



FOR IMMEDIATE RELEASE

Tokyo, February 14, 2022

JT Group Expands Sustainability Ambition across Entire Value Chain to Achieve Net-Zero Greenhouse Gas Emissions by 2050

Japan Tobacco Inc. (JT) (TSE: 2914) announces today that the JT Group commits to accelerate its efforts to reduce Greenhouse Gas (GHG) emissions across its entire value chain and achieve Net-Zero GHG emissions by 2050.

The JT Group recognizes its vital responsibility to contribute to the transition to a decarbonized society, given the ever-increasing global environmental concerns. To drive this, the Group has updated its targets for “Energy and Emissions” in the current “JT Group Environment Plan 2030” and aims to be Carbon Neutral for its own operations by 2030. Among other initiatives, the JT Group plans to achieve this by increasing the proportion of renewable electricity that it uses.

The revised targets for GHG emission reduction by 2030 are in line with science-based thinking and the JT Group is currently preparing to obtain validation of its targets from the Science Based Targets initiative¹.

JT Group Environment Plan 2030: Energy and Emissions

OUR CHOICE. OUR FUTURE.

Energy

Objective

JT Group will transition all of its energy use to zero carbon energy by 2050.

Targets

We will increase the proportion of renewable electricity that we use to 50% by 2030 and 100% by 2050.

Emissions

Objective

JT Group will reduce its emissions and commits to be Carbon Neutral for its own operations by 2030 and achieve Net-Zero Greenhouse Gas emissions across its entire value chain by 2050.

Targets

· We commit to reduce absolute Scope 1 & 2 GHG emissions by 47% in line with a 1.5 degree reduction pathway by 2030 from a 2019 base year.
· We commit to reduce absolute Scope 3 GHG emissions associated with purchased goods and services by 28% by 2030 from a 2019 base year.

Scope 1: Direct GHG emissions from corporate activities

Scope 2: Indirect GHG emissions from consumption of purchased electricity, heat or steam

Scope 3: Indirect GHG emissions other than Scope 1 and Scope 2

Masamichi Terabatake, President and Chief Executive Officer of the JT Group, said: “Sustainability initiatives lay the foundation for long-term business growth. These initiatives resonate thoroughly with our management principle “to pursue the 4S model²” and are indispensable. As a leading global company, we believe that addressing global environmental concerns, especially those regarding climate change, forms the basis of our business management. Today, we have set our new targets to achieve Net-Zero GHG emissions across our entire value chain by 2050. As an intermediate milestone, we aim to be Carbon Neutral in our operations by 2030. We aim to continue to be trusted by our stakeholders and make relentless efforts to reduce our environmental impact, ensuring a sustainable environment for the long-term.”

¹ SBTi, formed in 2015 by CDP, the UN Global Compact (UNGC), the World Resources Institute (WRI) and the World Wide Fund for Nature (WWF), validates targets submitted by companies to confirm if they are science-based. Once validated, companies can declare that the target is science-based and in line with the Paris agreement.

² Under the 4S model, we strive to fulfill our responsibilities to our valued consumers, shareholders, employees and the wider society, carefully considering the respective interests of these four key stakeholder groups and exceeding their expectations wherever we can. For more details, please visit https://www.jt.com/about/management_principles/index.html

Appendix: Examples of the JT Group’s current initiatives to address climate change issues

Use of renewable energy in factories around the world

The use of renewable energy enables the Group to reduce energy consumption and Greenhouse Gas (GHG) emissions at the same time.

- **Installation of solar panels in the Philippines**

The factory in Batangas, the Philippines, has installed 17,040 solar panels, making it one of the largest solar panel installations in Southeast Asia.

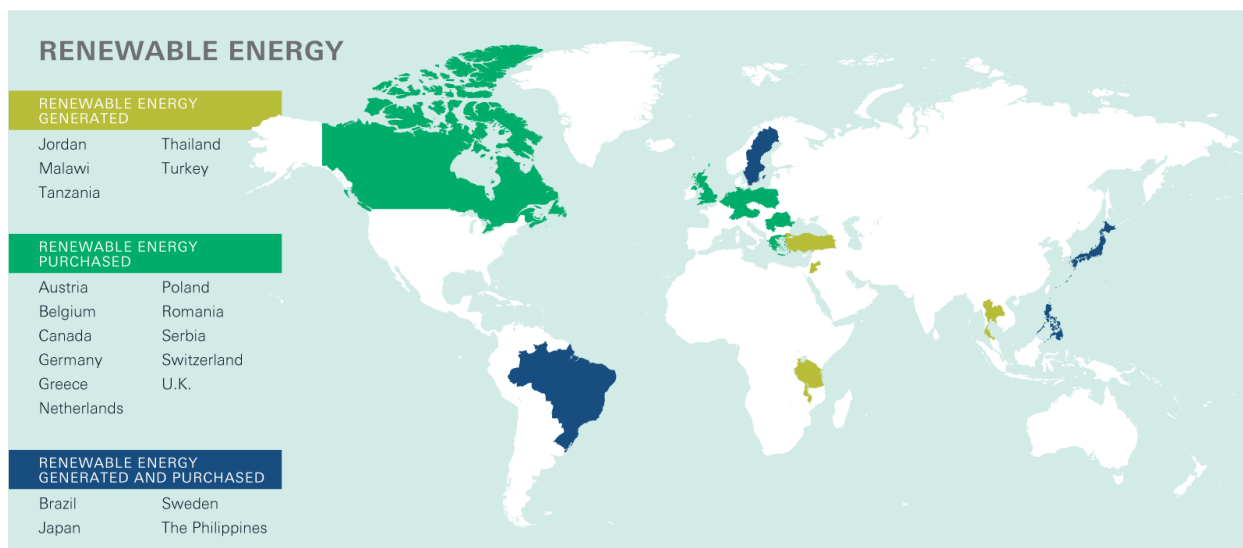


Factory in Batangas, the Philippines

- **Use of direct solar steam generation in Jordan**

The factory in Amman, Jordan, is the first tobacco factory in the world to use direct solar steam generation – specifically, a rooftop-mounted solar heating equipment. This equipment is used for tobacco manufacturing and air conditioning the factory facilities. The initiative was awarded the “Environmental Stewardship Award” by the World Bank.

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The JT Group’s renewable energy map (as of December 31, 2020)

Improvements to the leaf tobacco curing process

The JT Group is striving to reduce GHG emissions not only from its own business activities but also from the raw materials and services it purchases. Improvements to the leaf tobacco curing process will help reduce the amount of wood used in the process.

- **Installation of live barns in Malawi and Zambia**

The JT Group is preserving the natural environment and improving production efficiency by eliminating the need to cut down trees and build curing facilities. In Malawi and Zambia, leaf tobacco growers are encouraged to install live barns, an area where growers utilize planted trees as drying facilities. The low-rainfall climate plays an advantage to the drying process, as trees are planted and grown, spaced out evenly, to use as pillars for hanging leaf tobacco.



Live barns in Malawi

- **Introduction of energy-efficient dryers in Japan**

In collaboration with leaf tobacco growers and a machinery supplier, the JT Group developed

an innovative dryer to improve fuel efficiency in the tobacco curing process. By the end of 2021, the Group's leaf tobacco growers were using a total of 825 energy-efficient dryers across Japan.

Initiatives in the Processed Food Business

- **Use of a biomass cogeneration system at a seasoning factory in Thailand**
Thai Foods International's seasoning factory in Thailand uses a biomass cogeneration system to supply steam and electricity required in the manufacturing process. The system involves power generation by a steam turbine as a result of burning organic materials. This enables the factory to use the steam heat during and after power generation.
- **Installation of solar power generation panels at a factory in Japan**
Fuji Food Corporation's Shizuoka Kanaya factory, located in Japan, generates its own electricity by installing solar panels.

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Japan Tobacco Inc. is a leading international tobacco company with operations in more than 130 countries. With approximately 58,000 employees, it manufactures and sells some of the world's best-known brands including Winston, Camel, MEVIUS and LD. The JT Group is committed to investing in Reduced-Risk Products (RRP) and currently markets its heated tobacco products under its Ploom brand and various e-cigarette products under its Logic brand. The Group is also present in the pharmaceutical and processed food businesses. For more information, visit <https://www.jt.com/>.

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