








Sustainability strategy of tobacco business

Four strategic focus areas	Aspirational goals	Targets	Progress	SDGs
Products and services	We will be a total tobacco company offering consumers* an even greater choice of products by focusing on quality, innovation, and reduced-risk potential.	<p>Reduced-Risk Products</p> <p>Reduced-Risk Products (RRP) offer real benefits to consumers and society. Our responsibility as a manufacturer is to continuously develop and launch RRP that meet consumer expectations and to provide information on them. We will lead in providing a range of consumer choice in the RRP category.</p>	<p>In 2022, we offered products (RRP) with the potential of risk reduction, social consideration, convenience, and affordability, such as Heated Tobacco Sticks (HTS), infused tobacco products, e-cigarettes and oral products.</p> <p>In an effort to increase the presence of JT Group in reduced-risk products, we will be accelerating the level of investment, mainly towards heated tobacco sticks.</p>	
		<p>Product Materials and Packaging</p> <p>We will reduce the environmental impact of our products and packaging through design solutions, facilitating responsible collection and disposal, and consumer awareness and education. More specifically, we will reduce our packaging (including plastic) and ensure that the remaining is 85% reusable or recyclable by 2025, rising to 100% by 2030. In total, recycled content will account for 20% of our tobacco business packaging by 2025.</p>	<p>We have carried out several initiatives looking at design solutions, responsible collection and disposal, and consumer awareness and education.</p> <p>In 2022, our efforts led to 82% reusable or recyclable packaging and 18% recycled content in packaging.</p>	
		<p>Zero Injuries</p> <p>In line with our vision of zero workplace injuries, we will reduce injury rates by 25% by 2023 and 50% by 2030. (Baseline year: 2015).</p>	<p>Recordable injury rate*¹ declined 47% from 0.72 in 2015 to 0.38 in 2022.</p>	
People	We will be the employer of choice by investing in people.	<p>Community Investment*²</p> <p>Between 2015 and 2030 we will invest US\$600 million to help make communities inclusive and resilient, with our employees contributing 300,000 volunteering hours.</p>	<p>Since 2015, we invested US\$450 million in our communities and employees volunteered 193,521 hours on company time.</p>	  
		<p>Employer of Choice</p> <p>We will be a certified employer of choice every year in at least 60 countries by focusing on talent management, rewards, and empowerment.</p>	<p>We were certified as employer of choice in 61 countries with Top Employers certification. 19 out of these countries also hold other accreditations.</p>	
		<p>Investment amount (MM USD)</p> <p>2015: 450, 2022: 450, 2030: 600</p> <p>Volunteering hours</p> <p>2015: 193,521, 2022: 193,521, 2030: 300,000</p>	<p>Injury rate</p> <p>2015: 0.72, 2022: 0.38, 2030: 0.35</p>	<p>Investment amount (MM USD)</p> <p>2015: 450, 2022: 450, 2030: 600</p> <p>Volunteering hours</p> <p>2015: 193,521, 2022: 193,521, 2030: 300,000</p>
<p>Number of countries certified as employer of choice</p> <p>2022: 61, 2030: 60</p>	<p>Investment amount (MM USD)</p> <p>2015: 450, 2022: 450, 2030: 600</p> <p>Volunteering hours</p> <p>2015: 193,521, 2022: 193,521, 2030: 300,000</p>	<p>Investment amount (MM USD)</p> <p>2015: 450, 2022: 450, 2030: 600</p> <p>Volunteering hours</p> <p>2015: 193,521, 2022: 193,521, 2030: 300,000</p>		

* The word, consumers, used in the context for the tobacco business means adult consumers. Minimum legal age for smoking varies in accordance with the legislation in each country.



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Supply chain	We will reduce environmental and social risks, and enable transparent and responsible practices across our supply chain.	<p>Greenhouse Gas Emissions</p> <p>We commit to be Carbon Neutral for our own operations by 2030 and achieve Net-Zero Greenhouse Gas emissions across our entire value chain by 2050. In support of this, by 2030, we will reduce emissions from our own operations (Scope1 & 2) by 47% and emissions associated with leaf and non-tobacco materials*³ (Scope3 Category1) by 28%, against a 2019 base year.</p>	<p>Since 2019, we have reduced greenhouse gas emissions from our own operations (Scope1 & 2) by 16%, while emissions from our leaf and non-tobacco materials (Scope3 Category1) have reduced by 13%.</p>	
		<p>Water and Waste</p> <p>We will reduce water withdrawal by 15% and waste by 20%, in relation to our own operations, between 2015 and 2030.</p>	<p>Since 2015, we have reduced water withdrawal by 23% and waste by 22% in relations to our own operations.</p>	
		<p>Forestry</p> <p>We will replace all wood from natural forests used in the tobacco curing process of our directly contracted growers with renewable fuel sources by 2030.</p>	<p>Based on our 2022 tree planting activities in Tanzania, Zambia and Brazil, we estimate 98% renewable wood supply in crop year (CY) 2029, based on actual tree planting captured with the Agroforestry App in CY2022 (Nov 2021 - Feb 2022).</p>	

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Supply chain	We will reduce environmental and social risks, and enable transparent and responsible practices across our supply chain.	<p>Agricultural Labor Practices</p> <p>We will implement our Agricultural Labor Practices (ALP) program in all sourcing countries by 2025.</p>	<p>In 2022, 94% of our supplying entities reported against ALP.</p> <p>ALP coverage rate: Supplying entities base</p>	
			<p>100% of our directly contracted growers and 98% of our leaf merchants' growers*⁴ were covered by ALP.</p> <p>Directly contracted growers</p>	
			<p>Leaf merchants' growers</p>	
			<p>83% of our volumes were covered by ALP.</p> <p>ALP coverage rate: Volume base</p>	
		<p>Supplier Screening</p> <p>We will screen all key suppliers against environmental, social, and governance criteria by 2023.</p>	<p>In 2022, 100% of our key suppliers were screened against ESG criteria.</p> <p>Supplier screening implementation rate</p>	
Regulatory environment and illegal trade	We will ensure the Company is included in policymaking leading to fair and balanced regulation, and enhance our cooperation with governments to combat illegal trade.	<p>Engagement</p> <p>We will always protect our ability to participate in public policy debate with the aim to achieve balanced regulation that meets societal concern and supports business growth.</p>	<p>During 2022 we engaged openly and transparently in public policy debate and made our views known to regulators, NGOs and other relevant stakeholders in the countries where we operate.</p>	
		<p>Illegal Trade</p> <p>We will engage in dialogue with law enforcement agencies, with the goal to exchange intelligence regarding illegal tobacco products, in order to support the reduction of illegal tobacco products.</p>	<p>In 2022, our Anti-Illicit Trade team provided 2,000 intelligence reports to law enforcement agencies and advised 1,956 law enforcement officers on counterfeit recognition.</p>	

*1 Recordable injury rate = Recordable injuries/200,000 hours worked. Due to the consolidation of global operations of the tobacco business since January 1, 2022, data of certain business sites are not included as it will take up to 18 months to integrate occupational health and safety standards.

*2 Target for Community Investment is a Group-wide targets.

*3 Non-Tobacco-Materials refers to materials other than leaf tobacco, such as acetate tow, cigarette paper, packaging materials etc.

*4 Growers from India and China are excluded.