

# SOCOTAB

Frana SA

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## Report on Child Labor Due Diligence

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## Foreword

At Socotab, we disclose our operational activities and sustainability performance consistently through the Universal Corporation Sustainability Report that was first issued in 2018. This keeps up with our commitment to disclose metrics, facts, and figures that represent our businesses across the world regarding environmental matters, social issues, employee-related issues, respect for human rights, and combatting corruption.

This report has been prepared in accordance with Art 964 j-1 of the Swiss Code of Obligations and the Swiss Ordinance on due diligence and transparency in relation to minerals and metals from conflict-affected areas and child labor. It covers the period from 1 April 2023 to 31 March 2024.

Pursuing annual disclosure of our operational sustainability, we have become more aware of opportunities related to our business model and strategy through the enhanced engagement of stakeholders in our supply chain. We will continue to review our operations to enhance our global resiliency and support global goals regarding the environment and human rights.

## Letter from the CEO

Although the publication of this report is the result of a newly adopted Swiss regulation regarding transparency in supply chains, the difficult subject that it covers is certainly not new to Socotab. Indeed, I hope that as you familiarize yourself with this document, you will come to realize that ensuring that our supply chain is both sustainable and compliant has been part of our company culture and processes for many years.

According to the ILO, agriculture is responsible for more than 60% of all child labor cases worldwide. As such, and specifically because most of our farming partners are smallholder growers, we have a heightened responsibility to understand the risks in our supply chain and accept the responsibility of confronting them. That means having the willingness to commit time and resources to identify issues and then establish mechanisms to mitigate them. We have been doing exactly that for many years as regards eliminating child labor, and we are happy to share with you the multiple programs, procedures and controls that we have put in place.

No system is perfect, but we believe that our programs to eliminate child labor in our supply chain are robust while also accepting that they are perfectible. As such, the Executive and Sustainability Committees work hard to ensure that the entire company feels involved and empowered to help drive this mission and believe that the more our stakeholders are aware and understand our objective, the more effective we will be.

Socotab's success is dependent on our continuing ability to source quality oriental tobacco in a sustainable and compliant manner, and for that to be the case, we must ensure that no child labor is involved in our supply chain. An important part of that effort is being willing to demonstrate transparently that we are serious and effective in reaching that objective. I hope that after reading this report you will agree that our company is both.

Jonathan Wertheimer

Chairman of the Board of Directors and CEO of Socotab Frana SA

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## Company presentation

Socotab is a leading group in the purchasing, processing and sale of oriental tobacco. The company started operating in Antwerp, Belgium, in 1923 under the name Socotab (Société Commerciale de Tabac). Socotab traded tobacco in its early incorporation years and exported it to France and the United States of America. In the following years, it expanded its direct purchasing activities to Türkiye, Greece, Bulgaria and North Macedonia, and gradually established processing facilities in these countries.

In 1998, Universal Leaf Tobacco Inc. (the leading leaf tobacco company worldwide) and Socotab merged their oriental tobacco operations.

The Swiss entity (Socotab Frana SA) was established in Geneva, Switzerland, in 1975. It is the commercial, operational and financial headquarters, responsible for setting up the strategies for the entire group and for providing guidance and support to the individual foreign subsidiaries.

We strive to be the supplier of choice for our customers by leveraging our farmer base, our commitment to a sustainable supply chain, and our ability to provide high-quality, customized, traceable tobacco leaves. Tobacco has been our principal focus since our founding in 1923, and in 2018 we started a diversification project in North Macedonia for the cultivation of hazelnuts, including post-harvesting activities, agronomy management, and implementation of good agricultural practices. These activities are excluded from the current report as this segment remains in the preparatory stage during the reported period. It is important to mention, however, that currently, our hazelnut plantations extend to more than 500 hectares overall and we expect the first commercial crop from the initially planted 100 hectares in 2025. Therefore, we will report on our hazelnut operations and supply chain with our report for the period 1 April 2025 to 31 March 2026.

## Commitment

### *Our guiding principles*

Socotab is committed to being a responsible corporate citizen, respecting human rights and social and environmental principles, and the “Socotab Guiding Principles” are available on our website ([www.socotab.com](http://www.socotab.com)).

Socotab expects the same engagement from its suppliers, business partners, and stakeholders, and we undertake to uphold and respect human rights as laid out in the:

- United Nations Universal Declaration of Human Rights (UN Covenants I and II),
- International Labor Organization (ILO) Conventions and Recommendations,
- ILO-IOE Child Labor Guidance Tool for Businesses,
- UN Guiding Principles on Business and Human Rights,
- OECD Guidelines for Multinational Enterprises,
- UN's Children's Rights and Business Principles, and
- Swiss Ordinance on Due Diligence and Transparency in relation to Child Labor.

By taking into consideration the interests of the communities and our stakeholders, and in accordance with the above, we are committed on an ongoing basis to identifying, assessing, preventing, remediating, and reporting any actual or potential human rights impacts occurring directly or indirectly through our operational footprint and supply chain.

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We undertake to continuously improve the governance and management of ethical conduct and supporting processes. We also explore additional mechanisms to assess our impact and risks and opportunities in areas linked to human rights.

Socotab has prioritized six human rights that are specifically addressed in our human rights policy. These are Child Labor, Forced Labor, Safe Work Environment, Fair and Equal Treatment, Freedom of Association, and Compliance and Protection of the Law. We actively work to prevent any adverse human rights impacts in our operations and supply chain through internal and third-party due diligence activities. To the extent any such impacts are identified, we are committed to remediating them. Any human rights concerns or complaints in our operations or supply chain can be reported through a grievance mechanism. We are committed to improving access to grievance mechanisms for all our operations and supply chains, and we are also committed to building awareness among our employees and the parties in our supply chain about identifying and reporting human rights concerns. Socotab will not tolerate any retaliation against persons making good faith reports of human rights concerns or grievances.

Socotab is committed to eliminating child labor and forced labor in our supply chain and aims to minimize to the extent possible the child labor and forced labor incidents by 2025.

Children are vulnerable to exploitation and frequently unable to defend themselves. Child labor may also interfere with school attendance, which infringes upon a child's right to education. Socotab prohibits the employment or use of child labor through our internal policies and this stipulation is included in farmer contracts. We monitor our farmers for compliance and work with multiple parties in our supply chain to address child labor and its root causes.

## **Accountability & Governance**

Socotab's Board of Directors and the Executive Team are responsible for overall sustainability oversight and for demonstrating corporate commitment to sustainability. They define global objectives and guidelines based on the work reported by the Group Sustainability Committee and review their related outcomes.

The Group Sustainability Committee, reporting directly to the Executive Team and engaging management across territories and business functions, is responsible for developing and maintaining the sustainability vision and mission, setting strategic sustainability priorities, and supporting and guiding Country-level Sustainability Committees in the delivery of the sustainability agenda. Country Sustainability Committees are responsible for identifying country-level sustainability priorities, setting targets, assessing and addressing impacts and risks, monitoring progress, and maintaining and raising awareness of Supply Chain Due Diligence (SCDD) best practices.

## **Our policies on child labor**

Socotab is guided by the United Nations Guiding Principles on Business and Human Rights and supports the core conventions of the ILO. We ensure that our own operations are free from child labor and forced labor and expect our suppliers and partners to adhere to the same principles. This expectation is explicitly stated in our Supplier Code of Conduct, as well as in our farmer contracts.

We have adopted the Universal Corporation's Code of Conduct and Anti-Corruption Compliance Manual, and the Universal Corporation's Agricultural Labor Practices (ALP) Code. We have further developed policies and procedures that guide our operations, such as the Socotab Group Human Rights

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Policy, ALP Due Diligence Procedure, Extreme Breaches<sup>1</sup> and Prompt Action Issues<sup>2</sup> Procedures, as well as the Group Health and Safety Policy. We have also developed the Socotab Group Supplier Code of Conduct, which states the standards of responsible behavior expected by Socotab from its suppliers, with particular emphasis on child labor, wages, and benefits. All these policies and procedures are published on Socotab's website in English and in the official languages of the countries in which we operate.

We do not employ child labor and seek to ensure that children's welfare, health, and safety are always paramount. No one under 18 will be directly employed by any company within our Group, in any work, when assessed as hazardous to their health, safety, and well-being. No one under 15 (or the age for finishing compulsory schooling in the country concerned, if higher) will be directly employed by any Socotab Group company. We apply the principle of continuous improvement in our operations, and we work with our farmers and suppliers to improve our practices in relation to these policies.

Socotab is strongly committed to preventing and eliminating child labor in tobacco agriculture and to providing support to our farmers and their communities. Through the monitoring of farmers, risks and prompt actions associated with purchased tobacco are identified. All contracts with farmers require compliance with agricultural labor practices and human rights protection.

Socotab companies regularly develop and implement specific training and capacity building pertaining to our policies for 100% of our leaf specialists and contracted farmers. This is done via training sessions and distributed educational brochures targeting applicable requirements.

Through the Group Supplier Code of Conduct, distributed to contracted farmers and third-party suppliers, we promote adherence to these policies and related procedures within the entire supply chain.

Socotab entities comply with all applicable laws, regulations and international standards, whichever provide greater protection for children in the countries of our operations. In case there is no clear commitment to corrective action, or if there is a persistent lack of action and improvement, Socotab reserves the right to terminate contracts immediately in cases of severe violations of the policies.

## Supply Chain Mapping and Assessment of Child Labor Risks

### *Identification of child labor risks*

Our supply chain essentially consists of the following stages: contracting, crop monitoring, buying (from farmers / farmers' cooperatives, and occasionally third-party companies), processing, storing, financing, and shipping to customers worldwide. We hire our own employees and procure goods and services from third parties.

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<sup>1</sup> Extreme Breaches are situations where there is a severe risk to life, limb, or liberty of an individual through intentional actions of others. These predominantly relate to forced labor, slavery, human trafficking, severe and systematic abuse, and the worst forms of child labor.

<sup>2</sup> Prompt Action Issues (PAI) are defined as situations in which a farmer's or worker's physical or mental well-being is observed to be at risk. Prompt actions also include situations such as: children or other vulnerable groups are in danger or performing hazardous tasks; or workers not being paid or not free to leave their job. Local operations can define prompt actions based upon Universal Corporation's Agricultural Labor Practices (ALP) Code and the local situation.

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Along this supply chain we have identified the following stakeholders: Farmers and Farmers' Cooperatives, Farm Workers, Suppliers of Goods and Services, Employees, Customers, Shareholders, Governments, Regulatory Authorities, and Local Communities. Utilizing a risk-based approach to prioritizing, we identified that the risk of child labor is elevated in the first stage of our supply chain involving Farmers, Farmers' Cooperatives, and Farm Workers. Our due diligence process also covers other aspects of our supply chain thought to carry less risk. This includes the Suppliers of Goods and Services as well as our own Employees.

Agriculture in general faces a series of human rights challenges, including child labor risks. According to the ILO,<sup>3</sup> 60 percent of all child laborers worldwide in the 5-17 age group work in agriculture. Most laborers are unpaid family members, whereas in farming, this percentage is close to 70% and is combined with very early entry into work, sometimes between the ages of 5 and 7<sup>4</sup>.

In addition, we operate in countries with a significant child poverty rate. As per the UNICEF Innocenti Rate (2019-2021)<sup>5</sup>: 33.8% in Türkiye, 26.1% in Bulgaria, and 22.3% in Greece; data for North Macedonia is not available in this report.

Poverty is the main cause of child labor in agriculture, together with limited access to quality education, inadequate agricultural technology, availability of adult labor, the potential of hazards and risks, and traditional cultural mindset toward children's participation in agricultural activities. In the context of family farming, however, some participation of children in specific and non-hazardous activities should be given due consideration, as the inter-generational transfer of skills and knowledge is essential for livelihoods in rural areas, as well as the growth, development, and future opportunities of the child.

In 2021-2022, Socotab engaged with five other tobacco companies in a shared Supply Chain Impact Assessment (SCIA) of social conditions in the Turkish tobacco leaf supply chain. This SCIA was conducted by an experienced management consultancy specializing in human rights due diligence. The goal was to acquire a better understanding of the actual and potential human and labor rights risks, as well as environmental risks impacting the smallholder communities from which we source tobacco. One of the assessment's objectives was to develop appropriate and targeted remedial actions. Three main findings related to child labor were reported, though it was acknowledged that the findings were general and not necessarily on Socotab contracted farms:

1. Children present in the household were doing tasks on the family farm.
2. Children under 18 were involved in hazardous work.
3. A few children appeared to have been hired as paid daily workers.

Further to the SCIA, an Industry Action Plan has been elaborated and actions are being taken. Child labor-related actions are described in *Projects and Initiatives* at the end of this Report.

The Turkish SCIA process gave us new insight to strengthen our existing monitoring for similar risks in North Macedonia, Bulgaria, and Greece.

Regarding suppliers of goods and services, we identified third-party suppliers of services on our premises (e.g., cleaning, catering and security services) as carrying potential risk, due to the low entry barriers for employment in these sectors of economic activity.

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<sup>3</sup> [Child labor in agriculture | International Labor Organization \(ilo.org\)](https://www.ilo.org/gateway/topics/child-labor-in-agriculture)

<sup>4</sup> [Child labor in agriculture | International Labor Organization \(ilo.org\)](https://www.ilo.org/gateway/topics/child-labor-in-agriculture)

<sup>5</sup> [More than 1 in 5 children live in poverty in 40 of the world's richest countries \(unicef.org\)](https://www.unicef.org/reports/more-than-1-in-5-children-live-in-poverty-in-40-of-the-worlds-richest-countries)

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## *Prioritization of child labor risks*

The risk of children working on family farms has a high occurrence probability and a variable severity rating depending on the work done by the children. It is observed that when there are children present in a tobacco-farming household, they are likely to be engaged to help their family during the harvesting period. Motivations behind the farmers resorting to child labor include to reduce the cost of harvesting, but also to be able to meet the requirements of the intensive seasonal work for gathering the crop, and ultimately the transfer of practical knowledge. Oriental tobacco harvesting happens during the summer school vacation and the lack of childcare<sup>6</sup> during this period is also a reason for children joining their parents in the fields.

The risk of hazardous work done by children is highly probable and with high potential severity. Indeed, all work that requires physical contact with tobacco is considered hazardous work, based on a precautionary principle for green tobacco sickness (GTS), a form of nicotine poisoning that affects people who come into contact with green, uncured, raw tobacco leaves. Scientific studies are currently being conducted to identify whether oriental tobacco can induce GTS, similar to some larger leaf varieties. Socotab is participating in these studies as part of the industry action plan established in Türkiye after the 2021 SCIA.

The risk of children being hired as paid daily workers has low occurrence but high potential severity. Children working on farms present an extra income source for families living in poverty, and such a situation renders them vulnerable. Another category of vulnerable workers in agriculture, including children, are migrant workers and refugees. Currently, in Türkiye, there are some 3.5 million Syrian refugees and many of them find seasonal jobs in agriculture.

The risk of service providers hiring children to work on our premises has low potential occurrence and medium to high potential severity. As contractors, we are responsible for setting up appropriate due diligence to avoid such cases, and our findings consistently indicate a low potential probability of this risk. However, we are conscious that the potential impact could be significant since it may imply that children are going to work instead of attending school, as well as being exposed to potential safety risks and other employment abuses.

The risk from suppliers of goods and services using children on their premises has medium potential occurrence and variable potential severity, based on the work they are doing. We contract with many different third parties, such as transportation, spare parts, tools, repair and maintenance crews, IT solutions, industrial clothing, and freight forwarding. Due to this complex footprint of third parties, the severity of child labor use is a challenge to assess in the short-term, but over time, we expect to gain better insight as to the practices of our partners.

We consider the risk of children being employed directly by Socotab as mitigated, based on our recruitment and admission processes designed to robustly prevent the risk of a child being hired. In addition to a contemporary company culture and tone at the top, human resources teams and those involved in staff planning are specifically coached, aware, and committed to our zero-tolerance for violations of human rights.

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<sup>6</sup> Socotab has developed initiatives to demonstrate ways of reducing the deficit of child supervision during the harvesting season.

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Based on our prioritization analysis and considering the level of influence that we can exert (i.e. the risks on which we can have the most valuable contribution), our focus is on:

- Preventing child labor on family farms.
- Ending hazardous work and hired work by children.
- Working with suppliers of goods and services with the same level of due diligence regarding child labor, and sustainability in general.

## Management of Supply Chain: taking actions and tracking performance and progress

Our actions can be grouped around four points that are inspired by the ECLT (Eliminating Child Labor in Tobacco Growing) Foundation, acting mainly in African regions, but that we found relevant for our tobacco origins too:

- Raising awareness on child labor and the dangers it poses to children.
- Engaging with actors in the supply chain to identify children in child labor, withdraw and support them.
- Establishing a methodology for evaluating living income and acting further to improve family livelihoods.
- Raising awareness on the importance of access to appropriate childcare during summer vacation to prevent the presence of children on the fields.

### *Raising awareness on child labor and the dangers it poses to children*

A prerequisite for raising awareness on child labor is to have a clear definition of what represents dangerous work in tobacco farming and consequently child labor. For this purpose, we engaged with various experts in Türkiye to update the lists of hazardous and non-hazardous tasks in tobacco cultivation, and to compile a list of light tasks that children can do according to their age.

As part of the Industry Action Plan in Türkiye the Aegean Tobacco Exporters Association (ATEA)<sup>7</sup> announced its position on child labor through its social media accounts and initiated common action through working groups consisting of technical personnel from companies affiliated with ATEA. A dedicated web page was created to announce the best practices and initiatives taken by the tobacco industry in Türkiye, as well as its declaration on child labor. <https://turkishtobacco.org/en/12th-june-world-day-against-child-labour/>

We are also currently collaborating with an independent scientific study in Türkiye to clarify the existence or absence of Green Tobacco Sickness (GTS) risk in oriental tobacco. We are expecting the results by the end of 2026.

More broadly, we plan to engage with behavioral scientists to identify ways to achieve changes in behavior in relation to child labor.

Based on the results of the above, we are planning to issue different training packages to target the different groups of stakeholders to reach (children, women, families, community leaders, authorities), and to deliver these trainings to all contracted farmers by the end of 2025.

Details and follow-up of these projects can be found in the attachment to this report.

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<sup>7</sup> ATEA is one of the twelve industry associations in the Aegean Exporters' Associations, a prominent example of public and private sector cooperation established in Türkiye, that built itself into a research, coordination, decision-making and implementing institution, which works for the promotion of Türkiye's exports and provides for the effective relationships between the exporters and the law-making system in the country.



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## *Engaging with actors in the supply chain to identify children in child labor, withdraw and support them*

Our supply chain controls enable us to have full farm-level traceability on 81% of our sourcing volume, representing 86% of our total sales. This tobacco is purchased directly from locally contracted farmers and processed in our own factories located in Türkiye, Bulgaria, and North Macedonia. Another 11% of sales volume, accounting for 8% of revenue, is considered to have high relational traceability as the purchase or processing is done by Socotab, and the third party responsible for other parts of the supply chain is locally established, known to us, and subjected to similar legal requirements and controls. We are working on continuously improving our traceability, with attention to the improvement of data for countries in which we do not operate.

During this period, we directly contracted and purchased from 20'547 farmers located in Türkiye, Greece, Bulgaria, and North Macedonia. 3'582 of those farms hired labor related to the contracted crop, and 112 farms provided accommodation to hired labor. 7'534 farms had children under the age of 18 living on the farm, 345 hired permanent workers, and nearly all farms hired some form of seasonal labor.

Training on the ALP Due Diligence Procedure, which encompassed child labor training, was provided to 100% of the contracted farmers in addition to the other aspects of ALP.

During the agricultural season, further to farm monitoring, we registered 767 findings of which 64 related to child labor incidences in Bulgaria, N. Macedonia, and Türkiye. No child labor incidences were registered in Greece during the period. All 64 child labor incidences, triggering prompt actions, were resolved following our procedure by the end of the season.

In a continuous improvement approach, we are looking to enhance the quality and completeness of issues to be detected and reported by our field technicians, with a particular focus on farm workers. We are considering additional training on human rights, of which child labor, and methodology to identify and report issues.

Based on a Know-your-tobacco-supplier procedure, put in place as of August 2024, we aim to achieve fully documented traceability also for the tobacco purchased from third parties in the countries of our operations by the end of 2025.

Regarding third-party tobacco vendors in the regions where Socotab is not present, we aim to familiarize these vendors with our supply-chain standards, including ALP.

To extend our due diligence to the entire supply chain, we have developed a Supplier Code of Conduct that will be distributed to all our suppliers, not only to tobacco vendors. We aim to implement our Supplier Code of Conduct with all high-risk non-tobacco vendors by April 2025.

## *Establishing a methodology for the evaluation of living income and acting to improve family livelihoods further*

Evaluating the living income of farmers is a complex subject largely due to the specificities of the different regions where we source tobacco, the lack of uniform industry methodology, and an increased need for farm information beyond our core tobacco crop.

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Therefore, while continuing to collect data for farmers' living income based on somewhat different methodologies, our objective will be to elaborate and agree on a common approach to evaluate farmer income and set a living income benchmark. We aim to work within our entire organization and the Sustainable Tobacco Program (STP) to align our understanding and approach. Measures to align farmer income to living income are a second step and will need to be adapted to each situation.

In the meantime, ad-hoc projects to help farmers improve their livelihoods can continue to be developed based on local opportunities. In Türkiye, we have established, as part of an industry initiative, a Farmer Advantage Card providing farmers access to discounts on their purchases in certain shops. Details and follow-up to this project can be found in the attachment to this report.

### ***Raising awareness on the importance of access to appropriate childcare during summer vacations to prevent the presence of children in the fields***

As described earlier in this report, farmers and farm workers often have no other choice during summer vacation than to bring their underaged children with them to the fields. We have been engaged for several years now in the organization of summer schools to address this situation. We are working with local actors (local authorities, schoolteachers and directors, mayors) to familiarize them with the issues and support the parents. Details and follow-up to this project can be found in the attachment to this report.

### **Supply Chain Controls**

All contracted farmers must take reasonable measures so that children do not engage in hazardous work or work that impacts the rights of children, and that the rights of children and young workers in relation to tobacco production are respected. Many farmers may involve their children in work because they intend to provide them with useful, practical training for potential future occupations as farmers, but continued attention and promotion to advance farmer understanding of hazardous work and protection of children is an enduring goal.

We aim to reach zero child labor by focusing our approach on awareness, prevention and remedy including monitoring, prioritizing highest risk areas within our supply chain, and investigating root causes of child labor at a local level. Also, we have controls in place to support the effective implementation of our policy commitments, including local procedures for applying our child labor policy commitments and ensuring regular training in our tobacco supply chain.

Socotab Group companies participate in the Sustainable Tobacco Program (STP), an industry-wide initiative jointly developed by tobacco manufacturers and experts to assure high standards in agricultural practices, as well as environmental management and key social and human rights areas. Through industry leverage, the program delivers impact and continuous improvement in the tobacco supply chain. Within the STP self-assessment requirements, we report on the specific human rights criteria covering prevention of child and forced labor, safe working environment, fair treatment, freedom of association, community and traditional rights, income, working hours, and benefits for farm workers.

Socotab performs monitoring actions during the entire crop cycle, such as mapping of the critical phases of the crop cycle that may be associated with greater risk of child labor, establishing farm visit plans, and reinforcing communications, training, campaigns, and recommendations with farmers prior to each crop cycle.

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During scheduled farm visits, our field technicians perform checks to establish if any children are working on the farm and, if so, what tasks are being carried out by those under the ages of 15 and 18. All technical and sustainability issues discussed with farmers during each visit are duly recorded, and unannounced / monitoring farm visits are organized and conducted by internal staff or external parties to verify compliance with requirements, and we undertake to guide remedial action whenever necessary.

In addition to the training, capacity building, and monitoring of child labor, we organize collaborative actions with industry associations, local stakeholders, government authorities, and other parties to ensure awareness of child labor and general labor regulations within the tobacco sector.

Our commitment to sustainability encompasses a wide array of programs and initiatives. As a multi-country agricultural products supplier, we primarily focus our sustainability efforts on our operations and farmers from whom we directly purchase leaf tobacco. Sustainability efforts concerning our operations involve the adoption and implementation of policies and procedures related to environmental impacts, workforce protections and programs, and other critical areas.

Socotab has implemented sound practices addressing supply chain integrity. Our management systems include farm oversight, vendor approval, traceability, leaf assessment procedures, and supply chain sanitation and hygiene practices. Our field technicians train and provide agricultural extension services to our contracted tobacco farmers, and conduct supplier audits on the respective farms. All contracted farmers are monitored and audited against our Good Agricultural Practices and Agricultural Labor Practices programs.

Our responsibly sourced leaf is supervised, purchased, and processed under controlled conditions created by our quality management systems and remains traceable to the farm level through our extensive traceability system. We can trace issues such as child labor incidences, unfair or unsafe labor conditions for farm workers and farmers, non-tobacco related materials, and agrochemical use, back to the farm. We utilize the findings in our supply chain due diligence not only for identifying risk, but also for tracing and tracking corrective actions and results.

T2 is an internally developed “seed to sale software system” supporting processes from primary data capture on the farm level, through farmer financing, purchasing, processing, and shipping. The system is deployed via IT devices for our field technicians and allows for direct data input during visits to farmers and for management to directly access the situation on the farm. T2 is deployed in all our growing origins.

All Socotab operations maintain certified integrated management systems in accordance with:

- ISO 14001 (Environmental Management System)
- ISO 45001 (Occupational Health and Safety)
- ISO 9001 (Quality Management System)

These certifications require constant efforts and attention and underpin our commitment to providing a work environment that is methodical, safe, clean, and welcoming, while operating in an environmentally friendly manner.

We regularly audit our performance both internally via management reviews and internal audits, and externally by independent third parties.

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## **Grievance mechanism**

Socotab has established local and global mechanisms to ensure all stakeholders may easily report concerns or raise questions. These include a global corporate hotline for employees, contractors, vendors and other third-parties, hotlines for farmers and farm workers, as well as other local grievance mechanisms, human resources support, and escalation protocols.

The company takes every complaint seriously and maintains clearly defined and confidential follow-up procedures. Reprisals or retaliations of any kind against an employee or third party who exercises their right to report grievances in good faith are not tolerated.

## **Communication**

This report will be updated on an annual basis to reflect on our progress. It will be publicly available on our website within six months after our annual fiscal year closing, meaning by September 30<sup>th</sup> of each year.

### Attachment to Child Labor Due Diligence Report FY 2024

#### Projects and Initiatives as from 31 March 2024

##### *I. Child Labor Initiatives Türkiye*

These initiatives follow our objective of ending hazardous work by children on family farms. We acknowledge the necessity to clarify and amend the lists of hazardous and non-hazardous tasks in tobacco cultivation, and to update the list of light tasks that can be performed by family children. We also seek to deepen our understanding of the reasons for children taking part in tobacco cultivation and to establish a hazard prevention roadmap.

##### ***Initiative 1: Identification of hazardous tasks for children helping their parents on family farms***

Project Aim: determine the risks and the social and psychological reasons for children's participation in tobacco farming on family farms; conducting advocacy activities by preparing social-based action plans (such as identifying light jobs that can be done) to prevent child labor.

Engage with psychologists, social experts, public health experts, OHS specialists, and agricultural engineers.

Expected Outputs:

- Updated list of hazardous and non-hazardous tasks in tobacco cultivation.
- Reasons for children working / taking part in tobacco cultivation with their families and a hazard prevention road map.
- Impact report of children in selected areas (health, social, psychological).
- List of light tasks that children can do according to their age.
- Four different training packages to prevent child labor – considering regional differences (for children, their families, community leaders, and public personnel).

##### ***Initiative 2: Behavioral Change***

Project Aim: engage behavioral scientists (sociologist and pedagogue / psychologist) to identify ways to achieve changes in behavior; to provide behavioral change by raising awareness about dangerous work in child labor.

Expected Outputs:

- To elaborate a social root cause analysis and mapping child labor in different demographic areas, across different tobacco production stages.
- Develop training models for different target groups.

##### ***Initiative 3: Green Tobacco Sickness Risk Research in Oriental Tobacco***

Project Aim: GTS Risk in oriental tobacco will be clarified by an independent scientific study.

Expected Outputs:

- Scientific evidence for the existence, or not, of GTS risk in oriental tobacco will be clarified.
- According to the results of GTS Research, hazardous tasks will be redefined.
- Prevention of GTS Exposure by growers (if any).

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## ***Initiative 4: Farmer Advantage Card***

Project Aim: to create a Farmer Advantage Card that will allow all farmers to benefit from discounts on their agricultural and living spendings, while purchasing from participating shops.

Expected Outputs:

- Improve livelihood standards in rural areas depending on decreased agricultural and living expenses.

## ***II. Summer School in North Macedonia***

### ***Organizing Summer School Activities***

Based on analysis, Socotab found out that children are often present in the fields during intensive harvesting periods due to the lack of childcare during summer vacation. This initiative follows our goal to raise awareness on child labor, provide support to farming families, and attract authorities' attention to the importance of quality childcare during the summer period.

It is the third year that we organize summer schools for children between the ages of 5 and 15, to support the families of tobacco farmers by offering them various sports or other activities like language courses, nutrition, and health. The project was implemented in the two municipalities of Dolneni and Krivogashtani, in the biggest villages of Debreshte and Obrshani that have the highest number of children in the region. It also raises the awareness and sensitivity of local communities regarding family child labor.

## ***III. Summer School in Bulgaria***

### ***Summer School “Combining the pleasant with the useful”***

Similarly to the summer school project in North Macedonia, this initiative follows our goal to raise awareness about child labor, provide support to farming families, and attract local authorities' attention to the importance of quality childcare during the summer period.

We organized a summer school for play and study for farmers' children in the village of Kornitsa, municipality of Gotse Delchev, during the most intensive tobacco harvesting period (July to August) to avoid parents bringing their children to the fields due to the lack of childcare during summer vacation. The children were offered classes in IT skills and English.