



Respecting human rights

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We operate in parts of the world where human rights are at risk, and are therefore exposed to human rights-related issues, such as forced labor, child labor, bribery, and corruption.

Our sustainability strategy is driven by three absolute requirements that are at the heart of everything we do. One of these requirements is respecting human rights.

Our 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](#), which was approved by JT Board of Directors, follows the framework provided by the UN Guiding Principles on Business and Human Rights (UNGPs). This means avoiding 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 Code 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 the JT Group Responsible Procurement Policy, JT Group Supplier Standards, and Agricultural Labor Practices (ALP).

Our human rights strategy is based on five pillars: Embed, Identify and Prioritize, Respond, Measure,

and Report. This circular approach provides a systematic way of conducting ongoing due diligence and is in line with the UNGPs, the Organisation for Economic Co-operation and Development (OECD) guidelines, and the Food and Agriculture Organization guidance on responsible agricultural supply chains.

Our human rights due diligence

In line with the United Nations Guiding Principles (UNGPs), 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 and helps us to prevent adverse impacts on people and ensure the highest standards of behavior are upheld within our business and value chain. As part of this program, we are committed to assessing 100% of our high-risk countries by 2025, in our tobacco business.



The United Nations 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.

As a Company, we have

embraced our obligation to respect human rights and are committed to tackling the challenges this will bring. We have made solid progress and will continue the work on our journey of continuous improvement.

”

Charlie Watson,
Director, Human Rights, JT
International

2016

SEPTEMBER 2016

The JT Group Human Rights Policy is launched, formalizing our commitment to respecting human rights.

NOVEMBER 2016

A human rights e-learning program is provided for our employees in Japan with a 92% completion rate. (*C)

DECEMBER 2016

A Human Rights Impact Assessment takes place in Japan. (*C)

2017

OCTOBER 2017

Our international tobacco business launches a human rights e-learning program in 25 languages with a 68% completion rate.

SEPTEMBER 2017

An external gap analysis concluded that we have a robust set of policies and procedures to address human rights risks in our international tobacco business.

FEBRUARY 2017

The annual meeting of the Human Rights External Advisory Board takes place. (*E)

2018

FEBRUARY 2018

The annual meeting of the Human Rights External Advisory Board takes place. (*E)

APRIL 2018

The Reporting Concerns Mechanism is enhanced for migrant workers in Japan. (*C)

SEPTEMBER 2018

A Human Rights Impact Assessment takes place in Mexico and the Dominican Republic.

NOVEMBER 2018

A Human Rights Impact Assessment takes place in Myanmar and Malaysia.

MARCH 2018

A Human Rights Impact Assessment takes place in Tanzania.

JUNE 2018

We trained 75% of our employees through a human rights e-learning module in our international tobacco business.

OCTOBER 2018

Internal guidelines for the hiring and labor management of foreign workers are established in Japan. (*C)

MAY 2019

A Human Rights Impact Assessment takes place in China and Thailand in our processed food business. A human rights workshop is held with our tobacco leaf merchants in Zimbabwe.

JANUARY 2019

A cross-functional workshop to identify our salient human rights issues* takes place. (*E)

2019

FEBRUARY 2019

The annual meeting of the Human Rights External Advisory Board takes place. (*E)

JUNE 2019

A Human Rights Impact Assessment takes place in Ethiopia (entire value chain) and Malawi (tobacco leaf supply chain).

JULY 2019

A post-acquisition Human Rights and Environment, Health and Safety assessment takes place in Bangladesh.

SEPTEMBER 2019

A Human Rights Impact Assessment takes place in Kazakhstan and Kyrgyzstan (entire value chain).

AUGUST 2019

We relaunch our human rights e-learning module in our international tobacco business. We publish our human rights correspondence with Human Rights Watch, the UN Human Rights Council, and The Guardian on our website.

NOVEMBER 2019

A Human Rights Impact Assessment takes place in India (tobacco leaf supply chain), in partnership with our leaf merchants and other companies.

OCTOBER 2019

A Human Rights Impact Assessment takes place in Egypt (entire value chain).

* As per the United Nations Guiding Principles (UNGP) 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."

Our approach and progress

Embed

Our approach

We are working hard to embed human rights thinking in our Company culture, and to 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.

The training involves an online human rights e-learning module, which is available in 25 languages. We also provide printed communication materials to increase employee awareness and strengthen their understanding of human rights.

Our progress

In 2019, we relaunched our human rights e-learning module globally to target the employees who had not completed the training in the first phase. To train employees without computer access, we integrated a section on respecting human rights into our face-to-face Code of Conduct training in Malawi, Ethiopia, Zimbabwe, and Bangladesh. This section will be included in all future Code of Conduct trainings in our other markets.

Employees in our Japanese operations have completed an online human rights e-learning module, which was offered in Japanese, English, and Chinese. The scope of the training included our subsidiary companies in China and Thailand (processed food business) and the U.S. (pharmaceutical business).

Identify and prioritize

Our approach

We conduct Human Rights Impact Assessments (HRIAs) to identify and assess actual and potential human rights risks. In line with the United Nations Guiding Principles (UNGPs), our HRIAs focus on the greatest risk to people, both within our own Company and through business relationships with our suppliers, from farm to store. As a result of the HRIAs, we aim to address the identified risks of the rights-holders, meet our stakeholder expectations on respecting human rights, and mitigate against the overall risks to people and the business.

Our progress

As part of our commitment to assess 100% of high-risk countries by 2025 in our tobacco business, we have completed nine HRIAs across our entire value chain in the last two years: Dominican Republic, Egypt, Ethiopia, Kazakhstan, Kyrgyzstan, Malaysia, Mexico, Myanmar, and Tanzania. This demonstrates our approach to prioritizing, which involves considering where our greatest risks to people lie. It also shows our willingness to go into countries with reported human rights violations and assess the on-the-ground reality.

Over the last year, we have also conducted HRIAs in our tobacco leaf supply chain in various markets, including Ethiopia and India. 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 Bangladesh, we carried out a post-acquisition Human Rights and Environmental Health and Safety (EHS) Assessment. The purpose was to identify actual and potential impacts on people across all five segments of JTI operations: Leaf, Processing, Manufacturing, Offices, and Sales and Distribution.

As suggested by our External Human Rights Advisory Board, in 2019, we introduced a self-assessment questionnaire to evaluate the human rights profile of more countries, to increase the scope and impact of our human rights due diligence. Following the same methodology as our HRIAs, this smartly designed survey targets our lower ranked high-risk countries that have not been prioritized for HRIAs in the short term.

Piloted in Morocco and Colombia, the questionnaire is designed to identify human rights risks to people, so that we can act on that information and meet our responsibility to respect human rights. Effectively assessing human rights impact requires building the know-how of the colleagues involved in the assessment.

To further increase our human rights due diligence work, we also enhanced our inclusion of human rights in our internal audit methodology starting in one pilot country, Egypt, this year. Our internal

auditors received guidance on how to further integrate human rights into their standard audit. The findings made by the internal audit - such as some related to health and safety - were then shared with our human rights team prior to the HRIA. This helped create a more targeted and effective impact assessment. Each finding was formalized into recommendations for improvement, as part of a human rights action plan approved by the local management in Egypt.

In our Japanese operations, we started conducting due diligence in our processed food business in China and Thailand in 2019, with the support of KPMG AZSA Sustainability. This followed the review of three of our business operations – our Japanese domestic tobacco business, pharmaceutical business, and processed food business – in 2017 and 2018, supported by Ernst & Young. In those three business operations in Japan, we identified the risks unique to migrant workers as key. Please see ‘Our progress in Asia, including Japan’ for more details about how we addressed the risks concerning this most vulnerable group.

To identify the most important current and potential risks, we first conducted self-assessment questionnaires in all seven of our subsidiary companies in China and Thailand. The questionnaires covered a broad spectrum of human rights issues and aimed to identify the greatest potential risks in our operations. These included forced labor and environmental health and safety, especially with regards to vulnerable groups such as migrant workers.

Based on the results of the questionnaires, three out of seven subsidiary companies were identified as potentially high-risk for human rights. We therefore decided to carry out site visits in these specific companies to examine the risk in more detail. As a result, we identified occupational health and safety, working conditions, and social security as risks, and we put robust action plans in place to address these. These plans were agreed between the general managers of these companies, our human rights team, and KPMG Azusa Sustainability.

Respond

Our approach

HRIAs are a means to an end, not an end in themselves. We need to act appropriately on the information generated from the assessments, in order to meet our responsibility to respect human rights.

We develop action plans to address issues identified through HRIAs and self-assessment questionnaires. These plans enable us to drive improvements and integrate human rights into our

existing management processes in a consistent manner. The plans have defined responsibilities, clear timelines for implementation, and key performance indicators to monitor progress.

Our progress

Since 2018, we have developed fifteen action plans for specific countries, each with an agreed timeline. A total of 20 Human Rights Champions were 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 are selected by the local management, typically from departments in which human rights improvements are required. The Champions manage the implementation of the action plans locally, on top of their usual roles. Our head office provides the Champions with training materials on the UN Guiding Principles on Business & Human Rights, as well as support with specific points within the action plans.

In 2019, we carried out a review of our high-risk countries, including a more detailed analysis on which countries have the greatest risk to people. Previously, we identified our high-risk countries using publicly available geopolitical data on human rights. We decided to improve this process by integrating additional criteria regarding JTI's operations and impact into our overall matrix.

The criteria included the number and type of JTI operations in each country, historical data on human rights cases in our operational grievance mechanism or Agricultural Labor Practices Program, the health and safety performance of JTI operations in each country, and our salient issues. This improvement to the process ensures we have a much more accurate picture of our potential risks in each country, and that we are able to prioritize our actions where they are needed most.

Our progress in Asia, including Japan

Since 2018, we have established action plans for 21 key sites in Japan^{*C}, covering all of the head offices of our Japanese operations. We have also agreed action plans for seven of our subsidiary companies in the processed food business in China and Thailand, as high-risk countries outside of Japan.

In addition to local efforts, our Japanese headquarters has improved our corporate guidelines to address the potential risks relating 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. Consequently, there was a need for common, Group-wide guidelines regarding the hiring and labor management of migrant workers, aligned with the international norm, the United Nations Guiding Principles (UNGPs).

We now offer our external Reporting Concerns Mechanism in five languages – Japanese, English, Chinese, Vietnamese, and Nepali – to give migrant workers easier access to reporting channels.

We also launched a new scheme, in which central management regularly checks the employment status of migrant workers across our entire Japanese operations. By making sure we have the most up-to-date information, we can better protect this vulnerable group and address any potential and actual risks.

Case study

Identifying our salient 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. The concept of salience focuses on the risk to people, not to the business, and impacts are prioritized according to their severity and likelihood. The risks that are viewed as most salient are likely to converge as a risk to the business.

To identify the salient human rights issues in our value chain, in 2019 we conducted an assessment with the support of Mazars. This exercise included a review of relevant internal policies and procedures, and a workshop with internal stakeholders.

A total of sixteen human rights issues important to JTI were presented and discussed. The idea was to understand which specific activities associated with our business may put human rights at risk, so that we can proactively identify those issues to prioritize. Forced & Bonded Labor, Child Labor, and Living Wage were among the seven human rights issues identified as salient.

To ensure that our ongoing human rights program and due diligence processes already target these salient issues, we have integrated them into our HRIA methodology and self-assessment questionnaires. These issues are now also included in our methodology for identifying high-risk countries, which helps us to prioritize our due diligence process based on where our greatest potential impacts lie.

Going forward, our overall goal is to achieve appropriate and effective action plans for each salient issue in order to mitigate the risks for both the rights-holders and JTI. We will conduct further research into our salient issues to deepen our understanding of risks and opportunities for improvement.

Governance and stakeholder engagement

Given the breadth of the JT Group's operations around the world, it was critical to establish an appropriate governance structure. We believe it is important to embed respect for human rights throughout our entire organizational structure. This is driven by our dedicated human rights team,

which is responsible for raising awareness and improving engagement internally.

Our Business Ethics Committee ^{*E} also has an important role to play, as it provides overall governance to ensure that rights-holders' concerns are listened to and addressed effectively.

To ensure an effective due diligence system is in place, it is critical to link impact assessments to effective governance structures that ensure accountability for acting on the findings. For this reason, the establishment of a Human Rights Champions Network was central to our governance structure in 2018. This network comprises employees from the countries in which we have conducted HRIAs, and facilitates the sharing of guidance and best practice on human rights.

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 Human Rights External Advisory Board.

To further strengthen our external engagement, we have partnered with Business for Social Responsibility (BSR), Mazars, EY, and KPMG Azusa Sustainability. These organizations provide technical support with our ongoing human rights due diligence approach and overall human rights strategy.

Human rights external advisory board^{*E}

Our Human Rights External 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 their expertise and challenges us where they believe we need to improve, helping to strengthen our efforts to deliver on our human rights commitments.

In 2019, we implemented several key changes to our due diligence strategy based on the Advisory Board's expert guidance and recommendations. These changes included, among many others:

- Developing our new country-level prioritization matrix, after the Board identified a need to add a 'salient issues' lens to the prioritization criteria

- Creating a smart self-assessment questionnaire as a means of engaging with more countries on human rights
- Appointing Human Rights Champions from the core business and operations, rather than from Corporate Affairs or Human Resources, to ensure more effective action plan implementation

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)
- Richard Karmel (Mazars)

Measure


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

Since we started our HRIAs in 2018, we have been measuring the effectiveness of our Action Plans. Each Action Plan we develop includes an individual set of key performance indicators to measure the effectiveness of our improvements over time. More broadly, as we expand our HRIAs globally, we will measure the overall effectiveness of our HRIA responses collectively.

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 may observe during subsequent crop cycles. Read more on [our approach](#).

Report

Our understanding of our obligations under the United Nations Guiding Principles (UNGPs) 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 UNGPs encourage corporate transparency to the benefit of a broad set of stakeholders and we are committed to this level of transparency and disclosure.

In 2019, we published [our human rights correspondence](#)  with Human Rights Watch, the UN Human Rights Council, and The Guardian on our website.

Programs

To address our human rights issues, markets put in place their own customized corrective measures through human rights action plans. We also have programs that can be applied globally to ensure a consistent approach across the Group. Read more:

[Code of Conduct](#)

[JT Group health and safety](#)

[Agricultural Labor Practices](#)

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

[Community Investment](#)

[Diversity and inclusion](#)

JTI UK Modern Slavery Statement

JTI UK, the JT Group's U.K. subsidiary, has been publishing a Modern Slavery Act Statement since 2017.

[JTI UK Modern Slavery Statement \(JTI UK Website\)](#) 

Human Rights Impact Assessments

Our HRIAs 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 write a report 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. The following list of key findings includes one human rights risk identified in each of our assessments, to demonstrate the wide range of issues our stakeholders may face.

Read more about key findings and how we are addressing them by selecting a country

Asia, Americas

Bangladesh (2019)
Dominican Republic (2018)
China (2019)
India (2019)
Japan (2017/2018)

Africa, Middle East Europe

Kazakhstan & Kyrgyzstan (2019)
Malaysia (2018)
Mexico (2018)
Myanmar (2018)
Thailand (2019)

Egypt (2019)
Ethiopia (2019)
Malawi (2019)
Tanzania (2018)
Zimbabwe (2019)

Switzerland (2017)



Case study

Using leverage with our leaf merchants

The United Nations Guiding Principles recommend the following:

UN Guiding Principle 13 (b):

The responsibility to respect human rights requires that business enterprises seek to prevent or mitigate adverse impacts that are directly linked to their operations, products or services by their business relationships, even if they have not contributed to those impacts.

UN Guiding Principle 19 (b) (ii):

In order to prevent and mitigate adverse human rights impacts, business enterprises should integrate the findings from their impact assessments (...) and take appropriate action.

Appropriate action will vary according to (...) the extent of its leverage in addressing the adverse impact.

With this in mind, we have been receiving Agricultural Labor Practices reports from major suppliers since 2016. Through these, we recognized Crop Agents Protection management challenges in Zimbabwe. We have been looking for solutions beyond providing Personal Protective Equipment, which led us to initiate a Highly Hazardous Pesticide response.

In May 2018, we 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 operations in Zimbabwe and only purchase tobacco leaf through leaf merchants (third-party suppliers), we were still connected through our business relationship. This meant that we had to use the commercial leverage we have with our suppliers to prevent the harm from occurring. We therefore worked alongside some of our biggest leaf merchants – Alliance One International, Inc. (AOI), Premium Tobacco International DMCC (Premium), and Universal Leaf Tobacco Company, Inc., CONTRAF-NICOTEX-TOBACCO GmbH – to encourage them to adopt and implement the United Nations Guiding Principles on Business and Human Rights (UNGPs), and where necessary to change their business practices, not just in Zimbabwe but globally.

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

- Eliminate the use of the most hazardous pesticides to human health – Highly Hazardous Pesticides 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
- Develop an industry-wide grievance mechanism
- Focus their efforts on six key issues identified as having the potential to cause the most severe harm and that are most likely to occur: exposure of workers to hazardous substances, land rights, child labor, gender discrimination, freedom of association, and environmental impacts

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.

We will monitor the commitments our suppliers have made and continue to work together with them to ensure the best possible outcome for those impacted.

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

Case study

Eliminating Highly Hazardous Pesticides Criteria 1 in our supply chain

Our objective is to phase out the use of Highly Hazardous Pesticides (HHPs) Criteria 1 from our leaf supply chain by the end of 2021.

HHPs Criteria 1 are pesticide formulations that meet the criteria of hazard classes 1a and 1b of the World Health Organization Recommended Classification of Pesticides by Hazard.

Our suppliers have committed to an assessment by country to identify any HHPs Criteria 1 which are still registered, recommended, or used in tobacco production. They will also identify available alternatives, prioritizing Bio-CPAs (Crop Protection Agents). There will be a special focus on eliminating HHPs Criteria 1 Pyrethroids insecticides, which are still legally used in several countries.

External recognition

We were categorized as a 'leader' by the Global Child Forum in their latest study, conducted in collaboration with the Boston Consulting Group. This benchmark report 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 in our supply chain, notably through our flagship child labor elimination program ARISE.

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. We will continue to act where actions are necessary and focus on our human rights priority areas.

In 2020, we will continue to prioritize countries based on a set of risk-based criteria in order to assess our most high-risk countries first. Going forward, we are committed to assessing actual and potential human rights risks in at least six countries each year and will continue to embed respect for human rights within the business.

In our Japanese operations, we will carry on monitoring the progress of our Human Rights Impact Assessment action plans and provide the necessary support to ensure that they are implemented. Given the increase in migrant workers since Japan's immigration policy was revised in April 2019, we will continue to pay special attention to this particularly vulnerable group.

In 2020, we will start introducing an enhanced supply chain management system. The new system will reflect our revised Supplier Code of Conduct, which is aligned with the JT Group Human Rights Policy and the United Nations Guiding Principles.

About our reporting

Our referenced guidelines(GRI), notes on data (BoR), and scope of our data (*A-E).

[Read more >](#)