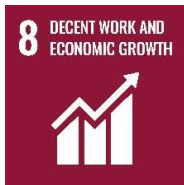


## Hail & Cotton Global Child Labor Policy

In line with our corporate Mission Statement to be the ‘preferred, independent supplier of sustainable, quality leaf tobacco and services, while striving to improve the welfare and environment of the communities in which we operate,’ respecting and promoting human rights is essential to how we conduct business. Hail & Cotton, Inc., and its subsidiaries (H&C) prohibit the use of child labor.

H&C is committed to eliminating child labor and upholding respect for the human rights enshrined in the UN Universal Declaration of Human Rights<sup>1</sup> and the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work<sup>2</sup>. We approach human rights in line with the UN Guiding Principles on Business and Human Rights<sup>3</sup> (UNGPs) and the OECD Due Diligence Guidance for Responsible Business Conduct<sup>4</sup> (OECD Guidelines).

We work to prevent and address human rights impacts in line with Sustainable Development Goal (SDG) 8. SDG 8 aims to promote inclusive and sustainable economic growth, full and productive employment, and decent work for all. As this relates to children, SDG target 8.7 calls to take immediate and effective measures to secure the prohibition and elimination of the worst forms of child labor.



Eliminating child labor is an issue faced around the world. In any working context, children can be exposed to risks of illness, injury, and interference with their education and development. Child labor is a grave and complex issue; its eradication requires a collaborative approach. The purpose of this policy is therefore to establish minimum standards and principles for the company to prevent and address child labor, with close participation of stakeholders in the supply chain.

### **Scope**

This policy applies to Hail & Cotton, Inc., its subsidiaries, and its supply chain. All employees, contractors, suppliers, and business partners engaged with H&C are expected to adhere to the standards and principles of this policy. We understand that the risk of child labor is not limited to farms; thus, the entire supply chain must be covered by proportionate risk mitigation processes, including our own operations.

Growers should follow our corporate Agricultural Labor Practices Code (ALP Code), which sets the standards that must be adhered to, in addition to local labor laws. Furthermore, we expect and encourage everyone who is working with us to cascade the policy’s principles to their own partners and suppliers and ask for commitment.

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<sup>1</sup> [Universal Declaration of Human Rights | United Nations](#)

<sup>2</sup> [ILO Declaration on Fundamental Principles and Rights at Work \(DECLARATION\)](#)

<sup>3</sup> [Guiding Principles on Business and Human Rights: Implementing the United Nations “Protect, Respect and Remedy” Framework | OHCHR](#)

<sup>4</sup> [OECD Due Diligence Guidance for Responsible Business Conduct - OECD](#)

Responsibility for ensuring that the principles set out in this policy are upheld lies with the Executive Committee, but we rely on senior management to oversee our strategy on a day-to-day basis in the countries where we operate. We also believe that preventing and addressing child labor is the responsibility of all employees, partners, suppliers, and individuals who work on behalf of H&C, and we encourage them to proactively engage on these issues.

### **Our Standards**

H&C is committed to maintaining operations that respect basic human rights. We respect the ILO Conventions No. 138<sup>5</sup> on Minimum Age and No. 182<sup>6</sup> on the Worst Forms of Child Labor, as well as the United Nations Convention on the Rights of the Child<sup>7</sup>. We are committed to identifying any form of child labor in our operations and supply chain and will act to prevent, mitigate, and remediate such practices.

H&C believes in complying with applicable laws in the countries in which we operate and expects everyone within the scope of this policy to be compliant with relevant local laws. In regions where national laws are below this Policy's standards or the ILO Conventions, the standard of the ILO Conventions applies. To the extent that local law is more stringent than this Policy or the ILO Conventions, we must comply with local laws. Where local laws are not enforced, the standard of the ILO Conventions applies.

### **Definition of Child Labor**

The ILO<sup>8</sup> defines child labor as:

- Any work that deprives children of their childhood because it is mentally, physically, socially, or morally dangerous and harmful to children.
- Any work that interferes with children's schooling by depriving them of the opportunity to attend school, obliging them to leave school prematurely.
- Any work that requires children to attempt to combine school attendance with excessively long working hours, and heavy work.

The ILO defines the worst forms of child labor as comprising:

- All forms of slavery or practices similar to slavery, such as the sale and trafficking of children, debt bondage and serfdom, and forced or compulsory labor, including forced or compulsory recruitment of children for use in armed conflict.
- The use, procuring, or offering of a child for prostitution, to produce pornography or pornographic performances.
- The use, procuring, or offering of a child for illicit activities, for the production and trafficking of drugs as defined in the relevant international treaties.
- Work which, by its nature or the circumstances in which it is carried out, is likely to harm the health, safety, or morals of children.

Child labor is prohibited, as defined by international labor conventions and ratified by local laws.

Any actual or suspected issues falling within the definition of the Worst Forms of Child Labor must be prioritized and escalated immediately, which may include reporting to local authorities as appropriate.

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<sup>5</sup> [Convention C138 - Minimum Age Convention, 1973 \(No. 138\) \(ilo.org\)](#)

<sup>6</sup> [Convention C182 - Worst Forms of Child Labour Convention, 1999 \(No. 182\) \(ilo.org\)](#)

<sup>7</sup> [Convention on the Rights of the Child | OHCHR](#)

<sup>8</sup> [What is child labour \(IPEC\) \(ilo.org\)](#)

### **Minimum Age for Employment**

As set out in ILO Convention No. 138, the minimum age to work is no less than the local age for completion of compulsory schooling or 15 years of age, whichever is higher. Local law may provide for a different minimum age to work, in which case the standard that provides the greatest protection must be followed.

### **Hazardous Work**

No hazardous<sup>9</sup> work is allowed for children under the age of 18. The ILO Convention No. 182 defines hazardous child labor or hazardous work as the work which, by its nature or the circumstances in which it is carried out, is likely to harm the health, safety, or morals of children.

The ILO Recommendation R. 190<sup>10</sup> defines the Worst Forms of Child Labor, referred to the ILO Convention No. 182 as:

- Work that exposes children to physical, psychological, or sexual abuse.
- Work underground, underwater, at dangerous heights, or in confined spaces.
- Work with dangerous machinery, equipment, and tools, or that involves the manual handling or transport of heavy loads.
- Work in an unhealthy environment which may, for example, expose children to hazardous substances, agents, or processes, or to temperatures, noise levels, or vibrations damaging their health.
- Work under particularly difficult conditions such as working for long hours or during the night, or work where the child is unreasonably confined to the premises of the employer.

The classification and definition of this work may be further defined by local legislation.

### **Working Conditions**

ILO Convention No. 138 indicates that a child may help on his or her family's farm provided that the task is light work and that the child is over the age of 13 or above the minimum age for light work as defined by local law, whichever is more stringent. Children under the age of 18 should not be permitted to conduct any hazardous tasks even on family farms.

Light work can only be conducted where consistent with relevant legislation and provided it is not harmful to the health or development of the child and does not impact the attendance of school and/or other recognized vocational orientation or training programs.

Children involved in vocational learning programs, such as informal or school programs, can be assigned light work tasks, as long as the tasks relate directly to the learning experiences of the program, are promoted in a safe environment, and comply with local legislation.

### **Training and Communication**

H&C will ensure that all relevant employees working for or with us must uphold and act in accordance with this policy. We will commit the resources to educate and train our employees adequately.

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<sup>9</sup> [Hazardous child labour \(IPEC\) \(ilo.org\)](#)

<sup>10</sup> [Recommendation R190 - Worst Forms of Child Labour Recommendation, 1999 \(No. 190\) \(ilo.org\)](#)



Growers supplying H&C receive ongoing training on child labor, based on the corporate Agricultural Labor Practices Code (ALP Code), emphasizing the importance of child rights and the consequences of non-compliance.

### **Partnerships**

To strengthen our efforts to prevent child labor, we work with external organizations that can offer additional expertise on how to address challenges and improve initiatives.

### **Monitoring and Reporting**

Our internal procedures require potential issues identified within our own operations to be reported to a supervisor or manager, and/or via the H&C whistleblowing line, where available. These cases will be dealt with in line with the Global H&C Whistleblowing Policy.

Our Field Technicians conduct ongoing visits to growers to verify compliance with the principles of this policy. We reserve the right to terminate or not renew contracts of growers who are not committed to improving their practices, do not meet the expected standards, or breach them intentionally.

We will always opt to work with growers to improve their practices to align with this policy before terminating or not renewing a contract. We are continuously developing a proactive approach to remediation. The H&C ALP Code sets out the human rights due diligence as well as the prompt action and extreme breach procedure applicable to farms in further detail.

### **Compliance**

We encourage a culture of speaking up amongst our employees and suppliers. All individuals within this policy's scope must report any known or suspected violation of it, including any violation of related laws, rules, regulations, or policies. Any person who knows of or suspects a violation of the policy shall immediately report the conduct to a supervisor or manager.

Any breach of this policy will be confidentially investigated by H&C. Depending on the nature of the violation, the employee who breaches this policy may face disciplinary action and we may terminate our relationship with a supplier pursuant to this policy. In case of doubt, the employee should refer to the 'Corporate Code of Business Conduct, Integrity, and Ethics.'

### **Governance**

This policy has been approved by order of the Executive Committee and signed on their behalf by:

**Andy Spies** - President International Operations

**Chris Cooksey** - President North America Operations

**Eric van der Linden** - President Dark Air Cured Operations

## **Annex I: International Laws**

### **Minimum Age Convention (No. 138)**

The Minimum Age Convention was adopted on 26 June 1973 by the International Labour Organization and came into force on 19 June 1976. The convention includes 18 articles that set the minimum age for admission to employment. It requires ratifying countries to establish a national policy to ensure the abolition of child labor and to progressively raise the minimum age for admission to employment.

### **Worst Forms of Child Labor Convention (No 182)**

The Worst Forms of Child Labor Convention was adopted by the International Labour Organization on 17 June 1999 and came into force on 19 November 2000. The convention requires ratifying countries to commit themselves to taking immediate action to prohibit and eliminate the worst forms of child labor.

### **Worst Forms of Child Labor Recommendation (No. 190)**

The Worst Forms of Child Labour Recommendation (No. 190) was adopted in 1999. It contains, among others, recommendations to determine a specific list of hazardous conditions which a child should not be exposed to. The list of hazardous work might vary from country to country, but the ILO has set the guidelines (Section II) for defining hazardous work.

### **United Nations Convention on the Rights of the Child (1989)**

The UN General Assembly adopted the United Nations Convention on the Rights of the Child and opened it for signature on 20 November 1989. After it was ratified by the required number of countries, the Convention came into force in September 1990. The Convention is an international human rights treaty in which the civil, political, economic, social health, and cultural rights of children are set. The Convention defines a child as a human being under the age of 18. All countries that have signed and ratified this Convention commit themselves to creating awareness and eradicating the actions or activities that are against the core principles described in the Convention.

**Annex II: Minimum Legal Working Age by country**

Country	Light Work or Restricted work	Hazardous Work
Brazil	14 -16	18
	<ul style="list-style-type: none"> <li>14: only apprentices can start working. It is forbidden to work in any other job.</li> <li>16: allowed to work, but they are prohibited to work at night or in dangerous or unhealthy conditions</li> </ul> <p>Legislation:</p> <ul style="list-style-type: none"> <li>Article 403 of the Labor Code (40)</li> <li>Article 2 of the Hazardous Work List (41)</li> </ul> <p>Source: <a href="https://www.dol.gov/agencies/ilab/resources/reports/child-labor/brazil">https://www.dol.gov/agencies/ilab/resources/reports/child-labor/brazil</a></p>	
Canada	13-16	18
	<ul style="list-style-type: none"> <li>Different standards for various types of work apply to each province.</li> <li>Legislation for the relevant province will need to be consulted for detailed requirements.</li> </ul> <p>Source: <a href="https://laws-lois.justice.gc.ca/eng/regulations/C.R.C.,_c._986/FullText.html">https://laws-lois.justice.gc.ca/eng/regulations/C.R.C.,_c._986/FullText.html</a>            Source: <a href="https://www.lawnow.org/wp-content/uploads/2014/04/Provincial-Youth-Employment-Laws-Chart.pdf">https://www.lawnow.org/wp-content/uploads/2014/04/Provincial-Youth-Employment-Laws-Chart.pdf</a></p>	
Colombia	15	18
	<ul style="list-style-type: none"> <li>15: only allowed to work 6 hours a day and 30 hours a week and maximum until 6 pm.</li> <li>18: may work full time (8 hours a day and 40 hours a week and maximum until 8 pm).</li> </ul> <p>Legislation:</p> <ul style="list-style-type: none"> <li>Article 35 of the Child and Adolescence Code (33)</li> <li>Article 117 of the Child and Adolescence Code (33)</li> </ul> <p>Source: <a href="https://www.dol.gov/agencies/ilab/resources/reports/child-labor/colombia">https://www.dol.gov/agencies/ilab/resources/reports/child-labor/colombia</a></p>	
Dominican Republic	14	18
	<p>Legislation:</p> <ul style="list-style-type: none"> <li>Article 245 of the Labor Code; Article 40 of the Code for the Protection of Children and Adolescents (42, 43)</li> <li>Resolution on Hazardous Work for Persons under Age 18; Article 251 of the Labor Code (42, 44)</li> </ul> <p>Source: <a href="https://www.dol.gov/agencies/ilab/resources/reports/child-labor/dominican-republic">https://www.dol.gov/agencies/ilab/resources/reports/child-labor/dominican-republic</a></p>	
Ecuador	15	18
	<p>Legislation:</p> <ul style="list-style-type: none"> <li>Article 46 of the Constitution; Article 82 of the Childhood and Adolescence Code (25,26)</li> <li>Article 87 of the Childhood and Adolescence Code (26)</li> </ul> <p>Source: <a href="https://www.dol.gov/agencies/ilab/resources/reports/child-labor/ecuador">https://www.dol.gov/agencies/ilab/resources/reports/child-labor/ecuador</a></p>	

Indonesia	15	18
Legislation: <ul style="list-style-type: none"> <li>• Law on the Ratification of ILO C. 138; Article 69 of the Manpower Act (36,37)</li> <li>• Article 74 of the Manpower Act; Article 2 of Ministerial Decree on Jobs that Jeopardize the Health, Safety, or Morals of Children (37,38)</li> </ul> <p>Source: <a href="https://www.dol.gov/agencies/ilab/resources/reports/child-labor/indonesia">https://www.dol.gov/agencies/ilab/resources/reports/child-labor/indonesia</a></p>		
Paraguay	18	18
Legislation: <ul style="list-style-type: none"> <li>• Article 1 of Law No. 2332; Article 58 of the Childhood and Adolescence Code (25,26)</li> <li>• Article 54 of the Childhood and Adolescence Code; Article 3 of Decree No. 4951; Articles 122 and 125 of the Labor Code; Article 15 of the First Employment Law; Article 5 of Law No. 5407 on Domestic Work (25,27-30)</li> </ul> <p>Source: <a href="https://www.dol.gov/agencies/ilab/resources/reports/child-labor/paraguay">https://www.dol.gov/agencies/ilab/resources/reports/child-labor/paraguay</a></p>		
Malawi	14	18
Legislation: <ul style="list-style-type: none"> <li>• Section 21 of the Employment Act (34) Minimum Age for Hazardous Work</li> <li>• Section 22 of the Employment Act; Section 23 of the Constitution (34,35)</li> </ul> <p>Source: <a href="https://www.dol.gov/agencies/ilab/resources/reports/child-labor/malawi">https://www.dol.gov/agencies/ilab/resources/reports/child-labor/malawi</a></p>		
USA	14	18
<ul style="list-style-type: none"> <li>• 14: Non-agricultural jobs</li> <li>• 14-15: Outside school hours</li> <li>• 16: Restricted hours may be worked</li> </ul> Legislation: <ul style="list-style-type: none"> <li>• Fair Labor Standards Act (FLSA)</li> </ul> <p>Source: <a href="https://www.dol.gov/agencies/ilab/resources/reports/child-labor/malawi">Workers Under 18   U.S. Department of Labor (dol.gov)</a></p>		
Zimbabwe	16	18
Legislation: <ul style="list-style-type: none"> <li>• Section 11 of the Labor Act; Section 10A of the Children's Act (41,42)</li> <li>• Section 11.4 of the Labor Act; Section 10A (4) of the Children's Act (41,42)</li> </ul> <p>Source: <a href="https://www.dol.gov/agencies/ilab/resources/reports/child-labor/zimbabwe">https://www.dol.gov/agencies/ilab/resources/reports/child-labor/zimbabwe</a></p>		

### **Annex III: List of Examples of Hazardous Work**

ILO Convention No.182 defines hazardous child labor or hazardous work as the work which, by its nature or the circumstances in which it is carried out, is likely to harm the health, safety, or morals of children. Children under 18 must not perform hazardous work. The classification and definition of this work should be determined by relevant local legislation. In the absence of relevant legislation, you are encouraged to consult with stakeholders, including customers, NGOs, and government entities.

The list below sets out examples of types of work that fall within the definition of hazardous work, based on ILO Recommendation R.190. The list is non-exhaustive and serves only to provide examples of types of hazardous work, to be read in conjunction with local legislation.

Hazardous work may include:

- Working in poorly lit environments
- Handling toxic, caustic, and acid chemicals
- Handling green tobacco leaves and harvesting, topping, and suckering of tobacco
- Lifting and handling heavy loads
- Frequently working long hours
- Working at unprotected heights
- Driving or operating motorized farm machinery
- Operating sharp or powered farm tools
- Prolonged exposure to intense hot weather, humidity, and direct sun
- Exposure to excessive noise, vibration, or dust