



GUIDING PRINCIPLES

ALP STEP CHANGE

In 2018, we initiated a 'Step Change' approach to solve the root causes of the most prevalent and persistent issues that keep surfacing in our leaf supply chain year-on-year. Issues persist for multiple reasons that are not entirely within our control, most notably the difficult socio-economic conditions in the agricultural sector, and the natural turnover of the farm base annually. Despite this, we see an opportunity to improve our approach by leveraging what we have learned so far. In 2019, we began implementing ambitious step change action plans in a number of countries. There is a common set of Principles which are guiding the development of those plans and that are crucial to be successful and sustainable in the long term.

1. Continuous Improvement and Step Change

We only want to work with farmers that are committed to address issues and improve their practices in line with the ALP Code. Step Change builds on this by putting an increased focus on the collaborative work with farmers to effectively address issues, but also on taking firm action when, despite our efforts, things don't improve.

2. Pre-Contractual Due Diligence

We exercise and encourage our suppliers to exercise solid due diligence prior to contracting farmers. Past non-compliances, as well as high risk situations must be fully addressed before a contractual commitment is made. We must understand the risks and make a conscious decision to either help the farmers mitigate those risks upfront or not to enter into a contractual relationship at all. Farmers must understand upfront what the expectations are and the consequences of a persistent failure to comply; contract termination being one of them.

3. Root Cause Analysis and Targeted Remediation

We must understand the root causes of each issue and provide effective remediation to any incident on a case-by-case basis.

4. Consequence Management

We support a clear and fair consequence management process. We want to reward farmers that make an effort to align with our standards and will stop doing business with those that persist in not doing so. The process must be transparent, clearly communicated at the beginning of the season, and consistently applied to all contracted farmers.

5. Improve Farmer Livelihoods

We help create conditions for farmers and their families to achieve a decent standard of living and meet the standards we set in the ALP Code. We provide advice on good farm management, help farmers optimize the outcomes of tobacco production and support additional income generating activities, so that farmers can meet their financial obligations and ultimately be able to make a living income.

6. Collaboration and Partnerships

We collaborate with governments, industry peers, unions, civil society organizations, and other credible third parties to improve the lives of all those living and working on the farms contracting with us or with our suppliers.

7. Women Empowerment

Women are positive agents of change but they can be also a vulnerable group in many rural environments. We empower women to play an active role in improving the household economic condition but also in enhancing the overall wellbeing of their children, and maintaining a safe work environment.

8. Enhanced Monitoring

We collect data from multiple sources. Field technicians are the primary source of data, collecting information in their farm visits to build farm profiles, registering practices that are not aligned with the ALP Code standards, as well as remediation steps and action plans. To further build the picture of the reality on the ground and the main risks, suppliers' and affiliates' teams should also use additional reliable information from community structures, workers' or farmers' associations, other civil society organization, and government.

9. External Verification

We contract credible, specialized and independent third parties with a good understanding of the local context to routinely assess farm practices independently from our internal monitoring. We use this information to validate or to adjust our approach and focus on a given issue.

10. Provision of a Grievance/Support Mechanism

We create conditions for workers and farmers to have access to a fair, transparent, and anonymous mechanism where they can both raise concerns, and seek support in addressing issues.