



September 5, 2022

FOR ELECTRONIC DELIVERY

Beatriz Balbin
Chief
Special Procedures Branch
United Nations Human Rights Council
Office of the High Commissioner
Palais des Nations
1211 Geneva 10, Switzerland

Your reference: AL OTH 46/2022

Dear Ms. Balbin:

The following is Universal Corporation's response to your Joint Communication letter dated July 5, 2022, regarding the communications procedure of the Special Procedures of the United Nations Human Rights Council seeking clarification on information you have received from an apparently unspecified source concerning "allegations of trafficking in persons, including children, for purposes of forced labour, affecting tenant farmers and their families in tobacco farms in Malawi, as well as the related lack of accountability and access to effective remedy for victims of these serious human rights violations and serious crimes, including contemporary forms of slavery."

We and our Malawi subsidiary, Limbe Leaf Tobacco Company Ltd ("LLTC"), have a strong commitment to sustainable tobacco production in Malawi that supports the human rights of farmers, their workers and their communities. As discussed below, that commitment includes prohibitions and measures against forced labor including debt bondage, child labor, unsafe working conditions, unfair treatment, and other labor abuses. As I mentioned in my acknowledgement of receipt dated July 21, 2022, it will be challenging for us to address the allegations in the form they are set forth in the Joint Communication because most, if not all, are provided without any factual support. For example, the Joint Communication does not include the names of any of the farmers who are alleged to be committing the practices raised in the Joint Communication. As another example, there are no facts that specifically relate to LLTC and its dealings with any specific farmers. There are numerous references to "According to the information received" or "From the information received" but the Joint Communication does not include any such information. The allegations are not consistent with our own engagement, monitoring and assessments of our supply chain in Malawi through our extensive agricultural labor practices programs, so the particular information you note having received in your letter is not

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known to us. That information would be helpful for us to see so we are better able to respond to the Joint Communication. More importantly, sharing that information with us may help us identify any outstanding specific risks in our own Malawi supply chain and ensure that we are addressing those risks in the agricultural labor practices programs we require our tobacco growers to follow. Please send all such information to me with a request for a confirmation of receipt.

U.S. Customs and Border Protection

The broad allegations contained in the Joint Communication echo those referenced by U.S. Customs and Border Protection (“CBP”) in November 2019 when CBP issued a withhold release order (“WRO”) for all tobacco imports from Malawi and products containing tobacco from Malawi. CBP issued the WRO based on information collected by the agency that it felt may indicate tobacco from Malawi is produced using forced labor and forced child labor. We engaged with CBP regarding LLTC’s supply chain social compliance program, its efforts to identify, mitigate and remediate the risks of forced labor and other human rights impacts on contracted farms from which it purchases tobacco in Malawi, and its ability to trace such tobacco once processed and shipped from the shipping vessel back to the individual farms on which it was produced. We demonstrated to CBP that LLTC’s program effectively addresses human rights risks such as forced labor abuses, including those referenced in the eleven Indicators of Forced Labor identified by the International Labour Organization (“ILO”). CBP rigorously evaluated LLTC’s social compliance program and the information we provided them regarding our efforts to identify and mitigate the risks of forced labor in our supply chain. In CBP’s corresponding press release, CBP affirmed that “[t]hese actions produced evidence that sufficiently supports LLTC’s claims that tobacco from its farms is not produced and harvested using forced labor.” As a result, CBP modified the WRO to permit Universal to import our Malawi tobacco. You can find CBP’s press release by visiting the following link: <https://www.cbp.gov/newsroom/national-media-release/cbp-modifies-withhold-release-order-tobacco-imports-limbe-leaf>. A copy of our WRO modification from CBP is attached to this response.

Universal’s ALP Program

LLTC requires its contracted farmers to adhere to Universal’s Agricultural Labor Practices (“ALP”) program – a sophisticated program based on ILO principles that is designed to promote and uphold farmer, farm worker and associated community rights and welfare and to ensure that no contracted tobacco we procure has been produced through forced labor, child labor or other agricultural worker human rights abuses. At the center of our ALP Program is Universal’s ALP Code, a copy of which can be found by visiting our website at the following link:

http://www.universalcorp.com/Resources/Practices/HS_LP_Shared/ULT_ALP_Code.pdf

The ALP Code is based on international conventions such as the ILO’s Declaration on Fundamental Principles and Rights at Work. As you will see, the ALP Code Principles and Measurable Standards address a comprehensive range of worker rights and protections including

child labor; forced labor including debt bondage and restrictions on workers' ability to leave; worker income and work hours; safe working environment including worker safety and worker accommodations; fair treatment of workers so they are free from discrimination and abuse; freedom of association; and compliance with laws relating to worker employment.

LLTC implements Universal's ALP Program through a robust combination of (1) commitment to the ALP Code and corresponding Measurable Standards which exceed or complement the Malawi legal standards; (2) clearly expressed obligations in LLTC's farmer contracts regarding the farmer's responsibilities and obligations to respect and follow fair labor practices; (3) the dedication of LLTC management and significant numbers of LLTC Field Technicians ("FTs") to complete at least six farm visits per tobacco season for every contracted farmer; (4) extensive communication and training for LLTC staff, contracted farmers and farm workers; (5) routine performance of due diligence and risk assessments prior to, during and at the conclusion of each season; (6) systematic monitoring of conditions and activities on the farm through observation, interviews and document review; (7) recording any incidents that may not meet standards; (8) developing and recording correction or mitigation plans to address any such incidents and confirm implementation; (9) the availability of grievance and support mechanisms to address any farmer and worker concerns or reports; and (10) assessments of the ALP Program's effectiveness by LLTC and recognized international third-party auditors and assessors in order to assess compliance and to continuously improve the program. Certain key elements of our ALP Program are set forth below.

Training and Communication

To ensure the proper functioning of the ALP Program, LLTC trains its ALP Program staff starting with the FTs and other members of the LLTC ALP team. FTs are the bridge between the company and contracted farmers and their communities. It is crucial that they are well conversant in all aspects of the ALP Program. Once fully trained, the FTs, in turn, train contracted farmers. Contracted farmers are trained irrespective of whether they are new farmers to LLTC or have been previously contracted by LLTC. Training is conducted face to face with the farmer. The farmer is also provided with leaflets, cartoons, posters, and templates of documents such as farm worker contracts and wage records booklets for use by the farmer and farm workers, and they are trained on how to use them. FTs also communicate ALP Program requirements to workers directly when worker meetings occur during farm visits. To ensure community support of the ALP Program, training and awareness also takes place through LLTC sponsored national radio broadcasts, awareness sessions in schools and through drama groups where contract farmers, workers and other community members are invited to attend and participate in plays and presentations that message ALP principles.

On-Farm Monitoring

LLTC FTs monitor farmers' and other stakeholder compliance with the ALP Program and collect information through on-farm visits with LLTC's contracted farmers. The information is used to build profiles on each contracted farmer that show their labor and agriculture practices, identify associated risk areas, monitor compliance, and record any mitigation and remediation measures if required. Each season and before any farmer is contracted or re-contracted, FT's initiate a due diligence process to assess the farmer's level of ALP and other policy compliance and identify any areas to be further assessed either prior to contracting or during the tobacco season. The due diligence process also includes meeting with workers themselves to gather information about their employment, family members and other aspects of their work and presence on the farm.

LLTC FTs and numerous other LLTC ALP Program professionals actively support the due diligence process. These trained personnel are conversant with the ALP Program and related protocols that must be followed by contracted farmers, as well as how to communicate and train contracted farmers on their compliance with the ALP Program.

In their ongoing farm monitoring efforts, FTs visit every contracted farm at least six times throughout the tobacco season. All visits except the initial due diligence visit are unannounced. During such visits, the FTs monitor and record farmer compliance with the program as well as any incidences of non-compliance. In addition to being used for assessing farmer compliance, the information collected during the visits is used to further develop ALP and other social programs that prevent or mitigate identified and any new emerging risks.

Addressing ALP Program Non-Compliance

If a FT identifies an incident of ALP Program non-compliance, they would utilize their training to implement appropriate ALP Program remediation and escalation measures. Depending on the nature of the incident, non-compliance would be addressed during the visit in which it was identified and the FT would work with the farmer to develop remedial measures for the farmer to implement. The FT would monitor the farmer's implementation of those remedial measures during subsequent visits. If an incident was considered extreme pursuant to the ALP Program guidelines (for example, an incident of forced labor would be considered extreme), the matter is immediately escalated to senior LLTC management, governmental District Labor Officers ("DLOs") or local ALP Committees formed in the village or district in which the farmer resides. LLTC has a standing formal agreement with the Malawi Ministry of Labour ("MOL") for engagement of governmental DLOs. The MOL ensures that DLOs are available to inspect LLTC contracted farms on an announced

or unannounced basis, and to address any incidents of non-compliance according to the full extent of the law, with non-renewal of the contract or immediate termination of the contract as a possible consequence. DLOs also have the authority to refer cases to other institutions like the Police or Social Welfare should the situation so demand.

Grievance or Support Mechanisms

Malawi cultural norm in rural areas is to use traditional methods of consultation and dispute resolution, generally involving village leaders, chiefs and traditional authorities. Recognizing this cultural tendency, LLTC has promoted ALP Committees to serve as local structures that are set up in rural growing areas to train people on the ALP Code and resolve any issues or grievances associated with the Code without the direct involvement of LLTC FTs. This is an effective method of community engagement with farmers and workers to facilitate any ALP grievance reporting, any dispute resolution and training among farmers and workers. The ALP Committees complement and augment the work of the FTs as a further medium for training farmers and workers on ALP and buttress the overall effectiveness of the ALP Program. At the beginning of each tobacco season, contracted farmers in a particular community select ALP Committee members. The members of the ALP Committees generally include one village development representative, two workers' representatives, and six other members including farmers and others in the community. The inclusion of worker representatives is important in order to encourage inclusivity and promote access for workers to raise any concerns if needed. In addition, LLTC provides a free third-party grievance hotline to farmers and farm workers to report any grievances and to seek any remedial action anonymously. As noted above, the governmental DLOs also serve as a support mechanism to resolve any grievances reported to them or identified through their announced or unannounced inspections.

Independent Third-Party Assessments

LLTC's ALP Program is subject to periodic audit and assessment by internationally recognized independent third-party auditors and assessors to confirm the ALP Program's effectiveness and to continuously improve the program. These independent organizations are supply chain specialists with deep experience in agriculture and sustainability. Third party audits and assessments help LLTC appreciate the impact of programs being implemented, identify emerging risks or areas for improvement or enhancement, and develop action plans to implement ALP Program improvements and enhancements for subsequent tobacco seasons. They involve assessments of LLTC governance structures, assessment of documentation and program implementation, and include the third-party auditor's own assessment of randomly selected farmers, workers and community members to observe and record compliance with the ALP Program's standards and their effectiveness. The use

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of third party audits and assessments speaks to LLTC's commitment to a compliant, sustainable and transparent supply chain.

Tenant Farming

Regarding the tenant farming system in Malawi cited in your letter, LLTC has worked diligently with the Malawi government to address laws and supply chain practices for several years. In addition to focusing on our contracted farmers, LLTC supported government action to address Malawi's law around tenant farming. LLTC engaged with the Malawi government to communicate the company's policies with respect to tenancy for many years and, ultimately, advised that LLTC would cease contracting with farmers who employ tenant farmers so LLTC could more effectively mitigate risks associated with this practice. LLTC's policy was consistent with LLTC's long-standing focus on fair treatment of and attention to the welfare of farm workers. Subsequent to LLTC's adoption of its tenancy policy, LLTC continued to support the Malawi government's efforts to address and ultimately prohibit tenant farming in Malawi last year. The reference in your letter to the Employment (Amendment) Bill in Malawi is outdated, as the Bill was enacted effective October 7, 2021, and it made tenant farming an illegal practice as of that date.

Other Support for Governmental Efforts

As noted above, LLTC further supports the Malawi government's efforts to address human rights in the tobacco supply chain by cooperating with the Malawi MOL to ensure governmental DLOs are available to inspect LLTC contracted farmers' farms and address any incidents of non-compliance according to the full extent of the law. LLTC's efforts to support the government of Malawi also include the support and promotion of education. During their farm visits, FTs gather information regarding school enrollment and attendance of all children on the farm. In addition to being important information for LLTC's ALP Program assessments and monitoring, this information helps LLTC decide on effective resource allocation, including the identification of new locations where LLTC can initiate education-related projects. LLTC's support of education is specifically designed to improve living and working conditions for farmers, farm workers and their families and facilitate school attendance and mitigate the risk of child involvement in tobacco on LLTC's contracted farms and the surrounding communities. In addition to farmer training by FTs regarding the importance of school attendance, LLTC contributes to education through the construction of school facilities including libraries, teachers' houses, and classroom blocks, the purchase of books and other learning materials, the promotion of after school sporting and other activities, and the implementation of school feeding programs.

Additional Human Rights Initiatives

LLTC's efforts address a wide range of other human rights protections for farmers and their communities, including their workers. For example, the ALP Program addresses safety on the farm, which covers not only safety at work but also safe worker accommodations on the farm. LLTC ensures that all farmers and farm workers have access to appropriate personal protective equipment ("PPE") to protect them from occupational hazards and ensure compliance with applicable regulations and policies, and LLTC provides farmers with recommended low-risk crop protection agents ("CPAs"). LLTC annually distributes all required PPE to each farm and makes arrangements for replacement PPE as required during the season. LLTC also annually distributes all required recommended low-risk CPAs to each farm, which are certified as conforming to the World Health Organization's Hazard Classification III (Slightly Hazardous). LLTC also provides farmers with a lockable storage box so that farmers can store the CPAs safely, avoiding contamination of foodstuffs, water supply and other materials, and reducing any risk to family members, animals and livestock.

With respect to worker accommodations, LLTC's ALP Program requires that farmers provide their workers with clean and safe accommodations that meets the basic needs of workers and conforms with the country's laws to promote safety, avoid overcrowding, and provide appropriate living conditions. To promote compliance with this requirement, farmers are required to provide bricks and assist with labor, while LLTC together with other stakeholders provide building expertise and materials for roofing, construction, doors and windows. LLTC's ALP Program includes specific standards all such accommodations must meet.

As another example of LLTC's efforts, to ensure workers are informed of the terms of their employment LLTC requires the use of written employment contracts for all workers and for their spouses and other adult relatives working on the farm so the terms of their respective employment can be documented and mutually agreed. This program element also requires that direct wage payments be made by the farmer to all persons performing work. LLTC FTs distribute worker contract templates to each farmer in the beginning of the season and during subsequent farm visits when additional worker contract templates are needed. The worker contract template includes the workers contract, a form for recording the days worked, a form for recording the wages earned and permitted deductions, and a table highlighting the worker's rights under the law such as the minimum wage, overtime wage rates, minimum working age, and the farmer's obligation to comply with the ALP Code. LLTC provides funding to farmers who have need so they can pay their workers during the season prior to the sale of the farmers' tobacco.

LLTC also has invested in forestry programs to support environmental sustainability and has initiated Village Savings and Loans Associations ("VSLA") to assist contracted growers to supplement and appropriately manage their financial resources by involving their spouses. Participants are organized in VSLA groups. The VSLAs provide training and resources for

farmers' spouses to start managing small businesses. LLTC provides financial literacy training to farmers and procures third-party training for VSLA members on financial literacy topics that include VSLA operations, group dynamics, share-out process, planning, budgeting, saving, small scale business management and the ALP principles and their measurable standards. In addition to helping achieve living income and minimum wage objectives, this initiative has the added benefit of further reducing the risks of child labor by helping farmers and their spouses make necessary school payments to facilitate school attendance.

A final example of an initiative that deserves mention relates to ensuring the availability of clean potable water for contracted farmers and their communities. LLTC, in conjunction with certain Universal customers, has funded the installation of numerous boreholes in the communities in which its contracted farmers are located. LLTC's Water Sanitation and Hygiene (WASH) Project is an on-going initiative designed to reduce the distance covered to access clean potable water to a radius of one kilometer. Boreholes are equipped with pumps and water tanks for ease of supply to the communities. In addition to contracted farmers and their communities having a clean source of potable water, this initiative complements other initiatives in mitigating the risk of forced labor and child labor.

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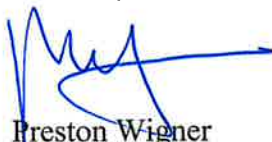
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Universal, in coordination with LLTC as well as with our customers who themselves have robust social compliance programs, continues our work in supply chain due diligence and supporting human rights in our supply chain in Malawi. We assess our risks continuously, implement programs, and engage relevant stakeholders to impact those identified risks. Universal is proud of the work LLTC does to engage and educate their farmers on fair working practices and to support procedures and programs that respect worker rights.

We appreciate your and the United Nations Human Rights Council's important work on these issues, and we share your dedication to upholding human rights. We again respectfully request that you provide us with any information that specifically relates to LLTC so we can consider and address that information as part of our ongoing efforts to support human rights in Malawi.

Please let us know if you have any further questions.

Sincerely,



Preston Wigner
Vice President, General Counsel & Secretary

cc: George C. Freeman, III
Chairman, President and Chief Executive Officer
Universal Corporation

Enclosures: US Customs and Border Protection Modification to WRO



U.S. Customs and
Border Protection

July 31, 2020

Preston Wigner
Vice President, General Counsel & Secretary
Universal Corporation
9201 Forest Hill Avenue
Stony Point II Building
Richmond, Virginia 23235

Dear Mr. Wigner:

Thank you for your submission on July 13, 2020 in relation to Universal Leaf Tobacco Company, Incorporated's imports of tobacco from Malawi. Pursuant to 19 U.S.C. § 1307, U.S. Customs and Border Protection (CBP) implemented a Withhold Release Order (WRO) on November 1, 2019 based on a reasonable suspicion that forced labor was used to produce tobacco from Malawi.

CBP has determined that the information provided reasonably indicates that tobacco imported by ULT from Limbe Leaf Tobacco Company Ltd. is not harvested using forced labor from Malawi, and therefore, is not within the purview of 19 U.S.C. § 1307. As a result, CBP will modify the WRO against tobacco from Malawi to exclude Limbe Leaf Tobacco Company Ltd. from the WRO. The modification will go into effect on July 31, 2020.

CBP encourages continued due diligence to mitigate and address forced labor risk. For more information, you may wish to consult CBP's importer due diligence fact sheet and associated resources available on CBP.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "Eric Choy".

Eric Choy
Deputy Executive Director
Trade Remedy Law Enforcement
Office of Trade