

# SOCOTAB

Leaf tobacco

<b>Title</b>	<b>AGRICULTURAL LABOR PRACTICES (ALP) DUE DILIGENCE PROCEDURE</b>		<b>Page 1 of 2</b>
<b>Document Type</b>	<b>Group Sustainability Policy</b>	<b>Document No</b>	
<b>Revision No</b>	<b>1</b>	<b>Valid From</b>	<b>June 2024</b>
<b>Compiled by</b>	<b>Group Sustainability Committee</b>	<b>Approved by</b>	<b>Socotab Frana</b>

<b>1. PURPOSE</b>	Within the scope of sustainable tobacco production and in relation to the ALP program, this procedure aims at ensuring that a comprehensive due diligence process takes place and that, if needed, follow-up actions are taken accordingly.
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<b>2. IMPLEMENTATION</b>	<p>ALP due diligence assessments will be carried out for all contracted farmers in our supply chain prior to contracting. The objective of the due diligence assessment is to evaluate whether the potential farmer is following the ALP standards.</p> <p>In case of non-compliance and based on findings, a deeper analysis will be conducted, and it will be ultimately determined whether to support the farmer and proceed with a contract or to refrain from establishing a contract due to the specific circumstances. This process applies equally to current and new farmers.</p> <p>As a result of the evaluation, corrective actions may be carried out in agreement with the farmers who do not yet fully comply with the ALP standards but have not shown egregious breaches of the principles. Monitoring will be undertaken to gauge the progress of agreed actions. The process will be carried out transparently and fairly. For this purpose, any action to be taken should be communicated formally in writing through any of the means presently available. The importance of complying with the ALP standards will be clearly conveyed to farmers. Further awareness checks covering the ALP program, including the due diligence and consequence management, will be conducted through unannounced visits by designated departments and personnel.</p> <p>At the end of each contracting year, updated data will be collected for each farmer and if deemed necessary, sanctions will be applied, as per the following section.</p>
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<b>3. SANCTIONS</b>	<p>Contracts will not be signed with farmers where any of the following irregularities are detected. In the event of detection during the season, the contract will be cancelled if possible.</p> <ul style="list-style-type: none"><li>• Any tobacco-related work for children hired under the age of 15.</li><li>• Physical punishment, sexual abuse, or sexual harassment.</li><li>• Pregnant women / nursing mothers handling or applying CPA.</li></ul> <p>Farmers who have persistent Prompt Action Issues (PAIs), or multiple major nonconformities from the list below, will be warned that the contract will be subject to our consequence management review process.</p> <ul style="list-style-type: none"><li>• Any work for children under the age of 13.</li><li>• Any hazardous tasks carried out by children or young people under the age of 18.</li><li>• Laborers forced to work excessive hours without their agreement.</li><li>• Workers' wages (including temporary, piece rate, seasonal and migrant workers) that do not meet the minimum national standards or agricultural benchmark standards.</li><li>• Wages of workers not paid regularly or not in conformance with the country's laws.</li><li>• Discrimination of any kind.</li><li>• Verbal or physical abuse.</li></ul>
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	<ul style="list-style-type: none"><li>• Workers unable to leave the farm due to debt or other payment-related issues.</li><li>• Workers constantly guarded or watched.</li><li>• Workers deceived or tricked on the terms and conditions of employment.</li><li>• Farmers retaining identification documents of workers.</li><li>• Person(s) handling or applying CPA without appropriate PPE.</li><li>• Person(s) handling tobacco without suitable PPE.</li><li>• Accommodation for workers that is unsafe or does not meet the minimum standards of the country.</li></ul> <p>In suspected Extreme Breaches, which usually involve criminal situations, the corresponding procedure of Extreme Breaches will be followed.</p> <p>Extreme Breaches include, but are not limited to:</p> <ul style="list-style-type: none"><li>• Severe risk to life, limb, or liberty of the individual rightsholder through intentional actions of others.</li><li>• Forced labor, slavery, human trafficking, severe and systematic abuse, and worst forms of child labor.</li><li>• Sexual abuse.</li></ul>
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<b>4. RECORDS</b>	<p>Company ALP coordinators are responsible for recording and analyzing the PAIs and classifying them according to severity and frequency. The results of the analyses will be shared with the Leaf Manager, prior to the contracting period, to guide and determine the contracting process. Additionally, the list of farmers who do not meet the requirements will be shared with the local Sustainability Team to ensure full transparency.</p> <p>If a contract is deemed to qualify for termination during the season, notification will be delivered in two copies both signed by the farmer and Socotab with each party retaining a signed copy.</p> <p>In the event a farmer refuses to sign a cancellation agreement, the matter will be escalated to the local General Manager.</p> <p>A formal record of all actions and pertinent information related to this policy and its execution will be in place at each Socotab entity that contracts and monitors tobacco.</p>
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