



FIGHTING AGAINST FORCED
LABOUR AND CHILD LABOUR IN
SUPPLY CHAINS ACT

ANNUAL REPORT

REPORTING PERIOD

1st January – 31st December 2025

May 29th, 2026

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 third 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 1st, 2025, and ending December 31st, 2025 (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.

OUR BUSINESS AND SUPPLY CHAIN

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 consists of a group of companies, which include 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 distributor of tobacco products for JTI in Canada. These tobacco products are manufactured in its factory located in Montreal, Québec, except for White Snus which are manufactured in Sweden. JTI-Macdonald Corp. also provides services to JTI affiliates to facilitate the distribution of vaping products in the Canadian market. These vaping devices and ancillary products are manufactured in China and the e-liquids to be used with the devices are manufactured in Poland.

JTI-Canada’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](#)” and “[Sustainability](#)” pages of [jti.com](https://www.jti.com), and our [JT Group Integrated Report](#).

Our global supply chain has three categories:

1. Tobacco leaf.
2. Non-tobacco materials, and other products and services.
3. Vaping products.

For each category, we have a clear set of standards in place to ensure that we are working with suppliers who adhere to the same high ethical standards that we do.

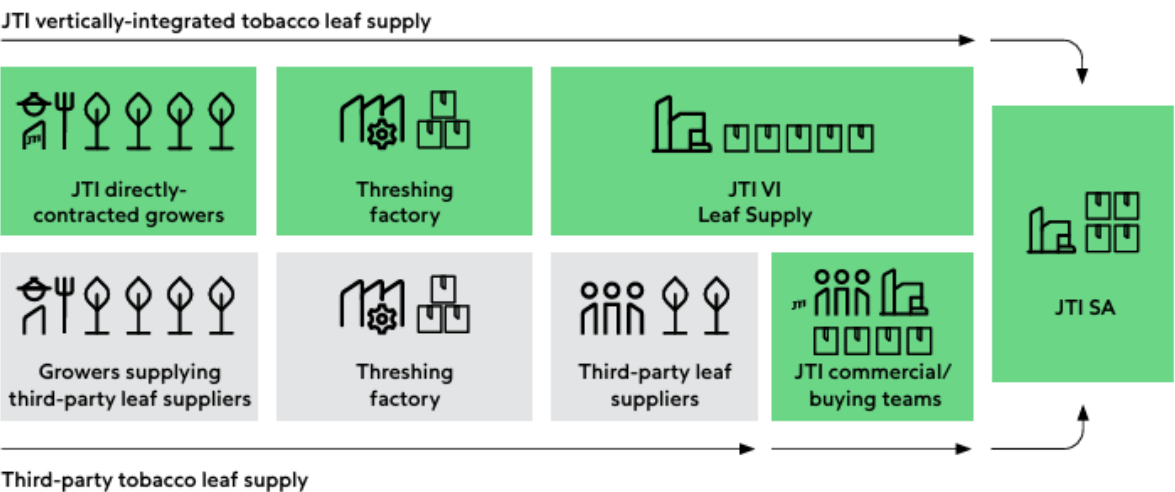
Tobacco leaf

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.

We procure approximately half of our planned tobacco leaf requirements through direct contracts with growers and the remaining half from third-party leaf merchants. Although we source leaf from more than 28 countries, the vast majority still comes from eight key global suppliers. In 2025, we worked with more than 70,000 directly-contracted tobacco leaf growers in Bangladesh, Brazil, Ethiopia, Japan, Malawi, Serbia, Tanzania, Türkiye, the US, and Zambia.

Our direct contracting model provides a high level of traceability and verifiable provenance, as it establishes a direct relationship with growers and enables structured oversight of agricultural, social, and environmental practices. This approach allows us to monitor sourcing conditions closely and to maintain clear visibility over the origin of the tobacco leaf at farm level. In addition to direct sourcing, third-party leaf merchants represent a key component of our supply chain. We prioritize working with merchants that operate transparent and efficient supply chains. In the vast majority of cases, our leaf merchants source tobacco leaf directly from contracted growers, meaning that a direct contractual relationship exists between the merchant and the grower. This structure enhances transparency and accountability and supports clear traceability of the leaf’s origin, including its environmental and social footprint. Growers engaged by leaf merchants also typically receive guidance on crop management and good labour practices.

In some countries, leaf can be sourced in a different way, for example in India at auction. This can make it challenging to determine the provenance of the leaf and implement Agricultural Labour Practices. 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.



Non-tobacco materials, and other products and services

We partner with over 25,000 suppliers for non-tobacco materials, and other products and services. Supplier certification (the process elaborated later in the report) is a key part of our supply chain management as it helps ensure we know who we are working with. Our suppliers risk management and procurement system centre, ATAI, covers both supplier information management and supplier screening. Non-tobacco suppliers are subject to our Supplier Screening process.

Vaping products

The electronic devices in the vaping category are designed and developed by our R&D teams, and are produced by third-party contract manufacturing companies, in collaboration with JTI's sourcing team.

Given the technological innovation necessary for the development and manufacturing of these products, our teams work in close collaboration with our contract manufacturers to build a resilient supply chain while integrating sustainability into sourcing decisions.

GOVERNANCE

We have built a governance structure to ensure firm oversight of the JT Group Human Rights Policy and JTI Human Rights Commitment by our management. At the same time, a broad network of actors directly leads its implementation. While the JT Group Board of Directors and JT Group CEO are accountable for the strategy, governance, and reporting of adherence to the JT Group Human Rights Policy, the JTI CEO has approved of the JTI Human Rights Commitment, with the JTI CFO upholding executive ownership. The Corporate Sustainability and Leaf Global Supply Chain teams own the human rights strategy and its targets and are accountable for the implementation of the due diligence program. At the country level, General Managers and Factory Leads are accountable, while Local Human Rights Liaisons under Legal teams are responsible for coordinating the implementation of the action resulting from human rights assessments. Local Supply Chain Due Diligence Committees are responsible for overseeing the development and implementation of country-level strategy and policies on sustainability, including advancing the respect for human rights. For more details: [Governance](#)

POLICIES AND PROCEDURES

JTI-Canada is 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, including all the companies within JTI. 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](#).

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](#) program
- [ARISE](#) (Achieving Reduction of Child Labour in Support of Education) program
- Grower Support Programs
- Working with the Eliminating Child Labour in Tobacco-Growing Foundation

Our commitment to human rights is reflected in our [JT Group Human Rights Policy](#) and reinforced by our [JTI Code of Conduct](#), [JTI Supplier Standards](#) 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 (“**UNGP**”s) 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. The Code 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.

“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 42 languages (including French and English), 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 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. We typically require our suppliers and other business partners worldwide to respect child rights by adopting and maintaining internationally recognized labour standards on child labour. 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. We regularly inform our suppliers about up-to-date information on the supply chain related policies and expectations; as an example, in 2025, all JTI leaf merchants were formally notified about the latest 2025 JTI Supplier Standards and required to comply with this new edition of the standards.

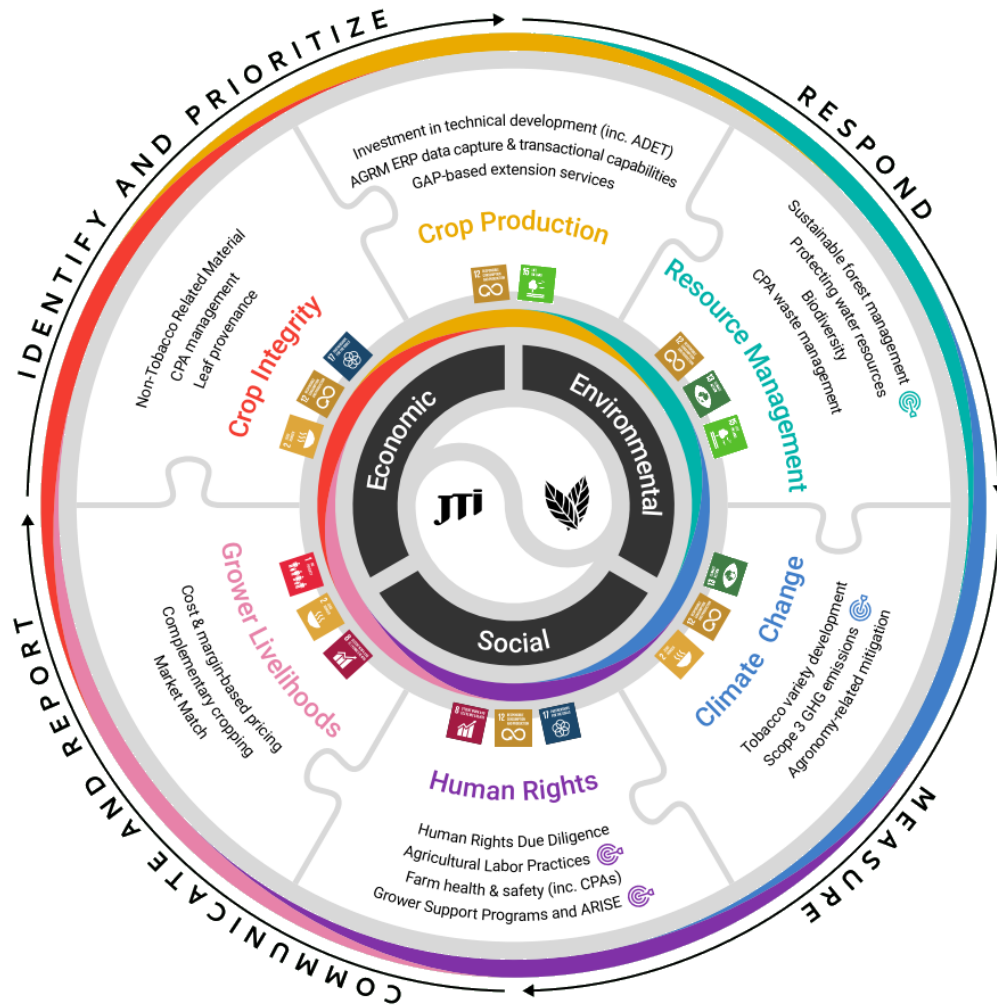
JTI-Canada includes sustainability in its tender process as one of the criteria we use to decide which goods and services we procure and which suppliers we work with. This supports our ambition to become more sustainable in all that we do. Tenders also include questions on Human Rights, about areas such as good employment practice and the key steps organisations are taking to mitigate forced labour and child labour risks in their operations and supply chains.

DUE DILIGENCE AND ACTION TAKEN

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. Together with our Agricultural Labour Practices program (“**ALP**”), the SCDD helps us identify and address issues on tobacco farms on a daily basis.

The SCDD is a continuous process spanning one crop season to another using various tools such as LifeCycle Assessments, Supply Chain Impact Assessments, and Self-Assessments under the Sustainable Tobacco Program umbrella. The SCDD process aims to follow the Organization for Economic Co-operation and 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’s (“**ILO**”) Fundamental Conventions and the UN Guiding Principles for Business and Human Rights (“**UNGPs**”).



Agricultural Labour Practices

Our ALP are standards based on the ILO Core Conventions and related recommendations. They consist of three pillars: Ending child labour, Respecting the rights of workers, and Driving 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. Whether we source tobacco directly from growers or through tobacco leaf merchants, our contracted suppliers are committed to implementing our ALP. Adherence to the ALP minimum standards at farm level are monitored continuously by JTI Agronomy Technicians and others visiting the farms.

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.

For more information, please see the standard: [Agricultural Labour Practices Standard](#).

Supply Chain Impact Assessments

In 2025, three Supply Chain Impact Assessments were conducted, bringing the total number completed to date to eleven. 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.

Living Income Baseline Assessments

In 2025, we achieved full implementation of our Living Income Calculator across all direct tobacco leaf supply chain origins, fulfilling the target we set ourselves in 2023.

Using the Living Income Calculator and baseline assessments, we assess potential living income gaps across our direct supply chain each year. These insights help us understand the drivers affecting growers' livelihoods and prioritize support where it is needed most. Rather than applying one-size-fits-all solutions, we tailor grower support programs to the gaps identified, ensuring actions are relevant, respectful, and responsive to growers' needs and aspirations.

JTI Critical Issues Framework

JTI operates a farm visitation program across all origins where tobacco is sourced from directly contracted growers. The program is implemented by JTI's vertically integrated origins and incorporates ALP monitoring as an integral component.

In line with the SCDD cycle, any observation identified by JTI Agronomy technician during a farm visit triggers the response phase. The nature of the response is determined by the type and severity of the observation.

In this regard, an updated JTI ALP standard has been published in 2025, which includes the Critical Issue Framework:

A Critical Issue is defined by JTI as any incident or circumstance that presents an immediate threat to life, liberty, or limb. Besides Extreme breaches procedure that has been in place for many years, this Framework includes Prompt Action Issues.

A Prompt Action arises wherever there is an immediate or prolonged risk to life or limb of an individual or group, due to ignorance or malpractice by them or by others. An immediate action should be taken to ensure the person(s) at risk are made safe without delay.

An Extreme Breach arises wherever there is a severe risk to life, liberty, or limb due to purposeful actions or exploitation by others. Forced labour and human trafficking are some of the most serious Extreme Breaches of ALP. JTI teams on the ground are expected to understand the variety of indicators (or "clues") that signify potential forced labour or human trafficking, and to monitor them in a way that highlights where two or more indicators combine to point to a situation of potential forced labour and/or human trafficking. Extreme Breaches may also include hazardous work by children.

Human rights due diligence process

Guided by the UN Guiding Principles, we have made human rights due diligence a core part of our business, as outlined in our JT Group Human Rights Policy and JTI Human Rights Commitment. This process helps us spot and evaluate real and potential risks, drawing on our human rights impact assessments to prevent harm and uphold top standards across our operations and value chain.

Every 3 years, in line with our continuous due diligence approach, we carry a review of our high-risk markets to ensure we focus our efforts where the risk for potential human rights risks is higher. Previous criteria included the number and type of JTI operations in each country, historical data on human rights cases in our operational grievance mechanism or ALP program, the health and safety performance of JTI operations in each country, and our salient issues. In our most recent review, we have added additional categories such as gender split to the methodology.

Human Rights Impact Assessments

JTI conducts Human Rights Impact Assessments (“**HRIA**”) 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. The assessments focus on the greatest risk to people across our core operations and value streams, involving site visits to farming, processing, manufacturing, and sales operations, plus interviews with employees, workers, and reps from suppliers, clients, and partners. Afterward, we share findings and improvement recommendations with local management, collaborating with our head office to tackle issues and enhance conditions. 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.

In 2025, JTI conducted a HRIA in Türkiye, adding to the twelve HRIAs across our entire value chain that were previously conducted in: Bangladesh, Dominican Republic, Egypt, Ethiopia, Indonesia, 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.

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.

Self-assessment questionnaires

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

Human Rights Action Plans

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

We develop 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 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.

Stakeholder Engagement

We partner with internal and external stakeholders to create widespread change, investing in global and local collaborations to sustain our impact. Since 2002, as part of the Eliminating Child Labor in Tobacco-Growing Foundation (“**ECLT Foundation**”) Board, we have backed efforts to eliminate child labour, working with peers, the International Tobacco Growers’ Association, and suppliers to build child labour-free farming communities, while the Sustainable Tobacco Program advances better practices and human rights standards.

We share insights with over 40 companies through the BSR Human Rights Working Group, and since 2017, our External Human Rights Advisory Board has shaped our strategy, including the JTI Human Rights Commitment. Internally, our teams drive progress by implementing action plans from due diligence in high-risk areas, focusing on employees, children, growers, suppliers, and vulnerable groups like women, migrants, and LGBTQI+ individuals.

ECLT Foundation

We work collaboratively alongside other major tobacco companies, suppliers, the International Tobacco Growers’ Association and the ILO as part of the ECLT Foundation. The ECLT Foundation is an independent Swiss not-for profit organization whose mission is to promote the elimination of child labour in agricultural communities, including in the tobacco-growing sector. Multi-stakeholder initiatives (“**MSIs**”) such as the ECLT are essential to bringing together governments, companies, and civil society to collaboratively eliminate child labour in agriculture, including in tobacco growing. By combining voluntary measures with mandatory policies, MSIs drive the transformative action needed to end child labour.

The ECLT Foundation works to catalyse the power of States, business and communities in collective action to eliminate all forms of child labour in agriculture. The ECLT Foundation engages with States because gaps in governance, such as lack of quality education and inadequate social protection are often central causes of child labour. Effective engagement and collaboration with the State is essential for our efforts to make a positive difference in the fight against child labour. The second pillar of the ECLT Foundation’s work involves supporting business to eliminate child labour. It

supports JTI and its other member companies in terms of skills transfer, scaling up of action and projects like the roll out of child labour case management systems. Finally, the ECLT Foundation works at community level: promoting education, encouraging savings, and piloting new approaches to improve farmer incomes and livelihoods.

A strong example of ECLT Foundation's successful work in 2025 comes from Mozambique and Tanzania where the Foundation delivered technical assistance and support to the two governments to carry out tripartite review and update of their national lists of hazardous work for children. These lists, mandated under ILO Convention 182 on the Worst Forms of Child Labor, define the specific tasks across economic sectors, including tobacco, that are prohibited for children because they pose risks to health, safety, or moral development. Periodic review is not optional; it is a binding obligation for ratifying States. Results from this work include:

- Two national lists of hazardous tasks reviewed and updated (Mozambique and Tanzania)
- Full tripartite consultation processes facilitated in both countries
- Multi-stakeholder engagement convened, including: government ministries, workers' and employers' organizations, private sector actors, international organizations and civil society representatives, and
- Revised hazardous task lists finalized and currently in final stages of governmental approval.

The Sustainable Tobacco Program

To help ensure a streamlined and consistent approach, we continuously map synergies between our SCDD process and the ALP program with the [Sustainable Tobacco Program \("STP"\)](#), an industry-wide platform enabling businesses to collaborate on human rights (including child labour when dealing with third-party suppliers e.g. leaf merchants), environmental issues, and other sustainability challenges, and to drive sustainable agriculture through a continuous improvement process. Leaf merchants are expected to submit annual reports in relation to human and labour rights and wider due diligence progress, in the SCDD report and industry wide STP self-assessments questionnaires.

Depending on the risks and priorities, we (individually or with other STP member companies) conduct in-depth assessments on the ground versus key ESG priorities and suppliers are required to implement action plans to prevent and mitigate the effects of child labour based on the findings. Progress vs action plans are periodically updated by leaf merchants and submitted to STP.

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.

The development phase of the program was completed in June 2021, and full implementation is ongoing. One Peterson continues to support the program in the role of STP Secretariat.

All our tobacco 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: (1) Water; (2) Human and Labour Rights; (3) Livelihoods; (4) Climate Change; (5) Soil Health; (6) Crop; (7) Natural Habitats; and (8) Governance. The countries and themes for the assessments are selected following a risk matrix.

Similar to our Supply Chain Impact Assessments, In-depth Assessments are regularly conducted under the umbrella of STP. In 2025, JTI participated in 7 focused in-depth assessments (IDAs). For completed assessments, leaf merchants provided action plans based on the results. 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.

The STP secretariat is continuously improving risk assessments, both at country and leaf merchant level. This will enable smart use of data and support the dialogue for improvement of JTI's SCDD process and pre-competitive industry collaboration.

Reporting Concerns Mechanism

We have a concerns reporting mechanism called Your Voice, established in 2008 and upgraded in 2024. JTI ensures access to Your Voice in Canada and globally, either via a secure portal run by an independent provider, accessible 24/7 in more than 75 languages, including French and English, with a computer or phone or via the dedicated email address 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.

We believe that everyone should be able to raise concerns and have their voice heard, in their own language, and even if they do not have access to a Company computer or the Company network. That is why we ensure secure access to the reporting system for all of our employees and business partners at all times and from anywhere. Reporting concerns mechanisms play a critical role in opening channels for dialog, 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.

Your Voice key principles:

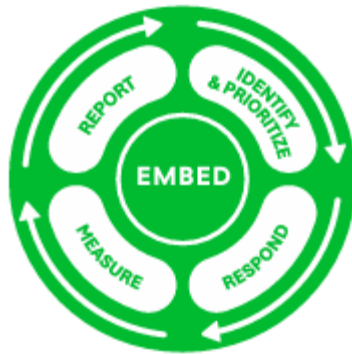
- Concerns raised in good faith will be followed up and dealt with impartially and in confidence.
- The identity of the reporting person is kept confidential and protected at all times.
- Zero tolerance for retaliation.

RISK MANAGEMENT

We operate in vastly varied environments around the world, including, inevitably, in some territories where human rights are at risk. JTI does not tolerate modern slavery in any of its forms – child labour, forced labour, slavery, servitude and human trafficking - and is committed to tackling it through a range of initiatives including our global human rights program.

Our human rights approach is based on five pillars: Embed, Identify & Prioritize, Respond, Measure, and Report. This circular due diligence model is in line with the UNGPs, the OECD guidelines, and the UN's FAO guidance on responsible agricultural supply chains.

This approach provides a consistent, efficient and systematic way of conducting due diligence to prevent, mitigate and remedy any adverse impacts on human rights based on our own activities and connected to us through our business relations.



1. Embed
2. Identify and prioritize
3. Respond
4. Measure
5. Communicate and report

In addition, we continue to conduct ongoing risk analysis and mapping in relation to the supply chain of the portfolio of vaping and e-liquid products.

Supplier Screening Process

Supplier certification

Supplier certification is a key part of our supply chain management with both directly contracted farmers and leaf merchants, as it helps ensure we know who we are working with. Our suppliers' risk management and procurement system centre, ATAI, covers both supplier information management and supplier screening.

Non-tobacco materials, and 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.

Non-tobacco suppliers are subject to our Supplier Screening process. Through this process we aim to ensure that we apply enhanced due diligence.

Before entering a commercial relationship, our suppliers go through an onboarding process where they are requested to comply with the JTI Supplier Standards and are screened for economic sanctions. In addition, our key suppliers have a questionnaire and certification process. As part of the certification process, we conduct an appropriate due diligence on our business partners to help ensure the level of compliance checks and controls are proportionate to the potential risk of a business partner. This process allows us to learn more about the supplier and understand gaps versus our standards. In particular, it highlights potential risks relating to compliance, human rights, including child labour, environment, and health and safety. If risks are identified through this process, we offer support and collaboration on how to mitigate the risks and make necessary improvements. Our key suppliers are actively continuously monitored for change of risk over time.

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.

Vaping products

As mentioned above, JTI-Macdonald Corp. provides services to JTI affiliates to facilitate activities related to the distribution of vaping products. These devices 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 Business Partner 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.

Environmental, Social, and Governance (“ESG”)

In addition to the information provided above, when selecting global indirect suppliers, we also consider their ESG performance as part of their scorecard. We review our procurement practices through annual reviews of strategic/critical suppliers for risk and ESG impact, with improvement plans being implemented where remediation is required.

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 2025, we continued to evaluate the sustainability performance of the suppliers in scope using a global leading sustainability rating platform which provides an assessment based on four main criteria: environment, labour and human rights, ethics, and sustainable procurement. We review the results of this monitoring, and take follow-up actions, including on-site audits, when required, and document the entire process.

Risk Management of salient human rights

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. These issues concern the human rights at risk of the most severe negative impact through our activities and business relationships.

Identifying salient issues

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

Assessing Severity

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

Assessing Likelihood

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

Mapping Risk

In a consolidated risk map, ten issues of high severity and high likelihood were finally identified as salient. They are: (1) Child labour; (2) Conflict minerals; (3) Diversity, equity & inclusion; (4) Gender impact; (5) Health risk; (6) Living income & wage; (7) Modern slavery; (8) Nature & climate change; (9) Workplace health & safety; and (10) Working hours. As such, these areas have been prioritized.

While we continue to address 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.

Child Labour Elimination Framework

Our vision is to eliminate child labour in our global operations and supply chains. Child labour is an unacceptable practice that has no place in our supply chain. It is, however, a complex problem that requires a comprehensive and collaborative approach to solving it.

Our Child Labour Elimination Framework consists of a mission, commitment, and strategic levers to deliver on our vision. It reiterates our commitment to respect and support child rights, in accordance with the Convention on the Rights of the Child, the UNGP, OECD Guidelines for Multinational Enterprises, and relevant ILO Conventions such as Convention 138 on Minimum Age for Admission to Employment and Convention 182 on The Elimination of the Worst Forms of Child Labour. We base our approach on the internationally agreed definitions provided in these Conventions. The ARISE program plays a key role within this framework to prevent and remediate child labour risks identified in our supply chain.

ARISE program:

In our tobacco growing communities, our flagship program ARISE – Achieving Reduction of Child Labor in Support of Education – has been implemented to tackle child labour since 2012. Initially developed by JTI, the ILO, and 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.

ARISE's approach to eliminating child labour is anchored in two complementary pillars: prevention and response. Prevention remains the core of the program, addressing root causes such as low awareness, limited access to schooling, economic pressures, and weak community protection systems. Through these area-based interventions, ARISE strengthens community capacity and reduces the likelihood of child labour.

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.

In parallel, ARISE is formalizing and scaling its response work through a global Child Labour Case Management System (“**CLCMS**”). In 2025, the Global CLCMS Framework and accompanying Guide were finalized to provide countries with structured, practical guidance on establishing, implementing, and monitoring the effectiveness of the system. The approach is designed to be adaptable, enabling each operating country to tailor implementation to its local social and cultural context.

The system ensures that identified cases receive timely and appropriate support, supported by clear identification processes, safe immediate actions, formal referral pathways, defined governance, and systematic documentation, and follow up. During 2026, we will be working on ongoing digitalization of case management tools to enhance transparency and comparability across countries.

Today, more than 66,800 children are enrolled in formal education, and we have assisted governments to develop more than 80 policies that support children thanks to more robust protection systems. Our ARISE program continues to aim to establish and enhance local ownership and partnerships. With the 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. For more information on our approach to child labour and our impact to date, please visit [ARISE](#).

Development of our Risk Management Approach

We ensure robust governance to embed human rights across our global operations. Oversight of our policies involves the JT Group Board, CEOs, and local teams. External experts, advisory boards, and committees guide and refine our strategy.

To further improve our human rights due diligence work, we have established a Human Rights External Advisory Board (the “**Board**”) which is made up of international experts on business and human rights. The Board advises us on all issues that the members consider relevant for the implementation of our human rights strategy. The panel of experts guide us with their expertise and challenge us where they believe we need to improve, helping to strengthen our efforts to deliver on our human rights commitments. We have implemented several key changes to our due diligence strategy based on the Board’s expert guidance and recommendations. These changes included:

- Developing our new country-level prioritization matrix, after the Board identified a need to add a “salient issues” lens to the prioritization criteria.
- Creating an effective self-assessment questionnaire as a means of engaging with more countries on human rights.
- The Board supporting JTI in the approach to market assessments and action plans.

- The Board advising JTI to continue pursuing a step-by-step approach in increasing human rights-related disclosure.
- The Board supporting proper analytics tracking in the setting up of the human rights e-learning.

Additionally, 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 helps create a more targeted and effective impact assessment.

EMPLOYEE TRAINING AND 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, we launched a company-wide human rights e-learning module. The platform was made accessible to all JTI employees in Canada and globally, across both desktop and mobile devices, and in 38 languages, including French and English. 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 instil 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. We will continue to roll out this training program to all our employees worldwide.

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 sub-categories. Users can complete the modules in any order they like and will be able to drop into and out of modules and sub-categories, 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 bite-size content and gamification. This method is effective in improving engagement and promoting better retention of information.

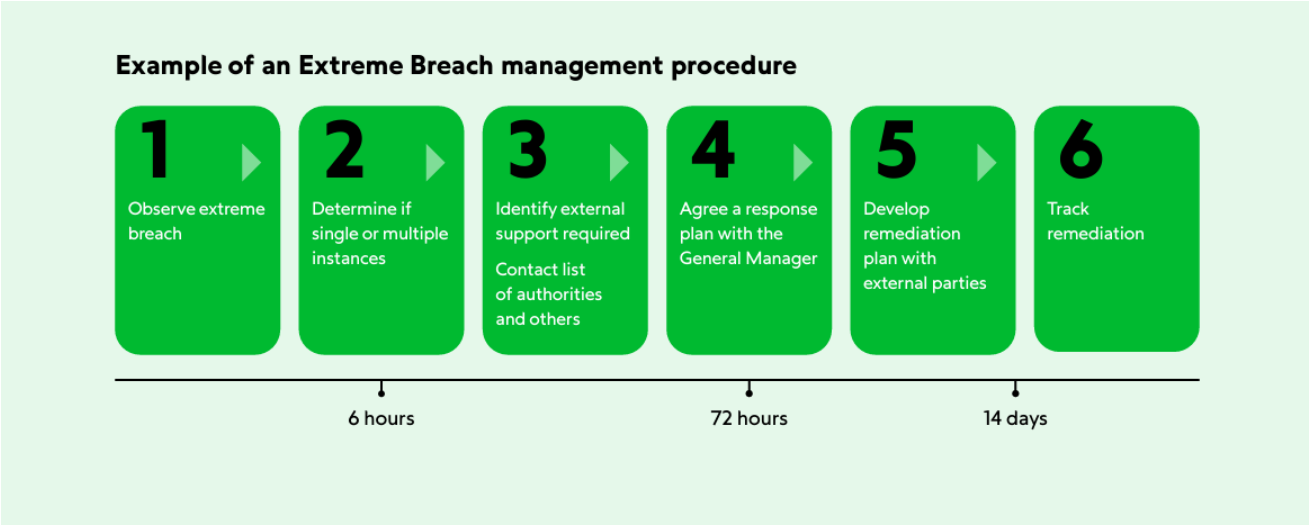
MEASURING EFFECTIVENESS

We are committed to continually measuring the effectiveness of, and improving where possible, our approach to respecting human rights and tackling modern slavery 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 NGOs.

In 2025, 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. 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. We expect each supplier to have a management process incorporating three elements:

- 1. Protection for the victim and rapporteur
- 2. A clear escalation route, timeline, and remediation plan
- 3. Access to specialist support



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 29th, 2026

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 29th, 2026