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STANDARD

## SUSTAINABILITY

STP is a due diligence platform set up to evolve and to support the sector to continuously improve its impacts towards sustainable supply chains. It was agreed at the Sustainable Tobacco Conference, held in 2019, that all the main manufacturers in the Industry and a representative group of international suppliers that were involved with the previous STP 1.2 would meet over the course of 2019 and 2020 to change into a simpler program, focused on local risk. If a country is identified as posing a high risk in relation to a specific theme, more detailed information must be reported.

The new Program was launched in November 2020 with significant changes in the structure and content. The evaluation now classifies risks using a simple framework of low, medium or high.

The Sustainable Tobacco Program (STP) is managed by Peterson and Control Union. The new program had revised scope and objectives, designed to prepare the tobacco industry for future challenges with focus in continuous improvement.



The overall goal is to co-create a positive impact on sustainable development in the agricultural supply chain, focusing on:

1. Important sustainability aspects
2. Your company's impacts and what you are doing to address them
3. Your local context - questions based on perceived risk

As a result, the industry-wide Sustainable Tobacco Program (STP 2.0) was introduced in 2020 and applies to 100% of BAT's tobacco leaf suppliers. The Program is independently managed by Peterson and Control Union and Worldfavor which supplies the database for input of self assessment data on behalf of the STP Manufacturers. Its key focus is to ensure sustainability standards continuous improvement.

### 3.1 Overview

The program structure incorporates 8 main themes which incorporates the management processes that must be put in place to successfully implement STP.





STANDARD

### 3.2 Participation in STP

Participation in the STP program is mandatory for all suppliers of leaf to BAT. Participation should provide suppliers with the ability to make continuous improvements through the implementation of STP Guiding Principles, sustainably dealing with the farmers from whom they purchase tobacco, as well as other relevant stakeholders, such as, but not limited to: employees, governments and communities.

Participation in the STP program is a prerequisite to supply tobacco for BAT and the following are the requirements of participation in the program:

An annual on-line self-assessment (the annual return) by the supply organization of its current capabilities supported by evidence held at the supply organization need to be submitted in the STP on-line system, every year in accordance with crop cycle. <https://portal.worldfavor.com/login>

WHAT	HOW	WHEN	FREQUENCY	WHERE
STP Self-Assessment	STP on-line system	In accordance with crop cycle.	Annually	Worldfavor Platform



STANDARD

### 3.3 Reviews & Assessments

Different tobacco types will be assessed and this will depend on the information supplied by BAT to Worldfavor. Some information is applicable only to a specific tobacco type or types, as indicated by the tobacco type(s) noted next to the information required. If there is no tobacco type noted, the information is applicable to all tobacco types.

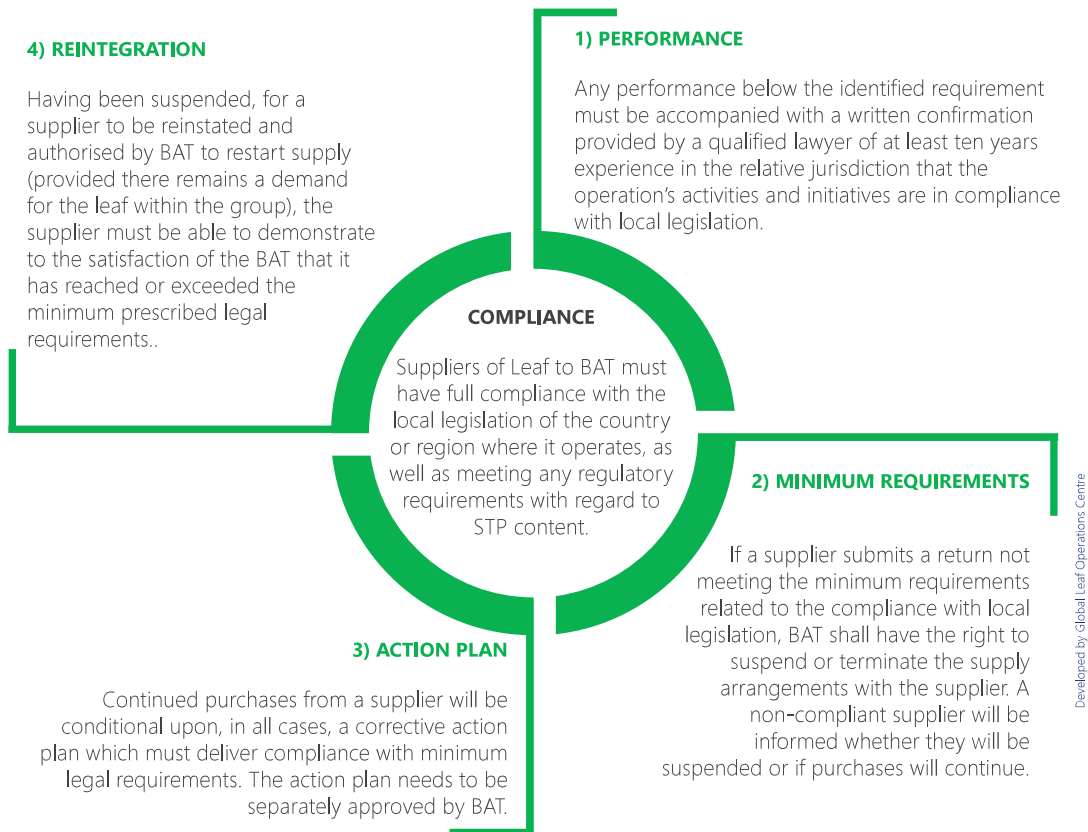
<b>CROP (1A)</b> (Commitment)	<b>CROP (1B)</b> (Measures) (Air cured)	<b>CROP (1B)</b> (Measures) (Burley)	<b>CROP (1B)</b> (Measures) (Flue cured)	<b>CROP (2A)</b> (CPA residue)
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Developed by Global Leaf Operations Centre

Peterson and Control Union does an annual planning of the review schedule with the manufacturers. Once this has been agreed, Peterson and Control Union will start to contact those suppliers that are due for a local review.

### 3.4 Compliance with Local Legislation

It is requested that all BAT Leaf Suppliers have full compliance with the local legislation of the country or region where it operates, as well as meeting any regulatory requirements with regard to STP content.





## STANDARD

### 3.5 BAT Minimum Requirement

Looking to establish a clear communication of its expectations regarding the compliance of the suppliers with the STP Requirements and to drive continuous improvement on key sustainability indicators, BAT expect that its suppliers minimally achieve some basic requirements on some of the STP Criteria.

BAT consider these requirements as crucial to reach minimum standards of sustainability. They are set because they are the foundation for solid action plans towards continuous improvement and not because the respective scores for each STP Criteria. The Scores are a consequence of solid action plans set for the priorities defined.

Despite some suppliers may require some time to achieve 100% compliance with the Minimum Requirements, it does not mean that priorities targets to achieve that level are set just in the future. It's expected by BAT that some Requirements have formal targets established immediately, if not yet achieved the Minimum Requirement. For those targets who do not achieve the Minimum Requirements immediately, BAT requires to have agreed action plans to achieve them.

Criteria	Target
Traceability	100% of the crop volume can be traceable until a certain group of farmers
Farm Monitoring	100% of farmers must be formally and systematically monitored
Yield Targets	Company developed evidence-based optimum yield targets appropriate for the local conditions and communicate to 100% of the farmers regarding the key agronomic Practices to follow to optimize yield
Approved CPAs & Toxicity	100% of the Indicators are achieved
Manufacturer Maximum CPA Residue Limits	100% of the Indicators are achieved
Water Extraction	100% of farmers hold any necessary licenses for water abstraction, where required by law
Water Protection Plan	Company has developed a documented Water Protection Plan and communicate to 100% of the applicable farmers the relevant elements of the Plan
Soil Protection Plan	Company has developed a documented Soil Protection Plan and communicate to 100% of the applicable farmers the relevant elements of the Plan
Recycling or Disposal of Empty CPA Containers	100% of farmers implementing best practices and effectively participate in a collection program
Biodiversity Protection	Company/Supplier must have defined biodiversity management Program detailing the Best Practices that applicable farmers should follow and 100% of the farmers must be communicated on the Best Practices'

Criteria	Target
Sustainability of Wood Used as a Fuel for Curing	Company has developed a plan to ensure that only sustainable wood is used in tobacco curing and 100% of farmers are using only sustainable wood as fuel for tobacco curing
Child Labour on Farms	100% of farmers compliant with ILO Standards, STP Requirements and Local Laws and 100% of the farmers systematically monitored and trained on CL prevention.
Forced Labour	100% of farmers compliant with ILO Standards, STP Requirements and Local Laws
Green Tobacco Sickness	100% of farmers trained, communicated on the best practices and supplied with proper PPEs for all workers involved in tobacco harvest
Handling and Use of CPAs	100% of farmers trained, communicated on the best practices and supplied with proper PPEs for all workers involved in agrochemical handling and application

### 3.6 Support

For STP platform queries:

WorldFavor: [WorldfavorSTP2.0@worldfavor.com](mailto:WorldfavorSTP2.0@worldfavor.com) or [support@worldfavor.com](mailto:support@worldfavor.com)

### 3.7 Operational Standard on Personal Protective Equipment (PPE) for Tobacco Farming

PPE Requirements are available in BAT Operational Standard on Personal Protective Equipment (PPE) for Tobacco Farming and may be consulted in the attachment.



### 3.8 BAT Leaf Operations Standard Child Labour Prevention

Child Labour Prevention Standard is available on BAT Leaf Operations Standard Child Labour Prevention and may be consulted in the attachment.

