

Eddy Pirard  
Chief Executive Officer  
JT International SA  
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120national SA's Executive Team and Board of Directors  
2 Geneva  
Switzerland

July 5, 2023

RE: JT International SA's business operations in Russia

Dear Mr. Pirard,

We are writing to follow up on our previous correspondence with JTI dated April 11, 2023, regarding potential inconsistencies between JTI's obligations, as articulated in the UN Guiding Principles on Business and Human Rights (UNGPs), and the company's ongoing business operations and relationships in Russia that may contribute to, or be linked with, human rights harms. We have not received a response to our letter.

We are writing once again to formally notify JTI on the serious and increasing risks the company faces by continuing its operations in Russia that may amount to complicity in human rights abuses committed by Russia<sup>1</sup> and to urge you to:

- Immediately cease all operations and presence in Russia and completely exit the Russian market.
- Refrain from any future business, trade, or investment in Russia until Russia ends its war in Ukraine, territorial integrity of Ukraine is restored, and accountability imposed for war crimes and the destruction of Ukrainian infrastructure and property.
- Establish and implement comprehensive human rights due diligence measures for any responsible exit from or re-engagement with Russia.

It has been over one year since Russia invaded Ukraine and the devastating impacts continue to shock the global conscience and shake the global economy. Russia is violating international humanitarian law (IHL), including war crimes and crimes against humanity, through attacks on civilians and civilian infrastructure (e.g., mass executions, sexual violence, torture, forcible transfer of civilians). More than 24,000 Ukrainian civilians have been killed and injured and millions more have been forced to flee their homes, creating one of the largest humanitarian and refugee crises of modern times. In recognition of the severity of abuses, in March 2023 the International Criminal Court issued an arrest warrant for Vladimir Putin to answer war crimes charges.<sup>2</sup>

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<sup>1</sup> Andrew Clapham and Scott Jerbi, "Categories of Corporate Complicity in Human Rights Abuses," March 21-22, 2001, <https://media.business-humanrights.org/media/documents/files/reports-and-materials/Clapham-Jerbi-paper.htm> (accessed May 4, 2023).

<sup>2</sup> International Criminal Court, "Situation in Ukraine: ICC judges issue arrest warrants against Vladimir Vladimirovich Putin and Maria Alekseyevna Lvova-Belova," March 17, 2023, <https://www.icc-cpi.int/news/situation-ukraine-icc-judges-issue-arrest-warrants-against-vladimir-vladimirovich-putin-and> (accessed March 22, 2023).

Moreover, recent developments in Russia point to an expanding universe of financial, legal, and reputational risks facing those left behind.

On September 21, President Vladimir Putin escalated the war by announcing a “partial mobilisation” of the Russian population. The accompanying legislation ([Article 9 of Federal Law No. 31-FZ](#)) mandates all organisations, including the more than 1,500 international companies that are currently operating on a full or limited scale in Russia, to conduct military registration of the staff if at least one of the employees is eligible for military service.<sup>3</sup> They must also assist with delivering the military summons to their employees, ensure the delivery of equipment to assembly points or military units, and provide information, buildings, communications, land plots, transport, and other material means of support to the war effort.

A new decree issued by President Vladimir Putin on March 3, 2023, enables the Russian government to suspend shareholders' rights and implement external management in companies that don't fulfil state defence contracts under conditions of martial law.<sup>4</sup> By specifying the process of appointing Russian government representatives to manage businesses that fail to meet state orders, the latest Decree effectively creates a scenario of "partial nationalization."

With new legislation introducing partial mobilisation, nationalisation, and potentially martial law in Russia, it is highly likely that corporations will be unable to prevent or mitigate negative human rights impacts, an obligation imposed on companies by the United Nations Guiding Principles on Business and Human Rights. As such, continuing to conduct business in Russia entails significant legal risks for companies, including potential civil and criminal liability under comprehensive sanctions regimes and recent international jurisprudence holding corporations and their officers responsible for human rights abuses abroad.<sup>5</sup> Companies face the rising risk of criminal liability for complicity in

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<sup>3</sup> Federal Law No. 31-FZ of February 26, 1997 "On mobilization training and mobilization in the Russian Federation" (as amended), <https://base.garant.ru/136945/> (accessed November 14, 2022).

<sup>4</sup> Decree of the President of the Russian Federation No. 139 dated March 3, 2023 "On Certain Issues of Carrying Out the Activities of Business Companies Participating in the Fulfilment of the State Defense Order", <http://publication.pravo.gov.ru/Document/View/0001202303030004> (accessed March 22, 2023).

<sup>5</sup> International companies remaining in Russia are now at a greater risk of violating sanctions regimes as implementation of the legislation will likely involve transacting with sanctioned individuals or entities. Furthermore, new domestic civil and criminal cases against companies involved in violations of international law demonstrate the risk of significant liability for facilitating state-sponsored human rights abuses abroad (e.g., Lafarge case, Lundin case, Castel Group indictment, Nevsun holding, and Dassault Aviation, Thales, and MBDA France criminal complaint.) Victoria Riello and Larissa Furtwengler, "Corporate Criminal Liability for International Crimes: France and Sweden Are Poised To Take Historic Steps Forward," *Just Security*, September 6, 2021, <https://www.justsecurity.org/78097/corporate-criminal-liability-for-human-rights-violations-france-and-sweden-are-poised-to-take-historic-steps-forward/> (accessed November 14, 2022); The Sentry, "Breaking: France Opens War Crimes Inquiry Focused on Iconic Food and Beverage Conglomerate," July 1, 2022, <https://thesentry.org/2022/07/01/7216/breaking-france-opens-war-crimes-inquiry-focused-iconic-food-beverage-conglomerate/> (accessed November 14, 2022); Rfi, "French technology firm charged over Libya cyber-spying," July 2, 2022, <https://www.rfi.fr/en/business-and-tech/20210701-french-tech-firm-charged-over-libya-cyber-spying> (accessed November 14, 2022); Preston Lim, "Canadian Supreme Court Allows Corporate Liability for International Law Violations," *Lawfare*, March 12, 2022, <https://www.lawfareblog.com/canadian-supreme-court-allows-corporate-liability-international-law-violations> (accessed November 14, 2022); Sherpa, "Aiding and abetting war crimes in Yemen: Criminal complaint submitted against French arms companies," June 2, 2022, <https://www.asso-sherpa.org/aiding-and-abetting-war-crimes-in-yemen-criminal-complaint-submitted-against-french-arms-companies> (accessed November 14, 2022).

international crimes, which can be prosecuted by domestic courts outside Russia under the doctrine of "universal jurisdiction."<sup>6</sup>

On 24 February 2023, The Financial Action Task Force (FATF) suspended Russia's membership as a result of the war, calling on all actors in the international financial system to exercise extreme caution in all dealings with Russia.<sup>7</sup> In practice, the decision means that all international banks will scrutinise all Russian payments, making financial transactions more expensive, lengthy, with no guarantee that the transaction will occur at all.<sup>8</sup> Although FATF has not yet blacklisted Russia, it highlighted the consensus among its 36 member countries that "the Russian federation's actions represent a gross violation of the commitment to international cooperation upon which FATF Members have agreed to implement and support the FATF Standards."<sup>9</sup> Previous practice shows that noncooperative behaviour is one of the reasons for FATF blacklisting. As a result, companies should examine and mitigate the high levels of risk attached to financial transactions with Russia and based on that risk, companies should reconsider all ongoing business operations related to Russia.

A recent report shows that Russia poses a "real threat to global financial integrity, as well as to national security more broadly."<sup>10</sup> Additionally, the revelation by the Russian president confirming that the recognized transnational criminal organization known as the "Wagner Group" is funded by the Russian government has brought to light a range of alarming risks related to money laundering, terrorist financing, and other financial crimes for businesses involved in or working with Russia.<sup>11</sup> It is now a distinct possibility that businesses continuing their operations and paying taxes in Russia may be providing financial support to the Wagner Group, a notorious paramilitary organization.

Companies may also be exposed to financially material risks through operational restrictions, such as limitations of future government contracts.<sup>12</sup>

Additionally, the Ukrainian government's [National Agency on Corruption Prevention](#) (NACP) is creating a list of "foreign companies that, despite the international recognition of Russia as the

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<sup>6</sup> For example, ongoing proceedings in the US and France against the French multinational Lafarge for complicity in human rights violations in Syria. The Paris Court of Appeal, "La Cour d'appel de Paris confirme la mise en état de la multinationale française Lafarge pour complicité de crimes contre l'humanité commis par l'Etat islamique," May 18, 2022, <https://www.doughtystreet.co.uk/sites/default/files/media/document/Press%20release%20french%20version.pdf> (accessed March 22, 2023); United States Attorney's Office, Eastern District of New York, "Lafarge Pleads Guilty to Conspiring to Provide Material Support to Foreign Terrorist Organizations," October 18, 2022, <https://www.justice.gov/usao-edny/pr/lafarge-pleads-guilty-conspiring-provide-material-support-foreign-terroris> (accessed March 22, 2023).

<sup>7</sup> FATF, "FATF Statement on the Russian Federation," February 24, 2023, <https://www.fatf-gafi.org/en/publications/Fatfgeneral/fatf-statement-russian-federation.html> (accessed March 14, 2023).

<sup>8</sup> Liudmyla Sliptsova, "Russia's membership in the FATF suspended. What does this mean and how ruinous is this for the aggressor's economy?," *Mind*, February 27, 2023, <https://mind.ua/en/publications/20253993-russias-membership-in-the-fatf-suspended-what-does-this-mean-and-how-ruinous-is-this-for-the-aggre> (accessed March 14, 2023).

<sup>9</sup> FATF (n 7).

<sup>10</sup> 11 Themis, "Russia; Country Risk Report," June 2023, <https://themisservices.co.uk/country-risk-report-russia> (accessed June 26, 2023).

<sup>11</sup> Telegram, "Встреча Путина с военными и его заявления по поводу ЧВК "Вагнер," June 27, 2023, [https://t.me/rian\\_ru/207202](https://t.me/rian_ru/207202) (accessed July 3, 2023).

<sup>12</sup> Venable LLP, "Do You Contract with State Governments? If So, Beware of Emerging State Sanctions' Obligations Related to Russia and Belarus," *JD Supra*, June 3, 2022, <https://www.jdsupra.com/legalnews/do-you-contract-with-state-governments-6537229/> (accessed November 14, 2022).

aggressor state and the introduced sanctions restrictions, continue to cooperate with it.”<sup>13</sup> These companies are recognised as international sponsors of war. The listed entities will be included into the World-Check database to protect the global financial sector from Russian sponsors of war. Since banks and insurance companies use World-check to assess risks, companies on the list will be limited in freely accessing personal and corporate finances. So far there are 30 companies on the list, but the NACP notes that it will be expanded with “international companies that provide the public and private sector with goods and services of critical purpose, as well as [those that] contribute to the Russian budget.”<sup>14</sup>

Companies that maintain business relationships with Russia risk being perceived as supporting Russia's war effort. This could have a negative long-term impact on sales in other countries and attract investor scrutiny over adherence to ESG principles. The longer it takes for brands to extricate themselves from the situation, the more damaging it will be for their reputation.

In response to this unprovoked and unjustified war<sup>15</sup> many other companies have already left Russia. According to the Kyiv School of Economics Institute's #LeaveRussia [company tracker](#), JTI has decided to stay and continue its operations in Russia.

These activities in Russia risk enabling and financing Russia's violations of IHL and human rights law during the ongoing invasion and occupation of Ukraine.

Considering these risks and the company's continued presence in Russia, we would like to pose the following questions to JTI:

1. On March 10, 2022, Japan Tobacco Inc. announced that its subsidiary, JTI, will suspend all new investments and marketing activities as well as the planned launch of its latest Heated Tobacco product Ploom X in Russia.<sup>16</sup> The statement clarifies that “JTI needs some time to assess the long-term implications of the situation,” and that it “cannot exclude the possibility of a suspension of its manufacturing operations in the country.”<sup>17</sup> However, a year and a half later, JTI is still continuing its operations in Russia despite the company's duty to act in accordance with the internationally recognised and accepted standards for business and human rights.

**-How is JTI ensuring its compliance with the UNGPs, the OECD guidance, and other internationally recognised standards on business and human rights?**

**-Does JTI recognise that it is operating in an aggressor state and that the UNDP requires companies in this case, in addition to respecting human rights and international humanitarian law, at a minimum, to assess, and avoid or mitigate its connection to the war efforts of the aggressor country to ensure that they do not exacerbate the situation?**

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<sup>13</sup> NACP, “International Sponsors of War,” <https://sanctions.nazk.gov.ua/en/boycott/> (accessed February 6, 2023).

<sup>14</sup> NACP, “Companies from the NACP list of “International Sponsors of War” are now in the World-check database, used worldwide for reviewing counterparties,” September 7, 2022, <https://nazk.gov.ua/en/news/companies-from-the-nacp-list-of-international-sponsors-of-war-are-now-in-the-world-check-database-used-worldwide-for-reviewing-counterparties/?hilite=sponsor+of+war> (accessed February 6, 2023).

<sup>15</sup> The UN General Assembly condemned Russia's "aggression against Ukraine" and demanded that Moscow “unconditionally withdraw all of its military forces from the territory of Ukraine within its internationally recognized borders.”

<sup>16</sup> Japan Tobacco. Inc., “JTI suspends investments in Russia and continues to prioritize the safety of its employees and their families,” March 10, 2022, [https://www.jti.com/sites/default/files/press-releases/documents/2022/JTI\\_suspends\\_investments\\_in\\_Russia\\_and\\_continues\\_to\\_prioritize\\_the\\_safety\\_of\\_its\\_employees\\_and\\_their\\_families.pdf](https://www.jti.com/sites/default/files/press-releases/documents/2022/JTI_suspends_investments_in_Russia_and_continues_to_prioritize_the_safety_of_its_employees_and_their_families.pdf) (accessed July 3, 2023).

<sup>17</sup> Ibid.

**-Which stakeholders has JTI engaged with in determining its policies and the decision to stay in the market?**

**- Has JTI considered all the circumstances and complexities of the war, including numerous human rights violations and war crimes committed in Ukraine in determining to continue operating in Russia?**

2. We understand and agree that JTI has obligations towards its 4,000 Russian employees. These obligations are laid out under the UNGPs and in the wider international human rights legal and regulatory framework. As JTI notes: "JTI [...] continues to prioritize the safety of its employees and their families."

**- Could JTI provide clarification on the specific policies, practices, and mechanisms it has implemented in order to minimize the risks and impacts on its employees?**

**-How has the company applied heightened human rights due diligence to its operations in Russia considering the new Russian legislation requiring businesses to help conduct military registration, deliver the summons to its employees, and provide resources where required?**

**-Has JTI received any such requests, and if so, how has the company responded to them?**

**-What is JTI doing to safeguard its employees from mobilisation?**

**-Have any of your employees been mobilised and, if so, what was JTI'S role in the process?**

3. The safety of employees is and should be a considerable point of concern and obligations for companies. But in light of the specific context of the illegal war on Ukraine, there are other options for the safeguarding of employees that can and have been used by other international companies in Russia. Many companies have offered relocation packages, or contractual clauses which condition the continued employment and safety of employees remaining in Russia. For example, if JTI had decided to sell its Russian business it could have included contractual clauses to ensure the continued safety of its employees, as previously exemplified by the actions of the French Publicis Groupe who employed 1,200 people in the country.

**-Has JTI considered any of these or other options before deciding to continue operations in Russia?**

4. JTI is one of the largest foreign companies still operating in Russia. In 2022, the company's annual revenue in Russia hit \$7.3bn, which constitutes a 26% or \$1.5bn growth compared to its revenue in 2021. Based on the presently available data, JTI holds the second highest position in terms of revenue among all international companies operating in Russia, second only to Philip Morris International. Considering its dominant position in the Russian economy, JTI is also a significant taxpayer in Russia. This could make the company indirectly involved in financing Russian aggression since corporate taxes make up a significant proportion of Russia's GDP. Therefore, taxes paid by companies who stay in Russia indirectly contribute to the war.

**-How much tax has JTI paid in Russia in 2022 and 2023?**

**-Can JTI confirm that its revenue in the Russian Federation increased to \$7.3bn in 2022?**

5. Other companies have faced legal, administrative, and ethical challenges and still committed to, and exited, Russia. JTI has decided to stay in the country, even after over one year since the start of the war, over 80,000 reported war crimes, over 24,000 Ukrainian civilians killed or injured, and with the head of the Russian state indicted by the International Criminal Court for alleged war crimes, namely the abduction of Ukrainian children.

**-Considering these developments and the rising number of reported human rights abuses and war crimes, has JTI considered fully exiting Russia so as not to be even indirectly or remotely associated with these crimes?**

We request an urgent dialogue with JTI's relevant senior management and staff to discuss the company's ongoing activities and relationships in Russia and the associated risks to the people of Ukraine and the company. Please contact the B4Ukraine Coalition at [contact@b4ukraine.org](mailto:contact@b4ukraine.org) to schedule a call. We kindly ask for your response by 5:00pm CET, July 19<sup>th</sup>, 2023.

Sincerely,

The B4Ukraine Coalition

Eddy Pirard  
Chief Executive Officer  
JT International SA  
8 rue Kazem-Radjavi  
120national SA's Executive Team and Board of Directors  
2 Geneva  
Switzerland

April 11, 2023

RE: JT International SA's business operations in Russia

Dear Mr. Pirard,

We write to you as [B4Ukraine](#), a coalition of Ukrainian and international civil society organizations working to curtail the financial resources enabling the Russian invasion of Ukraine. In the spirit of respect for the fundamental rights of all people, the rules-based international order, and a prosperous global economy, we expect companies to demonstrate public support for the people, democracy, and territorial integrity of Ukraine, opposition to Russia's war of aggression, and alignment with the UN Guiding Principles on Business and Human Rights (UNGPs).

We request an urgent dialogue regarding potential inconsistencies between JT International SA's (JT's) obligations under international humanitarian and human rights law and the company's ongoing business operations and relationships in Russia that may contribute to, or be linked with, human rights harms.

It has been over one year since Russia invaded Ukraine and the devastating impacts continue to shock the global conscience and shake the global economy. Russia is violating international humanitarian law (IHL), including war crimes and crimes against humanity, through attacks on civilians and civilian infrastructure (e.g., mass executions, sexual violence, torture, forcible transfer of civilians). More than 22,000 Ukrainians have been killed and injured and millions more have been forced to flee their homes, creating one of the largest humanitarian and refugee crises of modern times. In recognition of the severity of abuses, in March 2023 the International Criminal Court issued an arrest warrant for Vladimir Putin to answer war crimes charges for an alleged scheme to deport Ukrainian children to Russia.<sup>1</sup>

Moreover, as outlined below, recent developments in Russia point to an expanding universe of financial, legal, and reputational risks facing remaining companies.

On September 21, President Vladimir Putin escalated the war by announcing a "partial mobilisation" of the Russian population. The accompanying legislation ([Article 9 of Federal Law No. 31-FZ](#))

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mandates all organisations, including the more than 1,500 international companies that are currently operating on a full or limited scale in Russia, to conduct military registration of the staff if at least one of the employees is eligible for military service.<sup>2</sup> They must also assist with delivering the military summons to their employees, ensure the delivery of equipment to assembly points or military units, and provide information, buildings, communications, land plots, transport, and other material means of support to the war effort.

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With new legislation introducing partial mobilisation, nationalisation, and potentially martial law in Russia, it is highly likely that corporations will be unable to prevent or mitigate negative human rights impacts; an obligation imposed on companies by the United Nations Guiding Principles on Business and Human Rights. As such, continuing to conduct business in Russia entails significant legal risks for companies, including potential civil and criminal liability under comprehensive sanctions regimes and recent international jurisprudence holding corporations and their officers responsible for human rights abuses abroad.<sup>4</sup> By remaining in Russia, companies face the rising risk of criminal liability for complicity in international crimes, which can be prosecuted by domestic courts outside Russia under

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the doctrine of "universal jurisdiction."<sup>5</sup> Companies may also be exposed to financially material risks through operational restrictions, such as limitations of future government contracts.<sup>6</sup>

Firms which continue to trade with Russia also face high levels of risk attached to financial transactions. On 24 February 2023, the Financial Action Task Force (FATF) suspended Russia's membership as a result of the war, calling on all actors in the international financial system to exercise extreme caution in all dealings with Russia.<sup>7</sup> In practice, the decision means that all international banks will scrutinise all Russian payments, making financial transactions more expensive, lengthy, with no guarantee that the transaction will occur at all.<sup>8</sup> Although FATF has not yet blacklisted Russia, it highlighted the consensus among its 36 member countries that "the Russian federation's actions represent a gross violation of the commitment to international cooperation upon which FATF Members have agreed to implement and support the FATF Standards."<sup>9</sup> Previous practice shows that noncooperative behaviour is one of the reasons for FATF blacklisting. As a result, companies should examine and mitigate the high levels of risk attached to financial transactions with Russia and based on that risk, companies should reconsider all ongoing business operations related to Russia.

Additionally, the Ukrainian government's [National Agency on Corruption Prevention](#) (NACP) has created a list of "foreign companies that, despite the international recognition of Russia as the aggressor state and the introduced sanctions restrictions, continue to cooperate with it."<sup>10</sup> These companies are recognised as "international sponsors of war" by the Ukrainian state. The listed entities will be included into the World-Check database to protect the global financial sector from Russian sponsors of war. Since banks and insurance companies use World-check to assess risks, companies on the list will be limited in freely accessing personal and corporate finances. So far there are 21 companies on the list, but the NACP notes that it will be expanded with "international companies that provide the public and private sector with goods and services of critical purpose, as well as [those that] contribute to the Russian budget."<sup>11</sup>

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<sup>5</sup> For example, ongoing proceedings in the US and France against the French multinational Lafarge for complicity in human rights violations in Syria. The Paris Court of Appeal, "La Cour d'appel de Paris confirme la mise en état de la multinationale française Lafarge pour complicité de crimes contre l'humanité commis par l'Etat islamique," May 18, 2022, <https://www.doughtystreet.co.uk/sites/default/files/media/document/Press%20release%20french%20version.pdf> (accessed March 22, 2023); United States Attorney's Office, Eastern District of New York, "Lafarge Pleads Guilty to Conspiring to Provide Material Support to Foreign Terrorist Organizations," October 18, 2022, <https://www.justice.gov/usao-edny/pr/lafarge-pleads-guilty-conspiring-provide-material-support-foreign-terroris> (accessed March 22, 2023).

<sup>6</sup> Venable LLP, "Do You Contract with State Governments? If So, Beware of Emerging State Sanctions' Obligations Related to Russia and Belarus," *JD Supra*, June 3, 2022, <https://www.jdsupra.com/legalnews/do-you-contract-with-state-governments-6537229/> (accessed January 2, 2022).

<sup>7</sup> FATF, "FATF Statement on the Russian Federation," February 24, 2023, <https://www.fatf-gafi.org/en/publications/Fatfgeneral/fatf-statement-russian-federation.html> (accessed March 14, 2023).

<sup>8</sup> Liudmyla Sliptsova, "Russia's membership in the FATF suspended. What does this mean and how ruinous is this for the aggressor's economy?," *Mind*, February 27, 2023, <https://mind.ua/en/publications/20253993-russias-membership-in-the-fatf-suspended-what-does-this-mean-and-how-ruinous-is-this-for-the-aggre> (accessed March 14, 2023).

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<sup>10</sup> NACP, "International Sponsors of War," <https://sanctions.nazk.gov.ua/en/boycott/> (accessed February 6, 2023).

<sup>11</sup> NACP, "Companies from the NACP list of "International Sponsors of War" are now in the World-check database, used worldwide for reviewing counterparties," September 7, 2022, <https://nazk.gov.ua/en/news/companies-from-the-nacp-list-of-international-sponsors-of-war-are-now-in-the-w>

In response to this unprovoked and unjustified war<sup>12</sup> many companies have already left Russia. According to the Kyiv School of Economics Institute's #LeaveRussia [company tracker](#), JTI has suspended some operations, while continuing others.

Prior to the war, JTI had significant business operations in Russia. With 4 factories and 4,000 employees, Russia is one of the largest markets for JTI. The company controls approximately 40% of the Russian cigarette market where it is engaged in numerous activities, such as manufacture and sale of tobacco products, reduced-risk and heated products, and development and research.

In March 2022, Japan Tobacco Inc. issued a statement expressing condemnation of the war and confirming suspension of some of its operations in Russia: "Japan Tobacco Inc. (JT) (TSE: 2914) has announced that effective immediately, its subsidiary, JTI will suspend all new investments and marketing activities as well as the planned launch of its latest Heated Tobacco product Ploom X in Russia."<sup>13</sup> In the same statement, the company said that it is suspending its operations in Ukraine, where it employs about 1,000 people.

Despite the condemnation of the war and a challenging regulatory environment, JTI continues to manufacture and distribute its products in Russia, even reporting a growth in market share and volume in the country.<sup>14</sup> In its 2022 Earnings Report, the company states for Russia: "Core revenue at constant FX increased, driven by a robust price/mix contribution, more than offsetting a negative volume variance."<sup>15</sup>

In April 2022, JT reportedly considered selling off its Russian operations, JT International Russia, in response to the country's invasion of Ukraine.<sup>16</sup> However, the company continued its operations in the country.

With its considerable market share and operations in Russia, JT is one of Russia's biggest individual taxpayers, accounting for 1.4% of the nation's total budget revenue in 2020.<sup>17</sup>

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[orld-check-database-used-worldwide-for-reviewing-counterparties/?hilite=sponsor+of+war](#) (accessed February 6, 2023).

<sup>12</sup> The UN General Assembly condemned Russia's "aggression against Ukraine" and demanded that Moscow "unconditionally withdraw all of its military forces from the territory of Ukraine within its internationally recognized borders."

<sup>13</sup> Japan Tobacco Inc., "JTI suspends investments in Russia and continues to prioritize the safety of its employees and their families," March 10, 2022, [https://www.jti.com/sites/default/files/press-releases/documents/2022/JTI\\_suspends\\_investments\\_in\\_Russia\\_and\\_continues\\_to\\_prioritize\\_the\\_safety\\_of\\_its\\_employees\\_and\\_their\\_families.pdf](https://www.jti.com/sites/default/files/press-releases/documents/2022/JTI_suspends_investments_in_Russia_and_continues_to_prioritize_the_safety_of_its_employees_and_their_families.pdf) (accessed April 6, 2023).

<sup>14</sup> JT, "2022 Third Quarter Results," October 31, 2022, <https://www.jti.com/sites/default/files/press-releases/documents/2022/JTG-2022-third-quarter-results.pdf> (accessed April 6, 2023).

<sup>15</sup> JT, "2022 Earnings Report," February 14, 2023, <https://www.jti.com/sites/default/files/press-releases/documents/2023/jt-group-2022-financial-results-2023-forecast.pdf> (accessed April 6, 2023).

<sup>16</sup> Shoichiro Taguchi and Nikkei Asia, "Russia: Japan Tobacco considers selling off Russian operations in response to Russian invasion of Ukraine," *Business and Human Rights Resource Centre*, April 28, 2022, <https://www.business-humanrights.org/en/latest-news/russia-japan-tobacco-considers-selling-off-russian-operations-in-response-to-russian-invasion-of-ukraine/> (accessed April 6, 2023).

<sup>17</sup> The Business Standard, "How is Japan govt connected with Russia's biggest cigarette maker?," April 7, 2022, <https://www.tbsnews.net/analysis/how-japan-govt-connected-russias-biggest-cigarette-maker-398866> (accessed April 6, 2023).

These activities in Russia risk enabling and financing Russia's violations of IHL and human rights law during the ongoing invasion and occupation of Ukraine.

We seek to understand the status of JTI's exposure to Russia and how JTI has conducted and continues to conduct heightened human rights due diligence, and how the findings of such a process has resulted in these continued business activities and relationships. As noted by the UNGPs:

...the more severe the abuse, the more quickly the enterprise will need to see change before it takes a decision on whether it should end the relationship. In any case, for as long as the abuse continues and the enterprise remains in the relationship, it should be able to demonstrate its own ongoing efforts to mitigate the impact and be prepared to accept any consequences – reputational, financial or legal – of the continuing connection.

In consideration of the above points and B4Ukraine's [Declaration](#), we request an urgent dialogue with JTI's and JT's relevant senior management and staff to discuss the company's ongoing activities and relationships in Russia, associated risks to the people of Ukraine and the company, and potential steps to prevent/mitigate these risks. Please contact the B4Ukraine Coalition at [contact@b4ukraine.org](mailto:contact@b4ukraine.org) to schedule a call. We kindly ask for your response by 5:00pm CET, April 25<sup>th</sup>, 2023.

Sincerely,

The B4Ukraine Coalition