



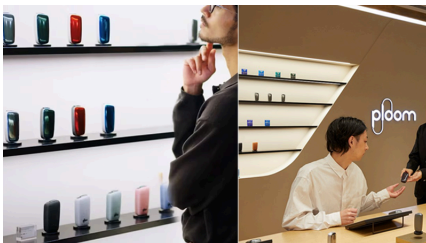
# Consumer expectations

To remain a trusted corporation, it is essential for each business unit within the JT Group to provide value centered around “fulfilling moments” to our consumers. Under “Value creation that exceeds consumer expectations”, a pillar of our materiality, we have established five sustainability targets, aiming to actualize our Group’s desire to deliver value that exceeds expectations from a wide range of consumers and society, through our efforts to create innovative products and services.

See more about our targets, products and services of [our tobacco](#), and [processed food](#) business, or our strive for [waste, packaging & circularity](#).

Please also refer about the product and services of our tobacco business on [JT International website](#).

Tobacco



Processed food



Brand New 植物由来. Brand New おいしい.



# Supply chain policies and standards

All of our suppliers\* are required to comply with our JT Group Supplier Standards. We select suppliers based on quality, service, and cost, which is reflected in our JT Group Responsible Procurement Policy. Our contracted tobacco leaf growers and merchants must also adhere to the JT Group Principles in Leaf Tobacco Production.

Although we work with many different suppliers, our leaf supply chain due diligence process provides us with a 360° view of the entire supply chain at farm level. This process includes:

- Supply Chain Impact Assessments
- Our Agricultural Labor Practices (ALP) program
- Our ARISE (Achieving Reduction of Child Labor in Support of Education) program
- Grower Support Programs

\* includes tobacco suppliers.

The JT Group  
Responsible  
Procurement  
Policy

The JT Group  
Supplier  
Standards

The JT Group  
Principles in  
Leaf Tobacco  
Production

Agricultural  
Labor Practices

## The JT Group Responsible Procurement Policy



With the JT Group Purpose “Fulfilling Moments, Enriching Life”, we will continue enriching lives through our businesses and endeavors with our growing customers and partners. To realize this purpose, the JT Group operates procurement in the manner as stated in the JT Group Responsible Procurement Policy.

## 1. Implementation of compliance

- Acting in a manner to comply with the legislation and regulations relating to procurement as well as social norms.
- Providing appropriate measures to protect all information provided to us by our suppliers for procurement activities.
- Operating procurement activities in an appropriate and sincere manner that follows the JT Group Code of Conduct.

## 2. Environment

The JT Group operates procurement in a manner to pay due consideration to the environment in accordance with the basic principle of the JT Group Environment Policy.

## 3. Supplier selection

Our supplier selection is based on our review of a supplier’s quality, price, and service. In particular, the JT Group will consider the supplier’s historical success with respect to the delivery of goods and services to be supplied to the JT Group, as well as the supplier’s capability to ensure ongoing delivery of these requested goods and services. In addition to these criteria, the JT Group will consider the following:

- The supplier’s compliance with relevant laws and regulations for each country and region.
- The supplier’s policies that respect human rights and social norms.
- Whether the supplier has appropriate measures to pay due consideration to the environment.
- Whether the supplier has appropriate measures to protect confidential information, trade secrets, and any other information provided by business partners.

- Whether the supplier has appropriate measures that ensure business continuity, free from any operational and financial instability.

### [Reporting Concerns](#)

## The JT Group Supplier Standards

Wherever we operate, we expect our business partners to share our commitment to the highest standards of business integrity, legal compliance, and responsible business practice. At the Group level, our Responsible Procurement Policy sets this expectation. It clarifies that when selecting suppliers, we take account of candidates' compliance with relevant laws and regulations, and requires that we consider human rights, the environment, and other social responsibilities.

### [The JT Group Supplier Standards](#)

### NOTE

Japan Tobacco International (JTI), which is the international operation of the JT Group, has specific selection criteria for suppliers which are consistent with those of the JT Group. For more information, please refer to JTI's policy.

### [JTI Supplier Standards](#)

## The JT Group Principles in Leaf Tobacco Production



The JT Group conducts business following our management principle, the 4S model, under which “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.”

We secure a stable supply of quality tobacco that meets required standards at best cost through direct-procurement of leaf from growers. We then process this leaf tobacco<sup>\*1</sup>

at our designated factory (hereinafter the “leaf tobacco production”).

To pursue our above-mentioned management principle in leaf tobacco production, we have established, and abide by, the following JT Group Principles in Leaf Tobacco Production in origins where we do business.

## Our principles

- Sustainable leaf tobacco production following the JT Group’s Code of Conduct.
- Adherence to the JT Group Environment Policy, which aims to reduce environmental impacts and ensure efficient use of natural resources while striving to conserve biodiversity.
- Endeavor to produce leaf tobacco that satisfies consumers’ requirements.
- Strive to improve quality and integrity of leaf tobacco production through promotion of Good Agricultural Practice (GAP)<sup>\*2</sup>.

The JT Group, together with our contracted growers, will promote:

- 1 Compliance with applicable national and local legislations
- 2 Respectful treatment without applying any unlawful discrimination, abuse, or harassment of any kind to workers and prohibition of use of child labor and/or use any form of forced or compulsory labor to workers
- 3 Reasonable measures to create and maintain a safe and healthy working environment
- 4 Proper management of seed and varieties
- 5 Consideration for the environment in leaf tobacco production through conservation of forestry, soil, water resources, biodiversity, and ongoing improvement of energy efficiency
- 6 Adoption of techniques including Integrated Pest Management (IPM)<sup>\*3</sup> practices, aiming at reduced use of CPAs in the control of diseases, infestation of harmful insects and weed control
- 7 Management practices which contribute to avoiding Non Tobacco Related Material (NTRM) or any other contaminants
- 8 Sustainable grower incomes through responsible pricing principles and practices
- 9 Management of transportation and storage practices that ensure quality and integrity of leaf tobacco is maintained

In order to achieve these objectives, we educate and train relevant employees in the JT Group, our contracted growers and any people involved in our leaf tobacco production on an ongoing basis.

In addition to leaf procured directly from contracted growers, we also purchase leaf tobacco from third party suppliers<sup>\*4</sup>. In these cases, we conduct business in accordance with the JT Group Responsible Procurement Policy and we will also encourage such suppliers to follow the JT Group Principles in Leaf Tobacco Production.

## NOTE

\*1 Leaf tobacco processing:

To separate the lamina portion of tobacco from the stem and pack tobacco for storage and transportation.

\*2 Good Agricultural Practice (GAP):

Agricultural practices which produce a quality crop while protecting, sustaining, or enhancing the environment with regard to soil, water, air, animal and plant life, and which aim at ensuring sustainable, economically viable production of usable tobacco.

\*3 Integrated Pest Management (IPM):

A sustainable approach to managing pests, diseases, and weeds by combining biological, cultural, physical, and chemical tools in a way that minimizes health and environment risks.

\*4 Third-party supplier:

A supplier who supplies processed packed tobacco to manufactures or any non-tobacco producer who produces green leaf for onward sale to a tobacco manufacture.

## Agricultural Labor Practices

Our Agricultural Labor Practices (ALP), launched in 2012, define the standards we expect of our contracted tobacco growers for safe working conditions, fair treatment, working hours, provision against forced labor, and freedom of association. They also describe our stance against child labor and measures to eliminate it. Our farming experts, who are all fully trained on ALP, observe labor practices during farm visits, report on their findings, give advice to growers and agree improvement programs. We have continued implementing ALP with our directly contracted growers as well as with indirectly contracted growers through our tobacco merchants.

[Agricultural Labor Practices](#) 

## Related links

Supply chain

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Supply chain  
policies and  
standards

Tobacco leaf  
sourcing

Non-tobacco  
materials, other  
products, and  
services

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