



## Supply chain management



### Sustainable farming practices and farmer livelihoods

Tobacco leaf sourcing is a key part of our supply chain, and a critical component of future business growth. We work closely with our directly contracted growers and third-party leaf merchants to enhance security of supply and leaf provenance. This gives us greater flexibility when responding to changing market requirements.

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### Respecting human rights

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 Labour Organization's Declaration on Fundamental Principles and Rights at Work.

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# Sustainable farming practices and farmer livelihoods


## How do we work with our leaf suppliers?

Tobacco leaf sourcing is a key part of our supply chain, and a critical component of future business growth. We work closely with our directly contracted growers and third-party leaf merchants to enhance security of supply and leaf provenance. This gives us greater flexibility when responding to changing market requirements.

In 2023, we worked with 65,315 directly contracted tobacco leaf growers in Bangladesh, Brazil, Ethiopia, Japan, Malawi, Serbia, Tanzania, Turkey, the US, and Zambia. Contracting leaf growers directly enables us to produce a customized crop, while improving growers' productivity, leaf quality and leaf integrity. The direct contracting model also allows us to maintain verifiable provenance and traceability of leaf supply.

Various information on tobacco leaf sourcing can be found at followings.

Read about responsible procurement on [JT International sustainability website](#). 

Read about supply chain due diligence in farming communities on [JT International sustainability website](#). 

## Agricultural Labor Practices and Leaf Supply Chain Due Diligence

Our Agricultural Labor Practices (ALP) are based on the International Labour Organization's conventions and recommendations. They consist of three pillars: tackling child labor, respect for workers' rights, and ensuring workplace health and safety.

As part of our continuous improvement approach, the ALP program allows us and our suppliers to identify potential labor challenges on tobacco farms and help improve labor practices. This is an integral part of the supply chain due diligence (SCDD) process, and also contributes to the social aspects of grower communities and supports sustainable agriculture overall. Whether we source tobacco directly from growers or through tobacco leaf merchants, our contracted suppliers are

committed to implementing our ALP.

Our SCDD is based on a five-step framework: Identify, Prioritize, Respond, Measure, Communicate and Report. Our ALP program helps us identify issues on tobacco farms on a daily basis.

The SCDD process follows the Guidance on Responsible Agricultural Supply Chains provided by the Organization for Economic Co-operation and Development (OECD) and the Food and Agriculture Organization, as well as recommendations by the International Labour Organization. It also follows the United Nations Guiding Principles on Business and Human Rights.

## Managing labor issues at country level

Where we contract growers directly, Agronomy Technicians visit farms to provide technical advice on crop management and discuss good labor practices. Where they identify labor-related issues, they report their observations directly into our dedicated enterprise resource planning system. Depending on the nature of the issue, the Agronomy Technicians may also make recommendations to the grower.



The country management analyze and prioritize these observations at country-level SCDD Governance Committee meetings. This enables the selection of improvement measures to address root causes and respond to adverse impacts in the most appropriate way. We track the effectiveness of the response using KPIs, internal evaluation, assessments, and on-site investigations. We also consult relevant stakeholders, such as government authorities, civil society, members of affected communities, workers' organizations and workers.

Our main objective at present is to align all our processes with the five-step framework. To ensure a streamlined and consistent approach, we continuously map synergies between our SCDD process and the ALP program with the Sustainable Tobacco Program, 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.

Read more on ALP in our [booklet](#) 

Target

AGRICULTURAL LABOR PRACTICES

We will implement our Agricultural Labor Practices (ALP) program in all sourcing countries by 2025.

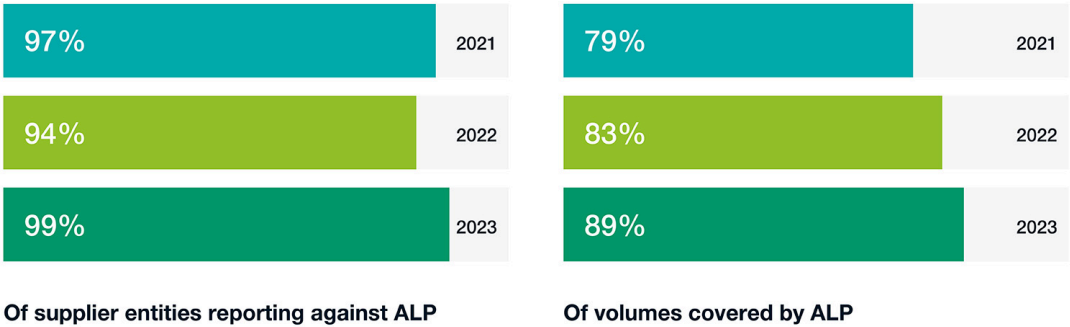
Progress

Towards the 2025 ALP target	2023 Progress
100% of our supplying entities to report on ALP	99% of our supplying entities reported against ALP
100% of our growers to be covered by ALP	100% of our directly contracted growers and 99.9% of our leaf merchants' growers were covered by ALP
100% of tobacco leaf volumes to be covered by ALP	89% of our volumes were covered by ALP

Historical data

Our target is to implement ALP in all the countries we source from by 2025. Our sourcing base changes from year to year due to new acquisitions or closures, demand to supply impact, and climate change. In spite of these changes, we made progress in 2023. An example is the review of

the ALP booklet that will be published in 2024. We have a clear plan to continue the progress in 2024. A credible, impactful implementation of our programs and processes requires time and effort.



Find out more about how we plan to achieve this target, below.

### 100% of our supplying entities to report on ALP

Progress so far: of all the entities that provided us with tobacco leaf, either directly or through leaf merchants, 99% reported against ALP in 2023.

#### SUPPLYING ENTITIES REPORTING DIRECTLY CONTRACTED GROWERS & LEAF MERCHANTS



2023 scope of planned purchases



# 100% of our growers to be covered by ALP

Progress so far: in 2023, 100% of our directly contracted growers and our leaf merchants' growers were covered by ALP.

GROWERS COVERED BY ALP (%)



Leaf merchants data comes from reporting entities only and excluding India and China\*  
2023 scope of planned purchases

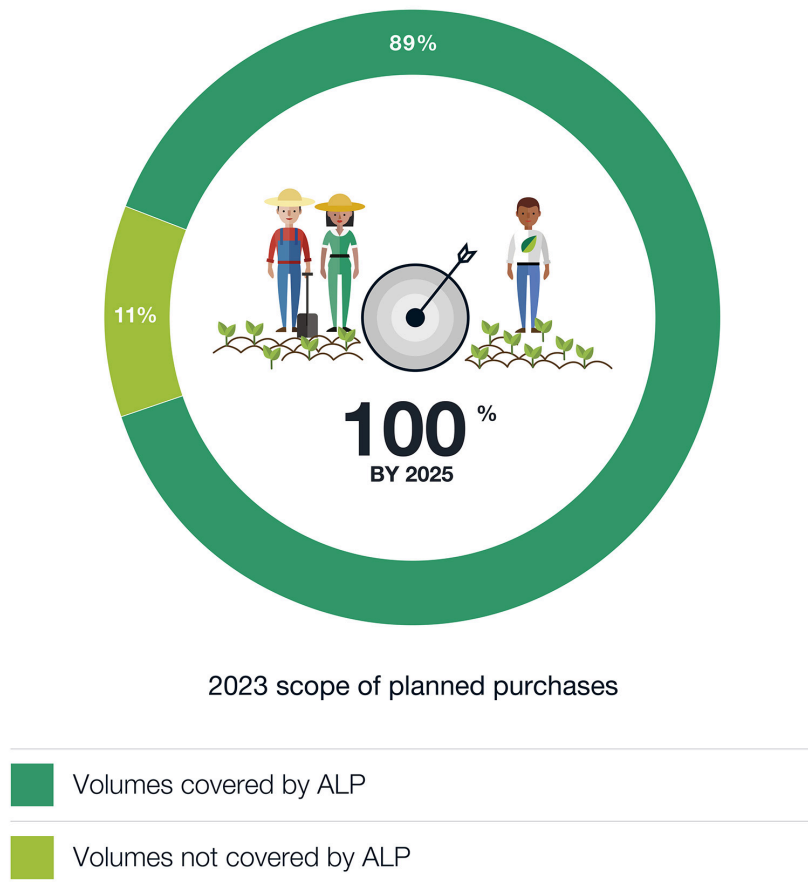
Leaf merchants' growers
Directly contracted growers

\* Introducing ALP in China and India is challenging due to the way the market is structured in these countries. For instance, the third-party leaf merchants do not have direct contracts with growers e.g. in India flue-cured tobacco is sourced via auction floors. We are working with leaf merchants to establish a tailor-made approach on how to run a leaf supply chain due diligence, covering all ALP related matters.

# 100% of tobacco leaf volumes to be covered by ALP

Progress so far: In 2023, 89% of our volumes were covered by ALP.

**VOLUMES COVERED BY ALP (%)**  
DIRECTLY CONTRACTED GROWERS & LEAF MERCHANTS



2023 scope of planned purchases

## Sustainable Tobacco Program

Our international tobacco business is one of eight global manufacturers participating in the Sustainable Tobacco Program (STP) Steering Committee. One manufacturer joined the program in 2023, widening and strengthening the STP network. STP is a risk-based program (with a focus on mapping and addressing high-risk areas and priorities), and a collaborative initiative to enable continuous improvement in relation to supply chain due diligence. It is also an impact-driven program. The aim is to improve the sector's environmental and social footprints, to contribute towards meeting the United Nations' Sustainable Development Goals, and to enable transparent communication of responsible practices across the supply chain.

Since 2019, we have been working with other manufacturers, leaf merchants, external experts, and various organizations and service providers to further develop STP. Participants work together on eight themes, including Human and Labor Rights.

All our leaf merchants and vertically integrated origins are expected to submit STP self-assessments for each crop season. These assessments cover all eight of the STP's themes: Water, Human and Labor Rights, Livelihoods, Climate Change, Soil Health, Crop, Natural Habitats and Governance. The countries and themes for the assessments are selected following a risk matrix. In



2023, JTI participated in three focused in-country assessments (IDAs) that were completed in 2023, and three more are ongoing since end 2023 with aim to be completed in 2024. For those assessment that were completed, depending on the findings, action plans were shared by leaf merchants. Action plans based on the assessments are required to be developed and their progress is monitored. IDAs are executed by independent service providers, that are selected for each country through a separate process.

One Peterson supports the program in the role of the STP Secretariat. Among other tasks, the STP secretariat is also performing continuous risk assessment data substantiation. This enables smart use of data and support the dialogue for improvement of JTI's supply chain due diligence process and global view of industry collaboration.

## Achieving Reduction of Child Labor in Support of Education (ARISE)

Our flagship program ARISE - Achieving Reduction of Child Labor in Support of Education - has been committed to tackling child labor in our tobacco growing communities since 2012. Initially developed by JTI, the International Labour Organization (ILO), and non-profit organization Winrock International, ARISE aims to end child labor in communities where JTI sources tobacco leaf. Today it continues to drive positive change by implementing robust solutions to prevent and address child labor.

We believe that the only way to achieve a long-lasting solution to the problem of child labor is through the integrated efforts and cooperation of multiple stakeholders. We know that our success depends on understanding child labor in the context of wider economic, social and cultural factors, and that success can only be achieved with the socio-economic transformation of smallholder farmers in rural agricultural communities. Experience has taught us that the long-term solution to child labor is not simply to remove children from work, but to address the causes that allow child labor to exist, and to ensure that children and their families have viable alternatives.

Through ARISE, we educate children, families, farmers and communities about the need to end child labor. We listen to their concerns and help them understand the long-term benefits of educating children. We provide families with the chance to develop skills and find new ways to earn an income. We train farmers and communities so they can find new ways of working and change cultural beliefs that put children at risk. We provide schools with resources, teachers with training, and governments with information so they can create relevant laws and enforce them. Our activities align with national, regional and local government policies to improve regulatory frameworks in support of improving labor practices, specifically reducing and eliminating child labor.

Read more about the [ARISE program](#) 

## Case study

### Promoting Good Agricultural Practices



One of the sustainability goals that JT works to achieve is to help ensure that Japan's tobacco industry will be sustainable into the future. In that endeavor, tobacco farmers are essential partners. Our online column "JT with Farmers" spotlights tobacco farmers across Japan, illustrating for readers their passion for agriculture and the challenges they face in farming, as well as new initiatives and their hopes for the future. We believe that keeping close-knit relationships with farmers and working together with them is fundamental to a truly sustainable tobacco industry.

Read about [JT with farmers](#)

# Related links

Supply chain

Supply chain  
policies and  
standards

Sustainable  
farming practices  
and farmer  
livelihoods

Non-tobacco  
materials, other  
products, and  
services



# Respecting human rights

Commitment



Strategy



Governance



Salient issues



Due diligence



Impact  
assessments  
and  
questionnaires



Going forward




## Our stance

Respecting human rights is essential in conducting our business based on our management principle, the 4S model. We also believe that respecting human rights is fundamental to the JT Group Materiality, which is the core of sustainability management. We operate in vastly varied environments around the world, including, inevitably, in some territories where human rights are at risk. It's important that we address these risks proactively by seeking to understand our impacts and striving to respect human rights.

## Our commitment

### JT Group Human Rights Policy

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 Labour Organization's Declaration on Fundamental Principles and Rights at Work. Our [JT Group Human Rights Policy](#) , which has been approved by the JT Board of Directors, follows the framework provided by the UN Guiding Principles on Business and Human Rights. This means working to avoid infringing the rights of others and addressing any adverse impacts of our global operations.

Our commitment to human rights is reinforced by our Board of Directors through our [Codes of Conduct](#). 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. 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 growers throughout the world are obliged to respect human rights by adopting and maintaining internationally recognized labor standards regarding child labor, rights of workers, and workplace health and safety. They do this in line with:

- [JT Group Responsible Procurement Policy](#) >
- [JT Group Supplier Standards](#) 
- [Agricultural Labor Practices \(ALP\)](#) 

To address any human rights issues, markets put in place their own customized corrective measures through human rights action plans. We also have global programs that can be applied by the local markets to ensure a consistent approach across the Group.

Read more:

[Codes of Conduct](#)

[Health and Safety](#)

[Agricultural Labor Practices](#)

[ARISE \(Achieving Reduction of Child Labor in Support of Education\)\\_program](#)

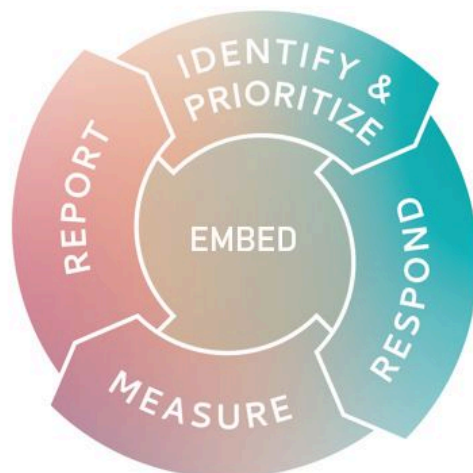
[Community investment](#)

[Diversity, equity and inclusion](#)

## Our human rights strategy

### Our approach

Our human rights strategy is based on five pillars. This circular approach provides a systematic way of conducting ongoing due diligence and is in line with the UN Guiding Principles on Business and Human Rights, the Organisation for Economic Cooperation and Development (OECD) guidelines, and the Food and Agriculture Organization (FAO) guidance on responsible agricultural supply chains.



- 1 Embed
- 2 Identify and prioritize
- 3 Respond
- 4 Measure
- 5 Report

## Our progress

### Embed

To create a global culture around equality, respect and human rights, since 2016 we have continually provided training programs for the entire Group.

In 2022, the tobacco business launched a new company-wide human rights e-learning module. The platform was made accessible to all tobacco business employees via desktop and mobile and in 37 languages. It offers a new way of learning about human rights through dynamic and interactive bite-size content. The training program helps enable employees to spot human rights impacts and prevent abuses occurring in our workforce and supply chain, working to instill a better understanding of how these issues play out in practice, using practical everyday examples.

Rather than completing a lengthy training session in one sitting, employees can learn about human rights through bite-size content and gamification. This method is effective for improving engagement and promoting better retention of information. In 2023, this e-learning was recognized with 4 Gold Awards and 2 Silver Awards by the Digital Impact Awards, the Internal Communication and Engagement Awards and the Global ACE Awards. The Gold Awards were received for the following categories: Best Internal Activation, Best Digital Employee Communication, Best Internal Communications Campaign and Best Innovation.

### Identify and prioritize

Human rights due diligence is an integral part of our business - it aligns us with the UN Guiding Principles on Business and Human Rights, and enables us to identify actual and potential human rights risks across our own operations and those of our suppliers and partners.

### Human Rights Impact Assessments

Our Human Rights Impact Assessments focus on impacts to people within our main operations and value streams. Key activities during an impact assessment include visiting and observing 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, and partners. At the end of the assessment, we report on the findings and discuss recommendations for improvement with local management. Our head office then works closely with the local team to address any issues raised and improve the situation.

In total, we have completed 11 Human Rights Impact Assessments across our entire value chain: Bangladesh, Dominican Republic, Egypt, Ethiopia, Indonesia, Kazakhstan, Kyrgyzstan, Malaysia, Mexico, Myanmar, and Tanzania.

### **Self-assessment questionnaires**

On the recommendation of our External Human Rights Advisory Board, we introduced a self-assessment questionnaire in 2019 to evaluate the human rights profile of more countries, and to increase the scope and impact of our human rights due diligence. Following the same methodology as our Human Rights Impact Assessments, this smartly designed survey targets our lower-ranked high-risk countries that have not been prioritized for Human Rights Impact Assessments in the short term. During the COVID-19 pandemic, the self-assessment questionnaire became a valuable tool for conducting remote human rights due diligence, and we are continuing to apply it for our medium-risk countries.

In total, we have completed 17 self-assessment questionnaires across our entire value chain.

### **Assessments for the tobacco leaf supply chain**

These assessments provide a more comprehensive understanding of the human rights impacts within one specific part of our value chain - our tobacco supply chain and tobacco growing business - and the challenges that tobacco growers face in their communities. In 2022, we also initiated similar assessments with the same goal under the umbrella of the industry-wide Sustainable Tobacco Program - in-depth assessments.

In 2023, we undertook living income baseline assessments and implemented our innovative Living Income Calculator in Malawi, Tanzania, Zambia, and Serbia. We have managed to cover 40% of our direct tobacco leaf supply origins, with a target to cover the remaining origins by the end of 2025.

Our existing programs - Agricultural Labor Practices (ALP), Achieving Reduction of Child Labor in Support of Education (ARISE) and Grower Support Programs (GSP) - fit perfectly within our five-pillar strategy: ALP supports the identification part of the cycle, while ARISE and GSP support our response. The ARISE and GSP programs are specifically designed to improve the livelihoods of those within the communities where we operate by overcoming issues such as access to education or safe drinking water. Our investments include building boreholes and water distribution points, investing in solar projects, and refurbishing structures that provide basic social services.

Read more:

■ [Our human rights due diligence >](#)

- [Supply chain due diligence \(SCDD\) programs >](#)

## Respond

We develop human rights action plans for each country that has undertaken an assessment, each with an agreed timeline. Human rights champions have been appointed within these countries, as part of a network. The responsibility of this network is to ensure that action plans are managed and implemented by each country, and respect for human rights is firmly established in the business.

The human rights champions manage the implementation of the action plans locally. Our tobacco business head office provides the champions with training materials on the UN Guiding Principles on Business and Human Rights, as well as support with specific points within the action plans.

Read more:

- [Human rights impact assessments and self-assessment questionnaires: key findings >](#)

## Measure

We have been measuring the effectiveness of our action plans, which include an individual set of key performance indicators to measure the effectiveness of our improvements over time. Our human rights champions track the implementation of each action item and report on a quarterly basis to the human rights team to measure progress.

There are various ways to measure the effectiveness of our responses in our leaf supply chain. One of them is the number of issues which we observe during subsequent crop cycles.

Read more on [Sustainable farming practices and farmer livelihoods](#)

## 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 are committed to this level of transparency and disclosure.





In 2021, to coincide with the 10th anniversary of the UN Guiding Principles on Business and Human Rights, we published the first standalone JT Group Human Rights Report, which examines the potential human rights risks arising from our worldwide operations. The report identifies [nine salient human rights issues](#) and the steps we are taking to remedy them.

[JT Group Human Rights Report](#)

- [Integrated Report](#) >
- [Our human rights correspondence](#) with Human Rights Watch, the UN Human Rights Council, and The Guardian.
- [JTI UK Modern Slavery Statement \(JTI UK website\)](#) published by JTI UK, the JT Group's UK subsidiary, yearly since 2016

## Governance

Our CEO and the Board of Directors play a key role in formulating the JT Group 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 is responsible for driving sustainability across the Group, including respect for human rights.

While our CEO and Board of Directors are accountable for the strategy, governance, and reporting of adherence to the JT Group Human Rights Policy, each local business unit is responsible for operational implementation and has an appropriate management system in place to apply human rights initiatives. This is driven by our dedicated human rights team, which is also responsible for raising awareness and improving engagement internally.

To secure an effective due diligence system, it is critical to link impact assessments to effective governance structures that ensure accountability for acting on the findings.

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. Therefore, we have continued to take counsel from our External Human Rights Advisory Board.

## External Human Rights Advisory Board

In our tobacco business, the External Human Rights Advisory Board plays a vital 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 Board advises us on all issues that the members consider relevant for the implementation of our human rights strategy. The panel of experts guides us with expertise and challenges us where it believes improvement is needed, helping to strengthen our efforts to deliver on our human rights commitments.

Board members include:

- Paul Bowden (Professor of Law, The Nottingham Law School)
- Donna L. Westerman (Sustainable Purchasing Leadership Council)
- Rona Starr (Association for Professional Social Compliance Auditors)
- Jonathan Drimmer (Paul Hastings (a leading international law firm))
- Richard Karmel (Mazars (a leading international audit, tax and advisory firm))

## Supply chain due diligence committees

These committees work across the leaf operations to ensure meaningful processes are developed and implemented to act on assessment findings. Led by senior management, the committees are crucial to ensuring that we meet our long-term improvement objectives.

## External experts

These experts work together with support from organizations such as Business for Social Responsibility (BSR), providing us with technical support as we strive for continual improvement in our human rights strategy and our approach to due diligence.

## Salient human rights issues

To strengthen the focus of our policies and programs on human rights areas that matter most, it is crucial to have an understanding of our respective salient human rights issues.

According to the UN Guiding Principles Reporting Framework, “a company’s salient human rights issues are those human rights that stand out because they are at risk of the most severe negative impact through the company’s activities or business relationships.”

The concept of salience focuses on the risk to people, not to the business, and impacts are prioritized according to their severity and likelihood.

We created our first Group human rights risk maps to assist us in developing the JT Group Human Rights Policy in 2016. As external and internal environments have evolved, we reviewed the Group’s salient issues in 2021. This review resulted in the identification of nine salient issues associated with our own operations, value chain and new business relationships.

## **Our nine salient issues**

### **Identification of salient issues**

In order to identify the salient human rights issues for the JT Group, the assessment was conducted from two aspects, severity and likelihood, in line with the UN Guiding Principles on Business and Human Rights. Firstly, we identified the full range of human rights that could potentially be negatively impacted by our activities or through our business relationships. We then prioritized potential negative impacts by using a framework structured on severity and likelihood.

### **Severity assessment**

The severity of human rights impacts was assessed by the scale, scope, and irremediability of the impacts, which means how grave the impact would be, how widespread the impact would be, and how hard it would be to put right the resulting harm. Based on that framework, we identified the severity of each human rights issue using a scoring system for risk mapping.

### **Likelihood assessment**

In assessing the likelihood of human rights issues in our value chain, the following steps were taken. We analyzed the operations of our entire value chain (in over 130 countries) across five categories: leaf sourcing, processing, manufacturing, office, and sales and marketing. We determined magnitudes of risk for each operational category in each country. We then quantified each risk using environmental and social country indices published by a leading global risk analytics company and country indices published by international organizations.

### **Risk mapping**

These mapping exercises were carried out for all three of our businesses; tobacco, pharmaceuticals, and processed food. In the consolidated map of those businesses, the issues of high severity and high likelihood were finally identified as salient in the JT Group.

- Child labor
- Environmental impacts
- Fair wage
- Forced labor
- Harassment and gender impacts
- Health and safety
- Health risk
- Non-discrimination and equality
- Working hours

Knowing what our salient issues are has been vital to prioritizing our work. However, this list is not exhaustive. We know that there are other important and novel human rights issues in our value chain. We know we need to keep our salient issues under review in order that we remain focused on the things that matter most.

In 2023, the tobacco business administered a review, and 10 salient issues were identified associated with its own operations, value chain and new business relationships.

Read more on “Salient issues” on the [JT International sustainability website](#). 

## Our human rights due diligence

In line with the UN Guiding Principles, we have made human rights due diligence an essential and integrated part of our business. This enables us to identify and assess actual and potential human rights risks, as stated in our JT Group Human Rights Policy.

Embedding human rights due diligence, which is in part informed by our widely applied Human Rights Impact Assessments, is our responsibility. It helps us to prevent adverse impacts on people and ensure the highest standards of behavior are upheld within our business and value chain.

In promoting initiatives based on the concept of “prioritize,” we conduct assessments in countries where the greatest risks to people lie. We also regularly review high-risk countries with an eye to changes in business and social environments.

In 2017, Human Rights Impact Assessments were conducted as pilots in Japan, where the JT Group’s headquarters are located, and Switzerland, where the headquarter functions of the tobacco

business are located. For the tobacco business, as of the end of 2023, Human Rights Impact Assessments have been conducted in 11 countries, and self-assessment questionnaires have been conducted in 17 countries.

Also in 2017, Human Rights Impact Assessments were conducted in the pharmaceutical and processed food businesses as pilots in Japan. We also conducted assessments in China and Thailand for our processed food business in 2019.

For the pharmaceutical and processed food businesses, self-assessment questionnaires targeting our domestic business locations were completed in 2023. In 2024, we plan to conduct assessments on-site in several locations.

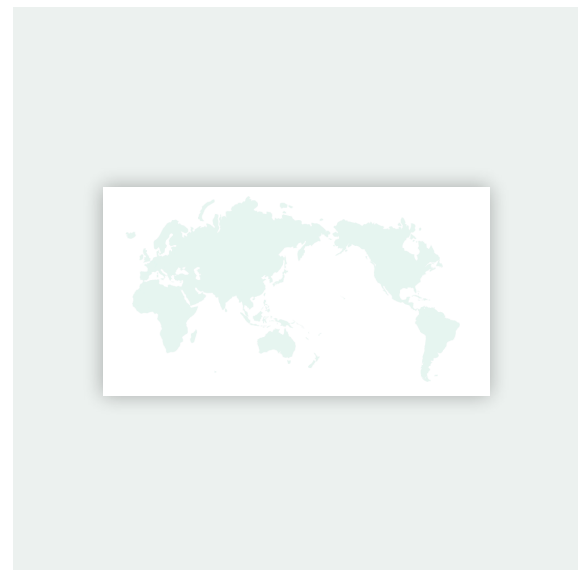
## Human Rights Impact Assessments and self-assessment questionnaires: key findings

Read more on key findings which include one human rights risk identified in each of our assessments, to demonstrate the wide range of issues our stakeholders may face.

For our tobacco business, please refer to “Human rights assessments map” on the [JT International sustainability website](#).

For our processed food business, please see below.

- China (2019) 
- Thailand (2019) 



## Case study

### Migrant workers in Japan

Japan's Technical Intern Training Program was further sensitized to the risk of forced labor as a result of the recent [U.S. Trafficking in Persons Report](#). Since we started Human Rights Impact Assessments in our Japan operations (tobacco, pharmaceutical, and processed food businesses including in China and Thailand), migrant workers have been identified as the most vulnerable stakeholders who need our special attention.

Read more on how we have addressed a focus on migrant workers in our [Human Rights Report](#).

## Going forward

Our work to promote and respect human rights will evolve and adapt to the changing economic and political context of the countries where we operate. Our approach to human rights due diligence is ongoing, as the risks to human rights may change over time.

### You might also like...

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