

Regulatory Updates

ITGA Annual Meeting,
October 27, 2022



Regulatory developments: ECTC



Framework Convention on Tobacco Control (FCTC)

International treaty

- 182 countries have ratified/acceded (Parties)
- Argentina, Indonesia, Malawi, USA have not

Parties obliged to implement provisions

- Mostly general provisions
- Few time-bound, specific obligations

Guidelines

- Support Parties in implementation
- Do not introduce additional obligations

Protocols

- Separate treaties
- Require ratification

Conference of the Parties (COP)

- Governing body
- Takes decisions binding on Parties

General and specific obligations

Art 5: General obligations

Art 6 -14: Demand-side reduction measures

- Art 6: Encourage price and tax measures
- Art 8: Protection from exposure to tobacco smoke
- Art 9: Regulation of contents and emissions
- Art 10: Disclosure of contents and emissions
- Art 11: Packaging and labelling: require 30% minimum pack warnings (2 years)
- Art 12: Promote public awareness
- Art 13: Prohibit or restrict advertising, promotion and sponsorship (5 years)
- Art 14: Design and implement cessation programs

Articles 15-17: supply-side reduction measures

- Art 15: Measures against illicit trade
- Art 16: Prohibit or promote prohibition of sales to minors
- Art 17: **Promote economically viable alternatives for tobacco workers and growers**

Article 18: **Protection of the environment** and health of persons

Article 19: Consider legislative action on liability

COP9 & COP10

COP9 held virtually in November 2021

- Discussions on substantive issues postponed

COP10 to be held in Panama in November 2023

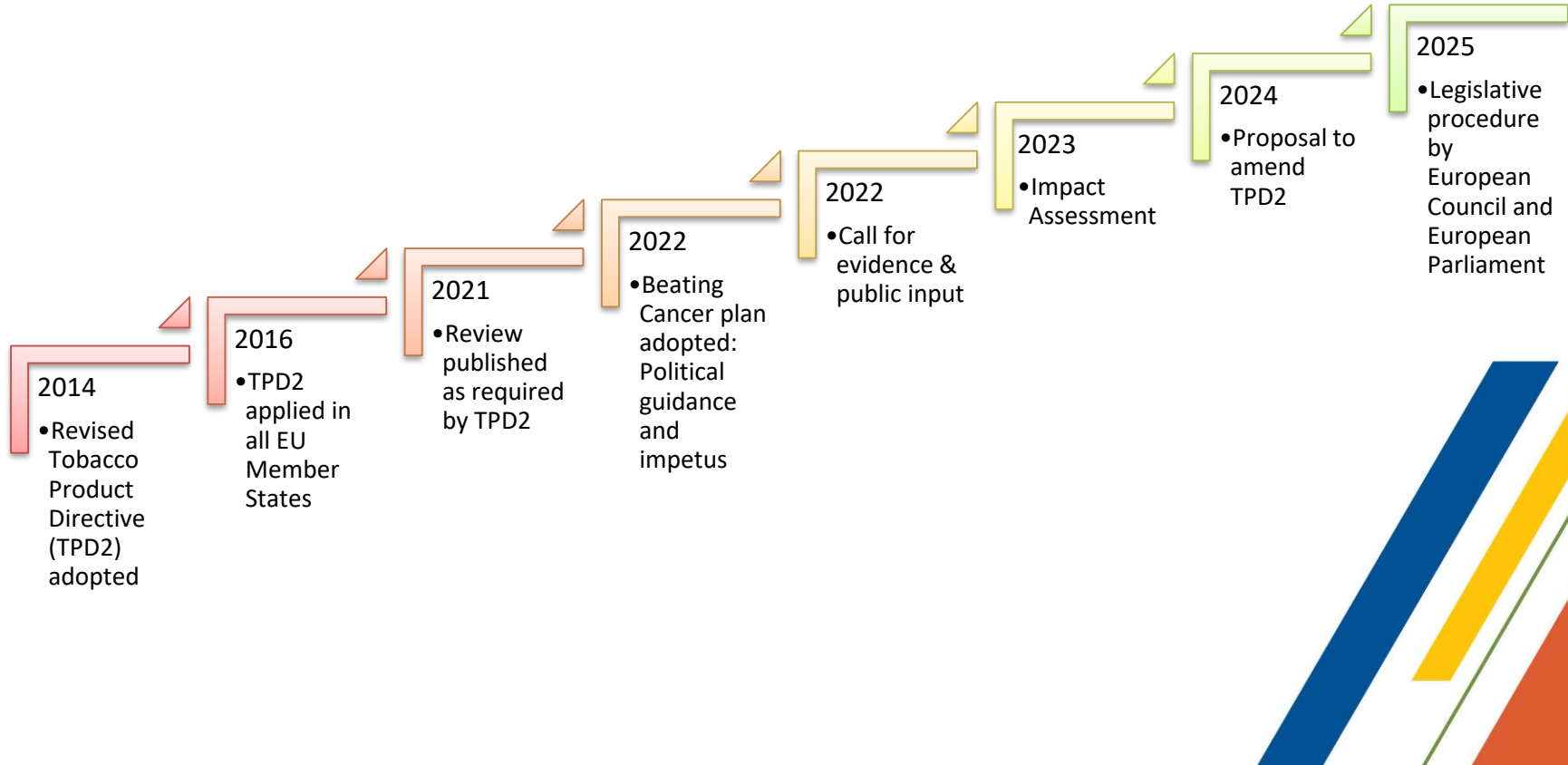
Deferred agenda items

- Heated tobacco products
- Novel and emerging products
- Tobacco advertising and sponsorship (in entertainment media)
- Accountability of tobacco industry
- Promotion of FCTC through human rights

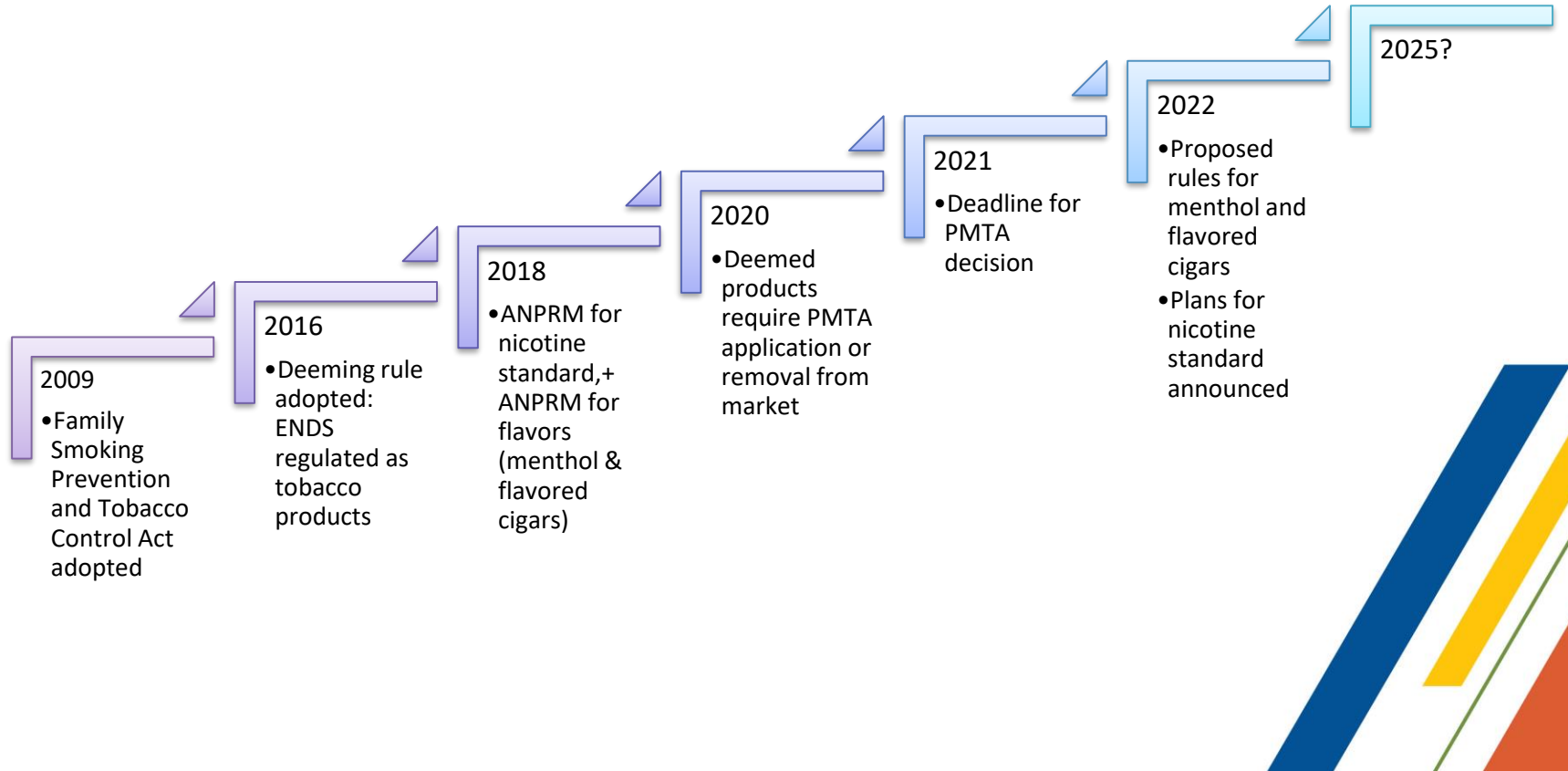
Regulatory developments: EU and USA



European Union: TPD2



USA: FDA developments





Regulatory Developments: Supply Chain Due Diligence

UN Guiding Principles on Business and Human Rights



- UN Guiding Principles on Business and Human Rights

- UK Modern Slavery Act

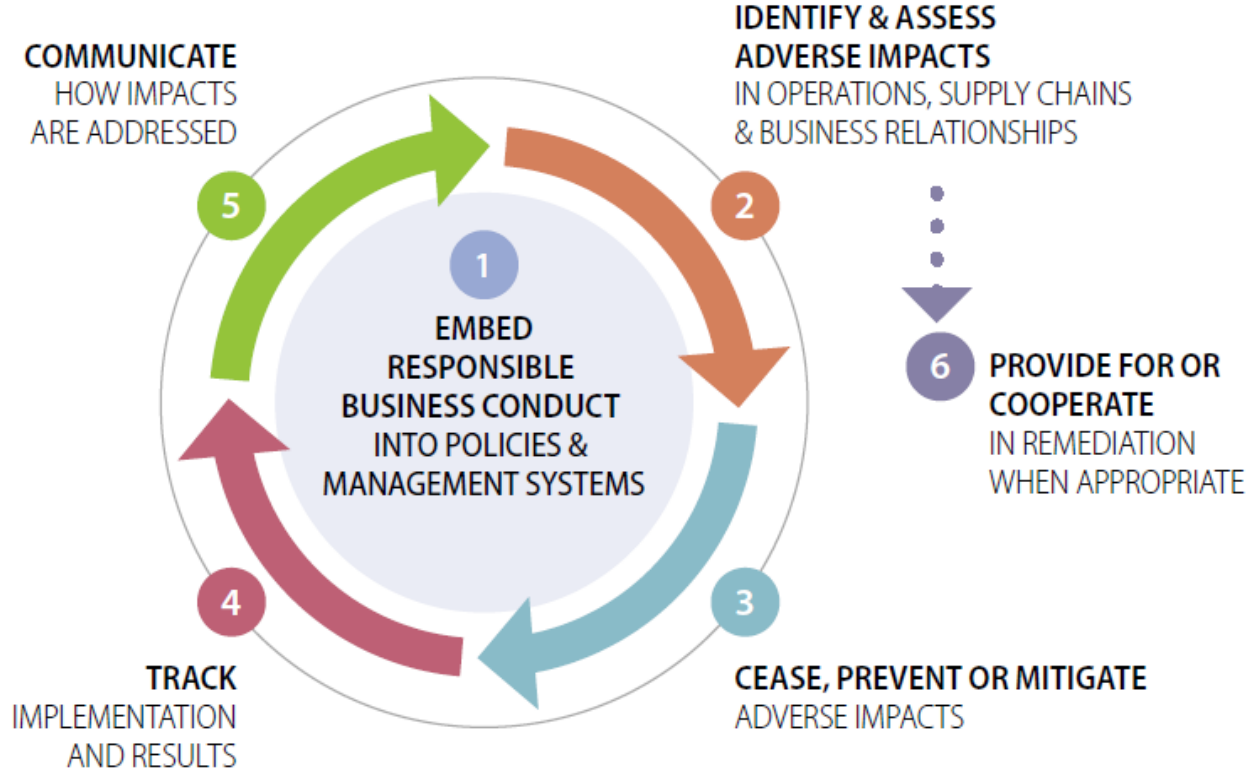
- France Duty of Vigilance law

- Dutch child labor due diligence law

- Swiss child labor due diligence law
- German supply chain law

- EU supply chain due diligence proposal
- US slave-free business certification act proposal

Supply chain due diligence



EU SCDD proposal

Legislative process has started, final outcome still unknown

Entry into force expected in 2024

Large EU companies, mid-size EU companies and large non-EU companies to comply 2 years after entry into force

EU SMEs to comply 4 years after entry into force

Own operations and value chain operations with 'established business relationship'

EU SCDD proposal: Obligations

Human rights and environmental supply chain due diligence

- According to UNGP and OECD Multinational Enterprise Guidance
- Policies, identification, mitigation, assessment, reporting and remediation
- Actual and potential human rights and environmental adverse impacts
- Including child & forced labor, freedom of association, living wage, safe working conditions, etc.

Suspension or termination of relationships if unable to prevent, cease or adequately mitigate impacts


Liability for damages if company fails to take action to address actual or potential adverse impacts and this failure led to damage

Conclusions

FCTC and COP10 will continue to drive national legislation with regard to tobacco and tobacco products.

Further regulation in EU and USA anticipated

Increasing Supply Chain Due Diligence requirements will require the whole tobacco supply chain to implement a new approach towards human rights and environmental concerns

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