobacco products, vaping 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 United Nations 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.



## JTI Code of Conduct

Our JTI Code of Conduct ensures that we conduct business ethically and are a responsible corporate citizen. JTI Code of Conduct provides guidance to employees to uphold a culture of integrity in all that we do. Our Code of Conduct applies to all individuals worldwide in an employment relationship with any JTI entity, as well as external staff, such as temporary personnel, even if not employed directly by JTI.

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 42 languages, and we provided printed booklets for those with limited internet access. To ensure that our Code of Conduct is communicated effectively throughout the entire organization, we run various communication campaigns, initiatives and training courses for all employees. We also use an interactive Code of Conduct video in multiple languages to guide our employees to make the right choices.

## 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 to also 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.

## Due diligence processes in relation to forced labour and child labour.

Our vision is to eliminate child labour in our global operations and supply chains. In the [Child Labour Elimination Statement](#), our stance is clear: child labour is an unacceptable practice that has no place in our value chain. It is, however, a complex problem that requires a comprehensive and collaborative approach.



We believe that one promising way to achieve a long-lasting solution to child labour is through the integrated efforts and cooperation of multiple stakeholders. We know that our success depends on understanding child labour also in the context of wider economic, social and cultural factors, and that success can be achieved with the socio-economic transformation of smallholder farmers in rural agricultural communities. Experience has taught us that the long-term solution to child labour is not simply to remove children from work, but to address the causes that allow child labour to exist, and to help ensure that children and their families have viable alternatives.

Notably, our [Child Labour Elimination Framework](#) reiterates our commitment to respect and support child rights. We have clear guiding principles to this end which inform our decision-making process:

1. We embed human rights due diligence into our business operations to help identify, prevent, mitigate, and remediate child labour following a five-step human rights due diligence cycle.
2. We follow JTI's culture of Kaizen and cycle of continuous improvement to help suppliers improve progressively through constructive dialogue and improvement measures.
3. We take a child-centered approach and rights-holder perspective, trying to keep the best interests of the child at the center of decision-making.
4. We focus on prevention, designed to prevent children from entering child labour. Where we have caused or contributed to adverse impacts, we aim to provide or cooperate in remediation.
5. We focus on the broader issues via a community development and holistic approach that tackles root causes. We do not view child labour in isolation, everything is connected.
6. We cannot eliminate child labour on our own, as such we seek to collaborate and partner to help ensure a more strategic, impactful, and effective approach.
7. We leverage and strengthen existing JTI-wide initiatives.
8. We measure our impact and make our decisions based on impact assessment.
9. We take an area-based/landscape approach.
10. We are transparent on the steps we take, our challenges and successes. We communicate in a credible way.

To these ends, we have notably implemented the following operational tools and programs:

#### Supplier Screening for Human Rights Issues

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.

We develop strong partnerships with our key suppliers in order to achieve mutual long-term success. Our strategic relationships are built on shared values and objectives. This allows us to find sustainable solutions together, ensure a stable supply in a dynamic environment, and adapt to innovative technologies.

Aware that our people, operations and supply chains stretches across the world, we know that our business does not operate in a vacuum. We know that the social, ethical, and environmental footprint of our products cannot be dissociated from our suppliers’.

In 2023, building on the efforts made to reach the supplier screening target which aimed to screen all key suppliers against ESG criteria, we have strengthened our ESG risk management process for non-tobacco materials, other products, and services. The objective is to ensure business continuity by managing ESG risks for all our critical suppliers. In 2024, we continued to evaluate the sustainability performance of the suppliers in scope using EcoVadis, a leading global sustainability rating platform which provides an assessment based on four main criteria: environment, labour and human rights, ethics and sustainable procurement. The child labour and forced labour risk is evaluated in the labour and human rights criteria. We review the results of this monitoring and take follow-up actions when required.

The devices in our vaping products portfolio, belong to the electronics industry which is known for its multiple and complex challenges, ranging from unpredictable economic changes and supply chain disruptions to lack of transparency and various labour and environmental risks. To best address those risks, we have become a member of the [Responsible Business Alliance](#) (“RBA”), the world’s largest industry coalition dedicated to responsible business conduct in global supply chains. We commit to the [RBA Code of Conduct](#) which prohibits child labour throughout the manufacturing process. We leverage the standards and tools developed by RBA, in particular the [Validated Assessment Program](#) (“VAP”) as the industry’s recognized tool for onsite verification and effective independent third-party audits. Further to the requirements set in our Supplier Standards, we require all our suppliers manufacturing our devices to undergo audits under VAP and put in place a corrective action plan to address the identified non-conformances. The most recent audits at our suppliers’ sites have not identified non-conformances pertaining to child labour.



## Leaf Supply Chain Due Diligence

Our Leaf Supply Chain Due Diligence (“**SCDD**”) process is based on a five-step framework: Identify, Prioritize, Respond, Measure, Communicate and Report on respect for human rights, including the avoidance of forced labour and child labour. Together with our Agricultural Labour Practices program, the SCDD helps us identify and address issues on tobacco farms on a daily basis.

The SCDD process aims to follow the Organisation for Economic Co-operation Development (“**OECD**”) and Food and Agriculture Organization (“**FAO**”) Guidance for Responsible Agricultural Supply Chains, the OECD Guidelines for Multinational Enterprises, as well as rules and principles of the International Labour Organization (“**ILO**”) Core Conventions and the UNGPs.

## Agricultural Labour Practices

Our Agricultural Labour Practices (“**ALP**”) are standards based on the ILO Core Conventions and related recommendations. They consist of three pillars: Tackling child labour, Respect for workers’ rights, and Workplace health and safety.

As part of our continuous improvement approach, the ALP program aims to allow us and our suppliers to identify potential labour challenges on tobacco farms and help improve labour practices. This is an integral part of the SCDD process, and also contributes to the social aspects of grower communities and supports sustainable agriculture overall.

Tobacco leaf sourcing is a key part of our supply chain, but is the area that carries the most risk regarding forced labour and child labour. We have been working closely with the tobacco leaf growers with whom we contract directly and third-party leaf merchants to build security of supply and enhance leaf provenance.

In 2024, we worked with 69,745 directly contracted tobacco leaf growers in Bangladesh, Brazil, Ethiopia, Japan, Malawi, Serbia, Tanzania, Turkey, the US, and Zambia. Contracting leaf growers directly enables us to produce a customized crop, while improving growers’ productivity, leaf quality and leaf integrity. The direct contracting model also allows us to maintain verifiable provenance and traceability of leaf supply.

## Tobacco leaf sourcing

We purchase half of our planned tobacco leaf requirements from growers with whom we contract directly, and the other half from third-party leaf merchants. The direct contracting model allows us to maintain verifiable provenance and traceability of leaf supply.

In most cases, our third-party leaf merchants source the tobacco leaf directly from contracted growers. 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.

In some countries, leaf can be sourced in a different way, for example in India it is sourced through auctions. This can make it challenging to determine the provenance of the leaf and implement our ALPs. In these cases, we work with the leaf merchants and other stakeholders to find a way to implement a robust and relevant supply chain due diligence process. Although we source leaf from more than 28 countries, the vast majority still comes from four key global suppliers. We work closely with these suppliers to ensure good practices. The volume of leaf sourced from each established sourcing country varies from year to year, depending on the quality and volumes required.

#### Agriculture Labour Practices and Leaf Supply Chain Due Diligence

As part of our continuous improvement approach, the ALP program allows us and our suppliers to identify potential labour challenges on tobacco farms and help improve their labour practices. Being an integral part of the SCDD 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 ALPs.

Our SCDD is based on a five-step framework - Identify, Prioritize, Respond, Measure, and Communicate and Report, while our ALP program helps us to identify issues on tobacco farms on a daily basis. This process follows the OECD-FAO Guidance on Responsible Agricultural Supply Chains, as well as recommendations by the ILO. It also follows the UN Guiding Principles for Business and Human Rights.

#### Human rights due diligence process

More generally, we have designed a thorough human rights due diligence (“**HRDD**”) process. This process of prevention and continuous improvement is based on five pillars: Embed, Identify, Respond, Measure and Report on respect for human rights. In the event cases of forced labour or child labour are identified, we work with relevant partners to remediate them as appropriate, addressing the root causes and always keeping the best interests of the child or worker at the center of our decision-making making process.

In 2019, the ILO issued its General principles and operational guidelines for fair recruitment and Definition of recruitment fees and related costs confirming that workers should not be charged recruitment fees nor any related costs for finding work. 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 HRDD in 2023, we worked to extend the requirement that suppliers adhere to the ILO core labour standards. We also implemented an absolute prohibition to third party recruiters hired by us from charging workers recruitment fees. Ensuring responsible recruitment and employment practices makes migrant workers leaving their country of origin less vulnerable and protect them from certain forms of modern slavery when arriving at the location of the work for which they were recruited. Eradicating recruitment fees for migrant workers is a core part of protecting the global workforce from modern slavery.

#### Human rights due diligence in the non-tobacco materials, other products, and services.

Non-tobacco materials include packaging, filters, and other cigarette-related materials. We also have suppliers for factory machinery, spare parts, and logistics, including freight. We manage the sourcing of these centrally. Other products and services that flow through our supply chain include marketing-related services, facility management, IT, and other professional services, which are sourced globally, regionally, and locally.

Although non-tobacco suppliers represent a lesser risk of integrating forced labour and child labour in our supply chain than leaf sourcing, we generally require from them contractually that they comply with [JTI Supplier Standards](#), which prohibit forced labour and child labour and require compliance with the ILO Conventions 138 and 182, if local legislation does not impose more stringent requirements. Non-tobacco suppliers further undertake not to source supplies from providers using forced labour and child labour and to be diligent to enforce the relevant ILO Conventions 138 and 182 prohibitions in their own operations and supply chains. Non-tobacco suppliers are also subject to our Supplier Screening process.

#### Supply Chain Impact Assessments

To date, we have conducted eight supply chain impact assessments.

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. In 2022, we have also initiated similar assessments with the same goal under the umbrella of the industry-wide Sustainable Tobacco Program – in depth assessments.

In Indonesia, for the first time, the SCIA included our third-party clove suppliers as well as tobacco suppliers. In November 2022, we participated in an industry-wide workshop in Surabaya, Indonesia, to map opportunities for collaboration. Representatives from the ECLT Foundation also took part in the meeting. The final report and action plans by third-party suppliers were completed in 2023.



We are proud to have fully implemented our ALP program in all sourcing countries with direct contracting system, aiming to enhance workers' rights and safety. This achievement reflects our commitment to proactively manage sustainability risks and sustainable farming practices. In 2022, ALP was fully implemented in Bangladesh and Ethiopia, which contributed significantly towards meeting our ALP target KPIs.

Our sourcing base changes from year to year due to new acquisitions or closures, demand to supply impact, and climate change. In spite of these changes, we made progress in 2024. An example is the review of the ALP booklet that will be published in 2025. We have a clear plan to continue the progress in 2025. A credible, impactful implementation of our programs and processes requires time and effort.

#### Contractual integration of JTI's policies

We typically require our suppliers and other business partners worldwide to respect our prohibition on forced labour and child labour by adopting and maintaining internationally recognized labour standards. Those requirements are embedded in the JT Group Human Rights Policy, the ALP and JTI Supplier Standards, which are included into our contracts and communicated to our business partners.

## Collaboration with third-party programs

### Sustainable Tobacco Program

Our international tobacco business is one of eight global manufacturers participating in the Sustainable Tobacco Program (STP) Steering Committee. One manufacturer joined the program in 2023, widening and strengthening the STP network. STP is a risk-based program (with a focus on mapping and addressing high-risk areas and priorities), and a collaborative initiative to enable continuous improvement in relation to supply chain due diligence. It is also an impact-driven program. The aim is to improve the sector's environmental and social footprints, to contribute towards meeting the United Nations' Sustainable Development Goals, and to enable transparent communication of responsible practices across the supply chain.

Since 2019, we have been working with other manufacturers, leaf merchants, external experts, and various organizations and service providers to further develop STP. Participants work together on eight themes, including Human and Labour Rights.

All our leaf merchants and vertically integrated origins are expected to submit STP self-assessments for each crop season. These assessments cover all eight of the STP's themes: Water, Human and Labour Rights, Livelihoods, Climate Change, Soil Health, Crop, Natural Habitats and Governance. The countries and themes for the assessments are selected following a risk matrix. In 2024, JTI participated in 7 focused in-country assessments (IDAs). For the assessments that were completed, depending on the findings, action plans were shared by leaf merchants. Action plans based on the assessments are required to be developed and their progress is monitored. IDAs are executed by independent service providers, that are selected for each country through a separate process.

One Peterson supports the program in the role of the STP Secretariat. Among other tasks, the STP secretariat is also performing continuous risk assessment data substantiation. This enables smart use of data and support the dialogue for improvement of JTI's supply chain due diligence process and global view of industry collaboration.

### ECLT Foundation

Where JTI is sourcing leaf from third-parties, we work collaboratively as part of the Eliminating Child Labour in Tobacco Growing ("ECLT") Foundation alongside other major tobacco companies, suppliers and the International Tobacco Growers' Association.

This is due to one of the principles in our child labour elimination framework which is to collaborate in order to co-develop solutions and achieve impact at scale. We cannot eliminate child labour on our own; we need multi-stakeholder initiatives to ensure more impactful outcomes and that is where ECLT support us.



ECLT's vision is to create a world with thriving agricultural communities, where children are free of child labour. They focus on two key areas that are helping to bring change in areas where tobacco is grown. Firstly, there are high impact projects that tackle the root causes of child labour at the operational level. Secondly, ECLT provides technical advocacy by engaging with policymakers, other agricultural sectors and organizations working on the ground to create policy change. Projects in these two areas are, where possible, aligned with the Sustainable Tobacco Program as part of the new cooperation agreement to leverage the two organizations strengths and synchronize efforts.

An example of ECLT's advocacy work can be seen in Zimbabwe, where, recognizing the importance of a multi-stakeholder and cross-sector approach, the ECLT Foundation has been engaging with the Government of Zimbabwe, National Employment Councils, sector associations, producer associations, workers organizations, civil society, and international organizations in Zimbabwe since 2018. The ECLT Foundation advocacy efforts have targeted government, regulators, other sectors, civil society and national employment councils to commit to collective action against child labour and create positive impact on a large scale. Through MOUs with the Government of Zimbabwe, the ECLT Foundation's advocacy and capacity-building efforts have resulted in the adoption of a tobacco industry ALP Code, a pilot industry grievance mechanism, lists of hazardous tasks across 48 economic sectors, a child labour component in the National Action Plan and progress towards a level playing field. In Zimbabwe, ECLT is driving progress not just in tobacco but across agriculture as a whole.

ECLT are making a positive impact in the fight against child labour. In 2024, it has helped remove or keep away over 3,000 children from child labour across projects. Over 44,000 children were indirectly prevented from falling into child labour through the provision of livelihoods support to their caregivers. They have also financially empowered families in tobacco-growing communities by supporting income-generating activities through 17 child protection committees in Malawi, Mozambique, and Tanzania. Training and advocacy have helped to raise awareness of the issue as well as its prevention and remediation, among more than 31,900 people.

## How we address and minimize the risks

To strengthen the focus of our policies and programs on human rights areas that matter most, it is crucial to have an understanding of our respective salient human rights issues. Salient human rights issues are the human rights at risk of violation through our activities and business relationships.

As external and internal environments have evolved, we have reviewed our group salient issues in 2023. After an extensive process involving consultation within and beyond our business, we identified ten salient issues associated with our own operations, value chain and new business relationships: child labour, nature and climate change, living income and wage, modern slavery, diversity, equity and inclusion, workplace health and safety, health risk, gender impacts, working hours, and conflict minerals.

We know that our salient issues have been vital to prioritizing our work. However, this list is not exhaustive. We know that there are other important 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, including forced labour and child labour. 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. In 2023, we updated our salient human rights issues, which are now ten representing the most relevant risks associated with our own operations, value chain and new business relationships. We know we need to keep our salient issues under review in order that we remain focused on the things that matter most.

As you will see below, we also help address the loss of income of the most vulnerable families resulting from our measures taken to eliminate the use of forced labour or child labour in our activities and supply chains by providing these families with the chance to develop skills and find new ways to earn an income.

### 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 our value chain. In line with the UNGPs, our HRIAs focus on the greatest risk to people, both within the Reporting Entities 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 our high-risk countries by 2025, we have completed twelve human rights impact assessments, eighteen self-assessment questionnaires and eight supply chain impact assessments across our entire value chain.



We have conducted twelve human rights impact assessments across our entire value chain in: Indonesia, Bangladesh, Dominican Republic, Egypt, Ethiopia, Kazakhstan, Kyrgyzstan, Malaysia, Mexico, Myanmar, Poland and Tanzania. Our approach to prioritizing countries for on-site assessments is based on a context risk evaluation. Human rights impact assessments are conducted in countries where the greatest risks to people may lie, where human rights may be weakly enforced or violated, and where JTI's operational footprint is most significant.

As suggested by our External Human Rights Advisory Board, in 2019, we introduced a self-assessment questionnaire to evaluate the human rights risk profile of more countries, and increase the scope and impact of our HRDD. Following the same methodology as our human rights impact assessments, this survey targets lower ranked high-risk countries that have not been prioritized for human rights impact assessments in the short term.

To further improve our HRDD work, we have enhanced the inclusion of human rights in our internal audit methodology. Our internal auditors receive guidance on how to further integrate human rights into their standard audit. Human rights elements are now integrated into the internal audit process, to ensure that we embed responsible business practices into the business and have an additional means to identify potential blind spots. Prior to a human rights impact assessment, Internal Audit share relevant human rights findings from their audits with our human rights team, which helped in the creation of a more targeted and effective impact assessment.

In 2024, we have completed one self-assessment questionnaire. 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 staff involved with these self-assessment questionnaires.

We are dedicated to helping our growers achieve a living income, respecting human rights across our supply chain, and providing effective grievance mechanisms to support and protect all farm workers.

In 2024 we achieved the target – to establish a Living Income Calculator in all vertically integrated origins. This helped us make informed decisions going forward while continuing the efforts to empower growers through the production schemes.

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.





## Action Plans

To address human rights issues, the Reporting Entities have put in place their own customized corrective measures through human rights action plans. JTI also has global programs that can be applied by the local markets to ensure a consistent approach across the organization.

JTI has developed human rights action plans for each country that has undertaken an assessment, each with an agreed timeline. More than 30 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 Human Rights Champions manage the implementation of the action plans locally, on top of their usual roles. JTI provides the Champions with training materials on the UNGPs, as well as support with specific points within the action plans.

In 2023, we reviewed JTI's list of high-risk countries to ensure priority is given to due diligence efforts in the countries which have the greatest potential risk to people, including the risk of forced labour and child labour.

## Reporting Concerns Mechanism

[Your Voice](#) is JTI's main mechanism for reporting concerns. JTI ensures access to Your Voice, either via a secure portal run by an independent provider, accessible 24/7 worldwide and in more than 75 languages with a computer or phone, or via the dedicated email address [onebehaviour@jti.com](mailto:onebehaviour@jti.com).

Every reported concern is recorded and treated confidentially. All substantiated instances of misconduct are addressed appropriately, and retaliation against anyone reporting a concern is not tolerated.

For the communities in our directly contracted supply chain, we are now putting in place a grower centric operational-level grievance mechanism that will be available in ten countries by 2027.

## Extreme breaches

Responding to an extreme breach of standards – including child labour and the worst violations of workers' rights, such as slavery, forced labour, human trafficking, violence, or severe physical, mental or sexual abuse – requires caution and, in many cases, support from the police and/or other authorities or non-governmental organizations. In 2024, we investigated potential extreme breaches that were recorded by our Agronomy Technicians





in the JTI AgroMobility App (the application for data collection for the enterprise resource planning system). If cases are confirmed as an extreme breach swift corrective action follows.

### Child labour elimination framework

We have established clear roles and responsibilities for the operationalization of the child labour elimination framework. In 2023, we developed a Child Labour Elimination handbook that addresses areas of JTI's own operations where child labour represents a risk. Its objective is to raise awareness about child labour and provide strategic guidance, while also outlining our practical and operational tools and programs.

We assess and minimize child labour risks, monitor the effectiveness of our interventions and share our progress, through the general SCDD, HRDD and ALP programs mentioned above and the more specific programs below. The specific programs depend on whether we work with directly contracted farmers with whom we contracted directly or tobacco leaf merchants.

We have implemented our due diligence process on the tobacco farms we work with. Agronomy Technicians visit growers several times a year. During these visits they provide technical advice on how to achieve the right quality and yield, but they also observe labour practices, with a focus on identifying child labour risks. If child labour, or an indication of the risk of child labour, is observed on a farm, we expect the technician to immediately address this with the grower and ask for the activity to stop. He or she also is expected to record the observation and follow up at the next visit. If child labour is seen as a systemic issue of high priority, we deploy specific improvement programs like ARISE described below. In case of severe abuse, we use the Extreme Breach Procedure – a special procedure based on principles that protect the victim and the rapporteur.

**ARISE program:** In our tobacco-growing communities, our flagship program called Achieving Reduction of Child Labour in Support of Education or ("[ARISE](#)") has been implemented to tackle child labour since 2012. Initially developed by us, the ILO, and the non-profit organization Winrock International, ARISE aims to end child labour in communities where we source tobacco leaves. Today, ARISE continues to drive positive change by implementing robust solutions to prevent and address the root causes of child labour.

Recently we have reviewed the ARISE governance and management model which now allows representatives in the countries where we grow our tobacco leaves to be responsible for managing local partnerships, assessing projects, and implementing local activities. Country representatives have full ownership of local ARISE programs, from design to implementation. This approach allows us to maximize efficiency, strengthen our relationship with growers, and harmonize the program with other relevant community projects.



Through ARISE, we educate children, families, farmers and communities about the need to end child labour. We listen to their concerns and help them understand the long-term benefits of educating children through schooling. We provide families with the chance to develop skills and find new ways to earn an income. We train farmers and communities so they can find new ways of working and change cultural beliefs that put children at risk. We provide schools with resources, teachers with training, and governments with information so they can create relevant laws and enforce them. Our activities align with national, regional and local government policies to improve regulatory frameworks in support of improving labour practices, specifically reducing and eliminating child labour.

ARISE regularly collaborates with Grower Support Programs, Good Agricultural Practices, Market Match on various projects. Such activities complement each other and strengthen relationships with local communities.

ARISE is implemented in six of the countries where we have growers with whom we contract directly: Brazil, Malawi, Tanzania, Zambia, Ethiopia and Bangladesh. With the ultimate goal to eliminate child labour from our supply chain, we track progress through several metrics. Our ARISE KPIs are set on output, outcome and impact level.

We provide regular updates on our approach to child rights on our ARISE webpage, in our annual JT Integrated Annual Report and on our dedicated Human Rights section on the JTI website .

### Reporting improvements

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

In 2024, we continued ALP and SCDD reporting through Worldfavor, the sustainability management and reporting platform used 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.

Thus far, we continued our dialogue with leaf merchants – adding additional key suppliers to our annual SCDD meetings – and continued a series of webinars around supply chain due diligence. The topics were informed by leaf merchants' requests and suggestions. This enabled us to share best practices, discuss each step of the SCDD process, and promote collaboration. Momentum is building behind a common focus across the sector.

## 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.

To create a global culture around equality, respect and human rights, in 2022 we launched a new companywide human rights e-learning module. The platform was made accessible to all JTI employees via desktop and mobile and in 37 languages. The platform offers a new way of learning about human rights through dynamic and interactive bite-size content. The training helps to enable employees to spot human rights impacts and prevent abuses occurring in our workforce and supply chain, working to instill a better understanding of how these issues play out in practice, using practical everyday examples. One of the main modules was focused on modern slavery risks and dealt with forced labour and child labour.

The JTI human rights e-learning portal allows users to take a modular approach to learning. Upon entry to the site, employees are presented with a dashboard hosting several modules focusing on our salient human rights issues. Within each of these modules are numerous subcategories. Users can complete the modules in any order they like and will be able to drop into and out of modules and subcategories, making for a more personal experience that caters to people's busy lifestyles. Rather than completing a lengthy training session in one sitting, employees can learn about human rights through bitesize content and gamification. This method is effective in improving engagement and promoting better retention of information.

## Measuring Effectiveness

We are committed to continually measuring the effectiveness of, and improving where possible, our approach to respecting human rights and tackling forced labour and child labour in all its forms. Since we started our HRIAs in 2018, we have been measuring the effectiveness of our Action Plans and activities implemented. 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 non-governmental organizations.

In 2024, we investigated potential extreme breaches that were recorded by our Agronomy Technicians in the JTI AgroMobility App (the application for data collection for the enterprise resource planning system). If cases are confirmed as an extreme breach, swift corrective action follows.

We expect suppliers to implement a management process setting out how they will respond to an extreme breach. These processes must incorporate three elements:

- 1) Protection for the victim and rapporteur (the person who reports potential breaches);
- 2) A clear escalation route, timeline, and remediation plan; and
- 3) Access to specialist support for those involved.



## APPROVAL AND ATTESTATION

This Report was approved pursuant to subparagraph 11(4)(b)(i) of the Act by the boards of directors of JT Canada LLC Inc and JTI-Macdonald Corp.

In accordance with the requirements of the Act, and in particular section 11 thereof, I, the undersigned, attest that I have reviewed the information contained in this joint report for JT Canada LLC Inc. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in this report is true, accurate and complete in all material respects, for the purposes of the Act, for the Reporting Period specified above.

For clarity, I make the above attestation in my capacity as a director of the board of directors of JT Canada LLC Inc. for and on behalf said board and not in my personal capacity.

I have the authority to bind JT Canada LLC Inc.



Luc Phaneuf  
Director and President of JT Canada LLC Inc.  
May 31<sup>st</sup>, 2025

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In accordance with the requirements of the Act, and in particular section 11 thereof, I, the undersigned, attest that I have reviewed the information contained in this joint report for JTI-Macdonald Corp. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in this report is true, accurate and complete in all material respects, for the purposes of the Act, for the Reporting Period specified above.

For clarity, I make the above attestation in my capacity as a director of the board of directors of JTI-Macdonald Corp. for and on behalf said board and not in my personal capacity.

I have the authority to bind JTI-Macdonald Corp.



Caroline Evans  
Director of JTI-Macdonald Corp.  
May 31<sup>st</sup>, 2025

