

JT Group Supplier Standards

1. Introduction

- 1.1. The JT Group aims to achieve the highest standards of integrity across its business operations and its supply chain. To meet this objective the cooperation of the JT Group suppliers is indispensable.
- 1.2. These Standards define the requirements for suppliers providing products (goods, services, software, technology or data) to the JT Group¹. We require suppliers to comply with these Standards and to also ensure that their suppliers involved in providing products to the JT Group comply with these Standards.
- 1.3. The JT Group expects suppliers to implement policies, monitoring and due diligence and control processes as well as communication and trainings to enforce these Standards in their business operations and supply chains.
- 1.4. Key suppliers are required to complete the JT Group's certification as a condition to do business with the JT Group. Key suppliers shall notify the JT Group promptly in writing of any changes related to their legal name, address, bank account, owners, officers, directors, shareholders with 25% or more shareholding, beneficial owners or any other change in control.
- 1.5. All Suppliers need to provide the following information
 - i) Legally registered name
 - ii) Company bank account holder name
 - iii) Company address
 - iv) Bank account number
 - v) Address of the supplier bank.

2. Compliance with laws and regulations

- 2.1. Suppliers shall comply with all applicable laws and regulations.

3. Anti-bribery and corruption

- 3.1. The JT Group will not tolerate any form of bribery or corruption, in any of its business activities. The JT Group expects suppliers to comply fully with this position as a condition of doing business with the JT Group.
- 3.2. Suppliers shall not offer or accept any form of bribe (i.e. anything of value given to a person in return for a business advantage or to reward/induce improper performance by that person) or engage in any other activity which may constitute a breach of any anti-bribery and corruption laws applicable to suppliers or the JT Group.
- 3.3. Exchange of excessive gifts, hospitality or entertainment could be considered a form of bribery if offered to gain or retain a business advantage. Suppliers shall not offer or accept any gifts, hospitality or entertainment on behalf of the JT Group without the JT Group's prior written approval.

¹ Tobacco leaf growers are excluded as they are subject to the JT Group Agricultural Labor Practices requirements.

4. Preventing financial crime

- 4.1. The JT Group will not tolerate any form of money laundering, facilitation of tax evasion, or any other financial crime in its business activities. The JT Group expects suppliers to comply fully with this position as a condition of doing business with the JT Group.
- 4.2. Suppliers, including any person associated with the supplier (e.g., directors, employees, representatives, subcontractors or any other person acting for or on behalf of the supplier) shall not engage in any activity, practice or conduct which may constitute a breach of any applicable laws prohibiting money laundering, facilitation of tax evasion, or any other form of financial crime.

5. Conflicts of interest

- 5.1. Suppliers shall avoid dealing with the JT Group employees who have an actual or potential conflict of interest, i.e. when the JT Group employees' personal interests or activities in relation to the supplier could interfere with their responsibilities as the JT Group employees.
- 5.2. Suppliers shall promptly disclose to the JT Group any situation that creates or might create a conflict of interest involving the JT Group employees.

6. Economic sanctions and export controls

- 6.1. Suppliers shall comply with all applicable economic sanctions and export controls.
- 6.2. Suppliers are responsible for obtaining export licenses and authorizations required by applicable laws and regulations for their products supplied to the JT Group.
- 6.3. In order to comply with applicable sanctions and its internal policies, the JT Group will screen the supplier, and, as needed, its directors, officers, owners, beneficial owners and shareholders against sanctions and other governmental lists.

7. Fighting illegal trade

- 7.1. The JT Group works to prevent all forms of illegal trade in our products and expects suppliers to safeguard their business operations and supply chains against association with any form of illegal trade.

8. Responsible marketing

- 8.1. Suppliers retained to conduct our products market research, marketing or promotional activities shall comply with the JT Group's Global Marketing Principles.

9. Data Security & Data Privacy

- 9.1. The JT Group requires suppliers to protect personal information in compliance with all applicable privacy and data protection laws. Personal information provided by or on behalf of the JT Group should only be used, accessed, and disclosed as permitted by and strictly in accordance with the contractual terms and conditions agreed with the JT Group.
- 9.2. The JT Group requires suppliers to have technical and operational measures in place to secure the confidentiality, integrity and availability of information.

10. Human rights

Suppliers shall not cause or contribute to adverse human rights impacts² in their operations, and shall address such impacts when and where they occur, with regular disclosure on progress.

Suppliers shall promote these standards across their own supply chains. In order to do so, suppliers are encouraged to refer to the UN Guiding Principles on Business and Human Rights to develop policies and processes appropriate to their size and operating context such as:

- A policy to meet their responsibility to respect human rights
- A due diligence process to identify, prevent, and mitigate risks related to human rights
- A remediation process to address problems related to human rights

10.1. We expect our suppliers to commit and comply with the following Standards:

- a) Forced Labor³ in all forms is prohibited.
- b) Child Labor is prohibited. The JT Group expects its suppliers to follow the definition of Child Labor as defined in ILO Convention 138 (minimum age of employment) and 182 (eliminating all forms of child labor), or follow the local legislation, whichever age is higher.
- c) Suppliers shall treat their workers with dignity and respect, and will not use physical punishment, threats of violence, sexual, psychological or verbal harassment. Suppliers shall ensure that fair, equal opportunities, and no discrimination exists in the workplace⁴.
- d) Suppliers shall ensure that working hours and remuneration comply with local legislations and international conventions. Where local industry standards or international conventions are higher than applicable legal requirements, we expect suppliers to meet the standards most favorable to workers.
- e) Suppliers shall respect their employees' right to freedom of association and collective bargaining, without penalty or interference.
- f) Supplier shall respect Environment, Health and Safety requirements as set forth in this document under section 11.

11. Environment, health & safety

11.1. Suppliers shall ensure safe and healthy working conditions for their employees, suppliers and visitors.

11.2. Suppliers shall have in place policies and management systems that ensure environmental, health and safety hazards and risks are identified and assessed, and either eliminated or appropriately managed.

² An adverse human rights impact is any situation which deprives an individual of the rights included in the International Bill of Human Rights and/or the ILO's Fundamental Principles and the Rights at Work

³ Including but not limited to slavery, servitude, forced or compulsory labor, passport retention, recruitment fees, human trafficking and exploitation

⁴ Suppliers shall not discriminate in hiring or employment, including wages, benefits, promotion disciplinary measures, termination or retirement, on the basis of race, religion, age, nationality, social or ethnic origin, sexual orientation, gender, disability, political opinion, union membership, marital or familial status, or other protected class

11.3. Suppliers shall seek to optimize the use of resources, materials and utilities and to minimize waste, wastewater and air emissions.

12. Compliance review

12.1. The JT Group reserves the right to periodically review suppliers' compliance with these Standards. This may be carried out by the JT Group employees or third parties appointed by the JT Group.

12.2. Suppliers shall grant the JT Group or a third party appointed by the JT Group, upon reasonable notice, access to their premises, employees and relevant documentation to enable an effective review to take place.

12.3. Where shortfalls are identified, suppliers shall cooperate with the JT Group to agree on and implement timely and appropriate corrective action. In case of a breach of these standards or contractual agreements, the JT Group may take action against the Supplier, including suspending or terminating the contractual agreements.

13. Whistleblowing

13.1. The JT Group expects its Suppliers to establish or maintain a whistleblowing program and take corrective actions to address concerns raised.

13.2. The JT Group expects its suppliers to report to the JT Group any concern in relation to compliance with these Standards or a situation, incident or finding which may affect suppliers' compliance with these Standards, so that any issues can be promptly identified, assessed and addressed.

13.3. Concerns or other matters can be raised with suppliers' account manager at the JT Group, or addressed in confidence to JT Compliance Office via online reporting form accessible at the following URL:

Reporting Concerns:

https://www.jtnet.ad.jp/cgi-bin/global/inquiries/reporting_concerns/input.cgi

Appendix

The following policies, principles and conventions were used in preparing these Supplier Standards:

1. The International Bill of Human Rights includes
 - a) The Universal Declaration of Human Rights ("[UDHR](#)")
 - b) The International Covenant on Civil and Political Rights ("[ICCPR](#)"),
 - c) The International Covenant on Economic, Social, and Cultural Rights ("[ICESCR](#)")
2. [THE JT GROUP Code of Conduct](#)
3. International Labour Organization ([ILO](#)): with specific reference to the eight fundamental Conventions:
 - a) Freedom of Association and Protection of the Right to Organize Convention, 1948 (No. 87)
 - b) Right to Organize and Collective Bargaining Convention, 1949 (No. 98)
 - c) Forced Labour Convention, 1930 (No. 29)
 - d) Abolition of Forced Labour Convention, 1957 (No. 105)
 - e) Minimum Age Convention, 1973 (No. 138)
 - f) Worst Forms of Child Labour Convention , 1999 (No. 182)
 - g) Equal Remuneration Convention, 1951 (No. 100)
 - h) Discrimination (Employment and Occupation) Convention, 1958 (No. 111)
4. [JT Group Human Rights Policy](#)
5. [UN Guiding Principles on Business and Human Rights](#)