

## Feature 1

# Social Contributions in Tobacco Leaf Producing Regions

The JT Group procures tobacco leaf, a raw material of tobacco products, from domestic and foreign suppliers. To ensure procurement of high-quality tobacco leaf, the JT Group is engaging in various activities in tobacco leaf producing regions. In this section, we will describe the JT Group's relationships with tobacco leaf producing regions abroad in particular.

### ■ Global Production of Tobacco Leaf

Of the amount of tobacco leaf JT uses annually to produce tobacco products, it procures approximately 29,000 tons from domestic suppliers and approximately 58,000 tons from foreign suppliers (both figures represent the actual procurement amounts in 2011).

Tobacco leaf procured from foreign suppliers is mainly produced in countries located between the latitudes of 40 degrees north and 40 degrees south, such as China, Brazil, Tanzania and Zambia. Japan Tobacco International (JTI), which operates in around 120 countries as the core of the JT Group's international tobacco business, is responsible for procuring tobacco leaf produced outside Japan.

JTI has believed that in order to ensure stable procurement of raw materials and improve quality, it is essential to resolve social challenges faced by tobacco leaf producing communi-

ties. Therefore, in recent years, JTI has started various activities involving such communities.



Inspection by JTI of a tobacco field (Zambia, Africa)



A leaf tobacco farm in Malawi, Africa



A leaf tobacco drying facility in Malawi, Africa

### ■ Toward Resolving Social Challenges Faced by Tobacco Leaf Producing Regions

Except in the United States and a few other countries, tobacco leaf is grown by small farms. There has not been much progress in the modernization of production through the introduction of agricultural machinery, so there are various challenges from the perspective of productivity. Moreover, many tobacco leaf producing regions are poor.

In light of those circumstances, JTI aims to ensure stable procurement of high-quality tobacco leaf by promoting investment to strengthen the foundations of production and everyday life in tobacco leaf producing communities and improving farmers' productivity and living standards.

For example, one major social problem faced by economically disadvantaged regions is child labor. In tobacco leaf producing communities, too, young children whose families cannot send them to school for economic reasons are often used for child labor by leaf tobacco growers. JTI believes that this situation should never be tolerated.

As a measure to deal with the child labor problem, JTI has participated in the activities of the ECLT (Eliminating Child Labour in Tobacco-growing) Foundation since 2001. The ECLT Foundation, which is a non-profit organization established by the tobacco industry and others under the advisorship of the International Labour Organization (ILO), implements projects and

conducts surveys in order to eliminate child labor in tobacco leaf producing regions, mainly in Africa.

Moreover, since 2012, JTI has developed "ARISE," a program that aims to eliminate child labor through education and improvement of living standards in cooperation with various organizations, and has started full-scale activity in Brazil and Malawi, an African nation. When conducting the activity, JTI held hearings with residents in tobacco leaf producing communities and experts on the labor environment and legislation and considered specifics of the activity based on the hearing results so as to implement measures that better suit the circumstances of each community.

In addition to child labor, environmental problems, such as forest destruction, also pose a great challenge. In tobacco leaf producing regions in Africa and elsewhere, wood is used not only as a household fuel material but also for the process of drying leaf tobacco, raising concerns about serious forest destruction. To revive forests and ensure sustainable maintenance and management of forests in Africa, the JT Group is promoting reforestation and forest conservation activity there. To tackle social challenges faced by tobacco leaf producing communities from a long-term perspective, JTI is implementing various community support programs.





# Social Contributions in Tobacco Leaf Producing Regions

## ■ Eliminating Child Labor through Education and Improvement of Living Standards—ARISE Program

The ARISE (Achieving Reduction of Child Labour in Support of Education) program is being implemented by JTI in order to eliminate child labor in tobacco leaf producing regions. JTI launched this program in 2012 in cooperation with Winrock International, an NGO which is engaging in agricultural development and which is well experienced in activities to resolve the child labor problem, the International Labour Organization (ILO), and local governments.

This program aims to resolve the child labour problem by increasing opportunities for children to receive high-quality education. It provides better education by giving children learning materials and after-school lessons.

In addition, support for parents is also important. To enable local residents to make a living without depending on child labor, this program implements measures to improve the quality of life for whole families.

For example, the program seeks to improve productivity by

providing opportunities to acquire techniques and knowledge necessary for effective production of leaf tobacco through vocational training. Support is also provided for people planning to start up a new business and preferential financial assistance is offered so as to strengthen the foundation of everyday life. In addition to such support, this program enlightens people about the importance of education and raises awareness about the child labor problem.

Resolving the child labor problem is not a challenge for farmers and local communities alone. Therefore, the program urges relevant governments and international organizations to develop a legal framework that underpins such activities.

We pilot the program in Brazil and Malawi, an African nation, and are planning to extend it to other African nations as well. We will continue to improve this program in cooperation with NGOs, international organizations and relevant governments.

### We Will Continue to Expand the ARISE Program – JTI official in charge of the ARISE program

JTI has developed the ARISE program in order to resolve social and economic problems faced by leaf tobacco growing communities and correct the situation in which children have to do dangerous jobs. As child labor involves complex problems, we cannot find a solution without cooperating with organizations that have international experiences, such as the ILO and Winrock International. Therefore, we encourage tobacco leaf growing communities to achieve economic independence by creating opportunities for people to receive high-quality education and by raising awareness about the need to prevent child labor in cooperation with governments and local residents. In Brazil and Malawi, these activities drew a very favorable reaction. In 2012, we will start a survey in Zambia.



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## ■ Preserving Forests near Tobacco Leaf Producing Regions

In tobacco leaf producing regions in Africa and elsewhere, wood is often used as a fuel for the process of drying harvested tobacco leaf. Wood is also used as a household fuel material. As a result, the regions face environmental problems such as a decline in the area size of forests and soil runoff in farmland due to logging. There is concern that if this situation worsens, it will have a significant impact on tobacco leaf production as well.

The JT Group's reforestation and forest conservation activity aims to realize sustainable production of tobacco leaf by preventing logging and reviving forests. With the support of Washington State University, which has abundant experiences in the field of overseas aid in the agricultural sector, the JT Group started this activity in Malawi and Tanzania in Africa in 2007 and Zambia, also in Africa, in 2010. We have so far planted around 16 million trees on a total of some 8,000 hectares of land. In addition to planting trees, we also educate local residents about

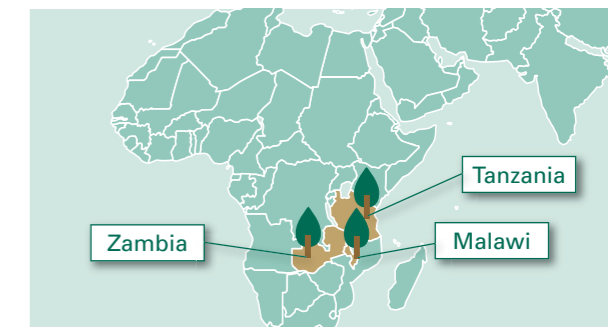
forest conservation through this activity, with a view to developing a system for sustainable maintenance and management of forests.

Moreover, the JT Group is implementing various support measures in the belief that strengthening the foundations of production and everyday life in local communities is essential to forest conservation. To reduce the amount of wood used as a household fuel material, we are installing improved cooking stoves with higher fuel efficiency. We are also engaging in other activities such as installing wells for clean drinking water and small-scale irrigation equipment that enables the cultivation of farm products during the dry season. These activities have been praised for having led to stable food production, improvement of sanitary conditions and a higher income level.

The JT Group will continue to conduct activities that contribute to environmental preservation, including forest conservation, and sustainable community development in tobacco leaf producing regions.



A simplified pump installed at a well



Reforestation and forest conservation areas in Africa

