



JT Group Human Rights Report

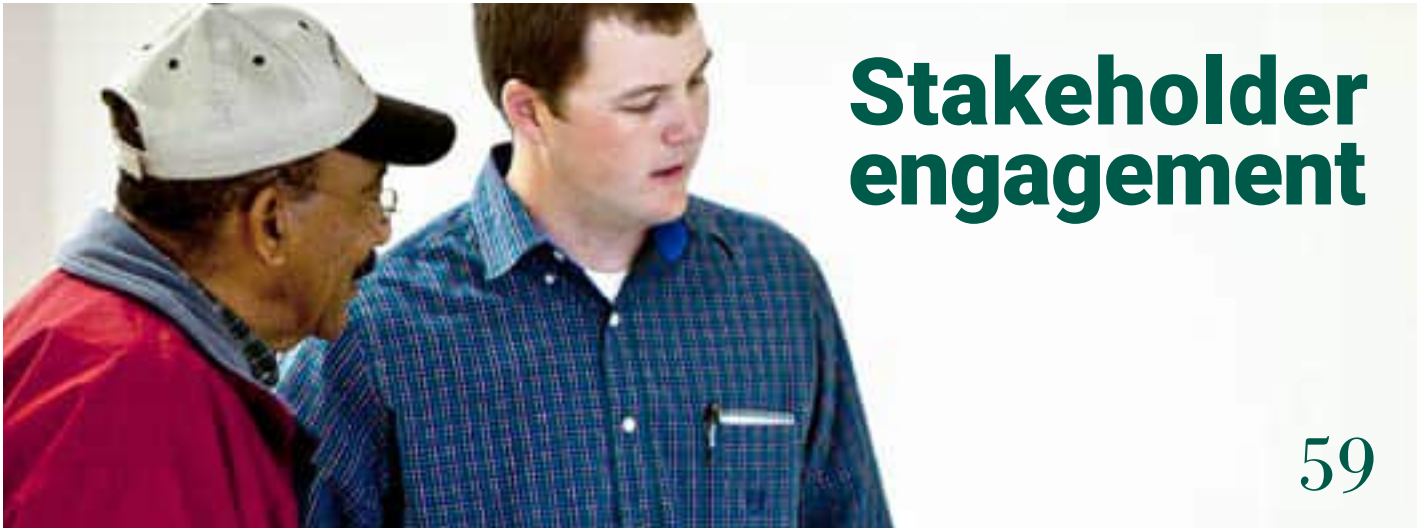
From principles

to practice

Our contribution to the 10-year anniversary of
the endorsement of the United Nations Guiding
Principles on Business and Human Rights



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Message from our Group CEO

“When I contemplate who we are as a company and how we operate, I am drawn back to the basic idea at the heart of our management approach.”

Our 4S model¹ has been a fundamental part of our DNA for many years. It helps us to be mindful of our key stakeholders – consumers, shareholders, employees, and society – and drives us to exceed their expectations in all that we do, wherever we can.

As an international company with a reputation for the highest operating and reporting standards, we frequently publish reports for investors, current and future employees, and the wider public. We now add our first-ever standalone Human Rights Report to this list.

It is particularly appropriate this year, coming on the 10th anniversary of the unanimous endorsement by the United Nations of their Guiding Principles on Business and Human Rights.

The publication of this report has provided us with an opportunity to highlight both the achievements of which we are so proud as well as the challenges we have faced.

When I look back over the past decade at our approach to human rights, I can see just how far we have come. Internally, within the company, we have worked to embed respect and tolerance across gender, race, religion, and sexual orientation and do not tolerate any form of inappropriate behavior or discrimination.

And with our business partners, we have worked to ensure that they integrate and adhere to our high standards.

Respect for human rights is a key component of who we are and how we conduct ourselves. The JT Group Human Rights Policy is based on internationally recognized guiding principles, and together with our Code of Conduct, guides how we operate in our daily operations. We manage human rights due diligence as a continual process and are constantly learning from the feedback we receive from stakeholder engagement programs and Human Rights Impact Assessments.

Changing times

Our business, particularly our tobacco business, which includes some well-known brands that date back to the early 20th century, has seen a significant change in recent years. Heightened perceptions regarding smoking and health, the emergence of new reduced-risk products² categories, more stringent regulations, and the increasing importance of sustainability issues are just some examples of a new operating environment.

How we react to these changes affects how we are viewed by our stakeholders.

In the area of reduced-risk products, for example, we have adapted our strategy to respond to fast-changing consumer expectations.

In sustainability, we have embedded three absolute requirements that apply to our whole business, the first of which is a commitment to respect human rights across our global operations and value chain.

Rights-based approach

The most significant recent change, however, has been brought about by the COVID-19 pandemic. It has affected every part of our value chain. Our priority throughout has remained the safety of employees and their families and our stakeholders’ wellbeing. I am proud that we have risen to the challenge and have adapted to the new ways of working with agility and speed.

We have continued to apply our rights-based approach throughout this time. For years, we have used this strategy to drive improvements in supply chain labor practices via our Agricultural Labor Practices program, to support communities with projects where we feel we can make a real difference, and to bring comfort to the disadvantaged in times of need or after natural disasters. And crucially, we are committed to upholding and safeguarding human rights everywhere. The Guiding Principles have shown themselves vital in shaping our human rights approach and will continue to guide and inform us in the decade to come.

While every company is different, we have a collective responsibility to do business in a way that upholds people’s freedoms and human rights. In doing so, we will advance progress to a more respectful world.



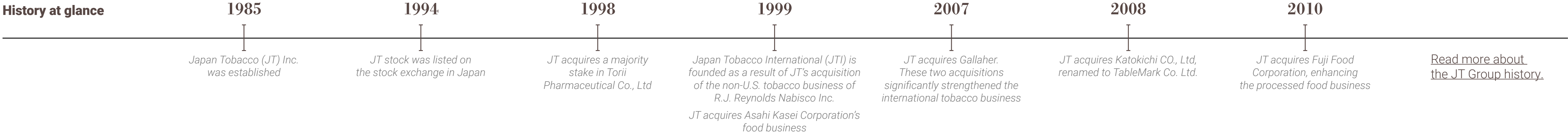
M. Terabatake

Masamichi Terabatake
Representative Director and President,
Chief Executive Officer

¹ Read about our 4S model on [page 5](#).

² Reduced-Risk Products (RRP): products with the potential to reduce the risks associated with smoking.

About the company



The JT Group is a leading global tobacco company headquartered in Tokyo, operating in over 70 countries/regions and selling products in over 130 countries/regions. The Group employs more than 58,000 people. In addition to the tobacco business, we also operate pharmaceutical and processed food businesses.

+58,000

Employees

+130

Countries/regions where JT Group sells its products

International tobacco business

Japan Tobacco International, our international tobacco business headquartered in Geneva, manufactures and offers tobacco products worldwide except for Japan and a few Asian countries/regions. It is the source of roughly 62% of the JT Group's revenue, and its key markets include France, Italy, Russia, Spain, Taiwan, Turkey, and the U.K.

Its international brand portfolio includes the following:

leading brands in cigarettes and FCT (fine-cut tobacco), such as Winston, Camel, MEVIUS, and LD, as well as in RRP, such as Logic and Ploom.

Japanese-domestic tobacco business

The Japanese-domestic tobacco business, headquartered in Tokyo, manufactures and offers tobacco products mainly for Japan. The Japanese market is the source of roughly 27% of the JT Group's revenue and the world's largest market for heated tobacco sticks (HTS).

Its brand portfolio includes the following:

Ploom in the RRP category and key brands such as MEVIUS, Seven Stars, Natural American Spirit, Winston, and Camel in the cigarette category.

Pharmaceutical business

The pharmaceutical business focuses on the R&D, manufacturing, and sale of prescription drugs, concentrating on three specific therapeutic areas: metabolic diseases, autoimmune/inflammatory diseases, and viral infection.

Main products include the following:

CORECTIM® Ointment, Riona® Tablets, and REMITCH® CAPSULES/OD Tablets.

Processed food business

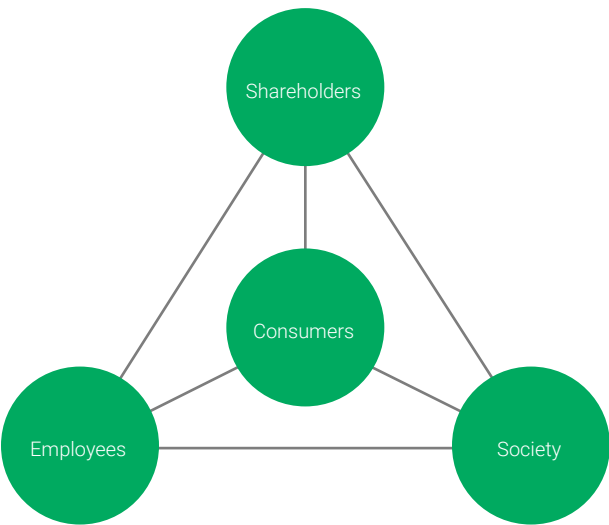
The processed food business handles the frozen and ambient food business, mainly for frozen noodles, packaged cooked rice, and frozen okonomiyaki (Japanese savory pancakes); the seasonings business, focusing on seasonings including yeast extracts; and the bakery business through bakery chain outlets, mainly in the Tokyo metropolitan area.

Major products include the following:

Reito-Sanuki-Udon (frozen noodles), Takitate-Gohan (packaged cooked rice), and the Vertex (yeast extract seasonings).

Our management principle

Under our 4S model, we strive to fulfill our responsibilities to our valued consumers, shareholders, employees, and the wider society, carefully considering the respective interests of these four key stakeholder groups and exceeding their expectations wherever we can.



Our vision and mission

Our vision is to be a growing global company that provides diverse value, unique to the JT Group.

Our long, rich history has endowed us with three key strengths: a solid financial base, superior brand equity, and a diverse workforce. To realize our vision, we plan to leverage these strengths as sources of competitiveness in our business activities. We will create a variety of products and services that meet the needs of our consumers and society, enhance the corporate value of the JT Group, and create social value that contributes to the development of a sustainable society.

Our mission is to create, develop, and nurture our unique brands to win consumer trust while understanding and respecting the environment and the diversity of societies and individuals.

[For more details on the above, including our value creation process, see the JT Group Integrated Report 2020.](#)

Sustainability strategy

Sustainability permeates our wider business strategy and is an integral part of delivering value to our stakeholders.

The United Nations Sustainable Development Goals

By working towards our sustainability targets, we aim to fulfill our responsibilities to the United Nations' Sustainable Development Goals (SDGs) by prioritizing nine Goals.



Absolute requirements

Our sustainability strategy, which applies across the Group, is driven by three absolute requirements that are at the heart of everything we do.

1. **Respect for human rights**
2. **An improved social and environmental impact**
3. **Good governance and business standards**

Focus areas

For our tobacco business, our core business, we have set four focus areas with aspirational goals and specific targets.

1. **Products and services**
2. **People**
3. **Supply chain**
4. **Regulatory environment and illegal trade**

[Read more about our sustainability strategy, including pharmaceutical and processed food businesses.](#)

Board oversight and governance

The CEO of the JT Group (JTG) and the Board of Directors play a key role in formulating the JTG Sustainability Strategy, which has respect for human rights at its core. They oversee and are accountable for the effectiveness of this strategy, as they are committed to the Group achieving its sustainability targets. The Chief Sustainability Officer, who is a member of the Board, is responsible for driving sustainability across the Group, including respect for human rights.

Our reporting Concerns Mechanism helps us ensure that we listen to and act on the grievances of those whose human rights might be impacted by our activities.

Our human rights governance and management system

While the JTG CEO and Board of Directors are accountable for the strategy, governance, and reporting of adherence to the JTG Human Rights Policy, each local business unit is responsible for the operational implementation and has an appropriate management system to execute human rights initiatives.

For example, in our international tobacco business, markets are responsible for the operational implementation of key programs to support Human Rights Policy execution. Our Corporate Sustainability and Leaf teams follow our core due diligence principles to embed a culture of respect for people. A global network of Human Rights Champions and local leaf Supply Chain Due Diligence Committees provide guidance and best practice sharing.

The Business Ethics Committee, internal corporate functions, the External Advisory Board, and external experts are consulted to provide input and support concerning human rights and the JT Group Human Rights Policy.

Our Executive Committee, management, and regional teams are informed on the policy implementation. Externally, we publish information via our website to keep our stakeholders informed of news and progress.

External Human Rights Advisory Board¹

To advance the rights of our stakeholders, it is important that we listen to the advice, concerns, and criticisms of people outside the JT Group.

We take counsel from our External Human Rights Advisory Board that was set up in 2017 and met on an annual basis up until the time of the pandemic. The Advisory Board plays an important role in providing us with a broad external perspective in the human rights area. Made up of international experts on business and human rights, the Advisory Board advises us on all issues relevant to the implementation of our human rights strategy. They guide us with their expertise and challenge us where they believe we need to improve, helping strengthen our efforts to deliver on our human rights commitments. We are intending to resume our Advisory Board meetings later in 2021.

Advisory Board members include:

Donna L. Westerman
Sustainable Purchasing Leadership Council

Jonathan Drimmer
Paul Hastings

Paul Bowden
The Nottingham Law School

Richard Karmel
Mazars

Rona Starr
Association for Professional Social Compliance Auditors

Our commitment to do business with respect for human rights is anchored in a set of policies, covering governance and compliance, environment, community investment, and the supply chain. These policies define and set expectations for JTG on human rights and guide how we strive to do business every day.

Our JT Group Human Rights Policy follows the framework provided by the UN Guiding Principles on Business and Human Rights (UNGPs).

Review of our policies

At the start of our human rights due diligence process, the corporate-level Human Rights Impact Assessment (HRIA) was conducted by a third party to identify any gaps in the context of human rights.

The findings of this assessment showed that human rights are embedded across JTG framework of corporate policies and procedures, including the means to investigate and mitigate human rights risks across our operations and business relationships.

Some of the most relevant policies within our Supplier Standards, Agricultural Labor Practices (ALP) guidelines, and Code of Conduct were also updated and strengthened following this assessment.

“Corporate governance is one of the most important management issues. Governance is a mechanism for ensuring that transparent, fair, prompt, and resolute decision-making is carried out in line with the 4S model, our management principles. Going forward, we will keep our governance under review for continuous improvement to ensure it is fit for the purpose.”



Kazuhito Yamashita
Director and Senior Vice President,
Chief Sustainability Officer,
Compliance and General Affairs

¹ The JTI External Human Rights Advisory Board.

Climate change

Whether fires in Australia, droughts in South America, or tropical cyclones in Asia, we must respond to emergencies quickly and with determination. We must also remember that these events are symptoms of a larger, underlying pattern: the breakdown of global environmental systems that makes them more frequent. While our immediate focus has to be on addressing the COVID-19 pandemic (another example of fragile relationships in nature), we must also look to the longer-term goal of restoring the balance between people and the planet.

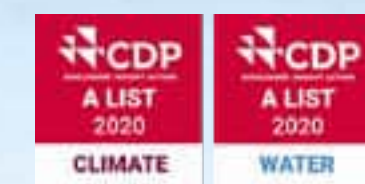
At JTG, we believe that we have a key role in tackling climate change as a global company. We are committed to reducing our greenhouse gas (GHG) emissions to support the Paris Agreement on global climate change, with the longer-term aim of achieving net-zero carbon emissions from our operations. We also recognize that climate change has the potential for profound negative impacts on human rights as the most vulnerable in our societies are likely to be most negatively impacted as average temperatures rise.

We are a member of the Dow Jones Sustainability Indices Asia Pacific for the seventh consecutive year and achieved a perfect score of 100 in Environmental Reporting and Climate Strategy in 2020.

Member of
Dow Jones Sustainability Indices
Powered by the S&P Global CSA

In 2020, we achieved a place on CDP's prestigious 'A List' for tackling climate change and acting to protect water security for the second consecutive year. In addition, CDP recognized us as a global leader in engaging our supply chain in addressing climate change. This marks our second recognition for CDP Supplier Engagement Leader following 2019.

At JTG, we recognize that by empowering workers and communities and listening to their voices, we will be able to meet our responsibility to operate in a low-carbon future. As we embrace our obligation to respect human rights, it is vital that our actions equally reflect the climate crisis. Looking after our people and respecting the planet go hand in hand, and together, this drives our sustainability ambition.



[JT Group Environment Plan 2030](#)

[Our approach to environmental management](#)

[Our commitment to climate action with our science-based target in line with the Paris Agreement](#)

“Climate change directly and indirectly interferes with the enjoyment of all human rights, including the rights to life, housing, water and sanitation, food, health, development, security of person and an adequate standard of living. Furthermore, the impacts of climate change exacerbate inequalities disproportionately affecting persons, groups and peoples already in vulnerable situations including children, indigenous peoples, and persons with disabilities.”

United Nations Office of the High Commissioner for Human Rights (OHCHR), Human Rights, Climate Change and Business (January 2021)

COVID-19 human rights response

At JTG, people come first. Despite hope on the horizon with the global rollout of the vaccines, the lasting effects of the pandemic are likely to have tremendous impacts on everyday lives and fundamental human rights.

Respecting human rights is a cornerstone and key requirement of the way we operate and do business and is especially important in times of economic hardship and a public health crisis. As a company with a global footprint, we take an approach consistent with global human rights expectations. Whether you work on a farm, in a factory, or in an office, we strive to put people first.

The safety and wellbeing of our workers, their families, and communities are at the forefront of every decision we make.

Safeguarding employment and wellbeing

For many of our employees and contractors, working from home is not an option because they work in factories, sales distribution, and other field-based jobs. To ensure they can work safely, we put in place stringent measures that take a risk-based approach and put people first.

Throughout the pandemic, key decisions have involved many of those directly impacted, enabling us to effectively safeguard their rights and see impacts and issues through the eyes of people who might be harmed. In addition, our international tobacco business developed global guidelines that help identify and try to protect employees and contractors who are most vulnerable.

We have taken the same risk-based approach for office-based workers. No one should feel unsafe in the workplace. In locations where conditions have allowed employees to return to the office, individuals are empowered to decide whether they deem it safe to return based on the new safety measures in place.

The exceptional nature of the pandemic means that many of our employees are reporting increased anxiety and stress caused by isolation and uncertainty. To address this, our international tobacco business developed a Mental Health Toolkit and accelerated the rollout of our Employee Assistance Program, which offers employees and up to five family members access to mental health counselors.

[Read more about our approach to mental health.](#)

“In full alignment with my ExCom colleagues, I would like to reassure you that caring for our employees remains our key priority. If, so far, our attention has focused on measures of safety and wellbeing (working from home, split shifts, etc.), we also want you to know that you should feel reassured about your employment status.

Despite the unpredictable environment, employment and compensation arrangements will continue unaltered as a result of our responsive measures to the COVID-19 crisis.

Why are we doing this? Simply because it is the right thing to do, and simply to reassure those of you who might feel that their jobs, or their pay, are at risk because of the crisis.”



Eddy Pirard
Chief Executive Officer, JT International S.A.
In a letter to all staff on 27 March 2020 in response to the COVID-19 pandemic outbreak ¹

Protecting those most at risk

To prioritize our actions, we focus our attention on those whose human rights are most at risk, taking concrete steps to respect their rights. Our approach is informed by the framework provided by the United Nations Guiding Principles on Business and Human Rights (UNGPs), in particular, Guiding Principle 17 Protecting those most at risk. To prioritize our actions, we focus our attention on those whose human rights are most at risk, taking concrete steps to respect their rights. Our approach is informed by the framework provided by the United Nations Guiding Principles on Business and Human Rights (UNGPs), in particular, Guiding Principle 17, which speaks about carrying out human rights due diligence.

With our ability to conduct in-person human rights assessments disrupted by the pandemic, we have had to adapt. One of the ways we have done this is by rolling out human rights self-assessment questionnaires (SAQs). The SAQ is a set of approximately 100 questions based on JTG’s human rights due diligence methodology, our operational model, and our salient issues. The responses to these questions are reviewed by both internal and external human rights experts with relevant gaps and risks identified, which the business is able to address through targeted action plans. The large deployment of SAQs is a stop-gap measure for high-risk countries

until on-site assessments can be conducted again.

To ensure our responses align with human rights best practice, we follow the United Nations Development Program Human Rights Due Diligence and COVID-19 Rapid Self-Assessment for Business which provides structure to our response and ensures we make rights-respecting decisions across the business.

Viable vaccines are now the reality, which appears to be bringing the pandemic under control in those countries with an effective vaccine program. However, we recognize that the economic and human fallout will last for years.

That is why we firmly believe our people-first approach is the right one. It is in the interest of the private sector, governments, and the public to safeguard and protect human rights everywhere.

“The UN Guiding Principles on Business and Human Rights make the pathway clear: companies have a responsibility to respect the rights of those they impact through their business operations and supply chains. That is especially important during a global pandemic. Our commitment to respect human rights and conduct due diligence never wavered during the COVID-19 crisis. Our people, our suppliers, and our communities make us who we are, and it is vital that we continue to care for them, hear their voice, and respect their human rights.”



Charlie Watson
Human Rights Director,
JT International S.A.

¹ Certain headcount changes were made that were unrelated to the crisis, not as a direct result of the pandemic.

Key milestones and evolution



Founded ARISE - Achieving Reduction of Child Labor in Support of Education, as part of our sustainable supply chain management.

2011



Published our first Sustainability Report.

2013

Published the JT Group Human Rights Policy, which is based on the framework provided by the UNGPs.

2016

Introduced the Group's Sustainability Strategy. The Strategy outlines three absolute requirements, and respect for Human Rights is one of them.

Determined how our approach to sustainable business is aligned with the SDGs.

Completed our pilot year of HRIAs in six high-risk countries³.

Established human rights governance at the country level via a network of Human Rights Champions⁴.

2018



Undertook remote human rights due diligence with SAQs in 10 high-risk countries.

2020

2007

Established the Reporting Concerns Mechanism to ensure that we listen to and act on the grievances of those whose human rights might be impacted by our activities¹.



2012

Developed our Agricultural Labor Practices (ALP) guidance and kicked off the program in 2013.



2015

Carried out a company materiality assessment by engaging internal and external stakeholders and selected a list of material issues. Respecting human rights was identified as a key issue.



2017

Established the External Human Rights Advisory Board².

Published our first JTI UK Modern Slavery Act Statement.

Conducted HRIAs across JT Group

Conducted the corporate-level HRIA to review our policies and procedures.

Launched a human rights e-learning program in 25 languages, available to our employees globally.

2019

Completed another seven HRIAs in high-risk countries for the international tobacco business and three HRIAs in high-risk countries for the processed food business.

Published our first Integrated Report.

Ran an externally facilitated cross-functional workshop to identify our salient human rights issues.

Made public our human rights correspondence with Human Rights Watch, the UN Human Rights Council, and The Guardian on our website.

[Read more about our human rights correspondence.](#)

2021

Continued our remote human rights due diligence through SAQs.

Completed the identification of our salient issues.

Will launch our new digital e-learning platform⁵.

Published our first Human Rights Report as our contribution to the UNGPs 10-year anniversary.



^{1,2,3,4,5} This applies to our international tobacco business.

UNGPs anniversary

In June 2011, the United Nations Human Rights Council unanimously endorsed the UN Guiding Principles on Business and Human Rights (UNGPs). Rather than creating a new set of international law obligations, these soft law principles are a set of guidelines for states and companies to prevent, address and remedy human rights impacts committed in business operations.

The publication of the JT Group's first standalone Human Rights Report is our way of celebrating the 10-year anniversary of the UNGPs, a set of principles that the JT Group applauds and strives to align with.

One of the key achievements of the UNGPs has been the introduction into the lexicon of business the terminology of human rights due diligence. This is fundamentally different from the one-off exercises of due diligence when one company buys another. Moreover, human rights due diligence is a recurring exercise of understanding, self-improvement, and remedy.

This year, however, should be a real inflection point as COVID-19 has amplified and laid bare the inequalities to the most vulnerable in our societies.

The pandemic has disrupted supply chains and exposed many workers to

greater health and economic impacts and risks. The UNGPs, however, remain a baseline for corporate and state behavior and present a great opportunity for States and businesses to drive improved and wider respect for people. More and more companies are now embedding the key concepts of the UNGPs such as prioritization and salience, risk assessments and integrating improvements, and to a lesser extent providing access to remedy.

At the JT Group, we are excited to see the debate about mandatory human rights taking place at the highest levels of our society as it will not only send a clear message to all companies, but it will amplify the positive impacts that companies, such as the JT Group, can have on society. More consistent messaging and more significant efforts from both corporates and governments should help bring the UNGPs into the mainstream and increase respect for human rights.



Human rights metrics at a glance



HUMAN RIGHTS – FROM PRINCIPLES TO PRACTICE



¹ This applies to our international tobacco business.
² 25 HRIAs were conducted in Japan at our subsidiary companies, with 2 HRIAs conducted in China.

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Strategy

Overarching human rights strategy

We respect human rights across our value chain and recognize the Universal Declaration of Human Rights, the International Bill of Human Rights, and the International Labor Organization’s Declaration on Fundamental Principles and Rights at Work.

Our JT Group Human Rights Policy is aligned with the framework provided by the UN Guiding Principles on Business and Human Rights (UNGPs). This means working to avoid infringing the rights of others and addressing any adverse impacts arising from our local operations, which the business might have caused or contributed to. We require compliance from our JT Group employees, our Board of Directors, our suppliers, and our business partners.

Our commitment to human rights is reinforced by our Board of Directors through our Code of Conduct. Human rights due diligence is an essential and integrated part of our business processes allowing us to identify and assess actual and potential human rights risks. This is enhanced by our Reporting Concerns Mechanism, which, as well as acting as an early warning mechanism, helps us ensure that we listen to and act on the grievances of those whose human rights might be

impacted by our activities. Through this legitimate, fair, and accessible mechanism, we encourage employees and suppliers to speak up on human rights, without fear of retribution, about any concerns they may have.

Our suppliers and other business partners worldwide are required to respect human rights by adopting and maintaining internationally recognized labor standards regarding child labor, rights of workers, and workplace health and safety. Those requirements are embedded in the JT Group Responsible Procurement Policy, JT Group Supplier Standards, and ALP, which govern our relationship with our business partners.

Our human rights strategy is based on five pillars: Embed, Identify and Prioritize, Respond, Measure, and Report. This circular due diligence model aligns with the UNGPs, the OECD Guidelines for Multinational Enterprises, and the OECD-FAO Guidance for Responsible Agricultural Supply Chains.

Principle documents and policies

[Universal Declaration of Human Rights](#)

[International Bill of Human Rights](#)

[ILO Declaration on Fundamental Principles and Rights at Work](#)

[JT Group Human Rights Policy](#)

[JT Group Code of Conduct](#)

[Reporting Concerns Mechanism](#)

[Supply chain policies and standards](#)

[UNGPs](#)

[OECD Guidelines for Multinational Enterprises](#)

[OECD-FAO Guidance for Responsible Agricultural Supply Chains](#)



Due diligence approach

Embed

We are working hard to embed human rights thinking in our corporate culture and improve employees' understanding of the human rights implications of business decisions. To do this, we provide regular training, including online e-learning, and continuously share information about human rights and the JT Group Human Rights Policy.



[Read more about our human rights e-learning program.](#)

Identify and prioritize

There are many ways within our due diligence ecosystem, through which we identify and assess actual and potential human rights risks in our value chain. These include the following:

- 1. A broad-based approach across our entire value chain, from farm to store, via Human Rights Impact Assessments (HRIAs)**
- 2. A deep dive approach via Supply Chain Impact Assessments in our Leaf Supply Chain**
- 3. A systemic process via our Agricultural Labor Practices (ALP) and the Extreme Breach concept in our Leaf Supply Chain**
- 4. Human Rights Self-Assessment Questionnaires (SAQs)**

In line with the UNGPs, these assessments focus on the greatest risks to people, both within our own company and through business relationships with our suppliers and other related stakeholders. As a result of the assessments, we aim to address the identified risks of rights-holders, meet our stakeholder expectations on respecting human rights, and mitigate the overall risks to people and the business.

Our approach and methodology are tailored to match exactly what we are assessing. Thanks to this flexibility, we continue to conduct human rights due diligence throughout the pandemic.

Respond

Our assessments are a means to an end, not an end in themselves. They are part of a wider suite of mechanisms that enable us to build a picture of where our greatest human rights risks and impacts might lie. The information generated by these assessments helps focus our work to meet our responsibility to respect human rights.

Specific country action plans are developed, including the local business, employees, and communities, to address issues identified through HRIAs and SAQs, and other tailored programs. These plans enable the relevant business unit to drive improvements and integrate human rights into the existing management processes in a consistent way. The plans have defined responsibilities, clear timelines for implementation, and key performance indicators to monitor progress.

[Read more about our action plans.](#)

Measure

We are committed to continually measuring the effectiveness of, and improving where possible, our approach to respecting human rights.

Since we started our broad HRIAs in 2017, we measure the effectiveness of our action plans. Each action plan includes an individual set of key performance indicators that measure the effectiveness of our improvements over time. Our local Human Rights Champions track the implementation of each action item and report on a quarterly basis to the central human rights team. All human rights action plans are discussed on a quarterly basis with local management.

[Read more on our measurement approach and local governance.](#)

Report

Our understanding of our obligations under the UN Guiding Principles is to 'know and show' that we are aware of the potential human rights-related risks to which we may be connected, and that we are taking appropriate steps to manage those that occur. The UN Guiding Principles encourage corporate transparency to the benefit of a broad set of stakeholders. We always work to meet this level of transparency and disclosure.

Our first human rights report builds upon our Integrated Reports, the regularly updated online reporting via our websites, and the ARISE Annual Reviews on our work to eliminate child labor in our supply chain.

[ARISE Annual Reviews](#)

[Integrated Reports](#)

[jt.com](#)

[jti.com](#)



Due diligence approach

Identifying high-risk countries as part of a due diligence roadmap¹

In 2017, we began to prioritize our human rights work by identifying where we believed our greatest potential risks to people lay. We started by using Maplecroft country risk indices, which provided geopolitical information on how human rights are upheld in every country we operated in.

Using this country-level data, we were able to identify which countries were at the highest risk from a human rights standpoint and start our due diligence work accordingly. In our pilot year, we conducted five HRIAs of our list of ‘high-risk human rights countries’, which included Myanmar, Tanzania, and the Dominican Republic.

The Maplecroft data provided valuable information for us to start our journey, but we needed to apply our business operations and activities into the risk assessment to understand the whole human rights context.

In 2019, our Human Rights External Advisory Board recommended that we link the Maplecroft geopolitical data with information on our value chain, as this would better identify where the greatest risk to people in our markets may be present. We set about adding additional criteria into a much larger risk matrix. This information helped us achieve a greater understanding of actual and potential human rights impacts, which we caused or to which contributed.

Combining the Maplecroft data with these additional business-focused criteria helped us focus on the countries where people are most at risk. For us, prioritization is not dictated by what is easiest to assess but by the severity and scale of our potential impacts.

As our business changes, so do our impacts on human rights, and our responses equally need to evolve. As such, we update our list of high-risk human rights countries every two years.

We are committed to assessing all current high-risk countries by 2025 in our international tobacco business. By the end of 2020, we have assessed 25 out of 67 high-risk countries on human rights. This equates to 37% in 2021, and we believe we are on track to meet our 2025 objective.

[Read more in Assessments.](#)

Programs

To address our human rights issues, local teams put in place their own customized corrective measures through human rights action plans. We also have global programs available to the local markets to ensure a consistent approach across the Group.

[JT Group Code of Conduct](#)

[JT Group Health and Safety](#)

[Agricultural Labor Practices](#)

[ARISE Annual Reviews](#)

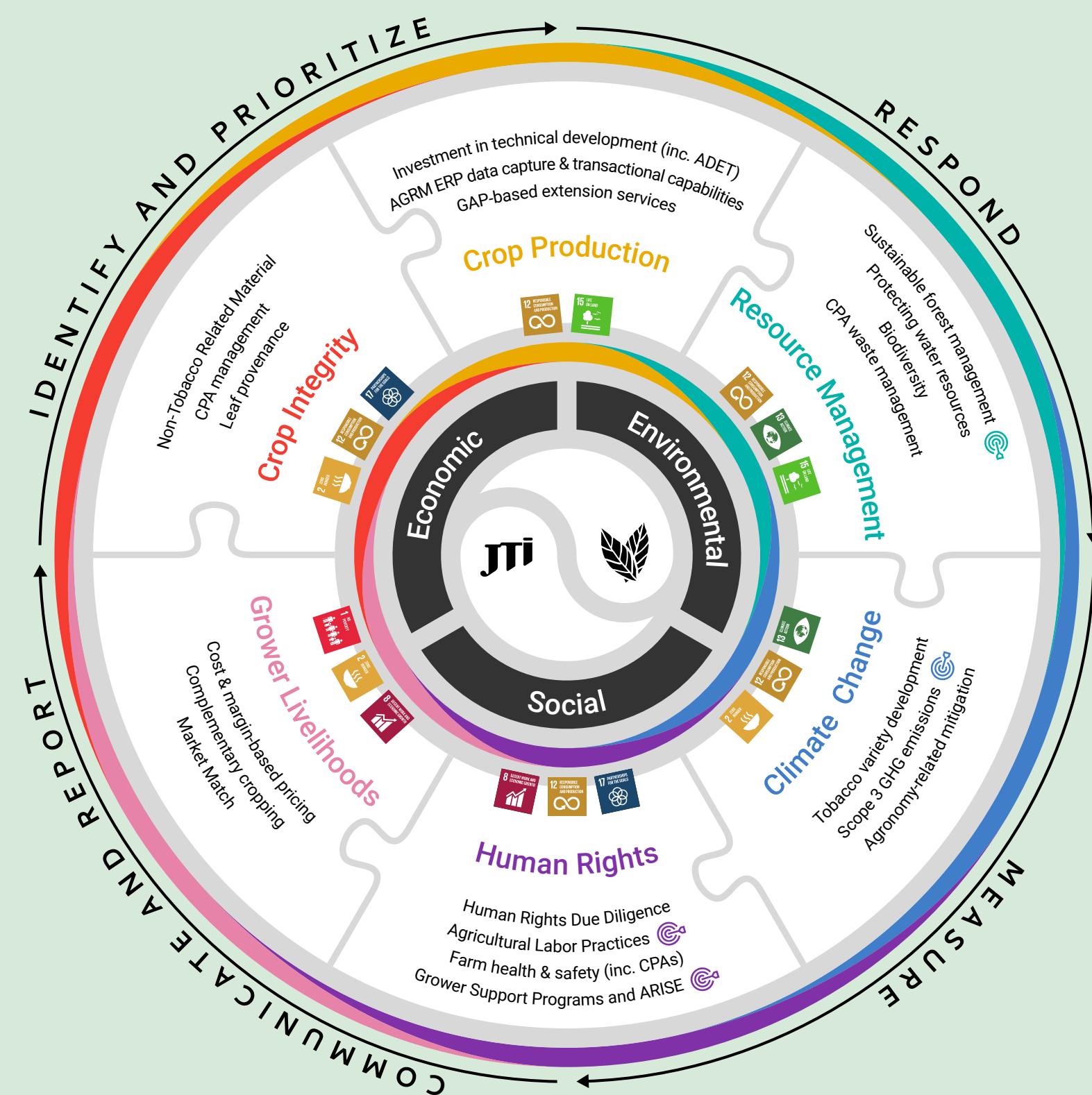
[Community investment](#)

[Diversity and inclusion](#)

¹ This applies to our international tobacco business.

Due diligence approach

Improving livelihoods through the Leaf Sustainability Framework



Leaf Supply Chain Due Diligence (SCDD)

The wellbeing of growers and workers is central to the long-term sustainability of our business. For this reason, addressing human rights impacts in our agricultural supply chain is a key focus of our work to embed doing business responsibly in the culture of JTG.

We source tobacco leaf from more than 30 countries, either directly from growers via our vertically integrated operations or from third-party suppliers.

In 2020, we worked with more than 76,000 directly contracted growers in our vertically integrated operations in Bangladesh, Brazil, Ethiopia, Japan, Malawi, Serbia, Tanzania, Turkey, the U.S., and Zambia. Contracting leaf growers directly enables us to monitor and attempt to improve labor and agricultural practices carefully. It also has the wider benefits of allowing us to produce a more customized crop and helping improving growers' livelihoods, productivity, leaf quality, and integrity.

Across our leaf supply chain, we are not just buying leaf. We are focusing on strengthening a resilient, sustainable and transparent leaf supply chain, supported by a robust process of continuous improvement.

The Leaf Sustainability Framework consists of 3 pillars: economic, social, and environmental; and six focus areas: crop integrity, crop production, resource management, climate change, human rights, and growers' livelihoods. The continuous improvement process around these pillars and focus areas is defined as our Leaf SCDD Process, based on our five-step framework: identify, prioritize, respond, measure, and report.

We see all these elements as interlinked similar to how the UN SDGs are interlinked. The elements within our framework complement the overall approach to responsible and sustainable leaf sourcing.

For example, we encourage growing complementary crops as this practice is beneficial, both for people and the environment, and it is one of the ALP components. Crop rotation is necessary for soil health, and complementary crops create an opportunity for additional income and food security. Complementary crops, continuous agronomic advice on improving yield and quality, best agroforestry practices, and responsible ALP, to name a few initiatives, contribute hand in hand to the economic, social, and environmental pillars of sustainable and responsible agricultural production.

Agricultural Labor Practices (ALP)

One of the targets of our Group sustainability strategy is to implement ALP in all leaf sourcing countries by 2025. ALP sets our position and expectations regarding three pillars of labor practices at the farm level: Child Labor, Health and Safety, and Rights of Workers.

ALP implementation began in 2013 with pilots carried out by JTI subsidiaries in Brazil and Serbia, where local JTI entities contract growers directly. ALP has since been implemented in all other vertically integrated operations, namely: Malawi, Italy, Zambia, Tanzania, Turkey, USA, and Japan. ALP implementation in newly acquired businesses in Ethiopia and Bangladesh is expected in 2021, following on-the-ground HRIAs.

In 2015, engagement on ALP with our appointed regular third-party leaf suppliers began. Findings were made available as of 2016 through an online reporting platform every six months. These findings provide greater transparency on labor and human rights at the farm level and help us to facilitate dialogue at the local level. This dialogue includes annual face-to-face meetings with our key suppliers.

Today, ALP is integrated into the broader SCDD process that is carried out locally and aligned to the UN Guiding Principles on Business and Human Rights, OECD/FAO Guidance

on Responsible Agricultural Supply Chains, and OECD Due Diligence Guidance for Responsible Business Conduct.

How we operationalize the UNGPs to identify and act on impacts at the farm level

At JTG, we take the steps needed to protect rights-holders as well as train our agronomy technicians on the ground to better identify and act upon any human rights impacts they observe. One way in which we do this is through our Extreme Breach Concept.

[Read on our Extreme Breach Concept.](#)



Due diligence approach

Due diligence in the non-tobacco supply chain

We aim to achieve high standards of integrity across our business operations and our supply chain. Our Supplier Standards define the requirements for suppliers providing goods and services to our company. We require suppliers to comply with our Supplier Standards and ensure that their suppliers involved in providing goods and services to us comply with our Supplier Standards.

Our suppliers shall respect human rights by adopting and maintaining standards of labor practices and working conditions that comply with all applicable local legislation and international conventions.

For example, several governments have enacted legislation that prohibits any form of modern slavery, which may include forced labor, human trafficking, or child labor. For example, the UK passed the Modern Slavery Act in 2015. Accordingly, JTI UK has been publishing the annual Modern Slavery Act Statement in accordance with the UK Modern Slavery Act 2015 since 2017.

[JTI UK Annual Modern Slavery Act Statements](#)

Supplier screening

Our Group-wide supplier screening process ensures that we apply enhanced due diligence. Before entering into a commercial relationship, our key suppliers go through a detailed qualification and selection process, including screening and onboarding. This process allows us to learn more about the supplier and understand any gaps versus our standards and requirements. In particular, it highlights any potential risks relating to compliance, human rights, environment, and health and safety.

If any risks are identified through this process, we offer support and collaboration on mitigating the risks and making the necessary improvements. We follow progress on a yearly basis and, if there is no improvement after an agreed duration, we may consider terminating our relationship with the supplier.

In 2020, we revised the JT Group Supplier Standards and reflected the increase in transactions with overseas suppliers. We have been embedding these standards into all requests for proposals and contracts to ensure that all of our suppliers are aware of our requirements.

Working in collaboration with our suppliers enables us to mitigate risks and improve standards across our supply chain, no matter what products or services we procure.

[JT Group Supplier Standards](#)



Key suppliers screened against Environmental, Social, and Governance (ESG) criteria in JT Group tobacco business

2020



64%

2023



100%

Our assessments

Our Human Rights Impact Assessments (HRIAs) and Leaf Supply Chain Impact Assessments (SCIAs) are focused on those areas where we believe our business activities may have the greatest potential impacts on people.

Activities during an impact assessment are carefully planned before onsite attendance to ensure that we can achieve the objective of fully understanding the actual and potential impacts of our operations on all stakeholders.

Key activities during HRIAs include visits and observations of farming, processing, manufacturing, and sales and distribution operations. During the assessments, we conduct a series of interviews with employees and

workers, as well as representatives of suppliers, clients, partners, and the community.

At the end of the assessment, we meet with local management to report on the findings and discuss recommendations to address the root causes.

[Read more about our human rights governance and management system.](#)

Despite the global restrictions on travel, our commitment to maintain human rights due diligence as part of our Human Rights Policy never wavered during the pandemic. We tailored our approach and used additional tools where necessary, such as Human Rights Self-Assessment Questionnaires (SAQs). These consist of around 100 questions based on our human rights due diligence methodology. We also undertook on-the-ground assessments in Bangladesh and Zambia during the pandemic.

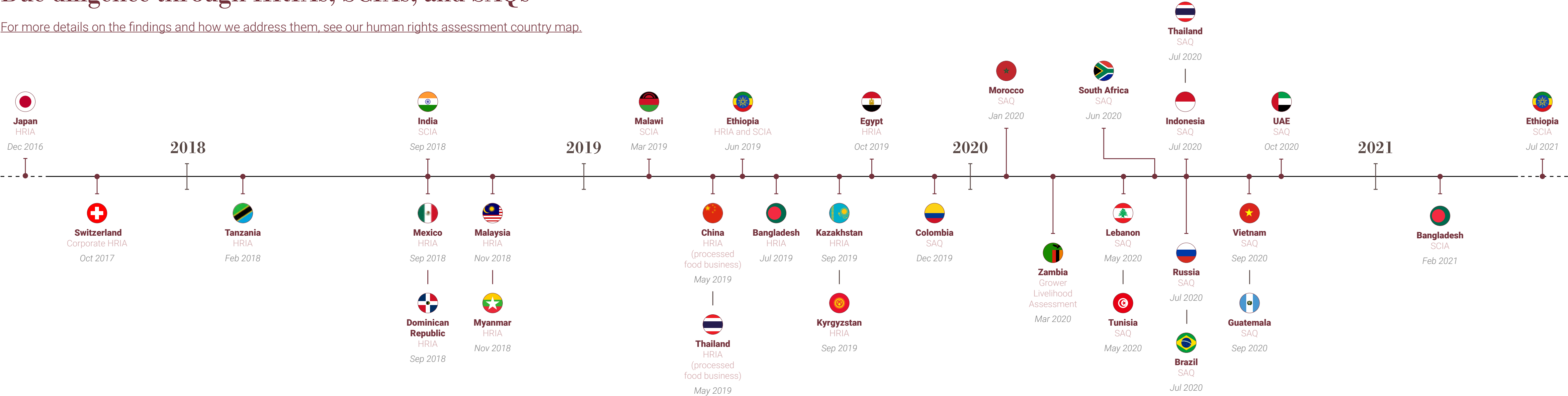
Rights-holder involvement and consultation are a fundamental component of effective due diligence, so we plan to address this element in our SAQs going forward.

We recognize that relying solely on SAQs can never be a panacea on their own. However, they have enabled us to stay connected with those areas where the most vulnerable could be perceived as being more at risk, particularly in times of pandemic.

[See an example of our assessments in the Ethiopia 2019 case study.](#)

Due diligence through HRIAs, SCIAs, and SAQs

For more details on the findings and how we address them, see our [human rights assessment country map](#).



Our assessments

Rights-holder identification¹
We recognize that our operations and products can have impacts on individuals. Identifying and engaging these rights-holders is a central component of our human rights work.

Rights-holders are those that we focus on in our human rights due diligence and with whom we work to protect from human rights abuses.

Identifying and engaging with rights-holders through our assessments is vital in helping us make decisions that will drive long-term sustainability. Our key rights-holders and vulnerable groups are listed below:

7

Vulnerable groups

CHILDREN AND YOUTH

WOMEN

MIGRANTS AND REFUGEES

INDIGENOUS PEOPLE

LGBTI PEOPLE

TEMPORARY WORKERS

ETHNIC, RELIGIOUS, AND CULTURAL MINORITIES

9

Rights-holder groups

JT GROUP EMPLOYEES

CONTRACTORS ACROSS ALL SEGMENTS OF VALUE CHAIN

GROWERS

SUPPLIERS AND THEIR EMPLOYEES

DISTRIBUTORS / LOGISTICS SERVICES PROVIDERS AND THEIR EMPLOYEES

SALES / MARKETING AGENCIES AND THEIR EMPLOYEES

COMMUNITY MEMBERS, INCLUDING FAMILIES OF THOSE AFORE-MENTIONED

JT GROUP CUSTOMERS

JT GROUP CONSUMERS

Internal audit
To further increase our human rights due diligence work, we integrated human rights into existing risk identification tools such as our internal audit procedure. We adapted the methodology to include a greater focus on risks to people, rather than simply risks to the business, and trained our internal auditors accordingly. This means that our internal audit procedure is now better equipped to identify and understand risks to people.

The findings of the internal audits are shared with our human rights team, helping to build a wider picture of potential risks to people and allowing for more targeted and effective human rights assessments and, where appropriate, remedy.



¹ This applies to our international tobacco business.

Our assessments

Case study – Assessment in Ethiopia 2019



Role of local governance

For every country where an assessment has been undertaken, a robust local governance structure is established. Having the proper governance structure in place at the local level is critical to driving improvements and integration of human rights management into everyday processes.

Human rights action plans are developed after every assessment and fall under the responsibility of the management in each country. To ensure the action plans are implemented effectively and meaningfully, we appoint human rights champions and contact points in each country. To date, we have a network of 32 human rights champions in our international tobacco business across 22 countries and 28 contact points across 3 countries in our Japanese operations.

The human rights champions are selected by the general country manager and local management, typically from those operational activities where human rights risks are relevant. The champions manage the implementation of the action plans locally, and the activities and progress of these champions across JTI's global footprint are monitored by the Human Rights Director at JTI HQ. Our head office provides the champions with training materials on the UN Guiding Principles on Business and Human Rights, as well as support and guidance for the implementation of specific points within the action plans when requested by the champion.

After each leaf Supply Chain Impact Assessment, a Supply Chain Due Diligence Committee is established. This committee works across the operations to ensure meaningful processes are developed and implemented to act on the assessment findings. Led by senior management, the committees are crucial to ensuring that we meet our long-term improvement objectives.

Q&A with champions – JTI Tanzania



Angela Mangecha
People & Culture Director

Q: What is your role as JTI Human Rights Champion?

Bright: Together with Angela, I am a focal person for all issues related to human rights, where I monitor and coordinate the agreed action plans with local teams and update management and HQ on progress.

Q: Do you think the role helped drive positive change and ensured local accountability for human rights following the assessment in 2018?

Bright: Indeed, I have seen a change in how we think and conduct ourselves. Led by the leadership team, we have communicated a human rights stance across the business, starting with updating our contracts with growers, suppliers, service providers, etc. Championing this, I have been consulted on human rights-related issues and led various discussions on several topics, e.g., ALP reports.



Bright Kiwia
Corporate Affairs
Business Partner, Leaf

Q: What has been the biggest challenge for JTI Tanzania to respect human rights and implement the Action Plan?

Angela: JTI Tanzania always respected human rights, but our biggest challenge was on National ID cards since this was not enforced initially. Once the Government enforced it, we were able to ensure all staff had a National ID. Another challenge is that we are one of the few companies that gives a more reasonable and fair wage for outsourced staff. We want to ensure outsourced staff gets basic rights, and trying to get vendors on the same page has been a challenge. We continue working closely with them to ensure this is done.

Q: What has been the biggest success story or progress with regards to the Action Plan? Can you give 1-2 examples of progress or improvements resulting from the Action Plan?

Angela: Our vendors actually mentioned that working with a company like JTI Tanzania ensures they also step up their services and standards, making them adopt best practices more proactively rather than relying on public authorities. JTI Tanzania cares for all people, not just its staff. This makes people want to work with us.

Q: How did JTI HQ support you during the process so far?

Bright: They provided expertise, timelines, and guidance as per agreed action plans. They provided me with further clarity on some issues and shared best practices from other markets and origins that we could apply in Tanzania.

Q: How has the knowledge and understanding of human rights changed since the 2018 HRIA?

Bright: Personally, the assessment has enhanced my knowledge and understanding of human rights. We see an improved understanding across our growers with programs like the ALP. We have also managed to share this knowledge with employees and growers across the supply chain.

Q: Does the management team engage on human rights issues, and is there leadership and responsibility from the top?

Angela: Yes, they do. Human rights cut across the business, with each department having a role to play. Based on identified risks within the leaf business, the leadership agreed on the priorities and adopted the action plan that has been successfully implemented, with most issues having been addressed. The

leadership team has been responsible for the execution of the action plan, which is ongoing and from which we continue to learn. For instance, understanding our leaf footprint outside of the Tabora region has led us to take greater account of human rights obligations in the supply chain.

Q: How do you feel about having human rights integrated into your performance objectives and annual appraisal? Will it be useful to embed this into our objectives to help drive change?

Angela: I think it means a big step, and this signifies that the company has seen human rights as integral to the business and has made its commitment clear. Adopting a responsible business and human rights culture won't only drive change but show that we walk the talk.

Q: Looking ahead, while the immediate action plan has largely been addressed, will you continue to act as a champion and drive improvements in human rights in Tanzania?

Bright: Yes. Embedding a culture of respecting human rights is never-ending. With the business environment changing rapidly, human rights issues are becoming the center of attention in our supply chain operations requiring constant monitoring. The drive for improvement on human rights performance is unavoidable.



Salient Issues

Identification of salient issues	24
Child labor	25
Environmental impacts	30
Fair wage	33
Forced labor	36
Harassment and gender impacts	39
Health and safety	41
Health risk	48
Non-discrimination and equality	50
Working hours	54

Identification of salient issues

The UN Guiding Principles on Business and Human Rights require a company to “identify and assess any actual or potential adverse human rights impacts with which they may be involved either through their own activities or as a result of their business relationships.” It further states, “Human rights due diligence (...) should be ongoing, recognizing that the human rights risks may change over time as the business enterprise’s operations and operating context evolve.” Therefore, revising our human rights risk map on a regular basis and reflecting changes in our internal and external business landscape is critical.

In 2016, we created our first human rights risk maps for all our businesses: tobacco, pharmaceutical and processed food. The maps helped us understand potential human rights impacts associated with our operations and activities as well as assist us in the development of the JT Group Human Rights Policy.

In 2019, our international tobacco business identified seven salient issues through an externally facilitated workshop involving key stakeholders across the business. To ensure that our ongoing human rights program and due diligence processes already target these salient issues, we have integrated them into our HRIA and SAQ methodology used locally. These issues are now also included in our methodology for identifying high-risk countries. This helps the business to prioritize the due diligence process based on where our greatest potential impacts lie.

As external and internal environments have evolved, we have further reviewed our salient issues in 2021. This resulted in the identification of two further salient issues associated with our own operations, value chain and new business relationships, thus having nine salient issues in total.

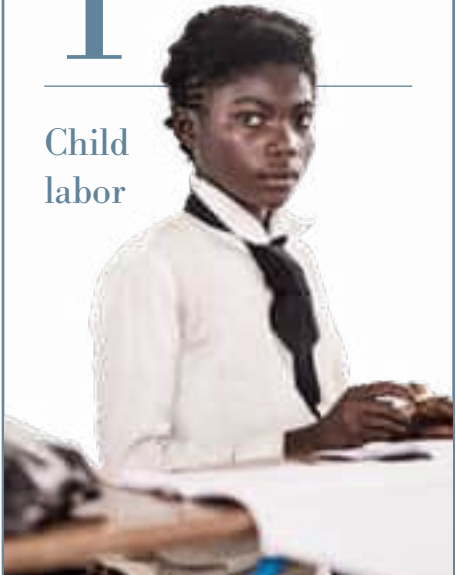
Going forward, our plan is to corroborate these salient issues with rights-holders on the ground, so we can better understand and focus our efforts and resources on those issues perceived most at risk in each market.

“Identifying salient issues is the initial step for the human rights due diligence process under the UN Guiding Principles. The concept of salience uses the lens of risk to people, not the business. It is key that we as a business pay special attention to all rights-holders but in particular those individuals that may be perceived as vulnerable. Therefore, we prioritize our resources where we have identified that the most severe negative impact to people may arise through our business activities.”



Kyoko Fujita
Human Rights Manager, JT

We identified nine salient issues at the Group level:

1  Child labor	2  Environmental impacts	3  Fair wage	4  Forced labor	5  Harassment & gender impacts	6  Health & Safety	7  Health risk	8  Non-discrimination & equality	9  Working hours
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1. Child labor

The international community has made clear that the persistence of child labor in today's world is unacceptable.

+152m

Children in child labor globally

+121m

Estimated child labor globally in 2025



The challenge of ending child labor worldwide remains formidable. The latest global estimates indicate that 152 million children are engaged in child labor globally, accounting for almost one in 10 of all children worldwide. Africa accounts for nearly half of all child labor (72 million children), followed by Asia and the Pacific (62 million). Agriculture employs 70% of children in child labor. Almost half of all of these children work in occupations or situations that are hazardous to their health and safety. Maintaining the current rate of progress in tackling the issue would still leave 121 million children engaged in child labor in 2025.

Child labor occurs for many complex reasons: from poverty and tradition to a lack of awareness of the hazards of using child labor. We believe that significant progress can only be achieved when there is a wider understanding as to how social, economic, and cultural factors cause child labor to exist in the first place.

There is broad consensus that an effective way to stem the flow of school-aged children into child labor is to improve access to and quality of schooling. This is in addition to economic empowerment and the proper legislation and the enforcement of this. Having the opportunity to invest in children's education will enable families to recognize that, in the long-term, the returns are greater than those associated with involving children in work. Universal quality education promotes all children's rights and helps break intergenerational cycles of poverty and reliance on child labor.

Eliminating child labor and regulating the use of juvenile labor is an essential element of our JTG Supplier Standards, and we strive to evaluate our suppliers on their practices around recruitment, age verification, and working conditions.

All suppliers sign and are bound to respect the Standards, which state:

“Child Labor is prohibited. Suppliers must comply with ILO Convention 138 (Minimum Age Convention) and ILO Convention 182 (Worst Forms of Child Labour Convention) if local legislation does not impose more stringent requirements. Suppliers undertake not to source any supplies from providers using child labor.”

Through our assessments and ALP program, we regularly work with suppliers on how they understand and respect this requirement and agree on remediation measures when gaps or potential non-compliances are identified.

JTG has been committed to tackling child labor in our four tobacco-growing communities since 2011, through our flagship program – Achieving Reduction of Child Labor in Support of Education (ARISE).

[ARISE](#)

[ILO statistics on child labor](#)

[JT Group Supplier Standards](#)

[ILO Convention 138](#)

[ILO Convention 182](#)



“We will not end child labor until every child is in school, and we will not succeed in ensuring every child is in school until we eradicate child labor.”

Kailash Satyarthi
Nobel Peace Laureate



1. Child labor

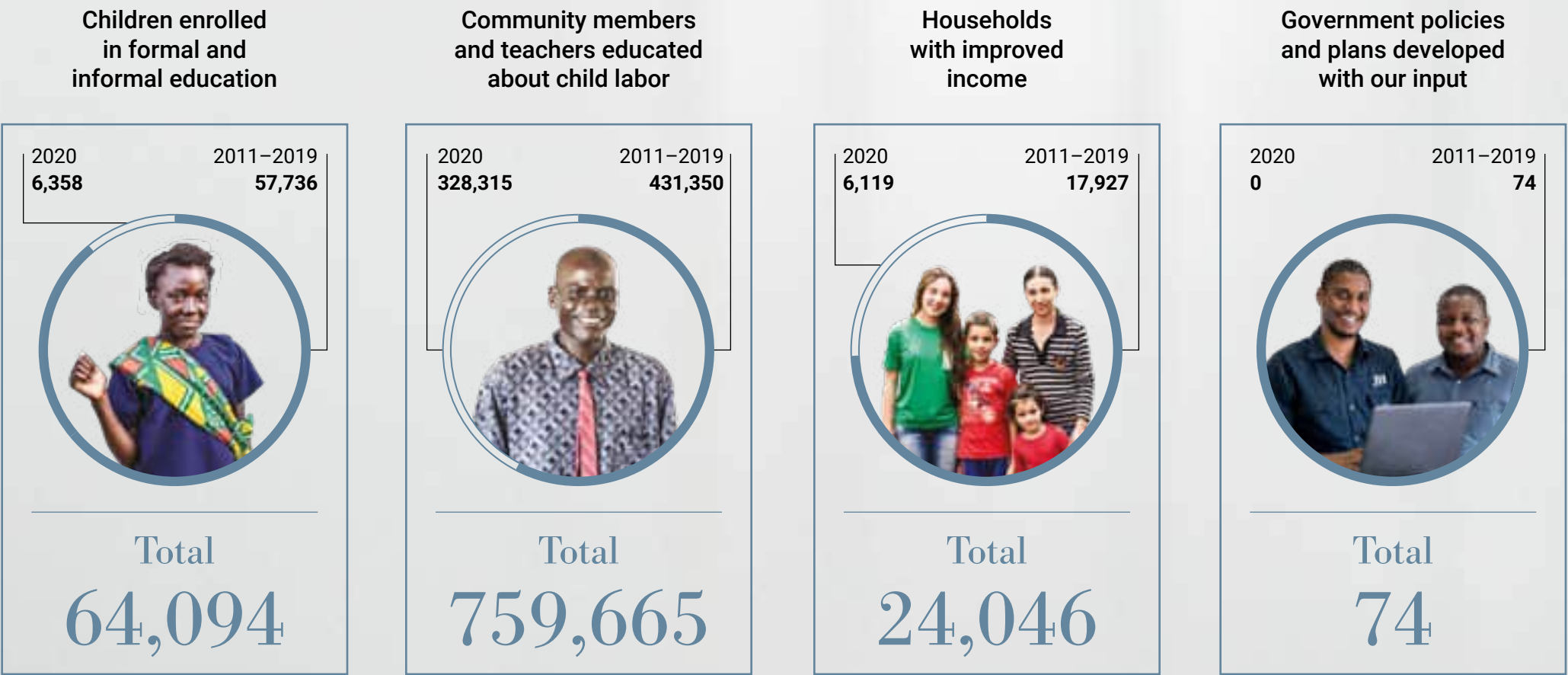
ARISE – Multi-stakeholder approach

The ARISE program is a multi-stakeholder dialogue and cooperation to address an impact.

Child labor was identified as a risk, but we knew that we could not fix it alone. The business engaged and consulted with relevant stakeholders and built the ARISE program in partnership with the International Labour Organization (ILO) and Winrock International. To date, the ARISE program has directly helped educate over 64,000 children, with 6,358 children placed into formal education in 2020, despite the pandemic.

[ARISE](#)
[International Labour Organization \(ILO\)](#)
[Winrock International](#)

Brazil, Malawi, Tanzania, and Zambia



“With ARISE, we have launched and developed over ten years a strong, flexible program to eliminate child labor in our grower communities. In the future, we will work even more directly with communities to achieve this.”

Stefan Rissi
Community Investment Director,
JT International S.A.

1. Child labor

ARISE – Multi-stakeholder approach



Key milestones

ARISE partnership between JTG, ILO, and Winrock International marked the beginning of our child labor elimination efforts

2011

ARISE program launched in Zambia

2013

Assessment and preparation for ARISE Tanzania

2015

Learning from the past, embedding best practices, and driving innovation

2017

Extended role for Winrock International and ILO's exit

2019

Implementation of a new ARISE model with new local implementing partners

2021

2012

ARISE program launched in Malawi and Brazil

2014

Independent evaluation performed to enhance the program and define the future strategy for ARISE

2016

ARISE launched in Tanzania

2018

Increased focus on livelihoods

2020

New ARISE model developed with increased program responsibility and accountability for our local business

Project criteria and activities

Pillar 1

Education and awareness

EARLY CHILDHOOD EDUCATION
COMPLIMENTARY BASIC EDUCATION
VOCATIONAL TRAINING
ANTI-CHILD LABOR CLUBS
AFTER SCHOOL ACTIVITIES
EDUCATION AND SCHOOL RELEVANT INFRASTRUCTURE

Pillar 2

Socio-economic empowerment

WOMEN AGRIBUSINESS GROUPS
YOUTH PRODUCER CLUBS
MODEL FARMS SCHOOLS
DEVELOPING AND PROMOTING MARKET ACCESS

Pillar 3

Legal frameworks

LOBBYING¹ FOR ANTI-CHILD LABOR POLICY
SUPPORT FOR THE REVIEW OF THE NATIONAL ACTION PLAN ON CHILD LABOR

Alignment with SCDD assessment

LOCAL ARISE PROJECTS SHOULD FIT UNDER CRITERIA AND GO HAND IN HAND WITH OTHER GROWER RELEVANT PROGRAMS DESIGNED TO EFFECTIVELY ADDRESS THE NEEDS ASSESSED – CHILD LABOR ISSUES

¹ As per local context and capacity.

1. Child labor

ARISE – Multi-stakeholder approach

ARISE presence

Brazil

Successful program initiatives include:

- Training child protection workers
- Technical assistance for the development of government plans
- Training mothers in entrepreneurship, property management, and income-generating activities

Zambia

Successful program initiatives include:

- Developing sustainable village saving groups, which improve the livelihoods of vulnerable families
- Partnering with the Ministry of Education to provide formal vocational training to selected youths identified and withdrawn from child labor (the certification is nationally recognized)
- Breaking through strong cultural barriers in the communities to accept, embrace and own the ARISE Program



[Watch video to learn more about ARISE.](#)

Malawi

Successful program initiatives include:

- Promotion of decent work and the Right Development
- Support for Community-Based Childcare Centers
- Vocational skills development courses and income-generating activities
- Community empowerment through Community Infrastructure Programs
- Teacher education, including use of the SCREAM (Supporting Children's Rights through Education, the Arts and the Media) methodology, which supports children's rights through education, the arts, and the media

Tanzania

Successful program initiatives include:

- Partnering at the national, regional, and district level and taking action together on child labor
- Increasing workers' and employers' organizations capacity to combat child labor in the target communities
- Ensuring that community members, including leaders, have increased knowledge, and awareness of child labor

COVID-19

ARISE operations were largely halted in all four countries from mid-March to June 2020 but resumed in our African communities by the beginning of the third quarter of 2020. Our partner Winrock International has carefully monitored the security and safety situation and, once project activities resumed, enforced preventative measures at all activities. These include limitation of group size and provision of masks and handwashing facilities to participants.

Despite the COVID-19 pandemic, the ARISE program adapted and developed iterative contingency plans to continue working for and with ARISE communities to fight child labor.

Global Child Forum

We were recognized as a leader by the Global Child Forum, as part of their 2019 Global Corporate Sector and Children's rights benchmark study 'The State of Children's Rights and Business: From Promise to Practice'. This benchmark analyses just under 700 of the world's largest companies and how they are safeguarding children's rights as part of their business value chain. We are proud that the study recognizes the concrete actions we have taken to embed respect for children's rights, notably through our flagship child labor elimination program ARISE.

[Read more about the Global Child Forum](#)



1. Child labor

ARISE – Multi-stakeholder approach

Case study – Malawi: rescued, empowered, and resilient

For 48-year-old Philipina Maudzu, family problems forced her to take care of her five children alone. She depended on small-scale farming to earn a living, but this did not give her enough time to take care of her children.

78

Village Savings and
Loans groups

“I believe that most men and women can improve their lives and that of their families if they are involved in small businesses.”

Philipina Maudzu
Community Investment Director

“I had no idea what to do and how to do things differently to improve my income,” she stated. “My children and I were eating only once a day because we had no time to work in our garden. Instead, we were working in the tobacco fields to make ends meet,” continued Philipina.

Her Grade 3 boy was withdrawn from working in the tobacco fields and enrolled at the nearby Livulezi school in Ntcheu District. She also enrolled in one of the three Women Agribusiness Groups (WAG) in their community. “I did not object because I knew it was for the good of our home and children,” responded Philipina when asked how she felt about joining a business group for the first time in her life.

Alongside fellow women in the group, Philipina received training on savings, basic business skills, and pig farming production, where she was later selected to be the leader of the group. “In the group, I learned record keeping, marketing, and how to plan my business,” she recounted.

She later took a loan from her WAG in 2018 and started low-level petty trading where she was supplying fish and tomatoes in Muuso II village. She was also given one pig by the WAG. In 2019, she managed to make a profit of MK 195,000 (194 USD) from her petty trading. Further, she now owns a total of six pigs. “I can eat three times a day, and I have managed to pay school fees for my three children in secondary school. My child who was withdrawn from child labor is now in standard 6,” she explained with joy.

Philipina’s children no longer work in tobacco fields, and she is a role model for other women in Muuso II village.

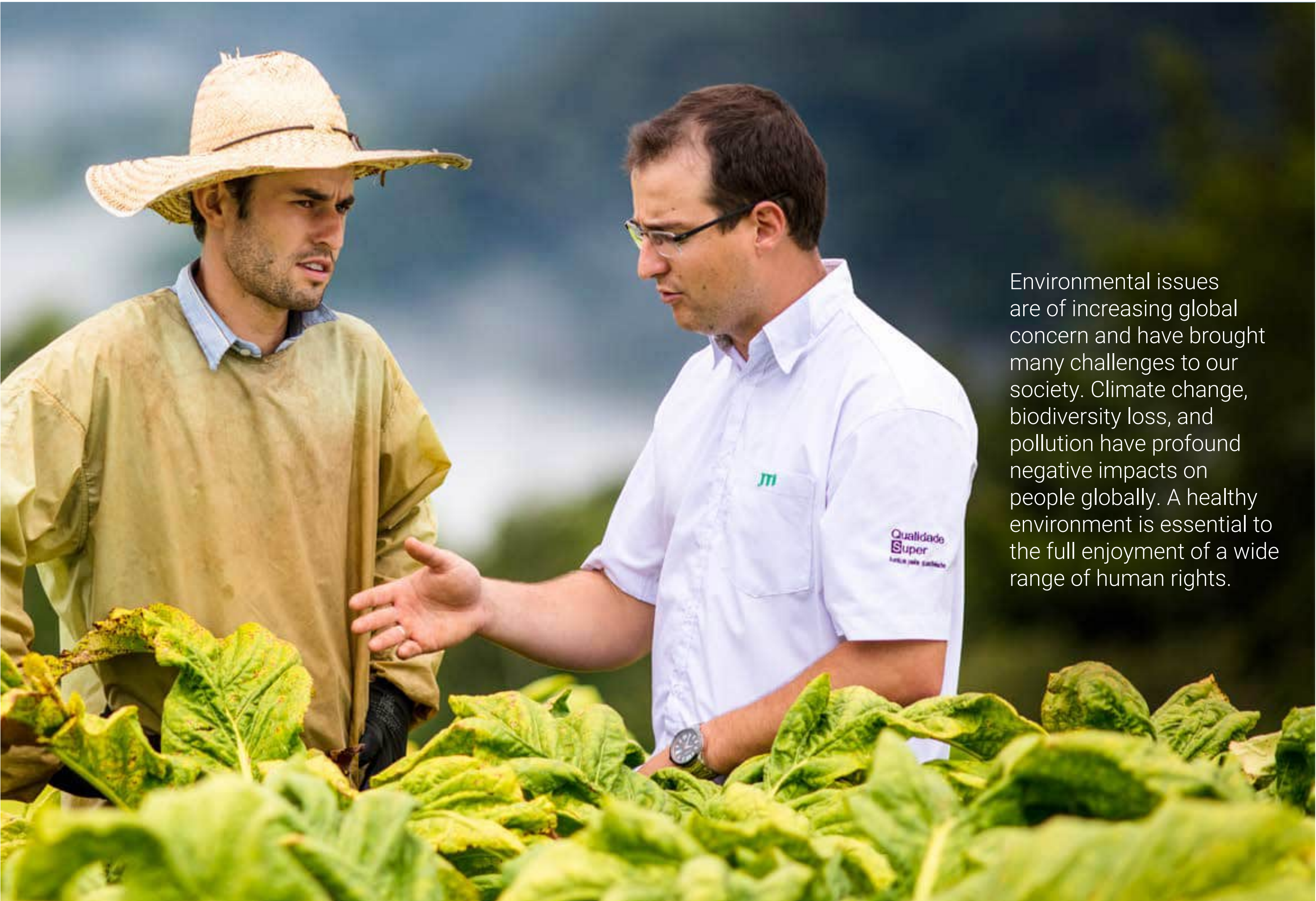
ARISE has helped establish over 78 Village Savings and Loans groups with close to 1,200 participants in Dowa, Ntcheu, and Lilongwe districts.

[Read more case studies on ARISE website.](#)





2. Environmental impacts



Environmental issues are of increasing global concern and have brought many challenges to our society. Climate change, biodiversity loss, and pollution have profound negative impacts on people globally. A healthy environment is essential to the full enjoyment of a wide range of human rights.

In recent years, the recognition of the links between human rights and the environment has greatly increased. We know that action now to safeguard environmental services and tackle climate change is the action that places value on the future fulfillment of human rights. We all need to address these issues and, as a global organization, we recognize that we have a key role in reducing our environmental impact.

We have a two-way relationship with the environment.

- 1. As with any organization, our activities impact the environment: the resources (energy, water, materials) that we use, our emissions, and the waste that we generate.
- 2. The environment impacts our operations. Our primary raw material as well as many of our other non-tobacco materials (e.g., card, paper) are agriculture-based.

We strive to reduce the environmental impact of our operations and supply chain, focusing on the most significant environmental risks and opportunities for our business and stakeholders. These currently include climate change, water, the sustainable use of resources, and responsible waste management.

All actions related to the environment are guided by our JT Group Environment Policy.

[JT Group Environment Policy](#)

Our approach follows 7 steps:

- 1. Identify environmental risks and opportunities
- 2. Implement effective environmental management systems
- 3. Assure compliance in countries and regions where we operate
- 4. Manage change associated with our business
- 5. Consider our value chains, and engage with suppliers and service providers
- 6. Improve awareness and competency among employees about environmental issues
- 7. Engage with our stakeholders

2. Environmental impacts

JTG environmental commitments

In addition to reducing our greenhouse gas emissions, we focus on reducing the amount of water we consume, reducing the amount of waste we generate from our own operations, and ensuring a sustainable wood supply for our tobacco growers.

Case study – Recognitions for our greenhouse gas emissions reduction

Our efforts to address climate change are recognized externally. In 2020 we were included in the ‘A List’ by CDP Climate Change in recognition of our leading position in managing climate-related risks and opportunities.

The JT Kansai factory (tobacco manufacturing) received two awards from Kyoto City and the Kyoto prefecture government for its emission reduction initiatives. The factory is proactively tackling the reduction of greenhouse gas (GHG) emissions by implementing projects such as high-efficiency freezer installation and eco-friendly compressor use.

In December 2019, Nihon Syokuzai Kakou, a subsidiary of our processed food business, was selected as a leading company and awarded by the government of Miyazaki prefecture for its effort to reduce GHG emissions.

Our factory in Jordan was awarded the ‘Environmental Stewardship Award’ by the World Bank, as the first tobacco factory in the world to use direct solar steam generation. A rooftop-mounted collector, steam storage, and a steam-driven absorption chiller provide the site with energy and building heating and cooling. The solar steam installation provides approximately 20% of the factory’s steam demand, with a reduction in CO₂ emissions of approximately 100 tons per year.

We continuously strive to further reduce our environmental impact by combining technology-driven innovation with the Japanese philosophy of Kaizen, meaning ‘continuous improvement’.



Water and waste

The water required for tobacco crops comes predominantly from rainfall. However, our operations and processes need water, even if solely for drinking and sanitation. Therefore, water is an essential resource in our manufacturing supply chain. But good water stewardship is not just about reducing the amount of water used. It is about the management of water resources. Our approach to management of water-related issues was recognized with a place on CDP’s ‘A List’ in relation to Water Security in both 2019 and 2020.

From a societal and stakeholder perspective, waste, and particularly plastic waste, is of increasing concern. From a business perspective, all waste has a direct cost (handling and disposal) and an indirect cost (resource and processing costs, etc.). Across the company, we apply a ‘Reduce, Reuse, Recycle’ approach. We also set targets for waste reduction as we believe that reducing waste helps conserve resources, which in turn helps to minimize our environmental impact and cut business costs.

We are in the early stages of our journey towards full circularity. However, we already demonstrate a circular approach at many stages of our value chain. These include recycling tobacco waste into fertilizers for use by our growers, reusing cardboard packaging between our operations, and reducing the amount of plastic in our make-your-own packaging in Germany. We have recently announced new targets to improve the recyclability of our packaging and to increase the recycled content of our packaging materials.

Case study – WASH Initiative

Access to clean water and sanitation is vital and a basic human right. Many of us take it for granted that we have clean water available at the turn of a tap. However, in many of the countries where we operate, water is a scarce resource. That is why we have launched the Community Investment in Emerging Market WASH Initiative, which aims to help one million people access water, sanitation, and hygiene (WASH) facilities by 2025.

WASH is a focus for JTG because it is a key development issue where we can make an impact on improving the lives of people through focused and scalable projects. The program is being funded by reinvesting money from our well-established markets to emerging or developing markets, where the need is greater.

Over the next five years, we will invest up to USD 15 million in the WASH Initiative. This is key to our Corporate Sustainability Community Investment 2030 target of USD 600 million to help build more inclusive, resilient, and sustainable communities.

[Watch the video about WASH.](#)

4



Long-term projects have been successfully launched to date

2 in Bangladesh
Partnerships
Habitat for Humanity
Bangladesh
and Swisscontact
Bangladesh

1 in Ethiopia
Partnership
Habitat
for Humanity
Ethiopia

1 in Mexico
Partnership
Habitat
for Humanity
Mexico

300,000

beneficiaries with access to clean water and sanitation

2. Environmental impacts

Wood production and forest conservation

Wood is a critical resource for our tobacco supply chain to be sustainable in many countries. It is used for barn building and as fuel in the curing process as well as for domestic purposes. It is important that we play a role in ensuring that the natural wood is protected and that our forestry practices for wood production, management, and conservation across our business are sustainable and responsible.

Ensuring a sustainable wood supply and further contributing to forest conservation and rehabilitation are key objectives set out in the JT Group Environment Plan 2030.

We do this by proactively working to improve the management of natural resources throughout our supply chain and tobacco-growing communities.

Our Agroforestry Programs address sustainable forestry, wood use, and management.

In Malawi and Zambia, we encourage growers to build ‘live barns’ by planting trees that will form the main structure of a Burley curing barn within three years. This helps conserve vital wood resources and reduces grower barn maintenance efforts and costs.

We also contribute to forest restoration and rehabilitation, collaborating with NGOs, universities, and independent experts. By encouraging a sustainable wood supply for our operations and the communities we work with, we have a better chance of a sustainable future for the environment and our company.

[JT Group Environment Plan 2030](#)

Case study – Contributing to forest rehabilitation in Brazil

JTI Brazil has partnered with the Wildlife Research and Environmental Education Society to restore over 300 hectares of permanent protection areas in Brazil, with funding from the National Bank for Socio-Economic Development. These areas include land owned by tobacco growers and part of the Irati National Forest. The restoration work started in 2018. In Irati National Forest, 35 hectares of pine trees were replaced by native species to help restore the natural landscape. The project also involved the training of 33 local college students in ecological restoration.

JTI Brazil defined priority areas in strategic river basins, based on factors such as soil, rain, and proximity to other projects, to create green corridors (strips of land with sufficient habitat to support wildlife) connecting different regions. One of the first sites we selected was the Taquaral river basin in Parana State. The local business introduced the project through a series of mobilization meetings attended by 200 local growers. The partnership provides growers with technical assistance and support before and after the restoration work begins. The team in the market is committed to protecting and restoring natural forests and supporting local communities.



Our target

To replace all wood from natural forests used in the tobacco curing process of our directly contracted growers with renewable fuel sources by 2030.

What we are doing:

- Through our Agronomy Development and Extension Training (ADET) centers, we have developed the Minimum Forestry Standards (MFS) – a set of Forestry specifications and guidelines designed to achieve sustainability of wood supply for tobacco production and curing. When well adopted by growers, MFS result in improved tree seedling production and quality, and woodlot establishment with improved productivity potential. This approach brings us closer to achieving sustainability in the wood supply, helps avoid deforestation, and improves the conservation prospects for natural woodland.
- Another innovation that was developed and further improved at ADET in Zambia is the Matope (mud) barn. This more fuel-efficient curing barn reduces wood consumption by up to 75% and carbon emissions accordingly, compared to its predecessor (the ‘Pepper Pot’ barn). This is an important improvement, as emissions associated with curing tobacco leaf represent the largest single source of indirect GHG emissions for our business.
- The number of Matope barns installed by growers in Zambia are the following: over 1,300 units in 2018, 1,884 units in 2019 (32% cumulative coverage), 1,704 units in 2020 (43% cumulative coverage). The target is 100% Matope barns coverage by 2024. Based on the 2020 sustainable tree planting activities in Tanzania, Zambia, and Brazil, we estimate that the business is on a path to achieve 41% renewable wood sourcing by 2027 (accounting for 7 years wood production cycle).



300

Hectares of permanent protection areas restored in Brazil



3. Fair wage

“Although there is no universally accepted amount that defines such remuneration, it can be described as a wage from full-time work that allows people to lead a decent life considered acceptable by society,” says ILO senior economist Patrick Belser. We believe this includes adequate food, clothing, housing, and medical care for themselves and their families together with a small amount of discretionary income.

Numerous NGO and media reports cite concerns about the tobacco supply chain’s management of wages and working hours. As can be seen from our case study, there are growers who have difficulty paying workers on time, where wages can be low, and problems with indebtedness. These practices are endemic in the tobacco-growing industry but are particularly acute where we don’t have a direct relationship with the growers or their employees. Processing and manufacturing roles, particularly in high-risk markets and areas, also carry an inherent risk of low wages and long hours due to the degree of informality and low skills these jobs may require.

Our Supplier Standards do not currently call for a living wage but stipulate minimum standards for remuneration, and that remuneration must comply with local legislation and international conventions. While our Agricultural Labor Practices (ALP) program includes initiatives at the agricultural and supply chain levels to promote payment of a fair wage and respect for working hours, one of the areas that we will be looking at in the future is how local JTI entities can introduce more formalized policies and processes that address the levels of wages and working hours at our direct growers while also helping growers in our wider value chain to do the same. This may include informing ourselves of the current wage gap between the actual wages of the lowest-paid and the rural living wage per region and the tools we can deploy to help our growers and suppliers progress towards payment of a fairer wage.

[JTI Group Supplier Standards](#)

“One of the fundamental human rights is the right to a just remuneration that ensures an existence worthy of human dignity. The preamble to the Constitution of the International Labor Organization (ILO) identifies the provision of an adequate living wage as one of the conditions for universal and lasting peace based on social justice.”

Patrick Belser
ILO senior economist



3. Fair wage

Enhancing grower livelihoods in Zambia

In 2019, JTI Zambia undertook an assessment of workers' rights on its directly contracted growers' farms in Zambia's Eastern and Western provinces. While this assessment found significant improvements in relation to child labor and the provision of Personal Protective Equipment (PPE), it also highlighted some wages for farm workers and a lack of written employment contracts for those workers as areas of further focus. Subsequently, a recommendation was made to conduct a more detailed assessment to better understand these issues, and in 2020 we commissioned twentyfifty Ltd., an internationally recognized human rights consultancy, to undertake a Grower Livelihoods Assessment in carefully selected pilot communities in Zambia from where we source tobacco leaf.

The Grower Livelihoods Assessment involved 184 grower interviews and engaged 291 people from our growing communities through focus group discussions.

What JTI Zambia found was that the directly contracted growers were on average earning well above a rural living income of 14,000 Zambian Kwacha per annum and that a significant proportion of our growers' income was non-tobacco-related (50% in Eastern province and 30% in Western province). It also became apparent that more income does not always mean a better standard of living, and that the revenue we create within our growing communities does not always lead to poverty alleviation. Other poverty indicators such as a lack of access to basic services and low levels of education play a much more significant role.

6,614

Growers under contract with JTI Zambia

62

JTI Zambia Agronomy Technicians

87%

Growers average yields and income increase since the introduction of an Integrated Production System in Zambia



Integrated production system

JTI Zambia is committed to helping our growers earn as much income from their available hectareage as possible. JTI Zambia directly contracts 6,614 small-scale growers (production area ranging from 1-3 hectares). These growers are contracted to grow a customized tobacco crop under our local stewardship and are required to follow Good Agricultural Practices and our Minimum Agronomic Standards (MAS). In return, they receive credit for prescribed crop inputs (e.g., seed, fertilizer, Crop Protection Agents, and PPE) as well as dedicated extension service provision from our Agronomy Technicians. This support includes recommendations delivered through a scheduled visitation program for the duration of the crop cycle. JTI Zambia has a team of 62 Agronomy Technicians who look after approximately 107 growers each. By enabling growers to become more productive and efficient in growing, harvesting, and curing tobacco leaf, JTI Zambia supports them in becoming more profitable. The economic benefit for all the directly contracted growers who fully observe our local MAS program is significant. Since introducing an Integrated Production System in Zambia, our contracted growers have seen their average yields and income increase by 87%.

Market Match

The farming practices we apply in partnership with our directly contracted growers are not limited to tobacco. We encourage our growers to use seasonal crop rotations, i.e., growing complementary crops such as

maize, groundnuts, or soya on the same land in alternate seasons. The benefits of this are additional income, improved food security, and soil conservation.

To develop this concept further, we introduced the Market Match program that links our contracted growers to viable global market off-takers of non-tobacco commodity crops. JTI Zambia spent the last two years conducting groundnut field trials at its Agronomy Development and Extension Training (ADET) facility with a pilot group of 713 growers in partnership with a large groundnut off-taker based in the United Kingdom. This partnership has flourished, and JTI Zambia has received positive feedback from both the off-taker and our directly contracted growers. JTI Zambia now has 1,895 growers participating in this program and has plans to increase grower coverage from 28% in 2021 to 50% for the 2022 crop year.

In collaboration with the groundnut off-taker, JTI Zambia provides input packs consisting of seed and inoculant to the growers, and the groundnut off-taker delivers comprehensive training on groundnut production to our Agronomy Technicians, who then deliver the training to our growers. After harvesting, the groundnuts are delivered to our buying stations and are graded by the off-taker, and shipped to their central facility before export. Market Match in Zambia has delivered on average an additional income of \$439 per hectare, not to mention the agronomic benefits derived from crop rotations and improved soil fertility, which in turn improves

future crop yields and further increases our grower's income. Due to the success with groundnuts in Zambia, the local team is now exploring partnerships with market off-takers of other non-tobacco commodity crops and hopes to trial these at the local ADET facility soon.

Next steps

While we are proud of the work that is being done locally to help growers become more profitable, we are conscious there is more that needs to be done, particularly with farmworkers. The Grower Livelihoods Assessment found a positive correlation between spending on workers and net income from tobacco. If a grower receives more income from tobacco and other crops, it does not necessarily lead to higher wages for their workers. A more equitable solution also needs to be found to ensure workers receive a living wage. JTI Zambia is exploring ways of using leverage with its contracted growers to encourage them to pay their workers a fair wage and ensure written employment contracts are in place. JTI Zambia has also established a task force to look into allegations of discrimination against migrant workers in Eastern province.

3. Fair wage

Case study – Tenant farming in Malawi

The legacy tenant farming system is prevalent in small-scale agriculture in Malawi and can lead to conditions for potential exploitation of tenants and their families by the landlord. These risks include poverty pay and indebtedness, hunger, and at times verbal or physical abuse under practices that amount to forced labor.

Tenants often originate from some of the most vulnerable communities and districts in Malawi, often landless families or individuals with high vulnerability and low resilience in their home districts. These challenging conditions contribute to the migration of people seeking employment opportunities. Some potential tenants borrow money or save to be able to travel and seek tenancy opportunities, others are funded by middlemen or landlords. Many tenants enter the system expecting it to be a short-term solution to their economic challenges, but some remain as tenants for longer than planned.

In 2020, the Decent Work Committee was established to design and implement farm labor management systems that ensure ILO Forced Labor Standards are being managed at the farm level and are well documented.

The committee identified four initiatives that we believe can help us and growers tackle these issues as follows:

1. **Transition tenants onto employment contracts with growers using a template that satisfies the Malawi Employment Act, such as pay above minimum wage**
2. **Implement a fair and transparent wage system that provides workers with payslips and documents proof of payment from the contracted grower**
3. **Run a series of workers' rights awareness campaigns that target employees, contracted growers, and their workers**
4. **Revise the current grievance mechanism to better target farm workers and collaborate with District of Labor Offices on-farm labor inspections**

JTI Malawi has a commitment to work towards growers removing tenancy from the supply chain. By September 2021, the local team is quite confident that all growers who have farm workers will have written employment contracts in place.

According to a recent study by the Centre for Social Concern (CfSC), tenants provide the largest labor inputs on tobacco farms in Malawi, accounting for 63% of the required labor force to produce tobacco and prepare it for sale.

With an estimated 1.5 – 2 million people working in tobacco cultivation in Malawi, this equates to the potential of around 1.3 million tenant growers. The scale is significant and will take many years to understand and resolve.

JTI Malawi's progress in eradicating sourcing from landlords using tenants and transitioning tenants onto wage and employment contracts is a big step forward.

There are also concerns that immediate abolition could cause further harm to tenants who are some of the most vulnerable people in the country. Abolishing the system without a viable alternative solution risks leaving tenants in a worse position than before. The local team is conscious of this and working with rights-holders, NGOs, government, and public bodies to formulate solutions.



Tenant growers

Farming families are given access to land by a landlord through a contract (usually verbal) to cultivate tobacco for the landlord to sell to a tobacco manufacturer or through an auction. Tenants may come from local communities but are more likely to be migrants from other areas of Malawi. Landlords provide different levels of support in the form of basic food, household rations, and healthcare during the growing season. The tenant is provided with accommodation, although in many cases is required to build their accommodation in or close to the field for crop security. Once the tobacco has been sold, a payment relates to the tobacco produced for a predetermined price (there is a tenancy pricing system set out in the industry regulatory framework) with deductions for rations and other items.





4. Forced labor

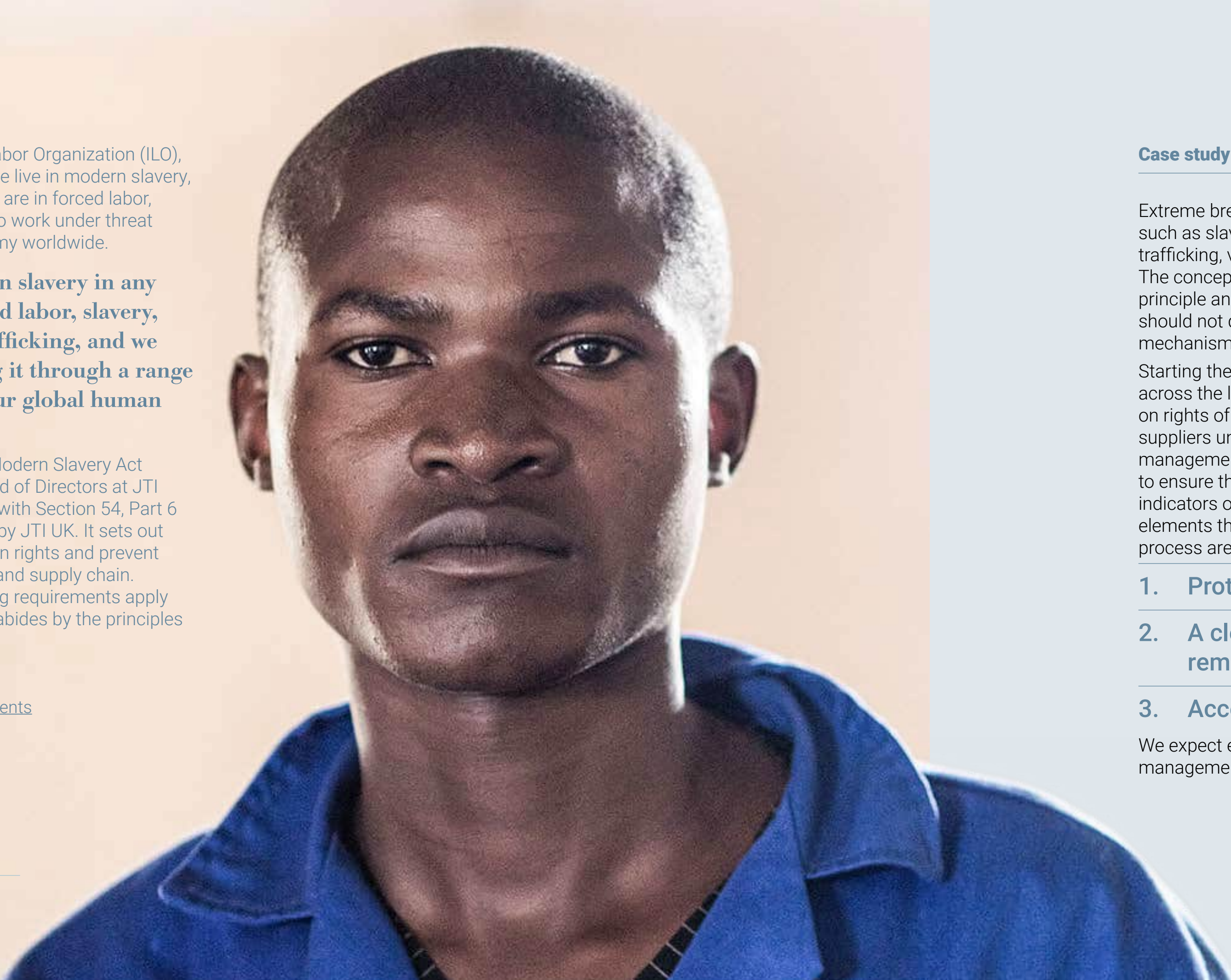
According to the International Labor Organization (ILO), approximately 40.3 million people live in modern slavery, and of these, 24.9 million people are in forced labor, with 15.4 million people forced to work under threat or coercion in the private economy worldwide.

We do not tolerate modern slavery in any of its forms, such as forced labor, slavery, servitude, and human trafficking, and we are committed to tackling it through a range of initiatives, including our global human rights program.

In 2021, we published our fifth Modern Slavery Act Statement approved by the Board of Directors at JTI UK and prepared in accordance with Section 54, Part 6 of the Modern Slavery Act 2015 by JTI UK. It sets out the steps taken to respect human rights and prevent modern slavery in our business and supply chain. The Modern Slavery Act reporting requirements apply to the UK, but the whole of JTG abides by the principles set out in the Statement.

[ILO statistics on forced labor](#)
[JTI UK Modern Slavery Act Statements](#)

24.9m
People in forced labor



Case study – Extreme Breach procedure

Extreme breaches are the worst violations of workers’ rights such as slavery, forced labor, worst forms of child labor, human trafficking, violence, or severe physical, mental, or sexual abuse. The concept is based on ‘protect the victim and rapporteur’ principle and focuses on topics that an Agronomy Technician should not discuss with a grower but report via a secure mechanism in case of suspicion that an incident exists.

Starting the concept in 2017, we shared a guidance document across the leaf supply base and held a series of webinars on rights of workers and extreme breaches to ensure our suppliers understand the new procedure. We also explained the management process of how to respond to an extreme breach to ensure that action is taken promptly and appropriately when indicators of an extreme breach are observed. The three key elements that are included in the extreme breach management process are the following:

- 1. Protection for the victim and observer**
- 2. A clear escalation route and remediation plan**
- 3. Access to specialist support**

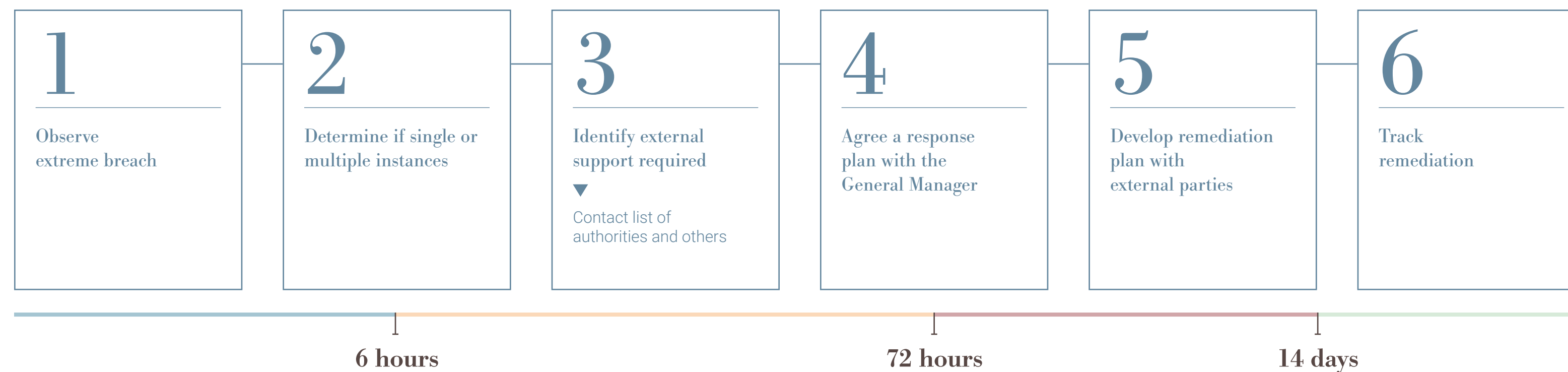
We expect each supplier to have in place an extreme breaches management process that incorporates these three elements.

4. Forced labor

Responding to an extreme breach

Each supplier needs to establish a process for responding to observations or indicators of extreme breaches. The supplier should train its Agronomy Technicians and others who visit farms on extreme breaches and the management process to respond to them.

Example of an Extreme Breach management procedure



“When working together with our contracted growers and leaf merchants, we are focused on continuous improvement. But there are issues that are simply not acceptable in our leaf supply chain, such as any form of slavery or human trafficking.

Our Extreme Breach procedure is one of the tools to support the entire supply chain in the best effort to eliminate or prevent negative human rights impacts.”

Vuk Pribic
Leaf Supply Chain Due Diligence Director, JT International S.A.

Driving change throughout the industry

The Extreme Breach concept was developed uniquely by JTI with the support of twentyfifty Ltd. Since 2017, we have been working on integrating this concept to all our third-party leaf suppliers and JTI local entities. We want to create systemic, transformative change in how people are treated and share this concept more widely.

In 2020, the Extreme Breach concept was accepted by the Sustainable Tobacco Program (STP)¹ members and embedded in the Human and Labor Rights section of the STP. It has now become an integral element of this industry-wide program.

The Extreme Breach process is in place to add an additional mechanism to our existing ALP and SCDD concept to ensure that any unacceptable practices are looked at with special attention and that both potential victim and rapporteur are protected.

[twentyfifty Ltd.](#)

¹ Sustainable Tobacco Program (STP) is an industry-wide platform enabling businesses to collaborate on human rights and environmental issues.

4. Forced labor

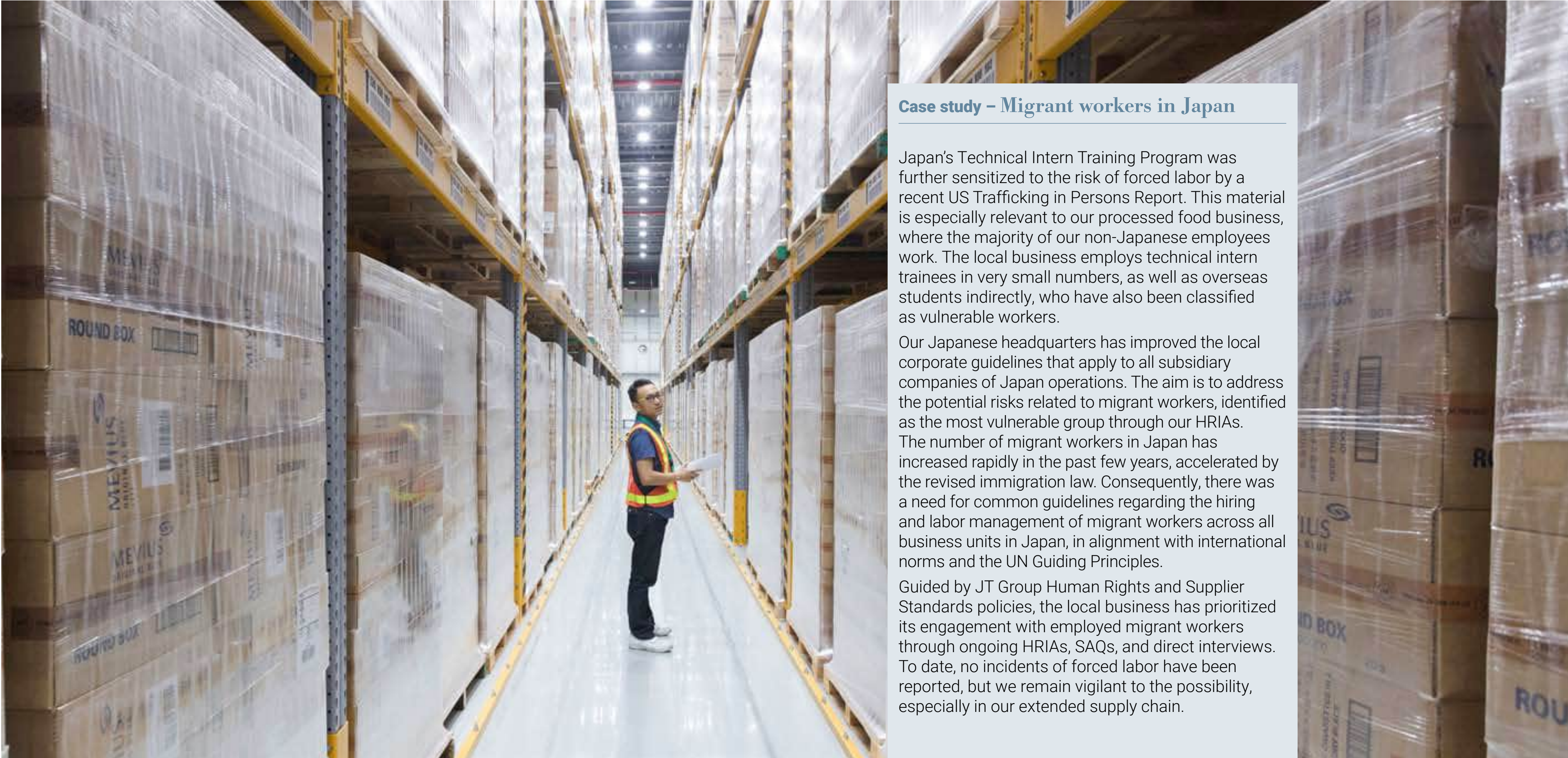
Reducing the risk of exploitation of workers in the supply chain by recruitment and employment agencies

As stated in the ILO C181 Convention of 1997, workers should not be charged recruitment fees nor any related costs for finding work – ILO General principles and operational guidelines for fair recruitment and definition of recruitment fees and related costs. Migrant workers are especially vulnerable to exploitative recruitment and employment practices. When recruitment fees are charged, workers often end up indebted to the recruiter or the employment agent. In addition, failure to repay these fees can have severe consequences whereby workers can be exploited by the employer, for example, through working long hours or having wages deducted. These debts coupled with job and residency insecurity leave foreign and domestic migrant workers particularly vulnerable to modern slavery.

Through our remote human rights due diligence in 2020, we have been working to extend the requirement that suppliers adhere to the ILO core labor standards and strongly prohibit third parties from charging recruitment fees. Ensuring responsible recruitment and employment practices protects migrant workers before they leave their country of origin to be less vulnerable at their destination. Eradicating recruitment fees for migrant workers is a core part of protecting the global workforce from modern slavery.

In South Africa, Colombia, and Morocco, the business identified third-party recruitment and employment agencies that did not include a clear prohibition clause to charge recruitment fees. In these markets, we are working to drive greater awareness of the JT Group Supplier Standards and ensure specific clauses are inserted into contracts that prohibit the agency from charging illegal recruitment fees.

[ILO C181 Convention](#)



Case study – Migrant workers in Japan

Japan’s Technical Intern Training Program was further sensitized to the risk of forced labor by a recent US Trafficking in Persons Report. This material is especially relevant to our processed food business, where the majority of our non-Japanese employees work. The local business employs technical intern trainees in very small numbers, as well as overseas students indirectly, who have also been classified as vulnerable workers.

Our Japanese headquarters has improved the local corporate guidelines that apply to all subsidiary companies of Japan operations. The aim is to address the potential risks related to migrant workers, identified as the most vulnerable group through our HRIAs. The number of migrant workers in Japan has increased rapidly in the past few years, accelerated by the revised immigration law. Consequently, there was a need for common guidelines regarding the hiring and labor management of migrant workers across all business units in Japan, in alignment with international norms and the UN Guiding Principles.

Guided by JT Group Human Rights and Supplier Standards policies, the local business has prioritized its engagement with employed migrant workers through ongoing HRIAs, SAQs, and direct interviews. To date, no incidents of forced labor have been reported, but we remain vigilant to the possibility, especially in our extended supply chain.



5. Harassment and gender impacts

At JTG, we embrace diversity and promote a safe and inclusive workplace where everyone can be themselves at work without risk of discrimination or harassment.

Our Code of Conduct clearly states our zero-tolerance approach to harassment. Disrespectful behavior and harassment of any form are against JTG values, and we have a duty to ourselves and one another to act if something is not right.

JTG is committed to create and maintain a workplace that is free of harassment in any form, where the company and its employees respect one another's integrity and dignity, the privacy, and the right to equity in the workplace.

We continue to provide training on Harassment Prevention to employees. In our Japanese operations, JT and all subsidiary companies have been updating the Harassment Guideline to meet the standard of the latest Japanese law. In addition, we have provided online harassment training courses for employees, and 99.8% of employees have completed the training in 2020.

As part of JTI's continuous efforts, a global harassment training curriculum was rolled out in 2020. This addressed various forms of harassment through four videos and guided employees on how to address this sensitive issue.



The four types of harassment displayed in the videos were the following: sexual harassment, moral harassment, disrespectful behavior, and abuse of power. While identities, places, and all personal details were changed for confidentiality reasons, the videos were inspired by real JTI cases to give employees the opportunity to put themselves in the shoes of someone experiencing a difficult situation at work.

With subtitles in 25 languages, the videos are available to all employees and have proven to be an effective tool.

Compliance and Employee Engagement Survey

In our Japanese operations, we conduct a Compliance survey every year to check and monitor workplace status about Compliance. In 2020, the survey results showed that Harassment (including sexual harassment and bullying) is one of the most important concerns for employees. We will continue to make every effort to improve the situation by providing support and training to employees.

An employee engagement survey was undertaken at our international tobacco business in 2018. Harassment was not identified as an issue. The survey showed that 86% of employees think that employees are treated with respect in their local organization regardless of their job and that 90% of employees think that people in their work environment behave in a manner consistent with the company Code of Conduct.

We take the risk of harassment seriously. We endeavor to ensure that there are measures in place to prevent incidents of harassment arising. This provides employees with assurance that if they feel they are the victim of harassment, there are adequate mechanisms in place for them to alert us so that these incidents can be investigated and, where appropriate, remedy can be provided.



86%

JT Group employees think that employees are treated with respect in their local organization regardless of their job

5. Harassment and gender impacts

Case study – Ethiopia

During the Human Rights Impact Assessments (HRIAs) and Supply Chain Impact Assessments (SCIAs), the focus on vulnerable groups is paramount. We seek to identify how different rights-holders, particularly women, may be experiencing negative human rights impacts due to systemic and structural issues around discrimination and gender norms.

Findings from HRIAs in 2019

Gender discrimination and violations of women’s rights are unfortunately not uncommon in Ethiopia and also occur in the agricultural sector and in tobacco growing and processing. During an on-site impact assessment of JTI Ethiopia’s operations in the country in 2019, it was found that there is a high risk that women’s rights and health may be harmed with sexual harassment and gender discrimination identified as particular risks. A reluctance to report these potential issues to supervisors or Human Resources was also identified due to cultural and accessibility burdens.



“I had several incidents that I was afraid to tell anyone. I feared retaliation and losing my job. But it’s a different story now. I am able to open up and share not just an incident but general feedback I have. I’m also very happy to see colleagues from the women association talking to us, asking us about our wellbeing and anything we need in our work. They support us. And now it’s easier to communicate. We are pleased that the company brought these things. We feel supported and protected.”

Bezawit Bogale

Working in different roles for JTI Ethiopia over 8 years

Response from JTI Ethiopia:

- Your Voice reporting concerns mechanism and Code of Conduct campaigns were organized for all employees, particularly in our tobacco-growing operations. They included a focus on zero tolerance with regards to harassment in the workplace.
- All employees were trained in small groups and provided with locally adapted booklets.
- JTI Ethiopia conducted meetings with the Labor Union to ensure full alignment.
- In addition to the Your Voice reporting concerns mechanism, JTI Ethiopia implemented a local grievance procedure designed for daily workers. The speak-up channel encourages daily workers to raise any workplace concerns in confidence and without fear.
- Local management assigned specific responsibilities for managers and supervisors to prevent occurrences of harassment.
- A training program was developed for supervisors on the Code of Conduct and Your Voice.
- JTI Ethiopia created a women association focusing on human rights and gender equality.
- As part of the ongoing efforts in this respect, a further Your Voice training was delivered in Ethiopia in May 2021.



“We already see the benefits of these efforts. Changing the mindset of employees towards our purpose was crucial. We had to showcase and gain the full belief of employees that we cared. Employees have started to talk about this problem. In the past, it was taboo. Now, women share with less fear. This foundation led to an openness to change at an individual level and a cultural shift throughout the organization. It is a long journey that requires a cultural shift for both men and women, and we have started building the base.”

Hristina Kancheva

People and Culture Director for JTI Ethiopia, speaks on progress made in our quest to promote gender equality in our operations in Ethiopia



6. Health and safety



In line with our vision of zero workplace injuries, our global health and safety mission is to provide leadership in the development and implementation of global standards and programs to properly manage and mitigate health and safety risks arising from our business activities, build awareness, and develop a sustainable safety culture across the business.

We focus on creating safe workplaces, building safety competence, and developing a group-wide safety culture.

Our standards on health and safety usually exceed legal requirements, and their scope extends beyond our employees to cover contractors and visitors to our operations. Our wellbeing programs often also include employees' family members.

We have processes in place to identify and minimize risks, prevent incidents, and continuously improve safety. We work to prevent occupational health hazards such as exposure to noise, dust, hazardous chemicals, and ergonomic risks. We make sure that health and safety standards are respected when designing work processes, machinery as well as in the organization of work.

We ensure healthy work environments by setting up specific microclimates and monitoring them. This typically includes air quality, temperature, and humidity, as well as making sure that proper lighting is provided, based on the tasks to be carried out. We also promote safe and healthy behaviors through dedicated training and communication campaigns.

We run different programs to help protect the health of our employees while at work. In addition to protecting them from

endemic diseases, we also have a number of initiatives in place to support their wellbeing.

We recognize that healthy employees promote a high performance both for themselves and our business. One example is the BeWell program, running at our St. Petersburg factory since 2016. This program has reached some 1,300 employees and is focused on maximizing an employee's potential, improving financial literacy, encouraging a healthy lifestyle, and promoting a sense of community and belonging.

COVID-19

In 2020, responding quickly and effectively to the Coronavirus pandemic has been our top priority. We have taken every possible measure to ensure the safety of all our employees, their families, and the communities, in which we operate, while mitigating the potential disruption to our business.

The pandemic has increased our safety exposure, as the organization focused on COVID-19 and reduced the attention given to other areas of risk. Despite the challenge, we have been able to improve our safety performance.

Since the outbreak of the COVID-19 in December 2019, a number of different measures have been implemented to reduce the impact of COVID-19 on our employees, contractors, and the communities in which we operate and ensure our business continuity.

We have taken a risk-based approach, considering the following: the level of exposure to COVID-19, infection growth rates, local operations structure, state of medical infrastructure and facilities, and national regulations.

This approach enabled us to identify the highest risks to our company and making them the priority for the development and implementation of policies, guidelines, and controls.

- We have set up a governance structure to monitor the implementation of policies and procedures.**
- We have fostered an agile approach with increased collaboration across risk functions using new technologies and tools.**
- We have ensured a constant flow of information provided to employees.**

In addition, our international tobacco business offered online health and safety training to more than 7,500 people. We provided extra training on specific risk assessment and control measures for 590 health and safety leaders. This training was also available to employees at a higher risk of exposure, including members of salesforce, cleaning and hygiene staff, and security guards.

7,500

Employees that followed the health and safety training online

6. Health and safety

Prioritizing mental health

The coronavirus is not only a risk for our physical health. It also affects our mental health and emotional wellbeing. It is normal and understandable that people are experiencing fear, anxiety, and stress in the context of the COVID-19 pandemic, and it is paramount that we as a company ensure our employees are in the best emotional health at this challenging time.

Our programs support employees to address the challenges they face at work and home. Employees can access a wealth of wellbeing resources and personalized wellness programs and tools while forming communities and giving back to society.



LifeWorks Employee Assistance Program¹

LifeWorks EAP is a confidential support service that can help our employees and up to five members of their family address a wide range of life issues and challenges. It provides generic information on mental, physical, emotional, and financial wellbeing with 24/7 access to phone consultations for work-life strategies, referrals to counseling, and connections to community agencies. It is a free, confidential, and voluntary service offered outside the office environment and available 24/7/365.

LifeWorks App and health portal site Pep Up¹

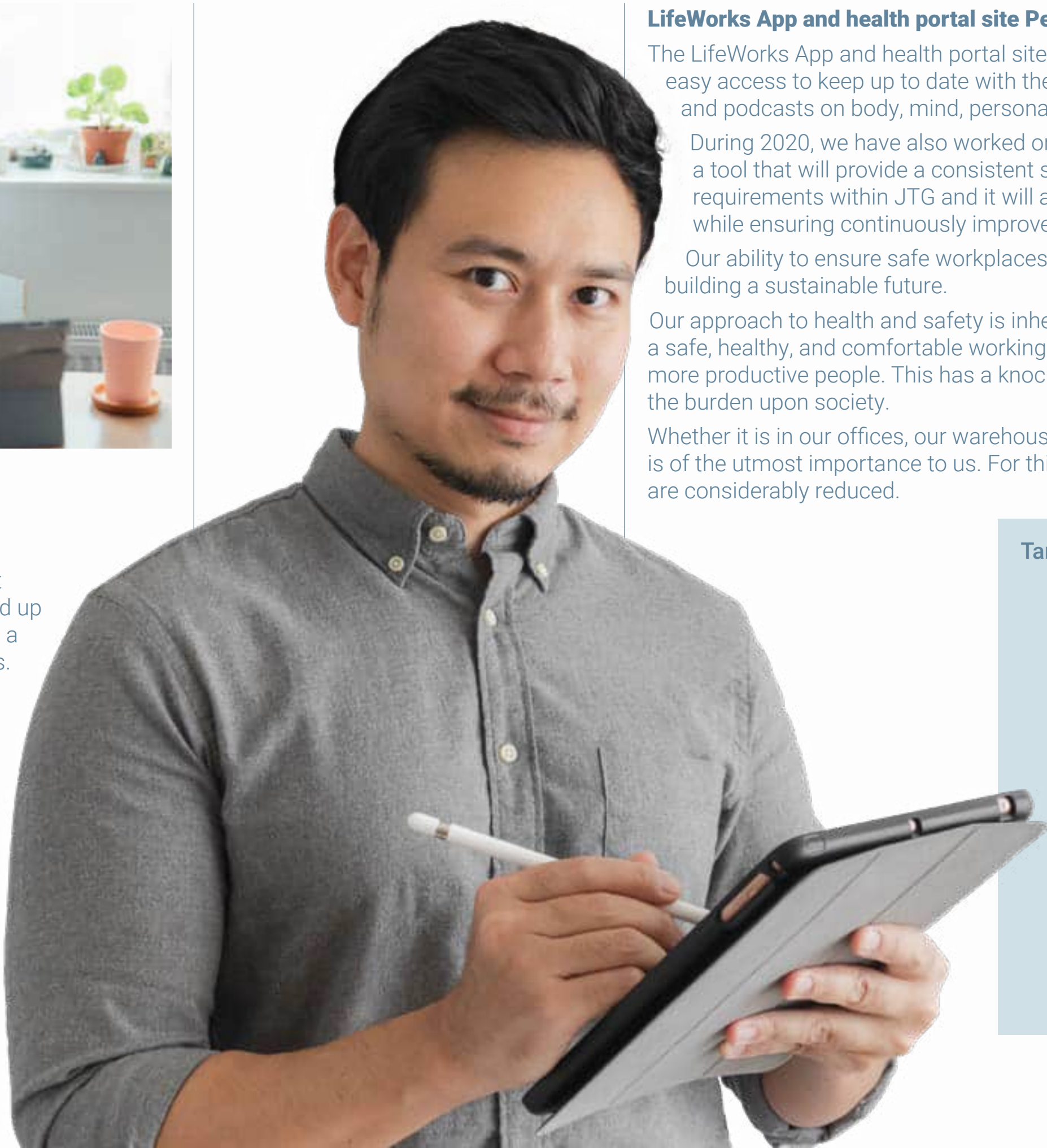
The LifeWorks App and health portal site Pep Up provides our employees with an interactive tool with easy access to keep up to date with the latest news, wellness content, and guidance: articles, videos, and podcasts on body, mind, personal finances, relationships, and work.

During 2020, we have also worked on the development of our Health and Safety (H&S) Academy, a tool that will provide a consistent solution to clearly defining H&S competency and capability requirements within JTG and it will also deliver effective H&S training and development programs while ensuring continuously improved H&S competencies and capabilities within the organization.

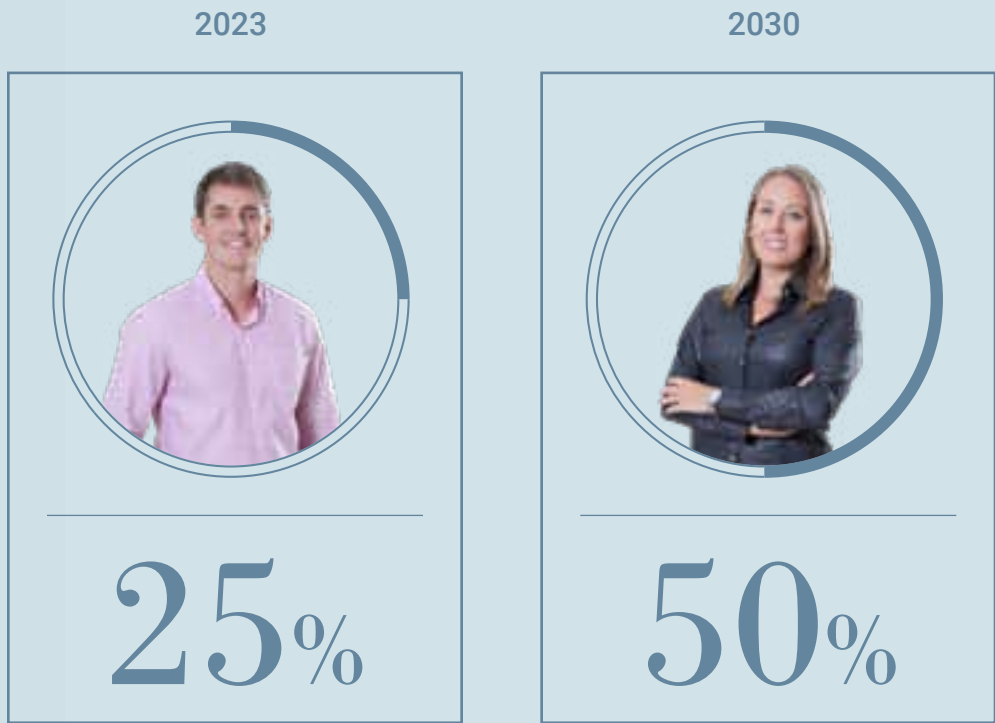
Our ability to ensure safe workplaces of all kinds, from farms to factories and beyond, is key to building a sustainable future.

Our approach to health and safety is inherently intertwined with our sustainability approach. Providing a safe, healthy, and comfortable working environment leads to happier, more engaged, and ultimately more productive people. This has a knock-on effect on communities in a more general sense, reducing the burden upon society.

Whether it is in our offices, our warehouses, or on the fields of the tobacco growers we work with, safety is of the utmost importance to us. For this reason, we aim to build a future in which workplace injuries are considerably reduced.



Target on recordable injury rate reduction (baseline year: 2015)



¹ This applies to our international tobacco business.

6. Health and safety

Our health and safety performance as a Group

Our recordable injury rate has declined 58.9%, from 0.72 in 2015 to 0.30 in 2020. In 2019, our international tobacco business recorded a Global Recordable Injury (RI) rate of 0.27, one of the best in our industry and one of the lowest among our fast-moving consumer goods peer group.

We regret that 3 employees died as a result of work accidents in 2020. We learn from every accident and remain committed to achieving zero fatalities.



58.9%

Recordable injury rate decline from 2015 to 2020

“I feel a great sense of pride in what we have achieved this year. As much as 2020 has been about change and adapting to the waves of the COVID-19 epidemic, Corporate H&S remained focused on protecting our employees, their families, and the communities in which we operate. As we move through and out of COVID-19, we will continue focusing our efforts in managing and mitigating H&S-related business risks, building awareness, and developing a sustainable safety culture across the JTI business.”

Alicia Olo Martinez
Director, Global Health and Safety, JTI

		2015	2016	2017	2018	2019	2020	2015–2020 evolution
Number of fatalities	Employees	1	2	0	1	1	3	
	Contractors	1	1 (only JTI)	2	0	0	0	
Lost-time injury rate (per 200,000 working hours)	Employees	0.34	0.39	0.37	0.24	0.23	0.16	
Occupational illness rate ¹ (per million working hours)	Employees	0	0	0.08	0.02	0.01	0.37	
% of cigarettes and tobacco-related factories certified to ISO 45001 (OHSAS 18001) ²		78.9%	77.8%	74.4%	76.9%	79.5%	70.0%	
Number of vehicle accidents ³		1,122	1,151	66	85	71	64	
Vehicles accident frequency rate ³ (excludes property damage, accidents per million kilometers)		4.84	3.87	0.23	0.21	0.16	0.19	

¹ Data scope: 2015: only JT. 2016 and 2017: JT and Japanese domestic Group companies. From 2018: the entire JT Group. 2020: the increase from 0.01 in 2019 to 0.37 in 2020 is due to COVID-19 work related cases. Read more about our data scopes and external verification.

² Data scope: 2020 only JTI.

³ The number of vehicle accidents and the vehicle accident frequency rate in 2015 and 2016 include damage to property, because the data is not available in our international tobacco business. The data in 2015 covers only our international tobacco business. From 2016, it covers JT and JTI.

6. Health and safety

Case study – Driven by safety⁶

The number of deaths on the world’s roads remains unacceptably high, with an estimated 1.35 million people dying each year. Work-related incidents make up 25% – 30% of the road toll worldwide, rising to 50% if commuting is included.

+24,000

JT Group operating vehicles

+300m

Total kilometers driven in 2020

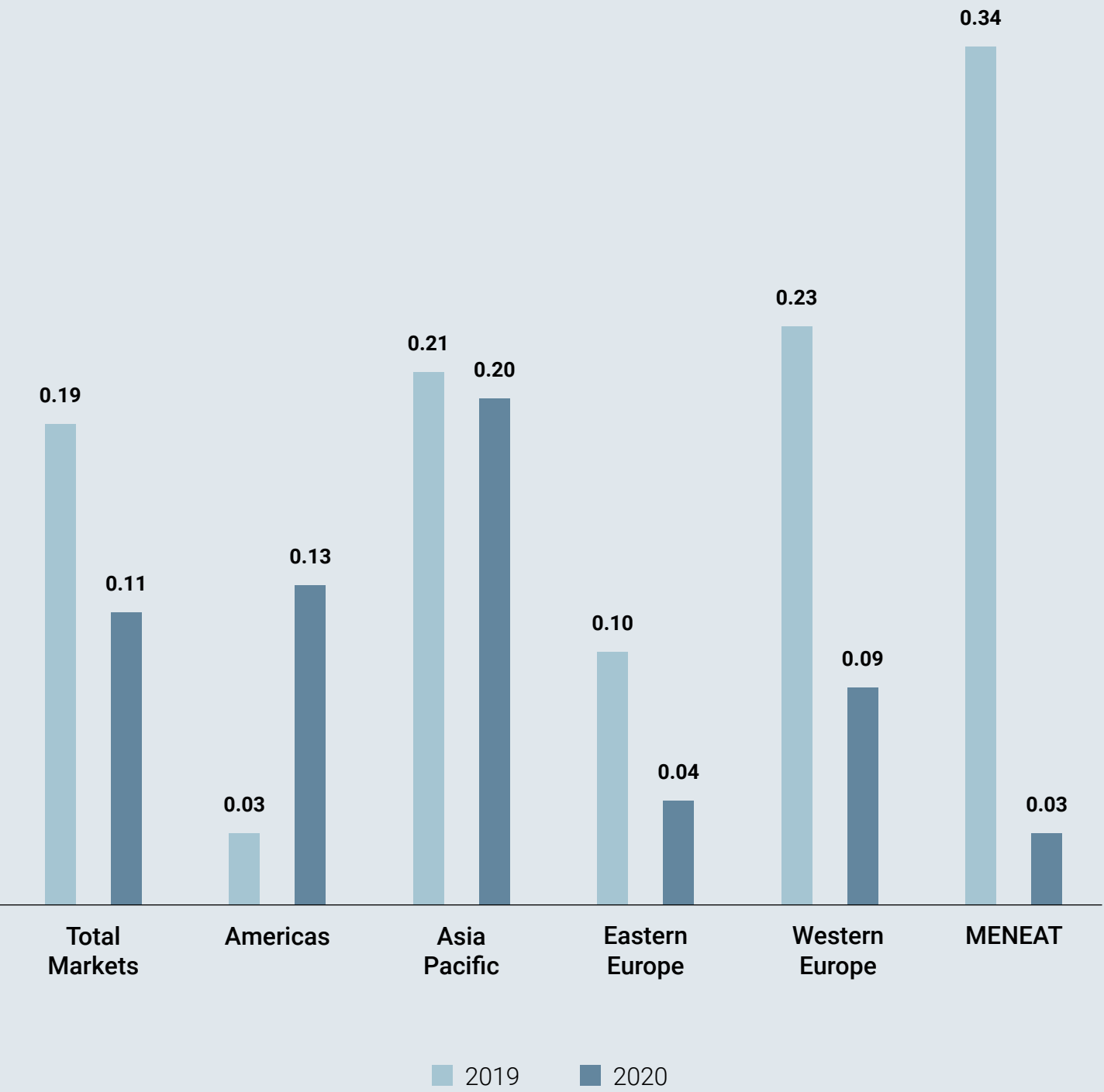
[WHO statistics on road traffic injuries](#)
[ILO statistics on safety and health at work](#)

With a fleet of more than 24,000 vehicles operating in more than 67 countries and over 300 million kilometers driven in 2020, driver safety is a key concern area for JT. Increased numbers of drivers and riders, poor road conditions, sub-standard vehicle maintenance, poor driver training and overall traffic conditions, including driver behavior, result in an increased number of incidents and fatalities. We have been implementing a motorcycle safety program in countries with a high vehicle accident rate (Zambia, Malawi, Tanzania, Bangladesh) since 2016, and we have since achieved a 50% reduction in work-related injuries. Furthermore, in 2019 we rolled out a new driver

safety policy and implementation guidelines across our international tobacco business, requiring all local offices to conduct a risk assessment to identify high-risk drivers and send periodic progress reports and action plans to our headquarters in Geneva. Given the growing number of female employees, the policy now also includes maternity protection. In 2020, some 1,450 drivers and riders benefited from the Driver Safety Program. Our driver safety high severity rate (per million km driven), which covers road accidents with human impact, has declined in 2020 to 0.11 (from 0.19 in 2019), as shown in the graph to the right.



Driver safety severity rate
(per million km driven)



⁶ This applies to our international tobacco business.

6. Health and safety

Health and safety at the farm level

Our Agricultural Labor Practices (ALP) provide minimum standards for our contracted growers and tobacco leaf merchants in relation to child labor, respectful working conditions, and workplace health and safety. There is a shared responsibility to establish a safe and healthy working environment. International recognition of such responsibility is reflected in the ILO Convention 184. The grower is expected to apply reasonable measures for creating and maintaining a safe, healthy, and injury-free working environment and ensure the wellbeing of workers.



Green Tobacco Sickness (GTS)

GTS is a condition that can be caused as the result of absorption of nicotine through skin when handling wet green tobacco leaves, especially during the harvesting process. It is a form of nicotine poisoning. As GTS is linked to exposure to nicotine, the following safety practices

and harvesting fundamentals are communicated with tobacco growers on a regular basis. We recommend wearing a long-sleeved shirt during reaping and include gloves, as part of our PPE in grower input packs, in both Malawi and Zambia. As part of our training, we also recommend contracted growers and their farm

workers to avoid wet tobacco and wash their hands after harvesting to avoid possible GTS. GTS is covered in our ALP program, in which we state that “the grower should ensure that workers understand the risks of Green Tobacco Sickness and apply reasonable measures and practices to prevent it in accordance with recommendations provided to contracted growers.”

Avoid green tobacco sickness rules:

-  Avoid harvesting when leaves are wet
-  Wear long sleeved shirts or raincoats
-  Wear gloves
-  Wash hands with soap and water after handling tobacco leaves



[Agricultural Labor Practices \(ALP\) program](#)
[ILO Convention 184](#)

6. Health and safety



Crop Protection Agents (CPA)

Agriculture-based raw materials form the most significant part of our products. In line with other value-added agricultural products, leaf tobacco production requires the adoption of appropriate crop protection practices as part of a holistic Integrated Pest Management (IPM). IPM-based practices allow minimization of Crop Protection Agent (CPA) usage that may be required to secure the desired quality, yield, and integrity of raw leaf.

We promote the adoption of IPM crop protection strategies and the responsible use of CPAs in accordance with the Food and Agriculture Organization of the United Nations (FAO) Good Agricultural Practices (GAP) and in compliance with relevant national and international regulations.

The wider principles for the use of crop production inputs, such as CPA, is already well established in our leaf sourcing areas. Our commitment to responsible CPA usage and the control of residues is defined in our Good Agricultural Practices Protocol and the Corporate Policy on Crop Protection Agents Residues Testing of Tobacco for the Manufacturing of Tobacco Products.

We are also committed to the transparency of the practices implemented throughout our tobacco supply chain. Our overall objective is to ensure that raw leaf is grown and procured in a sustainable way, respecting the environment and raising economic prosperity in our contracted farming communities.

Our responsible use of CPAs and control of residues is focused on and initiated through activities and processes in five main areas:

1. Leaf tobacco production

The use of less hazardous CPAs by our contracted growers is recommended and augmented in certain circumstances through the supply of customized growers' input packs with only selected CPAs and Personal Protection Equipment (PPE) in our vertically integrated tobacco production countries. Local JTG entities provide training sessions to its Agronomy Technicians and contracted growers on correct CPA application, handling, disposal, and PPE usage. Beyond the scope of our vertically integrated operations, we collaborate with our third-party tobacco suppliers on correct CPA usage, residue minimization, and associated labor practices. The initiative to eliminate WHO-FAO Highly Hazardous Pesticides (HHP) and replace them with less hazardous product options is in progress. Currently, more than 90% of the tobacco volume purchased by us is free of quantifiable residue levels of HHP (WHO Hazard Class 1). We are aiming to complete the phasing out of all CPAs in this HHP category from our tobacco supply chain by the end of 2021.

2. CPA residues analysis

Tobacco produced by our contracted growers is sampled and tested each growing season to permit the identification of potential challenges and subsequent adoption of improvement measures. Packed tobacco lots intended to be purchased from our directly contracted growers and third-party suppliers are also systematically screened for CPA residues and either accepted or rejected prior to entering our supply chain. Tobacco lots with CPA residues detected above the established JTI Standard are not purchased. As a result, the number of CPA detected has decreased over the years and shifted to newly available alternatives to HHP.

3. Scientific collaboration

We maintain active participation and leadership position in CORESTA in all aspects related to crop protection. CORESTA is fully committed to responsible and sustainable tobacco production and is the scientific and good practices reference for the tobacco industry. We believe in a common, harmonized approach that involves all stakeholders committed to sustainable and responsible tobacco production worldwide.

4. Engagement with local authorities, institutions, industry associations, and research organizations

Our experts conduct sector-focused meetings and workshops to address CPA-related challenges with the objective of raising awareness and implementing and/or encouraging initiatives oriented towards GAP and ALP aspects.

5. Supply Chain Due Diligence (SCDD)

SCDD is a continuous improvement process comprising of five steps: Identify, Prioritize, Respond, Measure, and Report. The ALP program is integrated into this process. Whenever CPA-related challenges are mapped as a priority, leaf suppliers are encouraged to address those challenges. An example of that is the ongoing dialogue on HHP elimination between CPA experts and industry stakeholders. Finally, when local JTG entities run Supply Chain Impact Assessments on the ground (series of interviews with rights-holders and other relevant stakeholders), CPA-related challenges are in the scope of the assessments.

[Good Agricultural Practices Protocol](#)

[CORESTA](#)

6. Health and safety

Case study – Using leverage with our tobacco merchants in Zimbabwe



In May 2018, industry stakeholders, including ourselves, received a letter from the United Nations Office of the High Commissioner for Human Rights that highlighted several alleged human rights violations such as child labor, health and safety, and a variety of labor rights abuses in tobacco growing in Zimbabwe.

Although we have no direct operations in Zimbabwe and only purchase tobacco leaf through leaf merchants (third-party suppliers), we were still connected through our business relationship. The JTI purchasing entity used its commercial leverage with the suppliers to reduce the risk of harm occurring. Therefore, we worked alongside some of our biggest leaf merchants: Alliance One International, Inc. (AOI), Premium Tobacco International DMCC (Premium), Universal Leaf Tobacco Company, Inc., and CONTRAF-NICOTEX-TOBACCO GmbH, to encourage them to adopt and align their procedures with those promoted by the United Nations Guiding Principles on Business and Human Rights (UNGPs), and where necessary to change their business practices globally rather than only in Zimbabwe.

All our suppliers engaged positively and made the following proposals and commitments:

- Eliminate the use of the most hazardous pesticides to human health – Highly Hazardous Pesticides (HHPs) Criteria 1 – by the end of 2021
- Develop a human rights policy approved at the most senior level of their organization and make it publicly available
- Formalize the Tobacco Leaf Exporters Association of Zimbabwe (TLEAZ) sustainability sub-committee to include human rights-related issues/concerns and establish a working group to look into the development of an industry-wide grievance mechanism
- TLEAZ Agronomy Sub-Committee has been formed, with a mandate that includes sustainability topics
- Formation of a Sustainability Sub-committee is under discussion
- Six salient issues were collectively identified in order to focus on primary efforts: health and safety – exposure of workers to CPAs; land rights; child labor; gender discrimination; freedom of association; and environmental impacts
- A number of the above-mentioned salient issues have been raised to the TLEAZ Committees and an agreement reached to engage government as an industry via TLEAZ to effect change and improve regulation, e.g., ensure all licensed tobacco leaf contractors in Zimbabwe follow the same high standards
- Agreement to explore the development of minimum industry standards in relation to adequate personal protective equipment in Zimbabwe



We also engaged in open dialogue with the Zimbabwe Ministry of Labor, the Tobacco Industry and Marketing Board, the Tobacco Research Board, and the National Employment Council for Agriculture and Tobacco.

Tobacco leaf merchants provide regular progress updates about the commitments made, and we continue to work together with them to ensure the best possible outcome for those impacted.

[Read the full correspondence with the United Nations Office of the High Commissioner for Human Rights.](#)



7. Health risk

Tobacco products carry risks to health. These risks distinguish tobacco from most consumer goods and place upon the tobacco industry a real responsibility to communicate these risks to consumers. Our approach is to present this information in an open and transparent manner.

We are committed to enabling adults to make an informed decision before using our products. We also believe in the freedom of adults to choose whether they want to smoke or vape and that no one should do so unless they understand the risks.

We are communicating openly about the health risks of our products and are committed to playing a full role in youth smoking prevention. This is a responsibility for which we expect to be held accountable, together with governments and the rest of society.

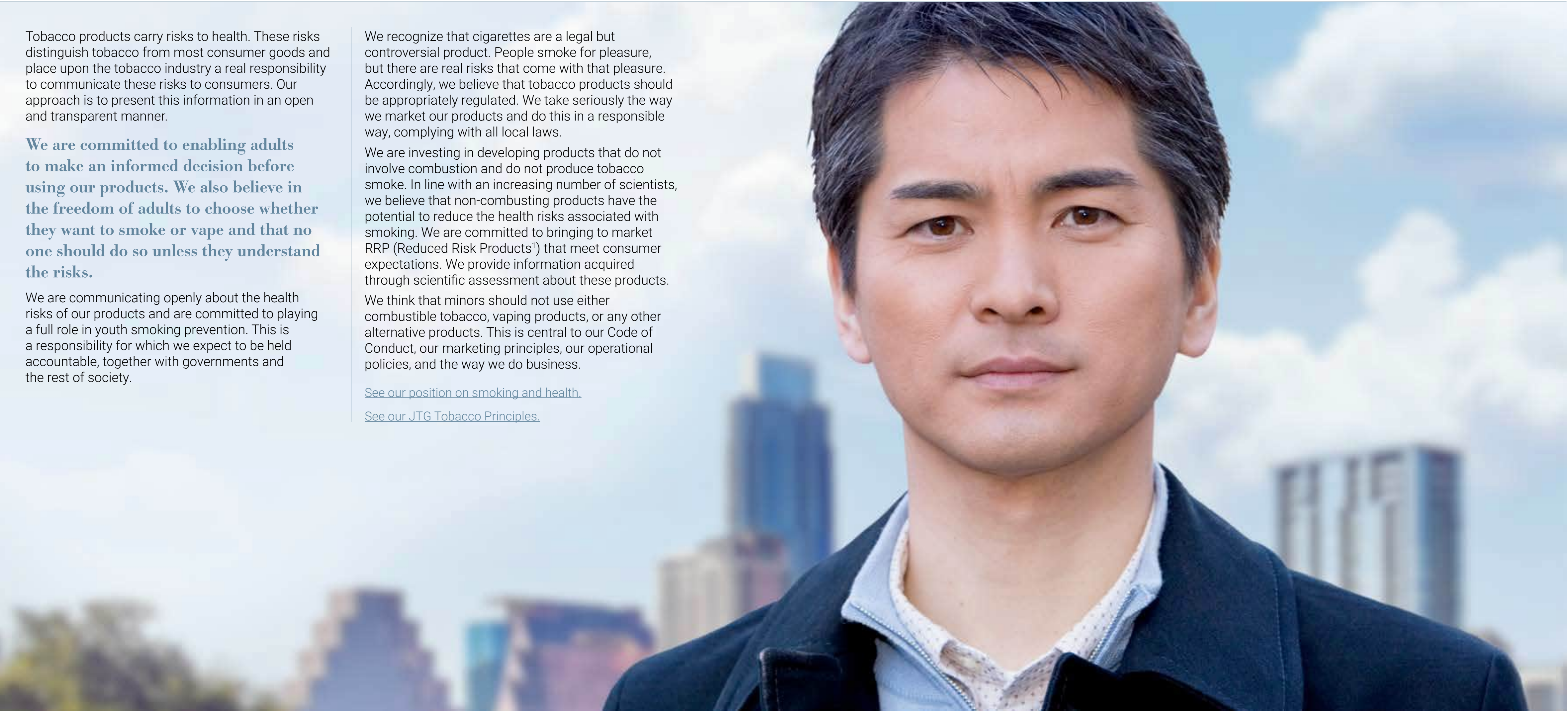
We recognize that cigarettes are a legal but controversial product. People smoke for pleasure, but there are real risks that come with that pleasure. Accordingly, we believe that tobacco products should be appropriately regulated. We take seriously the way we market our products and do this in a responsible way, complying with all local laws.

We are investing in developing products that do not involve combustion and do not produce tobacco smoke. In line with an increasing number of scientists, we believe that non-combusting products have the potential to reduce the health risks associated with smoking. We are committed to bringing to market RRP (Reduced Risk Products¹) that meet consumer expectations. We provide information acquired through scientific assessment about these products.

We think that minors should not use either combustible tobacco, vaping products, or any other alternative products. This is central to our Code of Conduct, our marketing principles, our operational policies, and the way we do business.

[See our position on smoking and health.](#)

[See our JTG Tobacco Principles.](#)



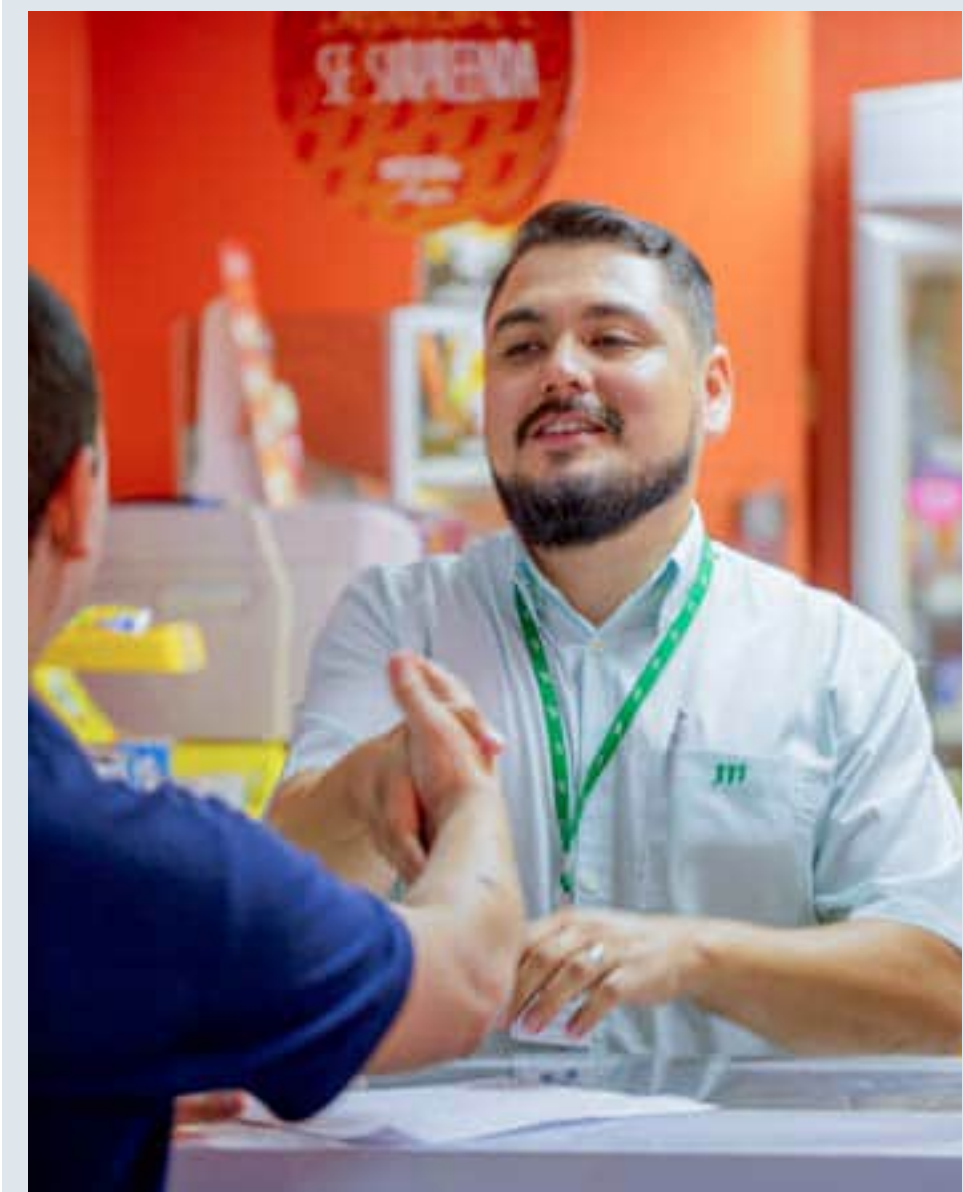
¹ Reduced-Risk Products (RRP): Products with the potential to reduce the risks associated with smoking.

7. Health risk

Case study – No ID, No Sale!



JTI UK helps fund the ‘No ID, No Sale!’ campaign, which provides retailers with materials and advice to prevent underage sales and reminds shop staff and younger consumers that valid proof-of-age is required when buying tobacco and vaping products. More than a quarter of a million ‘No ID, No Sale!’ packs have been distributed to retailers since the beginning of the campaign in 2004.



Marketing

We maintain robust policies and procedures around sales and marketing of tobacco and vaping products, in addition to clear disclosures around the impacts of smoking through various communication channels.

We are committed to marketing our tobacco products and brands responsibly.

All marketing activities are based on the JTG’s four Global Tobacco Marketing Principles:

1. Minors should not smoke and should not be able to obtain tobacco products.
2. We do not market our products to minors nor encourage anyone to take up smoking or discourage anyone from quitting.
3. We market our products to adult smokers to maintain brand loyalty and to encourage adult smokers of competitor brands to switch to our products.
4. Adult smokers should be appropriately informed about the health risks of smoking before they make the decision to smoke.

We apply these Global Marketing Principles in all jurisdictions, especially where applicable laws and regulations are less strict, do not deal with the particular issue, or do not exist.

Case study – IDentify



JTI UK funds a youth access prevention program called IDentify in the UK. This is a compliance program designed to support small and independent retailers with the same kind of training that large supermarkets use.

Retailers are mystery-shopped to check whether they ask to see proof of age of younger-looking customers. Those retailers who do not ask to see a valid ID are not operating the best-practice Challenge 25 proof-of-age policy, which is recommended by JTI and enforcement bodies like Trading Standards. These retailers are said to be ‘at risk’ and are offered accredited training from qualified trading standards officers in the prevention of underage sales.



JTG Global Marketing Principles – in practice

During our HRIAs with BSR, we reinforce the requirements of JTG Global Marketing Principles with both JTG sales representatives and third-party brand ambassadors who promote our products. We observe their practices in the field, review their script and support materials, and check compliance with the JTG Global Marketing Principles. Through mystery shopper tests, we check for deviations from the Marketing Principles key messages. During our assessments, we found no deviations and that these sales representatives and brand ambassadors only engage with consumers who are current smokers or vapers and always ask for age verification to ensure they do not sell to minors.



8. Non-discrimination and equality

At JTG, we believe each individual should be treated with respect and dignity and lead their life enjoying personal freedoms of choice, thought, expression, and to be their own selves. That is why we strive to provide a safe and inclusive environment within our premises and across our business relationships. Our aim is to ensure that individuals feel comfortable in their surroundings, knowing that their human rights are respected and freely enjoyed.

For us, diversity is about recognizing differences, whether it be age, gender, self-identification, sexual orientation, disability, ethnicity, religion, or nationality, as well as experience and expertise. Inclusion is where these differences are valued and used to enable all our stakeholders to thrive. With a workforce that includes over 100 nationalities, establishing a diverse and inclusive workplace is a top priority for us. We want all our employees to feel valued and part of our team, to enjoy their work, and to perform to the best of their abilities.

We believe this brings a rich mix of viewpoints and perspectives, which can inspire new ideas, lead to solutions to complex issues, and drive our business forward. Driving equality and change in a diverse global organization is a challenge as many diversity and inclusion topics are interlinked with the local political climate, society and cultural norms, and the different readiness levels across the locations.

“Diversity, the state of being different, isn’t the same as inclusion. One is a description of what is, while the other describes a style of interaction essential to effective teams and organizations. Diversity and inclusion have become absolutely essential. They are not just abstract notions for me. I want all of our employees to benefit from this and to be themselves all the time, everywhere.”

Christiane Bisanzio

Vice President, Diversity and Inclusion,
JT International S.A.

To meet this challenge, our international tobacco business has set up a dedicated diversity and inclusion department focusing on 5 key pillars:

1. **Gender equality**
2. **New ways of working**
3. **LGBT+ Inclusion**
4. **Wellbeing**
5. **Race and ethnicity**

For all the pillars, there are various actions that have been put in place, from global policies that focus on equality to awareness trainings and workshops across the world.

[Read more on the freedom to be yourself.](#)



8. Non-discrimination and equality

1. Gender equality

Our mission is fostering the professional development of women and getting more women to the top.

We make gender equality a formal business priority. We are committed to relentlessly pursuing our goals to increase the representation of women in leadership positions in addition to reaching gender parity for all levels.

We are constantly trying to engage our employees – both men and women – in order to understand better where we stand and how we can get to the gender equality vision of our company. This is done via on-going focus groups, roundtables, and most recently, the MAP program – Men Activating Progress. What both women and men at our company want to see is more equal opportunities for all, better representation in our leadership roles, and more male allies as we are all together on the journey to equality. The internal input is further strengthened via our global employee network – TogetHER.

We are investing in a number of initiatives to accelerate the advancement of women and spark progress towards gender equality globally. We have a new Group-wide target regarding the representation of women in leadership that is to reach 25% by 2030.

[Read more about TogetHER.](#)

Our initiatives include the following:

1.1 Equal Pay Equal Opportunity

JTI's HQ office has been an EQUAL PAY certified organization for three years in a row and is currently running a process of extending the certification globally. The Equal Pay commitments at JTI have been extended to Equal Opportunity as well to address the underlying causes and work environments for preventing gender pay gaps.

1.2 AI for job descriptions

This measure undertakes the usage of data science to check and enhance job descriptions in order to use gender-neutral wording in the text that is being published. It reveals the hidden gender bias in the job descriptions writing and suggests alternatives so we can recruit from the widest possible pool of qualified candidates.

2. New ways of working (N-WOW)¹

Enabling new ways of working is one of our key values, and increasingly necessary in today's world.

N-WOW represents a movement to boost flexibility and retention, largely by removing many of the barriers and management styles of the past and bringing them in line with a modern multigenerational workforce. Some of our initiatives include the following:

2.1 Global family leave¹

New ways of working also mean new ways of living. The line between work and private life is getting thinner as societies evolve and with that the motivation and the needs of the workforce evolve. Our new family leave policy equalizes the career opportunities of both men and women, as both should be enabled to take care of their careers and their families. The policy establishes a global and inclusive family leave benefit where all employees are eligible for up to 20 weeks of fully paid parental leave, regardless of location, gender, or whether they become parents via adoption, surrogacy, or birth.

2.2 50-25 meeting default

To facilitate a healthy transition between meetings, as well as address the need for building a better work-life blend, we have set the default meeting duration setting to change from 60/30 to 50/25 minutes globally for all employees. The window of 5-10 minutes between meetings might seem small, but it makes a big difference. It should allow all of us to find a better balance in our busy agendas and run productive and engaging meetings.

2.3 My generation

As part of N-WOW, we value the diverse perspectives that each generation brings to the workplace and our communities. It is critical that the institutional knowledge and historical views of our most tenured employees, our X-Factor community, along with the progressive mindset of our emerging talent, our GENext community, are all leveraged. Together we can create cohesion across generations and embrace the multigenerational workforce as our strength and reality.

[Read more about our family leave policy.](#)



¹ This applies to our international tobacco business.

8. Non-discrimination and equality

3. LGBT+ Inclusion

Supporting our LGBT+ employees is vital if we are to create a more equal company, in which everyone is empowered to be and do their best.

As part of our LGBT+ Inclusion pillar, we develop strategies, professional development opportunities and LGBT+ inclusive policies to create workplaces that are inclusive of all sexual orientations, gender identities, and gender expressions. Our strategy encompasses a holistic stakeholder approach towards our community members, allies, shareholders, and consumers.



3.1 Embassy model – International modus operandi

There are three models of engagement for international organizations in the matters of LGBT+ inclusion: 'When in Rome', 'Embassy', and 'Advocate'. The best practice model to start with and the one JTI is positioned to use is the 'Embassy' model. In the 'Embassy' model, we create an open and inclusive workplace internally for LGBT+ employees no matter the local context. In locations where there are challenges with being part of the LGBT+ inputs, we provide anonymous support phone lines for the employees in these countries and secure and protected access to LGBT+ content and resources.

3.2 Inclusive policies

This activity is the groundwork of the D&I team, together with the other stakeholders in P&C. Every policy should be double-checked for its inclusivity. The policies already covered (locally or globally):

- Code of conduct and anti-harassment coverage
- Family leave for same-sex couples (adoption, surrogacy, or natural birth)
- Partner healthcare insurance (local Swiss only)
- LGBT+ Travel Safety Policies and Guidelines
- International Mobility support policy and the new definition of a Family.

3.3 OutNow workshops

To strengthen the knowledge of our leaders and employees, we created a special format of a LGBT+ workshop, together with OutNow – our expert partner consultancy with over 25 years of work in LGBT+ inclusion. These workshops were delivered in our HQ, as well as in key locations around the world.

3.4 The UN Standards of Conduct for Business Tackling Discrimination against the LGBTI community

In April 2021, JT and JTI signed the UN Standards of Conduct for Business Tackling Discrimination against the LGBTI community. In signing this pledge, we join 300 other companies from around the world committed to tackling LGBT+ discrimination, while becoming the first tobacco company to commit to the Standards.

3.5 PRIDE ERG

JTI's global LGBTIQ+ employee resource group (ERG), PRIDE, champions peer to peer support among employees, grows the support of allies through educational and inclusive activities, and works with the business to create a more equitable and inclusive JTI. New locally led PRIDE chapters are opening across JTI markets. To find out more about PRIDE [click here](#).

[Read more about OutNow](#)

[The UN Standards of Conduct for Business Tackling Discrimination against the LGBTI community](#)

4. Wellbeing

We recognize the importance of our employees' wellbeing. Everyone needs to feel supported and appreciated to be productive and engaged.

We encourage our people to develop a resilient mindset and healthy lifestyle that will boost every aspect of their private and professional life and let them perform at their best.

[Read more about our approach to wellbeing in health and safety.](#)



8. Non-discrimination and equality



5. Race and ethnicity

Our workforce includes over 100 nationalities, and we need to create a workplace free from any discrimination, where people can be themselves.

Our initiatives include the following:

5.1 Race and ethnicity masterclass

The race and ethnicity 90-minute masterclass is an intimate and custom-made session that aims to create a safe space for learning the basics of the dimension of race and ethnicity in the workplace. Delivered by an external subject matter expert, it equips the participants with the knowledge and awareness that can be applied in their everyday lives.

5.2 Race and ethnicity e-learning

The race and ethnicity e-learning is a self-learning module that any of our employees can undertake in order to better understand this dimension of Diversity and Inclusion. Accessible via desktop and mobile, it promotes equality and provides the fundamental knowledge of understanding and recognizing the aspects of race in the world.

5.3 EmbRACE

EmbRACE is our global employee network, dedicated to the topic of Race and Ethnicity. Its objective is to support our journey to become a fully inclusive business, break the barriers, and create a safe environment that allows people of all races and ethnicities to thrive and increase racial and ethnic diversity at all levels of the business, including leadership.



Case study – Program ‘No boundaries’ in Russia

The Program ‘No Boundaries’ is dedicated hiring of people with disabilities and was launched within our Russian business in 2016.

19

Employees with disabilities employed at JTI Russia

Within the program, JTI Russia employed 15 external candidates with disabilities. These employees were hired in various departments (People and Culture (P&C), IT, Sales, etc.) at positions involving both analytical and administrative skills. For recruitment purposes, JTI Russia benefited from an external agency specializing in the employment of people with disabilities.

These employees are treated like every other employee and are provided with the full compensation and benefits package. In accordance with local Russian regulations, employees with disabilities have a reduced working week (35 vs. 40 hours) and increased vacation for rehabilitation purposes. Where there are specific medical conditions, a specialist company has helped provide specially equipped working places.

The program proved itself successful, with the majority remaining in employment after 2 years. As a result, the program was incorporated into our regular P&C framework, and JTI Russia continues to hire employees with disabilities. Currently, in JTI Russia, there are 19 employees with disabilities, with 17 on permanent contracts.

Identifying vulnerable groups

One specific aspect of the UNGPs is that they expect companies to pay particular attention to negative impacts on vulnerable populations – those that may be disproportionately affected due to their unique status. Vulnerable populations can include women, ethnic or religious minorities, disabled persons, LGBT+ communities, migrants and refugees, and more.

A central element of JTG’s human rights due diligence process has been to identify vulnerable populations in our value chain. During our HRIAs, we focus on understanding how their rights may be negatively impacted in ways distinct from the general population and subsequently tailor mitigation and remediation strategies to meet the distinct needs of these vulnerable groups.

Similarly, our efforts on Diversity and Inclusion aim to identify and empower vulnerable and minority groups within our own organization, including women, people of color, LGBT+ communities, disabled people, and more.

After the HRIA in Tanzania in 2018, the local team worked to ensure better appropriate measures were in place to meet the needs of People Living With Disabilities (PLWD) in the workforce. The team developed a strategy and program to bring our operations in Tanzania into compliance with the Convention of the Rights of People with Disabilities. This included:

Amendment of local policies and procedures to ensure improved inclusivity

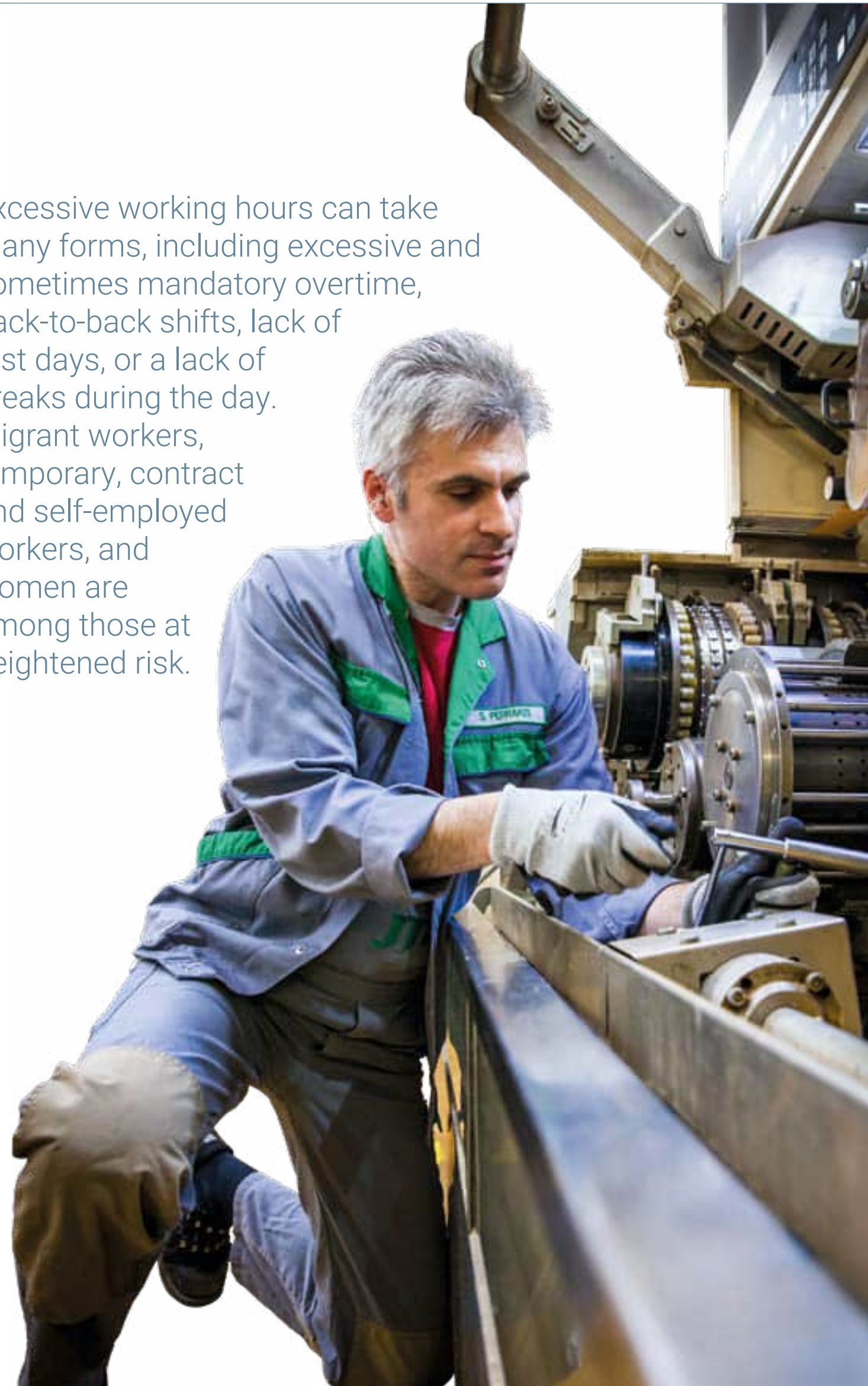
Sites and offices were adapted with ramps and toilets to ensure infrastructure was inclusive and accommodating to people with disabilities

Updated the recruitment policy and advertisement for employment to include the equal opportunity statements



9. Working hours

Excessive working hours can take many forms, including excessive and sometimes mandatory overtime, back-to-back shifts, lack of rest days, or a lack of breaks during the day. Migrant workers, temporary, contract and self-employed workers, and women are among those at heightened risk.



There are many potential root causes of excessive working hours: seasonality, low wages, production lead time and capacity, culture choices, business practices, and political, economic, and external pressures. These all can impact the number of hours worked.

Workers frequently want or need to work extra shifts to earn more money and, in many cases, secure a decent livelihood, especially in countries facing recession and high rates of unemployment or when people have temporary contracts. It is complex to find the right balance.

Although most of the countries we source from have laws regulating working hours and payment of overtime, these laws are often poorly implemented, enforced and/or not in line with the ILO standards.

There is plenty of evidence that excessive hours of work and inadequate periods of rest can damage health and increase the risk of accidents. And often, there is a significant link between low wages and excessive working time.

Many people are impacted by these practices, which in the end also impact the right to health and right to family life.

Our Supplier Standards require suppliers to ensure that working hours and remuneration comply with local legislation and relevant international standards, including ILO Conventions 1, 14, 95, and 132.

Where local industry standards or international conventions are higher than applicable legal requirements, we expect suppliers to meet the standards most favorable to workers.

We maintain robust programs at the agricultural and supply chain levels to promote respect for working hours. These include the ALP program and a set of policies and procedures that require the same in the non-leaf supply chain, the Know Your Supplier (KYS) program.

Our HRIAs have found some cases of high working hours, mainly at the supplier level.



Bangladesh

During the local HRIA, long hours were reported by workers in the warehouse and also at the factory, including long hours for some forklift drivers.

To address this finding, JTI Bangladesh:

- Carried out a training of supervisors with regards legal compliance to working hours and overtime
- Initiated a system where all overtime is pre-approved by the relevant line managers
- Installed new attendance devices to ensure an automated time and attendance tracking system of employees with a direct interface of the Human Resources Information System
- Developed a reporting system of overtime hours for management overview

Malaysia

During the HRIA at a third-party warehouse, it was observed that contractors were working long hours, up to 12 hours a day and six days a week.

To respond to this, JTI Malaysia requested that the supplier:

- Reviewed the labor laws on working hours and overtime to ensure their full compliance with applicable laws and regulations
- Strengthened awareness of available rest breaks and vacation entitlement amongst workers through consultations and conducted trainings for the management and workers on the links between rest, productivity and safety performance
- Stressed that overtime must always be voluntary with the worker's consent, and health and safety must always be paramount

Read more:

[JTI Group Supplier Standards](#)

[ILO Convention 1](#)

[ILO Convention 14](#)

[ILO Convention 95](#)

[ILO Convention 132](#)

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Engagement

Collaborations and partnerships

At JTG, we see collaborating with internal and external stakeholders in partnerships as key to achieving change. In addition to our global partnerships, we invest time and effort in local partnerships at the country level and use multi-stakeholder collaboration to scale and sustain our efforts.

The work of protecting and respecting human rights must be founded on collaboration between governments, businesses, and society. Ousting the tobacco industry from the debate ignores the voice of 40 million people globally engaged in tobacco growing. Therefore, we believe that everyone has to have a seat at the table and everyone's voice should be heard. Regulation and policy must reflect the benefits of collaboration, and to bring about positive change, all views should be included.

[Read more about 40 million people globally engaged in tobacco growing](#)

“We believe it is essential for businesses to respect human rights in order to create a more just and sustainable world. Over the past three years, BSR has worked closely with JTG to build a leading human rights program dedicated to this vision.

Throughout our partnership, JTG has continually looked for ways to improve their human rights program, which incorporates both field-level due diligence as well as integration of human rights into business operations. It is exciting to see JTG elevate this work by publishing a stand-alone human rights report, and we hope more companies will follow suit.”

Jenny Vaughan
Human Rights Director, BSR

Working with global institutions to drive systems change

Sustainable Tobacco Program (STP)

Our international tobacco business is an active member of the Sustainable Tobacco Program (STP) and chair of the STP Steering Committee, consisting of industry peers. STP is an industry-wide platform enabling businesses to collaborate on human rights, environmental issues, and other sustainability challenges and to drive sustainable agriculture through a continuous improvement process. 2019 and 2020 were years of reform for STP, as it was restructured around the robust due diligence process pillars as follows: Identify, Prioritize, Respond, Measure, Communicate, and Report.

Organization for Economic Co-operation and Development (OECD) and Food and Agriculture Organization (FAO)

In 2018, we became part of the pilot project on Guidance for Responsible Agricultural Supply Chains. This initiative was run by the Organization for Economic Co-operation and Development (OECD) in conjunction with the Food and Agriculture Organization of the United Nations (FAO). By participating in this project, we have been able to share our own experiences, broaden our understanding, and benchmark against others. The final report about the pilot project was published in 2019. It presents the key findings of the pilot, lessons learned, good practices, and challenges in implementing Supply Chain Due Diligence (SCDD) as shared by the participants.

[OECD-FAO Guidance for Responsible Agricultural Supply Chains](#)



Eliminating Child Labor in Tobacco-Growing Foundation (ECLT)

As part of the ECLT Foundation Board since 2002, we have supported strategic investment and driven multi-stakeholder action to address the root causes of child labor. We work alongside our industry peers, the International Tobacco Growers' Association (ITGA) and suppliers, towards a shared vision of thriving agricultural communities that are child-labor-free.

Sharing our experience and learning from other Companies

We are members of the BSR Human Rights Working Group, which is made up of over 40 companies from different sectors. We use the working group to learn from other companies on how they are operationalizing the UNGPs into their business operations, as well as share our experience and challenges. We will continue listening and learning from others via this working group going forward.



Collaborations and partnerships

Public private partnerships

For the past decade, we worked closely with the International Labor Organization (ILO) and Winrock International, an international NGO, to address child labor in our sourcing countries through ARISE, our child labor elimination program. This multi-stakeholder approach enabled us to develop solutions to address the root causes of child labor and better protect child rights.

In 2015, our ALP program became part of the partnership between the ILO and Japan Tobacco International (JTI), our international tobacco business. As a result of this collaboration, ILO has supported us with an Impact Assessment Framework and tailor-made training materials around the Fundamental Principles and Rights at Work. ILO has also conducted a series of trainings to JTI and our third-party suppliers from Brazil, Serbia, Turkey, Malawi, Tanzania, and Zambia.

Working with growers and third-party leaf suppliers

We work closely with our directly contracted growers and third-party leaf merchants to enhance the security of supply and provenance of leaf supply. Our relationships with directly contracted growers produce tangible results, thanks to regular farm visits, dialogue, and training.

In 2016 we started a bi-annual process of ALP/SCDD reporting with third-party leaf suppliers to:

Provide more transparency on labor and human rights in our supply chain

Enable a continuous dialogue for improvement

Help meet our Sustainability target to 'Implement ALP in all sourcing countries by 2025'

We engage with all third-party suppliers directly not only via reports, but also in Annual Global Meetings with appointed suppliers and via country visits in a continuous dialogue for improvement in focus areas.

At the end of 2019 and at the start of 2020, we organized a series of webinars on Extreme Breaches and the Rights of Workers as we received many requests to get a better understanding of these topics, both from our directly contracted growers and leaf merchants.

Working with suppliers

We develop strong partnerships with our key suppliers to achieve long-term mutual success. Our strategic relationships are built on shared values and objectives. This allows us to find sustainable solutions together, ensure a stable supply in a dynamic environment, and adapt to innovative technologies.

[Read more about working with suppliers](#)

Partnering with local organizations to invest in communities

We partner with local organizations to contribute to the development of inclusive and sustainable communities. In line with our community investment policy, and as a responsible local community member, we recognize the value of nature, society, and human diversity and work with a wide range of stakeholders to resolve social issues. In 2020, we supported over 600 partner organizations to implement community investment programs.

We have been working closely with Corporate Citizenship and B4SI (former London Benchmarking Group) to improve our reporting on community investment.

[Read more about community investment](#)

600

Partner organizations supported on community investment programs



Working with external experts

BSR, twentyfifty Ltd, and KPMG AZSA Sustainability have been playing important roles in helping us to drive our human rights due diligence implementation.

Mazars has been a trusted adviser to us on the UN Guiding Principles on Business and Human Rights and the Reporting Framework. Mazars has facilitated a cross-functional workshop within the company on salient issue identification.



“What has impressed me in working with JTI is how they engage with their suppliers and evolve their program based on feedback from their suppliers. Over the past few years, this partnership approach has allowed them to take their suppliers with them as they develop a supply chain due diligence program that fits this era of due diligence legislation.

The growing understanding, trust, and transparency with suppliers are allowing for new initiatives and collaborations across the industry to address persistent issues in tobacco growing. This approach of continuous improvement has been brought to the industry through JTI’s chairmanship of the Sustainable Tobacco Program.”

Luke Wilde

Managing Partner and Founder, twentyfifty Ltd

Collaborations and partnerships

Case study – Collaboration in India

In the majority of countries from where we source tobacco, we do so either directly from a grower or via leaf merchant. However, in India, the situation for Flue-Cured Virginia (FCV) tobacco is somewhat different.

In India, the supply of FCV is governed by the Indian Tobacco Board (ITB) and our leaf merchants (third-party suppliers) buy from the auction platforms, not directly from the grower. Therefore, our suppliers need to work with the ITB and their peers to bring about change.

When our tobacco sustainability team visited India in 2016, they found that our suppliers were promoting Agricultural Labor Practices (ALP) amongst growers growing burley tobacco, who they directly contract, but without the possibility to do so amongst growers of FCV due to lack of direct relationship with the grower.

Since 2016, we have visited India regularly and sought to progressively enhance our suppliers’ understanding and capability to practice Supply Chain Due Diligence (SCDD) and promote greater engagement within the industry, including with the ITB.

In 2019, in collaboration with another tobacco manufacturer and our tobacco leaf merchants, we undertook a Supply Chain Impact Assessment to understand potential human rights risks from the perspective of growers, workers, and the community.

Independent local social researchers visited seven villages and interviewed 490 people across the three areas from where our suppliers purchase. We were particularly grateful that the researchers had the opportunity to engage with typically vulnerable and under-represented groups like women and children, daily laborers, and landless and migrant workers.

The assessment found a range of human rights and sustainability challenges, and it identified a number of priority topics that would benefit from continuing collaboration by the Indian tobacco industry.

- These topics included:**
- The use of agrochemicals, a risk that needs to be managed, for examples, by the correct use of PPE, elimination of HHPs, and conducting effective trainings
 - The impact of inflation and cost of living on incomes
 - The effects of climate change on the community’s resilience

The assessment has provided a common understanding of the prioritized issues that the Indian tobacco industry needs to address, and we continue to focus our efforts towards encouraging an industry-wide response of sufficient scale to address these priorities.

To this end and, despite COVID-19-related issues, we are pleased to be furthering our dialogue with our industry peers (another tobacco manufacturer has joined this initiative in March 2021) and the newly formed Sustainability Sub-Committee (July 2020) of the Indian Tobacco Association to address these complex and systemic issues. We are currently discussing with our suppliers and industry peers a tangible action plan.

Stakeholder engagement

We regularly engage with our stakeholders to understand the issues that matter to them most and to meet their needs and expectations. This rightsholder consultation is vital in helping us to make decisions that will drive long-term sustainability.



Our due diligence approach comprises various forms of human rights impact and risk assessments, ranging from remote, desk-based self-assessment approaches to immersive field-level Human Rights Impact Assessments (HRIAs) in our high-risk markets, in addition to more focused supply chain due diligence assessments in our tobacco sourcing countries. This is complemented by the regular monitoring and impact identification elements of our Agricultural Labor Practices (ALP) program.

In each of these processes' stakeholders are engaged at different levels.

With the help of BSR, during our Self-Assessment Questionnaires (SAQs), we engage with our colleagues in each market whose respective teams provide input to the assessment. We work with these teams regularly during follow-up and action plan creation. We have started to roll out self-assessments to some of our distributors as well, which means more direct engagement with those contacts at the distributor level and their staff.

Our approach to stakeholder engagement during our field-level HRIA focuses on rights-holders across the value chain, including farms, manufacturing and processing facilities, corporate-level employees, sales, marketing, and distribution employees, and the employees of a diverse array of suppliers and other business partners.

At each site visit, we engage a representative sample of rights-holders across functions, operations, and roles, including key vulnerable populations, such as women, ethnic or religious minorities, migrant labor, and

contracted and outsourced laborers. Where possible, we conduct women-only interviews and have language interpreters to facilitate the dialogue. Prior to every HRIA, we conduct thorough research on the market, the issues specific to the industry, and all rights-holder groups, including those most vulnerable. This helps us tailor questions and engagements more efficiently towards the potentially most severe impacts and identify vulnerable populations ahead of time.



300 – 500

Rights-holders engaged during our Supply Chain Impact Assessments

We strive for a representative sample size of right-holders during each assessment. As an example, in recent HRIAs, we engaged 10-20 factory workers from all cohorts during factory visits (both JTG and supplier factories), 20-40 Leaf workers from all processing phases per site, and 10-15 office workers for our sites.

For our Supply Chain Impact Assessments, we select a diverse range of farming communities that would potentially demonstrate a variety of conditions and the key challenges identified in the initial high-level research. Within each of the visited communities, we engage with different impacted groups in general and have targeted discussions. The impacted groups include growers, workers, tenants, migrant and seasonal workers, wives of growers and tenants, children of farming families and non-farming families, and community members.

Depending on the number of growers we contract in each origin, we aim to engage between 300-500 rights-holders during our Supply Chain Impact Assessments. Recognizing that vulnerable individuals may not actively participate in the formal engagement or focus group discussions, considerable emphasis is placed on informal research and engagement. For example, the researchers would conduct informal discussions while walking across farms and communities.

Remedy

Access to an effective remedy is a human right in itself and, therefore, a key component of respecting human rights. To fully meet our responsibility to respect human rights, we endeavor to actively engage in the remediation of any potential impacts that the business may have caused or contributed to.

Reporting concerns mechanisms play a critical role in opening channels for dialogue, problem-solving, investigation, and, when required, providing remedy. They enable workers and other rights-holders to raise complaints freely and obtain effective resolutions. They can also help identify country-specific solutions and pre-emptive action.

Our Reporting Concerns Mechanism ensures that our employees and business partners can easily raise their concerns in good faith, confidentially, and without fear of retaliation. To us, it is crucial to maintain and nurture the culture that we have worked together so hard to build. Our Code of Conduct is very clear about what we expect in terms of acceptable behavior

from our employees, our business partners, and anyone associated with the JT Group.

Across the JT Group, each of our operating companies has specially trained members who handle compliance matters¹. If an employee is concerned about a potential violation of our Code of Conduct, they can contact their line manager, HR lead, or a member of the compliance team².

We also provide an external concern-reporting service, run by an independent provider and available 24/7. Every reported concern and investigation report are treated on a confidential basis, and retaliation against anyone reporting a concern will not be tolerated.

In 2020, we received 668 reports across JT Group. In the case of proven violations of our Codes of Conduct, we took appropriate action in the form of dismissal, verbal or written warnings, or other measures.

Grievance Mechanism – deep dive into our international tobacco business's Your Voice

We believe that everyone should be able to raise concerns and have their voice heard, in their own language, and even if they do not have access to a company computer or the company network. That is why we ensure secure access to the reporting system for all of our employees and

business partners at all times and from anywhere.

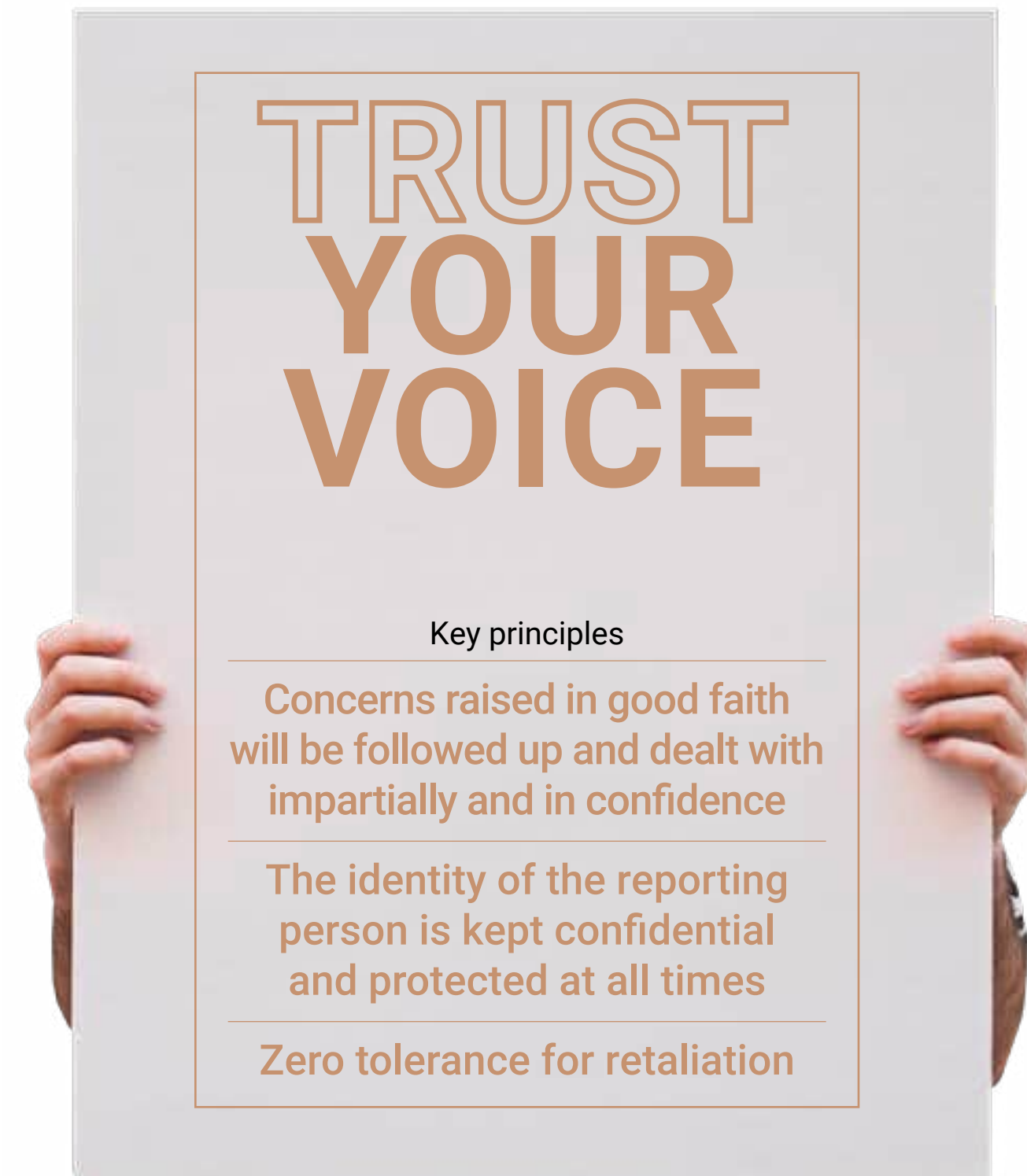
To achieve this, we have in place our own internal reporting concern mechanism – Your Voice.

We are committed to achieving and maintaining the highest standards of ethical behavior and acting responsibly in all we do. Your Voice helps us meet these standards by allowing employees and business partners to report behavior related to JTI business, which they believe is in breach of the company's Code of Conduct, Policies and Procedures, Operating Guidelines or applicable laws, including human rights concerns.

At JT Group, we are committed to creating an inclusive environment where people can speak up freely and trust each other to do the right thing.

Examples of the type of issues that can be reported through Your Voice include, but are not limited to, fraud, theft, corruption, money laundering, illicit trade, discrimination, moral and sexual harassment, or other forms of inappropriate behavior.

The Business Ethics Team is a team of compliance professionals within the Corporate Compliance Department that has overall responsibility for Your Voice.



How does Your Voice portal work?

1

The reporting person raises a concern by phone or web in their own language

CALL CLICK TALK

2

JTI Business Ethics receives the concern



3

JTI Business Ethics directly interacts via the portal with the reporting person in their own language



4

The reporting person can access their report for a status update at any time



YOUR VOICE | Speak up in confidence

¹ In our international business, each of our operating companies, has specially trained members who can serve as the first point of contact to employees who consider raising a concern with Business Ethics and may need advice or support in that respect.

² In our international business, employees can contact a Contact Person, a Regional Compliance Officer, or a member of the Business Ethics team.

Remedy

UNGPs - Eight effectiveness criteria and Your Voice

The UN Guiding Principles on Business and Human Rights provide eight effectiveness criteria for company grievance mechanisms. These effectiveness criteria provide a benchmark for designing, revising, or assessing company grievance mechanisms to help ensure that they are effective in practice.

1. Legitimate

Enabling trust from the stakeholder groups and being accountable for the fair conduct of processes.

There are many ways that we work to build trust and break down barriers to access, such as a lack of awareness of the system, language, or fears of reprisal.

We communicate regularly about the cases, statistics, etc., which helps retain confidence in the process. All cases reported through the Your Voice portal are encrypted. The content of reports is accessible to a strictly limited number of people.

2. Accessible

Being known to all stakeholder groups.

- 24/7/365 all over the world in over 50 languages
- Accessible to employees and direct business partners
- Accessible via mobile phone or web
- Option to leave a voicemail or write a message
- Personal key number to access the report
- Reporting person can leave messages anonymously or share their contact details

3. Predictable

Providing a clear procedure and clarity on process and outcomes.

Full details about both Your Voice process and procedure are published on the employee intranet for easy access. We informed our suppliers of the updated Your Voice portal via an internal and external communications campaign. We shared emails and SMSs and used QR codes to raise awareness, tailoring the type of communication in every country to best suit the audience.

4. Equitable

Ensuring that affected stakeholders are given reasonable access to information and expertise to engage on fair, informed, and respectful terms.

Various global and local communication campaigns and other initiatives aim to provide employees and business partners with sufficient information to raise a concern Your Voice. They include:

- Yearly Your Voice campaign rolled out throughout the organization
- Update bulletins on the work of Your Voice (called Right Track)
- Local initiatives to raise awareness around the Code of Conduct and Your Voice
- Trainings by the Regional Compliance Officers on the Code of Conduct and Your Voice
- Posts on the company's communication intranet, called Workplace

The network of specially trained contacts provides guidance to employees on how to proceed to raise a concern. The Business Ethics team and the Regional Compliance Officers are available to address all questions related to Your Voice and the Code of Conduct that the employees may have.

5. Transparent

Keeping parties informed on progress and providing sufficient information on the portal's performance to build confidence.

JTI launches annual global communication campaigns to maintain and increase awareness of the Your Voice reporting channel. Full details about the grievance procedure and Your Voice are published on the employee intranet for easy access. Confidentiality is a key principle in the Your Voice process. The Your Voice procedure and Your Voice process describe how confidentiality is handled.

6. Rights-compatible

Ensuring that outcomes accord with internationally recognized human rights.

Your Voice process ensures that all concerns of misconduct are reviewed fairly and impartially.

JTI has a non-retaliation policy in place. JTI employees are neither permitted to take measures that would amount to retaliation against a reporting person nor to threaten any such retaliation for reporting a concern of misconduct.

The reporting of a concern of misconduct in good faith, even if the facts subsequently prove inaccurate or do not give rise to any further action, must not expose the reporting person to any disciplinary action. The same protection applies to anyone participating in any stage of the Your Voice process.

Remedy

7. Source of continuous learning

Drawing on relevant measures to identify lessons for improving the portal.

JTI reviews its internal grievance mechanisms regularly from a human rights perspective. The newly upgraded Your Voice tool now provides enhanced reporting capabilities and analytics, which will be used to conduct more in-depth root cause analysis, identify patterns, and allow us to be more proactive.

As a part of the HRIA methodology, the Your Voice reporting concerns mechanism is looked at and assessed. During a HRIA in Tanzania in 2018, we identified that the awareness of our grievance mechanism could be improved to increase its overall effectiveness, with some sites having insufficient communications on the system in the local language.

As a result, the local team relaunched a new communication campaign to reach all employees, translating all communications and training programs into Kiswahili, the local language. The local team actively promoted the tool on notice boards and leaflets as well as through direct communication by the General Manager. In our ongoing global effort to encourage employees to speak up, we continue to provide targeted communications for markets. By empowering workers and communities to speak up without fear, we are able to strengthen our human rights due diligence efforts.

8. Rights-holders engaged in the design (engagement)

Consulting stakeholder groups, drawing from mediation best practice, and focusing on dialogue as the means to resolve grievances.

The upgrade of Your Voice tool was conducted based on a thorough assessment of the key solution providers in the market, considering worldwide best practices and JTI's needs and requirements.



Grievance cases reported



668

Reports received across JT Group in 2020

Culture change through training

We are working hard to embed human rights thinking into our company culture and improve employees' understanding of the human rights implications of business decisions. To do this, we provide regular training and continuously share information about human rights and the JT Group Human Rights Policy.

Employees in our Japanese operations have completed an online human rights e-learning module, which was offered in Japanese, English, and Chinese with a completion rate of 92%. The scope of the training included our subsidiary companies in China, Thailand, and the U.S. In addition, we provide reader-friendly printed communication materials to over 25,000 employees.

In our international tobacco business, we developed an online mandatory human rights e-learning module in 2017 that is available in 25 languages. To reach employees without computer access, we now have a dedicated section on respecting human rights integrated into face-to-face training on our Code of Conduct.

92%

Employees in Japanese operations have completed the human rights e-learning module



In November 2018, we organized an awareness-raising session on human rights to engage and educate our staff on the subject through an external voice. At the session, Margaret Jungk, formally at BSR and the Danish Institute for Human Rights, gave a speech that was recorded and shared with the rest of the company via our intranet.



More recently, we have taken a different approach to e-learning. In 2021, we will launch a new digital human rights e-learning platform in 32 languages focusing on behavioral change. The objective is to increase awareness and understanding of human rights risks and to empower our employees to do the right thing with regard to ethical behaviors.

Users are to complete the modules in any order they like and will have the ability to drop in and out of modules and sub-categories, making for a more personal experience that caters to people's busy lifestyles. Rather than completing a lengthy training in one sitting, employees will learn more about human rights through bitesize content and gamification. This method is designed to improve engagement and promote better retention of information. Employees will be provided with a Human Rights Certificate on completion of the assessment at the end of the module.

[JT Group Human Rights Policy](#)



Human rights regulations

Celebrating the 10-year anniversary of the UNGPs provides an opportunity for us to reflect on how effective the UNGPs have been in contributing to greater respect for and protection of human rights around the world.

There is no doubt that there has been progress, but there is a growing frustration that the voluntary nature of the UNGPs has hindered the pace of change needed. Meaningful improvements in conditions for workers and communities in global supply chains are deemed insufficient, while pressure from NGOs and increasing public awareness of modern slavery, abusive working conditions, and child labor have intensified.

To accelerate the pace of change, certain countries have and are increasingly taking action to transform the UNGPs into ‘hard’ national laws, resulting in an increase in mandatory human rights due diligence (mHRDD) and reporting regulatory requirements.

In particular, the recent EU mHRDD proposal is worth mentioning as it is the first attempt to mandate HRDD at the regional level. By establishing mandatory regulation at the regional or international level, we anticipate improvements and clarity in methodologies and approaches, greater visibility on the human rights impacts of the operations of companies around the world, and a push toward greater cooperation and collaboration among the private sector to address these impacts and provide remedy.

JTG has welcomed these potential improvements, and, as such, we are lending our voice and influence to promote such measures.

In support of the European Commission’s (EC) Sustainability Regulations Initiative

Together with a group of global businesses convened by the Thomson Reuters Foundation, we have signed a statement in support of the European Commission’s (EC) Sustainable Corporate Governance Initiative.

[Read more about the statement we have signed](#)

[Sustainable Corporate Governance Initiative](#)





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Towards 2030

Vision 2030

To commemorate the 10th anniversary of the endorsement of the UNGPs, the UN Working Group on Business and Human Rights has launched the UNGPs10+ project to speed and scale up UNGPs implementation over the next ten years. Our focus is to continue the work we’ve started during the next decade of UNGPs implementation.

We are committed to creating social value for our people, including our 58 300 employees and 72 000 directly contracted growers worldwide. Our mission is to create, develop, and nurture our unique brands to win consumer trust while understanding and respecting the environment, and the diversity of societies and individuals through our 4S model. Our Code of Conduct and values guide the way how we act, and we have codified these policies into three statements we call the JT Group way:

- 1. **Act with integrity, always putting the consumer first.**
- 2. **Continue to evolve while remaining committed to quality in all its aspects.**
- 3. **Harness the power of diversity across the JT Group.**

In terms of our global sustainability strategy, we have identified priority areas for each business segment. Moreover, we have defined a set of targets we aim to achieve by 2030. Our targets are a key component of our commitment to conduct our business in a responsible manner and mitigate our 9 human rights salient issues. We keep our existing targets under review with an intention to strengthen these commitments over time.

The UN Guiding Principles have given companies across sectors a shared roadmap for respecting human rights and have contributed significantly to the progress made over the last ten years in raising awareness and public interest in the business and human rights agenda.

Despite progress, there is wide recognition that gaps in the implementation of the UNGPs remain. To truly deliver on the 2030 Agenda for Sustainable Development, more needs to be done and quickly. Ensuring human rights for all will only likely come about when the private sector, government, and civil society work together. The solutions will be derived from multi-stakeholder collaboration.

As we look ahead to the next decade of the UNGPs, we will need to further integrate climate impacts and a gender lens more prominently into our current human rights due diligence processes. Action to tackle climate change now is the action that places value on the future enjoyment of human rights.

More engagement with rights-holders is required, particularly vulnerable groups, in identifying, preventing, and mitigating human rights impacts.



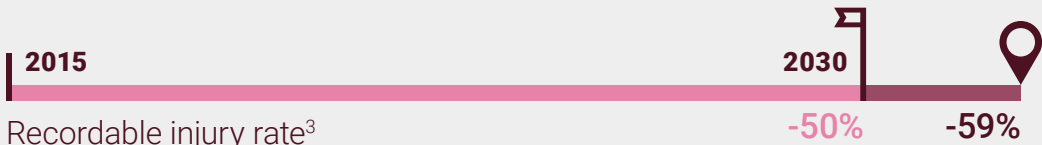
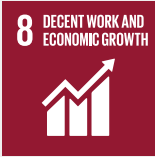
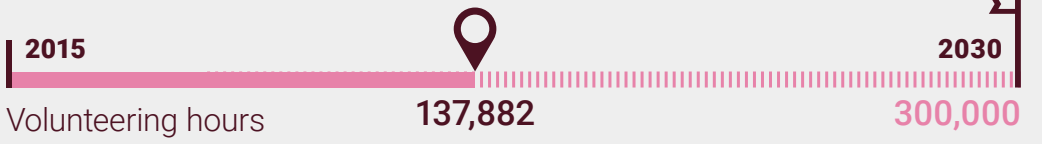
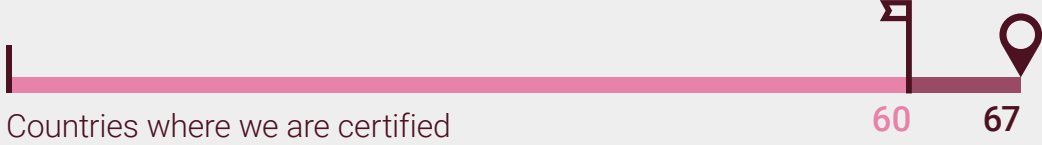
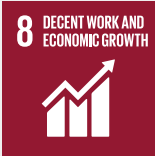
Ensuring fairness, justice, and respect for human rights is non-negotiable. While we have made significant progress in our efforts to integrate the UNGPs into our business operations, we still have much work to do. We know the challenge remains significant, but we are fully committed to the challenge and to being a part of the solution to bring about sustainable development for all.

“As this report demonstrates, we are setting a course for the future that is underpinned by a steadfast commitment to respecting human rights. We share what progress we have made and identify some of the challenges we have overcome – while recognizing that there are areas where we still have much more to do and learn”.



Suzanne Wise
Senior Vice President,
Corporate Affairs and Communications,
JT International S.A.

Sustainability strategy of tobacco business

Strategic Focus Areas	Aspirational Goals	Targets	Description	Progress ²	The UN Sustainable Development Goals
Products and Services	We will be a total tobacco company offering consumers an even greater choice of products by focusing on quality, innovation, and reduced risk potential.	Reduced-Risk Products	Reduced-Risk Products (RRP) offer real benefits to consumers and society. Our responsibility as a manufacturer is to continuously develop and launch RRP that meet consumer expectations and to provide information on them. We will lead in providing the widest range of consumer choice in the RRP category.	At the end of 2020, we offered a choice of 6 tobacco vapor offerings (T-Vapor) and/or 5 types of e-cigarettes (E-Vapor) in 27 countries.	 
		Product materials and packaging	We will reduce the environmental impact of our products and packaging through design solutions, facilitating responsible collection and disposal, and consumer awareness and education. More specifically, we will reduce our packaging (including plastic) and ensure that the remaining is 85% reusable or recyclable by 2025, rising to 100% by 2030. In total, recycled content will account for 20% of our packaging by 2025.	We will start reporting progress from 2022.	 
People	We will be the employer of choice by investing in people.	Zero injuries	In line with our vision of zero workplace injuries, we will reduce the injury rate by 25% by 2023 and 50% by 2030. (Baseline year: 2015).	 Recordable injury rate ³	 
		Community investment ¹	Between 2015 and 2030, we will invest USD 600 million to help make communities inclusive and resilient, with our employees contributing 300,000 volunteering hours.	 Investment (MM USD)  Volunteering hours	   
		Employer of choice	We will be certified employer of choice every year in at least 60 locations by focusing on talent management, rewards, and empowerment.	 Countries where we are certified	 

¹ Target for Community investment is a Group-wide target.

² Progress shown is 2020 preliminary results, except for progress for ‘Greenhouse gas emissions’ and ‘Water and waste’ which is 2019 results. See [jt.com](https://www.jt.com) for the latest information about JT Group progress against sustainability targets.

³ Recordable injury rate = Recordable injuries/200,000 hours worked. Some data from the newly acquired business have been excluded, as the newly acquired business needs 18 months to integrate the JT Group Health and Safety Standards.

Strategic Focus Areas	Aspirational Goals	Targets	Description	Progress ²	The UN Sustainable Development Goals
Supply Chain	We will reduce environmental and social risks, and enable transparent and responsible practices across our supply chain.	Greenhouse gas emissions	We will reduce greenhouse gas emissions from our own operations by 35% and from our direct leaf supply chain by 40% between 2015 and 2030.	20152030 GHG emissions from own operations -17.4% -35% 20152030 GHG emissions from direct leaf supply chain +17.9%⁴ -40%	13CLIMATE ACTION 17PARTNERSHIPS FOR THE GOALS
		Water and waste	We will reduce water withdrawal by 15% and waste by 20% in relation to our own operations between 2015 and 2030.	20152030 Water withdrawal reduction -9.7% -15% 20152030 Waste reduction -6.3% -20%	12RESPONSIBLE CONSUMPTION AND PRODUCTION 17PARTNERSHIPS FOR THE GOALS
		Forestry	We will replace all wood from natural forests used in the tobacco curing process of our directly contracted growers with renewable fuel sources by 2030.	20152030 Renewable wood sourcing 41% by 2027⁵ 100%	12RESPONSIBLE CONSUMPTION AND PRODUCTION 15LIFE ON LAND 17PARTNERSHIPS FOR THE GOALS
		Agricultural Labor Practices	We will implement our Agricultural Labor Practices (ALP) program in all sourcing countries by 2025.	20182025 Leaf supplying entities reporting on ALP 87% 100% 20182025 Leaf volumes covered by ALP 76% 100%	8DECENT WORK AND ECONOMIC GROWTH 17PARTNERSHIPS FOR THE GOALS
		Supplier screening	We will screen all key suppliers against environmental, social, and governance criteria by 2023.	20192023 Screened key suppliers 64%⁶ 100%	8DECENT WORK AND ECONOMIC GROWTH 17PARTNERSHIPS FOR THE GOALS
Regulatory Environment and Illegal Trade	We will ensure the company is included in policymaking leading to fair and balanced regulation and enhance our cooperation with governments to combat illegal trade.	Engagement	We will always protect our ability to participate in public policy debate with the aim to achieve balanced regulation that meets societal concern and supports business growth.	During 2020, we engaged openly and transparently in public policy debate and made our views known to regulators, NGOs, and other relevant stakeholders in the countries where we operate.	16PEACE, JUSTICE AND STRONG INSTITUTIONS 17PARTNERSHIPS FOR THE GOALS
		Illegal trade	We will engage in dialogue with law enforcement agencies, with the goal to exchange intelligence regarding illegal tobacco products in order to support the reduction of illegal tobacco products.	In 2020, our Anti-Illicit Trade team provided 1,117 intelligence reports to law enforcement agencies, and advised 859 law enforcement officers on counterfeit recognition.	16PEACE, JUSTICE AND STRONG INSTITUTIONS 17PARTNERSHIPS FOR THE GOALS

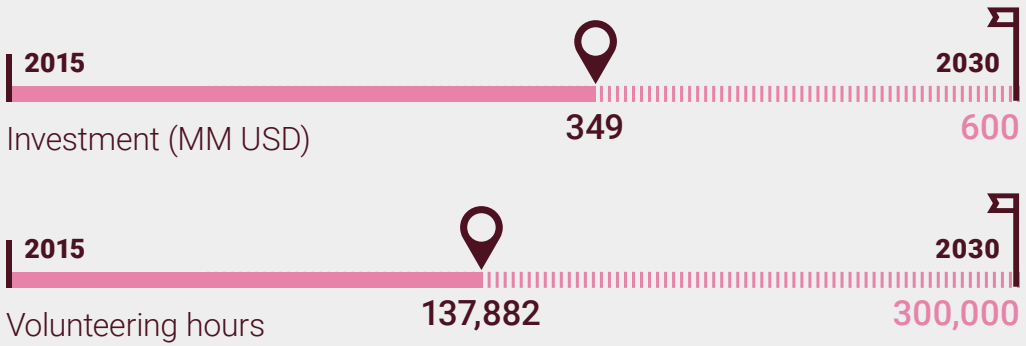
² Progress shown above is 2020 preliminary results, except for progress for ‘Greenhouse gas emissions’ and ‘Water and waste’ which is 2019 results. See [jt.com](https://www.jt.com) for the latest information about JT Group progress against sustainability targets.

⁴ The main reason for the increase in GHG emissions from our direct leaf supply chain is the increased volume sourced from Zambia and Tanzania, both of which use wood for curing that currently is predominantly non-renewable. We expect that the impact of initiatives to reduce leaf-related emissions will be seen from 2022 onwards, with curing barn upgrades and the increase in proportion of renewable wood used for curing in Zambia and Tanzania.

⁵ Based on our 2020 sustainable tree planting activities in Tanzania, Zambia, and Brazil, we estimate that we are on a path to achieve 41% renewable wood sourcing by 2027 (accounting for 7 years wood production cycle). Reduction from 59% in 2019 to 41% in 2020 can be attributed to lower tree planting and survival rates versus planned. Efforts and dedicated programs are in place to achieve 100% renewable wood supply by 2030.

⁶ The decrease from 67% in 2019 is due to ‘key supplier’ definition change, resulting in the increased number of key suppliers. However, the total number of suppliers screened has increased.

Sustainability strategy of pharmaceutical business

Strategic Focus Areas	Aspirational Goals	Targets	Description	Progress ²	The UN Sustainable Development Gooals
Products and Services	We will create innovative, original drugs to support patients in the shortest time possible.	Engaging in R&D activities	We will continue our efforts and investments into research and development activities of innovative drugs in specific therapeutic areas.	In June 2020, we launched CORECTIM® Ointment 0.5%. We then launched ENAROY® Tablets 2 mg and 4 mg in December 2020. Throughout the year, we spent 25.2 billion Yen on our research and development activities.	 
		Fostering ethical awareness	In order to develop talent and foster employees’ ethical awareness and sense of responsibility towards saving patients, we will continue to learn more about patients’ needs by engaging in dialogue with medical experts through our internal educational activity “For the Patients Project.”	In 2020, five employees took part in our “For the Patients Project” as facilitators. They interviewed medical representatives and organized an internal online ethical awareness event.	 
People	We will strive to nurture talent development which enables us to create first-in-class (FIC) drugs.	Community investment ¹	Between 2015 and 2030, we will invest USD 600 million to help make communities inclusive and resilient, with our employees contributing 300,000 volunteering hours.	 The chart displays two horizontal progress bars from 2015 to 2030. The top bar represents Investment (MM USD), starting at 349 in 2015 and reaching 600 in 2030. The bottom bar represents Volunteering hours, starting at 137,882 in 2015 and reaching 300,000 in 2030. Both bars are pink with a location pin icon at the 2015 mark.	   
		Responsible promotion of drugs	We will conduct, among others, regular training programs for our medical representatives in order to provide medical professionals with appropriate information on pharmaceutical products.	After their initial training, all of our medical representatives take a mandatory e-learning course once a month to keep their skills and knowledge up-to-date.	 
Product Safety and Responsibility	We will strictly comply with all relevant laws, regulations, and industry standards in order to deliver safe drugs to patients.	Greenhouse gas emissions	We will reduce greenhouse gas emissions from our own operations by 31% between 2015 and 2030.	In the second quarter of 2021, we will report our progress.	 

¹ Target for Community investment is a Group-wide target.
² Progress shown is 2020 preliminary results. See [jt.com](https://www.jt.com) for the latest information about JT Group progress against sustainability targets.

Sustainability strategy of processed food business

Strategic Focus Areas	Aspirational Goals	Targets	Description	Progress ²	The UN Sustainable Development Goals
Products and Services	We will continue to provide high-quality, technology-driven products in response to our customer's needs, to satisfaction and trust.	Improvement of quality of life	We will develop and provide high-value-added products with a focus on “health,” “convenience,” and “diversity,” in response to diverse consumer needs.	In 2020, we developed a new category of ready meal to meet with growing our consumer needs demand. In total, we launched six products, which could can all be served without plates and without adding water. Also, by utilizing a yeast technology, we launched six seasonings that can add authentic cooking feeling even after a heating process.	3GOOD HEALTH AND WELL-BEING17PARTNERSHIPS FOR THE GOALS
		Enhance job satisfaction	We will further improve job satisfaction by promoting talent development in a secure and motivating workplace.	To ensure a safe workplace environment under the COVID-19 pandemic, we introduced full-time flexible working and no-limit remote working.	8DECENT WORK AND ECONOMIC GROWTH17PARTNERSHIPS FOR THE GOALS
People	We will ensure workplace safety for our employees, while continuously investing in people who can contribute to enhancing corporate value.	Zero injuries	In line with our vision of zero workplace injuries, we will reduce injury rates by 25% by 2025 and 50% by 2030. (Baseline year: 2018).	20182.3%203050%Recordable injury rate³	8DECENT WORK AND ECONOMIC GROWTH17PARTNERSHIPS FOR THE GOALS
		Community investment ¹	Between 2015 and 2030, we will invest USD 600 million to help make communities inclusive and resilient, with our employees contributing 300,000 volunteering hours.	20153492030600Investment (MM USD) 2015137,8822030300,000Volunteering hours	10REDUCED INEQUALITIES11SUSTAINABLE CITIES AND COMMUNITIES15LIFE ON LAND17PARTNERSHIPS FOR THE GOALS
Supply Chain	We will reduce social and environmental impacts and continue to deliver safe products to consumers.	Foster a safe and reliable corporate brand	We will promote food safety management in compliance with global food safety standards to develop food safety. We will also enhance the way we communicate with customers so that they retain trust in our food quality.	We coordinate regular inspection in outsourced and our own factories. Also, through internal training programs, we try to raise awareness to improve the quality of our products. In order to communicate with customers and reflect their voice to our products, we launched a new online tools to share consumer feedback with all employees.	12RESPONSIBLE CONSUMPTION AND PRODUCTION17PARTNERSHIPS FOR THE GOALS
		Promote use of environmentally friendly packaging materials	We will promote the use of renewable plant-based resources and reduce our use of non-renewable resources, to reduce the environmental impact of our products.	We launched 24 products with a featuring biomass ink for its on the packaging in 2020. To reduce non-renewable resource use associated with our bakery operations business, Saint-Germain are promoting a campaign for customers who bring their own eco-bags to reduce the amount of plastic shopping bags used.	12RESPONSIBLE CONSUMPTION AND PRODUCTION13CLIMATE ACTION15LIFE ON LAND17PARTNERSHIPS FOR THE GOALS
		Waste	We will reduce the amount of waste associated with our Japanese domestic offices by an average of 1% per year. (Intensity target ⁴).	In the second quarter of 2021, we will report our progress.	12RESPONSIBLE CONSUMPTION AND PRODUCTION17PARTNERSHIPS FOR THE GOALS
		Greenhouse gas emissions	We will reduce greenhouse gas emissions from our own operations by 28% between 2015 and 2030.	In the second quarter of 2021, we will report our progress.	13CLIMATE ACTION17PARTNERSHIPS FOR THE GOALS

¹ Target for Community investment is a Group-wide target.
² Progress shown is 2020 preliminary results. See [jt.com](https://www.jt.com) for the latest information about JT Group progress against sustainability targets.
³ Recordable injury rate = Recordable injuries/200,000 hours worked.
⁴ Intensity target = Amount of waste generation/Amount of production.

UN Guiding Principles Reporting Framework

Index of Answers

This index is designed to help readers quickly identify the location of answers to questions under the UN Guiding Principles Reporting Framework.

Section of the Framework	Location where addressed	
Policy Commitment - What does the company say publicly about its commitment to respect human rights?	A1	Pages 4, 6, 7, 8, 9, 14
How has the public commitment been developed?	A1.1	Pages 7, 9, 10, 14, 15, 16, 17, 18, 66
Whose human rights does the public commitment address?	A1.2	Pages 7, 8, 9, 14, 15, 16, 17, 20
How is the public commitment disseminated?	A1.3	Pages 7, 10, 16, 17
Embedding Respect for Human Rights - How does the company demonstrate the importance it attaches to the implementation of its human rights commitment?	A2	Pages 4, 6, 7, 8, 9, 10
How is day-to-day responsibility for human rights performance organized within the company, and why?	A2.1	Pages 7, 14, 15, 16, 17, 18, 19, 20, 22
What kinds of human rights issues are discussed by senior management and by the Board, and why?	A2.2	Pages 7, 8, 9, 12, 14, 15, 16
How are employees and contract workers made aware of the ways in which respect for human rights should inform their decisions and actions?	A2.3	Pages 7, 8, 9, 14, 15, 16, 63
How does the company make clear in its business relationships the importance it places on respect for human rights?	A2.4	Pages 7, 9, 12, 14, 15, 16, 17, 18
What lessons has the company learned during the reporting period about achieving respect for human rights, and what has changed as a result?	A2.5	Pages 4, 7, 9, 10, 19, 20
Statement of salient issues: State the salient human rights issues associated with the company's activities and business relationships during the reporting period.	B1	Pages 12, 24
Determination of salient issues: Describe how the salient human rights issues were determined, including any input from stakeholders.	B2	Pages 24
Choice of focal geographies: If reporting on the salient human rights issues focuses on particular geographies, explain how that choice was made.	B3	Pages 16, 19, 24
Additional severe impacts: Identify any severe impacts on human rights that occurred or were still being addressed during the reporting period, but which fall outside of the salient human rights issues, and explain how they have been addressed.	B4	Not recorded in the report

Section of the Framework	Location where addressed for each salient issue					
		1 - Child Labor	2 - Environmental impacts	3 - Fair Wage	4 - Forced Labor	5 - Harrassment & gender impacts
Specific Policies - Does the company have any specific policies that address its salient human rights issues and, if so, what are they?	C1	Page 25	Pages 8, 30	Page 33	Page 36	Page 39
How does the company make clear the relevance and significance of such policies to those who need to implement them?	C1.1	Pages 16, 20, 22, 25	Pages 16, 20, 22, 30	Pages 16, 20, 22, 33	Pages 16, 20, 22, 36	Pages 16, 20, 22, 39
Stakeholder Engagement - What is the company's approach to engagement with stakeholders in relation to each salient human rights issue?	C2	Pages 25-27, 56, 57, 59	Pages 30-32, 56, 57, 59	Pages 34, 35, 56, 57, 59	Pages 36-38, 56, 57, 59	Pages 39, 40, 56, 57, 59
How does the company identify which stakeholders to engage with in relation to each salient issue, and when and how to do so?	C2.1	Pages 25-27, 56, 57, 59	Pages 30, 32, 56, 57, 59	Pages 34, 35, 56, 57, 59	Pages 36-38, 56, 57, 59	Pages 39, 40, 56, 57, 59
During the reporting period, which stakeholders has the company engaged with regarding each salient issue, and why?	C2.2	Pages 25-27, 56, 57, 59	Pages 30, 32, 56, 57, 59	Pages 34, 35, 56, 57, 59	Pages 36-38, 56, 57, 59	Pages 39, 40, 56, 57, 59
During the reporting period, how have the views of stakeholders influenced the company's understanding of each salient issue and/or its approach to addressing it?	C2.3	Pages 27, 56, 57, 59	Pages 30-32, 56, 57, 59	Pages 34, 35, 56, 57, 59	Pages 36-38, 56, 57, 59	Pages 39, 40, 56, 57, 59
Assessing Impacts - How does the company identify any changes in the nature of each salient human rights issue over time?	C3	Page 24	Page 24	Page 24	Page 24	Page 24
During the reporting period, were there any notable trends or patterns in impacts related to a salient issue and, if so, what were they?	C3.1	Page 25	Page 30	Page 33	Page 36	Pages 39, 40
During the reporting period, did any severe impacts occur that were related to a salient issue and, if so, what were they?	C3.2	Not recorded in the report	Not recorded in the report	Page 35	Page 38	Page 40
Integrating Findings and Taking Action - How does the company integrate its findings about each salient human rights issue into its decision-making processes and actions?	C4	Page 24	Page 24	Page 24	Page 24	Page 24
How are those parts of the company whose decisions and actions can affect the management of salient issues, involved in finding and implementing solutions?	C4.1	Page 22	Page 22	Page 22	Page 22	Page 22
When tensions arise between the prevention or mitigation of impacts related to a salient issue and other business objectives, how are these tensions addressed?	C4.2	Not recorded in the report	Not recorded in the report	Not recorded in the report	Not recorded in the report	Not recorded in the report
During the reporting period, what action has the company taken to prevent or mitigate potential impacts related to each salient issue?	C4.3	Pages 26, 27	Page 31,32	Page 34,35	Page 36,37,38	Page 39,40
Tracking Performance - How does the company know if its efforts to address each salient human rights issue are effective in practice?	C5	Pages 26, 28	Pages 31, 32	Page 34	Page 38	Pages 39, 40
What specific examples from the reporting period illustrate whether each salient issue is being managed effectively?	C5.1	Pages 28, 29	Pages 31, 32	Pages 34, 35	Page 38	Page 40
Remediation - How does the company enable effective remedy if people are harmed by its actions or decisions in relation to a salient human rights issue?	C6	Pages 60, 61, 62	Pages 60, 61, 62	Pages 60, 61, 62	Pages 60, 61, 62	Pages 60, 61, 62
Through what means can the company receive complaints or concerns related to each salient issue?	C6.1	Pages 60, 61, 62	Pages 60, 61, 62	Pages 60, 61, 62	Pages 60, 61, 62	Pages 60, 61, 62
How does the company know if people feel able and empowered to raise complaints or concerns?	C6.2	Pages 60, 61, 62	Pages 60, 61, 62	Pages 60, 61, 62	Pages 60, 61, 62	Pages 60, 61, 62
How does the company process complaints and assess the effectiveness of outcomes?	C6.3	Pages 60, 61, 62	Pages 60, 61, 62	Pages 60, 61, 62	Pages 60, 61, 62	Pages 60, 61, 62
During the reporting period, what were the trends and patterns in complaints or concerns and their outcomes regarding each salient issue, and what lessons has the company learned?	C6.4	Pages 60, 61, 62	Pages 60, 61, 62	Pages 60, 61, 62	Pages 60, 61, 62	Pages 60, 61, 62
During the reporting period, did the company provide or enable remedy for any actual impacts related to a salient issue and, if so, what are typical or significant examples?	C6.5	Page 29	Page 31	Pages 34, 35	Pages 36, 38	Page 40

Section of the Framework	Location where addressed for each salient issue				
		6 - Health & Safety	7 - Health Risk	8 - Non-discrimination & equality	9 - Working hours
Specific Policies - Does the company have any specific policies that address its salient human rights issues and, if so, what are they?	C1	Pages 9, 41	Page 48	Page 50	Page 54
How does the company make clear the relevance and significance of such policies to those who need to implement them?	C1.1	Pages 16, 20, 22, 41	Page 49	Pages 16, 20, 22, 50	Pages 16, 20, 22, 54
Stakeholder Engagement - What is the company's approach to engagement with stakeholders in relation to each salient human rights issue?	C2	Pages 41, 45, 46, 47, 56, 57, 59	Pages 48, 49, 56, 57, 59	Pages 50, 51, 52, 53, 56, 57, 59	Pages 54, 56, 57, 59
How does the company identify which stakeholders to engage with in relation to each salient issue, and when and how to do so?	C2.1	Pages 41, 45, 46, 47, 56, 57, 59	Pages 48, 49, 56, 57, 59	Pages 50, 51, 52, 53, 56, 57, 59	Pages 54, 56, 57, 59
During the reporting period, which stakeholders has the company engaged with regarding each salient issue, and why?	C2.2	Pages 41, 45, 46, 47, 56, 57, 59	Pages 48, 49, 56, 57, 59	Pages 50, 51, 52, 53, 56, 57, 59	Pages 54, 56, 57, 59
During the reporting period, how have the views of stakeholders influenced the company's understanding of each salient issue and/or its approach to addressing it?	C2.3	Pages 41, 45, 46, 47, 56, 57, 59	Pages 48, 49, 56, 57, 59	Pages 50, 51, 52, 53, 56, 57, 59	Pages 54, 56, 57, 59
Assessing Impacts - How does the company identify any changes in the nature of each salient human rights issue over time?	C3	Page 24	Page 24	Page 24	Page 24
During the reporting period, were there any notable trends or patterns in impacts related to a salient issue and, if so, what were they?	C3.1	Page 43	Not recorded in the report	Page 51	Page 54
During the reporting period, did any severe impacts occur that were related to a salient issue and, if so, what were they?	C3.2	Page 43	Not recorded in the report	Not recorded in the report	Page 54
Integrating Findings and Taking Action - How does the company integrate its findings about each salient human rights issue into its decision-making processes and actions?	C4	Page 24	Page 24	Page 24	Page 24
How are those parts of the company whose decisions and actions can affect the management of salient issues, involved in finding and implementing solutions?	C4.1	Page 22	Pages 22, 49	Page 22	Page 22
When tensions arise between the prevention or mitigation of impacts related to a salient issue and other business objectives, how are these tensions addressed?	C4.2	Not recorded in the report	Not recorded in the report	Not recorded in the report	Not recorded in the report
During the reporting period, what action has the company taken to prevent or mitigate potential impacts related to each salient issue?	C4.3	Pages 9, 41, 42, 45, 46, 47	Page 49	Pages 50, 51, 52, 53	Page 54
Tracking Performance - How does the company know if its efforts to address each salient human rights issue are effective in practice?	C5	Pages 43, 44, 47	Page 49	Page 53	Page 54
What specific examples from the reporting period illustrate whether each salient issue is being managed effectively?	C5.1	Pages 43, 44, 47	Page 49	Page 53	Page 54
Remediation - How does the company enable effective remedy if people are harmed by its actions or decisions in relation to a salient human rights issue?	C6	Pages 60, 61, 62	Pages 60, 61, 62	Pages 60, 61, 62	Pages 60, 61, 62
Through what means can the company receive complaints or concerns related to each salient issue?	C6.1	Pages 60, 61, 62	Pages 60, 61, 62	Pages 60, 61, 62	Pages 60, 61, 62
How does the company know if people feel able and empowered to raise complaints or concerns?	C6.2	Pages 60, 61, 62	Pages 60, 61, 62	Pages 60, 61, 62	Pages 60, 61, 62
How does the company process complaints and assess the effectiveness of outcomes?	C6.3	Pages 60, 61, 62	Pages 60, 61, 62	Pages 60, 61, 62	Pages 60, 61, 62
During the reporting period, what were the trends and patterns in complaints or concerns and their outcomes regarding each salient issue, and what lessons has the company learned?	C6.4	Pages 60, 61, 62	Pages 60, 61, 62	Pages 60, 61, 62	Pages 60, 61, 62
During the reporting period, did the company provide or enable remedy for any actual impacts related to a salient issue and, if so, what are typical or significant examples?	C6.5	Page 47	Page 49	Page 53	Page 54

List of abbreviations

ADET Center	Agronomy Development and Extension Training Center
ALP	Agricultural Labor Practices
ARISE	Achieving Reduction of Child Labor in Support of Education
CORESTA	Cooperation Centre for Scientific Research Relative to Tobacco
CPAs	Crop Protection Agents
FAO	Food and Agriculture Organization of the United Nations
GAP	Good Agricultural Practices
GTS	Green Tobacco Sickness
HHPs	Highly Hazardous Pesticides
HRIA	Human Rights Impact Assessment
ILO	International Labor Organization
JT	Japan Tobacco
JT Group/JTG/Group	Japan Tobacco Group
JTI	Japan Tobacco International
MFS	Minimum Forestry Standards
OECD	Organisation for Economic Co-operation and Development
RRP	Reduced-Risk Products
SAQ	Self-Assessment Questionnaire
SCDD	Supply Chain Due Diligence
SCIA	Supply Chain Impact Assessment
SCREAM	Supporting Children’s Rights through Education, the Arts and the Media
STP	Sustainable Tobacco Program
UNGPs	United Nations Guiding Principles on Business and Human Rights

Thank you

