



# Basis of Reporting

This outlines the scope, and the way we define, calculate, and consolidate, notably for Compliance, Human resources, Workplace health and safety, Environment, and Community investment. We provide the information in three categories below:

DEFINITIONS	SCOPE	DATA CALCULATION, CONSOLIDATION METHOD, AND ASSUMPTIONS
<p>We clarify the meaning we attach to specific terms used as part of our performance data points.</p>	<p>The scope of the data (correct for the business structure of the JT Group as of December 31, 2019) and any exclusions, if applicable. We report data for the entire JT Group, including subsidiaries, wherever possible. In the middle of 2015, the JT Group withdrew from the beverage business. As a result, we excluded this business from historic reported data from 2015, or stated otherwise where that was not possible or appropriate.</p>	<p>We provide information for the calculations, formulas, consolidation method, and any assumptions or estimates used.</p>

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## Compliance

# NON-DISCRIMINATION

### GRI 406-1

Total number of incidents of discrimination and corrective actions taken

DEFINITIONS	SCOPE	DATA CALCULATION, CONSOLIDATION METHOD, AND ASSUMPTIONS
<p>An incident of discrimination is described as an act of treating an employee differently by imposing unequal burdens or denying benefits, rather than treating each employee fairly, based on individual merit. Discrimination can also include cases of harassment, which is defined as comments or actions that are unwelcome, or should reasonably be known to be unwelcome, to the person toward whom they are addressed, which has the purpose or effect of violating an individual's dignity or creating an intimidating, hostile, degrading, humiliating, or offensive environment.</p>	<p>The entire JT Group, including subsidiaries<sup>*A</sup>.</p>	<p>The number of grievances are counted based on exported data from our Reporting Concerns Mechanism.</p>

# NUMBER OF REPORTED CASES OF GRIEVANCES ABOUT HUMAN RIGHTS DEFINITIONS

DEFINITIONS	SCOPE	DATA CALCULATION, CONSOLIDATION METHOD, AND ASSUMPTIONS
<p>For JT and Japanese domestic Group companies, we include cases related to <u>harassment</u> (Including sexual harassment and bullying), and human relations. For our international tobacco business, we include cases related to child labor, harassment, discrimination, physical threats and violence, and data privacy.</p>	<p>The entire JT Group including subsidiaries<sup>*A</sup>.</p>	<p>The number of reported cases is counted based on exported data from our Reporting Concerns Mechanism.</p>

# NUMBER OF REPORTED CASES OF FRAUD AND MISUSE OF COMPANY ASSETS

DEFINITIONS	SCOPE	DATA CALCULATION, CONSOLIDATION METHOD, AND ASSUMPTIONS
<p>For JT and Japanese domestic Group companies, we include cases related to inappropriate use of company assets. For our international tobacco business, we include cases relating to fraud and theft of the JT Group and third-party assets, misuse of IT resources, and the cases of intellectual property infringements recorded under the Reporting Concerns Mechanism.</p>	<p>The entire JT Group including subsidiaries<sup>*A</sup>.</p>	<p>The number of reported cases is counted based on exported data from our Reporting Concerns Mechanism.</p>

# NUMBER OF REPORTED CASES OF GRIEVANCES ABOUT IMPACTS ON SOCIETY

DEFINITIONS	SCOPE	DATA CALCULATION, CONSOLIDATION METHOD, AND ASSUMPTIONS
<p>We have defined our main areas of impacts on society as anti-bribery and corruption and anti-competitive behavior.</p>	<p>The entire JT Group including subsidiaries <sup>*A</sup>.</p>	<p>The number of reported cases is counted based on exported data from our Reporting Concerns Mechanism.</p>

# NUMBER OF REPORTED CASES OF GRIEVANCES ABOUT LABOR PRACTICES

DEFINITIONS	SCOPE	DATA CALCULATION, CONSOLIDATION METHOD, AND ASSUMPTIONS
<p>For JT and Japanese domestic Group companies, we include cases relating to improper work instructions, management's work attitude, colleagues' work attitude, personnel assessment, personnel transfers, overtime pay, retirement issues, labor contracts, labor conditions, work environment, and smoke environment. For our international tobacco business, we include cases relating to breach of HR policies and procedures, conflict of interest, retaliation, unlawful dismissal, inappropriate behavior, non-respect for employee safety, and severe disrespectful behavior.</p>	<p>The entire JT Group including subsidiaries <sup>*A</sup>.</p>	<p>The number of grievances is counted based on exported data from our Reporting Concerns Mechanism. Excluded from the data for our international tobacco business are HR cases that are classified as confidential.</p>

## NUMBER OF GHE REQUESTS

DEFINITIONS	SCOPE	DATA CALCULATION, CONSOLIDATION METHOD, AND ASSUMPTIONS
The number of gifts, hospitality, and entertainment (GHE) requests, including those reported via our GHE application portal.	Solely our international tobacco business <sup>*E</sup> .	Data is collected and collated through our GHE application portal.

## PERCENTAGE OF EMPLOYEES WHO RESPONDED TO COMPLIANCE SURVEY

DEFINITIONS	SCOPE	DATA CALCULATION, CONSOLIDATION METHOD, AND ASSUMPTIONS
The percentage of employees who responded to our annual compliance survey, conducted online, or by a paper questionnaire.	Our Japanese operations, including subsidiaries of Japanese domestic businesses <sup>*C</sup> , excluding Torii Pharmaceutical.	The data is calculated based on an assumption that all employees with a valid corporate email address receive an invitation to complete the survey, and all employees who do not have an email address receive a paper questionnaire.

## PERCENTAGE OF ELIGIBLE EMPLOYEES WHO PARTICIPATED IN THE JT GROUP CODE OF CONDUCT TRAINING

DEFINITIONS	SCOPE	DATA CALCULATION, CONSOLIDATION METHOD, AND ASSUMPTIONS
<p>The number of employees who underwent training, namely e-learning regarding the JT Group Code of Conduct.</p>	<p>Our Japanese operations, including subsidiaries of Japanese domestic businesses*<sup>C</sup>, excluding Torii Pharmaceutical.</p>	<p>The training data is calculated based on an assumption that all employees with a valid corporate email address receive electronic communications regarding the JT Group Code of Conduct.</p>

## Human resources

# WORKFORCE INFORMATION

GRI 102-8

Information on employees and other workers

DEFINITIONS	SCOPE	DATA CALCULATION, CONSOLIDATION METHOD, AND ASSUMPTIONS
<p>Workforce consists of people working for the Company at the end of the year as follows:</p> <ul style="list-style-type: none"> <li>Full-time employee: is defined according to national legislation and practice regarding working time (such as national legislation that defines “full-time” as a minimum of 9 months per year and a minimum of 30 hours per week).</li> <li>Part-time employee: is defined as an employee whose working hours per week, month, or year, are less than ‘full-time’, as defined above.</li> <li>Supervised worker: is defined as an individual who performs regular work on-site for, or on behalf of, the organization.</li> <li>Permanent contract: is defined as a contract for an indeterminate period.</li> <li>Temporary contract: is defined as a contract for a limited duration or determinate period.</li> </ul>	<p>The entire JT Group including subsidiaries<sup>*A</sup>, excluding entities where an SAP system has not yet been introduced. They are newly acquired businesses and they account for around 30% of our total workforce.</p> <p>We provide the following data with limited scope due to data collection methodology:</p> <ul style="list-style-type: none"> <li>The gender breakdown of temporary part-time employees: solely our international tobacco business<sup>*E</sup>.</li> <li>The breakdown of supervised workers: our Japanese operations, including subsidiaries of Japanese domestic businesses<sup>*C</sup>.</li> </ul> <p>No substantial portion of our work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised workers of contractors.</p>	<p>The figures are calculated based on exported data from our HR systems.</p>

# PERCENTAGE OF TOTAL ELIGIBLE EMPLOYEES COVERED BY COLLECTIVE BARGAINING AGREEMENTS

GRI 102-41  
 Collective bargaining agreements

DEFINITIONS	SCOPE	DATA CALCULATION, CONSOLIDATION METHOD, AND ASSUMPTIONS
<p>An employee is covered by a collective bargaining agreement if the employee declares their intentions to be part of a trade union and pays periodical union dues.</p>	<p>Our Japanese operations, including subsidiaries of Japanese domestic businesses*<sup>C</sup>. In the JT Group's companies, 23 of them have labor unions and 33 don't. Therefore, the latter is out of scope.</p> <p>Data from our international tobacco business is excluded, because the law in some of the countries where we operate prohibits us from investigating whether an employee is unionized.</p>	<p>Data is calculated as of the end of the year, using data held in our HR systems.</p>

## MARKET PRESENCE

GRI 202-1  
 Ratios of standard entry-level wage by gender compared to local minimum wage at significant locations of operation



DEFINITIONS	SCOPE	DATA CALCULATION, CONSOLIDATION METHOD, AND ASSUMPTIONS
<p>Significant locations for this indicator are defined as JT Tokyo HQ, JTI Moscow, JTI UK and JTI Trier factory. Tokyo is our headquarters, Moscow is the HQ office of the JTI Russia market – this market has the highest number of employees in our international tobacco business and our international tobacco business has a significant presence in the UK. JTI Trier factory is the biggest manufacturing site in the JT Group.</p> <p>Standard entry-level wage is defined as the theoretical lowest wage in the location and is therefore equal to, or lower than, the actual lowest wage paid in the entity.</p> <p>Local minimum wage refers to compensation per hour or other unit of time for employment allowed under law.</p> <ul style="list-style-type: none"> <li>▪ JT Tokyo HQ: official minimum wage of the Tokyo metropolitan area.</li> <li>▪ JTI Trier factory: official German minimum wage.</li> <li>▪ JTI Moscow: official minimum wage of Moscow City.</li> <li>▪ JTI UK: official U.K. minimum wage.</li> </ul>	<p>For our international tobacco business, the scope includes permanent full-time and part-time employees, and temporary full-time employees. In JT, the scope includes only permanent full-time and part-time employees. Temporary full-time employees are excluded.</p>	<ul style="list-style-type: none"> <li>▪ JT Tokyo HQ: the basis for calculation is hourly minimum wage and monthly entry-level wage.</li> <li>▪ JTI Trier factory: the basis for calculation is hourly minimum wage and hourly entry-level wage.</li> <li>▪ JTI Moscow: the basis for calculation is yearly minimum wage and yearly entry-level wage.</li> <li>▪ JTI UK: the basis for calculation is hourly minimum wage and yearly entry level-wage.</li> </ul>

# EMPLOYMENT

GRI 401-1

Total number and rates of new employee hires and employee turnover by age group, gender, and region

DEFINITIONS	SCOPE	DATA CALCULATION, CONSOLIDATION METHOD, AND ASSUMPTIONS
<p>New employee hires are defined as the number of new employees joining the JT Group. Employee turnover is defined as the number of employees who left the JT Group for any reason, voluntarily or not. Employee age is classified in three groups: under 30, between 30 and 50, and above 50 years of age.</p>	<p>The scope of this data is detailed below, and excludes employees in entities where an SAP system has not yet been introduced. These breakdowns cover permanent full-time, part-time employees, and temporary full-time employees. Employees transferring from other JT Group's companies are excluded, and not classified as a new employee hire.</p> <ul style="list-style-type: none"> <li>Number and rate of new employees by gender: the entire JT Group, including subsidiaries.<sup>*A</sup>.</li> <li>Number and rate of new employees by age: our Japanese domestic tobacco and pharmaceutical businesses<sup>*D</sup>.</li> <li>Number and rate of turnover by gender: the entire JT Group, including subsidiaries<sup>*A</sup>.</li> <li>Number and rate of turnover by age: the entire JT Group, including subsidiaries<sup>*A</sup>, excluding Akros Pharma Inc., Fuji Foods, and Saint-German America.</li> </ul>	<p>The turnover and new employee numbers are based on exported data from our HR systems, at the end of the year.</p> <ul style="list-style-type: none"> <li>Turnover rate: the total number of turnover, divided by the total number of employees at the end of the year.</li> <li>New employee hire rate: the total number of new employee hires, divided by the total number of employees at the end of the year.</li> </ul>

## GRI 401-2

Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation

DEFINITIONS	SCOPE	DATA CALCULATION, CONSOLIDATION METHOD, AND ASSUMPTIONS
Significant locations for this indicator include JT Tokyo HQ, and JTI Geneva HQ.	The data scope is aligned with the above definition.	Benefits for temporary part-time employees in Geneva have been stated pro rata.

## LABOR/MANAGEMENT RELATIONS

### GRI 402-1

Minimum notice periods regarding operational changes

DEFINITIONS	SCOPE	DATA CALCULATION, CONSOLIDATION METHOD, AND ASSUMPTIONS
Minimum notice periods are defined as those required, if any, by law in the country where the operational change occurs.	We disclose significant operational changes that have substantial consequences for a large proportion of employees. The reported information corresponds to closures or withdrawal from business publicly announced during this year or earlier, but which had not been completed yet.	Notice periods are calculated and disclosed in two different ways: the number of months between the announcement of the closure and the first redundancies, and the number of months between the announcement of the closure and the closedown.

## TRAINING AND EDUCATION

## GRI 404-2

### Programs for upgrading employee skills and transition assistance programs

DEFINITIONS	SCOPE	DATA CALCULATION, CONSOLIDATION METHOD, AND ASSUMPTIONS
<p>We consider skills management programs that take account of employees' needs and future career opportunities, as well as requirements of the business.</p>	<p>We disclose global and local development programs.</p>	<p>The examples of programs are disclosed in the public domain such as our Global website and Integrated Report.</p>

## GRI 404-3

### Percentage of employees receiving regular performance and career development reviews, by gender and by employee category

DEFINITIONS	SCOPE	DATA CALCULATION, CONSOLIDATION METHOD, AND ASSUMPTIONS
<p>We consider an employee to be receiving regular performance and career development reviews if the employee has an opportunity to have their development and business objectives, as well as competences, evaluated by their superior at least once a year.</p>	<p>The entire JT Group, including subsidiaries <sup>*A</sup>, and it includes permanent full-time and part-time employees, and temporary full-time employees, but excludes employees in entities where an SAP system has not yet been introduced. However, the scope of breakdown by positions is our Japanese domestic tobacco, pharmaceutical, and international tobacco businesses <sup>*D</sup>.</p>	<p>Data is calculated as the total number of employees who received a performance and career development review in 2018 divided by the total number of employees at the end of 2018, excluding employees working in our factories where they receive the review on paper, which cannot be tracked by our HR system. New hires joining in Q4 2018 in our international tobacco business are excluded from the data, as they were not eligible for a 2018 performance review.</p>

# DIVERSITY AND EQUAL OPPORTUNITY

GRI 405-1

Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity

DEFINITIONS	SCOPE	DATA CALCULATION, CONSOLIDATION METHOD, AND ASSUMPTIONS
<p>Employee age is classified in three groups: under 30, between 30 and 50, and above 50 years of age.</p> <p>For JT and Japanese domestic subsidiaries, the following definitions are used for employee categories:</p> <ul style="list-style-type: none"> <li>Executive Officers are persons who are appointed by the Board of Directors, are assigned certain responsibilities, and delegate relevant authorities in accordance with the rules defining the extent of responsibility and authority.</li> <li>Management is defined as persons in positions of supervision or management according to national legislation and practice, and excluding Executive Officers.</li> <li>Employees are persons who are not in management positions.</li> </ul> <p>For our international tobacco business, the following definitions are used for employee categories:</p> <ul style="list-style-type: none"> <li>Employees that are members of the Executive</li> </ul>	<p>The entire JT Group, including subsidiaries<sup>*A</sup>, excluding employees in entities where an SAP system has not yet been introduced. Akros Pharma Inc., Fuji Foods, and Saint-Germain America are included in the data by position and gender but excluded from the data by age group. The data consists of permanent full-time and part-time employees, and temporary full-time employees. We disclose only the gender and age breakdowns.</p>	<p>The figures are calculated based on exported data from our HR systems.</p>

DEFINITIONS	SCOPE	DATA CALCULATION, CONSOLIDATION METHOD, AND ASSUMPTIONS
<p>Committee are categorized as Executive Officers.</p> <ul style="list-style-type: none"> <li>• The Vice President and Director-level employees are categorized as Management.</li> <li>• Persons of Manager level and Associate level are categorized as Employees.</li> </ul>		

## EQUAL REMUNERATION FOR WOMEN AND MEN

GRI 405-2

Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation



DEFINITIONS	SCOPE	DATA CALCULATION, CONSOLIDATION METHOD, AND ASSUMPTIONS
<p>Significant locations for this indicator include JT Tokyo HQ, JTI Geneva HQ, and JTI UK.</p> <p>Unless specifically stated, the following definitions are used for employee categories for JT:</p> <ul style="list-style-type: none"> <li>Executive Officers are persons who are appointed by the Board of Directors, are assigned certain responsibilities, and delegate relevant authorities in accordance with the rules defining the extent of responsibility and authority.</li> <li>Management is defined as persons in positions of supervision or management according to national legislation and practice, and excluding Executive Officer.</li> <li>Employees are persons who are not in management positions.</li> </ul> <p>The following definitions are applied for employee categories for our international tobacco business:</p> <ul style="list-style-type: none"> <li>Vice President</li> <li>Director</li> </ul>	<p>In JT Tokyo HQ, the scope includes permanent full-time and part-time employees, and temporary full-time employees. In JTI Geneva HQ and JTI UK, the scope includes permanent full-time employees, and excludes those who are not paid in CHF, and members of the Executive Committee. In JTI UK, Vice Presidents are excluded as no female employee is at this position.</p>	<p>The figures for JT Tokyo HQ, JTI Geneva HQ and JTI UK are calculated based on 'annual base salary.'</p> <p>In JT Tokyo HQ, each of the categories defined above (Executive Officers, Management, and Employees) includes multiple grades. We select grades that include both female and male employees to calculate the ratio of annual base salary of women to men. Then, those pay ratios are consolidated into the above three categories based on the weighted average of employees within each grade.</p> <p>For JTI Geneva HQ and JTI UK, we calculate the average annual base salary by gender for each employee category defined above. This average is used to calculate the ratio of annual base salary of women to men within each category.</p>

DEFINITIONS	SCOPE	DATA CALCULATION, CONSOLIDATION METHOD, AND ASSUMPTIONS
<ul style="list-style-type: none"> <li>Manager</li> <li>Associate</li> </ul>		

## PERCENTAGE OF MANAGEMENT POSITIONS HELD BY WOMEN AT THE END OF THE YEAR

DEFINITIONS	SCOPE	DATA CALCULATION, CONSOLIDATION METHOD, AND ASSUMPTIONS
<p>In our Japanese operations, including subsidiaries of our Japanese domestic businesses, an employee is categorized at a position of management if the employee is in a position of supervision or management, according to national legislation and practice, but is not an Executive Officer.</p> <p>In our international tobacco business, an employee is categorized at a position of management if the employee is Director level or Vice President level. However, the ratio of our international tobacco business doesn't include Vice President, as our target only includes directors.</p>	<p>The entire JT Group, including subsidiaries<sup>*A</sup>, excluding employees in entities where an SAP system has not yet been introduced. The data consists of permanent full-time and part-time employees, and temporary full-time employees.</p>	<p>Data is calculated as the total number of women holding a management position at the end of the year, divided by the total number of employees who had a management position at the end of the year. In JT, employees who were in management positions, but who have been reassigned to pre-retirement positions, as they are reaching the mandatory retirement age and they are excluded from the calculation.</p>

## PERCENTAGE OF MANAGEMENT POSITIONS HELD BY INTERNAL HIRES

DEFINITIONS	SCOPE	DATA CALCULATION, CONSOLIDATION METHOD, AND ASSUMPTIONS
<p>In our Japanese operations, including subsidiaries of Japanese domestic businesses, an employee is categorized at a position of management if the employee is in a position of supervision or management, according to national legislation and practice, but is not an Executive Officer.</p> <p>In our international tobacco business, an employee is categorized at a position of management if the employee is Director level or Vice President level. We define internal hires as current employees who would be reassigned to a new position by promotion or internal transfer.</p>	<p>The entire JT Group, including subsidiaries<sup>*A</sup>, but it excludes employees in entities where an SAP system has not yet been introduced. The data consists of permanent full-time and part-time employees, and temporary full-time employees.</p>	<p>Data is calculated as the total number of management positions filled by internal hires at the end of the year, divided by the total number of management positions filled at the end of year.</p>

## TOTAL NUMBER OF TALENT PARTNERSHIP PROGRAM EXCHANGES

DEFINITIONS	SCOPE	DATA CALCULATION, CONSOLIDATION METHOD, AND ASSUMPTIONS
<p>Total number of our Talent Partnership Program exchanges is defined as the sum of employees who are transferred as functional or development assignees from JT to JTI, or vice versa, at the end of the year.</p>	<p>Our Japanese domestic tobacco, pharmaceutical, and international tobacco businesses<sup>*D</sup>.</p>	<p>Data is calculated as the sum of the number of functional assignees and development assignees seconded between JT and JTI at the end of the year.</p>

Workplace health and safety

## OCCUPATIONAL HEALTH AND SAFETY

GRI 403-2

Hazard identification, risk assessment, and incident investigation

DEFINITIONS	SCOPE	DATA CALCULATION, CONSOLIDATION METHOD, AND ASSUMPTIONS
<p>In the JT Group, the words “work-related” injuries or illness and “workplace” injuries or illnesses are used interchangeably.</p> <p>The following cases are considered to be work related.</p> <ul style="list-style-type: none"> <li>┆ An employee or a supervised worker suffers from an injury or occupation-related disease as a result of carrying out their duties.</li> <li>┆ A third-party contractor suffers from an injury or occupation-related disease as a result of carrying out their duties. (including on-site third-party operations).</li> <li>┆ A person suffers an injury or develops an occupation-related disease associated with the JT Group’s own operations and, or a JT Group employee while he or she is on duty.</li> </ul> <p>Find below our definitions of recordable injuries, lost-time injuries and occupational diseases. Any work-related injury requiring more than first aid is defined as recordable.</p> <p>Recordable Injuries include:</p>	<p>We consider that a newly acquired business needs 18 months to become fully integrated in the JT Group way of working from a health and safety perspective. This is the time needed to implement all our health and safety policies, standards and practices and attain a minimum safety culture level. We include in our report 6 months full data after the integration phase to ensure consistency and accuracy of data trends versus the target.</p> <ul style="list-style-type: none"> <li>┆ Number of fatalities: the entire JT Group, including subsidiaries*<sup>A</sup>. It covers number of fatalities of employees (incl. supervised workers), contractors, and third parties resulting from an incident involving an asset, such as a facility, or a vehicle being driven for business purposes.</li> <li>┆ Number of lost-time injury: the entire JT Group, including subsidiaries*<sup>A</sup>. It covers employees (incl. supervised workers), and contractors.</li> <li>┆ Lost time injury rate: the entire JT Group, including subsidiaries*<sup>A</sup>. It includes employees (incl. supervised workers). The rate of contractors is not available because their working hours</li> </ul>	<p>In our Japanese operations, including subsidiaries of Japanese domestic businesses, health and safety data is reported to headquarters by individual functions and the subsidiaries on an annual basis, while serious incidents are reported immediately. The number reported is based on the number of health and safety related events that were submitted to, and are recognized by, relevant Japanese authority as such.</p> <p>In our international tobacco business, health and safety data is collected globally and individual sites and locations report to the headquarters through a system on an ongoing basis.</p> <p>The calculation is performed in the following manner:</p> <ul style="list-style-type: none"> <li>┆ Number of fatalities: the sum of all fatalities within our defined scope.</li> <li>┆ Number of lost-time injuries: the sum of all lost-time injuries within our defined scope.</li> <li>┆ Lost-time injury rate*: the sum of all lost-time injuries divided by 200,000 hours worked within our defined scope.</li> </ul>

Fatalities

Lost time Injuries (LTI) of 1 day or more

Restricted Work Cases (RWC) preventing someone from doing his/her regular job (no length defined)

Medical Treatment Cases (MTC) is an injury that requires medication, treatment and medical care normally administered by a healthcare professional and is beyond first aid.

Lost-time injury is a work-related injury that results in an individual being unable to work on a subsequent scheduled workday or shift. It doesn't include fatalities.

Occupational diseases are negative impacts on health arising from exposure to hazards at work. 'Occupational diseases' indicates damage to health and includes diseases, illnesses, and disorders. The terms 'disease', 'illness', and 'disorder' are often used interchangeably and refer to conditions with specific symptoms and diagnoses.

Mental illness is included in occupational diseases. A mental illness is considered to be work related if it has been notified voluntarily by the worker and is supported by an opinion from a licensed healthcare professional with appropriate training and experience stating that the illness is work related.

are not managed by the JT Group.

Absenteeism rate: solely our Japanese domestic tobacco and pharmaceutical business<sup>\*B</sup>.

Occupational disease rate: In our Japanese operations, the scope was solely our Japanese domestic tobacco and pharmaceutical businesses<sup>\*B</sup> in 2015 and it expanded to our Japanese operations, including subsidiaries of Japanese domestic businesses<sup>\*C</sup> from 2016. In our international tobacco business, we started covering all the locations in 2018. Therefore, from 2018, the data scope is the entire JT Group, including subsidiaries<sup>\*A</sup>.

Number of recordable injuries : Our Japanese and international tobacco business. Only employees (incl. supervised workers) are in scope. In our Japanese domestic group companies, the data of supervised workers in 2015 is not available, therefore we used the 2017 data as a proxy for 2015.

Recordable injury rate: Our Japanese and international tobacco business. Only employees (incl. supervised workers) are in the scope. In our Japanese domestic group companies, the data of supervised workers in 2015 is not available, therefore we used the 2017 data as a proxy for 2015.

Absenteeism rate: total actual days of absence divided by theoretical working days (regular working days) within our defined scope.

Occupational diseases rate\*: the sum of all occupational diseases divided by 200,000 hours worked within our defined scope.

Number of recordable injuries: the sum of all recordable injuries within our defined scope.

\* Data of actual supervised workers' working hours is not available in our Japanese operations, therefore it is calculated in the following manner: regular working days multiplied by regular working hours.

Fatality is a death resulting from a work-related injury or illness/occupational disease.

Absenteeism is, medical leave, sick leave, and absent from work without notification for permanent leave (excluding paid leave) for full-time employees. Part-time employees are excluded as out of scope.

Employee: Individual who is in an employment relationship with the organization, according to national law or its application.

Supervised worker is defined as an individual who, though not an employee, performs regular work on-site for, or on behalf of, the organization.

Contractor: Individual who is not a JT Group employee that provides services, described in a contract, to the JT Group, whose work is not under the JT Group's supervision. Those who provide services temporarily (E.G. gardener, carpenter) are not defined as contractors. Supervised workers are not categorized as contractors because their work is monitored by the JT Group employees. We report any health and safety data of supervised workers under employees.

Sub-contractor: Individual who is not by a JT Group employee and is hired a JT Group contractor to perform a specific task as part of the overall project from which the JT Group benefits. (E.G. Electricians who work as part of

a construction project a JT Group workplace.) They are categorized as third parties.

## VEHICLE ACCIDENTS AND VEHICLE ACCIDENT FREQUENCY RATE

DEFINITIONS	SCOPE	DATA CALCULATION, CONSOLIDATION METHOD, AND ASSUMPTIONS
<p>Our Japanese domestic operations define a vehicle accident as any incident that results in the death or an injury to an employee (incl. supervised workers), part-time workers and/or third party.</p> <p>Our international tobacco business defines a vehicle accident as any incident involving a fleet vehicle that results in death or an injury to an employee (incl. supervised workers) and/or third party.</p> <p>If no injury occurs, they are not considered to be vehicle accidents. In 2019, we started excluding any cases where no injury occurs, from our vehicle accidents.</p>	<p>Our Japanese domestic tobacco, pharmaceuticals, and international tobacco businesses<sup>*D</sup>.</p> <p>Number of vehicle accidents: covers vehicles and motorcycles used by our employees (incl. supervised workers). In our Japanese operations, part-time employees are also in the scope.</p> <p>Vehicle accident frequency rate: covers the number of vehicle accidents per million kilometers driven.</p>	<p>Number of vehicle accidents: sum of all vehicle accidents within our defined scope.</p> <p>Vehicle accident frequency rate: the number of vehicle accidents divided by million kilometers driven within our defined scope. While our international tobacco business uses actual data for kilometers driven, JT calculates it based on the volume of fuel used by type.</p>

## PERCENTAGE OF CIGARETTE AND TOBACCO-RELATED FACTORIES CERTIFIED TO OHSAS 18001 SAFETY MANAGEMENT STANDARD



DEFINITIONS	SCOPE	DATA CALCULATION, CONSOLIDATION METHOD, AND ASSUMPTIONS
Cigarette and tobacco-related factories include all our leaf processing, cigarettes, and tobacco product manufacturing facilities.	Our Japanese domestic tobacco and pharmaceutical businesses <sup>*D</sup> , excluding markets, R&D, non-tobacco material processing factories, and other support services.	Certification information is collected at individual factories. The percentage is calculated as the number of certified factories and locations, divided by the total number of all factories within scope.

## Environment

### OVERVIEW

#### SCOPE

We use an operational control approach to determine the scope and boundaries of our environmental data reporting, which covers the entire JT Group including subsidiaries<sup>\*A</sup>, as well as some affiliates, and some contract manufacturers that meet specific criteria. Thus, coverage of environmental data is wider than other<sup>\*A</sup> level data shown in the other sections of our reporting.

We restate our environmental data, in accordance with our recalculation policy, to take account of significant changes to our business, such as acquisitions, divestments etc. We do this so as to allow a fair comparison of environmental performance over time. We carried out such a recalculation exercise in 2019, hence data for years prior to 2019 have been restated.

## ENERGY

### GRI 302-1

#### Energy consumption within the organization

GRI 305-1

Direct GHG emissions (Scope 1)

GRI 305-2

Energy indirect GHG emissions (Scope 2)

GRI 305-3

Other indirect GHG emissions (Scope 3)

GRI 305-5

Reduction of GHG emissions

DEFINITIONS	DATA CALCULATION, CONSOLIDATION METHOD, AND ASSUMPTIONS
<p>We measure energy consumption and GHG emissions using the World Resources Institute/World Business Council for Sustainable Development Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004 revised edition) and Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard as guidance.</p> <p>We report GHG emissions across three areas:</p> <ul style="list-style-type: none"> <li>Scope 1: direct GHG emissions from corporate activities, such as burning of fossil fuels at factories.</li> <li>Scope 2: indirect GHG emissions from consumption of purchased electricity, heat, or steam.</li> <li>Scope 3: other indirect emissions, including from the manufacture of products bought from other companies.</li> </ul> <p>The reporting unit for energy consumption is terajoules, and for GHG emissions is 1,000 metric tons CO2 equivalent.</p>	<p>We calculate energy consumption, and Scope 1 and 2 GHG emissions, based on actual energy consumption at our sites and locations from invoices and meters. Where this information is not available, we use extrapolations based on actual data from a similar site or location to provide estimated energy consumption, which is then used to calculate associated GHG emissions. Production, floor area, or full-time equivalent (FTE) data are the main benchmarks used to calculate intensity metrics that are used in the extrapolation process.</p> <p>For GHG reporting, we adopt a market-based approach and in Japan we use GHG emission conversion factors for each electricity supplier, published by the Japanese government for the latest available year. In other countries, we use GHG emission conversion factors provided by the International Energy Agency (IEA), the U.K. Department for Environment, Food and Rural Affairs, along with supplier-specific GHG emission conversion factors, where electricity is sourced from low carbon energy sources.</p> <p>For calculating Scope 3 GHG emissions, emissions factors come from a variety of sources, including emissions factors from third-party databases and our own life cycle assessments.</p> <p>All emissions factors are reviewed and, where relevant, restated annually to reflect the most accurate representation of emissions attributable to the JT Group. Electricity factors are updated to reflect actual grid performance for the relevant year(s) as published by the IEA; or the most recent if not yet available.</p>

## WATER AND EFFLUENTS

GRI 303-3  
Water withdrawal

GRI 303-4  
Water discharge

DEFINITIONS	DATA CALCULATION, CONSOLIDATION METHOD, AND ASSUMPTIONS
<p>We record and report water withdrawal and water discharge at our sites and locations, and take into consideration the framework on water reporting set out by CDP. And we report total water withdrawal and breakdown by source, and total water discharge and breakdown by destination. The reporting unit for water withdrawal and water discharge is 1,000 m<sup>3</sup>.</p>	<p>Water withdrawal data and water discharge data are collected at our sites and locations from invoices and/or meters. If a site is unable to report volume of water withdrawal, we use extrapolations based on actual data from a similar site or location to provide estimated data. Production, floor area, or FTE data are the main benchmarks used to calculate intensity metrics that are used in the extrapolation process. In the absence of water discharge data, it is assumed that water discharge will be equivalent to water withdrawal.</p>

## WASTE

GRI 306-2  
Total weight of waste by type and disposal method

DEFINITIONS	DATA CALCULATION, CONSOLIDATION METHOD, AND ASSUMPTIONS
<p>Our sites manage their waste based on the following waste management hierarchy: reduce, reuse, recycle, and recover. If these methods are not feasible, a site will dispose of its waste (disposal being incineration without energy recovery, or landfilling).</p> <p>We report total waste generated and breakdown by handling method that includes both non-hazardous and hazardous waste. The reporting unit for waste generation is 1,000 metric tons.</p>	<p>Waste data is collected at our sites and locations, and is reported by handling method, primarily from invoices. If a site is unable to report volume of waste generation, we use extrapolations based on actual data from a similar site or location to provide estimated data. Production, floor area, or FTE data are the main benchmarks used to calculate intensity metrics that are used in the extrapolation process.</p>

## PERCENTAGE OF ISO 14001 CERTIFIED CIGARETTE AND TOBACCO-RELATED FACTORIES

### SCOPE


The scope of ISO 14001 data is cigarette and tobacco-related factories, including subsidiaries, such as non-tobacco materials manufacturing factories, within our Japanese domestic tobacco and international tobacco businesses only.

## Community investment

### LOCAL COMMUNITIES

GRI 413-1


Percentage of operations with implemented local community engagement, impact assessments, and development programs

DEFINITIONS	SCOPE	DATA CALCULATION, CONSOLIDATION METHOD, AND ASSUMPTIONS
<p>Implemented local community investment programs are defined as investments in projects that improve the quality of life of people where we operate in an impactful way.</p> <p>All community investment programs have a recorded output defined following the LBG criteria <a href="http://www.lbg-online.net">www.lbg-online.net</a> </p> <p>In 2019, we assessed the impact of our community investment programs in 14 markets, and we are continuously improving our impact assessment methodology. An operation is defined as a country in which we have a business presence. Investments in communities that relate to tobacco leaf production are specifically excluded from this indicator.</p>	<p>The entire JT Group, including subsidiaries <sup>*A</sup>.</p>	<p>The figures are calculated based on data from our community investment database, and data sourced directly from markets, which is cross-referenced with our finance systems to confirm that the program was implemented.</p>

## ECONOMIC PERFORMANCE

GRI 201-1

Direct economic value generated and distributed

DEFINITIONS	SCOPE	DATA CALCULATION, CONSOLIDATION METHOD, AND ASSUMPTIONS
<p>The value of community investment is the total sum of inputs as defined by the LBG criteria  <a href="http://www.lbg-online.net">www.lbg-online.net</a> </p> <p>Investments include employee time, cash, in kind, and management cost contributions for the programs included in GRI 413-1 that are provided to benefit a community, and JT International S.A.'s annual endowment to the JTI Foundation.</p> <p>The calculation of time and management cost is based on the LBG methodology. For all Japan-based employees, an average hourly rate provided by the Japanese government is used. For our international tobacco business, cost of time is based on an average hourly rate calculated using a weighted average salary (including bonuses) across all work groups (excluding the Executive Committee) based on data for the year up to December 31, 2019.</p> <p>Cash contributions are calculated based on the gross monetary value donated.</p> <p>In-kind contributions are calculated taking into account depreciation for the goods or services provided.</p>	<p>The entire JT Group, including subsidiaries <sup>*A</sup>.</p>	<p>The figures are calculated based on data from our community investment database and market reports, and checked against financial reports. All financial data is converted from local currency to Japanese yen at the time of payment, using internally agreed exchange rates.</p>

## Other definitions

# ANTI-COMPETITIVE BEHAVIOR / CUSTOMER, HEALTH AND SAFETY / MARKETING AND LABELING / SOCIOECONOMIC COMPLIANCE / ENVIRONMENTAL COMPLIANCE

### GRI 201-1

Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes

### GRI 307-1

Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations

### GRI 416-2

Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes

### GRI 417-2

Total number of incidents of non-compliance with regulations and/or voluntary codes concerning product and service information and labeling

### GRI 417-3

Total number of incidents of non-compliance with regulations and voluntary



codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes

## GRI 419-1

Significant fines and non-monetary sanctions for non-compliance with laws and/or regulations in the social and economic area

DEFINITIONS	SCOPE	DATA CALCULATION, CONSOLIDATION METHOD, AND ASSUMPTIONS
<p>Significant fine/monetary fine is set at a level that may have a certain impact on the financial position of the JT Group. A significant fine is a fine which is reported to the designated functions of our organization, in accordance with the internal reporting requirements. We do not report on decisions imposing the fine, penalty, or warning if they are confidential, or not final. Neither do we report about pending actions.</p> <p>Voluntary codes are defined as codes/commitments made with third parties. An example of such a voluntary code is the self-regulatory marketing standard of Tobacco Institute of Japan (TIOJ) with which our tobacco business in Japan fully complies. The JT Group Global Marketing Standards and other internal policies are not covered as part of voluntary codes.</p>	<p>The entire JT Group, including subsidiaries<sup>*A</sup>.</p>	<p>Information concerning significant fines/monetary fines (including violations against voluntary codes resulting in significant fines) is reported through an internal reporting mechanism, and in accordance with internal reporting requirements.</p>

## AGRICULTURAL LABOR PRACTICES

DEFINITIONS	SCOPE	DATA CALCULATION, CONSOLIDATION METHOD, AND ASSUMPTIONS
<p>Percentage of directly contracted growers observed against Agricultural Labor Practices.</p> <p>In JT, we observe directly contracted growers through site visits and/or questionnaire surveys. In our international tobacco business, we observe them through site visits.</p>	<p>Our Japanese domestic tobacco and international tobacco businesses<sup>*D</sup>.</p>	<p>Observation data is collected in individual markets, and reported internally. The percentage is calculated as the number of directly contracted growers being observed by site visits or via questionnaire surveys, divided by the total number of directly contracted growers.</p>

### About our reporting

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

[Read more >](#)

## Related links

About our reporting

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Global Reporting Initiative (GRI) Index

Basis of Reporting

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