



Report on Measures to Prevent and Reduce the Risk of Forced and Child Labour in Supply Chains

I. INTRODUCTION

This is the first report of **Nuvona Ltd.** ("**Nuvona**") under the *Fighting Against Force Labour and Child Labour in Supply Chains Act* (the "**Act**"). This report sets out the information required by Act.

II. NUVONA'S STRUCTURE, ACTIVITIES AND SUPPLY CHAIN

a. Structure and Activities

Nuvona strives to meet the needs of adult tobacco consumers who are increasingly seeking options, including options with the potential to reduce risk. This reflects our commitment to leading change, and our commitment to leading in every part of our business.

Nuvona is a Canadian subsidiary of the Altria Group. It previously did business in Canada as National Smokeless Tobacco Company Limited. Nuvona's head office is located in Kirkland, Quebec, and has a headcount in Canada of over 40 people.

As member of the Altria Group, Nuvona distributes *Copenhagen* and *Skoal*, the smokeless tobacco category's leading brands in Canada. Nuvona's smokeless tobacco products come in a variety of forms and blends for the adult tobacco consumer. Some varieties may not be available in all provinces.

- *Copenhagen Snuff*
- *Copenhagen Long Cut*
- *Copenhagen Straight*
- *Copenhagen Pouches*
- *Skoal Straight*
- *Skoal Crisp Blend*
- *Skoal Dark*
- *Skoal Pouches Straight*
- *Skoal Bandits Straight*

Further information on our products and services can be found on our website:

<https://www.nuvona.ca/?src=topnav>

b. Supply Chain

Altria's tobacco companies, including Nuvona, don't own or operate farms where tobacco is grown. All products sold by Nuvona are produced with tobacco from direct contracted growers in the US market only and are required to participate annually in the GAPC Tobacco Certification Program. In our domestic tobacco supply chain, we execute an on-farm good agricultural



practices (GAP) assessment process with our growers that assesses their compliance with practices related to crop, environment and labor management.

III. POLICIES AND PROCEDURES IN RELATION TO FORCED AND CHILD LABOUR

As a member of the Altria Group, Nuvona follows Altria Group policies. Although Altria's companies' operations and sourcing are largely concentrated in the U.S., we understand our actions may affect those beyond our borders. The Ten Principles of the United Nations Global Compact, the United Nations Guiding Principles on Business and Human Rights, and the International Labour Organization Declaration on Fundamental Principles and Rights at Work and national laws guide principles and policies for employees and our expectations for suppliers.

Our companies support the elimination of human trafficking and slavery worldwide and work to develop and maintain business relationships with reputable suppliers who share our commitment to conduct business in a responsible manner in compliance with applicable laws. These values and our expectations for suppliers are outlined in **Our Cultural Aspiration, Code of Conduct** and **Supplier Code of Conduct**. We also collaborate with others in industry and society to address human rights issues where our companies have a role to play. Altria's companies engage in the following actions to identify and eliminate human trafficking and slavery in their supply chains:

- **Supplier Verification.** Before engaging in business with a supplier, Altria's companies take reasonable steps designed to know their suppliers, including establishing that the supplier is engaged in legitimate business activity. If a supplier operates in a region or industry known for having a high risk of labor violations, we may use a third party to conduct a social responsibility review of that supplier, including an assessment of compliance with labor laws. We are aware that some domestic growers that sell tobacco to our companies use farm labor contractors ("FLCs"). We require FLCs to have a current Farm Labor Contractor Certificate of Registration issued by the U.S. Department of Labor. If the FLC provides transportation or housing services, the FLC Certificate of Registration must also include an authorization for the FLC to transport migrant workers and house migrant workers as applicable.
- In addition, we have monitoring processes, including monitoring for social responsibility compliance, for the following purchase areas:
 - Direct materials;
 - Contract manufacturing organizations;
 - Tobacco growers; and
 - Tobacco suppliers.



- **Supplier Requirements & Certifications.** Our suppliers sign contracts requiring them to comply with applicable laws, including laws addressing child and forced labor, and, where applicable, other specific contract terms related to child and forced labor. In particular, domestic tobacco growers agree to comply with Altria's Good Agricultural Practices Program, which requires compliance with U.S. labor laws. All other suppliers agree to comply with the minimum age requirements prescribed by applicable laws or the International Labor Conventions, whichever are higher, unless a specific contract contains stricter age requirements, and agree not to use forced or compulsory labor. Suppliers are not currently required to certify that materials used in their products comply with slavery and human trafficking laws of the country or countries in which they are doing business.
- **Supplier Assessments.** Based on a range of factors including our evaluation of risk, we conduct supplier periodic reviews, announced assessments, on-farm visits and independent third-party audits. These assessments include a review against contractual requirements, applicable laws and Altria's Supplier Code of Conduct, which includes a restriction on forced and compulsory labor. When we learn of non-compliance issues, we communicate them to the suppliers. We expect suppliers to take corrective actions to address these issues and keep us informed of their progress. In some situations, we require immediate action to achieve compliance, or we stop doing business with the supplier. In other situations, we take a continuous improvement approach and work with the supplier to improve their practices. Assessment and audit results can be found in our **Corporate Responsibility Progress Report**. We don't currently conduct unannounced audits.
- **Internal Training & Accountability.** Altria's companies' employees are required to comply with our **Code of Conduct**, which states that Altria does not condone the unlawful employment of children in the workplace, nor does it condone forced labor. All employees receive training on the Code of Conduct and are asked annually to acknowledge their commitment to follow the Code. In addition, employees must comply with Altria's internal Child Labor & Forced Labor Practices Policy, which prohibits the unlawful employment of children and use of forced labor and promotes those objectives in its companies' supply chains. Employees are required to incorporate appropriate contractual requirements prohibiting forced labor and requiring compliance with appropriate standards regarding the minimum age and treatment of child laborers. Altria's Code of Conduct and policies are enforced through internal compliance training and audits. Our companies investigate allegations of non-compliance. If allegations are substantiated, they are addressed as appropriate, including training (or re-training) and employee discipline. In addition, employees working with domestic tobacco growers receive annual training on labor management and human rights. Altria companies do not conduct additional training specific to human trafficking or slavery for other supplier managers.



Additionally, we work with the Farm Labor Practices Group (FLPG), a multi-stakeholder group that addresses farm worker issues, including forced and child labor.

More generally, the oversight of the supply chain includes an overarching risk management infrastructure which provides a series of risk-based due diligence actions and assessments.

- Our Supplier Code of Conduct reflects our commitment to develop and maintain business relationships with firms and individuals who conduct business with integrity and in compliance with applicable laws.

- Our Third-Party Due Diligence Policy provides guidance for sanctions screening, anti-bribery and anti-corruption reviews, information security due diligence, quality and social compliance responsibilities.

- Our Procurement and Supplier Management Policy outlines mandatory guidelines for acquiring goods and services on behalf of the company and requires specific contract terms and conditions about child and forced labor.

- Our example grower contracts:
 - establish a minimum employment age at 16 years with limited exceptions granted based on local, state and federal laws;
 - require parental/legal guardian consent for those under 18 who want to work on the farm; and require Good Agricultural Practices training on a range of topics including:
 - keeping compliant wage records; and preventing human trafficking.
 - Require participation in the GAPC Tobacco Certification Program

Additionally, on-farm monitoring is key to achieving continuous improvement by identifying areas for greater focus and, if needed, remediation. Monitoring facilitates conversations with our growers around best management practices that positively impact their crop, their farm, the environment, and their workers. Those with hired labor are assessed against relevant labor management laws or higher standards as contractually required. Our aim is to continually enhance a grower's understanding of their obligations and their compliance with those obligations.



IV. RISK ASSESSMENT, MANAGEMENT AND MITIGATION

Although Altria's tobacco companies don't own or operate farms where tobacco is grown, we respect and expect our suppliers to respect human rights within our supply chain. The seasonality of the crop and physical labor requirements coupled with inadequate domestic labor sources in the US create the potential for both child and forced labor risks within tobacco production.

Our contract requirements and third-party verified on-farm monitoring help us have increased knowledge of our tobacco supply chain compliance practices and emerging risks. We utilize a third-party program to assist our procurement team in ensuring our growers and their workers are trained and aware of worker rights, best practices and have access to grievance mechanisms to voice concerns or issues.

V. EFFECTIVENESS OF OUR ACTION

We are engaged in several measures to ensure the effectiveness of our actions. This includes our quality management system which is a tool to assist and ensure that our policies are being followed. Our global policies related to forced and child labour are reviewed to ensure that they reflect our values, and best practices. Further, as a company Nuvona undergoes both internal and external audits to ensure that we are complying with our stated policies and practices.

We utilize third party certification programs, supplier self-assessment infrastructure and industry initiatives to monitor compliance with our requirements and utilize technology to enhance visibility into key supply chain risks and metrics. More specifically, we utilize the following:

1. Grower certification success rates and metrics from its on-farm monitoring allow us insights on labor type and ages, worker interview data, wage & hour documentation, and other indicators that can identify existing and emerging risks.
2. Altria has a dedicated team of procurement representatives that visit each one of their assigned growers at least two times per growing season.
3. Social Compliance Audit results.
4. Usage and Issues raised by our supply chain through the GAPC Worker Concern Helpline.
5. Input from regulatory stakeholders received through industry forums and regulatory findings.



VI. REMEDIATION MEASURES

Nuvona has not identified any incidents of forced or child labour in our supply chains. As such, we have taken no remediation measures. We are committed to taking appropriate remediation measures and assisting vulnerable persons to the extent we become aware of any instances of forced or child labour. To the extent an issue is brought to our attention we carefully consider the nature of each violation and determine proper next steps that will prevent further harm to include escalation to external organizations, decision on contract termination, and/or working with the grower/supplier to address and remediate all issues.

VII. TRAINING

Altria's Procurement ESG group trains supplier managers annually on the third-party due diligence policy and infrastructure utilized to monitor supplier compliance as it relates to social responsibility risks.

Our direct contracted growers are required annually to complete Good Agricultural Practices training through GAP Connections. This training provides growers the opportunity to learn from content experts about the latest crop, environmental, and labor best management practices as well as new regulations.

Nuvona provides training sessions for all new employees, which include onboarding and familiarization with key policies and practices. We conduct staff training on safety, violence and harassment training, modern slavery training as well as on our core values and mission. This is mandatory training and can be done virtually or in person. Training is done on an annual basis.



Approval & Attestation

In accordance with the requirements of Canada's *Fighting Against Forced Labour and Child Labour in Supply Chains Act*, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for Nuvona Ltd. I attest that the report has been approved by the board of directors and that, based on my knowledge and having exercised reasonable diligence, the information in the report is true, accurate and complete in all material respects for the purposes of the Act.

Signature:	
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Name: Kathleen Hébert

Title: Controller

Date: May 30, 2024

I have the authority to bind Nuvona Ltd.