

Welcome to your CDP Water Security Questionnaire 2023

W0. Introduction

W0.1

(W0.1) Give a general description of and introduction to your organization.

JT Group is a leading global tobacco company and our products are sold in over 130 markets. We are also active in pharmaceutical and processed food business and we expect them to establish a foundation for future profit contribution, as we strive for sustainable growth. Headquartered in Tokyo, JT is listed on the Tokyo Stock Exchange and our company comprises three main business units: Tobacco business: headquartered in Geneva, Switzerland since 2022, manufactures and offers tobacco products all over the world. Our leading brands are Winston, Camel, MEVIUS and LD in combustibles, as well as Ploom and Logic in RRP (Reduced-Risk Products). Pharmaceutical business: Our pharmaceutical business focuses on the R&D, manufacturing, and sale of prescription drugs, concentrating on three specific therapeutic areas: Cardiovascular, Renal and Metabolism (CVRM); immunology; and neuroscience. Processed food business: Our processed food business handles the frozen and ambient food business, mainly for frozen noodles, frozen okonomiyaki (Japanese savory pancakes); and packaged cooked rice, and the seasonings business, focusing on seasonings including yeast extracts.

W-FB0.1a/W-AC0.1a

(W-FB0.1a/W-AC0.1a) Which activities in the food, beverage, and tobacco and/or agricultural commodities sectors does your organization engage in?

- Agriculture
- Processing/Manufacturing
- Distribution

W0.2

(W0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date
Reporting year	January 1, 2022	December 31, 2022

W0.3

(W0.3) Select the countries/areas in which you operate.

Algeria
Andorra
Armenia
Austria
Azerbaijan
Bangladesh
Belarus
Belgium
Bolivia (Plurinational State of)
Brazil
Bulgaria
Cambodia
Canada
China
Colombia
Czechia
Denmark
Egypt
Ethiopia
Finland
France
Georgia
Germany
Greece
Hong Kong SAR, China
Hungary
Indonesia
Iran (Islamic Republic of)
Ireland
Italy
Japan
Jordan
Kazakhstan
Kyrgyzstan
Lebanon
Lithuania
Malawi
Malaysia
Mexico
Mongolia
Morocco
Myanmar
Netherlands

Nigeria
Norway
Philippines
Poland
Portugal
Republic of Korea
Republic of Moldova
Romania
Russian Federation
Serbia
Singapore
Slovakia
South Africa
South Sudan
Spain
Sudan
Sweden
Switzerland
Taiwan, China
Tajikistan
Thailand
Tunisia
Turkey
Ukraine
United Arab Emirates
United Kingdom of Great Britain and Northern Ireland
United Republic of Tanzania
United States of America
Viet Nam
Zambia

W0.4

(W0.4) Select the currency used for all financial information disclosed throughout your response.

JPY

W0.5

(W0.5) Select the option that best describes the reporting boundary for companies, entities, or groups for which water impacts on your business are being reported.

Companies, entities or groups over which operational control is exercised

W0.6

(W0.6) Within this boundary, are there any geographies, facilities, water aspects, or other exclusions from your disclosure?

No

W0.7

(W0.7) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.)?

Indicate whether you are able to provide a unique identifier for your organization.	Provide your unique identifier
Yes, an ISIN code	JP3726800000

W1. Current state

W1.1

(W1.1) Rate the importance (current and future) of water quality and water quantity to the success of your business.

	Direct use importance rating	Indirect use importance rating	Please explain
Sufficient amounts of good quality freshwater available for use	Vital	Important	Water is vital for JTG as we cannot operate our business without water. Many of JT Group's operations are water intensive. In particular, our primary use of freshwater is for manufacturing products within our processed food business. These processes require a significant quantity of good quality freshwater. Across our business segments, we aim to locate operations in water rich areas. If an operation is located in a water-scarce area, we aim to cut down on water use in order to reduce water risks, both in our business and in communities within which we operate. Across our business segments, good quality freshwater for indirect use is also important to us. Our primary indirect use of freshwater is for growing agricultural products such as tobacco leaf, but it is also important in the manufacture of paper, card and other materials. We do not foresee changes in the business processes for

			which we / our suppliers depend on water. For instance, our dependency on water is not likely to lessen significantly for the processing of food products or the growing of tobacco leaves in the future.
Sufficient amounts of recycled, brackish and/or produced water available for use	Important	Important	Recycling water is important for both direct and indirect use as it contributes to reducing water withdrawn and discharged, as well as reducing costs for our operations. Some of JT Group's direct operations use recycled water within the production process as well as for sanitary purposes. Within our tobacco business, a number of operations located within water-scarce areas use recycled water. Recycled water is also important in indirect operations, for example, in the manufacturing of paper, card and other materials. This is unlikely to change in the future. Recycled water will continue to be important for our business as the forecast is that access to fresh water will reduce globally. However, most of the water used in our manufacturing processes is fresh water. Therefore, although the importance of recycled water is high, it is considered that its importance continues to be lower than that for fresh water.

W-FB1.1a/W-AC1.1a

(W-FB1.1a/W-AC1.1a) Which water-intensive agricultural commodities that your organization produces and/or sources are the most significant to your business by revenue? Select up to five.

Agricultural commodities	% of revenue dependent on these agricultural commodities	Produced and/or sourced	Please explain
Tobacco	More than 80%	Sourced	91.0% of JT Group's revenue is relevant to our tobacco business that significantly depends on tobacco, our key agricultural commodity. The remainder of the revenue comes from our pharmaceutical business (3.1%), our processed food business (5.9%) and others (0.1.%). Tobacco accounts for a significant proportion of revenue and so it will be the only commodity presented in this response.

W1.2

(W1.2) Across all your operations, what proportion of the following water aspects are regularly measured and monitored?

	% of sites/facilities/operations	Frequency of measurement	Method of measurement	Please explain
Water withdrawals – total volumes	100%	Monthly	Water withdrawal data are collected from all JT Group sites using actual data, whenever they are available, or using extrapolation where actual data are not available.	Water withdrawal data are collected from all JT Group sites using actual data, whenever they are available, or using extrapolation where actual data are not available. Total volumes are monitored monthly at processing and manufacturing facilities.
Water withdrawals – volumes by source	100%	Monthly	Water withdrawal data are collected from all JT Group sites using actual data, whenever they are available, or using extrapolation where actual data are not available.	Water withdrawal data are collected from all JT Group sites using actual data, whenever they are available, or using extrapolation where actual data are not available. Volumes by source are monitored monthly for processing and manufacturing facilities.
Water withdrawals quality	100%	Monthly	Monitoring is typically by direct sampling and analysis.	Water withdrawal quality data are assessed at JT Group facilities where water quality is an important aspect for our production. The monitoring

				frequency is decided by individual facilities. Where water quality is critical for production and product quality, we typically monitor this monthly. At other locations, the quality of water withdrawn is periodically monitored. Monitoring is typically by direct sampling and analysis.
Water discharges – total volumes	100%	Monthly	Water discharge data are collected from JT Group sites using actual data, whenever they are available, or using extrapolation where actual data are not available.	Water discharge data are collected from all JT Group sites using actual data, whenever they are available, or using extrapolation where actual data are not available. Total volumes are monitored monthly for processing and manufacturing facilities.
Water discharges – volumes by destination	100%	Monthly	Data in relation to water discharge destination are collected from all JT Group sites, whenever available. If the destination is not known, it is assumed that the wastewater is sent for municipal	Data in relation to water discharge destination are collected from all JT Group sites, whenever available. If the destination is not known, it is assumed that the wastewater is sent for municipal treatment. In the absence of volume data, it is assumed

			treatment. In the absence of volume data, it is assumed that water discharge is the same as water withdrawal.	that water discharge is the same as water withdrawal. Volumes by destination are monitored monthly for processing and manufacturing facilities.
Water discharges – volumes by treatment method	100%	Monthly	The data are mainly collected from sites where actual data are available and in some cases, extrapolated for sites where actual data are not available.	Final treatment method is determined at JT Group site level by destination of water discharged. The data are mainly collected from sites where actual data are available and in some cases, extrapolated for sites where actual data are not available. Volumes by treatment method are monitored monthly for processing and manufacturing facilities.
Water discharge quality – by standard effluent parameters	100%	Monthly	Water discharge is monitored at our factories before and after on-site treatment, where installed. In 2018 our Tobacco business introduced an internal guidance with a list of parameters and minimum expectations	JT Group's operations are located in jurisdictions that have regulatory requirements with differing water discharge parameters. The monitoring frequency is decided by individual facilities dependent on local regulatory requirements and site procedures. for

			<p>(concentrations) for direct discharge in natural waters, against which factories monitor such discharges. Related to exceedances of standard effluent parameters, we collect data from a site when it does not meet the water discharge parameters prescribed in the relevant local regulations.</p>	<p>production facilities, this is typically monthly. Our factories are required to monitor water discharge before and after on-site treatment, where installed. In 2018 our tobacco business of JTI introduced an internal guidance with a list of parameters and minimum expectations (concentrations) for direct discharge in natural waters, against which factories monitor such discharges. In relation to exceedances of standard effluent parameters, data are collected from a site when it does not meet the water discharge parameters prescribed in the regulations relevant to that location.</p>
<p>Water discharge quality – emissions to water (nitrates, phosphates, pesticides, and/or other priority substances)</p>	<p>Not monitored</p>			<p>This is not currently monitored. JT Group is currently assessing the materiality of these discharge parameters for our sites.</p>

Water discharge quality – temperature	100%	Monthly	Monitoring is conducted by reviewing local regulation and putting in place the relevant monitoring requirements. Where temperature is a regulatory-prescribed parameter and/or a critical variable in water discharged, we monitor this monthly, in-line with other wastewater monitoring. At other locations, the monitoring frequency varies between monthly and annually.	Monitoring is conducted by reviewing local regulation and putting in place the relevant monitoring requirements. Where temperature is a regulatory-prescribed parameter and/or a critical variable in water discharged, we monitor this monthly, in-line with other wastewater monitoring. At other locations, the monitoring frequency varies between monthly and annually.
Water consumption – total volume	100%	Monthly	We apply the following formula for water consumption: Water consumption = Water withdrawals - Water discharges. Water withdrawal and discharge are collected using actual data, or using extrapolation where actual	We apply the following formula for water consumption: Water consumption = Water withdrawals - Water discharges. Water withdrawal and discharge are collected using actual data, or using extrapolation where actual data are not available. Total volumes are calculated monthly for processing and manufacturing facilities.

			data are not available.	
Water recycled/reused	100%	Monthly	Water recycled/reused data are monitored at JT Groupe's manufacturing facilities and leaf operations using actual data.	Water recycled/reused data are monitored at JT Group's manufacturing and processing facilities. Frequency of monitoring is monthly. Where possible this is monitored by direct measurement.
The provision of fully-functioning, safely managed WASH services to all workers	100%	Monthly	Fully functioning WASH services are deemed to be provided where a facility is providing workers with drinking water and sanitation facilities, and the facility hasn't received any upheld claims from workers relating to their access to drinking water or sanitation facilities.	Fully functioning WASH services are deemed to be provided where a facility is providing workers with drinking water and sanitation facilities, and the facility hasn't received any upheld claims from workers relating to their access to drinking water or sanitation facilities. Dedicated departments at sites monitor functioning and management of wash services at least once a week and implement improvements if required. We monitor by direct inspection, for example, when we carry out assessments/audits of our locations and

				by checking claims if they arise.
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W1.2b

(W1.2b) What are the total volumes of water withdrawn, discharged, and consumed across all your operations, how do they compare to the previous reporting year, and how are they forecasted to change?

	Volume (megaliters/year)	Comparison with previous reporting year	Primary reason for comparison with previous reporting year	Five-year forecast	Primary reason for forecast	Please explain
Total withdrawals	9,289	About the same	Increase/decrease in business activity	Lower	Investment in water-smart technology/process	Water withdrawal is about the same - 4% reduction (reduction of 5% or less is considered as about the same based on JTG thresholds). Production decreased by a small amount in 2022 compared to 2021, water withdrawals reflect this change. These data points are recorded in our internal data system. For future years, water withdrawals

						are expected to decrease due to ongoing water efficiency initiatives for example replacement of equipment with less water consuming or processes improvement, with investment in water-smart technologies in our factories. This forecasted reduction is in line with our target to reduce water withdrawal associated with our tobacco business by 15% compared to 2015.
Total discharges	5,252.8	About the same	Increase/decrease in business activity	Lower	Increase/decrease in efficiency	Water discharge is about the same as in previous

						<p>years (4% lower). About the same means that there is less than a 5% change from previous year. Production decreased by a small amount in 2022 compared to 2021, water discharges slightly reflect this change. For future years, water withdrawals and therefore water discharge are expected to decrease due to ongoing improvements in equipment and other water efficiency measures, in line with our target to reduce water withdrawal associated</p>
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						with our tobacco business by 15% compared to 2015.
Total consumption	4,036.2	About the same	Increase/decrease in business activity	Lower	Increase/decrease in efficiency	Total Water consumption is about the same - less than 5% lower than the previous year (reduction of 5% or less is considered as about the same based on JTG thresholds). This mostly follows the decrease in water withdrawals which have decreased by a greater proportion than discharges. For future years, water withdrawals and therefore water discharge are expected to decrease due to

						ongoing improvements in equipment and other water efficiency measures, in line with our target to reduce water withdrawal associated with our tobacco business by 15% compared to 2015. Efficiency measures will result in less wastage of our withdrawn water, as a result our total consumption is predicted to fall.
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W1.2d

(W1.2d) Indicate whether water is withdrawn from areas with water stress, provide the proportion, how it compares with the previous reporting year, and how it is forecasted to change.

Withdrawals are from areas with water stress	% withdrawn from areas with	Comparison with previous reporting year	Primary reason for comparison with previous	Five-year forecast	Primary reason for forecast	Identification tool	Please explain
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		water stress		reporting year				
Row 1	Yes	1-10	About the same	Other, please specify No significant change in geographic withdrawal patterns	About the same	Maximum potential volume reduction already achieved	WRI Aqueduct	JT Group assessed all sites within our direct operations using WRI Aqueduct. All sites that were rated high to extremely high risk in the "Baseline Water Stress" mapping were considered to be in water stressed areas. We also included locations in "Arid and Low Water Use" areas. JT Group has not acquired any new sites this year, Dominican Republic was divested, but it was

								<p>not located in an area of water stress. Generally, geographic withdrawal patterns have not changed significantly. We calculated our five-year forecast by extrapolating from our three year forecast of water withdrawals, which is updated annually. JT Group does not plan significant changes in the nature or geographical spread of our business operations over the next 5 years. As a result, our withdrawals from water stressed</p>
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								areas are not forecasted to significantly change.
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W-FB1.2e/W-AC1.2e

(W-FB1.2e/W-AC1.2e) For each commodity reported in question W-FB1.1a/W-AC1.1a, do you know the proportion that is produced/sourced from areas with water stress?

Agricultural commodities	The proportion of this commodity produced in areas with water stress is known	The proportion of this commodity sourced from areas with water stress is known	Please explain
Tobacco	Not applicable	Yes	<p>Tobacco is the key raw material in our products. Tobacco is predominantly rainfed, with some localized irrigation required in certain regions in which we operate.</p> <p>JT Group partially owns a small amount of land which is used for tobacco production. The quantity of tobacco grown on JT Group owned land is immaterial, both in absolute terms and in proportion to the amount that is sourced from directly contracted growers and third party suppliers. This production volume accounts for only about 0.1% of total tobacco volume. As a result, JT Group considers produced volume to be not applicable within this disclosure.</p> <p>The tool used to identify water stressed areas is the WRI Aqueduct tool. This tool has more granular data at a higher resolution than any equivalent tool that JT Group has awareness of. According to WRI Aqueduct website, the tool has been used by hundreds of thousands of users globally.</p> <p>The assessment of baseline water stress is in line with the JT Group internal risk assessment methodology we have</p>

			<p>developed and implemented since 2016. Any supplier sites that are located in areas that are rated medium to extremely high risk in the "Baseline water stress" category within Aqueduct were considered to be in water stressed areas.</p>
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W-FB1.2g/W-AC1.2g

(W-FB1.2g/W-AC1.2g) What proportion of the sourced agricultural commodities reported in W-FB1.1a/W-AC1.1a originate from areas with water stress?

Agricultural commodities	% of total agricultural commodity sourced from areas with water stress	Please explain
Tobacco	1-10	<p>While water stress is likely to increase in some regions in which the Group operates, analysis has not identified any substantial risks in any region in the coming years. The overall proportion is therefore unlikely to change significantly in the coming years. Aqueduct assessment found that water stress in Turkey could increase by 1.4 times by 2030. The volume of leaf supplied by Turkey is currently about 2% of the Group's total volume, therefore while this is not a substantial business risk, this is one of the trends in water stress which will be most closely monitored by JT Group in the future.</p> <p>Leaf tobacco is procured from raw material suppliers based in Turkey, the USA and other countries, where water stress varies by location. So, if the proportion of leaf tobacco procured were to change, the volume procured from stressed regions could also change. Where possible, JT Group sources from multiple areas within a country to reduce the potential impacts of current and future water stress.</p> <p>Using metric of tobacco sourced from water stressed areas and other assessments such as our risk assessment, we know that water stress is increasing globally. This is one reason why supplier water risk is included in our Environment Plan 2030. We have a commitment in the JTG Environment Plan 2030 that by 2022 we would have implemented a water risk management process in our manufacturing supply chain. This has now been implemented across the Tobacco business manufacturing supply chain. Using Verisk</p>

		<p>Maplecroft risk indices, to date, the tobacco business has assessed over 2,500 of its key suppliers, in relation to water-related risks, including water quality, water stress, flood, drought and climate change. Tobacco business has now expanded the scope of water-related risks, to include water pollution, and has integrated water-related risk into its core business processes, through inclusion in the ‘Suppliers ESG Screening and Risk Management Process’.</p> <p>In terms of tobacco leaf suppliers, JTI is one of seven tobacco companies who have worked together to refresh and revise the Sustainable Tobacco Program (STP). Two manufacturers joined the program in 2022, widening and strengthening the STP network. The STP is an industry-wide platform enabling businesses to collaborate on human rights, environmental issues, and other sustainability challenges, and to drive sustainable agriculture through a continuous improvement process. Water is one of the 8 focus areas of the STP.</p>
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W1.2h

(W1.2h) Provide total water withdrawal data by source.

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Primary reason for comparison with previous reporting year	Please explain
Fresh surface water, including rainwater, water from wetlands, rivers, and lakes	Relevant	1,938	Higher	Increase/decrease in business activity	An overseas factory in our food business uses the water including rainwater and river water for some purposes, for example, production, cleaning and cooling facilities/machinery. In 2022, the production volume of products that use

					a lot of river water increased slightly.
Brackish surface water/Seawater	Not relevant				JT Group production and office spaces require water that is non-saline. Currently, it is not economically feasible for JT Group to source brackish/saline water and then desalinate the water, hence we withdraw solely non-saline water from other sources.
Groundwater – renewable	Relevant	4,719	Lower	Investment in water-smart technology/process	JT Group invest in new technologies at our factories to replace older, less efficient machinery, with more efficient ones. This is in line with our water withdrawal reduction target of 15% by 2030.
Groundwater – non-renewable	Not relevant				All water withdrawn from Groundwater sources is renewable. Our water risk assessment highlights any sites where significant water scarcity risks are present. At these sites, JT Group does not source

					any water from groundwater.
Produced/Entrained water	Not relevant				No water enters our organizational boundary as a result of our production. The growing and farming of Tobacco leaves does not generate any significant volume of water.
Third party sources	Relevant	2,632	Lower	Increase/decrease in business activity	In the food business that consumes the most water in the group, the production volume of products that use a lot of municipal water decreased. We also understand that third party sources are not located in water stressed areas.

W1.2i

(W1.2i) Provide total water discharge data by destination.

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Primary reason for comparison with previous reporting year	Please explain
Fresh surface water	Relevant	2,566	About the same	Increase/decrease in business activity	Discharge to fresh surface is about the same (less than 5% change year on year). Any year-on-year change is related to the

					reduction of water use due to production volume changes at those factories where we discharge water to fresh surface water, however the year-on-year difference is minimal.
Brackish surface water/seawater	Relevant	0.2	Much lower	Increase/decrease in business activity	JT Group have one site which discharges water to brackish surface water/seawater, making this discharge destination relevant. The volume of discharge is much lower (-97%) in 2022 compared to 2021 due to a reduction in production volume at that site. 2021 was an unusually high year at this site for both production volume and water withdrawal/discharges.
Groundwater	Relevant	5.6	Much lower	Increase/decrease in business activity	This destination is relevant as three sites discharge water to groundwater. The volume is much lower (-53%) in 2022 compared to 2021, this is due to a reduction in water use at those factories where we discharge water to groundwater due to a production volume decrease at several of these sites.

Third-party destinations	Relevant	2,681	About the same	Other, please specify No significant change to production volumes	This figure has not changed significantly year-on-year (less than a 5% change year on year), with average production volumes at most of these sites not changing significantly enough to compared to the previous year to create a significant change in discharge amounts.
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W1.2j

(W1.2j) Within your direct operations, indicate the highest level(s) to which you treat your discharge.

	Relevance of treatment level to discharge	Volume (megaliters/year)	Comparison of treated volume with previous reporting year	Primary reason for comparison with previous reporting year	% of your sites/facilities/operations this volume applies to	Please explain
Tertiary treatment	Relevant	67	Higher	Increase/decrease in business activity	1-10	One JTG site in Brazil (reported in 2021) has a wastewater treatment plant that includes a Biological Aerated reactor, Secondary Sedimentation and chlorination . Two

						<p>additional sites in Japan have tertiary treatment on site leading to the large increase in discharge compared to 2021. The sites comply with local regulatory standards and minimum waste water parameters set by JTG, whichever are more stringent. On-site treatment systems are installed when requested by local regulation or adequate treatment is not ensured by communal waste water treatment systems according</p>
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						to JTG's voluntary set parameters
Secondary treatment	Relevant	3,856	Lower	Increase/decrease in business activity	11-20	Several JTG sites have wastewater treatment plants using secondary treatment including aerobic treatment of wastewater. The sites comply with local regulatory standards and minimum wastewater parameters set by JTG, whichever are more stringent. On-site treatment systems are installed when requested by local regulation or adequate treatment

						is not ensured by communal waste water treatment systems according to JTG's voluntary set parameters .
Primary treatment only	Relevant	250	Higher	Increase/decrease in business activity	1-10	Several JTG sites have septic tanks which treat wastewater to a primary level before discharging third to third-parties for further treatment. The sites comply with local regulatory standards and minimum waste water parameters set by JTG, whichever are more stringent. On-site treatment systems

						are installed when requested by local regulation or adequate treatment is not ensured by communal waste water treatment systems according to JTG's voluntary set parameters .
Discharge to the natural environment without treatment	Relevant	246	Lower	Increase/decrease in business activity	1-10	Some JTG sites discharge wastewater untreated to the natural environment. For example, a JTG site in Germany discharges a small amount of cooling water back into the ground via an on-site lagoon. Discharges are lower in

						2022 compared to 2021, this is mainly due to decreased production at one of our sites in Bangladesh. The discharge complies with regulatory requirements and is below the criteria set by JTG for Waste water parameters.
Discharge to a third party without treatment	Relevant	834	Higher	Increase/decrease in business activity	71-80	71% of JT Group sites discharge wastewater to a third-party without treatment including all office and R&D sites. This is then treated by the third-party. These sites are in areas where the

						communal waste water treatment systems are adequate to meet JTG's voluntary waste water treatment requirements.
Other	Not relevant					No sites have discharge treatment that is not included in the above options therefore "Other" is not relevant to JTG.

W1.3

(W1.3) Provide a figure for your organization's total water withdrawal efficiency.

	Revenue	Total water withdrawal volume (megaliters)	Total water withdrawal efficiency	Anticipated forward trend
Row 1	2,658	9,289	0.2861449026	Decreasing

W-FB1.3/W-AC1.3

(W-FB1.3/W-AC1.3) Do you collect/calculate water intensity for each commodity reported in question W-FB1.1a/W-AC1.1a?

Agricultural commodities	Water intensity information for this produced commodity	Water intensity information for this sourced commodity	Please explain
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	is collected/calculated	is collected/calculated	
Tobacco	Not applicable	Yes	<p>Tobacco is the key ingredient in our products. Tobacco is predominantly rainfed, with some irrigation required in certain regions in which we operate.</p> <p>The quantity of Tobacco that JT Group produce is immaterial both in absolute terms and in proportion to the amount that is sourced from suppliers. JT Group partially owns a small amount of land which is the only source of self-produced tobacco. This production volume accounts for only about 0.1% of total tobacco volume (99.9% comes from third party suppliers). As a result, JT Group considers produced volume to be not applicable within this disclosure.</p> <p>The water intensity metric tracked by JT Group is total water abstracted (m3) per million Cigarettes produced.</p> <p>The intensity metric is company-wide including our suppliers. We collect data on water withdrawal/abstraction volumes from our production sites using our internal data system CR360 on annual basis. Water abstraction data from our contracted growers is collected directly from these suppliers based on an engagement exercise last undertaken in 2020, while data from our non-contracted growers is estimated. Volumes of tobacco sourced from these non-contracted growers have not</p>

			changed significantly since this exercise was undertaken.
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W-FB1.3b/W-AC1.3b

(W-FB1.3b/W-AC1.3b) Provide water intensity information for each of the agricultural commodities identified in W-FB1.3/W-AC1.3 that you source.

Agricultural commodities

Tobacco

Water intensity value (m3/denominator)

215.85

Numerator: Water aspect

Freshwater withdrawals

Denominator

Other, please specify
millions of cigarettes

Comparison with previous reporting year

About the same

Please explain

The intensity metric decreased by 1% compared to 2021, which considered about the same based on JTG approach (less than 5%). This is due to water efficiency projects being implemented in both the leaf processing and cigarette production phase which has reduced the water withdrawals required.

We anticipate reduction in water intensity as we implement water efficiency programs. We have a strategy in place to reduce water intensity; The JT Group Environment Plan 2030 has a target to reduce water withdrawal associated with our tobacco business by 15% from 2015 to 2030.

We have an Annual and Strategic Planning (ASP) process which is carried out annually and measures progress against annual targets for the next three years.

Sites are required to set specific actions showing how they can contribute to achieving our longer-term targets relating to water efficiency at the site, business and company level.

The intensity metric is used internally to gauge the success of the group's water reduction efforts, including targets such as our 2030 target to reduce absolute water withdrawal by 15%. If water intensity falls, it indicates that our water policy and associated efforts are providing a genuine benefit to our water stewardship.

With our withdrawal reduction target in place, it is predicted that water intensity will steadily decrease in future years due to the planned implementation of water withdrawal reduction initiatives. These initiatives include wastewater re-use projects, replacing older

technology with newer, more efficient options, and engagement with staff on water reduction initiatives.

As an example, Jordan is the world's second most water-scarce country and water is therefore a resource that must be managed carefully. We studied our water use and distribution systems and found several opportunities for improvement, stressing a clear message that every drop counts. The water recovery project introduced innovations so that we now use water efficiently and maximize recovery and recycling of used water. As a result, some 3,500 cubic meters of water are recovered each year, reducing our need to withdraw water.

We also do not foresee a major change over the next few years in the volume of our leaf procurement/cigarette production, and as such the denominator of our metric is likely to stay approximately the same. Combined with a fall in the numerator, the intensity metric is predicted to decrease in coming years.

W1.4

(W1.4) Do any of your products contain substances classified as hazardous by a regulatory authority?

	Products contain hazardous substances	Comment
Row 1	No	Fine quality tobacco is by far the main ingredient in tobacco products. Many of our brands also contain small quantities of other ingredients added to the tobacco blend to maintain an overall product quality and consistency over time. None of JTI's tobacco products contain any hazardous substances as per Candidate List of Substance of Very High Concern for Authorization above 0.1% by weight (EU Regulation)

W1.5

(W1.5) Do you engage with your value chain on water-related issues?

	Engagement
Suppliers	Yes
Other value chain partners (e.g., customers)	Yes

W1.5a

(W1.5a) Do you assess your suppliers according to their impact on water security?

Row 1

Assessment of supplier impact

Yes, we assess the impact of our suppliers

Considered in assessment

Basin status (e.g., water stress or access to WASH services)
 Supplier impacts on water availability
 Supplier impacts on water quality
 Procurement spend

Number of suppliers identified as having a substantive impact

9

% of total suppliers identified as having a substantive impact

Less than 1%

Please explain

We use Aqueduct and Maplecroft tools to conduct water stress analysis on both our directly contracted growers and external suppliers. The impact was determined to be substantive if the water stressed area was "high" or "extremely high".

W1.5b

(W1.5b) Do your suppliers have to meet water-related requirements as part of your organization’s purchasing process?

Suppliers have to meet specific water-related requirements	
Row 1	Yes, water-related requirements are included in our supplier contracts

W1.5c

(W1.5c) Provide details of the water-related requirements that suppliers have to meet as part of your organization’s purchasing process, and the compliance measures in place.

Water-related requirement

Reducing total water withdrawal volumes

% of suppliers with a substantive impact required to comply with this water-related requirement

100%

% of suppliers with a substantive impact in compliance with this water-related requirement

100%

Mechanisms for monitoring compliance with this water-related requirement

Supplier self-assessment

Response to supplier non-compliance with this water-related requirement

Retain and engage

Comment

JT Group supplier standards require all suppliers to optimize use of resources (including water) and minimize wastewater.

W1.5d

(W1.5d) Provide details of any other water-related supplier engagement activity.

Type of engagement

Innovation & collaboration

Details of engagement

Encourage/incentivize innovation to reduce water impacts in products and services

% of suppliers by number

76-99

% of suppliers with a substantive impact

76-99

Rationale for your engagement

The tobacco business engages with directly contracted tobacco leaf growers, under the 6 pillars of the Leaf Integrated Sustainability Framework*. Water-related aspects (i.e. water use, management, protection and conservation) are addressed in a holistic manner at least 7 times throughout the crop season when each contracted grower is visited by the Extension Services teams. This way, we can positively influence the adoption of best agricultural practices for water use and management, to mitigate impact of water stress and reduce the risk of water pollution.

*Leaf Integrated Sustainability Framework Pillars: Crop Production, Resource Management, Climate Change, Human Rights, Grower Livelihoods, Leaf Integrity

Impact of the engagement and measures of success

We deploy programs aligned with Principles of Sustainable Agriculture. Through providing extensive training and promoting Good Agriculture Practices (GAP), our Minimum Agronomic Standards (MAS), soil and water management and conservation practices to our growers, they are able to improve yield and quality, and also achieve beneficial outcomes with regards to water security, such as reduced use, more efficient management, conservation and protection. To measure success, we record number of GAP/MAS training participants and conduct follow up surveys. Metrics used to measure success of the training are growers' improvement in yield, quality and integrity of tobacco, monitored through our MAS observation and monitoring system.

Comment

The Target Crop Calendar that forms part of MAS stipulates that tobacco seedlings are planted at a preferential period in the crop year so that the maximum plant water

requirement is most likely to correspond with consistent and adequate rainfall, reducing the need for extraction of local water supply for irrigation.

W1.5e

(W1.5e) Provide details of any water-related engagement activity with customers or other value chain partners.

Type of stakeholder

Other, please specify
Communities where we operate

Type of engagement

Innovation & collaboration

Details of engagement

Encourage stakeholders to work collaboratively with other users in their river basins toward sustainable water management

Rationale for your engagement

For many of the communities in which we operate, water remains a precious and scarce resource. That's why in December 2019 we launched our Global WASH (Water and Sanitation, Hygiene) initiative, with the ambitious goal of providing access to clean water and sanitation and hygiene for one million people by the end of 2025. Likewise, it is critical (vital) that we help communities to become more resilient.

Water is vital for JT Group's operations; it is also equally important (vital) for the communities in where we operate. Through this engagement we strive to promote inclusive and resilient society.

Our local teams, who have partnered with international and local organizations specializing in water and sanitation, hygiene, were able to work with relevant stakeholders in each river basin to bring innovative and sustainable solutions tailored to the specific WASH management needs of each area.

Impact of the engagement and measures of success

Since the launch of the JTI Global WASH initiative, we have reached over 400,000 people - over 40% of our goal. This is our primary measure of success in this engagement, reaching 1,000,000 beneficiaries.

Collaborating with local teams alongside international organizations specializing in WASH, we have been able to bring innovative solutions tailored to the specific needs of communities of each area.

W2. Business impacts

W2.1

(W2.1) Has your organization experienced any detrimental water-related impacts?

No

W2.2

(W2.2) In the reporting year, was your organization subject to any fines, enforcement orders, and/or other penalties for water-related regulatory violations?

	Water-related regulatory violations	Comment
Row 1	No	In the reporting year, JT Group was not subject to any fines, enforcement orders, or other penalties for water-related regulatory violations. Our risk assessment procedures ensure that compliance risks are identified early and are appropriately mitigated.

W3. Procedures

W3.1

(W3.1) Does your organization identify and classify potential water pollutants associated with its activities that could have a detrimental impact on water ecosystems or human health?

	Identification and classification of potential water pollutants	How potential water pollutants are identified and classified
Row 1	Yes, we identify and classify our potential water pollutants	JT Group use their own internal standards to identify and classify potential pollutants. These standards represent the Group's policy relating to the identification and classification of pollutants. The Group's internal standards prescribe the minimum requirement to always meet local/national/international legislation requirements. Where legal requirements are not available, the internal standards are primarily guided by external frameworks such as the EU Water Framework Directive, in addition to internal and external expert advice. The internal standards on water pollutants set the expectations and concentration thresholds for a variety of water parameters. Our processes for identifying and classifying pollutants are given below. We identify any discharge as a pollutant if it is not within the base thresholds. Some example metrics/indicators used for discharge in

		<p>natural waters are: BOD 25mg/l; COD 110 mg/l; Hydrocarbon concentration 10 mg/l. Based on these metrics, we classify different pollutants based on the risk that they present to the business, local communities and ecosystems. The internal standard is reviewed when necessary. Similarly, JT Group engages with various stakeholders such as internal & external experts and growers themselves to provide insight into pollution risks around the Group's water use, and to assist in identifying potential water pollutants with the potential to impact water ecosystems and human health.</p>
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W3.1a

(W3.1a) Describe how your organization minimizes the adverse impacts of potential water pollutants on water ecosystems or human health associated with your activities.

Water pollutant category

Nitrates

Description of water pollutant and potential impacts

Nitrate—the oxidized form of dissolved nitrogen— is the main source of nitrogen for plants. It occurs naturally in soil and dissipates when the soil is extensively farmed. Thus, nitrogen fertilizers are applied to replenish the soil.
 Nitrate contamination occurs in surface water and groundwater, leaching into the soil and from there into the water supply from various sources including fertilizers. However, nitrogen is extremely soluble and can be leached into groundwater from where it enters into watercourses. This can cause a nutrient boost in the environment which can then alter the ecological balance, often linking to excessive algae growth.

Value chain stage

Supply chain

Actions and procedures to minimize adverse impacts

Provision of best practice instructions on product use
 Upgrading of process equipment/methods

Please explain

Reducing Nitrate pollution can be achieved through simple management practices. Because Nitrates are extremely water soluble, farmers are encouraged to prioritize practices that minimize risk of nitrate pollution.

JTG works with growers to deploy soil management and water conservation initiatives.

All leaf suppliers are expected to follow Good Agricultural Practices, an international standard which supports our commitment to sustainable farming through a cycle of continuous improvement. In addition, most of our contracted growers are required to act in accordance with our Minimum Agronomic Standards (MAS).

We have direct relationships with thousands of growers and engage with them on fertilizer management. This includes providing trainings and customized fertilizer application recommendations, optimizing the quantity, rate and timing of fertilizers applied to minimize fertilizer run-off into watercourses. We employ 547 Agronomy Technicians in our tobacco business, each providing extension services to our contracted growers. They visit each grower multiple times during the cropping cycle to ensure the growers understand how to implement best practices.

To measure success, Agronomy Technicians record MAS observations which are then analyzed to select the right improvement measures. We track the effectiveness of our response using internal evaluation of KPIs and on-site investigations.

Water pollutant category

Phosphates

Description of water pollutant and potential impacts

Phosphates originate from many sources, including sewage and manure, and are also found in many artificial fertilizers.

In a similar way to nitrate excess phosphate in watercourses can cause a nutrient boost which often equates to excessive algae growth. The algae may then produce toxins that adversely affect the aquatic ecosystem, reducing oxygen levels, impacting fish stocks and leading to loss of species and degradation of the waterway.

Value chain stage

Supply chain

Actions and procedures to minimize adverse impacts

Provision of best practice instructions on product use
Upgrading of process equipment/methods

Please explain

Reducing Phosphate pollution can be achieved through simple management practices. Farmers are encouraged to prioritise practices that minimize risk of Phosphate pollution.

JTG works with growers to deploy soil management and water conservation initiatives. All leaf suppliers are expected to follow Good Agricultural Practices, an international standard which supports our commitment to sustainable farming through a cycle of continuous improvement. In addition, most of our contracted growers are required to act in accordance with our Minimum Agronomic Standards (MAS).

We have direct relationships with thousands of growers and engage with them on fertilizer management. This includes providing trainings and customized fertilizer application recommendations, optimizing the quantity, rate and timing of fertilizers applied to minimize fertilizer run-off into watercourses. We employ 547 Agronomy Technicians in our tobacco business, each providing extension services to our contracted growers. They visit each grower multiple times during the cropping cycle to ensure the growers understand how to implement best practices.

To measure success, Agronomy Technicians record MAS observations which are then analyzed to select the right improvement measures. We track the effectiveness of our response using internal evaluation of KPIs and on-site investigations.

Water pollutant category

Pesticides

Description of water pollutant and potential impacts

Pesticides can contaminate surface waters and groundwater through runoff from treated crops, plants, and soil. If their concentrations are above critical thresholds, they can be harmful to the wider environment. Pesticides could cause imbalances in ecological food chains and could leak into surface and groundwater used as sources of drinking water for humans and livestock.

Rainfall, drainage, microbial activity, application rate, soil temperature as well as mobility, solubility and half-life of pesticides are some of the factors responsible for the risk of movement of pesticides residues to water. Substances may runoff into streams, rivers or water bodies and results in water pollution.

Value chain stage

Supply chain

Actions and procedures to minimize adverse impacts

- Beyond compliance with regulatory requirements
- Provision of best practice instructions on product use
- Reduction or phase out of hazardous substances
- Requirement for suppliers to comply with regulatory requirements
- Upgrading of process equipment/methods

Please explain

Improved, responsible use and management of Crop Protection Agents (CPAs; pesticides) can be achieved through management practices. We have direct relationships with thousands of growers and engage with them on fertilizer management. This includes providing trainings and customized CPA application recommendations, optimizing the quantity, rate and timing of CPAs applied to minimize risk of watercourses contamination. We employ 547 Agronomy Technicians in our tobacco business, each providing extension services to our contracted growers. They visit each grower multiple times during the cropping cycle to ensure the growers

understand how to implement best practices.

We have updated our internal standards for CPA residue. The limit for HHP Criterion 1 (pesticides that present the greatest hazards to health or environment) is now set at the lowest concentration at which they can be reliably detected.

HHP limits are now applied to all processed tobacco from crops planted in 2022. If we detect that the residue level of HHP Criterion 1 pesticides exceeds this we do not purchase the tobacco, which was communicated to all supplier in February 21.

In 2022 we also started to address Criteria 2 to 7 HHPs by identifying CPAs within these criterium.

We have collaborated with various industry players to improve management of CPAs beyond our supply chain, conducting dedicated studies on CPA use and management. These management practices minimise the water pollution risk of pesticides.

W3.3

(W3.3) Does your organization undertake a water-related risk assessment?

Yes, water-related risks are assessed

W3.3a

(W3.3a) Select the options that best describe your procedures for identifying and assessing water-related risks.

Value chain stage

Direct operations

Coverage

Full

Risk assessment procedure

Water risks are assessed as a standalone issue

Frequency of assessment

Annually

How far into the future are risks considered?

More than 6 years

Type of tools and methods used

Tools on the market

Databases

Tools and methods used

WRI Aqueduct

WWF Water Risk Filter

FAO/AQUASTAT

Regional government databases

Other, please specify

Internal company methods, External consultants

Contextual issues considered

Water availability at a basin/catchment level

Water quality at a basin/catchment level

Stakeholder conflicts concerning water resources at a basin/catchment level

Impact on human health

Implications of water on your key commodities/raw materials

Water regulatory frameworks

Status of ecosystems and habitats

Access to fully-functioning, safely managed WASH services for all employees

Stakeholders considered

Customers

Employees

Investors

Local communities

NGOs

Regulators

Suppliers

Water utilities at a local level

Other water users at the basin/catchment level

Comment

JT Group's risk assessment methodology has been developed by incorporating relevant information which could influence our approach to future water management and water stewardship. The information includes that gained from the WRI Aqueduct and WWF-DEG and other tools (such as GEMI Local Water Tool etc.), as well as site information. We integrate these data with other publicly available information with help from subject matter experts to implement our overall risk assessment approach.

Our water risk assessment considers risks across the following categories:

- Physical water scarcity (Quantity and quality – including potential impacts on human health)
- Economic water scarcity (Regulatory, economic and infrastructure risks)
- Flooding
- Wastewater (regulatory risks and risks of contamination from sites and 3rd parties)
- Future trends

Value chain stage

Supply chain

Coverage

Full

Risk assessment procedure

Water risks are assessed as a standalone issue

Frequency of assessment

Annually

How far into the future are risks considered?

More than 6 years

Type of tools and methods used

Tools on the market

Databases

Other

Tools and methods used

WRI Aqueduct

WWF Water Risk Filter

FAO/AQUASTAT

Maplecroft Global Water Security Risk Index

Regional government databases

Internal company methods

External consultants

Contextual issues considered

Water availability at a basin/catchment level

Impact on human health

Implications of water on your key commodities/raw materials

Water regulatory frameworks

Status of ecosystems and habitats

Access to fully-functioning, safely managed WASH services for all employees

Stakeholders considered

Customers

Employees

Investors

Local communities

NGOs

Regulators

Suppliers

Water utilities at a local level

Other water users at the basin/catchment level

Comment

Water risk management has been implemented in relation to the tobacco business's manufacturing supply chain. Using Verisk Maplecroft risk indices and WRI Aqueduct, to date, the tobacco business has assessed over 2,500 of its key suppliers, in relation to water-related risks, including water quality, water stress, flood, drought and climate change. Tobacco business has now expanded the scope of water-related risks, to include water pollution, and has integrated water-related risk into its core business

processes, through inclusion in the 'Suppliers ESG Screening and Risk Management Process'.

W3.3b

(W3.3b) Describe your organization's process for identifying, assessing, and responding to water-related risks within your direct operations and other stages of your value chain.

	Rationale for approach to risk assessment	Explanation of contextual issues considered	Explanation of stakeholders considered	Decision-making process for risk response
Row 1	<p>The water risk tools selected were chosen based on expert advice from a mix of internal experts and external consultants. The tools selected are all considered to be market-leading, best practice tools. The tools mentioned are used within the first stage of risk assessment which is data gathering. WRI Aqueduct and the WWF Water Risk Filter aid understanding of the context in the region/area where a site is located, an internal company questionnaire is used to understand site-specific information, while desk-based research using databases such as FAO/AQUASTAT and Regional government</p>	<p>The Group's risk assessment procedure, including the site-level questionnaire, provides an in-depth picture of a wide range of contextual issues with the ambition of being able to effectively address each one if/when related risks are identified.</p> <p>The contextual issues considered are:</p> <ul style="list-style-type: none"> - Water availability at a basin/catchment level - Water quality at a basin/catchment level - Stakeholder conflicts concerning water resources at a basin/catchment 	<ul style="list-style-type: none"> -Customers & Investors It is vital the Group meet the expectations of customers and Stakeholders in respect to management of water and water related risks. This could pose a business risk should the Group fail to do so. -Employees Ensuring their access to fully-functioning, safely managed WASH services is an essential part of the Group's responsibilities as an employer. Not doing so exposes the Group to legal and regulatory non-compliance risks. -Local communities & Other water users at the basin/catchment level The Group share same water resources as these groups, and it is therefore our responsibility to maintain the water quality and to not 	<p>For water risk assessment of our own operations, once the data is compiled, a report is written highlighting risks of concern and requiring additional countermeasures/further investigation. Each location then establishes an action plan, considering whether the concern identified represents a risk to the asset or its operations; what is that risk; whether further investigation or assessment of the risk is required; whether existing countermeasures are appropriate and adequate; and what additional countermeasures are required. Typically, the water risk assessment process for a site spans several months. Following completion of the initial assessments the Group carry out a reassessment of the risk at a frequency determined by the risk level previously identified, significant operational changes, legislative</p>

<p>databases further enhances understanding and the “local” approach to risk mitigation. Water risks identified are classified as relating to either water use, flooding, water scarcity, wastewater discharge, group reputation, or future trend. These risks are categorized into risk ranking groups (High, Medium-high, Medium-low, and Low) after scored based on information gained through the data gathering processes, covering criteria such as frequency, severity, and ability to adapt. JT Group assesses risks across both its direct operations and its supply chain. This is based on commitments within the JT Group 2030 Environmental Plan to assess all risks across not just the Group’s own operations, but its full value chain. Maplecroft Risk Indices are used as the first stage of our water risk assessment in the supply chain. We</p>	<p>level</p> <ul style="list-style-type: none"> - Implications of water on your key commodities/raw materials - Water regulatory frameworks - Status of ecosystems and habitats - Access to fully-functioning, safely managed WASH services for all employees - Impact on human health <p>These issues were selected based on these being the most relevant to contextual issues to our operations and supply chain. These issues are the most relevant/most likely to have an associated risk for our operations or in our supply chain.</p>	<p>contribute to water scarcity through excess/unsustainable withdrawal practices, particularly in areas of severe water stress.</p> <ul style="list-style-type: none"> -NGOs Their insights are vital in identifying potential water pollutants that could have impacts on water ecosystems and human health. -Regulators The Group works with regulators to keep abreast of new regulations and regulatory changes with which the Group need to comply. -Suppliers The group’s suppliers largely consist of growers whose livelihoods are dependent on income from tobacco agriculture. These stakeholders are often directly exposed to any water-related risks that arise so are one of the fundamental considerations of the risk assessment. -Water utilities at a local level These stakeholders manage the water resources which are important/vital to the 	<p>changes, etc.</p> <p>In line with the Group’s Environment Plan 2030, JT Group has recently developed a comprehensive approach to assess and manage ESG risks in the supply chain, including water related issues through inclusion in the Suppliers’ ESG Screening and Risk Management Process. , To date, we have assessed over 2,500 of our key suppliers. We initially use Maplecroft Risk Indices to assess baseline risks relating to water generation, stress and, from 2021, pollution. External consultants then screen risks identified. We intend to introduce a further assessment using Ecovadis scoring.</p>
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use the index to assess risks relating to water generation, stress and pollution.		Group's operations and growers.	
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W4. Risks and opportunities

W4.1

(W4.1) Have you identified any inherent water-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes, only within our direct operations

W4.1a

(W4.1a) How does your organization define substantive financial or strategic impact on your business?

The JTG definition for substantive impact focuses on 3 key areas (which can be considered in isolation or combination):

- i) Financially: a materiality threshold of anything with an impact or estimated impact of 1 billion Yen. Financial risk is judged by combining the following two factors: "magnitude of possible impact" on our business and "likelihood of its occurrence."
- ii) Strategic: Attention from shareholders who have a 1% or larger share in the business.
- iii) Attention in the mainstream media (national or international outlets, such as press, television, etc.).

This definition of substantive risk applies to the assessment of risk in both our direct operations and in our value chain. Examples of risks considered against this definition include access to sufficient quantities of good quality freshwater and recycled water. Impacts could include costs of additional technical control measures, business interruption, brand perception or reputational damage etc. The above definition of substantive impact was developed in 2017 to be in line with other enterprise-wide risk definitions.

W4.1b

(W4.1b) What is the total number of facilities exposed to water risks with the potential to have a substantive financial or strategic impact on your business, and what proportion of your company-wide facilities does this represent?

	Total number of facilities exposed to water risk	% company-wide facilities this represents	Comment
Row 1	1	1-25	In 2021 our factory in Turkey had a significant risk of flooding due to heavy rainfall and poor water discharging

			<p>systems from the roof of the leaf storage warehouse. Some affected materials were reused after drying and before losing their form.</p> <p>This rainfall's financial impact is related to destroyed materials (tobacco) only.</p>
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W4.1c

(W4.1c) By river basin, what is the number and proportion of facilities exposed to water risks that could have a substantive financial or strategic impact on your business, and what is the potential business impact associated with those facilities?

Country/Area & River basin

Turkey
 Other, please specify
 Kukuk Menderes

Number of facilities exposed to water risk

1

% company-wide facilities this represents

Less than 1%

% company's total global revenue that could be affected

Less than 1%

Comment

In 2021 our factory in Turkey had a significant risk of flooding due to heavy rainfall and poor water discharging systems from the roof of the leaf storage warehouse. Some affected materials were reused after drying and before losing their form.

This rainfall's financial impact is related to destroyed materials (tobacco) only.

W4.2

(W4.2) Provide details of identified risks in your direct operations with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.

Country/Area & River basin

Turkey
 Other, please specify
 Kukuk Menderes

Type of risk & Primary risk driver

Acute physical

Other, please specify
Severe weather events

Primary potential impact

Reduction or disruption in production capacity

Company-specific description

Some of our facilities are located in areas which could be exposed to change in precipitation patterns that may cause increased frequency/severity of flooding. If a flood was to occur this could lead to loss of production capacity which in turn could lead to losses in sales and therefore revenue.

An example of this occurring is in 2021 our factory in Turkey had a significant risk of flooding due to heavy rainfall and poor water discharging systems from the roof of the leaf storage warehouse. The event impacted stored tobacco some of which was destroyed leading to a financial loss. Some affected materials were reused after drying and before losing their form.

Timeframe

More than 6 years

Magnitude of potential impact

Medium-high

Likelihood

More likely than not

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

1,168,450,000

Potential financial impact figure - minimum (currency)

Potential financial impact figure - maximum (currency)

Explanation of financial impact

Financial impact was calculated based on potential loss of production capacity of a typical factory such as the Turkey factory due to flooding resulting in loss of sales. If a flood like the one that occurred at our site in Turkey in 2021 were to occur in the future, the potential final impact is 1.168 billion yen assuming our typical factory is shut down for 7 days due to flood event. Calculation was done as Tobacco business revenue 2315.2 divided by 38 finish goods factories / 365 * 7 = 1.168

Primary response to risk

Increase capital expenditure

Description of response

As part of our water risk assessments of factories, we consider changing flood risks that could result from climate change. The outputs of these assessments are used to determine our mitigation measures.

These include, for example, business continuity plans, physical flood mitigation infrastructure and insurance coverage. For example, in 2021, in our factory in Turkey, we installed a new drain system and reinforced existing drainage channels.

In the future, these improvements will reduce the risk of flooding and therefore reduce any potential impacts on production capacity.

Cost of response

404,748,000

Explanation of cost of response

As part of our water risk assessments of factories, we consider changing flood risks that could result from climate change. The outputs of these assessments are used to determine our mitigation measures.

These include, for example, business continuity plans, physical flood mitigation infrastructure and insurance coverage. For example, in 2021, in our factory in Turkey, we installed a new drain system and reinforced existing drainage channels.

In the future, these improvements will reduce the risk of flooding and therefore reduce any potential impacts on production capacity.

Cost of management includes cost associated with water risk assessment (6.748 million yen), physical flood mitigation infrastructure (33 million yen) and flood insurance premiums (365 million Yen). Total cost to mitigate the risk is 6,748,000+ 33,000,000 + 365,000,000 = 404,748,000.

W4.2c

(W4.2c) Why does your organization not consider itself exposed to water risks in its value chain (beyond direct operations) with the potential to have a substantive financial or strategic impact?

	Primary reason	Please explain
Row 1	Risks exist, but no substantive impact anticipated	Through JT Group's ESG supplier screening and risk management processes using Maplecroft risk indexes, we have not to-date identified water-related risks in our supply chain that represent a potential substantive financial or strategic impact. As we deem water as important to our indirect operations, we have assessed over 2,500 of our key suppliers. We initially use Maplecroft Risk Indices, to assess baseline water-related risks relating to water quality, generation, stress and, since 2021, pollution. External consultants then screen risks identified. We intend to introduce a further assessment level in the coming years using Ecovadis scoring. This process allows us to identify key suppliers that pose a substantive risk to our tobacco business. Currently, we have not identified suppliers with water-related risks that meet or surpass our threshold of 'substantive impact'. This is defined in three ways:

	<ul style="list-style-type: none"> • Financially: a materiality threshold of anything with the potential to impact profitability by 1 billion Yen • Attention from shareholders: issues raised by shareholders who have a 1% or larger stake in the business, whether positive or negative. • Attention in the mainstream media: news articles in the mainstream or national media, whether positive or negative
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W4.3

(W4.3) Have you identified any water-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Yes, we have identified opportunities, and some/all are being realized

W4.3a

(W4.3a) Provide details of opportunities currently being realized that could have a substantive financial or strategic impact on your business.

Type of opportunity

Markets

Primary water-related opportunity

Increased brand value

Company-specific description & strategy to realize opportunity

The JT Group's main business is the tobacco business, but water resources are also essential to our processed food business. We believe that further strengthening water reduction efforts will help fulfil our responsibilities as a water-reliant company and ultimately lead to an opportunity to increase the value of our corporate and product brands. Although we have confirmed through water risk assessment that stable water can be procured for a long period of time, conservation of forests that recharge water is an important issue for processed foods and societies that rely on good water resources. For this reason, the JT group has been conducting afforestation and forest conservation activities (JT Forest) since 2005 in Japan, where most of processed food's site are located. In 2022 We have concluded the agreement with 9 forests in Japan which covered 1,570ha. We are contributing to climate change issues and water resource conservation in the watershed through proper forest management. Specifically, in addition to financial contributions, employees are taking part in volunteer activities held at JT Forest and providing products manufactured by processed food. In addition, we are strategically developing products to promote environmental activities, such as selling products that show that part of the package sales is used for tree planting and forest conservation activities.

Estimated timeframe for realization

1 to 3 years

Magnitude of potential financial impact

Medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

334,000,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact

The survey results from the Consumer Affairs Agency show that consumers who choose eco-friendly products and services increased by about 2% in one year, and the change in environmental awareness of consumers is reflected in the market reliably and significantly. We believe that the ratio is increasing year by year. Here, we calculated the effect of increasing our market share by 1% against 2% (33.4 billion yen) of the total sales (about 1,670 billion yen) of Japanese frozen food companies.

W5. Facility-level water accounting

W5.1

(W5.1) For each facility referenced in W4.1c, provide coordinates, water accounting data, and a comparison with the previous reporting year.

Facility reference number

Facility 1

Facility name (optional)

Factory 1

Country/Area & River basin

Turkey

Other, please specify

Kukuk Menderes

Latitude

38.196571

Longitude

27.349252

Located in area with water stress

Yes

Total water withdrawals at this facility (megaliters/year)

221.75

Comparison of total withdrawals with previous reporting year

Lower

Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

Withdrawals from brackish surface water/seawater

0

Withdrawals from groundwater - renewable

221.75

Withdrawals from groundwater - non-renewable

0

Withdrawals from produced/entrained water

0

Withdrawals from third party sources

0

Total water discharges at this facility (megaliters/year)

44.89

Comparison of total discharges with previous reporting year

Much higher

Discharges to fresh surface water

44.89

Discharges to brackish surface water/seawater

0

Discharges to groundwater

0

Discharges to third party destinations

0

Total water consumption at this facility (megaliters/year)

176.86

Comparison of total consumption with previous reporting year

Lower

Please explain

Water withdrawals at our factory in Turkey, were 10% lower than in the previous reporting period. This is despite the site's production volume increasing significantly in that timeframe (5%).

This results from our ongoing water efficiency initiatives under our water policy and contributes to our 2030 goal for a global 15% reduction in water withdrawals. Water discharge increased due to an increase in FTE on site.

For example, improved technology and a new green production and office building have meant that our factory in Turkey reduced water consumption by 480 cubic meters and can collect 20 cubic meters of rainwater for reuse each year.

This building consumes 72% less water and 81% less energy than typical factory buildings in the country. The building has received Leadership in Energy and Environmental Design (LEED) certification.

W5.1a

(W5.1a) For the facilities referenced in W5.1, what proportion of water accounting data has been third party verified?

Water withdrawals – total volumes

% verified

76-100

Verification standard used

ISAE 3000

Water withdrawals – volume by source

% verified

Not verified

Please explain

While internal controls are in place for each water aspect of this question, the third-party verification covers total water withdrawals and total water discharges.

Water withdrawals – quality by standard water quality parameters

% verified

Not verified

Please explain

While internal controls are in place for each water aspect of this question, the third-party verification covers total water withdrawals and total water discharges.

Water discharges – total volumes

% verified

76-100

Verification standard used

ISAE 3000

Water discharges – volume by destination

% verified

Not verified

Please explain

While internal controls are in place for each water aspect of this question, the third-party verification covers total water withdrawals and total water discharges.

Water discharges – volume by final treatment level

% verified

Not verified

Please explain

While internal controls are in place for each water aspect of this question, the third-party verification covers total water withdrawals and total water discharges.

Water discharges – quality by standard water quality parameters

% verified

Not verified

Please explain

While internal controls are in place for each water aspect of this question, the third-party verification covers total water withdrawals and total water discharges.

Water consumption – total volume

% verified

Not verified

Please explain

While internal controls are in place for each water aspect of this question, the third-party verification covers total water withdrawals and total water discharges.

W6. Governance

W6.1

(W6.1) Does your organization have a water policy?

Yes, we have a documented water policy that is publicly available

W6.1a

(W6.1a) Select the options that best describe the scope and content of your water policy.

	Scope	Content	Please explain
Row 1	Company-wide	<p>Description of the scope (including value chain stages) covered by the policy</p> <p>Description of business dependency on water</p> <p>Description of business impact on water</p> <p>Commitment to align with international frameworks, standards, and widely-recognized water initiatives</p> <p>Commitment to prevent, minimize, and control pollution</p> <p>Commitment to reduce water withdrawal and/or consumption volumes in direct operations</p> <p>Commitment to reduce water withdrawal and/or consumption volumes in supply chain</p> <p>Commitment to safely managed Water, Sanitation and Hygiene (WASH) in local communities</p> <p>Commitment to stakeholder education and capacity building on water security</p> <p>Commitment to water stewardship and/or collective action</p> <p>Commitments beyond regulatory compliance</p> <p>Reference to company water-related targets</p>	<p>JT Group considers water and water related issues critical to its business as well a fundamental resource for direct operations and suppliers. Water and climate related issues could have a substantive impact on our business and value chain. Our company-wide “JT Group Environment Policy” specifically addresses water aspects. It is publicly available on JT’s website and shared by all our businesses company wide. Our JT Group Environment Plan 2030 includes a target to reduce water use associated with our tobacco operations by 15% by 2030.</p> <p>To achieve the target, we set annual water targets for our direct operations. The policy also includes education and encouragement of our employees and suppliers to reduce environmental impacts and optimize the use of natural resources including water. In addition, our Human Rights Policy also recognizes the human right to water and sanitation and JT Group supports the UN SDGs. We align our management systems with international standards ISO14001 and ISO50001.</p>

		<p>Acknowledgement of the human right to water and sanitation</p> <p>Recognition of environmental linkages, for example, due to climate change</p>	
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W6.2

(W6.2) Is there board level oversight of water-related issues within your organization?

Yes

W6.2a

(W6.2a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for water-related issues.

Position of individual or committee	Responsibilities for water-related issues
Director on board	<p>JT Group considers water-related issues to be strategically important for our business. As such, high level board oversight is critical. The person directly responsible for water-related issues is the Chief Sustainability Officer (CSO) of JT. This position reports directly to Representative Director and Executive Vice President of JT on corporate, sustainability management, pharmaceutical and processed food business. The Representative of Director and Executive Vice President is Member of the Board also serving as Executive Officer. They are directly responsible for developing and implementing strategies and plans for Sustainability Management, including water related issues. In 2023, directors made a decision to update the water-related targets in the JT Group Environmental Plan 2030.</p>

W6.2b

(W6.2b) Provide further details on the board's oversight of water-related issues.

	Frequency that water-related issues are a scheduled agenda item	Governance mechanisms into which water-related issues are integrated	Please explain
Row 1	Scheduled - some meetings	Monitoring implementation and performance	<p>JT Group considers water-related issues to be strategically important for our business. As such, high level board oversight is critical, so water-related issues are discussed in Board level meetings 4 times a year as part of environmental</p>

	Providing employee incentives Reviewing and guiding annual budgets Reviewing and guiding business plans Reviewing and guiding corporate responsibility strategy Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding strategy Setting performance objectives	planning. Our governance mechanism contributes to the Board's oversight of water problems including following measures; 1) Review of Annual and Strategic Planning (ASP) 2) Approving the annual operation plan, which includes the yearly environmental plan. 3) Review of previous year performance as part of the Board meeting in May 4) Review of Sustainability Strategy The governance mechanisms are implemented within the four processes above, which contribute to the oversight of water-related issues.
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W6.2d

(W6.2d) Does your organization have at least one board member with competence on water-related issues?

	Board member(s) have competence on water-related issues	Criteria used to assess competence of board member(s) on water-related issues
Row 1	Yes	Our board has members with expertise in the area of sustainability, environment and society including water-related issues, and we have disclosed board member's skills matrix. This matrix is based on board members' past experience and the knowledge they have developed through this experience.

W6.3

(W6.3) Provide the highest management-level position(s) or committee(s) with responsibility for water-related issues (do not include the names of individuals).

Name of the position(s) and/or committee(s)

Chief Sustainability Officer (CSO)

Water-related responsibilities of this position

- Assessing future trends in water demand
- Assessing water-related risks and opportunities
- Managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues

Quarterly

Please explain

- 1) CSO is in charge of JTG Sustainability Management. This position reports directly to Representative Director and Executive Vice President who is directly responsible for developing and implementing strategies and plans, including water-related issues.
- 2) CSO is responsible for water-related issue management and more broadly, sustainability management. The Sustainability function monitors and assesses water-related issues, coordinates activities, gathers data and provides information to the JTG’s Board of Directors. For example, water withdrawal KPIs are reported to the Board of Directors as part of assessing progress and future trends towards JTG’s group 2030 Environment Plan. Water-related management and performance are reported to the Board 4 times a year so that the Board can understand the progress and future trends to the target and provide oversight.

W6.4

(W6.4) Do you provide incentives to C-suite employees or board members for the management of water-related issues?

	Provide incentives for management of water-related issues	Comment
Row 1	Yes	

W6.4a

(W6.4a) What incentives are provided to C-suite employees or board members for the management of water-related issues (do not include the names of individuals)?

	Role(s) entitled to incentive	Performance indicator	Contribution of incentives to the achievement of your organization’s water commitments	Please explain
Monetary reward	Chief Sustainability Officer (CSO)	Reduction of water withdrawals – direct operations Improvements in wastewater quality – direct operations	Our CSO is individually evaluated on their achievement of performance targets through the performance of their duties that lead to the sustainable profitable growth of the Company. Performance targets are set at the	The evaluation of CSO, which reflects selected performance indicators, is conducted once a year based on the results of the entire JT Group. For indicators related to long-term plans, such as water withdrawal reduction

		Reduction of water pollution incidents Increased access to workplace WASH – supply chain	beginning of the fiscal year through a meeting with the Group CEO, and are evaluated at the end of the fiscal year and linked to monetary reward. Progress against the water withdrawal reduction targets in the JT Group Environmental Plan 2030 is used as a performance indicator. In addition, in compliance with the commitments made in the JT Group Environment Policy, quantitative targets are included for ensuring that wastewater quality complies with environmental laws and regulations in each country under an effective environmental management system structure, preventing water-related incidents and regulatory violations, and addressing environmental issues in the value chain, including access to WASH.	targets, the threshold is the value for the year on the reduction line, and for indicators related to compliance with the respective national laws and regulations for wastewater quality, the threshold is zero cases of exceeding the standard throughout the year.
Non-monetary reward	No one is entitled to these incentives			Currently, there is not a formal non-monetary incentive provided for C-suite members.

W6.5


(W6.5) Do you engage in activities that could either directly or indirectly influence public policy on water through any of the following?

No

W6.6

(W6.6) Did your organization include information about its response to water-related risks in its most recent mainstream financial report?

Yes (you may attach the report - this is optional)

 integrated2022_E_all.pdf

W7. Business strategy

W7.1

(W7.1) Are water-related issues integrated into any aspects of your long-term strategic business plan, and if so how?

	Are water-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	Yes, water-related issues are integrated	11-15	<p>Our Group environment plans contain commitments and objectives relating to improved water efficiency and the identification and mitigation of water-related risks. The JT Group Environment Plan 2030 introduced in 2019 (11 year timeframe, or 15 years from 2015 baseline) has a target to reduce water withdrawal associated with our tobacco business by 15% from 2015 base year. To better understand water risk and use in our supply chain, by 2022 the Group has implemented a water risk management process in our manufacturing supply chain. This allowed the Group to effectively make long term decisions whilst maintaining tangible objectives and targets.</p> <p>The Annual and Strategic Planning (ASP) process is carried out annually and measures progress against annual targets for the next three years.</p> <p>Sites are required to set specific actions showing how they can contribute to achieving the longer-term objectives of the Group relating to water efficiency and water risk assessments, at the site, business and company level. As such, our environment plans form an integral a part of the Group's overall business plan.</p> <p>In the tobacco business, a country-level climate-scenario analysis (CSA) is currently being undertaken. This includes assessing water-related issues such as drought and flood risk. To date, JT Group have conducted CSA in 11 countries and developed action plans as a part of the ERM process.</p>
Strategy for achieving long-term objectives	Yes, water-related issues are integrated	11-15	<p>In addition to opportunities such as improving water efficiency by saving water, increasing market opportunities such as refining brand value and increasing ESG investment by conserving water resources, physical risks due to droughts and floods, water pollution, legal regulations and public Water-</p>

			<p>related issues, such as risks associated with reputational impacts of policy changes, are integrated into strategies for achieving long-term objectives. To address the above-mentioned water-related issues, JT Group established the JT Group Environment Plan 2030 in 2019 (11 year timeframe, or 15 years from 2015 baseline) with a view to supporting the water risk assessment (WRA), promote WRA in the supply chain toward achieving it, and take appropriate measures against detected risks. By integrating water-related issues into strategies for achieving long-term objectives the JT Board will also have a process for reviewing the integrated plan to ensure it is consistent with the long-term environmental strategy of the business, requesting changes (if necessary) and approving the plan. This enables the board to make effective long-term decisions in keeping with specific goals and objectives.</p>
Financial planning	Yes, water-related issues are integrated	11-15	<p>Water related plans and programs are incorporated into JT Group's Annual and Strategic Planning processes, which includes both capital and operational financial planning. Where capital expenditure is required in relation to water related projects (e.g. upgrading facilities to reduce water consumption, improving wastewater treatment), this is requested and authorized through the Business Approval Process (BAP). The BAP can be used for CAPEX planning with paybacks beyond 11 years, hence this is considered in the timeframe 11-15 years.</p>

W7.2

(W7.2) What is the trend in your organization's water-related capital expenditure (CAPEX) and operating expenditure (OPEX) for the reporting year, and the anticipated trend for the next reporting year?

Row 1

Water-related CAPEX (+/- % change)

29

Anticipated forward trend for CAPEX (+/- % change)

63

Water-related OPEX (+/- % change)

0

Anticipated forward trend for OPEX (+/- % change)

-6

Please explain

CAPEX significantly increased in 2022 compared to 2021 due to implementation of large projects in Canada, the Philippines, Russia, Greece and Sudan related to water-reuse, waste-water improvement, leakage elimination and roof drainage systems. Anticipated forward trend for CAPEX is a 63% increase next year comparing to this year due to plans to upgrade equipment such as cooling towers. OPEX has not changed in 2022 compared to 2021. This cost mostly relates to wastewater services and sewer utilities and water supply costs which have not significantly changed as there have been no major changes in our group operations. Anticipated forward trend for OPEX is a further reduction in spend.

W7.3

(W7.3) Does your organization use scenario analysis to inform its business strategy?

	Use of scenario analysis	Comment
Row 1	Yes	<p>2019 we conducted climate scenario analysis (CSA) for our tobacco business. The process was aligned with TCFD and involved our Directors on Board. We used 2DS (2°C Scenario) model to assess emissions reductions including inputs of current and anticipated emissions to develop our climate targets, included in our Environment Plan 2030. We then updated our targets to be more ambitious to align with a 1.5 degree scenario. We also use CSA to identify locations that could be at higher future water supply risks to inform sourcing decisions and business expansion, and our water reduction targets and actions.</p> <p>We are undertaking country-level CSA including water-related issues across all stages of the JTI value chain.</p> <p>By the end of 2022 we conducted CSA in 11 countries, which feed into water-related action plans as part of our ERM process and the results fed back to the sites in those countries to they can be used to inform their Annual Strategic Planning process for the next 3 years.</p>

W7.3a

(W7.3a) Provide details of the scenario analysis, what water-related outcomes were identified, and how they have influenced your organization’s business strategy.

	Type of scenario analysis used	Parameters, assumptions, analytical choices	Description of possible water-related outcomes	Influence on business strategy
Row 1	Climate-related	2DS RCP 2.6	Increased flooding at various production sites and in our leaf	JT Group conduct water risk related climate scenario

		<p>Nationally determined contributions (NDCs) Aqueduct RCP4.5, 8.5 future projection</p>	<p>supply chain for example in Japan (where our group HQ is located). Acute Risk: We conducted scenario analysis using external data such as reports by Japan Meteorological Agency. As an example outcome, we identified that climate change may increase precipitation, typhoon intensity and occurrence of large tropical cyclones in Japan. These risks could impact the volume and quality of tobacco leaf we procure, which could result in disruption of our production site operations. In addition, the demand for water may become higher, as the amount of water available for withdrawal decreases due to increased water risks. In particular, the processed food business, which uses a large amount of water in its business activities, is vulnerable to variable water prices as supplies are potentially affected.</p>	<p>analysis for both its own factories and key tobacco growing sites. This analysis identifies sites that are likely to experience climate change-induced flooding and are at higher flooding risk in future. The tool used to conduct this analysis is the WRI's Aqueduct Tool, supplemented with extensive site-level research by independent water security experts. JT Group implemented the assessment process with the intention of identifying possible climate-related water risks and implementing appropriate mitigation actions. We used the CSA results to consult with local teams and understand what mitigation options are being looked at or currently implemented to understand resilience. Adaptation and mitigation actions identified through the assessment are incorporated into the three-year annual and strategic planning processes. An example of resilience in our operations through risk mitigation can be found at one of our factories in North America. The factory roof was identified as needing upgrading in the short term to withstand higher winds and rainfall caused by extreme storms. This work is ongoing and is expected to be completed in 2023.</p> <p>Through our CSA, we have also identified some tobacco growing regions which are likely to experience climate-related</p>
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				water impacts in the future. The assessment has also informed the inclusion of climate-related risk as an enterprise level risk through our business.
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W7.4

(W7.4) Does your company use an internal price on water?

Row 1

Does your company use an internal price on water?

No, and we do not anticipate doing so within the next two years

Please explain

Water does not represent a significant expense to JT Group's business, as a result, we don't plan to introduce internal price of water.

W7.5

(W7.5) Do you classify any of your current products and/or services as low water impact?

	Products and/or services classified as low water impact	Primary reason for not classifying any of your current products and/or services as low water impact	Please explain
Row 1	No, and we do not plan to address this within the next two years	Important but not an immediate business priority	Our tobacco and processed food manufacturing activities all use water. However, for our main operation, the tobacco business, the water that is required for tobacco crops comes predominantly from rainfall, while tobacco processing and manufacturing are not water-intensive. Therefore we haven't planned to have the low water impact products within the next two years.

W8. Targets

W8.1

(W8.1) Do you have any water-related targets?

Yes

W8.1a

(W8.1a) Indicate whether you have targets relating to water pollution, water withdrawals, WASH, or other water-related categories.

	Target set in this category	Please explain
Water pollution	Yes	
Water withdrawals	Yes	
Water, Sanitation, and Hygiene (WASH) services	Yes	
Other	No, and we do not plan to within the next two years	There are no further water aspects which are highlighted/prioritized in the JT Group Environment Plan 2030. The targets given relate to the most substantial water aspects of the business.

W8.1b

(W8.1b) Provide details of your water-related targets and the progress made.

Target reference number

Target 1

Category of target

Water withdrawals

Target coverage

Business division

Quantitative metric

Reduction in total water withdrawals

Year target was set

2018

Base year

2015

Base year figure

4,004,340.47

Target year

2030

Target year figure

3,403,689.4

Reporting year figure

3,087,636.77

% of target achieved relative to base year

152.6183412942

Target status in reporting year

Achieved

Please explain

The target was calculated by analyzing site level intensities against peer factories, taking into account predicted future water stress for the region in which each site is located.

Target reference number

Target 2

Category of target

Water, Sanitation and Hygiene (WASH) services

Target coverage

Country/area/region

Quantitative metric

Increase in the proportion of local population using safely managed drinking water services around our facilities and operations

Year target was set

2019

Base year

2019

Base year figure

0

Target year

2025

Target year figure

1,000,000

Reporting year figure

400,000

% of target achieved relative to base year

40

Target status in reporting year

Underway

Please explain

For many of the communities in which we operate, water remains a precious and scarce resource. That's why in December 2019 we launched our Global WASH (Water and Sanitation, Hygiene) initiative, with the ambitious goal of providing access to clean water and sanitation and hygiene for one million people by the end of 2025.

Since the launch of the initiative, we have reached over 400,000 people – over 40% of our goal. Our WASH initiative has been changing the lives of people in Mexico, Bolivia, Ethiopia, Indonesia and Bangladesh. Thanks to our local teams who have partnered with international and local organizations specializing in water and sanitation, hygiene, we were able to bring innovative solutions tailored to the specific needs of each area.

Target reference number

Target 3

Category of target

Water pollution

Target coverage

Company-wide (direct operations only)

Quantitative metric

Increase in proportion of wastewater that is safely treated

Year target was set

2021

Base year

2021

Base year figure

0

Target year

2022

Target year figure

100

Reporting year figure

100

% of target achieved relative to base year

100

Target status in reporting year

Achieved

Please explain

To reduce water pollution, the JT Group aims to maintain 100% compliance with discharge standards (one of the indicators of legal compliance). Maintaining 100% compliance with discharge standards is one of the indicators for evaluating legal compliance; 100% of our wastewater in 2022 met discharge standards as in 2021. Note that we have answered 0 in the "base year" column to make the automatically calculated "% of target achieved relative to base year" column value 100%.

W9. Verification

W9.1

(W9.1) Do you verify any other water information reported in your CDP disclosure (not already covered by W5.1a)?

Yes

 Independent_Assurance_Statement_Environment.pdf

W9.1a

(W9.1a) Which data points within your CDP disclosure have been verified, and which standards were used?

Disclosure module	Data verified	Verification standard	Please explain
W1 Current state	Total Water Withdrawal Total Water Discharge	ISAE 3000	These data points were verified under ISAE3000 (Revised) by Bureau Veritas.

W10. Plastics

W10.1

(W10.1) Have you mapped where in your value chain plastics are used and/or produced?

	Plastics mapping	Value chain stage	Please explain
Row 1	Yes	Direct operations	We know where plastics materials are used in our product and packaging and work together with suppliers to reduce plastics and

		Supply chain	improve packaging structures. Information on the volumes of plastic packaging is disclosed in subsequent questions
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W10.2

(W10.2) Across your value chain, have you assessed the potential environmental and human health impacts of your use and/or production of plastics?

	Impact assessment	Please explain
Row 1	Not assessed – but we plan to within the next two years	We continue to build internal capacity to conduct Life Cycle Assessments (LCA) to assess environmental impact of our product and packaging and to identify areas for improvement. Pilot LCAs were already conducted for certain product categories.

W10.3

(W10.3) Across your value chain, are you exposed to plastics-related risks with the potential to have a substantive financial or strategic impact on your business? If so, provide details.

	Risk exposure	Please explain
Row 1	Not assessed – and we do not plan to within the next two years	We use plastic for packaging, RRP devices and accessories. This represents a relatively small quantity of plastic which does not pose a substantive impact on our business according to our definition of substantive impact given earlier in this disclosure (W4.1a).

W10.4

(W10.4) Do you have plastics-related targets, and if so what type?

	Targets in place	Target type	Target metric	Please explain
Row 1	Yes	Plastic packaging	Reduce the total weight of plastic packaging used and/or produced Increase the proportion of plastic packaging that is recyclable in practice and at scale Increase the proportion of plastic packaging that is reusable	As a part of our JTG Environment Plan we have a target: We will reduce our packaging (including plastic) and ensure that the remaining is 88% reusable or recyclable by 2025, rising to 100% by 2030.

W10.5

(W10.5) Indicate whether your organization engages in the following activities.

	Activity applies	Comment
Production of plastic polymers	No	JTG doesn't produce plastic polymers.
Production of durable plastic components	No	JTG doesn't produce durable plastic components.
Production / commercialization of durable plastic goods (including mixed materials)	No	JTG doesn't produce or commercialize durable plastic goods (including mixed materials)
Production / commercialization of plastic packaging	No	JTG doesn't produce or commercialize plastic packaging
Production of goods packaged in plastics	Yes	JTG uses plastic packaging materials for some products. Use of plastic packaging is necessary to sustain quality of product and shelf life. We are continuously looking for alternatives to reduce and replace plastic and have done some progress already. For instance, we have reduced the thickness of polypropylene overwraps. In 2021, this reduced our use of fossil-based plastic by around 500 tons, and cut our GHG emissions by up to 769 tons of CO2e. We completed the global rollout of this initiative in 2021 for combustibles and continued implementing it for RRP's in 2022. We are looking into no plastic substitutes for polypropylene film. Information on the volumes of plastic packaging is disclosed in subsequent questions.
Provision / commercialization of services or goods that use plastic packaging (e.g., retail and food services)	No	JTG doesn't provide or commercialize services or goods that use plastic packaging (e.g., retail and food services)

W10.8

(W10.8) Provide the total weight of plastic packaging sold and/or used, and indicate the raw material content.

	Total weight of plastic packaging sold / used during the reporting year (Metric tonnes)	Raw material content percentages available to report	% virgin fossil-based content	Please explain
Plastic packaging used	29,134	% virgin fossil-based content	100	Our products use plastic packaging which currently consists of non-recycled

				content. In the future, JT Group intends to shift towards using packaging from renewable or recycled sources.
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W10.8a

(W10.8a) Indicate the circularity potential of the plastic packaging you sold and/or used.

	Percentages available to report for circularity potential	% of plastic packaging that is technically recyclable	Please explain
Plastic packaging used	% technically recyclable	53	53% of the plastic that is used in JT Group packaging is technically recyclable. These plastics are widely recycled in most countries, but we cannot be sure that the collection, sorting and recycling occurs widely in all countries in which we sell our goods. A 30% recycled rate would be considered "recyclable in practice and scale".

W11. Sign off

W-FI

(W-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

W11.1

(W11.1) Provide details for the person that has signed off (approved) your CDP water response.

	Job title	Corresponding job category
Row 1	Chief Executive Officer (CEO)	Chief Executive Officer (CEO)