

THE SUSTAINABLE TOBACCO PROGRAMME

We take a responsible approach to sourcing tobacco and work with our suppliers and farmers to address good agricultural practices, improve labour practices and protect the environment. The key platform we use to enable this is the Sustainable Tobacco Programme (STP). The STP sets out the minimum standards we require of our tobacco leaf suppliers. It is a framework for continuous improvement and involves self-assessment questionnaires, improvement plans and independent reviews. The STP is an industry wide programme administered by a third-party service provider and it is periodically reviewed to ensure that it continues to raise standards and covers important emerging issues.

Through cross-industry dialogue and best practices the programme has been designed to enable a sustainable quality supply of tobacco leaf and improve the income for farmers by addressing environmental challenges, improving labour standards and sharing knowledge on good agricultural practices. All our tobacco leaf suppliers are required to participate in the STP.

The STP questionnaire includes a section on 'Agronomy' which focuses on the farming aspects and one on 'Processing' which relates to the initial leaf processing post-harvest. Under both sections there are four pillars which drill down into specific areas as illustrated in the

table below. We understand that in the agricultural process there may be a potential risk to farm workers of green tobacco sickness. The risk of green tobacco sickness is mitigated using personal protective equipment (PPE). Occupational health and safety and the use of PPE is covered in the STP under the People Pillar of Agronomy and the area 'Safe Working Environment'.

Child labour on farms is also covered under the People Pillar of Agronomy. Further information on our management approach to child labour can be found in our Tackling Child Labour summary.



AGRONOMY

Governance	Crop	Environment	People
<ul style="list-style-type: none"> - Policy - Procedures and records - Business integrity - Implementation of STP - Stakeholder Engagement - Training - Traceability - Economic Viability of Farmers 	<ul style="list-style-type: none"> - Risk assessment, training and monitoring - Seed selection and performance - Crop Husbandry - Integrated Pest Management - On-Farm Contaminants - Farmer Profitability 	<ul style="list-style-type: none"> - Risk assessment, training and monitoring - Water Management - Soil Management - Pollution Control - Waste Management - Fuel efficiency and Greenhouse Gas Reduction - Biodiversity - Wood Usage 	<ul style="list-style-type: none"> - Risk assessment, training and monitoring - Child Labour on farms - Forced Labour - Safe Working Environment - Fair Treatment - Freedom of association - Income, working hours and benefits - Legal Compliance



PROCESSING

Governance	Facilities	Environment	People
<ul style="list-style-type: none"> - Policy - Procedures and records - Business integrity - Implementation of STP - Stakeholder Engagement - Training - Monitoring complaints and procedures - Regulations - Traceability 	<ul style="list-style-type: none"> - Risk assessment - Emissions - Waste disposal - Fuel and chemical storage - Workplace hygiene - Hazardous materials and biohazards - New processes and equipment - Facility Safety - Guards and protection - Personal Protective Equipment - Prevention of Accidents - Fire and Emergency Response - Evacuation - First Aid and Medical Facilities - Facility Security - Vehicles and drivers - Contaminant control 	<ul style="list-style-type: none"> - Risk assessment - Emissions - Disposal of waste - Fuel and chemical storage - Permits and operating licences - Resource consumption and Greenhouse gases 	<ul style="list-style-type: none"> - Risk assessment - Terms of employment - Training - Appraisal - Labour Codes and conventions - Wellbeing and community programmes

SUPPLY OF TOBACCO

We source tobacco from all around the world including Brazil, India, China and Sub-Saharan Africa. Approximately 95% of our supply is through third party tobacco suppliers. The tobacco supply chain varies from country to county. For example, in Sub-Saharan Africa there are tens of thousands of smallholder farmers, which is different when compared to the USA where there are large commercial tobacco farms. Despite these differences we apply the STP globally and expect standards to be implemented and aspired to throughout the various geographies and situational contexts.

IMPLEMENTING STP

All our suppliers are required to complete a detailed self-assessment questionnaire on an annual basis. The completed questionnaire is then scored by the third-party service provider who share the data set for our suppliers with us.

Suppliers are subject to a formal third-party review at least once every three years. This provides an understanding of the reliability of their self-assessment and is complementary to the more frequent supplier reviews and visits undertaken by our own Leaf Sustainability Managers.

A four-day review is conducted and includes the following:

Day 1 – Introduction, Governance Pillar, factory visit and Facilities Pillar.

Day 2 – Finalise Facilities Pillar, Crop Pillar, Environment Pillar and farmer selection for field visits.

Day 3 – Full day of field visits.

Day 4 – People Pillar, finalise overall review and a presentation on findings.

Further insight is provided into supplier performance in terms of accuracy, performance by pillar and the key focus areas. Information is consolidated by supplier groups, regions, countries and tobacco type. This enables benchmarking of our suppliers' performance against the total global supplier base and highlights any potential inconsistencies or abnormalities.

The scores obtained by each supplier are assessed and if required improvement plans are developed for areas of underperformance detailing how improvements will be made within a specified timescale.

We use information provided through the STP to inform our supplier ratings, focus interventions, enrich supplier dialogue and enable our Leaf Sustainability team to support our suppliers with their improvement plans.

Every three years, an independent review of each supplier is conducted by the third-party service provider against the supplier self-assessments completed.

“We take pride in driving supply chain standards and we are committed to purchasing tobacco from socially and environmentally responsible suppliers.”

APPLYING OUR STANDARDS

Through the STP, we have determined a baseline performance which is our minimum acceptable standard. If a supplier fails to meet the minimum performance requirements, our preference is to work with them to understand when and how the supplier will reach the standards. However, as we are committed to purchase tobacco from socially and environmentally responsible suppliers, we will cease to purchase from any suppliers who persistently fail to meet our minimum standards.

The STP performance score is part of our formal supplier relationship management and it forms part of the suppliers' ratings that we determine along with quality, cost and value. The better a supplier's score the more likely they are to receive repeat business.

Our Social Performance download contains further information on our STP performance.

